# Marathon Trust

## Annual Report

for the year ended 30 March 2024

# Contents

# Marathon Trust
## Report of the Manager

Evelyn Partners Fund Solutions Limited, as Manager, presents herewith the Annual Report for Marathon Trust for the year ended 30 March 2024.

Marathon Trust ('the Trust' or 'the Fund') is an authorised unit trust scheme further to an authorisation order dated 8 March 1999 and is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

The Manager has taken the decision to wind up the Trust after receiving instruction from the underlying unitholders to redeem their investments. The Trust is no longer considered by the Manager to be a going concern. Appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been applied.

The Trust Deed can be inspected at the offices of the Manager.

Copies of the Prospectus and Key Investor Information Document ('KIID') are available on request free of charge from the Manager.

### Investment objective and policy

The objective of the Trust is to maximise capital return primarily through investment in some or all sectors in some or all world markets including the UK. The Investment Manager may invest in transferable securities, including warrants, in UK and other exchanges as well as collective investment schemes, money market instruments, deposits and cash and near cash.

The Investment Manager's policy in order to achieve the Trust's objective will be to invest in companies in sectors of the world economy where the Investment Manager believes there to be good prospects to achieve above average growth.

The Investment Manager's investment policy will be to select companies or investment trusts/collective investment schemes that can best take advantage of economic opportunities worldwide. In addition, the Investment Manager may at times invest in the world bond markets. From time to time there may be investment in smaller companies and sometimes somewhat more risky companies and also new issues. The Investment Manager may also invest in fixed interest securities (including gilts) and preference shares.

The Investment Manager's investment policy may mean that at times it may be appropriate for the Trust not to be fully invested but to hold cash or near cash. In the light of extreme market conditions, the Investment Manager may raise or reduce the liquidity of the Trust from normal working levels.

The Investment Manager may hedge transactions against price or currency fluctuations by back-to-back foreign currency borrowings against sterling or by suitable transactions permitted for hedging. The extent will depend upon the circumstances. The Investment Manager does not envisage that they will enter into hedging transactions to a major extent.

### Changes affecting the Fund in the year

There were no fundamental or significant changes to the Fund in the year.

### Changes affecting the Fund subsequent the year end

Subsequent to the balance sheet date the Manager has received instruction from the investors that there is no longer a requirement for the Fund and the preferred choice for the unitholders is to collapse the Fund and transfer the underlying assets in specie to their segregated mandate, private portfolio.

Further information in relation to the Fund is illustrated on page 41.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the Annual Report on behalf of the Manager, Evelyn Partners Fund Solutions Limited.

Neil Coxhead　　　　Brian McLean

Directors

Evelyn Partners Fund Solutions Limited

3 July 2024

## Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook ('COLL') published by the FCA, requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net revenue and net capital gains on the scheme property of the Trust for the year.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for the Financial Statements of UK Authorised Funds ('the SORP') issued by The Investment Association in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Trust's information on the Manager's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COLL also requires the Manager to carry out an Assessment of Value on the Trust and publish this assessment within the Annual Report.

The Manager is responsible for the management of the Trust in accordance with the Trust Deed, the Prospectus and COLL.

## Assessment of Value - Marathon Trust

In line with the provisions contained within COLL 6.6.20R, the Board of Evelyn Partners Fund Solutions Limited ('EPFL') as Authorised Fund Manager ('AFM'), has carried out an Assessment of Value for Marathon Trust ('the Trust'). Furthermore, the rules require that EPFL publishes these assessments.

A high-level summary of the outcome of EPFL's rigorous review of the Trust, for the year ended 30 March 2024 using the seven criteria set by the FCA is set out below:

| | |
|---|---|
| 1. Quality of Service | |
| 2. Performance | |
| 3. AFM Costs | |
| 4. Economies of Scale | |
| 5. Comparable Market Rates | |
| 6. Comparable Services | |
| 7. Classes of Units | |
| | |
| Overall Rating | |

EPFL has adopted a traffic light system to show how it rated the Trust:

On balance, the Board believes the Trust has delivered value to unitholders, with no material issues noted.

On balance, the Board believes the Trust has delivered value to unitholders, but may require some action.

On balance, the Board believes the Trust has not delivered value to unitholders and significant remedial action is now planned by the Board.

How EPFL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

EPFL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all funds' Assessments of Value. Ultimately the assessments will be subject to scrutiny by the Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the Board prior to communicating to investors if the Trust has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the EPFL AVC has separately considered the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

EPFL believes the Assessment of Value can make it easier for investors to both evaluate whether the Trust is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

(1) Quality of service – the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;

(2) Performance – how the Trust performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;

(3) AFM costs – the fairness and value of the Trust's costs, including entry and exit fees, early redemption fees, administration charges;

(4) Economies of scale – how costs have been or can be reduced as a result of increased assets-under-management ('AUM'), and whether or not those savings have been passed on to investors;

(5) Comparable market rates – how the costs of the Trust compare with others in the marketplace;

(6) Comparable services – how the charges applied to the Trust compare with those of other funds administered by EPFL;

(7) Classes of units – the appropriateness of the classes of units in the Trust for investors.

# Assessment of Value - Marathon Trust (continued)

## 1. Quality of Service

### What was assessed in this section?

#### Internal Factors

EPFL, as AFM, has overall responsibility for the Trust. The Board assessed, amongst other things: the day-to-day administration of the Trust; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of units; the calculation of income and distribution payments; the maintenance of accounting and other records; the preparation of annual audited and half-yearly Report & Accounts; the review of tax provisions and submission of tax computations to HMRC; the dealing and settlement arrangements and the quality of marketing material sent to unitholders. EPFL delegates the Investment Management of the Trust to an Investment Management firm.

The Board reviewed information provided by EPFL's control functions on the adequacy of its internal services, including governance, operations and monitoring. Elements important to the investor experience such as the timely payment of settlement and distribution monies were also reviewed. Over the past year, EPFL has been audited by internal and external auditors, the Trustee and various EPFL delegated Investment Managers.

#### External Factors

The Board assessed the delegate's skills, processes and experience. Also considered were any results from service review meetings as well as the annual due diligence performed by EPFL on the delegated Investment Manager, Evelyn Partners Investment Management LLP ('EPIM'), where consideration was given to, amongst other things, the delegate's controls around the Trust's liquidity management.

The Board also considered the nature, extent and quality of administrative and unitholder services performed under separate agreements covering trustee services, custody, as well as services provided with regard to both audit and legal functions.

### What was the outcome of the assessment?

#### Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on EPFL during the year. In addition, EPFL has performed its own independent analysis, using automated systems, of the Trust's liquidity. The Board concluded that EPFL had carried out its duties diligently.

#### External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefitted and should continue to benefit the Trust and its unitholders.

### Were there any follow up actions?

There were no follow-up actions.

## 2. Performance

### What was assessed in this section?

The Board reviewed the performance of the Trust, after the deduction of all payments out of the scheme property as set out in the Prospectus. Performance, against the benchmark, was considered over appropriate timescales having regard to the Trust's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk has been taken.

#### Investment Objective

The objective of the Trust is to maximise capital return primarily through investment in some or all sectors in some or all world markets including the UK. The Investment Manager may invest in transferable securities, including warrants, in UK and other exchanges as well as collective investment schemes, money market instruments, deposits and cash and near cash.

## Assessment of Value - Marathon Trust (continued)

### 2. Performance (continued)

Benchmark

As AFM, EPFL is required to explain in a fund's scheme documentation why a benchmark is being used or alternatively explain how investors should assess performance of a fund in the absence of a benchmark.

