

**MARKS & SPENCER  
HIGH INCOME FUND**

# **Manager's annual report**

**For the period 1 February 2022 to 31 January 2023**

**M&S  
BANK**

# Contents

	Page(s)
Manager's investment report	2 to 4
Portfolio statement	5 to 20
Net asset value per unit and comparative table	21 to 22
Ongoing charges	23
Risk and reward profile	23
Authorised status	23
Trustee report	24
Statement of the Manager's responsibilities	25
Certification of financial statements by Directors of the Manager	25
Independent auditor's report	26 to 29
Statement of total return	30
Statement of change in net assets attributable to Unitholders	30
Balance sheet	31
Notes to the financial statements	32 to 43
Distribution tables	44 to 45
Important changes	46
Remuneration	47
Important Information	47

# Marks & Spencer High Income Fund

## **Manager, Registrar, dealing, administration and marketing**

Marks and Spencer Unit Trust  
Management Limited

Authorised and regulated by the Financial  
Conduct Authority.

Investor helpline: 0808 005 5555 or  
+44 1244 688632 if calling from abroad.  
Lines are open from 8am to 6pm Monday to  
Friday (closed weekends and public holidays).  
Please be aware that opening hours may be  
restricted over the Christmas period. Please  
contact us for details. Calls may be recorded.

## **Head office and registered office**

Kings Meadow  
Chester Business Park  
Chester CH99 9FB  
Registered in England  
No. 2253009

## **Correspondence address**

M&S Bank  
PO Box 10581  
51 Saffron Road  
Wigston  
LE18 4US

## **Directors of the Manager**

James Coyle (Chairman and non-Executive  
Director)

Paul Spencer (Chief Executive Officer  
and Director)

Phillip Scott (Director)

Peter Dew (Non-Executive Director)

## **Investment manager**

HSBC Global Asset Management (UK) Limited  
8 Canada Square  
London E14 5HQ

Authorised and regulated by the Financial  
Conduct Authority.

The Investment Manager has sub-delegated  
the management of a portion of the Fund to  
HSBC Global Asset Management (USA) Inc,  
registered with the Securities and Exchange  
Commission in the USA.

## **Trustee**

State Street Trustees Limited  
Quartermile 3  
10 Nightingale Way  
Edinburgh EH3 9EG  
Authorised and regulated by the Financial  
Conduct Authority.

## **Independent auditor**

KPMG LLP  
319 St Vincent Street  
Glasgow  
G2 5AS

# Manager's investment report

This section gives you confirmation of the Marks & Spencer High Income Fund (the "Fund") objective. It also gives you the investment strategy employed by the investment adviser and an economic, market and portfolio review for the period of the report.

## Objective

The Fund's objective is to provide a high level of income. We define a high level of income as equal to, or in excess of, the average yield of the funds in the Fund's Investment Association sector, the Strategic Bond sector, over a three year period.

## Policy

The Manager may invest in fixed and variable rate bonds and bonds that can be converted to shares (equities), of companies, called convertible bonds and money market funds. The Fund may invest in bonds indirectly by investing up to 20% in collective investment schemes. The Fund may invest up to 5% in contingent convertible bonds (CoCos) and an additional 5% in convertible bonds. At any time the portfolio may contain a combination of any or all of the aforementioned bonds and money market funds from anywhere in the world.

Generally the Fund invests in transferable securities listed or traded on an eligible securities market with power to invest in recently issued transferable securities which are to be so listed or traded.

However, transferable securities that are not approved securities may be held within the Fund provided the total of such securities does not exceed 10% in value of the property of the Fund. This 10% limit is inclusive of recently-issued securities.

The Fund may invest directly in derivatives for efficient portfolio management, which means investment techniques that aim to reduce risks, reduce costs, or generate additional capital or income with a level of risk that is consistent with the risk profile of the Fund. The collective investment schemes that the Fund may invest in may use derivatives for wider investment purposes in addition to efficient portfolio management. The Fund will only invest in such collective investment schemes where this is consistent with the overall risk profile of the Fund.

The Manager's investment policy may mean that at times it is appropriate not to fully invest but instead to also hold cash or near cash. This will only occur when the Manager reasonably regards it as necessary to enable Units to be redeemed or for the efficient management of the Fund in accordance with its objectives or purpose that may reasonably be regarded as ancillary to the objectives of the Funds.

The Manager has determined that the Fund will not invest directly in securities issued by companies that are considered, after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer or trade of controversial weapons, including but not limited to cluster munitions and/or anti-personnel mines. Please refer to the investment restrictions section of the Prospectus.

## Investment strategy

The Manager has appointed HSBC Global Asset Management (UK) Limited as Investment Manager (the "Investment Manager") to provide investment management services to the Manager in respect of the Fund. The Fund is structured to deliver the investment objective through the investment process which aims to identify bonds that have an attractive value relative to the wider range of bonds available.

Investment will be made in a mix of corporate, government bonds that are issued globally, emerging markets and US high yield bonds, and quasi-sovereign bonds which may be both higher-risk bonds rated by Standard and Poor's below BBB- (called 'sub-investment grade'/high yield') and lower-risk bonds (called 'investment grade') of any duration. The Fund may invest directly in bonds or indirectly via collective investment schemes.

The allocations to these asset classes will vary through time and are reviewed and adjusted to meet the Fund's investment objective at least annually.

	Percentage growth				
	31.01.18 to 31.01.19	31.01.19 to 31.01.20	31.01.20 to 31.01.21	31.01.21 to 31.01.22	31.01.22 to 31.01.23
Fund	-1.3%	8.3%	2.7%	-3.3%	-11.8%
Performance Comparator - Investment Association £ Strategic Bond	-0.6%	8.7%	4.5%	-0.7%	-7.3%

This information relates to the past, and past performance is no guarantee of future performance. All the above figures are on a bid to bid basis, net income reinvested, prepared on the Accumulation unit class. The performance figures exclude an initial charge if applied by the Fund.

Source: Morningstar.

Asset allocation describes the way the Investment Manager divides the Fund's investment across the mix of different asset classes such as the different type of bonds in which the Fund invests; these are outlined above. Further details in relation to the asset allocation are published in the annual and half yearly reports.

The Investment Manager has sub-delegated the management of a portion of the Fund to HSBC Global Asset Management (USA) Inc as investment adviser.

The investment adviser aims to provide income by investing in emerging markets and US high yield bonds, quasi-sovereign bonds and in bonds issued by companies which have their registered office in emerging markets and the USA, primarily denominated in US dollar.

## Use of benchmarks

The Fund is actively managed, and the Investment Manager uses their expertise to pick investments. The Fund is managed with reference to the Fund's Investment Association sector, the Strategic Bond sector. The Investment Manager aims to provide a level of income as equal to, or in excess of, the average yield of funds in the Fund's Investment Association sector, the Strategic Bond sector over a three year period.

The Investment Association Strategic Bond sector has been selected as an income target and a measure for performance of the Fund because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

Further information on the Investment Association sectors can be found at [www.theia.org](http://www.theia.org).

To obtain the latest income yield of the Fund or that of the Investment Association Strategic Bond sector, please call us on 0808 005 5555.

## Review of the twelve months to 31 January 2023

### Economic and market review

The economic and political environment in the last 12 months was a difficult one for global investment markets, with both bonds and equities generally delivering negative returns over the year as a result. There were a number of factors driving this. Inflation rose much higher than expected, driven by supply side issues such as a Chinese economy in lockdown until very recently, a labour market struggling to fill vacancies, and higher demand in the economy post Covid. This upward pressure on prices also coincided with the conflict between Russia and Ukraine. Russia is a major energy and commodity producer and the conflict caused some commodity prices, such as oil and particularly gas, to soar to high levels. This contributed to a further surge in inflationary pressure, adding to the supply chain disruption already present. With the rise in inflation across the major economies, several central banks reacted by increasing interest rates. With US inflation reaching a multi decade high of 9.1% in July, the Federal Reserve in the US, for example, raised interest rates by a substantial 4.25 percentage points over the last 12 months.

Against this background, fixed income markets (bonds) declined in price and had one of the worst years on record for returns. Most fixed

income assets pay a fixed coupon (interest rate) and therefore are susceptible to a sharp rise in inflation, as seen in 2022, which lowers the real value of the fixed coupon. Shorter dated fixed income assets are also strongly driven by central bank official interest rates, which rose sharply – a further negative effect. Credit markets, such as corporate bonds and high yield bonds, suffered large falls. Emerging market debt (EMD) suffered steep declines over the period, with emerging market currencies weakening against the US Dollar, which benefited from investors becoming more risk averse.

The last quarter of 2022 into January 2023 saw the markets rebound after a historically challenging 9 months. This was driven by signs that inflation momentum was easing, falling energy prices, China moving away from a zero Covid strategy, a weaker US Dollar and the Japanese government raising its 10-year bond yield to above 0%. A warmer than expected winter led to some respite with natural gas prices falling. With inflation across major economies showing signs of peaking, central banks slowed the pace of interest rate hikes towards the end of 2022.

## Fund Overview

The High Income Fund consists of 4 elements – corporate bonds, high yield bonds, emerging market debt (EMD) and collective investment schemes which invests into the HSBC global bond total return fund. The fund met its objective of providing high levels of income, but all four elements produced negative returns in the period, reflecting very difficult market conditions. Emerging market bonds produced the lowest returns in the period, followed by UK corporate bonds, high yield bonds and the global bond total return fund.

Against a comparator index, UK corporate bonds outperformed due to relative underweight duration positions and our allocations to Financials and Utilities. The high yield element detracted from performance predominantly from issuer selection within the communications, consumer and technology areas of the market. Sector positioning effects were also negative over the period while the underweight to duration contributed positively to relative performance as rates rose over the period. The emerging market bond investment

outperformed its performance comparator over the period. Within the investment grade sector, underweight to select Asian countries, such as China and Malaysia hurt relative returns, while overweight positions to Mexico and Panama helped the fund. Within high yield, the largest contributor was security selection within Colombia. Overweight positions in Costa Rica, Dominican Republic and Ivory Coast, and the underweight to Pakistan, also added to the relative returns. Positions in Brazil, Sri Lanka and Turkey hurt the fund's relative performance.

## Outlook

The economic outlook remains uncertain given the headwinds in the global economy and the continuing situation in Ukraine. Inflation remains elevated. The prospect of global recession remains probable, with many economists having it as a central case, although better news from the US and the reopening of China may see a better result.

A heightened probability of recession can provide some upside to performance, while sticky core inflation and further monetary tightening remain as key risks. China's policy settings and property sector recovery, along with inflation-wage developments, will be important to monitor when assessing economic outlooks across the globe.

Another key consideration is how shallow or deep a recession the US will experience this year. A recession that is too deep could scare risk markets and reverse recent tightening in credit spreads. A recession that is not deep enough may not sufficiently rebalance the labour market prompting the Fed to maintain high interest rates or indeed to increase them further yet. Government bond valuations have improved as markets reprice amid expectations of policy normalisation. Given the disproportionate sell-off in emerging markets compared to other fixed income asset classes, relative valuations look extremely attractive today for long term investors both in time series and in relative value terms. In summary the slowing global economy will generate lower bond yields (bonds' prices rise) that inevitably draws investors back into fixed income.

# Portfolio statement

This section details all the different fixed interest securities/government stocks in which the Fund invests, by denomination currency. It also shows the number of securities held, the percentage each fixed interest security/government stock represents of the Fund as a whole and the value of those securities at the end of the fund accounting year (shown under bid value).

## As at 31 January 2023

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023		BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
<b>FIXED INTEREST SECURITIES</b>					BNP Paribas 2%		
<b>(75.59%; 31.01.22 77.55%)</b>					variable 24/5/2031	£300,000	262,804 0.14
<b>STERLING DENOMINATED BONDS</b>					BP Capital Markets		
<b>(30.92%; 31.01.22 35.97%)</b>					4.25% variable		
AA Bond 6.269%					perpetual	£429,000	394,289 0.21
2/7/2043					BPCE 5.25%		
£400,000				0.21	16/4/2029	£900,000	876,011 0.47
America Movil					BUPA Finance 4%		
4.948% 22/7/2033				0.16	variable perpetual	£200,000	139,104 0.07
£300,000					Cadent Finance		
Annington Finance					2.625% 22/9/2038	£500,000	358,756 0.19
3.935% 12/7/2047				0.10	Citigroup 1.75%		
£244,000					23/10/2026	£950,000	857,074 0.46
Aroundtown 4.75%					Citigroup 2.75%		
variable perpetual				0.23	24/1/2024	£402,000	395,058 0.21
£950,000					Comcast 1.5%		
AT&T 4.25%					20/2/2029	£860,000	730,488 0.39
1/6/2043				0.42	Commerzbank		
£929,000					1.75% 22/1/2025	£500,000	463,851 0.25
AT&T 5.5%					CPUK Finance		
15/3/2027				0.47	7.239% 28/2/2042	£610,000	614,916 0.33
£850,000					Credit Agricole		
Aviva 6.125%					4.875% 23/10/2029	£600,000	602,891 0.32
14/11/2036				0.14	Credit Suisse Group		
£260,000					1.125% 15/12/2025	£831,000	718,426 0.38
AXA 5.625%					Credit Suisse		
variable 16/1/2054				0.16	Group 2.125%		
£300,000					variable 12/9/2025	£920,000	834,235 0.44
Barclays Bank 1.7%					CYBC 4%		
variable 3/11/2026				0.44	variable 25/9/2026	£690,000	661,242 0.35
£901,000					Deutsche Bank 4%		
Barclays Bank 6.369%					variable 24/6/2026	£200,000	191,785 0.10
variable 31/1/2031				0.35	Direct Line Insurance		
£646,000					Group 4.75%		
Barclays Bank 7.25%					variable perpetual	£344,000	251,285 0.13
variable perpetual				0.16	Dong Energy		
£300,000					5.75% 9/4/2040	£250,000	270,807 0.14
Barclays Bank					E.ON International		
8.407% variable					Finance 4.75%		
14/11/2032				0.11	31/1/2034	£1,000,000	969,185 0.52
£195,000					E.ON International		
BAT International					Finance 6.125%		
Finance 4%					6/7/2039	£350,000	378,951 0.20
23/11/2055				0.18	E.ON International		
£565,000					Finance 6.25%		
BAT International					3/6/2030	£342,000	368,354 0.20
Finance 6%							
24/11/2034				0.27			
£550,000							
Berkeley Group							
2.50% 11/8/2031				0.16			
£416,000							
Berkshire Hathaway							
Finance 2.375%							
19/6/2039				0.20			
£500,000							
Blackstone Property							
Partners Euro 2.625%							
20/10/2028				0.08			
£180,000							
BNP Paribas 1.25%							
13/7/2031				0.20			
£500,000							
371,467							

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## As at 31 January 2023

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Electricite de France 5.5% 27/3/2037	£300,000	293,088	0.16	HSBC Holdings 5.844% variable perpetual*	£225,000	235,779	0.13
Electricite de France 5.5% 17/10/2041	£400,000	385,508	0.21	HSBC Holdings 5.875% variable perpetual*	£200,000	187,950	0.10
Electricite de France 5.625% 25/1/2053	£200,000	193,236	0.10	HSBC Holdings 7% 7/4/2038*	£800,000	871,012	0.46
Electricite de France 6% 23/1/2114	£300,000	289,837	0.15	HSBC Holdings 8.201% variable 16/11/2034*	£233,000	253,720	0.14
Electricite de France 6.125% 2/6/2034	£200,000	210,031	0.11	ING Groep 1.125% variable 7/12/2028	£400,000	334,516	0.18
Electricite de France 5.875% variable perpetual	£200,000	171,000	0.09	Intu (SCS) Finance 4.25% 17/9/2035	£300,000	142,744	0.08
Electricite de France 6% variable perpetual	£600,000	554,056	0.30	Intu Metrocentre Finance 4.125% 6/12/2028	£390,000	191,489	0.10
Enel Finance 5.75% 14/9/2040	£1,084,000	1,115,911	0.59	JPMorgan Chase 0.991% variable 28/4/2026	£580,000	533,069	0.28
Enel Finance International 2.875% 11/4/2029	£263,000	233,621	0.12	LafargeHolcim Sterling Finance (Netherlands)			
Fiserv 3% 1/7/2031	£200,000	174,827	0.09	3% 12/5/2032	£177,000	147,354	0.08
Ford Motor Credit 2.748% 14/6/2024	£600,000	571,260	0.30	Landesbank BadenWuerttemberg 1.125% 8/12/2025	£500,000	452,901	0.24
Gatwick Funding 3.125% 28/9/2041	£400,000	292,680	0.16	Leeds Building Society 3.75% variable 25/4/2029	£150,000	135,214	0.07
Gatwick Funding 5.75% 23/1/2037	£680,000	680,881	0.36	Legal & General 3.75% variable 26/11/2049	£396,000	342,231	0.18
General Motors Financial 2.35% 3/9/2025	£690,000	650,198	0.35	Legal & General 5.375% variable 27/10/2045	£400,000	396,806	0.21
Greene King Finance 4.0643% 15/3/2035	£496,000	302,982	0.16	Lloyds Banking Group 1.875% 15/1/2026 variable	£660,000	618,056	0.33
Hammerson 6% 23/2/2026	£303,000	286,996	0.15	Lloyds Banking Group 2% 12/4/2028 variable	£250,000	219,145	0.12
Heathrow Finance 5.75% 3/3/2025	£500,000	493,100	0.26	Lloyds Banking Group 8.5% variable perpetual	£225,000	230,906	0.12
Heathrow Funding 4.625% 31/10/2046	£145,000	126,759	0.07				
Heathrow Funding 5.875% 13/5/2041	£482,000	498,210	0.27				
Heathrow Funding 7.125% 14/2/2024	£420,000	424,672	0.23				
HSBC Holdings 3% variable 22/7/2028*	£425,000	384,544	0.20				



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## As at 31 January 2023

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Logicor Financing 2.75% 15/1/2030	£289,000	230,679	0.12	New York Life Global Funding 0.75% 14/12/2028	£670,000	547,702	0.29
M&G 5% 20/7/2055 variable	£700,000	621,699	0.33	Northumbrian Water Finance 2.375% 5/10/2027	£707,000	640,632	0.34
Manchester Airport Group Funding 2.875% 30/9/2044	£294,000	201,940	0.11	Orange 8.125% 20/11/2028	£470,000	554,933	0.30
Marks & Spencer 3.25% 10/7/2027	£250,000	228,684	0.12	Pension Insurance 7.375% variable perpetual	£500,000	474,375	0.25
Marston's Issuer 5.1576% variable 15/10/2027	£599,000	366,815	0.20	Petroleos Mexicanos 3.75% 16/11/2025	£500,000	455,000	0.24
Metropolitan Life Global Funding 1.5% 10/1/2030	£319,000	325,906	0.17	Pfizer 2.735% 15/6/2043	£421,000	317,771	0.17
Morgan Stanley 5.789% variable 18/11/2033	£545,000	570,153	0.30	Prologis International Funding 1.275% 22/2/2032	£266,000	225,008	0.12
Motability Operations Group 2.375% 14/3/2032	£515,000	439,931	0.23	RL Finance Bonds No.2 6.125% variable 30/11/2043	£100,000	99,713	0.05
Motability Operations Group 2.375% 3/7/2039	£220,000	164,258	0.09	Rothsay Life 5% variable perpetual	£332,000	236,178	0.13
Motability Operations Group 3.625% 10/3/2036	£363,000	330,594	0.18	Rothsay 6.875% variable perpetual	£250,000	226,765	0.12
Motability Operations Group 4.875% 17/1/2043	£521,000	533,682	0.28	Royal Bank of Canada 5% 24/1/2028	£583,000	591,034	0.32
MPT Operating Partnership 2.55% 5/12/2023	£750,000	707,175	0.38	Royal Bank of Scotland 3.125% variable 28/3/2027	£1,517,000	1,420,441	0.76
National Grid Electricity Transmission 4% 8/6/2027	£180,000	174,517	0.09	Saga 3.375% 12/5/2024	£185,000	170,200	0.09
National Grid Gas 1.625% 14/1/2043	£200,000	110,042	0.06	Santander UK Group Holdings 2.421% 17/1/2029 variable	£331,000	286,261	0.15
NatWest 3.619% variable 29/3/2029	£326,000	298,731	0.16	Santander UK Group Holdings 2.92% variable 8/5/2026	£300,000	282,436	0.15
NatWest 6.375% 8/11/2027	£317,000	334,469	0.18	Santander UK Group Holdings 6.75% variable perpetual	£200,000	195,250	0.10
NatWest 7.416% variable 6/6/2033	£211,000	221,084	0.12	Santander UK Group Holdings 7.098% variable 16/11/2027	£939,000	981,421	0.52

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## As at 31 January 2023

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Scottish Hydro Electric Transmission 1.5% 24/3/2028	£500,000	431,353	0.23	Verizon Communications 2.5% 8/4/2031	£250,000	212,768	0.11
Shell International Finance 1.75% 10/9/2052	£200,000	103,822	0.06	Virgin Money UK 2.625% variable 19/8/2031	£231,000	197,441	0.11
Societe Generale 1.25% 7/12/2027	£500,000	418,125	0.22	Vodafone 3% 12/8/2056	£400,000	253,164	0.13
Southern Gas Networks 1.25% 2/12/2031	£579,000	430,527	0.23	Volkswagen Financial Services 0.875% 20/2/2025	£600,000	549,638	0.29
Svenska Handelsbanken 4.625% variable 23/8/2032	£187,000	180,045	0.10	Volkswagen Financial Services 2.125% 27/6/2024	£500,000	479,762	0.26
Severn Trent Utilities Finance 4.625% 30/11/2034	£100,000	98,112	0.05	Volkswagen Financial Services 4.25% 9/10/2025	£300,000	292,366	0.16
Swedbank 7.272% variable 15/11/2032	£470,000	492,069	0.26	Volkswagen Financial Services 5.5% 7/12/2026	£300,000	300,184	0.16
Telefonica Emisiones 5.445% 8/10/2029	£150,000	154,104	0.08	Volkswagen International Finance 3.375% 16/11/2026	£400,000	372,748	0.20
Thames Water Utilities 2.375% 3/5/2023	£595,000	589,433	0.31	Wells Fargo & Company 2.125% 24/9/2031	£315,000	251,989	0.13
Thames Water Utilities 7.738% 9/4/2058	£200,000	266,731	0.14	Western Power Distribution Holding 2.375% 16/5/2029	£264,000	227,410	0.12
Toyota Finance Australia 3.92% 28/6/2027	£417,000	409,123	0.22	Western Power Distribution Holding 3.625% 6/11/2023	£500,000	495,976	0.26
Unique Pub Finance 5.659% 30/6/2027	£424,000	182,875	0.10	Western Power Distribution Holding 5.75% 23/3/2040	£300,000	317,093	0.17
United Kingdom Gilt 0.125% 31/1/2028	£290,000	248,605	0.13	Western Power Distribution Holding 5.75% 10/12/2040	£100,000	111,655	0.06
United Kingdom Gilt 0.5% 22/10/2061	£400,000	148,032	0.08	Westfield America Manage 2.625% 30/3/2029	£300,000	245,457	0.13
United Kingdom Gilt 0.625% 31/7/2035	£3,350,000	2,362,755	1.26	WPP Finance 2.875% 14/9/2046	£298,000	190,649	0.10
United Kingdom Gilt 0.875% 31/7/2033	£200,000	154,652	0.08	Zurich Finance 5.125% variable 23/11/2052	£234,000	220,039	0.12
United Kingdom Gilt 1.125% 31/1/2039	£1,367,000	939,320	0.50				
United Kingdom Gilt 1.25% 31/7/2051	£1,166,000	664,527	0.35				
				<b>Total sterling denominated bonds</b>		<b>58,095,125</b>	<b>30.92</b>

# Portfolio statement

This section details all the different fixed interest securities/government stocks in which the Fund invests, by denomination currency. It also shows the number of securities held, the percentage each fixed interest security/government stock represents of the Fund as a whole and the value of those securities at the end of the fund accounting year (shown under bid value).

## As at 31 January 2023

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023				BID VALUE (£)	% OF NET TOTAL ASSETS	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023				BID VALUE (£)	% OF NET TOTAL ASSETS
<b>EURO DENOMINATED BONDS</b>						<b>US DOLLAR DENOMINATED BONDS</b>					
<b>(1.87%; 31.01.22 0.39%)</b>						<b>(42.80%; 31.01.22 40.53%)</b>					
ASR Nederland 7% variable 7/12/2043	€392,000	367,255	0.20			Abu Dhabi (Government of) 3.125% 30/9/2049	\$400,000	245,004	0.13		
Banque Centrale de Tunisie 6.375% 15/7/2026	€100,000	52,763	0.03			Abu Dhabi (Government of) 4.125% 11/10/2047	\$700,000	510,498	0.27		
BPCE 2.125% 13/10/2046 variable	€400,000	259,644	0.14			Abu Dhabi (Government of) 4.5% 14/9/2027	\$300,000	241,874	0.13		
Credit Suisse Group 7.75% variable 1/3/2029	€484,000	443,572	0.24			AdaptHealth 4.625% 1/8/2029	\$228,000	161,133	0.09		
Electricite de France 4.625% 25/1/2043	€300,000	259,709	0.14			AdaptHealth 5.125% 1/3/2030	\$203,000	146,760	0.08		
International Business Machines 4% 6/2/2043	€500,000	437,905	0.23			AerCap 5.875% variable 10/10/2079	\$150,000	116,698	0.06		
Medtronic Global Holdings 1.75% 2/7/2049	€195,000	109,441	0.06			Aegea Finance 6.75% 20/5/2029	\$200,000	161,514	0.09		
Motability Operations Group 3.5% 17/7/2031	€369,000	324,941	0.17			Aircastle 5.25% variable perpetual	\$426,000	283,746	0.15		
National Grid 4.275% 16/1/2035	€797,000	701,008	0.37			Akumin 7.5% 1/8/2028	\$304,000	167,915	0.09		
Thames Water Utilities 4.375% 18/1/2031	€616,000	541,136	0.29			Ally Financial 4.7% variable perpetual	\$266,000	165,831	0.09		
<b>Total euro denominated bonds</b>		<b>3,497,374</b>	<b>1.87</b>			Altice France Holding 5.125% 15/7/2029	\$878,000	559,792	0.30		
<b>MEXICAN PESO DENOMINATED BONDS</b>						American Airlines IncAAdvantage 5.75% 20/4/2029	\$936,000	735,375	0.39		
<b>(0.00%; 31.01.22 0.66%)</b>						American Axle & Manufacturing 6.875% 1/7/2028	\$566,000	418,374	0.22		
<b>SOUTH AFRICAN RAND DENOMINATED BONDS</b>						Amkor Technology 6.625% 15/9/2027	\$250,000	203,907	0.11		
<b>(0.00%; 31.01.22 0.00%)</b>						Angolan (Government of) 8.25% 9/5/2028	\$200,000	153,602	0.08		
South Africa (Republic of) 8.875% 28/2/2035	ZAR3,000	121	-			Angolan (Government of) 9.125% 26/11/2049	\$200,000	142,044	0.08		
<b>Total South African rand denominated bonds</b>		<b>121</b>	<b>-</b>			Antero Midstream Partners 5.375% 15/6/2029	\$267,000	201,427	0.11		

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## As at 31 January 2023

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023		BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
Antero Midstream Partners 5.75% 1/3/2027	\$358,000	282,073	0.15	Bahrain (Government of) 7.5% 20/9/2047	\$200,000	150,824	0.08
Antero Resources 5.375% 1/3/2030	\$586,000	443,867	0.24	Ball 6.875% 15/3/2028	\$37,000	30,997	0.02
Antero Resources 8.375% 15/7/2026	\$48,000	40,923	0.02	Banco Mercantil del Norte 5.875% variable perpetual	\$210,000	157,523	0.08
Antofagasta 5.625% 13/5/2032	\$230,000	188,268	0.10	Bausch Health 4.875% 1/6/2028	\$383,000	199,984	0.11
Archrock Partners LP Archrock 6.25% 1/4/2028	\$214,000	165,137	0.09	BBVA Banco 5.125% variable 18/1/2033	\$200,000	154,415	0.08
Archrock Partners LP Archrock 6.875% 1/4/2027	\$378,000	300,902	0.16	Blue Racer Midstream 7.625% 15/12/2025	\$138,000	113,846	0.06
Arconic Rolled Products 6.125% 15/2/2028	\$250,000	195,109	0.10	Bombardier 7.875% 15/4/2027	\$132,000	107,130	0.06
Ardagh Packaging Finance 5.25% 15/8/2027	\$400,000	266,066	0.14	Brazil (Republic of) 3.875% 12/6/2030	\$200,000	143,694	0.08
Argentina (Republic of) 0.125% 9/7/2030	\$162,345	47,016	0.03	Brazil (Republic of) 4.75% 14/1/2050	\$200,000	119,174	0.06
Argentina (Republic of) 0.125% 9/7/2035	\$815,905	203,672	0.11	Buckeye Partners 4.5% 1/3/2028	\$493,000	365,514	0.19
Argentina (Republic of) 0.125% 9/1/2038	\$350,000	104,434	0.06	Buckeye Partners 5.85% 15/11/2043	\$219,000	136,086	0.07
Argentina (Republic of) 0.125% 9/7/2041	\$475,000	131,272	0.07	Builders FirstSource 6.375% 15/6/2032	\$318,000	252,889	0.13
Argentina (Republic of) 1% 9/7/2029	\$9,428	2,609	-	Caesars Entertainment 7% 15/2/2030	\$22,000	18,183	0.01
Ashton Woods USA 4.625% 1/8/2029	\$124,000	84,104	0.04	Calpine 5.125% 15/3/2028	\$582,000	428,031	0.23
Bahrain (Government of) 5.625% 18/5/2034	\$200,000	143,793	0.08	Camelot Return Merger 8.75% 1/8/2028	\$217,000	165,733	0.09
Bahrain (Government of) 7% 12/10/2028	\$220,000	184,352	0.10	Carnival 5.75% 1/3/2027	\$570,000	384,290	0.20
				Carnival 6% 1/5/2029	\$52,000	33,369	0.02
				CCO Holdings 4.5% 15/8/2030	\$598,000	415,049	0.22
				CCO Holdings 4.75% 1/3/2030	\$806,000	572,069	0.30
				CCO Holdings 5.375% 1/6/2029	\$64,000	48,087	0.03

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Centene 3%				Colombia			
15/10/2030	\$73,000	50,661	0.03	(Republic of)			
Centene 3.375%				8% 20/4/2033	\$230,000	191,326	0.10
15/2/2030	\$422,000	301,546	0.16	Comision Federal			
Centene 4.625%				de Electricida			
15/12/2029	\$220,000	169,554	0.09	4.688% 15/5/2029	\$470,000	351,258	0.19
Central Parent				CommScope			
7.25% 15/6/2029	\$241,000	195,250	0.10	4.75% 1/9/2029	\$513,000	346,845	0.18
Centurylink 4%				Colt Merger Sub			
15/2/2027	\$568,000	389,056	0.21	6.25% 1/7/2025	\$558,000	451,507	0.24
Chart Industries				Cornerstone			
7.5% 1/1/2030	\$103,000	85,547	0.05	Building Brands			
Cheniere Energy				6.125% 15/1/2029	\$290,000	176,464	0.09
3.25% 31/1/2032	\$168,000	114,005	0.06	Corp Nacional del			
Cheniere Energy				Cobre de Chile			
4.625% 15/10/2028	\$154,000	119,106	0.06	3% 30/9/2029	\$250,000	181,980	0.10
Chile (Republic of)				Corp Nacional del			
4.34% 7/3/2042	\$400,000	287,642	0.15	Cobre de Chile			
CHSCommunity				4.875% 4/11/2044	\$200,000	152,927	0.08
Health Systems				Corp Nacional del			
6.125% 1/4/2030	\$82,000	40,040	0.02	Cobre de Chile			
CHSCommunity				5.125% 2/2/2033	\$200,000	162,780	0.09
Health Systems				Costa Rica			
6.875% 15/4/2029	\$385,000	197,801	0.11	(Republic of)			
Clear Channel				4.375% 30/4/2025	\$400,000	314,353	0.17
Outdoor Holdings				Costa Rica			
7.5% 1/6/2029	\$298,000	197,279	0.11	(Republic of)			
Clearway Energy				6.125% 19/2/2031	\$370,000	295,134	0.16
Operating 3.75%				CrownRock Finance			
15/2/2031	\$322,000	220,969	0.12	5% 1/5/2029	\$297,000	220,971	0.12
Cleveland-Cliffs				CSC Holdings			
6.75% 15/3/2026	\$270,000	222,880	0.12	4.5% 15/11/2031	\$275,000	164,513	0.09
Clydesdale				CSC Holdings			
Acquisition Holdings				4.625% 1/12/2030	\$500,000	240,152	0.13
6.625% 15/4/2029	\$455,000	363,348	0.19	DAE Funding			
CNAC HK Finbridge				1.55% 1/8/2024	\$200,000	153,261	0.08
3% 22/9/2030	\$274,000	190,973	0.10	Dave & Busters			
Colgate Energy				7.625% 1/11/2025	\$775,000	639,811	0.34
Partners 5.875%				Diebold 8.5%			
1/7/2029	\$542,000	412,654	0.22	15/10/2026	\$390,709	161,063	0.09
Colombia				DIRECTV Holdings			
(Republic of)				5.875% 15/8/2027	\$603,000	443,669	0.24
4.125% 22/2/2042	\$300,000	156,765	0.08	DISH DBS 5.125%			
Colombia				1/6/2029	\$158,000	81,610	0.04
(Republic of)				DISH DBS 5.75%			
7.5% 2/2/2034	\$300,000	240,811	0.13	1/12/2028	\$263,000	174,788	0.09

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## As at 31 January 2023

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023		BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS	
DISH DBS					El Salvador			
7.375% 1/7/2028	\$322,000	187,832	0.10		(Government of)			
Dominican Republic					8.25% 10/4/2032	\$145,000	60,068	0.03
5.5% 22/2/2029	\$1,000,000	764,087	0.41		El Salvador			
Dominican Republic					(Government of)			
5.875% 30/1/2060	\$230,000	143,504	0.08		8.625% 28/2/2029	\$20,000	8,604	
Dominican Republic					Emirates NBD			
6.5% 15/2/2048	\$200,000	140,104	0.07		Bank 4.25%			
Dominican Republic					variable perpetual	\$200,000	150,272	0.08
6.85% 27/1/2045	\$150,000	110,976	0.06		Empresa Nacional			
Dominican Republic					del 3.75% 5/8/2026	\$700,000	536,566	0.29
7.05% 3/2/2031	\$200,000	161,538	0.09		Empresa Nacional			
Ecopetrol 5.375%					del 4.5% 14/9/2047	\$200,000	129,434	0.07
26/6/2026	\$340,000	266,869	0.14		EnLink Midstream			
Ecopetrol					5.375% 1/6/2029	\$418,000	327,244	0.17
5.875% 2/11/2051	\$140,000	78,459	0.04		Entercom Media			
Ecopetrol					6.75% 31/3/2029	\$795,000	109,780	0.06
8.875% 13/1/2033	\$270,000	224,952	0.12		EQT Midstream			
Ecuador					Partners 5.5%			
(Republic of)					15/7/2028	\$811,000	607,707	0.32
0.5% 31/7/2030	\$90	49	-		Equate Petrochemical			
Ecuador					2.625% 28/4/2028	\$200,000	145,659	0.08
(Republic of)					Eskom Holdings SOC			
0.5% 31/7/2035	\$1,208,000	477,495	0.25		6.35% 10/8/2028	\$200,000	155,104	0.08
Ecuador					Everi Holdings 5%			
(Republic of)					15/7/2029	\$351,000	257,983	0.14
0.5% 31/7/2040	\$200,000	68,184	0.04		Export Import			
Egypt (Republic of)					Bank of India			
5.25% 6/10/2025	\$400,000	291,609	0.16		5.5% 18/1/2033	\$250,000	207,164	0.11
Egypt (Republic of)					Fertitta			
7.903% 21/2/2048	\$400,000	215,664	0.11		Entertainment			
Egypt (Republic of)					6.75% 15/7/2030	\$186,000	125,400	0.07
8.50% 31/1/2047	\$250,000	142,940	0.08		First Quantum			
Egypt (Republic of)					Minerals 7.5%			
8.75% 30/9/2051	\$200,000	114,987	0.06		1/4/2025	\$250,000	199,962	0.11
El Salvador					Fondo MIVIVIENDA			
(Government of)					4.625% 12/4/2027	\$250,000	197,159	0.11
6.375% 18/1/2027	\$75,000	33,376	0.02		Ford Motor Company			
El Salvador					3.37% 17/11/2023	\$247,000	195,894	0.10
(Government of)					Ford Motor Company			
7.65% 15/6/2035	\$50,000	19,554	0.01		4.125% 17/8/2027	\$600,000	449,491	0.24
El Salvador					Ford Motor Company			
(Government of)					6.625% 1/10/2028	\$144,000	121,832	0.06
7.625% 1/2/2041	\$150,000	57,266	0.03		Ford Motor Company			
					7.45% 16/7/2031	\$492,000	428,679	0.23

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FMG Resources 4.375% 1/4/2031	\$500,000	357,404	0.19	Gray Escrow 7% 15/5/2027	\$253,000	186,956	0.10
FMG Resources 5.125% 15/5/2024	\$267,000	214,796	0.11	Greenko Dutch 3.85% 29/3/2026	\$200,000	138,555	0.07
Frontier Communications Holdings 8.75% 15/5/2030	\$366,000	308,072	0.16	Guatemala Government Bond 5.25% 10/8/2029	\$400,000	316,462	0.17
FS Luxembourg 10% 15/12/2025	\$200,000	164,074	0.09	HCA 3.5% 1/9/2030	\$140,000	101,748	0.05
Cabon (Republic of) 7% 24/11/2031	\$200,000	136,701	0.07	Hudbay Minerals 6.125% 1/4/2029	\$177,000	132,761	0.07
Galaxy Pipeline Assets Bidco 2.625% 31/3/2036	\$300,000	200,485	0.11	Hungary (Government of) 3.125% 21/9/2051	\$200,000	101,947	0.05
Genesis Energy 8% 15/1/2027	\$394,000	315,942	0.17	Hungary (Government of) 6.125% 22/5/2028	\$200,000	167,966	0.09
Genesis Energy 8.875% 15/4/2030	\$216,000	178,304	0.10	Hungary (Government of) 6.25% 22/9/2032	\$200,000	167,949	0.09
GE Healthcare 5.905% 22/11/2032	\$588,000	517,571	0.28	Hungary (Government of) 6.75% 25/9/2052	\$400,000	342,783	0.18
GFL Environmental 4% 1/8/2028	\$450,000	324,496	0.17	Indonesia (Government of) 3.2% 23/9/2061	\$300,000	171,150	0.09
GFL Environmental 4.25% 1/6/2025	\$300,000	234,999	0.13	Indonesia (Government of) 4.85% 11/1/2033	\$200,000	163,943	0.09
GFL Environmental 4.75% 15/6/2029	\$11,000	8,064	-	Indonesia (Government of) 5.45% 20/9/2052	\$200,000	166,735	0.09
Ghana (Republic of) 7.875% 11/2/2035	\$300,000	89,408	0.05	Indonesia (Government of) 5.65% 11/1/2053	\$200,000	170,519	0.09
Ghana (Republic of) 7.875% 26/3/2027	\$660,000	207,355	0.11	Infraestructura Energetica Nova 4.75% 15/1/2051	\$324,000	207,023	0.11
Ghana (Republic of) 8.75% 11/3/2061	\$200,000	58,540	0.03	Instituto Costarricense de Elect 6.75% 7/10/2031	\$200,000	156,681	0.08
Ghana (Republic of) 8.95% 26/3/2051	\$200,000	58,810	0.03	Iraq (Republic of) 5.8% 15/1/2028	\$250,000	117,453	0.06
Global Aircraft Leasing 6.5% 15/9/2024	\$617,920	458,049	0.24	Iraq (Republic of) 6.752% 9/3/2023	\$400,000	322,585	0.17
Goodyear Tire Rubber 5% 15/7/2029	\$423,000	302,683	0.16	Iron Mountain 5.25% 15/3/2028	\$198,000	152,935	0.08

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Iron Mountain 5.25% 15/7/2030	\$271,000	199,203	0.11	Magic Merger 5.25% 1/5/2028	\$288,000	195,083	0.10
Ivory Coast (Government of) 6.125% 15/6/2033	\$271,000	195,171	0.10	Marriott Ownership Resorts 4.5% 15/6/2029	\$269,000	190,210	0.10
Jamaica (Government of) 7.875% 28/7/2045	\$200,000	189,932	0.10	Mauser Packaging Solutions 5.5% 15/4/2024	\$465,000	377,447	0.20
Jefferies Finance JFIN Colssue 5% 15/8/2028	\$212,000	146,054	0.08	Mauser Packaging Solutions 7.875% 15/8/2026	\$35,000	28,679	0.02
Jordan (Government of) 7.75% 15/1/2028	\$200,000	167,769	0.09	MC Brazil Downstream Trading 7.25% 30/6/2031	\$390,000	266,633	0.14
Kaiser Aluminum 4.5% 1/6/2031	\$348,000	239,032	0.13	MDGH 5.5% 28/4/2033	\$200,000	173,559	0.09
KazMunayGas National 4.75% 24/4/2025	\$200,000	159,630	0.09	Mercer International 5.125% 1/2/2029	\$699,000	485,570	0.26
KazMunayGas National 4.75% 19/4/2027	\$700,000	528,085	0.28	Mexico (Government of) 3.771% 24/5/2061	\$200,000	110,508	0.06
KazMunayGas National 5.375% 24/4/2030	\$200,000	149,866	0.08	Mexico (Government of) 5.4% 9/2/2028	\$200,000	166,798	0.09
Kenya (Republic of) 7% 22/5/2027	\$400,000	292,782	0.16	Mexico (Government of) 6.35% 9/2/2035	\$260,000	224,191	0.12
KFC Hld Pizza Hut Taco 4.75% 1/6/2027	\$279,000	219,828	0.12	Mineral Resources 8% 1/11/2027	\$76,000	63,203	0.03
Kinetik Holdings LP 5.875% 15/6/2030	\$350,000	270,084	0.14	Mineral Resources 8.5% 1/5/2030	\$71,000	59,582	0.03
LABL 5.875% 1/11/2028	\$258,000	189,398	0.10	ModivCare Escrow Issuer 5% 1/10/2029	\$600,000	422,393	0.23
LABL Escrow Issuer 10.5% 15/7/2027	\$310,000	239,532	0.13	Mongolia (Government of) 8.65% 19/1/2028	\$200,000	169,361	0.09
Lamar Funding 3.958% 7/5/2025	\$300,000	233,307	0.12	Morgan Stanley 1.794% variable 13/2/2032	\$75,000	48,187	0.03
LifePoint Health 4.375% 15/2/2027	\$181,000	128,645	0.07	MSCI 3.875% 15/2/2031	\$439,000	314,717	0.17
LifePoint Health 5.375% 15/1/2029	\$179,000	97,126	0.05	Nationstar Mortgage Holdings 5.5% 15/8/2028	\$172,000	122,068	0.07
Nigeria (Republic of) 9.248% 21/1/2049	\$200,000	122,655	0.07	Nationstar Mortgage Holdings 5.75% 15/11/2031	\$485,000	317,135	0.17
Macy's Retail Holdings 5.875% 1/4/2029	\$449,000	339,190	0.18				



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Navient 4.875% 15/3/2028	\$564,000	404,851	0.22	Oman (Government of) 5.625% 17/1/2028	\$250,000	204,309	0.11
Navient 6.125% 25/3/2024	\$244,000	197,731	0.11	Oman (Government of) 7% 25/1/2051	\$200,000	164,390	0.09
Navient 6.75% 15/6/2026	\$302,000	241,652	0.13	Open Text 4.125% 1/12/2031	\$97,000	64,013	0.03
NCR 5.25% 1/10/2030	\$341,000	239,558	0.13	Open Text 6.9% 1/12/2027	\$549,000	456,534	0.24
NCR 5.75% 1/9/2027	\$73,000	57,539	0.03	Organon Finance 4.125% 30/4/2028	\$250,000	183,667	0.10
NCL 5.875% 15/2/2027	\$134,000	101,199	0.05	Orbia Advance 5.875% 17/9/2044	\$400,000	298,358	0.16
NCL 8.375% 1/2/2028	\$81,000	66,850	0.04	Owens Minor 6.625% 1/4/2030	\$285,000	204,716	0.11
Newell Brands 5.5% 1/4/2046	\$300,000	202,548	0.11	Pakistan (Republic of) 7.375% 8/4/2031	\$200,000	67,549	0.04
NGL Energy Operating 7.5% 1/2/2026	\$299,000	230,646	0.12	Pakistan (Republic of) 8.875% 8/4/2051	\$200,000	66,103	0.04
Nigeria (Republic of) 6.125% 28/9/2028	\$300,000	188,982	0.10	Panama (Republic of) 3.298% 19/1/2033	\$200,000	135,520	0.07
Nigeria (Republic of) 7.375% 28/9/2033	\$280,000	162,050	0.09	Panama (Republic of) 3.87% 23/7/2060	\$600,000	325,799	0.17
Nigeria (Republic of) 7.625% 21/11/2025	\$225,000	167,804	0.09	Panama (Republic of) 6.4% 14/2/2035	\$200,000	171,292	0.09
Nigeria (Republic of) 7.696% 23/2/2038	\$420,000	236,252	0.13	Paraguay (Republic of) 3.849% 28/6/2033	\$200,000	142,454	0.08
Nigeria (Republic of) 8.375% 24/3/2029	\$300,000	202,596	0.11	Paraguay (Republic of) 5.4% 30/3/2050	\$200,000	144,771	0.08
Occidental Petroleum Corporation 6.125% 1/1/2031	\$51,000	43,236	0.02	PennyMac Financial Services 5.75% 15/9/2031	\$431,000	294,252	0.16
Occidental Petroleum Corporation 8.5% 15/7/2027	\$380,000	341,463	0.18	Pertamina 4.175% 21/1/2050	\$300,000	195,240	0.10
Occidental Petroleum Corporation 8.875% 15/7/2030	\$633,000	605,440	0.32	Peru (Republic of) 2.844% 20/6/2030	\$370,000	259,051	0.14
OCP Group 5.125% 23/6/2051	\$200,000	127,629	0.07	Peru (Republic of) 3% 15/1/2034	\$157,000	103,297	0.06
Oil and Gas Holding 7.625% 7/11/2024	\$400,000	332,061	0.18	Peru (Republic of) 3.3% 11/3/2041	\$200,000	122,159	0.07
Oman (Government of) 6% 1/8/2029	\$300,000	249,455	0.13	Peru LNG 5.375% 22/3/2030	\$200,000	134,715	0.07
Oman (Government of) 6.75% 17/1/2048	\$475,000	380,150	0.20	Perusahaan Listrik Negara 3.375% 5/2/2030	\$300,000	214,454	0.11

# Portfolio statement

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## As at 31 January 2023

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023		BID VALUE (£)	% OF NET TOTAL ASSETS	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023		BID VALUE (£)	% OF NET TOTAL ASSETS
Perusahaan Listrik Negara 4.125% 15/5/2027				\$200,000		157,539	0.08
Perusahaan Perseroan Persero perpetual 3% 30/6/2030				\$400,000		276,643	0.15
Petroleos de Peru 5.625% 19/6/2047				\$200,000		108,381	0.06
Petroleos Mexicanos 6.5% 13/3/2027				\$495,000		379,558	0.20
Petroleos Mexicanos 6.84% 23/1/2030				\$300,000		212,011	0.11
Petroleos Mexicanos 6.875% 4/8/2026				\$420,000		334,292	0.18
Petroleos Mexicanos 6.95% 28/1/2060				\$100,000		56,038	0.03
Petroleos Mexicanos 7.69% 23/1/2050				\$877,000		531,857	0.28
Petroleos Mexicanos 8.75% 2/6/2029				\$180,000		142,390	0.08
Petroleos Mexicanos 10% 7/2/2033				\$150,000		119,040	0.06
Petrobras Global Finance 7.375% 17/1/2027				\$154,000		131,256	0.07
Petronas 3.404% 28/4/2061				\$310,000		186,569	0.10
Petronas 3.5% 21/4/2030				\$200,000		152,416	0.08
PetSmart 7.75% 15/2/2029				\$450,000		359,218	0.19
Philippines (Republic of) 2.95% 5/5/2045				\$275,000		163,645	0.09
Philippines (Republic of) 3.556% 29/9/2032				\$260,000		194,993	0.10
Philippines (Republic of) 4.2% 29/3/2047				\$210,000		149,710	0.08
Pitney Bowes 6.875% 15/3/2027				\$220,000		149,826	0.08
Post Holdings 4.625% 15/4/2030				\$425,000		303,793	0.16
Presidio 8.25% 1/2/2028				\$259,000		202,229	0.11
Prosus 3.257% 19/1/2027				\$200,000		147,704	0.08
Prosus 4.987% 19/1/2052				\$270,000		168,342	0.09
PT Freeport Indonesia 4.763% 14/4/2027				\$500,000		396,242	0.21
PT Freeport Indonesia 5.315% 14/4/2032				\$200,000		154,943	0.08
Qatar (Government of) 4.817% 14/3/2049				\$605,000		490,202	0.26
Qatar (Government of) 5.103% 23/4/2048				\$250,000		209,410	0.11
Qatar Petroleum 2.25% 12/7/2031				\$695,000		482,139	0.26
Qatar Petroleum 3.125% 12/7/2041				\$200,000		129,325	0.07
Radiology Partners 9.25% 1/2/2028				\$468,000		229,989	0.12
Realogy Group 5.75% 15/1/2029				\$325,000		205,264	0.11
Republic of Azerbaijan International 3.5% 1/9/2032				\$350,000		246,433	0.13
Republic of Poland Government 5.75% 16/11/2032				\$50,000		43,875	0.02
Republic of Poland Government 5.5% 16/11/2027				\$135,000		113,614	0.06
Romania (Government of) 3% 27/2/2027				\$100,000		73,514	0.04
Romania (Government of) 4% 14/2/2051				\$50,000		28,415	0.02
Romania (Government of) 5.25% 25/11/2027				\$270,000		215,544	0.11
Romania (Government of) 6.125% 22/1/2044				\$230,000		178,143	0.09
Romania (Government of) 7.625% 17/1/2053				\$320,000		280,146	0.15

# Portfolio statement

This section details all the different fixed interest securities/government stocks in which the Fund invests, by denomination currency. It also shows the number of securities held, the percentage each fixed interest security/government stock represents of the Fund as a whole and the value of those securities at the end of the fund accounting year (shown under bid value).

## As at 31 January 2023

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
Romania (Government of)				Sensata Technologies			
7.125% 17/1/2033	\$200,000	171,391	0.09	5.875% 1/9/2030	\$200,000	159,410	0.08
Royal Caribbean Cruises 5.375%				Serbia International Bond 6.5% 26/9/2033	\$250,000	203,456	0.11
15/7/2027	\$49,000	34,623	0.02	Sinopec Group			
Royal Caribbean Cruises 5.5%				3.1% 8/1/2051	\$200,000	118,529	0.06
1/4/2028	\$310,000	216,554	0.12	Sirius XM Radio			
Royal Caribbean Cruises 8.25%				5.5% 1/7/2029	\$289,000	219,995	0.12
15/1/2029	\$550,000	466,859	0.25	South Africa (Republic of)			
Royal Caribbean Cruises 9.25%				4.3% 12/10/2028	\$750,000	554,078	0.30
15/1/2029	\$132,000	113,104	0.06	South Africa (Republic of)			
RP Escrow Issuer				5.65% 27/9/2047	\$200,000	123,894	0.07
5.25% 15/12/2025	\$119,000	78,876	0.04	Southwestern Energy			
SASOL Financing				4.75% 1/2/2032	\$109,000	78,049	0.04
6.5% 26/9/2028	\$200,000	156,770	0.08	Southwestern Energy			
Saudi Arabia (Government of)				5.375% 15/3/2030	\$316,000	239,034	0.13
4.5% 17/4/2030	\$200,000	162,684	0.09	Springleaf Finance			
Saudi Arabia (Government of)				5.625% 15/3/2023	\$750,000	608,477	0.32
4.5% 26/10/2046	\$400,000	290,744	0.16	Sprint Capital			
Saudi Arabia (Government of)				6.875% 15/11/2028	\$671,000	583,105	0.31
4.625% 4/10/2047	\$600,000	441,936	0.24	Sprint 7.125%			
Saudi Arabia (Government of)				15/6/2024	\$245,000	203,220	0.11
4.875% 18/7/2033	\$240,000	198,359	0.11	Sri Lanka (Republic of)			
Saudi Arabia (Government of)				5.875% 25/7/2022	\$200,000	58,668	0.03
5% 17/4/2049	\$200,000	155,146	0.08	Sri Lanka (Republic of)			
Saudi Arabia (Government of)				7.55% 28/3/2030	\$665,000	182,951	0.10
5.5% 25/10/2032	\$400,000	348,079	0.19	Standard Industries			
Sealed Air				4.75% 15/1/2028	\$319,000	242,832	0.13
5% 15/4/2029	\$196,000	152,788	0.08	Staples 7.5%			
Sealed Air				15/4/2026	\$422,000	304,580	0.16
6.125% 1/2/2028	\$110,000	90,146	0.05	Suzano 3.75%			
Select Medical				15/1/2031	\$200,000	138,888	0.07
6.25% 15/8/2026	\$250,000	198,335	0.11	Sylvamo 7%			
Senegal (Republic of)				1/9/2029	\$204,000	158,441	0.08
6.75% 13/3/2048	\$200,000	121,283	0.06	Tallgrass Energy Partners 6% 1/3/2027	\$313,000	241,050	0.13
				Tenet Healthcare			
				6.125% 1/10/2028	\$681,000	514,442	0.27
				T-Mobile US 3.5%			
				15/4/2031	\$154,000	112,145	0.06
				TransDigm 5.5%			
				15/11/2027	\$142,000	110,151	0.06

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## As at 31 January 2023

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
TransDigm 6.25% 15/3/2026	\$124,000	100,687	0.05	United Rentals North America 5.25% 15/1/2030	\$86,000	67,586	0.04
Transnet SOC 8.25% 6/2/2028	\$300,000	243,685	0.13	United States Treasury Bill 0% 25/4/2023	\$600,000	482,312	0.26
Tronox 4.625% 15/3/2029	\$687,000	477,122	0.25	United States Treasury NoteBond 4.25% 31/12/2024	\$1,000,000	812,282	0.43
Turkey (Republic of) 5.125% 17/2/2028	\$400,000	277,410	0.15	United States Treasury NoteBond 4.125% 15/11/2032	\$200,000	170,909	0.09
Turkey (Republic of) 6.375% 14/10/2025	\$500,000	386,163	0.21	United Wholesale Mortgage 5.5% 15/4/2029	\$416,000	290,551	0.15
Turkey (Republic of) 6.5% 20/9/2033	\$200,000	132,646	0.07	Univision Communications 7.375% 30/6/2030	\$254,000	202,328	0.11
Turkey (Republic of) 8.6% 24/9/2027	\$200,000	161,276	0.09	Uruguay (Republic of) 4.975% 20/4/2055	\$400,000	321,598	0.17
Turkey (Republic of) 9.375% 19/1/2033	\$340,000	270,460	0.14	Uruguay (Republic of) 5.1% 18/6/2050	\$300,000	245,858	0.13
Turkey (Republic of) 9.875% 15/1/2028	\$300,000	249,777	0.13	Uruguay (Republic of) 5.75% 28/10/2034	\$200,000	179,707	0.10
Turkiye Ihracat Kredi Bankasi 9.375% 31/1/2026	\$200,000	162,229	0.09	US Acute Care Solutions Unsecured 6.375% 1/3/2026	\$713,000	523,905	0.28
Ukraine (Government of) 1.258% variable 31/5/2040	\$340,000	88,188	0.05	Uzbekneftegaz 4.75% 16/11/2028	\$220,000	149,895	0.08
Ukraine (Government of) 7.75% 1/9/2024	\$200,000	39,832	0.02	Vale Overseas 3.75% 8/7/2030	\$250,000	181,494	0.10
Ukraine (Government of) 7.75% 1/9/2028	\$400,000	70,840	0.04	VICI Properties 3.5% 15/2/2025	\$270,000	208,701	0.11
Ukraine (Government of) 7.75% 1/9/2029	\$585,000	104,960	0.06	VICI Properties 4.625% 1/12/2029	\$324,000	245,083	0.13
Ukraine (Government of) 9.75% 1/11/2028	\$400,000	70,110	0.04	Victorias Secret 4.625% 15/7/2029	\$311,000	209,861	0.11
United Airlines 4.625% 15/4/2029	\$500,000	370,445	0.20	Victors Merger 6.375% 15/5/2029	\$220,000	108,925	0.06
United Natural Foods 6.75% 15/10/2028	\$249,000	195,179	0.10	Viking Ocean Cruises 5.625% 15/2/2029	\$259,000	179,876	0.10
United Rentals North America 3.75% 15/1/2032	\$164,000	115,188	0.06	Vine Energy Holdings 6.75% 15/4/2029	\$401,000	321,181	0.17
United Rentals North America 4% 15/7/2030	\$129,000	94,321	0.05	Virgin Media Vendor Financing Notes 5% 15/7/2028	\$320,000	235,913	0.13
United Rentals North America 4.875% 15/1/2028	\$350,000	275,360	0.15				

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## As at 31 January 2023

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
Vistra 7% variable perpetual	\$145,000	110,125	0.06	Sold US dollars	\$53,446,102		
Vistra 8% variable perpetual	\$261,000	207,818	0.11	For sterling	£44,359,796	948,395	0.51
Vodafone 6.25% variable 3/10/2078	\$245,000	194,034	0.10	(Expires 2/2/2023)			
WASH Multifamily Acquisition 5.75% 15/4/2026	\$301,000	225,602	0.12	Sold euros	€797,000		
Weekley Homes 4.875% 15/9/2028	\$60,000	42,413	0.02	For sterling	£705,339	2,001	-
WR Grace Holdings 5.625% 15/8/2029	\$502,000	339,872	0.18	(Expires 8/2/2023)			
Wyndham Destinations 4.625% 1/3/2030	\$328,000	226,554	0.12	Sold euros	€140,000		
Wyndham Destinations 6.625% 31/7/2026	\$250,000	201,521	0.11	For sterling	£124,245	698	-
YPF 6.95% 21/7/2027	\$30,000	19,405	0.01	(Expires 8/2/2023)			
Ziggo Bond 5.125% 28/2/2030	\$478,000	320,906	0.17	Sold euros	€615,000		
<b>Total US dollar denominated bonds</b>		<b>80,233,111</b>	<b>42.80</b>	For sterling	£545,541	2,815	-
				(Expires 8/2/2023)			
				Sold US dollars	\$54,946,190		
				For sterling	£44,359,796	(241,593)	(0.13)
				(Expires 2/2/2023)			
				Sold US dollars	\$48,000,000		
				For sterling	£38,992,293	29,324	0.02
				(Expires 2/3/2023)			
				Sold US dollars	\$1,200,000		
				For sterling	£974,846	771	-
				(Expires 2/3/2023)			
				Sold euros	€207,081		
				For US dollars	\$223,888	(1,897)	-
				(Expires 16/5/2023)			
				Sold US dollars	\$129,810		
				For euros	€119,138	278	-
				(Expires 16/5/2023)			
				Sold sterling	£44,359,796		
				For US dollars	\$54,912,637	242,793	0.13
				(Expires 2/2/2023)			
				Sold sterling	£395,957		
				For euros	€450,000	1,160	-
				(Expires 8/2/2023)			
				<b>Total forward foreign exchange contracts</b>		<b>1,814,721</b>	<b>0.97</b>
				Sold US dollars	\$46,956,554		
				For sterling	£39,000,000	859,710	0.46
				(Expires 2/2/2023)			

# Portfolio statement

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## As at 31 January 2023

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023				BID VALUE (£)	% OF NET TOTAL ASSETS	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JANUARY 2023				BID VALUE (£)	% OF NET TOTAL ASSETS
<b>FUTURES</b>						<b>BOND CREDIT RATINGS†</b>					
<b>((0.01%); 31.01.22 (0.11%))</b>						<b>AS AT 31.01.23 AS AT 31.01.22</b>					
CBT US 5Year											
Note March 2023	3			2,840	-	AAA			-	0.34%	
CBT US 10Year						AA+			1.07%	0.27%	
Note Future March 2023	4			3,351	-	AA			3.91%	1.56%	
CBT US 10Year						AA-			0.17%	0.27%	
Ultra Future March 2023	(20)			4,261	-	A+			1.80%	1.51%	
CBT US Ultra						A			2.12%	1.32%	
Bond Future March 2023	5			1,294	-	A-			3.17%	2.05%	
EUX Euro Bobl						BBB+			7.03%	11.37%	
Future March 2023	(4)			7,587	-	BBB			15.42%	13.72%	
EUX Euro Bund						BBB-			6.14%	5.54%	
Future March 2023	(17)			22,354	0.01	BB+			6.70%	2.83%	
EUX Euro Buxl 30Year						BB			4.08%	2.59%	
Band March 2023	(2)			(459)	-	BB-			5.86%	6.66%	
ICF Long Gilt Future						B+			4.63%	4.53%	
March 2023	39			(31,060)	(0.02)	B			5.43%	6.34%	
<b>Total futures contracts</b>				<b>10,168</b>	<b>(0.01)</b>	B-			4.56%	4.83%	
						CCC+			1.47%	2.96%	
<b>Portfolio of investments</b>				<b>175,933,308</b>	<b>93.76</b>	CCC			0.66%	1.33%	
<b>Net other assets</b>				<b>11,701,757</b>	<b>6.24</b>	CCC-			0.22%	0.74%	
<b>Net assets</b>				<b>187,635,065</b>	<b>100.00</b>	D			0.13%	-	
						Unrated			1.02%	6.79%	

\*Related parties

The counterparties for the futures are Barclays and HSBC.

The securities held are approved and are admitted to an official listing unless otherwise stated.

†Source: Standard and Poor's and Moody's

# Net asset value per unit and comparative table

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the income distributions made.

## INCOME

Change in net assets per unit	31.01.23	31.01.22	31.01.21
Opening net asset value per unit	103.89p	111.75p	113.24p
Return before operating charges*	(11.36p)	(2.56p)	3.84p
Operating charges	(0.84p)	(1.01p)	(1.01p)
Return after operating charges*	(12.20p)	(3.57p)	2.83p
Distributions on income unit	(3.74p)	(4.29p)	(4.32p)
Closing net asset value per unit	87.95p	103.89p	111.75p

*after direct transaction costs of:***	0.00p	0.00p	0.00p
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## Performance

Return after charges	(11.74)%	(3.19)%	2.50%
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## Other information

Closing net asset value	£108,837,368	£134,274,658	£147,724,033
Closing number of units	123,742,125	129,249,156	132,194,671
Operating charges**	0.96%	0.96%	0.96%
Direct transaction costs	0.00%	0.00%	0.00%

## Prices

Highest unit price	104.80p	112.60p	114.70p
Lowest unit price	81.93p	105.20p	96.10p

\*\* The operating charges include all costs borne by the Fund, except for direct transaction costs. It includes the operating charges of any collective investment schemes in which the Fund invests.

\*\*\* The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

# Net asset value per unit and comparative table

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the accumulation distributions made.

## ACCUMULATION

Change in net assets per unit	31.01.23	31.01.22	31.01.21
Opening net asset value per unit	278.72p	288.20p	280.76p
Return before operating charges*	(30.43p)	(6.84p)	9.99p
Operating charges	(2.30p)	(2.64p)	(2.55p)
Return after operating charges*	(32.73p)	(9.48p)	7.44p
Distributions on accumulation unit	(10.19p)	(11.22p)	(10.88p)
Retained distributions on accumulation unit	10.19p	11.22p	10.88p
Closing net asset value per unit	245.99p	278.72p	288.20p

*after direct transaction costs of:***	0.00p	0.00p	0.00p
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## Performance

Return after charges	(11.74)%	(3.29)%	2.65%
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## Other information

Closing net asset value	£78,797,697	£95,647,809	£103,322,042
Closing number of units	32,032,519	34,316,246	35,850,979
Operating charges**	0.96%	0.96%	0.96%
Direct transaction costs	0.00%	0.00%	0.00%

## Prices

Highest unit price	281.10p	292.80p	292.80p
Lowest unit price	224.30p	279.20p	238.20p

\*\* The operating charges include all costs borne by the Fund, except for direct transaction costs. It includes the operating charges of any collective investment schemes in which the Fund invests.

\*\*\* The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.



## Ongoing charges

For the 12 month period to 31 January 2023:

**0.96%**

For the 12 month period to 31 January 2022:

**0.96%**

The ongoing charges measure the annual charges and expenses of an investment fund and will include any charges for underlying open-ended investment company funds and applicable closed-ended investment funds. Most European investment funds highlight the ongoing charges to help you compare charges and expenses of different funds.

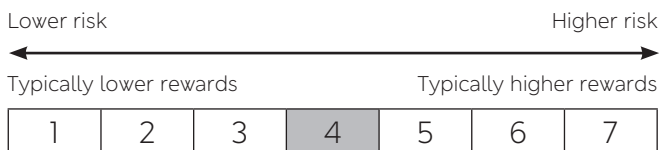
Ex-distribution (XD) dates:

1 February, 1 May, 1 August and 1 November

Income payment dates:

31 March, 30 June, 30 September and 31 December

## Risk and reward profile



### More about this rating

The rating is based on price volatility over the last five years. As it is based on historical data, it may not be a reliable indicator of the future risk profile of the Fund. The rating is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment.

### Why is this Fund in category 4?

This Fund is classified in category 4 because its price or simulated data has shown medium fluctuations historically.

## Authorised status

The Fund is an authorised unit trust under Section 243 of the Financial Services and Markets Act 2000 (authorisation orders) and the Financial Conduct Authority Handbook and is categorised as a UK Undertakings for Collective Investment in Transferable Securities (UCITS) scheme.

# Trustee report

## **Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the Marks & Spencer High Income Fund ('the Trust') for the Period Ended 31 January 2023.**

The Depositary in its capacity as Trustee of the Marks & Spencer High Income Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

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

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

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

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

**State Street Trustees Limited**  
**19 May 2023**

# Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net income and net capital losses on the property of the Trust for the period.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or its sub-funds 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; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

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

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Certification of financial statements by Directors of the Manager

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.



**Paul Spencer (Chief Executive)**



**Phillip Scott (Director)**

**For and on behalf of Marks and Spencer Unit Trust Management Limited.  
19 May 2023**

# Independent auditor's report

## Independent auditor's report to the unitholders of the Marks & Spencer High Income Fund ('the Trust')

### Opinion

We have audited the financial statements of the Trust for the year ended 31 January 2023 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables and the accounting policies set out on pages 32 to 33.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 31 January 2023 and of the net revenue and the net capital losses on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or its sub-funds or to cease their operations, and as they have concluded that the Trust and its sub-funds' financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Trust's and its sub-funds' business model and analysed how those risks might affect the Trust's and its sub-funds' financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's and its sub-funds' ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Trust or its sub-funds will continue in operation.

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Trust’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Manager;
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We substantively tested all material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Manager and the Administrator, no further high-risk journal entries or other adjustments were identified.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations.*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Trust is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Trust’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Other information**

The Manager (Marks and Spencer Unit Trust Management Limited) is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept; or
- the financial statements are not in agreement with the accounting records.

## **Manager's responsibilities**

As explained more fully in their statement set out on page 25 the Manager is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Trust and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or its sub-funds or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk](http://www.frc.org.uk)/auditorsresponsibilities.

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Grant Archer". The signature is written in a cursive, flowing style.

**Grant Archer**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

319 St Vincent Street

Glasgow

G2 5AS

**19 May 2023**

# Statement of total return

This section details the income of the Fund over the period of the report and explains how this income is distributed to the investors. It also provides an analysis of increases and decreases in net assets over the accounting year.

**For the year ended 31 January 2023**

	Notes	31.01.23		31.01.22	
		£	£	£	£
Income					
Net capital losses	2		(33,265,487)		(15,208,165)
Revenue	3	8,168,822		9,556,133	
Expenses	4	(1,830,681)		(2,250,410)	
Interest payable and similar charges		(42,834)		(695)	
Net revenue before taxation		6,295,307		7,305,028	
Taxation	5	(7,263)		(3,036)	
Net revenue after taxation			6,288,044		7,301,992
<b>Total deficit before distributions</b>			<b>(26,977,443)</b>		<b>(7,906,173)</b>
Distributions/Accumulations	6		(8,118,642)		(9,551,076)
<b>Change in net assets attributable to Unitholders</b>			<b>(35,096,085)</b>		<b>(17,457,249)</b>

# Statement of change in net assets attributable to Unitholders

**For the year ended 31 January 2023**

	31.01.23		31.01.22	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		<b>229,922,467</b>		<b>251,046,075</b>
Amounts receivable on issue of units	3,942,706		5,564,873	
Less: Amounts payable on cancellation of units	(14,504,898)		(13,145,949)	
		(10,562,192)		(7,581,076)
Change in net assets attributable to Unitholders from investment activities (see above)		(35,096,085)		(17,457,249)
Retained distribution on accumulation units		3,368,343		3,911,883
Unclaimed distributions over 6 years old		2,532		2,834
<b>Closing net assets attributable to Unitholders</b>		<b>187,635,065</b>		<b>229,922,467</b>

The notes on pages 32 to 43 are an integral part of these financial statements.



# Balance sheet

As at 31 January 2023

	Notes	31.01.23		31.01.22	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed assets:</b>					
Investments			<b>176,243,325</b>		<b>220,186,706</b>
<b>Current assets:</b>					
Debtors	8	3,615,635		4,346,218	
Cash and bank balances	9	<u>11,469,761</u>		<u>10,988,506</u>	
<b>Total current assets</b>			<b><u>15,085,396</u></b>		<b><u>15,334,724</u></b>
<b>TOTAL ASSETS</b>			<b>191,328,721</b>		<b>235,521,430</b>
<b>LIABILITIES</b>					
<b>Investment liabilities</b>			(310,017)		(1,025,768)
<b>Creditors:</b>					
Distribution payable		(1,100,686)		(1,411,401)	
Other creditors	10	<u>(2,282,953)</u>		<u>(3,161,794)</u>	
<b>TOTAL LIABILITIES</b>			<b><u>(3,693,656)</u></b>		<b><u>(5,598,963)</u></b>
<b>Net assets attributable to Unitholders</b>			<b><u><u>187,635,065</u></u></b>		<b><u><u>229,922,467</u></u></b>

The notes on pages 32 to 43 are an integral part of these financial statements.

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### 1. Accounting policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in compliance with FRS102 and in accordance with the Statement of 'Recommended Practice' (SORP) for Financial Statements of Authorised Funds issued by the Investment Association in May 2014 (and amended in June 2017). Unless otherwise stated all accounting policies are consistent with those of the prior year.

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

#### (b) Recognition of revenue

Interest and revenue from fixed interest stock is recognised on an effective yield basis. Revenue from quoted equities is recognised net of attributable tax credits when the security is quoted ex-dividend. Interest from bank deposits is recognised on an accrual basis. All other revenue is recognised on a receipts basis.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case. The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

#### (c) Treatment of expenses

All expenses (other than the Manager's periodic fee) incurred by the Fund have been borne by the Manager.

The Manager's periodic charge is deducted from capital for the purpose of calculating the distribution.

#### (d) Distribution policy

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution.

For the purposes of calculating the distribution, revenue on debt securities is computed on an effective yield basis.

All remaining revenue is distributed in accordance with the Collective Investment Schemes Sourcebook. Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Fund.

#### (e) Basis of valuation of investments

The investments, including derivatives, are valued at bid market value, excluding any accrued revenue, at 5pm on 31 January 2023, being the last working day of the accounting year.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their value.

#### (f) Taxation

Provision is made for taxation at current rates on the excess of taxable investment revenue over expenses. Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### (g) Exchange rates

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 5pm on 31 January 2023, being the last working day of the accounting year.

### 2. Net capital losses on investments

The net capital losses on investments during the year comprise:

	31.01.23	31.01.22
	£	£
Transaction charges	(240)	(280)
Currency (losses)/gains	(1,854,327)	299,057
Losses on non-derivative securities	(23,190,403)	(11,689,607)
Losses on derivative contracts	(705,236)	(722,353)
Losses on forward foreign exchange contracts	(7,515,281)	(3,094,982)
<b>Net capital losses on investments</b>	<b><u>(33,265,487)</u></b>	<b><u>(15,208,165)</u></b>

### 3. Revenue

	31.01.23	31.01.22
	£	£
Interest on debt securities	8,084,747	9,560,315
Bank interest	82,304	145
Deposit interest	1,215	(4,388)
Net collateral interest on forward currency contracts	556	61
<b>Total revenue</b>	<b><u>8,168,822</u></b>	<b><u>9,556,133</u></b>

### 4. Expenses

	31.01.23	31.01.22
	£	£
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,830,681	2,249,282
Other expenses		
Legal fee	-	1,128
<b>Total expenses</b>	<b><u>1,830,681</u></b>	<b><u>2,250,410</u></b>

Please note that the remaining expenses of the Fund are paid by the Manager.

### 5. Taxation

	31.01.23	31.01.22
	£	£
<b>(a) Analysis of charge in year</b>		
Overseas tax	7,263	3,036
<b>Total current tax charge for year (note 5b)</b>	<b><u>7,263</u></b>	<b><u>3,036</u></b>

### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:

	31.01.23	31.01.22
	£	£
Net revenue before taxation	6,295,307	7,305,028
Corporation tax at 20%	1,259,061	1,461,006
Effects of:		
Tax deductible interest distributions	(1,257,608)	(1,460,399)
Irrecoverable overseas tax	7,263	3,036
Tax relief on overseas tax suffered	(1,453)	(607)
<b>Current tax charge for year (note 5a)</b>	<b><u>7,263</u></b>	<b><u>3,036</u></b>

### (c) Provision for deferred taxation

At 31 January 2023 there is no potential deferred tax asset (31.01.22: same) in relation to surplus management expenses.

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### 6. Distributions

The distributions take account of amounts received on the issue of units and amounts deducted on the cancellation of units, and comprise:

	31.01.23	31.01.22
	£	£
Interim interest distribution	6,186,138	7,109,532
Final interest distribution	1,889,327	2,406,229
	<u>8,075,465</u>	<u>9,515,761</u>

Add: Amount deducted on cancellation of units	63,548	64,039
Deduct: Income received on issue of units	(20,371)	(28,724)
<b>Net distribution for the year</b>	<u><b>8,118,642</b></u>	<u><b>9,551,076</b></u>

### 7. Movement between net revenue and distributions

	31.01.23	31.01.22
	£	£
Net revenue after taxation	6,288,044	7,301,992
Movement in net income property	(83)	(198)
Management charges transferred to capital account	1,830,681	2,249,282
<b>Net distribution</b>	<u><b>8,118,642</b></u>	<u><b>9,551,076</b></u>

### 8. Debtors

	31.01.23	31.01.22
	£	£
Amounts receivable for issue of units	13,612	-
Sales awaiting settlement	1,458,011	1,656,744
Accrued revenue	2,144,012	2,689,474
<b>Total debtors</b>	<u><b>3,615,635</b></u>	<u><b>4,346,218</b></u>

### 9. Cash and bank balances

	31.01.23	31.01.22
	£	£
Cash and bank balances	11,077,205	9,673,709
Amounts held at derivative clearing houses and brokers	392,556	1,314,797
<b>Total cash and bank balances</b>	<u><b>11,469,761</b></u>	<u><b>10,988,506</b></u>

### 10. Creditors

	31.01.23	31.01.22
	£	£
Amounts payable for cancellation of units	96,229	37,051
Purchases awaiting settlement	1,996,232	2,940,263
Accrued expenses	190,492	184,480
<b>Total creditors</b>	<u><b>2,282,953</b></u>	<u><b>3,161,794</b></u>

### 11. Reconciliation of units

	Income	Accumulation
Opening units issued at 01.02.22	129,249,156	34,316,246
Units issued	3,280,100	490,373
Units cancelled	(8,787,131)	(2,774,100)
<b>Closing units at 31.01.23</b>	<u><b>123,742,125</b></u>	<u><b>32,032,519</b></u>

### 12. Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of income included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to Income tax but must be deducted from the cost of units for capital gains tax purposes.

### 13. Contingent liabilities and outstanding commitments

There were no contingent liabilities and outstanding commitments at the balance sheet date (31.01.22: no contingent liabilities and outstanding commitments).

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### 14. Risk in relation to financial instruments

In accordance with its investment objectives and policies, the Fund holds certain financial instruments.

These comprise:

- Securities held in accordance with the investment objectives and policies;
- Cash and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors' monies which are invested on their behalf.

The Fund does not trade in financial instruments to make short-term speculative gains.

The Marks and Spencer High Income Fund aims to provide a high level of income.

The Manager may use derivative transactions for the purposes of efficient portfolio management (EPM). Permitted transactions include derivatives transactions (involving options, futures and contracts for differences), or forward transactions in a currency.

Overall responsibility for the Marks & Spencer Unit Trust Funds rests with the Board of Directors of Marks & Spencer Unit Trust Management Limited (M&SUTM), which is part of the HSBC group. The performance of the Fund, and the individual investment managers to the Fund, is monitored by the M&SUTM Business Committee on a monthly basis. This Committee reports any findings or recommendations to the Board of Directors. HSBC Global Asset Management (UK) Limited, as the overall investment manager to the Fund, also provides its own separate performance analysis to the Board of Directors on a quarterly basis. The accountability for Fund performance and the selection or de-selection of investment managers sits with the Board of Directors.

They are responsible for ensuring that the Fund is managed in accordance with the Fund's investment objective, policy and risk profile.

The main risks arising from the Fund's financial instruments are market price risk, foreign currency risk, interest rate risk, liquidity risk and credit/counterparty risk. The Manager has policies for managing each of these risks and these are summarised below. These policies have remained unchanged for the current and prior year.

### Market price risk

The Fund's investment portfolio is exposed to market price fluctuations. As most of the Fund is invested in shares on the stock market, such price movements can significantly affect the Fund value.

The risk is reduced by having a spread of investments in the Fund, as shown in the portfolio statement in this report.

In addition, we ensure that the Fund complies with the investment guidelines and investment and borrowing powers set out in the Trust Deed and the Prospectus. This is done through daily checks and quarterly reviews.

Bonds issued by more financially sound companies offer lower interest rates (these are often referred to as 'investment grade bonds'). On the other hand, bonds issued by less financially sound companies need to pay higher interest rates to attract investors and involve more risk to capital ('non investment grade bonds'). The Fund may invest in both types of bond. The Fund may include bonds issued overseas, therefore the value of your investment may rise or fall due to the movement in foreign exchange rates.

An element of overseas investment may be in emerging markets which is usually considered to carry greater risks than investments in established overseas markets.

As charges are taken from capital, this may limit the potential for capital growth and there could be periods of time when these charges will be greater than the growth of the Fund. If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £17,593,331 (31.01.22: £21,916,094).

If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £17,593,331 (31.01.22: £21,916,094). These calculations assume all other variables remain constant.

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### Foreign currency risk

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

The Fund invests in international bonds and their sterling value can be significantly affected by movements in foreign exchange rates.

The Manager 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 the date of receipt.

Forward foreign exchange contracts are used by the Fund to reduce exposure to its investments in international bonds to foreign currency risk.

### Net currency monetary/non-monetary assets and liabilities consist of:

	Portfolio of investments		Net current assets/(liabilities)		Net assets	
	31.01.23	31.01.22	31.01.23	31.01.22	31.01.23	31.01.22
	£	£	£	£	£	£
Sterling	92,195,743	124,258,007	(29,925,906)	(97,846,873)	62,269,837	26,411,134
Euro	3,491,390	920,911	(552,954)	(296,276)	2,938,436	624,635
Mexican peso	-	1,524,209	-	32,848	-	1,557,057
South African rand	121	130	5	5	126	135
US dollar	80,246,054	92,457,681	42,180,612	108,871,825	122,426,666	201,329,506
<b>Total</b>	<b><u>175,933,308</u></b>	<b><u>219,160,938</u></b>	<b><u>11,701,757</u></b>	<b><u>10,761,529</u></b>	<b><u>187,635,065</u></b>	<b><u>229,922,467</u></b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £12,536,523 (31.01.22: £20,351,133). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £12,536,523 (31.01.22: £20,351,133).

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### Interest rate risk

Interest rate risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in interest rates.

The Fund invests in UK and international bonds, the value of which will be influenced by movements in interest rates and future expectations.

Cash balances are held with HSBC Bank plc and interest is earned at a rate linked to the UK base rate, or international equivalent.

The tables below detail the interest rate profile of the Fund's assets as at the year end date.

Portfolio	Floating Rate*		Fixed Rate	
	31.01.23	31.01.22	31.01.23	31.01.22
	£	£	£	£
Sterling	18,526,163	22,476,921	39,568,963	60,274,953
Euro	1,070,471	312,157	2,426,903	579,218
Mexican peso	-	-	-	1,524,209
South African rand	-	-	121	130
US dollar	2,708,961	3,610,457	77,524,148	89,533,013
Cash at bank	11,469,761	10,988,506	-	-
Other assets	-	-	-	-
Liabilities	-	-	-	-
<b>Total</b>	<b>33,775,356</b>	<b>37,388,041</b>	<b>119,520,135</b>	<b>151,911,523</b>

\*Floating rate interest was earned at rates based on LIBOR, or international equivalent.

Portfolio	None		Total	
	31.01.23	31.01.22	31.01.23	31.01.22
	£	£	£	£
Sterling	34,100,617	41,506,133	92,195,743	124,258,007
Euro	(5,984)	29,536	3,491,390	920,911
Mexican peso	-	-	-	1,524,209
South African rand	-	-	121	130
US dollar	12,945	(685,789)	80,246,054	92,457,681
Cash at bank	-	-	11,469,761	10,988,506
Other assets	3,615,635	4,346,218	3,615,635	4,346,218
Liabilities	(3,383,639)	(4,573,195)	(3,383,639)	(4,573,195)
<b>Total</b>	<b>34,339,574</b>	<b>40,622,903</b>	<b>187,635,065</b>	<b>229,922,467</b>

If the interest rate at 31 January 2023 had increased or decreased by 1 basis points with all other variables held constant, this would have increased or decreased the net asset value of the Fund by £82,583 (31.01.22: £118,977).

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

Currency	Fixed rate financial assets weighted average interest rate		Fixed rate financial assets weighted average period for which rate is fixed	
	31.01.23	31.01.22	31.01.23	31.01.22
	%	%	Years	Years
Sterling	5.35	2.85	11.02	12.42
Euro	4.81	4.05	11.92	19.51
Mexican peso	-	7.80	-	3.10
South African rand	11.23	10.57	12.08	13.08
US dollar	5.49	4.28	8.87	9.66

### Liquidity risk

This is the risk that the Fund does not have enough liquid assets, such as cash, to cover any liabilities that become due.

The main liability of the Fund is the redemption of any units that Unitholders may wish to sell. All of the Fund's financial liabilities are payable on demand. To manage this risk, the majority of the Fund's assets are in shares of large companies in the UK which can usually be sold immediately to raise cash to settle any liabilities.

In addition, a small percentage of the Fund is held as cash in sterling with the custodian, HSBC, and interest is earned at a rate linked to the UK base rate.

### Credit/counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase), or cash (sale) after the Fund has fulfilled its responsibilities.

The extent of this risk is usually limited as amount awaiting settlement from transactions at any point is only a small proportion of the Fund.

This risk is managed by the investment adviser, carefully selecting the authorised counterparties they deal with and dealing only on eligible stock markets. Cash in the Fund is held with the custodian, HSBC. The Trustee appoints the custodian and has the regulatory responsibility for monitoring them.

The Fund's assets held with banks and with the Trustee are also exposed to credit risk. The banks and Trustee used by the Fund are subject to regular review.



# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### 15. Financial derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies. The use of derivatives can create additional counterparty risks.

Details of the policy adopted by the Manager for managing counterparty and other risks are set out in the Notes to the financial statements. The types of derivatives held at the year end were index futures and forward currency contracts. Details of the individual contracts are shown on the portfolio statement on pages 5 to 20, and the total position by the counterparty at the year end is summarised below:

The market value for each category of derivatives was as follows:

Counterparty	Futures		Forward currency		Total	
	31.01.23	31.01.22	31.01.23	31.01.22	31.01.23	31.01.22
	£	£	£	£	£	£
HSBC Bank	(9,485)	(241,673)	(25,523)	13,113	(35,008)	(228,560)
Barclays Bank	19,653	-	-	-	19,653	-
BNP Paribas	-	-	-	(436,891)	-	(436,891)
JP Morgan Chase	-	-	(1,897)	274	(1,897)	274
Morgan Stanley	-	-	31,573	(251,265)	31,573	(251,265)
Royal Bank of Scotland	-	-	-	5,502	-	5,502
Standard Chartered Bank	-	-	1,808,105	(39,622)	1,808,105	(39,622)
UBS	-	-	2,463	35,571	2,463	35,571

Eligible collateral types are approved by the Manager and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### 16. Post Balance Sheet events

There were no material post balance sheet events which have a bearing on the understanding of the financial statements.

### 17. Ultimate controlling party and related party transactions

The Manager is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the Manager is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the Manager and its associates held 0.01% (31.01.22: 0.01%) of the Fund's units in issue. Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 3, 4, 8 and 10 to the financial statements and the statement of change in net assets attributable to Unitholders and the portfolio statement. Within note 10, accrued expenses (including amounts due to associates and agents) of £146,237 (31.01.22: £184,159) are due to the Manager.

At the year end the Fund held £34,215,693 (31.01.22: £44,326,122) in HSBC Holdings, the parent company of the Manager. During the period transactions in HSBC Holdings totalled £6,254,070 (31.01.22: £46,705,457).

Certain expenses of the Fund amounting to £72,343 (31.01.22: £92,881) were met by the Manager in order that the Fund can meet the CAT standards.

There were no units held by the Trustee or its associates.

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### 18. Portfolio transaction costs

#### For the year ended 31 January 2023

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
<b>Analysis of total purchase costs</b>							
Fund transactions	109,836,271	-	-	-	-	-	-
Corporate actions	27,187	-	-	-	-	-	-
Total purchases before transaction costs	<b>109,863,458</b>	-	-	-	-	-	-
Transaction costs	-						
Total purchases after commission and tax	<b><u>109,863,458</u></b>						

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
<b>Analysis of total sales costs</b>							
Fund transactions	112,820,309	-	-	-	-	-	-
Corporate actions	19,909,333	-	-	-	-	-	-
Total sales before transaction costs	<b>132,729,642</b>	-	-	-	-	-	-
Transaction costs	-						
Total sales after commission and tax	<b><u>132,729,642</u></b>						

#### Commissions, taxes and other expenses as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

At the balance sheet date the portfolio dealing spread was 0.51%, being the difference between the respective bid and offer prices for the Fund's investments.

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### 18. Portfolio transaction costs (cont'd)

For the year ended 31 January 2022

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
<b>Analysis of total purchase costs</b>							
Fund transactions	217,810,206	-	-	-	-	-	-
Corporate actions	<u>643,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total purchases before transaction costs	<b>218,453,644</b>	-	-	-	-	-	-
Transaction costs	<u>-</u>						
Total purchases after commission and tax	<b><u>218,453,644</u></b>						

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
<b>Analysis of total sales costs</b>							
Fund transactions	214,416,527	-	-	-	-	-	-
Corporate actions	<u>10,466,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total sales before transaction costs	<b>224,883,184</b>	-	-	-	-	-	-
Transaction costs	<u>-</u>						
Total sales after commission and tax	<b><u>224,883,184</u></b>						

#### Commissions, taxes and other expenses as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

**Direct transaction costs:** Broker commissions, fees and taxes.

**Indirect transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

At the balance sheet date the portfolio dealing spread was 0.44%, being the difference between the respective bid and offer prices for the Fund's investments.

# Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

## For the year ended 31 January 2023

### 19. Fair value of investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

**Level 1:** unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

**Level 3:** inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

### For the year ended 31 January 2023

Category	1	2	3	Total
	£	£	£	£
<b>Investment Assets</b>				
Bonds	5,983,394	135,842,337	-	141,825,731
Pooled investment vehicles	-	32,282,688	-	32,282,688
Derivatives	41,687	2,093,219	-	2,134,906
	<b>6,025,081</b>	<b>170,218,244</b>	<b>-</b>	<b>176,243,325</b>
<b>Investment Liabilities</b>				
Derivatives	(31,519)	(278,498)	-	(310,017)
	<b>(31,519)</b>	<b>(278,498)</b>	<b>-</b>	<b>(310,017)</b>

### For the year ended 31 January 2022

Category	1	2	3	Total
	£	£	£	£
<b>Investment Assets</b>				
Bonds	3,144,263	175,166,796	-	178,311,059
Pooled investment vehicles	-	41,764,870	-	41,764,870
Derivatives	37,956	72,821	-	110,777
	<b>3,182,219</b>	<b>217,004,487</b>	<b>-</b>	<b>220,186,706</b>
<b>Investment Liabilities</b>				
Derivatives	(279,629)	(746,139)	-	(1,025,768)
	<b>(279,629)</b>	<b>(746,139)</b>	<b>-</b>	<b>(1,025,768)</b>

### 20. Stock Lending Activities

The Fund does not currently undertake stock lending.

# Distribution tables

For the year ended 31 January 2023

## 1st interim

Group 1: Units purchased prior to 1 February 2022				
Group 2: Units purchased between 1 February 2022 to 30 April 2022				
	<b>Gross income 2022</b>	<b>Equalisation 2022</b>	<b>Distribution paid 2022</b>	<b>Distribution paid 2021</b>
	pence per unit	pence per unit	pence per unit	pence per unit
<b>Income units</b>				
Group 1	0.9179	-	0.9179	1.0750
Group 2	0.3541	0.5638	0.9179	1.0750
<b>Accumulation units</b>				
Group 1	2.4626	-	2.4626	2.7724
Group 2	0.9500	1.5126	2.4626	2.7724

## 2nd interim

Group 1: Units purchased prior to 1 May 2022				
Group 2: Units purchased between 1 May 2022 to 31 July 2022				
	<b>Gross income 2022</b>	<b>Equalisation 2022</b>	<b>Distribution paid 2022</b>	<b>Distribution paid 2021</b>
	pence per unit	pence per unit	pence per unit	pence per unit
<b>Income units</b>				
Group 1	0.9951	-	0.9951	1.0939
Group 2	0.6016	0.3935	0.9951	1.0939
<b>Accumulation units</b>				
Group 1	2.6950	-	2.6950	2.8480
Group 2	1.6291	1.0659	2.6950	2.8480

# Distribution tables

For the year ended 31 January 2023

## 3rd interim

Group 1: Units purchased prior to 1 August 2022				
Group 2: Units purchased between 1 August 2022 to 31 October 2022				
	<b>Gross income 2022</b>	<b>Equalisation 2022</b>	<b>Distribution paid 2022</b>	<b>Distribution paid 2021</b>
	pence per unit	pence per unit	pence per unit	pence per unit
<b>Income units</b>				
Group 1	0.9399	-	0.9399	1.0252
Group 2	0.6003	0.3396	0.9399	1.0252
<b>Accumulation units</b>				
Group 1	2.5735	-	2.5735	2.6963
Group 2	1.6437	0.9298	2.5735	2.6963

## Final

Group 1: Units purchased prior to 1 November 2022				
Group 2: Units purchased between 1 November 2022 to 31 January 2023				
	<b>Gross income 2023</b>	<b>Equalisation 2023</b>	<b>Distribution payable 2023</b>	<b>Distribution paid 2022</b>
	pence per unit	pence per unit	pence per unit	pence per unit
<b>Income units</b>				
Group 1	0.8895	-	0.8895	1.0920
Group 2	0.3948	0.4947	0.8895	1.0920
<b>Accumulation units</b>				
Group 1	2.4620	-	2.4620	2.8990
Group 2	1.0921	1.3699	2.4620	2.8990

# Important changes

**There were no changes made to the Fund's Prospectus during the reporting period ending 31 January 2023.**

**The following changes were made to the Fund's Key Investor Information Document during the reporting period ending 31 January 2023:**

**KIID update 14 February 2022**

- Update to "Past Performance" to include performance information for 2021.



# Remuneration

Marks and Spencer Unit Trust Management Limited (M&SUTM) is the authorised Fund Manager and operator of four Unit Trust Funds governed by the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive. Under the UCITS V Directive, the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year.

No staff are directly employed by M&SUTM. Staff employed by Marks and Spencer Financial Services plc (M&SFS) carry out a number of activities on behalf of M&SUTM. M&SUTM does not directly manage the investments held in the Funds. Fund management has been delegated to HSBC Global Asset Management (UK) Limited (AMEU), who is not currently sub-delegating management of the Fund to any investment adviser. M&SUTM, M&SFS, and AMEU are part of the HSBC Holdings plc Group. HSBC Global Asset Management (UK) Limited is an authorised UCITS Management Company and complies with the Financial Conduct Authority's remuneration rules applicable to UCITS management companies.

We consider that the remuneration information of employees of M&SFS and AMEU, carrying out activities for M&SUTM UCITS Funds, is not materially relevant for the M&SUTM UCITS Funds taking into account the other activities carried out by these employees for HSBC Group. Accordingly, no remuneration related information has been provided.

The up-to-date remuneration policy of the Manager, including, but not limited to, a description of how remuneration and benefits are determined and the governance arrangements for determining remuneration and benefits is available at <https://bank.marksandspencer.com/pdf/IVRemunerationPolicy.pdf>

A paper copy is available from the Manager free of charge upon request.

# Important Information

A copy of the latest Assessment of Value Report for our unit trusts is available on our website at <https://bank.marksandspencer.com/save-invest/investments/>. We continually review our unit trusts to ensure they deliver the good value our investors expect from us and to help investors assess whether they are getting value for money from their unit trust. The Financial Conduct Authority (FCA) now requires asset management firms to publish an Assessment of Value Report each year.

The report details our overall assessment of value rating for each fund and any actions or further reviews we are undertaking where applicable.

Please call 0808 005 5555 if you would like to receive this information in an alternative format such as large print, Braille or audio.

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