

**VT ROSSIE HOUSE INVESTMENT MANAGEMENT FUNDS ICVC  
(Sub-fund VT Rossie House Portfolio Fund)**

**Annual Report and Financial Statements  
For the year ended 31 December 2023**

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## COMPANY OVERVIEW

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**Type of Company:** VT Rossie House Investment Management Funds ICVC is an investment company with variable capital under regulation 12 (Authorisation) of the Open Ended Investment Companies (OEIC) Regulations 2001, authorised by the FCA. The company is incorporated under registration number IC000991. The company is a 'Non-UCITS Retail Scheme' umbrella company comprising one sub-fund, VT Rossie House Portfolio Fund ("the Fund"). You as a shareholder are not liable for the debts of the company.

## STATEMENT OF THE AUTHORISED FUND MANAGER'S (AFM'S) RESPONSIBILITIES

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The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Fund Manager to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company at the end of the financial year and its net revenue and net capital gains for the year. In preparing these financial statements the Authorised Fund Manager is required to:

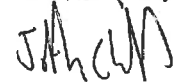
- > comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- > select suitable accounting policies and then apply them consistently.
- > make judgements and estimates that are reasonable and prudent.
- > prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Fund Manager is required to keep proper accounting records and to manage the Company in accordance with the COLL Sourcebook, Investment Funds Sourcebook (FUND), the Instrument of Incorporation, and the Prospectus. The Authorised Fund Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTOR'S STATEMENT

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In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook and FUND, we hereby certify the annual report.



Jonathan M. Child CA



David E. Smith CA

Valu-Trac Investment Management Limited  
Authorised Fund Manager

Date 09 April 2024

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF VT ROSSIE HOUSE INVESTMENT MANAGEMENT FUNDS ICVC

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### For the year ended 31 December 2023

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds 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 in the Company is 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 income is applied in accordance with the Regulations; and
- > the instructions of the Alternative Investment Fund Manager ("the AIFM") 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 AIFM:

- 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 income 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  
01 January 2024

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT ROSSIE HOUSE INVESTMENT MANAGEMENT FUNDS ICVC (SUB-FUND VT ROSSIE HOUSE PORTFOLIO FUND)**

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### **Opinion**

We have audited the financial statements of VT Rossie House Investment Management Funds ICVC ('the Company') for the year ended 31 December 2023, which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Tables. 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 December 2023 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 Fund Manager'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 Fund 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 Authorised Fund 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.

### **Opinion on Other Matters Prescribed by the COLL Regulations**

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 Fund Manager for the year is consistent with the financial statements.

**Responsibilities of the Authorised Fund Manager**

As explained more fully in the Authorised Fund Manager's responsibilities statement set out on page 2, the Authorised Fund 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 Authorised Fund 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 Authorised Fund Manager 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 Fund Manager either intends to wind up the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's 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 Investment Association Statement of Recommended Practice for Authorised Funds;
- >the Financial Conduct Authority's COLL Rules;
- >the Financial Conduct Authority's Investment Funds Sourcebook; 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 Fund Manager. We corroborated these enquiries through our review of submitted returns, external inspections, relevant correspondence with regulatory bodies and the Company's breaches register.

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 Fund Manager was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Fund 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.

**Auditor's 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 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 Fund 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 Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook, Investment Funds Sourcebook and its Prospectus;
- > Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Investment Association 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  
Elgin, United Kingdom

10 April 2024



## ACCOUNTING POLICIES

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### For the year ended 31 December 2023

The principal accounting policies, which have been applied in both the current and prior year, are set out below:

#### 1 Accounting policies

- (a) The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.
- (b) There are no material events that have been identified that may cast significant doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The AFM believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.
- (c) All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accruals basis. All expenses are then reallocated to capital, net of any tax effect for distribution purposes.
- (d) Distributions on equities and collectives are recognised when the security is quoted ex-dividend. Interest on deposits is accounted for on an accruals basis. Revenue from reporting offshore funds is recognised when the reported excess income rate is available. Equalisation on distributions from collectives is treated as capital. All equalisation on distributions from collectives is then reallocated to revenue, for distribution purposes.
- (e) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.
- (f) Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case. Where the receipt of a special dividend results in a significant reduction in the capital value or where the distribution arises from an underlying capital event such as a merger or disposal these would typically be deemed as capital so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividend would typically be recognised as revenue. Where special dividends are treated as revenue, they are included in the amount available for distribution. The tax accounting treatment follows the principal amount.
- (g) Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is 4.30pm on 29 December 2023 with reference to quoted bid prices from reliable external sources. Unlisted collective investment schemes are valued at the closing bid price for dual priced funds and the closing single price for single priced funds.
- (h) All transactions in foreign currencies are converted into Sterling at the rate of exchange ruling at the dates of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at 4.30pm on 29 December 2023.
- (i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the AFM considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.

- (j) In certain circumstances the AFM may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the bid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.
- (k) The Sub-fund currently issues Accumulation & Income shares. The Sub-fund goes ex dividend semi-annually and pays any income available to the shareholder two months in arrears, as a dividend distribution. Any revenue deficit at the year end is funded from capital.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or if it no longer exists the AFM). Application to claim distributions that have not been paid should be made to the AFM before this six year period has elapsed.

For the treatment of expenses revert to policy 'c' and special dividends revert to policy 'f'.