The benchmark for the Trust is the MSCI PIMFA Balanced Index, which is a comparator. A ‘comparator’ benchmark is an index or similar factor against which an Investment Manager invites investors to compare a fund's performance. Details of how the Trust had performed against its comparator benchmark over various timescales can be found below.

Cumulative Performance as at 29.02.2024 (%)

| | Currency | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|
| MSCI PIMFA Balanced Index | GBP | 8.83 | 16.77 | 30.97 |
| Marathon Trust Accumulation | GBX | 4.11 | 11.70 | 23.49 |

Data provided by FE Fundinfo. Care has been taken to ensure that the information is correct but FE Fundinfo neither warrants, represents nor guarantees the contents of the information, nor does FE Fundinfo accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

Performance is calculated net of fees. Past performance is not a guide to future performance.

What was the outcome of the assessment?

The Board assessed the performance of the Trust over its minimum recommended holding period of five years and observed that it has underperformed its comparator benchmark, the MSCI PIMFA Balanced Index. As a result, an amber rating was given. Consideration was given to the risk metrics associated with the Trust which focused on, amongst other things, volatility and risk adjusted returns where EPFL were comfortable that the outcomes were in line with expectations.

The Board found that the Trust is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months.

Were there any follow up actions?

EPFL will continue to monitor performance through its normal oversight process, at least bi-annually.

### 3. AFM Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflected the services provided. This included the annual management charge (‘AMC’), Trustee/Custodian fees and audit fee. The AMC includes the Manager's periodic charge and the Investment Manager's fee.

The charges should be transparent and understandable to the investor, with no hidden costs.

What was the outcome of the assessment?

The Board received and considered information about each of the Trust’s costs, and concluded that they were fair, reasonable and provided on a competitive basis.

Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

What was assessed in this section?

The Board reviewed each separate fee structure and the AUM of the Trust to examine the effect on the Trust to potential and existing investors should it increase or decrease in value.

## Assessment of Value - Marathon Trust (continued)

### 4. Economies of Scale (continued)

What was the outcome of the assessment?

Both the Investment Manager's fee and Manager's periodic charge are a fixed percentage charge meaning there are no opportunities for savings going forward should the Trust grow in size.

The ancillary charges of the Trust represent 11 basis points[1]. Some of these costs are fixed and as the Trust grows in size may result in a small reduction in the basis point cost of these services.

Were there any follow up actions?

There were no follow-up actions required.

### 5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges figure ('OCF') of the Trust, and how those charges affect the returns of the Trust.

The OCF of the Trust was compared against the ‘market rate’ of similar external funds.

What was the outcome of the assessment?

The OCF of 0.88%[2] was found to have compared favourably with those of similar externally managed funds.

Note that EPFL has not charged an entry fee, exit fee or any other event-based fees on this Trust.

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board compared the AMC with those of other funds administered by EPFL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

The AMC compared favourably against other EPFL administered funds displaying similar characteristics.

Were there any follow up actions?

There were no follow-up actions required.

### 7. Classes of Units

What was assessed in this section?

The Board reviewed the Trust’s set-up to ensure that where there are multiple unit classes, unitholders are in the correct unit class given the size of their holding.

What was the outcome of the assessment?

There is only one unit class in the Trust, therefore this part of the assessment does not apply.

Were there any follow up actions?

There were no follow-up actions required.

[1] One basis point is equal to 1/100th of 1% or 0.01%. Figure calculated at interim report, 30 September 2023.

[2] Following guidance issued by the Investment Association on 30 November 2023, the interim synthetic OCF calculation was restated to exclude closed-ended vehicles.

## Assessment of Value - Marathon Trust (continued)

### Overall Assessment of Value

Notwithstanding the matter discussed in Section 2, the Board concluded that Marathon Trust had provided value to unitholders.

Dean Buckley
Chairman of the Board of Evelyn Partners Fund Solutions Limited
30 April 2024

On reviewing this Assessment of Value report, we would welcome invaluable feedback from investors via our short questionnaire which can be found online:
https://www.evelyn.com/services/fund-solutions/assessment-of-value/

Investors' views are invaluable to the development and delivery of this report.

Should you be unable to access the questionnaire online please contact us directly on 0141 222 1151 and we will provide you with a paper copy of the questionnaire.

# Report of the Trustee to the unitholders of Marathon Trust

## Trustee's responsibilities

The Trustee must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's revenue is applied in accordance with the Regulations; and
- the instructions of the Manager are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's revenue in accordance with the Regulations and the Scheme documents of the Fund; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Fund.

NatWest Trustee and Depositary Services Limited
3 July 2024

## Independent Auditor's report to the unitholders of Marathon Trust

### Opinion

We have audited the financial statements of Marathon Trust (the 'Trust') for the year ended 30 March 2024 which comprise the Statement of total return, Statement of change in net assets attributable to unitholders, Balance sheet, the related Notes to the financial statements, including significant accounting policies and the Distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the financial position of the Trust as at 30 March 2024 and of the net revenue and the net capital gains on the scheme property of the Trust for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the Investment Association Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes sourcebook (COLL Rules) of the Financial Conduct Authority and the Trust Deed.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Financial Statements Prepared on a Basis Other Than Going Concern

We draw attention to Accounting policy note a on page 13 which explains that the Manager is in the process of winding up the Trust and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Accounting policy note a. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

### Other Information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on Other Matters Prescribed by the COLL Rules

In our opinion, based on the work undertaken in the course of the audit:

- Proper accounting records for the Trust have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the Report of the Manager for the year is consistent with the financial statements.

## Independent Auditor's report to the unitholders of Marathon Trust (continued)

### Responsibilities of the Manager

As explained more fully in the Statement of the Manager's responsibilities set out on page 3, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up the Trust or to cease operations, or has no realistic alternative but to do so.

### Auditor Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

*Extent to which the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 and the IA Statement of Recommended Practice for Authorised Funds;
- The Financial Conduct Authority's COLL Rules; and
- The Trust's Prospectus.

We gained an understanding of how the Trust is complying with these laws and regulations by making enquiries of the Manager. We corroborated these enquiries through our review of submitted returns, external inspections, relevant correspondence with regulatory bodies and the Trust's breaches register.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Manager was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Manager oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Management override of controls; and
- The completeness and classification of special dividends between revenue and capital.

## Independent Auditor's report to the unitholders of Marathon Trust (continued)

### Auditor Responsibilities for the Audit of the Financial Statements (continued)

*Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)*

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the Trust's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and reviewing judgements made by the Manager in its calculation of accounting estimates for potential management bias;
- Using a third-party independent data source to assess the completeness of the special dividend population and determining whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payments;
- Assessing the Trust's compliance with the key requirements of the Collective Investment Schemes sourcebook, and its Prospectus;
- Completion of appropriate checklists and use of our experience to assess the Trust's compliance with the IA Statement of Recommended Practice for Authorised Funds; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

### Use of Our Report

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules published by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL
3 July 2024

# Accounting policies of Marathon Trust

*for the year ended 30 March 2024*

a *Basis of accounting*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014 and amended in June 2017, and the requirements of the Collective Investment Schemes sourcebook ('COLL').

As described in the Manager's report, it is the Manager's opinion that the Fund is no longer considered a going concern, and that it is therefore not appropriate to adopt the going concern basis of accounting in preparing the financial statements. The Fund is in the process of winding up and the financial statements have been prepared on a break up basis. Under this basis the Manager is required to consider whether any investments should be adjusted to net realisable value, where the change in status of the Fund will result in restrictions to the realisable value. The Manager is also required to make provision for any contractual commitments that have become onerous at the balance sheet date. In the application of this policy there has been no impact on the valuation and recognition of the Fund's assets and liabilities. Furthermore the financial statements do not include any provision for the future costs of winding up the business of the Fund except to the extent that such costs were committed at the balance sheet date.

b *Valuation of investments*

The purchases and sales of investments are included up to close of business on the last business day of the accounting year.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

The quoted investments of the Fund have been valued at the global closing bid-market prices excluding any accrued interest in the case of debt securities ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year.

Collective investment schemes are valued at the bid price for dual priced funds and at the single price for single priced funds and are valued at their most recent published price prior to the close of business valuation on 30 March 2024.

Collective investment schemes also operated by the Manager are valued at cancellation price for dual priced funds and at the single price for single priced funds.

Structured products are valued at fair value and calculated by an independent source. Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

Where an observable market price is unreliable or does not exist, investments are valued at the Manager's best estimate of the amount that would be received from an immediate transfer at arm's length. The Manager has appointed the fair value pricing committee to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset.

c *Foreign exchange*

The base currency of the Fund is UK sterling which is taken to be the Fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

d *Revenue*

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

d Revenue (continued)

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Distributions from collective investment schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation on distributions from collective investment schemes is deducted from the cost of the investment and does not form part of the Fund's distribution.

Distributions from collective investment schemes which are re-invested on behalf of the Fund are recognised as revenue on the date the securities are quoted ex-dividend and form part of the Fund's distribution.

Excess reportable income from reporting offshore funds is recognised as revenue when the reported distribution rate is available and forms part of the Fund's distribution.

Compensation is treated as either revenue or capital in nature depending on the facts of each particular case.

Interest on bank deposits and short term deposits is recognised on an accruals basis.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. The effective yield is a calculation that amortises any discount or premium on the purchase of an investment over its remaining life based on estimated cash flows. The amortised amounts form part of the distributable revenue and are calculated at each month end.

*e Expenses*

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accrual basis.

Bank interest paid is charged to revenue.

*f Taxation*

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 30 March 2024 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

When a disposal of a holding in a non-reporting offshore fund is made, any gain is an offshore income gain and tax will be charged to capital. There may be instances where tax relief is due to revenue for the utilisation of excess management expenses.

# Accounting policies of Marathon Trust (continued)
*for the year ended 30 March 2024*

g *Efficient Portfolio Management*
Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for Efficient Portfolio Management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

h *Distribution policies*

i *Basis of distribution*
The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income units are paid to unitholders. Distributions attributable to accumulation units are re-invested in the relevant class on behalf of the unitholders.

ii *Unclaimed distributions*
Distributions to unitholders outstanding after 6 years are taken to the capital property of the Fund.

iii *Revenue*
All revenue is included in the final distribution with reference to policy d.

iv *Expenses*
Expenses incurred against the revenue of the Fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy e.

# Investment Manager's report

## Investment performance*

Recent and longer term investment performance is set out in the table below:

| | 3 month | 6 month | 1 year | 3 year | 5 year |
|---|---|---|---|---|---|
| Marathon Trust Accumulation units | 5.60% | 8.02% | 8.89% | 11.22% | 27.49% |
| MSCI PIMFA Balanced Index | 4.02% | 9.68% | 12.99% | 13.98% | 31.42% |

*Source: Morningstar Direct, bid to bid basis, cumulative performance at 12pm prices.

## Investment activities

The Fund saw significant redemptions during the second half of the period under review so that activity was dominated by sales across the portfolio.

Prior to that activity was focussed in the listed investment trust space with a number of positions added to as discounts to Net Asset Value widened even further. Specifically, the holdings in Cordiant Digital Infrastructure, SDCL Energy Efficiency Income Trust and Augmentum Fintech were increased, and Hipgnosis Songs Fund was initiated. At the same time, the holding in the Third Point Offshore Investors was sold following a sustained period of disappointing performance. Finally, two positions in short-dated bonds issued by Severn Trent Utilities Finance 3.625% 16/01/2026 and Burford Capital 5% 01/12/2026 were initiated and increased, respectively, given the attractive and low risk returns on offer.

## Investment strategy and outlook**

Global equities have decisively broken out on the upside of a trading range that goes back to early 2022. That was when central banks, including the US Federal Reserve and Bank of England, warned that interest rates would have to be raised sharply to rein in higher inflation. Geographically, many major regional indices, including the US, UK, Europe ex-UK and Japan, are near highs, implying the rally is becoming relatively broad-based. Though emerging markets, dragged down by China, are still well below their peak.

Other assets have moved into uncharted territory too. Gold Bullion is currently trading north of $2,200 a troy ounce, lifted by strong central bank demand. Fund managers are also buying gold given its role as a portfolio diversifier against potential downside risk. A weaker US dollar has helped: gold is typically priced in US dollars, so as the greenback depreciates, Gold Bullion becomes cheaper for a non-dollar investor to purchase.

Some of these rises in asset prices have been more surprising than others. For instance, even though mortgage rates steadily rose to a 23-year peak late last year, US residential property prices have continued to trend upwards. That's possibly due to a limited amount of available housing/rental stock at a time when net immigration has soared to create strong demand for accommodation. Higher mortgage rates have also meant less properties coming onto the market, as only those on higher incomes may be able to move.

Not all assets have performed as strongly. US and UK 10-year government bonds are still both more than 15% below the level at the start of 2022. This reflects the exit from the period of record low interest rates in the years following the global financial crisis. However, there are other drivers at play too; increased supply of government debt coming on to the market, as well as lingering concerns from investors over another inflation shock, are dampening government bond returns. Unsurprisingly, politicians are not willing to cut sizeable welfare spending ahead of elections, a key contributor to budget deficits. This has led to US government debt rising by a record US$1trillion roughly every 3 months, with total outstanding public debt now at an elevated 122% of Gross Domestic Product.

To look forward at markets, it is important to look back too. From its cyclical low point in October 2022, the value of the global equity market has risen by US$25trillion. Essentially, this wealth generates economic stimulus in three ways. First, increasing asset prices boosts consumers' wealth, which supports spending. To put that in context, annual US real household purchasing power (which includes property related wealth, consumer credit and take-home pay), grew by a healthy 3.4% in the fourth quarter of 2023, a rate which can continue to drive consumer demand and economic growth.

Second, financial conditions, which refer to the availability credit in the financial system, are improving. According to the JPMorgan, there is now a net loosening in financial conditions in the US and Euro area, a sharp reversal from a net tightening in 2022. More companies are also using this window of opportunity to borrow money in the corporate bond market, which can be invested in the real economy.

**Source: LSEG Datastream.

# Investment Manager's report (continued)

## Investment strategy and outlook* (continued)

Third, business confidence is picking up, backed up by solid demand. Moreover, Artificial Intelligence ('AI') tools could become a powerful driver of future growth from a productivity boom and increasing adoption rates. Oliver Wyman, a management consultancy, recently surveyed 25,000 workers in 17 countries, ranging from the US to India, and found that half of all workers already use generative AI at work.

Several risks remain to this constructive outlook. Market uncertainty largely relates to politics, stretched valuations and a potential return of inflation.

Politics: it is looking like the 2024 US Presidential election will be a rematch of the 2020 election. Former President Trump is now the presumptive Republican nominee, after his last rival, Nikki Haley, dropped out of the race, while President Biden has made clear his intention to run again. A tail risk for markets is if the November election result is disputed and leads to social unrest.

Valuations: some Big Tech equity prices have been significantly bid-up to record highs. As an example, chipmaker NVIDIA is now worth as much as the entire German stock market. There is a risk of profit taking by investors from selling out of these high-flying tech stocks if earnings fail to keep up with lofty expectations.

Inflation: faster economic growth could rekindle higher inflation down the road if it does not also come with productivity gains. That would make it difficult for central banks to cut interest rates. Nevertheless, this risk looks contained for now. In the UK, the Office of Budget Responsibility forecasts that Consumer Price Index inflation is set to slow from 3.4% currently to 2.2% by the end of 2024 and 1.5% by the end of 2025.

In summary, rising equity and property prices increase the probability that the global economic recovery can be sustained. Should this encourage more risk taking by consumers, firms, and investors then there is potential for the global equity to rally to go well past breakout levels.

Evelyn Partners Investment Management LLP
7 June 2024

*Source: LSEG Datastream.

# Summary of portfolio changes

*for the year ended 30 March 2024*

The following represents the total purchases and major sales in the year to reflect a clearer picture of the investment activities.

| Purchases: | Cost<br>£ |
|---|---|
| UK Treasury Bill 0% 11/12/2023 | 3,238,849 |
| UK Treasury Bill 0% 13/11/2023 | 2,490,067 |
| UK Treasury Bill 0% 04/12/2023 | 2,240,974 |
| UK Treasury Bill 0% 30/10/2023 | 1,996,555 |
| UK Treasury Bill 0% 16/10/2023 | 1,494,900 |
| UK Treasury Bill 0% 08/01/2024 | 1,285,058 |
| Hipgnosis Songs Fund | 443,409 |
| Severn Trent Utilities Finance 3.625% 16/01/2026 | 385,514 |
| SDCL Energy Efficiency Income Trust | 151,636 |
| Montanaro UK Income Fund | 149,401 |
| Burford Capital 5% 01/12/2026 | 123,417 |
| Augmentum Fintech | 82,373 |
| Cordiant Digital Infrastructure | 67,767 |
| IP Group | 29,335 |

| Sales: | Proceeds<br>£ |
|---|---|
| UK Treasury Bill 0% 11/12/2023 | 3,241,534 |
| UK Treasury Bill 0% 13/11/2023 | 2,500,000 |
| UK Treasury Bill 0% 04/12/2023 | 2,246,429 |
| UK Treasury Bill 0% 30/10/2023 | 2,000,000 |
| UK Treasury Bill 0% 16/10/2023 | 1,500,000 |
| UK Treasury Bill 0% 08/01/2024 | 1,291,389 |
| Xtrackers IE Physical Gold GBP Hedged ETC Securities | 857,639 |
| Shell | 633,752 |
| HSBC Bank Preference Share Linked Notes 11/05/2026 | 601,037 |
| Blackstone Group | 477,930 |
| JPMorgan 6 Year Autocall Notes linked to a Basket of Indices 06/10/2028 | 468,096 |
| BlackRock Strategic Funds - Global Event Driven Fund | 459,800 |
| PGIM Funds - PGIM US Corporate Bond UCITS Fund | 420,496 |
| Alphabet 'A' | 405,648 |
| AstraZeneca | 380,507 |
| CRH | 375,239 |
| LXI REIT | 371,839 |
| Apple | 359,879 |
| Ashtead Group | 351,787 |
| BHP Group | 349,162 |

# Portfolio statement

*as at 30 March 2024*

| Investment | Nominal value or holding | Market value £ | % of total net assets |
|---|---|---|---|
| Debt Securities* 4.99% (0.93%) | | | |
| Baa1 to Baa2 3.94% (0.00%) | | | |
| Severn Trent Utilities Finance 3.625% 16/01/2026 | £399,000 | 389,272 | 3.94 |
| Baa3 and below 1.05% (0.93%) | | | |
| Burford Capital 5% 01/12/2026 | £109,300 | 104,211 | 1.05 |
| Total debt securities | | 493,483 | 4.99 |
| Equities 24.23% (44.59%) | | | |
| Equities - United Kingdom 18.18% (26.90%) | | | |
| Equities - incorporated in the United Kingdom 5.91% (22.43%) | | | |
| Energy 0.00% (2.60%) | | - | - |
| Materials 1.61% (2.04%) | | | |
| Anglo American | 8,150 | 159,072 | 1.61 |
| Industrials 0.00% (4.63%) | | - | - |
| Consumer Staples 1.81% (2.37%) | | | |
| Reckitt Benckiser Group | 3,965 | 178,861 | 1.81 |
| Health Care 0.00% (1.83%) | | - | - |
| Financials 2.49% (5.78%) | | | |
| IP Group | 517,519 | 246,339 | 2.49 |
| Utilities 0.00% (1.45%) | | - | - |
| Real Estate 0.00% (1.73%) | | - | - |
| Total equities - incorporated in the United Kingdom | | 584,272 | 5.91 |
| Equities - incorporated outwith the United Kingdom 12.27% (4.47%) | | | |
| Financials 12.27% (4.47%) | | | |
| Burford Capital | 56,970 | 708,137 | 7.16 |
| Conduit Holdings | 97,700 | 505,109 | 5.11 |
| Total equities - incorporated outwith the United Kingdom | | 1,213,246 | 12.27 |
| Total equities - United Kingdom | | 1,797,518 | 18.18 |

* Grouped by credit rating - source: Interactive Data and Bloomberg.

## Portfolio statement (continued)

*as at 30 March 2024*

| Investment | Nominal value or holding | Market value £ | % of total net assets |
|---|---|---|---|
| Equities (continued) | | | |
| Equities - Europe 6.05% (6.29%) | | | |
| Equities - Germany 2.21% (1.33%) | | | |
| RWE | 8,115 | 218,130 | 2.21 |
| Equities - Ireland 2.01% (3.09%) | | | |
| Smurfit Kappa Group | 5,500 | 198,880 | 2.01 |
| Equities - Switzerland 1.83% (1.87%) | | | |
| Nestlé | 2,145 | 180,491 | 1.83 |
| Total equities - Europe | | 597,501 | 6.05 |
| Equities - United States 0.00% (9.61%) | | - | - |
| Equities - Brazil 0.00% (0.00%) | | | |
| Genagro^ | 240,000 | - | - |
| Equities - Australia 0.00% (1.79%) | | - | - |
| Total equities | | 2,395,019 | 24.23 |
| Closed-Ended Funds - United Kingdom 37.31% (19.49%) | | | |
| Closed-Ended Funds - incorporated in the United Kingdom 8.79% (5.69%) | | | |
| Augmentum Fintech | 215,690 | 214,396 | 2.17 |
| Fidelity China Special Situations | 117,070 | 234,725 | 2.37 |
| SDCL Energy Efficiency Income Trust | 437,000 | 258,267 | 2.61 |
| Tritax EuroBox | 300,000 | 162,600 | 1.64 |
| Total closed-ended funds - incorporated in the United Kingdom | | 869,988 | 8.79 |
| Closed-Ended Funds - incorporated outwith the United Kingdom 28.52% (13.80%) | | | |
| Cordiant Digital Infrastructure | 379,100 | 241,866 | 2.45 |
| HarbourVest Global Private Equity | 17,000 | 387,600 | 3.92 |
| Hipgnosis Songs Fund | 543,125 | 374,213 | 3.79 |
| NB Private Equity Partners | 28,930 | 465,773 | 4.71 |
| Pershing Square Holdings | 16,000 | 648,486 | 6.56 |
| Real Estate Credit Investments | 259,160 | 296,738 | 3.00 |
| Sequoia Economic Infrastructure Income Fund | 500,000 | 404,000 | 4.09 |
| Total closed-ended funds - incorporated outwith the United Kingdom | | 2,818,676 | 28.52 |
| Total closed-ended funds - United Kingdom | | 3,688,664 | 37.31 |

^ The fair value pricing committee considers that it is appropriate to value the shares at £nil (2023: £nil) as the stock lacks a public market listing and there is no identifiable market over which to realise any value of the holding.

## Portfolio statement (continued)
*as at 30 March 2024*

| Investment | Nominal value or holding | Market value £ | % of total net assets |
|---|---|---|---|
| Collective Investment Schemes 31.49% (21.93%) | | | |
| UK Authorised Collective Investment Schemes 16.38% (8.83%) | | | |
| Abrdn OEIC II - Abrdn Global Smaller Companies Fund | 171,765 | 319,312 | 3.24 |
| Fidelity Investment Funds - Asia Fund | 33,685 | 518,075 | 5.24 |
| Fundsmith Equity Fund | 50,000 | 323,780 | 3.28 |
| Jupiter Japan Income Fund | 232,175 | 276,961 | 2.80 |
| SVS DW Asia ex-Japan All-Cap Fund | 80,000 | 179,840 | 1.82 |
| Total UK authorised collective investment schemes | | 1,617,968 | 16.38 |
| Offshore Collective Investment Schemes 15.11% (13.10%) | | | |
| CG Portfolio Fund - Dollar Fund | 7,900 | 729,091 | 7.38 |
| Lazard Global Listed Infrastructure Equity Fund | 156,490 | 305,093 | 3.09 |
| Montanaro UK Income Fund | 233,300 | 459,134 | 4.64 |
| Total offshore collective investment schemes | | 1,493,318 | 15.11 |
| Total collective investment schemes | | 3,111,286 | 31.49 |
| Exchange Traded Commodities 0.00% (4.14%) | | - | - |
| Structured Products 0.00% (4.93%) | | - | - |
| Portfolio of investments | | 9,688,452 | 98.02 |
| Other net assets | | 196,162 | 1.98 |
| Total net assets | | 9,884,614 | 100.00 |

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 30 March 2023.

United Kingdom equities are grouped in accordance with Global Industry Classification Standard ('GICS').

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## Risk and reward profile*

The risk and reward indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the risk and reward indicator.

← Typically lower rewards, lower risk — Typically higher rewards, higher risk →

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

The Fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

For full details on risk factors for the Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

* As per the KIID published 7 June 2024.

## Comparative table

The following disclosures give a unitholder an indication of the performance of a unit in the Fund. It also discloses the operating charges and direct transaction costs applied to each unit. Operating charges are those charges incurred in operating the Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Income | p | p | p |
| Change in net assets per unit | | | |
| Opening net asset value per unit | 257.51 | 279.27 | 257.42 |
| Return before operating charges | 23.66 | (14.10) | 28.44 |
| Operating charges | (2.76) | (3.25) | (3.38) |
| Return after operating charges * | 20.90 | (17.35) | 25.06 |
| Distributions^ | (6.64) | (4.41) | (3.21) |
| Closing net asset value per unit | 271.77 | 257.51 | 279.27 |
| * after direct transaction costs of: | 0.04 | 0.09 | 0.09 |
| Performance | | | |
| Return after charges | 8.12% | (6.21%) | 9.74% |
| Other information | | | |
| Closing net asset value (£) | 6,062,341 | 14,463,727 | 15,686,023 |
| Closing number of units | 2,230,674 | 5,616,780 | 5,616,780 |
| Operating charges^^ | 1.03% | 1.23% | 1.23% |
| Direct transaction costs | 0.02% | 0.03% | 0.03% |
| Published prices | | | |
| Highest offer unit price | 292.3 | 295.5 | 306.8 |
| Lowest bid unit price | 252.5 | 243.0 | 257.7 |

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the Manager's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which may occur in a year as it is calculated on historical data.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

## Comparative table (continued)

| Accumulation | 2024 p | 2023 p | 2022 p |
|---|---|---|---|
| Change in net assets per unit | | | |
| Opening net asset value per unit | 276.38 | 294.59 | 268.45 |
| Return before operating charges | 25.58 | (14.75) | 29.69 |
| Operating charges | (3.00) | (3.46) | (3.55) |
| Return after operating charges * | 22.58 | (18.21) | 26.14 |
| Distributions^ | (7.17) | (4.67) | (3.36) |
| Retained distributions on accumulation units^ | 7.17 | 4.67 | 3.36 |
| Closing net asset value per unit | 298.96 | 276.38 | 294.59 |
| * after direct transaction costs of: | 0.04 | 0.10 | 0.10 |
| Performance | | | |
| Return after charges | 8.17% | (6.18%) | 9.74% |
| Other information | | | |
| Closing net asset value (£) | 3,822,273 | 6,487,376 | 6,914,942 |
| Closing number of units | 1,278,539 | 2,347,295 | 2,347,295 |
| Operating charges^^ | 1.03% | 1.23% | 1.23% |
| Direct transaction costs | 0.02% | 0.03% | 0.03% |
| Published prices | | | |
| Highest unit price | 317.0 | 311.7 | 321.9 |
| Lowest unit price | 273.9 | 258.7 | 268.7 |

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the Manager's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which may occur in a year as it is calculated on historical data.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

## Financial statements - Marathon Trust

### Statement of total return
*for the year ended 30 March 2024*

| | Notes | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| Income: | | | | | |
| Net capital gains / (losses) | 2 | | 730,394 | | (1,759,360) |
| Revenue | 3 | 540,941 | | 526,822 | |
| Expenses | 4 | (141,740) | | (158,628) | |
| Net revenue before taxation | | 399,201 | | 368,194 | |
| Taxation | 5 | (3,368) | | (11,221) | |
| Net revenue after taxation | | | 395,833 | | 356,973 |
| Total return before distributions | | | 1,126,227 | | (1,402,387) |
| Distributions | 6 | | (399,902) | | (357,047) |
| Change in net assets attributable to unitholders from investment activities | | | 726,325 | | (1,759,434) |

### Statement of change in net assets attributable to unitholders
*for the year ended 30 March 2024*

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Opening net assets attributable to unitholders | 20,951,103 | 22,600,965 |
| Amounts payable on cancellation of units | (11,915,860) | - |
| Change in net assets attributable to unitholders from investment activities | 726,325 | (1,759,434) |
| Retained distributions on accumulation units | 123,046 | 109,572 |
| Closing net assets attributable to unitholders | 9,884,614 | 20,951,103 |

## Balance sheet

*as at 30 March 2024*

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | £ | £ |
| Assets: | | | |
| Fixed assets: | | | |
| Investments | | 9,688,452 | 20,115,313 |
| Current assets: | | | |
| Debtors | 7 | 40,128 | 72,895 |
| Cash and bank balances | 8 | 254,665 | 912,067 |
| Total assets | | 9,983,245 | 21,100,275 |
| Liabilities: | | | |
| Creditors: | | | |
| Distribution payable | | (87,242) | (119,469) |
| Other creditors | 9 | (11,389) | (29,703) |
| Total liabilities | | (98,631) | (149,172) |
| Net assets attributable to unitholders | | 9,884,614 | 20,951,103 |

## Notes to the financial statements

*for the year ended 30 March 2024*

1. Accounting policies

   The accounting policies are disclosed on pages 13 to 15.

2. Net capital gains / (losses)

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Non-derivative securities - realised gains / (losses) | 2,657,193 | (238,440) |
| Non-derivative securities - movement in unrealised losses | (1,971,497) | (1,581,745) |
| Derivative contracts - realised gains | 232,333 | 164,545 |
| Derivative contracts - movement in unrealised losses | (196,024) | (98,573) |
| Currency gains / (losses) | 9,353 | (4,756) |
| Compensation | 10 | 708 |
| Transaction charges | (974) | (1,099) |
| Total net capital gains / (losses) | 730,394 | (1,759,360) |

3. Revenue

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| UK revenue | 158,017 | 191,678 |
| Unfranked revenue | 26,107 | 31,647 |
| Overseas revenue | 239,901 | 275,522 |
| Interest on debt securities | 63,029 | 14,190 |
| Bank and deposit interest | 53,887 | 13,785 |
| Total revenue | 540,941 | 526,822 |

4. Expenses

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Payable to the Manager and associates | | |
| Annual management charge* | 175,010 | 214,385 |
| Annual management charge rebate* | (55,269) | (75,093) |
| | 119,741 | 139,292 |
| Payable to the Trustee | | |
| Trustee fees | 9,018 | 9,000 |
| Other expenses: | | |
| Audit fee | 9,000 | 7,644 |
| Safe custody fees | 522 | 434 |
| Bank interest | 790 | 76 |
| FCA fee | 147 | 234 |
| Listing fee | 2,522 | 1,948 |
| | 12,981 | 10,336 |
| Total expenses | 141,740 | 158,628 |

* The annual management charge is 1.00% and includes the Manager's periodic charge and the Investment Manager's fees. Where the Manager's periodic charge and the Investment Manager’s fee are cumulatively lower than the annual management charge a rebate may occur. For the year ended 30 March 2024, the annual management charge after rebates is 0.68%.

5. Taxation

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| *a. Analysis of the tax charge for the year* | | |
| Overseas tax withheld | 3,368 | 11,221 |
| Total taxation (note 5b) | 3,368 | 11,221 |

*b. Factors affecting the tax charge for the year*

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%). The differences are explained below:

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Net revenue before taxation | 399,201 | 368,194 |
| Corporation tax @ 20% | 79,840 | 73,639 |
| Effects of: | | |
| UK revenue | (31,603) | (38,336) |
| Overseas revenue | (42,982) | (48,884) |
| Overseas tax withheld | 3,368 | 11,221 |
| Excess management expenses | - | 14,240 |
| Utilisation of excess management expenses | (3,200) | - |
| Marginal tax relief | 4,065 | - |
| Unrealised losses on non reporting offshore funds | (6,120) | (659) |
| Total taxation (note 5a) | 3,368 | 11,221 |

*c. Provision for deferred taxation*

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £156,906 (2023: £160,106).

6. Distributions

The distributions take account of revenue added on the issue of units and revenue deducted on the cancellation of units, and comprise:

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Interim income distribution | 153,450 | 128,006 |
| Interim accumulation distribution | 68,823 | 56,429 |
| Final income distribution | 87,242 | 119,469 |
| Final accumulation distribution | 54,223 | 53,143 |
| | 363,738 | 357,047 |
| Equalisation: | | |
| Amounts deducted on cancellation of units | 36,164 | - |
| Total net distributions | 399,902 | 357,047 |

6. Distributions (continued)

| Reconciliation between net revenue and distributions: | 2024 £ | 2023 £ |
|---|---|---|
| Net revenue after taxation per Statement of total return | 395,833 | 356,973 |
| Undistributed revenue brought forward | 19 | 93 |
| Marginal tax relief | 4,065 | - |
| Undistributed revenue carried forward | (15) | (19) |
| Distributions | 399,902 | 357,047 |

Details of the distribution per unit are disclosed in the Distribution table.

7. Debtors

| | 2024 £ | 2023 £ |
|---|---|---|
| Accrued revenue | 31,847 | 57,625 |
| Recoverable overseas withholding tax | 6,879 | 9,056 |
| Prepaid expenses | - | 1 |
| | 38,726 | 66,682 |
| Payable from the Manager and associates | | |
| Annual management charge rebate | 1,402 | 6,213 |
| Total debtors | 40,128 | 72,895 |

8. Cash and bank balances

| | 2024 £ | 2023 £ |
|---|---|---|
| Total cash and bank balances | 254,665 | 912,067 |

9. Other creditors

| | 2024 £ | 2023 £ |
|---|---|---|
| Accrued expenses: | | |
| Payable to the Manager and associates | | |
| Annual management charge | 546 | 17,752 |
| Other expenses: | | |
| Trustee fees | 49 | 740 |
| Safe custody fees | 276 | 94 |
| Audit fee | 9,000 | 7,920 |
| Listing fee | 1,454 | 3,197 |
| Transaction charges | 64 | - |
| | 10,843 | 11,951 |
| Total other creditors | 11,389 | 29,703 |

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

## Notes to the financial statements (continued)

*for the year ended 30 March 2024*

11. Unit classes

The following reflects the change in units in issue in the year:

| | Income |
|---|---|
| Opening units in issue | 5,616,780 |
| Total units cancelled in the year | (3,386,106) |
| Closing units in issue | 2,230,674 |

| | Accumulation |
|---|---|
| Opening units in issue | 2,347,295 |
| Total units cancelled in the year | (1,068,756) |
| Closing units in issue | 1,278,539 |

Further information in respect of the return per unit is disclosed in the Comparative table.

On the winding up of a Fund all the assets of the Fund will be realised and apportioned to the unit classes in relation to the net asset value on the closure date. Unitholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each unit type has the same rights on winding up.

12. Related party transactions

Evelyn Partners Fund Solutions Limited, as Manager is a related party due to its ability to act in respect of the operations of the Fund.

The Manager acts as principal in respect of all transactions of units in the Fund. The aggregate monies received and paid through the creation and cancellation of units are disclosed in the Statement of change in net assets attributable to unitholders of the Fund.

Amounts payable to the Manager and its associates are disclosed in note 4. The amounts due from/to the Manager and its associates at the balance sheet date are disclosed in notes 7 and 9.

The Investment Manager, Evelyn Partners Investment Management LLP is a related party to the Manager as they are within the same corporate body.

The following securitiy held in the portfolio of investments is a related party as it is managed within the same corporate body as the Investment Manager:

| Security | 2024 Holding | 2023 Holding |
|---|---|---|
| SVS DW Asia ex-Japan All-Cap Fund | 80,000 | 80,000 |

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per income unit has increased from 271.8p to 282.8p and the accumulation unit has increased from 299.0p to 311.1p as at 1 July 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## Notes to the financial statements (continued)

*for the year ended 30 March 2024*

14. Transaction costs

a Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

| | Purchases before transaction costs | Commission | | Taxes | | Purchases after transaction costs |
|---|---|---|---|---|---|---|
| 2024 | £ | £ | % | £ | % | £ |
| Equities | 29,188 | - | - | 147 | 0.50% | 29,335 |
| Closed-Ended Funds | 744,016 | - | - | 1,169 | 0.16% | 745,185 |
| Bonds* | 13,255,334 | - | - | - | - | 13,255,334 |
| Collective Investment Schemes* | 149,401 | - | - | - | - | 149,401 |
| Total | 14,177,939 | - | - | 1,316 | 0.66% | 14,179,255 |

| | Purchases before transaction costs | Commission | | Taxes | | Purchases after transaction costs |
|---|---|---|---|---|---|---|
| 2023 | £ | £ | % | £ | % | £ |
| Equities | 1,152,112 | 179 | 0.02% | 5,734 | 0.50% | 1,158,025 |
| Closed-Ended Funds | 667,232 | - | - | 1,222 | 0.18% | 668,454 |
| Structured Products* | 424,000 | - | - | - | - | 424,000 |
| Total | 2,243,344 | 179 | 0.02% | 6,956 | 0.68% | 2,250,479 |

| | Sales before transaction costs | Commission | | Taxes | | Sales after transaction costs |
|---|---|---|---|---|---|---|
| 2024 | £ | £ | % | £ | % | £ |
| Equities | 6,994,853 | (1,287) | 0.02% | (15) | 0.00% | 6,993,551 |
| Closed-Ended Funds | 1,725,996 | - | - | (12) | 0.00% | 1,725,984 |
| Bonds* | 13,010,414 | - | - | - | - | 13,010,414 |
| Collective Investment Schemes* | 1,725,753 | - | - | - | - | 1,725,753 |
| Exchange Traded Commodities* | 857,639 | - | - | - | - | 857,639 |
| Structured Products* | 1,069,133 | - | - | - | - | 1,069,133 |
| Total | 25,383,788 | (1,287) | 0.02% | (27) | 0.00% | 25,382,474 |

* No direct transaction costs were incurred in these transactions.

14. Transaction costs (continued)

a Direct transaction costs (continued)

| 2023 | Sales before transaction costs £ | Commission £ | Commission % | Taxes £ | Taxes % | Sales after transaction costs £ |
|---|---|---|---|---|---|---|
| Equities | 849,479 | (355) | 0.04% | (175) | 0.02% | 848,949 |
| Structured Products* | 466,336 | - | - | - | - | 466,336 |
| Total | 1,315,815 | (355) | 0.04% | (175) | 0.02% | 1,315,285 |

Capital events amount of £14,916 (2023: £2,424) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year:

| 2024 | £ | % of average net asset value |
|---|---|---|
| Commission | 1,287 | 0.01% |
| Taxes | 1,343 | 0.01% |

| 2023 | £ | % of average net asset value |
|---|---|---|
| Commission | 534 | 0.00% |
| Taxes | 7,131 | 0.03% |

b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.25% (2023: 0.21%).

15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the Manager as being the main risks from the Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the Manager's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the Manager, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Fund’s financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

(i) Other price risk

The Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

* No direct transaction costs were incurred in these transactions.

15. Risk management policies (continued)

a Market risk (continued)

(i) Other price risk (continued)

The main elements of the portfolio of investments exposed to this risk are equities, collective investment schemes, and closed-ended funds.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Fund is exposed to price fluctuations, which are monitored by the Manager in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 30 March 2024, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £459,748 (2023: £944,400).

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

The foreign currency risk profile of the Fund's financial instruments and cash holdings at the balance sheet date is as follows:

| 2024 | Financial instruments and cash holdings | Net debtors and creditors | Total net foreign currency exposure |
|---|---|---|---|
| | £ | £ | £ |
| Euro | 218,130 | 6,380 | 224,510 |
| Swedish krona | - | 499 | 499 |
| Swiss franc | 180,491 | - | 180,491 |
| US dollar | 648,486 | 16,447 | 664,933 |
| Total foreign currency exposure | 1,047,107 | 23,326 | 1,070,433 |

| 2023 | Financial instruments and cash holdings | Net debtors and creditors | Total net foreign currency exposure |
|---|---|---|---|
| | £ | £ | £ |
| Euro | 279,432 | 7,378 | 286,810 |
| Swiss franc | 392,018 | - | 392,018 |
| US dollar | 3,092,083 | 28,401 | 3,120,484 |
| Total foreign currency exposure | 3,763,533 | 35,779 | 3,799,312 |

At 30 March 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £53,522 (2023: £189,966).

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes.

During the year the Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities. The Fund also has indirect exposure to interest rate risk as it invests in bond funds. The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

In the event of a change in interest rates, there would be no material impact upon the net assets of the Fund.

The Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

| | Variable rate financial assets | Fixed rate financial assets | Non-interest bearing financial assets | Non-interest bearing financial liabilities | Total |
|---|---|---|---|---|---|
| 2024 | £ | £ | £ | £ | £ |
| Euro | - | - | 224,510 | - | 224,510 |
| Swedish krona | - | - | 499 | - | 499 |
| Swiss franc | - | - | 180,491 | - | 180,491 |
| UK sterling | 254,665 | 493,483 | 8,164,664 | (98,631) | 8,814,181 |
| US dollar | - | - | 664,933 | - | 664,933 |
| | 254,665 | 493,483 | 9,235,097 | (98,631) | 9,884,614 |

| | Variable rate financial assets | Fixed rate financial assets | Non-interest bearing financial assets | Non-interest bearing financial liabilities | Total |
|---|---|---|---|---|---|
| 2023 | £ | £ | £ | £ | £ |
| Euro | 110 | - | 286,700 | - | 286,810 |
| Swiss franc | - | - | 392,018 | - | 392,018 |
| UK sterling | 892,017 | 194,493 | 16,214,453 | (149,172) | 17,151,791 |
| US dollar | 19,940 | - | 3,100,544 | - | 3,120,484 |
| | 912,067 | 194,493 | 19,993,715 | (149,172) | 20,951,103 |

b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Trustee has appointed the custodian to provide custody services for the assets of the Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Fund. The Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

15. Risk management policies (continued)

b Credit risk (continued)

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The credit quality of the debt security is disclosed in the Portfolio statement.

The Fund holds cash and cash deposits with financial institutions which potentially exposes the Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

c Liquidity risk

A significant risk is the cancellation of units which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of units at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in units in the Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Fund may not be able to immediately sell such securities.

The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The dearth of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the Manager's ability to execute substantial deals.

To reduce liquidity risk the Manager will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the Fund to meet large redemptions, while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the Manager to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

## Notes to the financial statements (continued)

*for the year ended 30 March 2024*

15. Risk management policies (continued)

d Fair value of financial assets and financial liabilities (continued)

| Basis of valuation | Investment assets 2024 | Investment liabilities 2024 |
|---|---|---|
| | £ | £ |
| Quoted prices | 6,083,683 | - |
| Observable market data | 3,604,769 | - |
| Unobservable data* | - | - |
| | 9,688,452 | - |

| Basis of valuation | Investment assets 2023 | Investment liabilities 2023 |
|---|---|---|
| | £ | £ |
| Quoted prices | 14,291,480 | - |
| Observable market data | 4,791,011 | - |
| Unobservable data* | 1,032,822 | - |
| | 20,115,313 | - |

*The following security is valued in the portfolio of investments using a valuation technique:

*Genagro* : The fair value pricing committee considers that it is appropriate to value the shares at £nil (2023: £nil) as the stock lacks a public market listing and there is no identifiable market over which to realise any value of the holding.

Structured product holdings in 2023 portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

Unobservable data

Unobservable data has been used only where relevant observable market data is not available. Where there was no reputable price source for an investment, the Manager has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The Manager of the Fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments.

e Assets subject to special arrangements arising from their illiquid nature

The following assets held in the portfolio of investments are subject to special arrangements arising from their illiquid nature:

| | 2024 | 2023 |
|---|---|---|
| | % of the total net asset value | % of the total net asset value |
| Genagro | 0.00% | 0.00% |

f Derivatives

The Fund may employ derivatives with the aim of reducing the Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

15. Risk management policies (continued)

f Derivatives (continued)

The Manager monitors that any exposure is covered globally to ensure adequate cover is available to meet the Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year the Fund had exposure to derivatives embedded in structured products. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in a Fund at any given time and may not exceed 100% of the net asset value of the property of the Fund.

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

In the year, the Fund held structured products with embedded derivatives. Exposure created by underlying derivatives is monitored by the Manager as well as the rating of the issuer of the structured product. A third party is used to verify the prices of the structured products.

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Fund may transact in derivative contracts which potentially exposes the Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Trustee.

(ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

There have been no leveraging arrangements in the year.

(iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date there is no global exposure to derivatives.

There have been no collateral arrangements in the year.

## Distribution table

*for the year ended 30 March 2024*

### Interim distributions in pence per unit

Group 1 - Units purchased before 31 March 2023

Group 2 - Units purchased 31 March 2023 to 30 September 2023

| | Net revenue | Equalisation | Total distributions 20 November 2023 | Total distributions 20 November 2022 |
|---|---|---|---|---|
| Income | | | | |
| Group 1 | 2.732 | - | 2.732 | 2.279 |
| Group 2 | 2.732 | - | 2.732 | 2.279 |
| Accumulation | | | | |
| Group 1 | 2.932 | - | 2.932 | 2.404 |
| Group 2 | 2.932 | - | 2.932 | 2.404 |

### Final distributions in pence per unit

Group 1 - Units purchased before 1 October 2023

Group 2 - Units purchased 1 October 2023 to 30 March 2024

| | Net revenue | Equalisation | Total distributions 20 May 2024 | Total distributions 20 May 2023 |
|---|---|---|---|---|
| Income | | | | |
| Group 1 | 3.911 | - | 3.911 | 2.127 |
| Group 2 | 3.911 | - | 3.911 | 2.127 |
| Accumulation | | | | |
| Group 1 | 4.241 | - | 4.241 | 2.264 |
| Group 2 | 4.241 | - | 4.241 | 2.264 |

Accumulation distributions

Holders of accumulation units should add the distributions received thereon to the cost of the units for capital gains tax purposes.

# Remuneration

## Remuneration code disclosure

The remuneration committee is responsible for setting the remuneration policy for all partners, directors and employees within the Evelyn Partners Group Limited ('the Group'), including individuals designated as Material Risk Takers under the Remuneration Code. The remuneration policy is designed to be compliant with the Code and provides a framework to attract, retain, motivate and reward partners, directors and employees. The overall policy is designed to promote the long-term success of the group and to support prudent risk management, with particular attention to conduct risk.

## Remuneration committee

The remuneration committee report contained in the Group Report and Financial Statements for the year ended 31 December 2023 includes details on the remuneration policy. The remuneration committee comprises five non-executive directors and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met eight times during 2023[1].

## Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business;
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices;
- to foster and support conduct and behaviours which are in line with our culture and values;
- to maintain a sound risk management framework;
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking;
- to comply with all relevant regulatory requirements; and
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a "balanced scorecard" approach to variable remuneration non-financial criteria including, but not limited to, compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

## Remuneration systems

The committee reviews all partners' and directors' fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a Deferred Option Plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 31 December 2023. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

[1] Please note that the data provided for the non-executive directors is as at 31 December 2023. The data provided is for independent non-executive directors only.

## Remuneration (continued)

### Aggregate quantitative information

The total amount of remuneration paid by Evelyn Partners Fund Solutions Limited ('EPFL') is nil as EPFL has no employees. However, a number of employees have remuneration costs recharged to EPFL and the annualised remuneration for these 72 employees is £3.51 million of which £3.23 million is fixed remuneration. This is based on the salary and benefits for those identified as working in EPFL as at 31 December 2023. Any variable remuneration is awarded for the year ended 31 December 2023. This information excludes any senior management or other Material Risk Takers ('MRTs') whose remuneration information is detailed below.

Evelyn Partners reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Group. It is difficult to apportion remuneration for these individuals in respect of their duties to EPFL. For this reason, the aggregate total remuneration awarded for the financial year 2023 for senior management and other MRTs detailed below has not been apportioned.

| Table to show the aggregate remuneration split by Senior Management and other MRTs for EPFL | For the period 1 January 2023 to 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | | Variable | | | |
| | Fixed | Cash | Equity | Total | No. MRTs |
| | £'000 | £'000 | £'000 | £'000 | |
| Senior Management | 3,518 | 1,662 | - | 5,180 | 18 |
| Other MRTs | 919 | 848 | - | 1,767 | 5 |
| Total | 4,437 | 2,510 | - | 6,947 | 23 |

### Investment Manager

The Manager delegates the management of the Fund's portfolio of assets to Evelyn Partners Investment Management LLP ('EPIM') and pays to EPIM out of the annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. EPIM are compliant with the Capital Requirements Directive regarding remuneration and therefore EPIM staff are covered by remuneration regulatory requirements.

## Further information

### Distributions and reporting dates

Where net revenue is available it will be distributed/allocated semi-annually on 20 May (final) and 20 November (interim). In the event of a distribution, unitholders will receive a tax voucher.

| | | |
|---|---|---|
| XD dates: | 31 March | final |
| | 1 October | interim |
| Reporting dates: | 30 March | annual |
| | 30 September | interim |

### Buying and selling units

The valuation point for the Fund will be 12.00pm on every business day, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee, and the price of units are calculated as at that time. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

Prices of units and the estimated yield of the Fund are published on the following website: www.trustnet.com or may be obtained by calling 0141 222 1151.

### Benchmark

Unitholders may compare the performance of the Fund against the MSCI PIMFA Balanced Index.

The Investment Manager has selected this comparator benchmark as it believes this benchmark best reflects the Fund's asset allocation.

The benchmark is not a target for the Fund, nor is the Fund constrained by the benchmark.

## Appointments

### Manager and Registered office
Evelyn Partners Fund Solutions Limited
45 Gresham Street
London EC2V 7BG
Telephone 0207 131 4000
Authorised and regulated by the Financial Conduct Authority

### Administrator and Registrar
Evelyn Partners Fund Solutions Limited
177 Bothwell Street
Glasgow G2 7ER
Telephone 0141 222 1151 (Registration)
0141 222 1150 (Dealing)
Authorised and regulated by the Financial Conduct Authority

### Directors of the Manager
Andrew Baddeley
Brian McLean
Mayank Prakash
Neil Coxhead

### Independent Non-Executive Directors of the Manager
Dean Buckley
Linda Robinson
Victoria Muir
Sally Macdonald

### Non-Executive Directors of the Manager
Paul Wyse - resigned 11 July 2023
Guy Swarbreck - appointed 21 August 2023

### Investment Manager
Evelyn Partners Investment Management LLP
45 Gresham Street
London EC2V 7BG
Authorised and regulated by the Financial Conduct Authority

### Trustee
NatWest Trustee and Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh EH12 1HQ
Authorised and regulated by the Financial Conduct Authority

### Auditor
Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL