

The Dunninger Fund

Annual Report

for the year ended 31 May 2024

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## The Dunninger Fund

### Report of the Authorised Corporate Director ('ACD')

Evelyn Partners Fund Solutions Limited ('EPFL'), as ACD, presents herewith the Annual Report for The Dunninger Fund for the year ended 31 May 2024.

The Dunninger Fund ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 20 April 2011. The Company is incorporated under registration number IC000894. It 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 ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, 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 followed.

The Financial Stability Board ('FSB') created the Task Force on Climate-related Financial Disclosures ('TCFD') to improve and increase reporting of climate-related financial information. EPFL have produced TCFD reports in compliance with the FCA's rules on climate-related financial disclosures. The TCFD Product report is designed to help you understand the impact the Company has on the climate and equally how climate change could influence the performance of the Company. The report will also give you the ability to compare a range of climate metrics with other funds. To understand the governance, strategy, and risk management that EPFL has in place to manage the risks and opportunities related to climate change, please refer to the TCFD Entity report. These reports are available on our website <https://www.evelyn.com/services/fund-solutions/tcfd-reporting/>.

The shareholders are not liable for the debts of the Company.

The Company has no Directors other than the ACD.

The Instrument of Incorporation can be inspected at the offices of the ACD.

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

#### Investment objective and policy

The investment objective of the Company is to achieve both capital and income growth by investing in any country and in any economic sector of the world.

The Company will seek to achieve this objective by investing primarily in units in collective investment schemes. The Company may also invest in transferable securities, approved money market instruments, deposits and cash or near cash investments and warrants. The Company may also use derivatives for the purpose of Efficient Portfolio Management only. Growth in terms of income and capital gains will be sought by constructing an international spread of investments.

The proportion of the property of the Company which may be held in the different permitted asset classes is subject to change from time to time in the discretion of the Investment Adviser where a change is believed to be in the best interests of the shareholders. As a result it may not always be the case that the property of the Company will primarily be invested in units in collective investment schemes.

The investment objectives and policies set out in this section are subject to the limitations on investment set out in the FCA COLL sourcebook. These limits are summarised in Appendix 2 of the Company's Prospectus.

Under normal circumstances, the ACD would expect substantially all of the assets of the Company to be invested in investments appropriate to the Company's investment objectives, with not more than 10% held in cash. The ACD may, however, hold cash or near cash to the extent this is reasonably necessary to enable pursuit of the Company's investment objectives, the redemption of shares, the efficient management of the Company or other purposes ancillary to the Company's investment objectives.

The Company will not maintain an interest in immovable property or tangible moveable property.

Please be aware that there is no guarantee capital will be preserved.

## Report of the Authorised Corporate Director (continued)

### Changes affecting the Company in the year

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

Further information in relation to the Company is illustrated on page 37.

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 ACD, Evelyn Partners Fund Solutions Limited.

Neil Coxhead

Director

Evelyn Partners Fund Solutions Limited

30 August 2024

## Statement of the Authorised Corporate Director's responsibilities

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

In preparing the financial statements the ACD 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 Company'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 Company 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 Company's information on the ACD'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 ACD to carry out an Assessment of Value on the Company and publish this assessment within the Annual Report.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus and COLL.




## Assessment of Value - The Dunninger Fund

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

A high-level summary of the outcome of EPFL's rigorous review of the Fund for the year ended 31 May 2024 using the seven criteria set by the FCA is set out below:

1. Quality of Service	
2. Performance	
3. ACD Costs	
4. Economies of Scale	
5. Comparable Market Rates	
6. Comparable Services	
7. Classes of Shares	
Overall Rating	

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

-  On balance, the Board believes the Fund has delivered value to shareholders, with no material issues noted.
-  On balance, the Board believes the Fund has delivered value to shareholders, but may require some action.
-  On balance, the Board believes the Fund has not delivered value to shareholders 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 Fund 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 Fund 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 Fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs – the fairness and value of the Fund'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 Fund compare with others in the marketplace;
- (6) Comparable services – how the charges applied to the Fund compare with those of other funds administered by EPFL;
- (7) Classes of shares – the appropriateness of the classes of shares in the Fund for investors.

## Assessment of Value - The Dunninger Fund (continued)

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

EPFL, as ACD, has overall responsibility for the Fund. The Board assessed, amongst other things: the day-to-day administration of the Fund; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of shares; 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 maintenance of the register of shareholders; the dealing and settlement arrangements and the quality of marketing material sent to shareholders. EPFL delegates the Investment Management of the Fund to a delegated 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 Fund's Depositary and various EPFL delegated Investment Advisers.

#### 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 Adviser, Wren Investment Office Limited where consideration was given to, amongst other things, the delegate's controls around the Fund's liquidity management.

The Board also considered the nature, extent and quality of administrative and shareholder services performed under separate agreements covering depositary services, custodian services, 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 Fund'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 Fund and its shareholders.

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

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

#### Investment Objective

The Fund seeks to achieve both capital and income growth by investing in any country and in any economic sector of the world.

#### Benchmark

As ACD, 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.

## Assessment of Value - The Dunninger Fund (continued)

### 2. Performance (continued)

#### Benchmark (continued)

The benchmark for the Fund, the ARC Sterling Equity Risk PCI, is a comparator. A 'comparator' benchmark is an index or similar factor against which an investment adviser invites investors to compare a fund's performance. As the benchmark of the Fund changed within the five year time horizon, from the previous comparator, the IA Global Sector on 11 May 2023, EPFL performed a chain-linking exercise to compare the performance of the Fund against both benchmarks at the stage the respective benchmark was in place. Details of how the Fund had performed against the hybrid chain-linked performance benchmark over various timescales can be found below.

Cumulative Performance as at 30 April 2024 (%)

	Currency	1 year	3 year	5 year
Hybrid* - IA Global Sector and ARC Sterling Equity Risk PCI	GBP	10.02	10.12	45.86
The Dunninger Fund	GBX	15.35	12.84	43.04

\*The Hybrid Benchmark represents returns from the IA Global Sector, between 30 April 2019 and 11 May 2023 and the ARC Sterling Equity Risk PCI, between 12 May 2023 and 30 April 2024.

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 it 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 Fund over the recommended minimum holding period of five years, mindful that the benchmark had changed prior to the Fund's year end in May 2023.

The use of a hybrid benchmark as a comparator was preferred by the Board as it better reflected the existence of the old benchmark over most of the period under review. When compared against this hybrid benchmark the Fund had underperformed the hybrid benchmark and as a result the Fund was given an Amber rating.

Consideration was given to the risk metrics associated with the Fund which focused on, amongst other things, volatility and risk adjusted returns where EPFL were comfortable that the outcomes were in line with Fund's performance.

The Board found that the Fund 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. ACD 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'), Depositary/Custodian fees and audit fee. The AMC includes the ACD's periodic charge and the Investment Adviser'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 Fund's costs, and concluded that they were fair, reasonable and were provided on a competitive basis.

#### Were there any follow up actions?

There were no follow-up actions required.

<sup>1</sup> One basis point is equal to 1/100th of 1%, or 0.01%. Figure calculated at interim report, 30 November 2023.

## Assessment of Value - The Dunninger Fund (continued)

### 4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

The Investment Adviser's fee is a fixed percentage charge however as the ACD's periodic charge is tiered there are opportunities for savings as the Fund grows in size.

The ancillary charges of the Fund represent 10 basis points<sup>1</sup>. Some of these costs are fixed and as the Fund 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 Fund and how those charges affect its returns.

The OCF of the Fund was compared against the 'market rate' of similar external funds.

What was the outcome of the assessment?

The OCF of 1.38%<sup>2</sup> was more expensive than those of similar externally managed funds.

Note that there is no performance fee and that EPFL has not charged an entry fee, exit fee or any other event-based fees on this Fund.

Were there any follow up actions?

There was no further action required as the Board were of the opinion that no element within the OCF gave any cause for concern.

### 6. Comparable Services

What was assessed in this section?

The Board compared the Investment Adviser's fee with those of other funds administered by EPFL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

The Investment Adviser's fee compared favourably with other EPFL administered funds displaying similar characteristics.

Were there any follow up actions?

There were no follow-up actions required.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the Fund's set-up to ensure that where there are multiple share classes shareholders were in the correct share class given the size of their holding.

What was the outcome of the assessment?

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

Were there any follow up actions?

There were no follow-up actions required.

<sup>2</sup> Figure calculated at interim report, 30 November 2023.

## Assessment of Value - The Dunninger Fund (continued)

### 7. Classes of Shares (continued)

#### Overall Assessment of Value

Notwithstanding the matters referenced in Sections 2 and 5, the Board concluded that The Dunninger Fund had provided value to investors.

Dean Buckley

Chairman of the Board of Evelyn Partners Fund Solutions Limited

31 July 2024

#### Consumer Feedback

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 Depositary to the shareholders of The Dunninger Fund

### Depositary's responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

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

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited

30 August 2024

## Independent Auditor's report to the shareholders of The Dunninger Fund

### Opinion

We have audited the financial statements of The Dunninger Fund (the 'Company') for the year ended 31 May 2024 which comprise the Statement of total return, Statement of change in shareholders' funds, 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 Company as at 31 May 2024 and of the net revenue and the net capital gains on the scheme property of the Company 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 Instrument of Incorporation.

### 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.

### Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director 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 Authorised Corporate Director 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 Company 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 Authorised Corporate Director for the year is consistent with the financial statements.

## Independent Auditor's report to the shareholders of The Dunninger Fund (continued)

### Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's responsibilities set out on page 4, the Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director is responsible for assessing the Company'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 Authorised Corporate Director either intends to wind up the Company 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 Company 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 Company's Prospectus.

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

## Independent Auditor's report to the shareholders of The Dunninger Fund (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)*

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Authorised Corporate Director was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Corporate Director 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.

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 Company'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 Authorised Corporate Director 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 Company'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 Company'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 would become aware of it.

### Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

## Accounting policies of The Dunninger Fund

for the year ended 31 May 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').

The ACD has considered a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the ACD is satisfied the Fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

### 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 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 31 May 2024.

### 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.

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.

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

## Accounting policies of The Dunninger Fund (continued)

for the year ended 31 May 2024

### e Expenses

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accrual basis then reallocated to capital, net of any tax effect.

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 31 May 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.

### 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 Dilution levy

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

### i 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 accumulation shares are re-invested in the Fund on behalf of the shareholders.

#### ii Revenue

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

#### iii 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.

#### iv Equalisation

Group 2 shares are shares purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 shares. Equalisation is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes. Equalisation per share is disclosed in the Distribution table.

## Investment Adviser's report

### Investment review\*

Global equity markets closed the second quarter ('Q2') 2023 to new highs for the year, supported by better-than-expected corporate earnings releases and economic resilience. Economically, the mixed picture continued. Labour data remained robust, wages remained positive and consumer activity and sentiment continued to be strong. However, surveys of activity, such as the Purchasing Managers' Index, showed signs of slowdown in the US. Turning to financial markets, the price performance of many markets confounded expectations and was at odds with fundamental data. The rally in the US equity market was notable for the narrowness of the leadership, with the 'Mega-Cap' names leading the way and the narrative surrounding Artificial Intelligence ('AI') advancements boosting the expectations of companies such as NVIDIA (+200% for the year to date as at the end of June 2023). Under the surface, however, the 'equally weighted' S&P 500 Index provided a different picture, lagging the market-cap weighted index by a historic margin.

The Q3 2023 saw a continuation of market trends with equities gaining ground, albeit with some volatility. The sustained concentration of performance in a small cohort of US companies had been a significant challenge for active managers in the global equity sector. The quarter saw notable weakness in sterling, as slower progress on inflation and fears of softening economic and housing activity weighed on the currency. Global aggregate economic data confounded the gloomy expectations of the investment community consensus at the beginning of the year, with the resilience of the US consumer and labour market leading to re-appraisals of predictions. Progress on the reduction of inflation prints across the developed markets led to expectations that a peak of the interest rate cycle had been achieved (or was within sight) for central banks, despite inflation reports remaining above target in most economies.

Q4 2023 started well for risk-on assets, but this abruptly changed due to the tragic scenes on the Palestinian-Israeli border and the ensuing conflict that has since occurred in the Middle Eastern region. Global equities peaked just north of 11.0% for the year-to-date during October 2023 before dropping down as far as 5.5% on the back of these rising geopolitical concerns. Elsewhere, the earnings season showed broad resiliency, but it did expose the level of optimism that has been placed in the so-called Magnificent 7. This weakness strongly reversed in November 2023 as the US Consumer Price Index fell to 3.2%, year-on-year, from 3.7% in September 2023. This provided strong evidence for investors of inflation falling back within the Federal Reserve's 2.0% target, signalling the possible end to rate hikes. Global equity markets rallied strongly, rising 4.8% over the month, with strong outperformance from rate-sensitive areas of the market, including growth stocks. Concerns surrounding the effectiveness of Chinese government stimulus measures to spur growth and the ongoing real estate crisis weighed heavily on Chinese stocks.

Equity markets extended their rallies to new highs during the Q1 2024, with the market narrative moving away from the prospect of lower rates to the powerful expectations of productivity enhancement and profitability boost offered by the continued development and application of AI technologies. This led to growth outperforming value and, sector wise, technology and communication services leading the way at the expense of more defensive or steady growth sectors. We saw some fragmentation within the so-called 'Magnificent 7'. Those deemed to be the biggest beneficiaries of AI continued to rally strongly (e.g. NVIDIA) and others, such as Tesla, lagged. Global equity markets ended the first quarter +9.5%, with the US and Japan modestly outperforming and UK and Emerging markets lagging.

Financial markets continued the trends of Q1 into Q2 2024, albeit with more volatility. The uninterrupted rally of global equities since November 2023 was disturbed in April 2024, as stronger than expected US inflation data challenged investor assumptions about future interest rates. Whilst economic headlines remain supportive, there are some notable causes for concern in underlying data trends. Labour data releases show an increase in second jobs. The US savings rate has fallen significantly and it is believed that the accumulated savings from the pandemic period (Covid-19) have been eroded, for most income cohorts. In the UK, inflation has fallen meaningfully over the last months as the base effects of the energy tariff caps and strengthening sterling have eased price pressures, but volatile economic and consumer data does not yield a clear trend for the economy.

Equity markets continued their rallies to new all-time highs in May 2024. Reminiscent of 2023, the market has been driven higher by a narrow cohort of stocks, whilst the average market has delivered meagre returns. On a bottom-up basis, corporate earnings were modestly ahead of expectations. The concentration and momentum of the markets has made it a difficult environment for active global managers, with exposure (or not) to a few stocks, at large weights delivering an almost binary impact on relative performance.

\*Source: Morningstar Direct.

## Investment Adviser's report (continued)

### Investment performance\*

The Dunninger Fund has delivered strong outperformance against the ARC Sterling Equity Risk PCI comparator benchmark on a 12 and 6 month basis. However, over the past 3 months, the portfolio has underperformed the ARC Sterling Equity Risk PCI by 2.3%.

Over the 12 months to 31 May 2024, The Dunninger Fund rose by 14.6%, which compares with a 12.4% return for the ARC Sterling Equity Risk PCI.

Over the 6 months to 31 May 2024, The Dunninger Fund delivered positive returns of 11.2%, ahead of the ARC Sterling Equity Risk PCI, which returned 10.3%.

Over the 3 months to 31 May 2024, The Dunninger Fund rose by 1.3%, behind the ARC Sterling Equity Risk PCI, which returned 3.6%.

A key factor behind the relative outperformance over the last 12 months has been the Fund's more international focus relative to the benchmark, as US mega cap growth stocks have continued to dominate equity returns. Over the past 12 and 6 months, iShares Core MSCI World UCITS ETF and iShares Core S&P 500 UCITS ETF have been the top two contributors to returns. Additionally, the Fund has captured some of the returns associated with the AI theme, most notably with the position in Bluebox Funds - Bluebox Global Technology Fund that has delivered a significant return of over 29% (in GBP terms) over the past year.

Underperformance over the past 3 months can be explained by a soft return in May whilst the broader equity market rebounded strongly. The past 3 months has seen a small resurgence in UK equities which the Fund's more international focus has captured less of compared to the comparator benchmark. Nevertheless, the Fund is ahead of the comparator benchmark on a 6 and 12 month basis.

### Investment activities

In August 2023, the Fund reduced its position in ES River and Mercantile Global Recovery Fund, following a reduction earlier in the year. This decision was taken in expectation of a global economic slowdown which we expect to challenge the deeper value style exposure of ES River and Mercantile Global Recovery Fund. The proceeds from this transaction were used to initiate a new position in iShares S&P 500 Equal Weight UCITS ETF. We added the US exchange traded fund to close out our US equity underweight and take advantage of the attractive valuations of the equal weighted S&P 500 Index relative to the market-cap weighted index.

There was no other significant trading until November 2023 when we made a minor trim to the Fund's allocation to iShares Core MSCI World UCITS ETF to raise cash to cover withdrawals. In December 2023, we fully sold out of ES River and Mercantile Global Recovery Fund.

In April 2024, we reduced the Fund's exposure to China through the sale of Veritas Funds - Asian Fund. This decision was in response to our investment committee's cautious view on China's economic outlook, particularly due to the ongoing crisis in the country's real estate sector. In May 2024, we reallocated the proceeds from this sale to establish a new position in Edmond de Rothschild Fund - Big Data. This thematic equity fund focuses on companies that are successfully integrating AI into their business models, increasing the portfolio's exposure to the AI sector. Elsewhere in April 2024, we trimmed iShares Core MSCI World UCITS ETF to meet a cash redemption.

There was no further portfolio activity for the remainder of the period.

### Investment strategy and outlook

Economically, there is beginning to be a cooling of economic growth and we believe that inflation measures are now sufficiently modest for policymakers to turn their attention more firmly towards economic growth. We remain of the view that interest rates will remain structurally higher, but that in the short term a rate cutting cycle is expected. We are of the view that the consumer is not as healthy, in aggregate, as the headlines would suggest and that the scope for fiscal expansion by governments is limited by the current high budget deficits.

\*Source: Morningstar Direct, based on mid prices to 31 May 2024.

## Investment Adviser's report (continued)

### Investment strategy and outlook (continued)

Within equity funds, we maintain a bias towards 'quality' companies – those with strong balance sheets and low debt levels, pricing power and the potential to use their current cash flows and earnings to adapt their business models to new challenges and opportunities offered by technology integration. We remain cautious on the equity markets in aggregate, especially the US, given the high valuation environment and corporate earnings expectations given the potential for disappointment is elevated. We recognise, however, that the market momentum and the AI investment narrative are powerful forces, and we don't discount the risk that we could see a continued rise in these assets, potentially reaching "bubble" conditions.

Wren Investment Office Limited

31 July 2024

## Portfolio changes

for the year ended 31 May 2024

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

	Cost £
Purchases:	
Edmond de Rothschild Fund - Big Data	679,296
iShares S&P 500 Equal Weight UCITS ETF	500,319
Federated Hermes Short-Term Sterling Prime Fund	370,000
	Proceeds £
Sales:	
ES River and Mercantile Global Recovery Fund	1,073,828
Veritas Funds - Asian Fund	711,818
iShares Core MSCI World UCITS ETF	654,719
Artisan Partners Global Funds - Artisan Global Opportunities Fund	399,139
Federated Hermes Short-Term Sterling Prime Fund	370,000

Portfolio statement  
as at 31 May 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds - United Kingdom 1.21% (1.19%)			
Closed-Ended Funds - incorporated outwith the United Kingdom 1.21% (1.19%)			
Apax Global Alpha	83,333	130,499	0.67
Chrysalis Investments	131,200	105,878	0.54
Total closed-ended funds - incorporated outwith the United Kingdom		<u>236,377</u>	<u>1.21</u>
Collective Investment Schemes 97.89% (96.10%)			
UK Authorised Collective Investment Schemes 9.96% (14.20%)			
MI Metropolis Value Fund	570,312	<u>1,954,041</u>	<u>9.96</u>
Offshore Collective Investment Schemes 87.93% (81.90%)			
Artisan Partners Global Funds - Artisan Global Opportunities Fund	49,095	1,205,404	6.15
Bluebox Funds - Bluebox Global Technology Fund	539	854,859	4.36
Edmond de Rothschild Fund - Big Data	6,352	676,910	3.44
Federated Hermes Asia Ex-Japan Equity Fund	275,082	916,877	4.68
Franchise Partners Global Equity VCC	27,766	863,006	4.40
GuardCap UCITS Funds - GuardCap Global Equity Fund	45,833	1,397,918	7.13
Guinness Global Equity Income Fund	64,065	1,340,914	6.84
iShares Core MSCI World UCITS ETF	37,255	2,879,812	14.68
iShares Core S&P 500 UCITS ETF	5,363	2,313,598	11.80
iShares Edge MSCI World Value Factor UCITS ETF	34,735	1,173,696	5.98
iShares S&P 500 Equal Weight UCITS ETF	118,624	537,545	2.74
Veritas Funds - Global Focus Fund	43,830	3,084,299	15.73
Total offshore collective investment schemes		<u>17,244,838</u>	<u>87.93</u>
Total collective investment schemes		<u>19,198,879</u>	<u>97.89</u>
Portfolio of investments		19,435,256	99.10
Other net liabilities		176,774	0.90
Total net assets		<u>19,612,030</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges and 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 31 May 2023.

## 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 on 25 March 2024.

## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Fund. It also discloses the operating charges and direct transaction costs applied to each share. 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
	p	p	p
Net Accumulation			
Change in net assets per share			
Opening net asset value per	2,442.72	2,401.75	2,443.11
Return before operating charges	392.06	73.79	(4.63)
Operating charges	(35.82)	(32.82)	(36.73)
Return after operating charges *	356.24	40.97	(41.36)
Distributions <sup>^</sup>	(27.52)	(27.02)	(11.21)
Retained distributions on accumulation shares <sup>^</sup>	27.52	27.02	11.21
Closing net asset value per share	2,798.96	2,442.72	2,401.75
 * after direct transaction costs of:	 0.06	 0.11	 0.31
Performance			
Return after charges	14.58%	1.71%	(1.69%)
Other information			
Closing net asset value (£)	19,612,030	18,893,951	19,026,365
Closing number of shares	700,689	773,481	792,186
Operating charges <sup>^^</sup>	1.37%	1.38%	1.45%
Direct transaction costs	0.00%	0.00%	0.01%
Published prices			
Highest share price	2,870	2,524	2,698
Lowest share price	2,421	2,251	2,311

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

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Adviser'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 - The Dunninger Fund

### Statement of total return for the year ended 31 May 2024

	Notes	2024		2023	
		£	£	£	£
Income:					
Net capital gains	2		2,592,199		242,550
Revenue	3	206,576		215,249	
Expenses	4	<u>(148,695)</u>		<u>(140,212)</u>	
Net revenue before taxation		57,881		75,037	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>57,881</u>		<u>75,037</u>
Total return before distributions			2,650,080		317,587
Distributions	6		(203,843)		(213,094)
Change in shareholders' funds from investment activities			<u><u>2,446,237</u></u>		<u><u>104,493</u></u>

### Statement of change in shareholders' funds for the year ended 31 May 2024

	2024		2023	
	£	£	£	£
Opening net assets		18,893,951		19,026,365
Amounts receivable on issue of shares	65,730		-	
Amounts payable on cancellation of shares	<u>(1,992,996)</u>		<u>(447,119)</u>	
		(1,927,266)		(447,119)
Change in shareholders' funds from investment activities		2,446,237		104,493
Retained distributions on accumulation shares		199,108		210,212
Closing net assets		<u><u>19,612,030</u></u>		<u><u>18,893,951</u></u>

Balance sheet  
as at 31 May 2024

	Notes	2024 £	2023 £
Assets:			
Fixed assets:			
Investments		19,435,256	18,381,827
Current assets:			
Debtors	7	409,952	9,583
Cash and bank balances	8	178,195	511,882
Total assets		<u>20,023,403</u>	<u>18,903,292</u>
Liabilities:			
Creditors:			
Other creditors	9	(411,373)	(9,341)
Total liabilities		<u>(411,373)</u>	<u>(9,341)</u>
Net assets		<u>19,612,030</u>	<u>18,893,951</u>
Shareholders' funds		<u>19,612,030</u>	<u>18,893,951</u>

Notes to the financial statements  
for the year ended 31 May 2024

1. Accounting policies

The accounting policies are disclosed on pages 14 and 15.

2. Net capital gains

	2024	2023
	£	£
Non-derivative securities - realised gains	885,630	493,258
Non-derivative securities - movement in unrealised gains/(losses)	1,712,798	(254,970)
Currency (losses) / gains	(6,117)	4,514
Transaction charges	(112)	(252)
Total net capital gains	<u>2,592,199</u>	<u>242,550</u>

3. Revenue

	2024	2023
	£	£
UK revenue	21,025	44,898
Unfranked revenue	3,520	-
Overseas revenue	173,161	159,579
Bank and deposit interest	8,870	10,772
Total revenue	<u>206,576</u>	<u>215,249</u>

4. Expenses

	2024	2023
	£	£
Payable to the ACD and associates		
Annual management charge*	145,897	140,607
Annual management charge rebate*	(18,295)	(19,880)
	<u>127,602</u>	<u>120,727</u>
Payable to the Depositary		
Depositary fees	<u>9,014</u>	<u>9,000</u>
Other expenses:		
Audit fee	8,700	7,560
Non-executive directors' fees	1,631	1,614
Safe custody fees	851	613
Bank interest	321	-
FCA fee	118	198
KIID production fee	458	500
	<u>12,079</u>	<u>10,485</u>
Total expenses	<u>148,695</u>	<u>140,212</u>

\* The annual management charge is 0.75% and includes the ACD's periodic charge and the Investment Adviser's fee. Where the ACD's periodic charge and the Investment Adviser's fee are cumulatively lower than the annual management charge a rebate may occur. For the year ended 31 May 2024, the annual management charge after rebates is 0.66%.

5. Taxation

	2024	2023
	£	£
a. Analysis of the tax charge for the year		
Total taxation (note 5b)	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 5. Taxation (continued)

#### 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	<u>57,881</u>	<u>75,037</u>
Corporation tax @ 20%	11,576	15,007
Effects of:		
UK revenue	(4,205)	(8,980)
Overseas revenue	(34,633)	(31,914)
Excess management expenses	<u>27,262</u>	<u>25,887</u>
Total taxation (note 5a)	<u>-</u>	<u>-</u>

#### 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 £261,614 (2023: £234,352).

### 6. Distributions

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

	2024 £	2023 £
Interim accumulation distribution	93,619	78,001
Final accumulation distribution	<u>105,489</u>	<u>132,211</u>
	199,108	210,212
Equalisation:		
Amounts deducted on cancellation of shares	5,005	2,882
Amounts added on issue of shares	<u>(270)</u>	<u>-</u>
Total net distributions	<u>203,843</u>	<u>213,094</u>

#### Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	57,881	75,037
Undistributed revenue brought forward	3	2
Expenses paid from capital	148,374	140,212
Marginal tax relief	(2,414)	(2,154)
Undistributed revenue carried forward	<u>(1)</u>	<u>(3)</u>
Distributions	<u>203,843</u>	<u>213,094</u>

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

Notes to the financial statements (continued)  
for the year ended 31 May 2024

7. Debtors	2024	2023
	£	£
Sales awaiting settlement	399,139	-
Accrued revenue	8,892	8,036
Prepaid expenses	333	-
	<u>408,364</u>	<u>8,036</u>
Payable from the ACD and associates		
Annual management charge rebate	<u>1,588</u>	<u>1,547</u>
Total debtors	<u>409,952</u>	<u>9,583</u>
8. Cash and bank balances	2024	2023
	£	£
Total cash and bank balances	<u>178,195</u>	<u>511,882</u>
9. Other creditors	2024	2023
	£	£
Purchases awaiting settlement	400,565	-
Currency trades outstanding	917	-
Accrued expenses:		
Safe custody fees	574	162
Audit fee	8,700	7,560
Non-executive directors' fees	574	1,366
FCA fee	22	35
KIID production fee	-	208
Transaction charges	21	10
	<u>9,891</u>	<u>9,341</u>
Total other creditors	<u>411,373</u>	<u>9,341</u>

10. Commitments and contingent liabilities

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

11. Share classes

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

	Net Accumulation
Opening shares in issue	773,481
Total shares issued in the year	2,542
Total shares cancelled in the year	(75,334)
Closing shares in issue	<u>700,689</u>

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

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 12. Related party transactions

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

The ACD acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in shareholders' funds.

Amounts payable to the ACD and its associates are disclosed in note 4. The amounts due from the ACD and its associates at the balance sheet date is disclosed in note 7.

### 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per accumulation share has increased from 2,799p to 2,869p as at 21 August 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

### 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		Purchases after transaction costs
	£	£	%	£
2024				
Collective Investment Schemes	1,549,415	200	0.01%	1,549,615
	Purchases before transaction costs	Commission		Purchases after transaction costs
	£	£	%	£
2023				
Closed-Ended Funds	150,114	76	0.05%	150,190
Collective Investment Schemes	2,726,135	788	0.03%	2,726,923
Total	2,876,249	864	0.08%	2,877,113

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 14. Transaction costs (continued)

#### a Direct transaction costs (continued)

	Sales before transaction costs	Commission		Sales after transaction costs
	£	£	%	£
2024				
Collective Investment Schemes	3,209,766	(262)	0.01%	3,209,504

	Sales before transaction costs	Commission		Sales after transaction costs
	£	£	%	£
2023				
Collective Investment Schemes	3,224,303	(30)	0.00%	3,224,273

#### 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:

	£	% of average net asset value
2024		
Commission	462	0.00%
2023		
Commission	894	0.00%

#### 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 0.02% (2023: 0.02%).

### 15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD 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 ACD'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 ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 15. Risk management policies (continued)

#### 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.

The main elements of the portfolio of investments exposed to this risk are 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 ACD 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 31 May 2024, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the closing net assets would increase or decrease by approximately £971,763 (2023: £919,091).

#### (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:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2024	£	£	£
US dollar	2,745,320	(1,426)	2,743,894
	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2023	£	£	£
US dollar	2,884,391	-	2,884,391

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the closing net assets would increase or decrease by approximately £137,195 (2023: £144,220).

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 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. The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. 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.

There is no exposure to interest bearing securities at the balance sheet date.

#### 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.

The Depositary 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.

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 shares 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 shares 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 shares 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.

To reduce liquidity risk the ACD 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.

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 15. Risk management policies (continued)

#### 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 ACD 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.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£	£
Quoted prices	7,141,028	-
Observable market data	12,294,228	-
Unobservable data	-	-
	<u>19,435,256</u>	<u>-</u>
	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£	£
Quoted prices	6,031,240	-
Observable market data	12,350,587	-
Unobservable data	-	-
	<u>18,381,827</u>	<u>-</u>

No securities in the portfolio of investments are valued using valuation techniques.

#### e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

#### 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.

The ACD 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.

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.

During the year there were no derivative transactions.

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 15. Risk management policies (continued)

#### f Derivatives (continued)

##### (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 Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

##### (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 31 May 2024

Interim distribution in pence per share

Group 1 - Shares purchased before 1 June 2023

Group 2 - Shares purchased 1 June 2023 to 30 November 2023

	Net revenue	Equalisation	Total distribution 31 January 2024	Total distribution 31 January 2023
Net Accumulation				
Group 1	12.461	-	12.461	9.926
Group 2	4.410	8.051	12.461	9.926

Final distribution in pence per share

Group 1 - Shares purchased before 1 December 2023

Group 2 - Shares purchased 1 December 2023 to 31 May 2024

	Net revenue	Equalisation	Total distribution 31 July 2024	Total distribution 31 July 2023
Net Accumulation				
Group 1	15.055	-	15.055	17.093
Group 2	9.104	5.951	15.055	17.093

### Equalisation

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes.

### Accumulation distributions

Holders of accumulation shares should add the distributions received thereon to the cost of the shares 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<sup>1</sup>.

### 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.

<sup>1</sup> 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 Adviser

The ACD delegates the management of the Company's portfolio of assets to Wren Investment Office Limited and pays to the Investment Adviser out of the annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. The Investment Adviser and its staff are compliant with the Capital Requirements Directive regarding remuneration and their staff are covered by remuneration regulatory requirements.

## Further information

### Distributions and reporting dates

Where net revenue is available it will be allocated semi-annually on 31 July (final) and 31 January (interim). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 June	final
	1 December	interim

Reporting dates:	31 May	annual
	30 November	interim

### Buying and selling shares

The property of the Fund is valued at 5pm every Wednesday of each week except in the week when the last business day of the month falls when the valuation will be the last business day of the month only, with the exception of any bank holiday in England or 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 ACD and the Depositary. The prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

Prices of shares and the estimated yield of the Fund are published on the following website: [www.trustnet.com](http://www.trustnet.com) or may be obtained by calling 0141 222 1151.

### Benchmark

Shareholders may compare the performance of the Company against the ARC Sterling Equity Risk PCI.

Comparison of the Company's performance against this benchmark will give shareholders an indication of how the Company is performing against other similar funds in this peer group sector. The ACD has selected this comparator benchmark as the ACD believes it best reflects the asset allocation of the Company.

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

## Appointments

### ACD 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 ACD

Andrew Baddeley  
Brian McLean  
Mayank Prakash  
Neil Coxhead

### Independent Non-Executive Directors of the ACD

Dean Buckley  
Linda Robinson  
Victoria Muir  
Sally Macdonald

### Non-Executive Directors of the ACD

Paul Wyse - resigned 11 July 2023  
Guy Swarbreck - appointed 21 August 2023

### Investment Adviser

Wren Investment Office Limited  
66 Lincoln's Inn Fields  
London WC2A 3LH  
Authorised and regulated by the Financial Conduct Authority

### Depositary

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