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	VT Rossie House Portfolio Fund
<b>Size of Sub-fund</b>	£7,453,201
<b>Launch date</b>	11 April 2014
<b>Sub-fund objective and policy</b>	<p>The Sub-fund's objective is to achieve long term capital and income growth.</p> <p>The Sub-fund will aim to meet its objectives by investing primarily, though not exclusively, in investment trusts and collective investment schemes that invest predominantly in equity securities. The Sub-fund may also have some direct exposure to bonds and other non-equity investments, including cash, gold and derivatives.</p> <p>The Sub-fund can use derivatives for the purpose of meeting its investment objective and for efficient portfolio management (including hedging) ("EPM"). It is envisaged however that the Investment Manager will not make a significant use of derivatives in the ordinary course of investing the assets of the Sub-fund.</p>
<b>Benchmark</b>	The Sub-fund does not have a specific benchmark. However, the performance of the Sub-fund can be assessed by considering whether the objective is achieved (i.e. whether there has been capital growth over the long term (+5 years)).
<b>Authorised Fund Manager (AFM)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	30 June, 31 December
<b>Distribution dates</b>	31 August, last day of February
<b>Individual Savings Account (ISA)</b>	The Company is a qualifying investment for inclusion in an ISA.
<b>Share Classes</b>	A Class <sup>^</sup> B Class
<b>Types of Shares</b>	Net Income Shares; Net Accumulation Shares
<sup>^</sup> Unless the AFM determines otherwise in its discretion, the Class A shares are only available to employees and partners of the Investment Manager and certain clients of the Investment Manager at the discretion of the AFM.	
<b>Minimum investment*</b>	
Lump sum subscription:	A Class = £250,000 B Class = £10,000
Top-up:	A Class = £1,000 B Class = £1,000
Holding:	A Class = £1,000 B Class = £1,000
Redemption:*	A Class = lower of £1,000 or total remaining holding B Class = lower of £1,000 or total remaining holding
Switching:	A Class = £10,000 B Class = £10,000
<b>Initial charges*</b>	9%
<b>Redemption charges*</b>	3%

\*The AFM may at its discretion reduce or waive the investment minima and reduce or waive the initial and redemption charges.

## SUB-FUND OVERVIEW (Continued)

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### Annual management charges

The annual management charge is comprised of a fixed element which is retained by the AFM for its own account and a variable element which is paid by the AFM to the Investment Manager.

The fixed element, which is equal to £10,000 per annum, is taken from A Class and B Class Shares pro-rata to their Net Asset Value.

The variable element in respect of the A Class Shares is nil.

The variable element in respect of the B Class Shares is equal to 0.8% per annum of the Net Asset Value of the B Class Shares.

## INVESTMENT MANAGER'S REVIEW

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### Performance

The Rossie House Portfolio Fund Class B income shares <sup>(1)</sup> rose 5.5% in the 2023 calendar year. The Fund has no formal benchmark but a useful comparator is the MSCI PIMFA Balanced Index which rose 10.1%.

<sup>(1)</sup> With distributions added back

### Top Ten Holdings

We list our top ten holdings as usual. Concentration of the top 10 holdings now represents just over 63% of the net assets. Below we have given a brief summary of each holding, with the percentage value of the Fund in brackets.

#### 1. Findlay Park American Fund (7.52%)

The fund has grown to be the largest holding. It has become a very large fund and is the only portfolio the firm manages. Perhaps as a consequence, it has become more concentrated in recent years. More recently, the fund has moved into some medium sized companies and has a lower than index exposure to the big technology stocks. The managers are mindful of absolute returns and concentrate on companies that have strong free cash flow and pricing power.

#### 2. Gold Bullion Securities (6.83%)

This is a liquid ETC listed on the London Stock Exchange. It invests in physical gold that is "allocated". The gold cannot be lent and conforms to the London Bullion Market Association standards. Each bar is segregated, individually identified and has particular weight, dimensions, fineness and serial marks. The trustee is Law Debenture and the gold is inspected twice per year.

#### 3. Monks Investment Trust (6.74%)

The Baillie Gifford investment style is active, biased to high growth and long term. Capital growth takes priority over income. The growth stock bias has proved successful over the long term, though a difficult patch a year ago caused the discount to widen. The managers hold a spread of fast-growing companies, earlier stage growth stocks and also some cyclical companies.

#### 4. Morant Wright Japan Fund (6.68%)

This fund is invested in companies with very strong balance sheets. The Japanese equity market is beginning to perform much better having been in a bear market that has gone on for about 30 years. Many companies have little or no debt and market capitalisations below book value. Morant Wright specialises in looking for these type of companies but with growth and some catalyst for unlocking the value – usually a management change or becoming more shareholder focused.

#### 5. Egerton Capital Equity Fund (6.39%)

The trust invests globally. Whilst they have a high weighting in the US the fund holds exposure to other developed markets also. Typically, the portfolio is dominated by large companies and the manager is quick to cut positions, as when they sold all their Chinese holdings on political worries. It holds big positions in the north American railroad stocks as well as other mainly growth names in the US and Europe.

#### 6. Trojan Fund (6.27%)

The fund aims to grow capital in real terms over the long term whilst also preserving capital in difficult times. It holds index-linked bonds, gold through ETCs (exchange traded certificates or commodities), as well as mainly large international companies. In recent times these have included the biggest US technology companies. They have a very consistent style and have proved adept at avoiding large draw downs in difficult markets. Their equity exposure is at historically low levels.

#### 7. Herald Investment Trust (5.93%)

Herald invests in smaller technology, media and telecom companies around the globe. The trust still has a high weighting in the UK but has been reducing exposure on concerns about valuations and liquidity. Owing to the small size, lack of liquidity and risk of the underlying companies, the trust has a large number of holdings and has held high cash balances in recent times. The trust has been actively buying back shares which increases the NAV to remaining investors.

#### 8. Ruffer Investments (5.74%)

The trust aims for capital growth in absolute terms, and preservation of shareholders' wealth is an important consideration. It holds large positions in index-linked gilts and also derivatives and holdings they describe as "illiquid". These have not helped performance recently and a discount has opened up on the trust. Equity exposure is held mainly through investment trusts. The last year has been a difficult one for the trust and we have used this weakness to add to the holding.

#### 9. Law Debenture (5.25%)

The trust is now categorised as a UK trust. The managers believe the UK is a very cheap market and have built up the UK exposure at the expense of overseas equities. The trust also has a stand-alone Fiduciary Services business which is very cash generative. The trust pays an attractive dividend and has a low fee. The manager is very experienced and has been assisted by a capable co-manager in recent years.

#### 10. Artemis Alpha Trust (5.19%)

This trust invests opportunistically and mainly in the UK. The manager holds conviction positions in areas like housebuilding and Frasers, the retailer. He has been reducing the smaller and less liquid stocks, including some unquoted stocks. A discount management policy has not proved successful partly due to the small size of the trust and the unpopularity of the UK market. This leaves it on an attractive rating.

## INVESTMENT MANAGER'S REVIEW

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### Market Review and Portfolio Highlights

The US market once again led international markets, gaining 18%. European and Japanese markets also made good headway rising 12% and 10% respectively. Both the UK and Asia were laggards, rising less than 5%. The UK fixed coupon and index linked bond markets were almost unchanged over the year – a welcome relief after their disastrous performance in 2022.

The key factors affecting performance in the year under review were widening investment trust discounts, the significant outperformance of the US relative to other markets and the particular strength of the big US technology stocks as well as poor performance from smaller / mid cap UK funds.

The Fund was exposed to smaller companies in the UK which performed badly. Also, it had insufficient weighting in the US and the biggest technology stocks which was unhelpful. We believe the US and big technology stocks are now consensus, crowded areas of investment and we have been building up the UK and Asian exposure instead.

The Fund is heavily weighted in investment trusts which experienced discount widening. This proved unhelpful. When better market conditions return, we believe they are well placed to benefit from narrowing discounts.

Turnover was higher than normal owing to a redemption. We used this as an opportunity to trim exposure to less favoured areas and add a bit to the UK and Asian exposure as well as to trusts which stood on attractive ratings (Ruffer and RIT Capital Partners), both of which had been small positions previously.

Funds with a high US exposure performed best. For example, Findlay Park American Fund (+20%), Egerton Capital (+15%), Scottish Mortgage (+12%) and Monks Investment Trust (+12%) all made good progress. Morant Wright Japan excelled (+19%) after some dull times in previous years. It was encouraging to see Utilico Emerging Market Investment Trust (+11%) start to perform a bit better as well.

The defensive funds Ruffer Investments (-12%), Capital Gearing Trust (5%) and CG Real Return Fund (-5%) failed to preserve capital. We have warned about the possibility of this in previous reports but they all look to have better prospects today, now that asset values have fallen. The Gold exposure through Gold Bullion Securities (+7%) was more successful.

### Outlook

Many investors are now feeling that the bad times are behind us. Central banks have, so far, managed the balancing act of reducing inflation whilst not causing serious recessions. History tells us that reducing double digit inflation without causing a recession is rare. We think it better to remain a bit sceptical at this stage, especially with the contraction in money growth that has resulted from QT (quantitative tightening) and raised borrowing rates. Our defensive holdings remain a key part of the portfolio for now. We are hopeful they can recover some of the lost ground of last year.

If growth can be maintained and when interest rates decline, it is possible that equities could perform much better. Certain stock markets now look good value not only relative to their history but also compared to the US market which has risen more than underlying company earnings – i.e. it has been substantially re-rated.

The domestic UK market looks good value and smaller companies especially so. We see reasons to be selectively optimistic. Similarly, Japanese and Asian equities both look attractive. The former has started to do better but remains cheap relative to asset values and their corporate governance is favouring shareholders. Asian economies have higher natural growth and some regions are very unloved. Additionally, we think their currencies could be a positive factor in future. We are also actively looking at those areas of the investment trust market which stand on very big discounts having been harshly treated when interest rates rose.

The main clouds on the horizon continue to be the very high levels of debt that developed countries are left with following years of QE and the pandemic. We believe governments and central banks may well try to erode these debts by keeping the interest rate below the inflation rate. We call this “financial repression”. In order to make this possible governments may well take more direct intervention in savings markets. This is certainly a very different environment for investors to cope with should it happen.

We think equities provide reasonable long term protection against these policies but acknowledge that if economies tip into recession they are vulnerable to a correction. Diversification, funds managed by experienced and talented individuals and a healthy dose of cynicism to the norms we have been used to for many years will be the best form of defence.

### Rossie House Investment Management LLP

#### Investment Manager to the Fund

24 March 2024

## PERFORMANCE RECORD

### Financial Highlights

<b>A Class Net Income</b>	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2021</b>
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	151.2985	174.5741	158.8477
Return before operating charges	10.8858	(19.3312)	19.1361
Operating charges (note 1)	(1.2704)	(1.9389)	(1.7838)
Return after operating charges *	9.6154	(21.2701)	17.3523
Distribution on income shares	(2.3512)	(2.0055)	(1.6259)
Closing net asset value per share	158.5627	151.2985	174.5741
*after direct transactions costs of:	0.0620	-	0.0347
Performance			
Return after charges	6.36%	(12.18%)	10.92%
Other information			
Closing net asset value	£1,065,304	£1,016,362	£1,172,592
Closing number of shares	671,851	671,759	671,687
Operating charges (note 2)	0.82%	1.19%	1.07%
Direct transaction costs	0.04%	0.00%	0.02%
Prices			
Highest share price	159.7981	175.0309	179.2256
Lowest share price	146.4540	146.3114	155.7959

<b>B Class Net Income</b>	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2021</b>
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	140.3268	163.2057	149.6832
Return before operating charges	10.0602	(17.9920)	17.9791
Operating charges (note 1)	(2.3184)	(3.0201)	(2.9255)
Return after operating charges *	7.7418	(21.0121)	15.0536
Distribution on income shares	(2.1709)	(1.8668)	(1.5311)
Closing net asset value per share	145.8977	140.3268	163.2057
*after direct transactions costs of:	0.0572	-	0.0326
Performance			
Return after charges	5.52%	(12.87%)	10.06%
Other information			
Closing net asset value	£709,435	£690,607	£866,380
Closing number of shares	486,255	492,142	530,851
Operating charges (note 2)	1.62%	1.99%	1.87%
Direct transaction costs	0.04%	0.00%	0.02%
Prices			
Highest share price	148.0965	163.6183	167.7201
Lowest share price	134.9458	135.9357	146.6065

**PERFORMANCE RECORD (Continued)**

**Financial Highlights (Continued)**

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
<b>A Class Net Accumulation</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	151.2248	172.1905	155.2048
Return before operating charges	10.8808	(19.0414)	18.7373
Operating charges (note 1)	(1.2794)	(1.9243)	(1.7516)
Return after operating charges *	9.6014	(20.9657)	16.9857
Closing net asset value per share	160.8262	151.2248	172.1905
Retained distributions on accumulated shares	2.3592	1.9847	1.5961
*after direct transactions costs of:	0.0624	-	0.0341
<b>Performance</b>			
Return after charges	6.35%	(12.18%)	10.94%
<b>Other information</b>			
Closing net asset value	£3,512,547	£7,567,924	£8,794,447
Closing number of shares	2,184,064	5,004,419	5,107,393
Operating charges (note 2)	0.82%	1.19%	1.07%
Direct transaction costs	0.04%	0.00%	0.02%
<b>Prices</b>			
Highest share price	160.8262	172.6410	175.9796
Lowest share price	147.4115	145.2287	152.2230
<b>B Class Net Accumulation</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	142.0798	163.0746	148.1789
Return before operating charges	10.1750	(17.9585)	17.8059
Operating charges (note 1)	(2.3650)	(3.0363)	(2.9102)
Return after operating charges *	7.8100	(20.9948)	14.8957
Closing net asset value per share	149.8898	142.0798	163.0746
Retained distributions on accumulated shares	2.2064	1.8714	1.5144
*after direct transactions costs of:	0.0584	-	0.0324
<b>Performance</b>			
Return after charges	5.50%	(12.87%)	10.05%
<b>Other information</b>			
Closing net asset value	£2,185,834	£1,727,696	£1,778,144
Closing number of shares	1,458,294	1,216,004	1,090,387
Operating charges (note 2)	1.62%	1.99%	1.87%
Direct transaction costs	0.04%	0.00%	0.02%
<b>Prices</b>			
Highest share price	149.9462	163.4869	166.8301
Lowest share price	137.5794	136.6817	145.1314

## PERFORMANCE RECORD (Continued)

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- 1 The operating charges per share figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
- 2 The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Company plus the costs of the open-ended funds the Company holds. Note, the 2022 and 2021 operating charges percentage also includes the underlying costs of investment trusts as per regulatory and Industry guidance issued in 2020, this was later changed to exclude underlying costs of investment trusts in December 2023.

### **Risk Profile**

Based on past data, the Sub-fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document (31 December 2022: ranked 5). The Sub-fund is ranked '5' because weekly historical performance data indicates that it has experienced relatively high rises and falls in market prices historically.



## PORTFOLIO STATEMENT

As at 31 December 2023

Holding	Value £	% of total net assets
<b>FIXED INTEREST (31 December 2022: 4.94%)</b>		
1,850 CG Real Return	353,831	4.75%
	<u>353,831</u>	<u>4.75%</u>
<b>CAPITAL PRESERVATION (31 December 2022: 16.34%)</b>		
368,000 Trojan Fund	467,213	6.27%
156,000 Ruffer Investment Company Ltd	427,440	5.73%
6,100 Capital Gearing Trust	283,650	3.81%
	<u>1,178,303</u>	<u>15.81%</u>
<b>UK (31 December 2022: 12.57%)</b>		
26,600 Aberforth Smaller Companies Trust Plc	366,548	4.92%
120,100 Artemis Alpha Trust	386,722	5.19%
49,000 Law Debenture Corporation Plc	391,510	5.25%
	<u>1,144,780</u>	<u>15.36%</u>
<b>INTERNATIONAL (31 December 2022: 27.08%)</b>		
1,131 Egerton Capital Equity	476,301	6.39%
47,431 Monks Investment Trust	501,820	6.73%
1,650 Overstone Global Equity Fund	247,515	3.32%
15,200 RIT Capital Partners	286,064	3.84%
24,700 Scottish Mortgage Trust	199,033	2.67%
	<u>1,710,733</u>	<u>22.95%</u>
<b>US (31 December 2022: 7.17%)</b>		
3,570 Findlay Park American Fund	560,477	7.52%
	<u>560,477</u>	<u>7.52%</u>
<b>GOLD (31 December 2022: 6.39%)</b>		
3,400 Gold Bullion Securities	509,070	6.83%
	<u>509,070</u>	<u>6.83%</u>
<b>JAPAN (31 December 2022: 5.57%)</b>		
106,000 LF Morant Wright Japan Fund	497,394	6.67%
	<u>497,394</u>	<u>6.67%</u>
<b>ASIA (31 December 2022: 3.60%)</b>		
1,250 Samarang Asian Prosperity	322,231	4.32%
	<u>322,231</u>	<u>4.32%</u>
<b>EMERGING MARKETS (31 December 2022: 2.17%)</b>		
92,700 Utilico Emerging Markets Investment Trust	212,283	2.85%
	<u>212,283</u>	<u>2.85%</u>
<b>SPECIALIST (31 December 2022: 12.02%)</b>		
23,100 Herald Investment Trust	442,134	5.93%
8,800 North Atlantic Smaller Companies Investment Trust	339,680	4.56%
	<u>781,814</u>	<u>10.49%</u>
<b>Portfolio of Investments (31 December 2022: 97.85%)</b>	<b>7,270,916</b>	<b>97.55%</b>
<b>Net Other Assets (31 December 2022: 2.15%)</b>	<b>182,285</b>	<b>2.45%</b>
	<u><b>7,453,201</b></u>	<u><b>100.00%</b></u>

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Purchases for the year (note 14)</b>	<b>669,138</b>
Aberforth Smaller Companies Trust PLC	201,976
RIT Capital Partners PLC	106,589
Ruffer Investment Company Ltd	110,573
Samarang Asian Prosperity	250,000

	£
<b>Sales for the year (note 14)</b>	<b>4,481,229</b>
Mid Wynd International Investment Trust PLC	674,326
Findlay Park American Fund	356,455
Monks Investment Trust PLC	333,920
Capital Gearing Trust PLC	294,557
CRUX (Lux) Asia ex-Japan	227,273
Gold Bullion Securities Ltd	223,419
LF Morant Wright Japan Fund	216,413
Troy Trojan	206,741
Law Debenture Corporation PLC	182,556
Taylor Maritime Investments Ltd	176,219
Various other sales	1,589,350

The above transactions represent the all purchases and top 10 sales during the year.

## STATEMENT OF TOTAL RETURN

For the year ended 31 December

		2023		2022	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		365,819		(1,664,162)
Revenue	3	156,660		149,003	
Expenses	4	(64,697)		(58,024)	
Interest payable and similar charges	6	-		(58)	
Net revenue before taxation		91,963		90,921	
Taxation	5	(2,675)		(27)	
Net revenue after taxation			89,288		90,894
Total return before distributions			455,107		(1,573,268)
Finance costs: distributions	6		(150,859)		(145,509)
<b>Changes in net assets attributable to shareholders from investment activities</b>			<b>304,248</b>		<b>(1,718,777)</b>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 December

	2023	2022
	£	£
<b>Opening net assets attributable to shareholders</b>	10,950,722	12,567,460
Amounts receivable on creation of shares	552,919	356,079
Amounts payable on cancellation of shares	(4,481,699)	(376,252)
Retained accumulation distributions	112,030	122,212
Dilution levies	14,981	-
Changes in net assets attributable to shareholders from investment activities (see above)	304,248	(1,718,777)
<b>Closing net assets attributable to shareholders</b>	<b>7,453,201</b>	<b>10,950,722</b>

## BALANCE SHEET

As at

		31.12.2023		31.12.2022	
	Notes	£	£	£	£
<b>ASSETS</b>					
Investment assets			7,270,916		10,715,761
<b>Current Assets</b>					
Debtors	7	3,736		12,161	
Cash and bank balances	8	<u>215,969</u>		<u>254,197</u>	
<b>Total current assets</b>			<u>219,705</u>		<u>266,358</u>
<b>Total assets</b>			<u>7,490,621</u>		<u>10,982,119</u>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable on income shares		(14,543)		(11,896)	
Other creditors	9	<u>(22,877)</u>		<u>(19,501)</u>	
<b>Total liabilities</b>			<u>(37,420)</u>		<u>(31,397)</u>
<b>Net assets attributable to shareholders</b>			<u>7,453,201</u>		<u>10,950,722</u>

## NOTES TO THE FINANCIAL STATEMENTS

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### 1 Accounting policies

The principal accounting policies, which have been applied in both the current and prior year, are set out on pages 7 to 8.

### 2 Net capital gains/(losses)

	2023	2022
	£	£
Net capital gains/(losses) comprise:		
Non-derivative securities (losses)/gains		
- unrealised	(563,780)	(1,826,459)
- realised	929,967	162,361
Transaction charges	(123)	(92)
Currency (losses)/gains	(245)	28
Total net capital gains/(losses)	<u>365,819</u>	<u>(1,664,162)</u>

### 3 Revenue

	2023	2022
	£	£
Non taxable dividends	128,582	138,632
Interest on non-derivative securities	8,237	9,247
Bank interest	19,841	1,124
Total revenue	<u>156,660</u>	<u>149,003</u>

### 4 Expenses

	2023	2022
	£	£
<b>Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager, and agents of either of them:</b>		
Annual management charge	31,117	29,642
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fee	17,951	17,951
Safe custody fee	678	762
	<u>18,629</u>	<u>18,713</u>
<b>Other expenses:</b>		
Audit fee	10,526	9,145
FCA fee	28	48
Other expenses	4,397	476
	<u>14,951</u>	<u>9,669</u>
Total expenses	<u>64,697</u>	<u>58,024</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

	2023 £	2022 £
<b>(a) Analysis of charge in the year</b>		
Overseas withholding tax	2,675	27
Total tax charge for the year (note 5b)	<u>2,675</u>	<u>27</u>
<b>(b) Factors affecting current tax charge for the year</b>		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00% (2022: 20.00%). The differences are explained below:		
Net revenue before taxation	91,963	90,921
Corporation tax at 20.00% (2022: 20.00%)	18,393	18,184
<b>Effects of:</b>		
Revenue not subject to UK corporation tax	(25,716)	(27,726)
Current year expenses not utilised	7,323	9,542
Overseas withholding tax	2,675	27
Total tax charge for the year (note 5a)	<u>2,675</u>	<u>27</u>

**(c) Provision for deferred taxation**

At 31 December 2023 there is a potential deferred tax asset of £56,532 (31 December 2022: £49,209) in relation to surplus management expenses.

6 Finance costs

	2023 £	2022 £
Interim dividend distribution	77,709	68,684
Final dividend distribution	60,881	76,206
	<u>138,590</u>	<u>144,890</u>
Add: Revenue deducted on cancellation of shares	13,618	1,519
Deduct: Revenue received on issue of shares	(1,349)	(900)
	150,859	145,509
Interest payable and similar charges	-	58
<b>Total finance costs</b>	<u>150,859</u>	<u>145,567</u>
<b>Reconciliation of distributions</b>		
Net revenue after taxation	89,288	90,894
Expenses paid by capital	64,697	58,024
Relief on expenses allocated to capital	(5,616)	(2,063)
Balance brought forward	(2,063)	(3,409)
Balance carried forward	4,553	2,063
<b>Net distribution for the year</b>	<u>150,859</u>	<u>145,509</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	£	£
Accrued revenue:		
Non-taxable dividends receivable	3,736	9,356
Prepayments	-	2,805
	<u>3,736</u>	<u>12,161</u>
<b>8 Cash and bank balances</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	£	£
Cash and bank balances	<u>215,969</u>	<u>254,197</u>
<b>9 Creditors</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	£	£
Investment manager fee	10,950	9,761
Other accrued expenses	11,927	9,740
Total creditors	<u>22,877</u>	<u>19,501</u>
<b>10 Shares held</b>		
<b>Shares Held - A Class Net Income</b>		
<b>Opening Shares at 01.01.2023</b>	<b>671,759</b>	
Shares issued during the year	92	
Shares cancelled during the year	-	
Shares converted during the year	-	
<b>Closing Shares as at 31.12.2023</b>	<b>671,851</b>	
<b>Shares Held - B Class Net Income</b>		
<b>Opening Shares at 01.01.2023</b>	<b>492,142</b>	
Shares issued during the year	47,909	
Shares cancelled during the year	(53,796)	
Shares converted during the year	-	
<b>Closing Shares as at 31.12.2023</b>	<b>486,255</b>	
<b>Shares Held - A Class Net Accumulation</b>		
<b>Opening Shares at 01.01.2023</b>	<b>5,004,419</b>	
Shares issued during the year	22,342	
Shares cancelled during the year	(2,842,697)	
Shares converted during the year	-	
<b>Closing Shares as at 31.12.2023</b>	<b>2,184,064</b>	
<b>Shares Held - B Class Net Accumulation</b>		
<b>Opening Shares at 01.01.2023</b>	<b>1,216,004</b>	
Shares issued during the year	315,264	
Shares cancelled during the year	(72,974)	
Shares converted during the year	-	
<b>Closing Shares as at 31.12.2023</b>	<b>1,458,294</b>	

**11 Risk management**

In pursuing its investment objective as stated on page 8, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

11 Risk management (Continued)

**Market price risk**

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 December 2023 would have increased/decreased by £727,092 (31 December 2022: £1,071,576).

**Foreign currency risk**

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is invested in funds and equities that are registered overseas and collective investment schemes which invest in overseas securities, and the balance sheet can be affected by movements in foreign exchange rates. The AFM may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to sterling on or near the date of receipt.

A portion of the net assets of the Sub-fund is denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities		Non-monetary assets		Total net assets	
	£		£		£	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Sterling	178,359	234,961	5,953,854	8,885,239	6,132,213	9,120,200
US Dollars	3,926	-	1,317,062	1,830,522	1,320,988	1,830,522
Total	182,285	234,961	7,270,916	10,715,761	7,453,201	10,950,722

**Interest rate risk**

Interest rate risk is the risk to portfolio value due to changes in interest rates. The magnitude of the exposure from an adverse change in interest rates depends on the sensitivity of the instrument to changes in interest rates as well as the absolute change in interest rates. In general, values of long-term instruments are more sensitive to interest rate changes than the values of short-term instruments.

The Sub-fund takes on interest rate risk when the investment manager believes the expected returns compensate for the risk, limited by the investment objective, policy and any prospectus rules. The investment manager monitors the level of interest rate risk in the fund on a regular basis. In addition any cash deposits in the sub-fund are linked to SONIA, ensuring interest income increases as interest rates increase.

The table below details the interest rate risk profile at the balance sheet date:

	31.12.2023	31.12.2022
	£	£
Financial assets floating rate	215,969	254,197
Financial assets interest bearing instruments	353,831	540,810
Financial assets non-interest bearing instruments	6,920,821	10,187,112
Financial liabilities non-interest bearing instruments	(37,420)	(31,397)
Financial liabilities floating rate	-	-
	<b>7,453,201</b>	<b>10,950,722</b>

At 31 December 2023, if interest rates increased or decreased by 0.25%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-fund would increase or decrease by approximately £540 (31 December 2022: £635).



**11 Risk management (Continued)**

**Maturity of financial liabilities**

The financial liabilities of the Sub-fund as at 31 December 2023 are payable either within one year or on demand.

**Liquidity risk**

The Sub-fund's asset comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for sale after the Sub-fund has fulfilled its responsibilities.

The Sub-fund only buys and sells investments through brokers which have been approved by the AFM as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Credit risk also arises on cash held within financial institutions. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to unobservable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

Valuation Technique	31.12.2023		31.12.2022	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Unadjusted quoted price in an active market for an identical instrument	4,346	-	6,843	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1	2,925	-	3,873	-
Total	7,271	-	10,716	-

**12 Contingent assets and liabilities**

At 31 December 2023, the Sub-fund had no contingent liabilities or commitments (31 December 2022: £nil).

**13 Post balance sheet events**

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 29 December 2023. Since that date, the Sub-fund's quoted price has moved as follows for each share class:

	As at 29 December 2023	As at 08 April 2024
	GBP	GBP
A Class Net Income	158.5627	165.9081
B Class Net Income	145.8977	152.3154
A Class Net Accumulation	160.8262	168.3623
B Class Net Accumulation	149.8898	156.5651

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**14 Portfolio transaction costs**

	2023		2022	
	£	%	£	%
<b>Analysis of total purchase costs</b>				
Purchases in the year before transaction costs	667,308		431,776	
Commissions	292	0.04%	-	0.00%
Taxes & Levies	1,538	0.23%	-	0.00%
Total purchase costs	1,830	0.27%	-	0.00%
Total purchases including transaction costs	<u>669,138</u>		<u>431,776</u>	

	2023		2022	
	£	%	£	%
<b>Analysis of total sale costs</b>				
Sales in the year before transaction costs	4,483,341		552,287	
Commissions	(2,092)	(0.05%)	(365)	(0.07%)
Taxes & Levies	(20)	(0.00%)	-	(0.00%)
Total sale costs	(2,112)	(0.05%)	(365)	(0.07%)
Total sales net of transaction costs	<u>4,481,229</u>		<u>551,922</u>	

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

	2023		2022	
	£	% of average net asset value	£	% of average net asset value
Commissions	2,384	0.02%	365	0.00%
Taxes & Levies	1,558	0.02%	-	0.00%
	<u>3,942</u>	<u>0.04%</u>	<u>365</u>	<u>0.00%</u>

**15 Portfolio Dealing Spread**

The average portfolio dealing spread at 31 December 2023 is 0.62% (31 December 2022: 0.96%).

**16 Related Party transactions**

Valu-Trac Investment Management Limited, as AFM is a related party due to its ability to act in respect of the operations of the Sub-fund.

Amounts paid to the AFM and its associates are disclosed in note 4. The amounts due to the AFM and its associates at the balance sheet date are disclosed in note 9.

## DISTRIBUTION TABLES

### Interim distribution in pence per share

Group 1: Shares purchased prior to 01 January 2023

Group 2: Shares purchased on or after 01 January 2023 and on or before 30 June 2023

A Class Net Income	Net revenue 31.08.2023	Equalisation	Distribution 31.08.2023	Distribution 31.08.2022
Group 1	1.0526p	-	1.0526p	0.9518p
Group 2	0.7178p	0.3348p	1.0526p	0.9518p

B Class Net Income	Net revenue 31.08.2023	Equalisation	Distribution 31.08.2023	Distribution 31.08.2022
Group 1	0.9744p	-	0.9744p	0.8879p
Group 2	0.6075p	0.3669p	0.9744p	0.8879p

A Class Net Accumulation	Net revenue 31.08.2023	Equalisation	Distribution 31.08.2023	Distribution 31.08.2022
Group 1	1.0521p	-	1.0521p	0.9388p
Group 2	0.6736p	0.3785p	1.0521p	0.9388p

B Class Net Accumulation	Net revenue 31.08.2023	Equalisation	Distribution 31.08.2023	Distribution 31.08.2022
Group 1	0.9865p	-	0.9865p	0.8872p
Group 2	0.5170p	0.4695p	0.9865p	0.8872p

### Final distribution in pence per share

Group 1: Shares purchased prior to 01 July 2023

Group 2: Shares purchased on or after 01 July 2023 and on or before 31 December 2023

A Class Net Income	Net Revenue 29.02.2024	Equalisation	Distribution 29.02.2024	Distribution 28.02.2023
Group 1	1.2986p	-	1.2986p	1.0537p
Group 2	1.0829p	0.2157p	1.2986p	1.0537p

B Class Net Income	Net Revenue 29.02.2024	Equalisation	Distribution 29.02.2024	Distribution 28.02.2023
Group 1	1.1965p	-	1.1965p	0.9789p
Group 2	1.1965p	-	1.1965p	0.9789p

A Class Net Accumulation	Net Revenue 29.02.2024	Equalisation	Distribution 29.02.2024	Distribution 28.02.2023
Group 1	1.3071p	-	1.3071p	1.0459p
Group 2	1.3071p	-	1.3071p	1.0459p

B Class Net Accumulation	Net Revenue 29.02.2024	Equalisation	Distribution 29.02.2024	Distribution 28.02.2023
Group 1	1.2199p	-	1.2199p	0.9842p
Group 2	0.9910p	0.2289p	1.2199p	0.9842p

### Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 82.08% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 17.92% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## INFORMATION FOR INVESTORS

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### Taxation

The Sub-fund will pay no corporation tax on its profits for the year ended 31 December 2023 and capital gains within the Sub-fund will not be taxed.

### Individual shareholders

**Income tax:** Tax-free annual dividend allowance now standing at £1,000 (2023/24). UK resident shareholders are subject to new, higher rates of tax on dividend income in excess of the annual allowance. The actual rate depends on the individual's tax rate band.

**Capital gains tax:** Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £6,000 (2023/24) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

### Debts of the ICVC fund

Unit holders of the ICVC are not liable for the debts of the ICVC.

### Corporate shareholders

Companies resident for tax purposes in the UK which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which has been subject to income tax at a rate of 20% and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

### Issue and redemption of shares

Valu-Trac Investment Management Limited is the AFM and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours (8.30am and 5.30pm). Instructions may be given by email to (rhpf@valu-trac.com) or by sending an application form to the Registrar. Application forms are available from the Registrar.

The price of shares will be determined by reference to a valuation of the Sub-fund's net assets at 4.30pm daily.

The AFM has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the AFM will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the AFM may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined. Settlement is due on receipt by the purchaser of the contract note and should be made to the Company's account at the custodian.

Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Statements in respect of periodic distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's shares will also be issued at any time on request by the registered holder.

### Assessment of Value

The AFM conducts an assessment of value for the Sub-fund each year. The assessment of value reports are available on the AFM's website.

## INFORMATION FOR INVESTORS (Continued)

### Alternative Investment Fund Managers Directive

The AFM is subject to a remuneration policy which meets the requirements of the ESMA published Guidelines on sound remuneration policies under the AIFMD as set out in SYSC 19B of the FCA Handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the AFM compliance with its duty to act in the best interests of the funds it manages.

The AFM has reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

The AFM is required to disclose the total remuneration it pays to its staff during the financial year, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or the AFM itself. This includes executives, senior risk and compliance staff and certain senior managers.

28.05.2023	Number of Beneficiaries	Fixed Remuneration	Variable Remuneration Paid	Total Remuneration Paid
Total remuneration paid by the AFM during the year	86	£3,462,948	£ nil	£3,462,948
Remuneration paid to employees of the AFM who have a material impact on the risk profile of the UK UCITS	18	£1,043,732	£ nil	£1,043,732
Senior Management	14	£779,584	£ nil	£779,584
Control Functions	4	£264,148	£ nil	£264,148
Employees receiving total remuneration that takes them into the same remuneration brackets as senior management and risk takers	0	£ -	£ nil	£ -

Further information is available in the AFM's Remuneration Policy document which can be obtained from [www.valu-trac.com](http://www.valu-trac.com). A paper copy of the remuneration policy is available on request from the registered office of the Authorised Fund Manager free of charge.

**CORPORATE DIRECTORY**

<b>Authorised Fund Manager, Alternative investment Fund Manager &amp; Registrar</b>	Valu-Trac Investment Management Limited Mains of Orton Fochabers Moray IV32 7QE  Telephone: 01343 880344 Fax: 01343 880267 Email: rhpf@valu-trac.com  Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
<b>Director</b>	Valu-Trac Investment Management Limited as AFM
<b>Investment Manager</b>	Rossie House Investment Management LLP 50 Moray Place Edinburgh EH3 6BQ  Authorised and regulated by the Financial Conduct Authority
<b>Depository</b>	NatWest Trustee and Depository Services Limited Floor A House 0 175 Glasgow Road Gogarburn Edinburgh EH12 9JN  Authorised and regulated by the Financial Conduct Authority
<b>Auditor</b>	Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE