

**MARKS & SPENCER
UK 100 COMPANIES FUND**

Manager's annual report

For the period 1 March 2022 to 28 February 2023

**M&S
BANK**

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Marks & Spencer UK 100 Companies 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

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Chester CH99 9FB
Registered in England
No. 2253009

Correspondence address

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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.

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 UK 100 Companies 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.

Our objectives and methods

Objective

The Fund aims to provide capital growth in the long term (five years or more) by tracking the performance of the FTSE 100 Index ('the index').

Policy

The Fund seeks to achieve this objective through investing in all companies that make up the FTSE 100 Index. It will invest in companies that make up the FTSE 100 Index and may also invest in other transferable securities equivalent to shares in companies, collective investment schemes, money market instruments, deposits and cash in order to manage day-to-day cash flow requirements that will assist the Fund to achieve its objective and are not part of the index. The Fund may invest up to 10% of its value in collective investment schemes.

The Fund may invest 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 Fund does not intend to use financial derivative instruments extensively.

The Fund may not comprise of the same securities (either in terms of exact composition and/or weighting) that are tracked by the index in circumstances where the Manager determines that this is appropriate for reasons of poor liquidity, excessive cost to the Fund or where there are investment restrictions due to regulations or the Manager's banned weapons policy.

Investment strategy

The Investment Manager will use a replication approach to track the FTSE 100 Index. This means that the Fund will seek to invest in all of the companies that make up the index and in the same or very similar proportions in which they are included in the index.

From time to time, the Fund may not comprise of the same securities (either in terms of exact composition and/or weighting) that are tracked by the index in circumstances where the Manager determines that this is appropriate for reasons of poor liquidity, excessive cost to the Fund or where there are investment restrictions due to regulations or the Manager's banned weapons policy. The investment restrictions are detailed on page 10 of the Prospectus. The Fund tracks the performance of the index and we show the performance measured against the index over 12 month periods.

	Percentage growth				
	28.02.18 to 28.02.19	28.02.19 to 29.02.20	29.02.20 to 28.02.21	28.02.21 to 28.02.22	28.02.22 to 28.02.23
Fund	2.0%	-3.60%	0.8%	18.5%	9.1%
Performance Comparator - FTSE 100	3.3%	-2.0%	1.8%	15.3%	12.1%

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.

The Fund's performance is measured against the index, because the Fund intends to track the performance of the index.

The Fund uses a "tracking error" to measure the consistency between the Fund's performance and the performance of the index. In general, the lower the tracking error, the more consistent the Fund's performance is relative to the index, and vice-versa.

The anticipated tracking error for the Fund is expected to be up to 0.10%. The anticipated tracking error for the Fund is not a guide to future performance.

Use of derivatives

The Fund may invest in exchange traded and over-the-counter derivatives in accordance with the investment restrictions on page 10 of the Prospectus. The Fund does not currently use currency forward contracts or other derivative instruments to hedge against movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be denominated.

Information about the Index:

The FTSE 100 Index is a market capitalisation-weighted index of UK-listed blue chip companies. The index is part of the FTSE® UK series and is designed to measure the performance of the 100 largest companies traded on the London Stock Exchange that pass screening for size and liquidity. FTSE 100 constituents are all traded on the London Stock Exchange's SETS trading system. The index rebalances quarterly on the third Friday of March, June, September and December.

Details of the constituents of the index can be found at ftse.com/products/indices/UK

Review of the twelve months to 28 February 2023

Economic and market review

The economic and political environment in the last 12 months was a difficult one for UK and global financial markets. There were a number of factors driving this. Inflation rose much higher than expected, driven by reduced supply (Chinese economy in lockdown until very recently and a labour market struggling to fill vacancies), higher demand post Covid, and higher energy prices, exacerbated by the war in Ukraine. Rising inflation was met with higher official interest rates as central banks tried to bear down on demand and hence reduce inflationary pressure. Rising interest rates and prospects of weaker economic growth provided a negative background for financial markets to operate in, and many bond and equity markets declined as a result. However, the FTSE 100 Index bucked this trend, producing positive returns and outperforming most other equity markets. This was largely due to its makeup, which is biased towards financial companies and resources. These benefited from rising UK interest rates and higher commodity prices respectively. The UK being less dependent on Russian energy imports was also a positive factor.

UK GDP showed little overall growth in the period, while sterling performed poorly against the US Dollar in the initial months, amid fears around the domestic economic outlook and political upheaval. Sectors, such as banking, pharmaceuticals, and consumer staples, performed favourably during the period, along with energy companies. Against a backdrop of rising inflationary pressures and the UK's annual inflation, measured by the consumer price index, hitting a high of 11.1% in October, the Bank of England reacted by increasing the bank rate several times, by a total of 3.5 percentage points in the period.

In the period under review, the UK had three Prime Ministers. In Q3 2022, Boris Johnson was replaced by Liz Truss. A financial statement (effectively a mini-budget) was quickly announced, but this led to a substantial negative reaction in financial markets, particularly in the UK government bond market. This was because the package contained unfunded tax cuts, including a tax cut focussed on the wealthy, at a time when government finances are stressed. Market reaction was negative and as a result of this, the Truss government's position became untenable. Towards the end of October, the UK underwent another change in prime minister, with Liz Truss resigning and Rishi Sunak taking over as PM. Financial markets rallied on the news, delivering strong performance in October and November. The review period closed on a positive note, with a strong performance in January and February 2023 for UK equities, driven by international markets and resilient macroeconomic data, which suggested that the UK economy was holding up better than expected.

Portfolio Review

The Fund aims to track the FTSE 100 Index as closely as possible. The Marks & Spencer UK 100 Companies Fund showed performance in line with expectations for an index tracking fund at 0.02 percentage points ahead of the FTSE 100 Index. The list of companies held within the index is reviewed every three months. During the period, Endeavour Mining, Centrica, Unite Group, ConvaTec Group, F&C Investment Trust, Beazley and Weir Group joined the index. Evraz, Polymetal International, ITV, Royal Mail, Hikma Pharmaceuticals, Dechra Pharmaceuticals and Intermediate Capital Group left the index.

Outlook

The economic outlook remains uncertain given the headwinds in the global economy and the continuing situation in Ukraine. In the UK, an especially tight labour market is keeping core inflation above target, but also supporting economic growth. Indeed, activity indicators have recently surprised to the upside, but tight fiscal and monetary policy are still likely to persist, suggesting growth will be flatlining and recession still a risk.

In recent developments, the failing of Silicon Valley Bank and Signature Bank in March 2023 rattled banking stocks in the US, UK and Europe, and culminated in Credit Suisse being merged into UBS in Switzerland. This pressure in the banking system is a function of the impact of rapid interest rate tightening by the central banks, following a long period of very low interest rates. Although comparisons to the 2008-09 financial crisis may be wide of the mark, it does emphasise that significant changes in interest rates seen in the last year are not without risk and their impact will need to be monitored carefully. Given this background, it would not be surprising to see financial markets, the FTSE 100 Index included, being choppy in the coming months as they try to find an equilibrium level.

Portfolio statement

This section details all the different companies in which the Fund invests, by sector. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the accounting year (shown under bid value).

As at 28 February 2023

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 28 FEBRUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
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UK EQUITIES & CONVERTIBLES (98.96%; 28.02.22 99.04%)

BASIC MATERIALS (9.28%; 28.02.22 9.76%)

Chemicals

Croda International	19,352	1,269,104	0.44
Johnson Matthey	25,244	550,067	0.19

Forestry & paper

Mondi	67,292	939,733	0.33
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Mining

Anglo American	167,630	4,834,449	1.70
Antofagasta	48,369	759,393	0.27
Endeavour Mining	25,479	432,379	0.15
Fresnillo	25,621	195,591	0.07
Glencore	1,785,400	8,834,159	3.10
Rio Tinto	151,110	8,629,892	3.03

Total Basic Materials	26,444,767	9.28
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CONSUMER GOODS (17.24%; 28.02.22 17.72%)

Beverages

Coca-Cola HBC	27,256	579,463	0.20
Diageo	313,356	11,058,333	3.88

Food producers

Associated British Foods	47,976	962,878	0.34
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Household goods

Barratt Developments	139,532	654,405	0.23
Berkeley Group Holdings	14,883	624,491	0.22
Persimmon	43,718	634,785	0.22
Reckitt Benckiser	99,355	5,724,835	2.01
Taylor Wimpey	489,920	603,581	0.21

Personal goods

Burberry	53,261	1,312,884	0.46
Unilever	352,548	14,579,623	5.11

Tobacco

British American Tobacco	311,229	9,783,484	3.43
Imperial Brands	131,426	2,635,091	0.93

Total Consumer Goods	49,153,853	17.24
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	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 28 FEBRUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
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CONSUMER SERVICES (10.35%; 28.02.22 10.50%)

Food & drug retailers

Occado Group	83,183	456,508	0.16
Sainsbury (J)	239,108	641,288	0.23
Tesco	1,016,711	2,592,613	0.91

General retailers

B&M European Value	130,257	640,474	0.22
Frasers Group	17,355	139,014	0.05
JD Sports Fashion	338,628	613,255	0.22
Kingfisher	269,419	773,771	0.27
Next	17,184	1,175,729	0.41

Media

Informa	197,623	1,320,517	0.46
Pearson	99,748	915,886	0.32
RELX	266,916	6,678,238	2.34
WPP	144,404	1,478,697	0.52

Travel & leisure

Compass Group	243,472	4,674,662	1.64
Entain	81,295	1,105,206	0.39
Flutter Entertainment	24,410	3,255,074	1.14
InterContinental Hotels Group	24,371	1,365,751	0.48
International Consolidated Airlines	513,692	795,092	0.28
Whitbread	28,202	871,160	0.31

Total Consumer Services	29,492,935	10.35
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Portfolio statement

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As at 28 February 2023

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 28 FEBRUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 28 FEBRUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
FINANCIALS (20.16%; 28.02.22 19.18%)				HEALTHCARE (12.07%; 28.02.22 11.86%)			
Banks				Healthcare equipment & services			
Barclays	2,195,273	3,833,825	1.34	Convatec Group	226,009	506,260	0.18
HSBC Holdings*	2,796,414	17,771,211	6.23	Haleon	692,095	2,227,854	0.78
Lloyds Banking	9,327,426	4,907,159	1.72	NMC Health	17,464	17	0.00
Natwest Group	697,644	2,037,818	0.72	Smith & Nephew	121,173	1,435,900	0.50
Standard Chartered	329,211	2,581,673	0.91	Pharmaceuticals & biotechnology			
Equity investment instruments				AstraZeneca	205,227	22,328,698	7.83
Foreign & Colonial Investment Trust	72,705	682,700	0.24	GSK	555,086	7,909,975	2.78
Scottish Mortgage Investment Trust	197,233	1,406,271	0.49	Total Healthcare			
Financial services				34,408,704 12.07			
3i Group	132,293	2,152,407	0.76	INDUSTRIALS (9.95%; 28.02.22 11.25%)			
Hargreaves Lansdown	52,855	438,379	0.15	Aerospace & defence			
London Stock Exchange	50,846	3,778,875	1.33	BAE Systems	429,498	3,856,892	1.35
M&G Prudential	302,450	647,848	0.23	Rolls-Royce	1,157,698	1,677,736	0.59
Schroders	111,302	553,505	0.19	Construction & materials			
Life insurance				CRH	103,912	4,052,406	1.42
Aviva	388,192	1,732,501	0.61	Electronic & electrical equipment			
Legal & General	823,519	2,107,385	0.74	Halma	52,613	1,138,019	0.40
Phoenix Group Holdings	102,560	649,410	0.23	General industrials			
Prudential	381,766	4,844,611	1.70	Melrose Industries	558,754	837,293	0.29
St James's Place Capital	74,300	951,783	0.33	Smith (David S)	178,664	602,634	0.21
Standard Life Aberdeen	284,537	638,786	0.22	Smiths Group	49,611	874,642	0.31
Non-life insurance				Smurfit Kappa	153	4,731	0.00
Admiral	39,661	872,939	0.31	Smurfit Kappa (Euro Class)	36,017	1,114,347	0.39
Beazley	92,316	630,057	0.22	Industrial engineering			
Hiscox	46,760	533,064	0.19	Spirax-Sarco Engineering	10,214	1,191,463	0.42
Real estate investment trust				Weir Group	36,200	687,438	0.24
British Land REIT	129,244	577,333	0.20	Support services			
Land Securities	103,062	708,654	0.25	Ashtead	61,302	3,377,740	1.18
Pershing Square Holdings	21,816	641,390	0.22	Bunzl	46,830	1,388,041	0.49
Segro REIT	166,783	1,372,624	0.48	DCC (London listed)	13,718	633,497	0.22
Unitel	44,335	435,591	0.15	Experian	127,717	3,582,462	1.26
Total Financials				Intertek	22,409	935,352	0.33
				Rentokil Initial	348,535	1,784,499	0.63
				RS Group	65,450	639,119	0.22
				Total Industrials			
				28,378,311 9.95			
				57,487,799 20.16			

Portfolio statement

This section details all the different companies in which the Fund invests, by sector. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the accounting year (shown under bid value).

As at 28 February 2023

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 28 FEBRUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
TECHNOLOGY (0.87%; 28.02.22 1.28%)			
Software & computer services			
Auto Trader	128,868	767,280	0.27
Rightmove	114,717	643,103	0.23
Sage	141,460	1,058,970	0.37
Total Technology		2,469,353	0.87

TELECOMMUNICATIONS (1.74%; 28.02.22 2.58%)

Fixed line telecommunications

Airtel Africa	145,965	176,034	0.06
British Telecom	965,314	1,344,682	0.47

Mobile telecommunications

Vodafone	3,440,672	3,433,103	1.21
Total Telecommunications		4,953,819	1.74

OIL & GAS (13.54%; 28.02.22 11.21%)

Oil & gas producers

BP	2,488,259	13,697,866	4.80
Royal Dutch Shell	986,273	24,918,187	8.74
Total Oil & Gas		38,616,053	13.54

UTILITIES (3.76%; 28.02.22 3.70%)

Electricity

SSE	150,227	2,622,212	0.92
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Gas, water & multi-utilities

Centrica	825,390	867,898	0.30
National Grid	506,175	5,302,183	1.86
Severn Trent	34,785	956,587	0.34
United Utilities	94,753	964,586	0.34
Total Utilities		10,713,466	3.76

FUTURE CONTRACTS (0.02%; 28.02.22 0.02%)

ICF FTSE 100 Index			
Future March 2023	38	44,748	0.02
Total Future Contracts		44,748	0.02

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 28 FEBRUARY 2023	BID VALUE (£)	% OF NET TOTAL ASSETS
Portfolio of investments	282,163,808		98.98
Net other assets	2,910,724		1.02
Net assets	285,074,532		100.00

* Related party

The counterparty for the futures is HSBC.

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

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	28.02.23	28.02.22	28.02.21
Opening net asset value per unit	217.94p	189.79p	192.83p
Return before operating charges*	20.48p	35.84p	2.70p
Operating charges	(1.09p)	(1.05p)	(0.90p)
Return after operating charges*	19.39p	34.79p	1.80p
Distributions on income unit	(6.84p)	(6.64p)	(4.84p)
Closing net asset value per unit	230.49p	217.94p	189.79p

*after direct transaction costs of:***	0.06p	0.09p	0.08p
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Performance

Return after charges	8.90%	18.33%	0.93%
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Other information

Closing net asset value	£39,681,610	£38,309,588	£34,625,951
Closing number of units	17,216,360	17,578,071	18,244,071
Operating charges**	0.51%	0.50%	0.50%
Direct transaction costs	0.03%	0.04%	0.04%

Prices

Highest unit price	199.90p	225.60p	202.30p
Lowest unit price	237.20p	189.80p	147.00p

** 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	28.02.23	28.02.22	28.02.21
Opening net asset value per unit	430.13p	363.13p	359.23p
Return before operating charges*	41.26p	69.04p	5.60p
Operating charges	(2.18p)	(2.04p)	(1.70p)
Return after operating charges*	39.08p	67.00p	3.90p
Distributions on accumulation unit	(13.59p)	(12.80p)	(9.08p)
Retained distributions on accumulation unit	13.59p	12.80p	9.08p
Closing net asset value per unit	469.21p	430.13p	363.13p

*after direct transaction costs of:***	0.12p	0.17p	0.15p
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Performance

Return after charges	9.09%	18.45%	1.09%
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Other information

Closing net asset value	£245,392,922	£234,594,496	£208,258,026
Closing number of units	52,299,216	54,540,668	57,350,968
Operating charges**	0.51%	0.50%	0.50%
Direct transaction costs	0.03%	0.04%	0.04%

Prices

Highest unit price	401.50p	440.90p	383.50p
Lowest unit price	478.70p	363.10p	274.50p

** 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 28 February 2023:

0.51%

For the 12 month period to 28 February 2022:

0.50%

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:

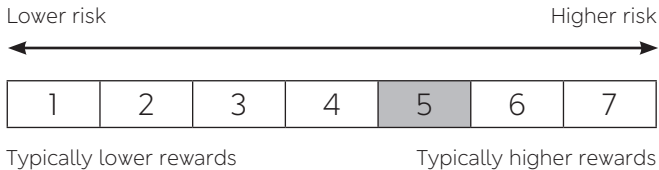
1 March and 1 September

Income payment dates:

30 April and 31 October

Underlying fund charges in this report are in relation to the Fund holding investments in other collective investment schemes but excludes holdings in investment trusts.

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 5?

This Fund is classified in category 5 because its price or simulated data has shown medium to high fluctuations historically.

Tracking error

The tracking error calculated by HSBC Global Asset Management (UK) Limited for the 12 month period to 28 February 2023 was 0.06%. This is in line with the anticipated tracking error for the Fund.

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 UK 100 Companies Fund ('the Trust') for the Period Ended 28 February 2023.

The Depositary in its capacity as Trustee of the Marks & Spencer UK 100 Companies 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
25 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 gains 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 apply 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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.
25 May 2023**

Independent auditor's report

Independent auditor's report to the unitholders of the Marks & Spencer UK 100 Companies Fund ('the Trust')

Opinion

We have audited the financial statements of the Trust for the year ended 28 February 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 page 19.

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 28 February 2023 and of the net revenue and the net capital gains 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 to cease their operations, and as they have concluded that the Trust's 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 business model, and analysed how those risks might affect the Trust's 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 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 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. 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 identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors 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 12, 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/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

25 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 28 February 2023

	Notes	28.02.23		28.02.22	
		£	£	£	£
Income					
Net capital gains	2		15,462,826		35,661,192
Revenue	3	9,869,933		9,740,873	
Expenses	4	(1,360,657)		(1,327,932)	
Interest payable and similar charges		(86)		(534)	
Net revenue before taxation		8,509,190		8,412,407	
Taxation	5	(7,656)		(34,533)	
Net revenue after taxation			8,501,534		8,377,874
Total return before distributions			23,964,360		44,039,066
Distributions/Accumulations	6		(8,501,542)		(8,374,316)
Change in net assets attributable to Unitholders			15,462,818		35,664,750

Statement of change in net assets attributable to Unitholders

For the year ended 28 February 2023

	28.02.23		28.02.22	
	£	£	£	£
Opening net assets attributable to Unitholders		272,904,084		242,883,977
Amounts receivable on issue of units	3,876,533		3,113,130	
Less: Amounts payable on cancellation of units	(14,408,664)		(15,854,994)	
		(10,532,131)		(12,741,864)
Change in net assets attributable to Unitholders from investment activities (see above)		15,462,818		35,664,750
Retained distribution on accumulation units		7,239,408		7,097,071
Unclaimed distributions over 6 years old		353		150
Closing net assets attributable to Unitholders		285,074,532		272,904,084

The notes on pages 19 to 27 are an integral part of these financial statements.

Balance sheet

As at 28 February 2023

		28.02.23		28.02.22	
	Notes	£	£	£	£
ASSETS					
Fixed assets:					
Investments			282,163,808		270,334,787
Current assets:					
Debtors	8	1,453,257		1,451,691	
Cash and bank balances	9	2,112,064		1,717,088	
Total current assets			3,565,321		3,168,779
TOTAL ASSETS			285,729,129		273,503,566
LIABILITIES					
Creditors:					
Distribution payable		(340,230)		(377,155)	
Other creditors	10	(314,367)		(222,327)	
TOTAL LIABILITIES			(654,597)		(599,482)
Net assets attributable to Unitholders			285,074,532		272,904,084

The notes on pages 19 to 27 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 accounting year ended 28 February 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

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 revenue 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.

In order to conduct a controlled dividend flow, interim distributions will be at the Manager's discretion, up to a maximum of the distributable revenue for the year.

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 28 February 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.

(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 28 February 2023, being the last working day of the accounting year.

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 28 February 2023

2. Net capital gains on investments

The net capital gains/(losses) on investments during the year comprise:

	28.02.23	28.02.22
	£	£
Transaction charges	(113)	-
Currency gains	11,409	838
Gains on non-derivative securities	15,455,886	35,451,901
(Losses)/gains on derivative contracts	(4,356)	208,453
Net capital gains on investments	15,462,826	35,661,192
Amounts included in net losses on investments in respect of special dividends which were treated as capital	155,790	36,283

3. Revenue

	28.02.23	28.02.22
	£	£
UK dividends	9,387,479	8,970,635
Overseas dividends	343,822	670,732
Property income	109,894	99,439
Deposit interest	5,545	-
Bank interest	23,193	67
Total revenue	9,869,933	9,740,873

4. Expenses

	28.02.23	28.02.22
	£	£
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,360,657	1,327,932

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

5. Taxation

	28.02.23	28.02.22
	£	£
(a) Analysis of charge in year		
Overseas tax	7,656	38,107
Overseas tax on capital special dividends	-	(3,574)
Total current tax charge for year (note 5b)	7,656	34,533

(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:

	28.02.23	28.02.22
	£	£
Net revenue before taxation	8,509,190	8,412,407
Corporation tax at 20%	1,701,838	1,682,481
Effects of:		
Revenue not subject to taxation	(1,946,260)	(1,928,273)
Current year expenses not utilised	244,422	245,792
Irrecoverable overseas tax	7,656	38,107
Irrecoverable overseas tax on capital special dividends	-	(3,574)
Current tax charge for year (note 5a)	7,656	34,533

(c) Provision for deferred taxation

At 28 February 2023 there is a potential deferred tax asset of £11,306,005 (28.02.22: £11,061,583) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

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 28 February 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:

	28.02.23	28.02.22
	£	£
Interim dividend distribution	5,993,572	5,613,616
Final dividend distribution	2,426,393	2,664,318
	8,419,965	8,277,934
Add: Amount deducted on cancellation of units	102,545	115,169
Deduct: Income received on issue of units	(20,968)	(18,787)
Net distribution for the year	8,501,542	8,374,316

7. Movement between net revenue and distributions

	28.02.23	28.02.22
	£	£
Net revenue after taxation	8,501,534	8,377,874
Tax on special dividends treated as capital	-	(3,574)
Movement in net income property	8	16
Net distribution	8,501,542	8,374,316

8. Debtors

	28.02.23	28.02.22
	£	£
Sales awaiting settlement	-	149,171
Accrued revenue	1,250,203	1,111,104
Overseas tax recoverable	203,054	191,416
Total debtors	1,453,257	1,451,691

9. Cash and bank balances

	28.02.23	28.02.22
	£	£
Cash and bank balances	1,881,083	1,445,197
Amounts held at derivative clearing houses and brokers	230,981	271,891
Total cash and bank balances	2,112,064	1,717,088

10. Creditors

	28.02.23	28.02.22
	£	£
Amounts payable for cancellation of units	204,181	116,071
Accrued expenses	110,186	106,256
Total creditors	314,367	222,327

11. Reconciliation of units

	Income	Accumulation
Opening units issued at 01.03.22	17,578,071	54,540,668
Units issued	583,200	606,100
Units cancelled	(950,150)	(2,844,900)
Units converted	5,239	(2,652)
Closing units at 28.02.23	17,216,360	52,299,216

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 (28.02.22: 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 28 February 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. It buys investments with the intention of tracking the FTSE 100 Index. 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.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £28,216,381 (28.02.22: £27,033,479). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £28,216,381 (28.02.22: £27,033,479). These calculations assume all other variables remain constant.

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 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. The balance sheet can be affected by movements in foreign exchange rates. The table below shows the foreign currency holdings at the report date. As the Fund invests mainly on the UK stock market, there is usually very little investment in foreign currency assets.

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 28 February 2023

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

	Portfolio of investments		Net current assets		Net assets	
	£		£		£	
	28.02.23	28.02.22	28.02.23	28.02.22	28.02.23	28.02.22
Sterling	276,997,055	270,334,787	1,948,478	2,001,513	278,945,533	272,336,300
Euro	5,166,753	-	153,764	146,941	5,320,517	146,941
US dollar	-	-	808,482	420,843	808,482	420,843
Total	<u>282,163,808</u>	<u>270,334,787</u>	<u>2,910,724</u>	<u>2,569,297</u>	<u>285,074,532</u>	<u>272,904,084</u>

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 £612,900 (28.02.22: £56,778). 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 £612,900 (28.02.22: £56,778).

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.

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

At the year end date 0.74% (28.02.22: 0.63%) of the Fund's assets by value were interest bearing.

A change in interest rates would not have a significant impact on the Fund.

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 28 February 2023

15. Events after the balance sheet date

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

16. 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% (28.02.22: 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 £110,186 (28.02.22: £105,892) are due to the Manager.

At the year end the Fund held £17,771,211 (28.02.22: £14,417,764) in HSBC Holdings, the parent company of the Manager. During the period transactions in HSBC Holdings totalled £359,648 (28.02.22: £990,455).

Certain expenses of the fund amounting to £71,765 (28.02.22: £73,281) 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 28 February 2023

17. Portfolio transaction costs

For the year ended 28 February 2023

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
Analysis of total purchase costs							
Equity transactions	14,618,174	183	-	69,915	0.48%	129	-
Total purchases before transaction costs	14,618,174	183		69,915		129	
Transaction costs	70,227						
Total purchases after commission and tax	14,688,401						

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
Analysis of total sales costs							
Equity transactions	14,856,751	957	0.01%	-	-	145	-
Corporate actions	3,295,923	-	-	-	-	-	-
Total sales before transaction costs	18,152,674	957		-		145	
Transaction costs	(1,102)						
Total sales after commission and tax	18,151,572						

Commissions, taxes and other expenses as % of average Net Assets

Commissions	0.00%
Taxes	0.03%
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 0.03%, 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 28 February 2023

For the year ended 28 February 2022

	Value £	Commissions £ %	Taxes £ %	Other expenses £ %
Analysis of total purchase costs				
Equity transactions	21,495,011	1,959 0.01	102,928 0.48%	171 -
Fund transactions	2,126,550	532 0.03	- -	- -
Corporate actions	319,343	-	-	-
Total purchases before transaction costs	23,940,904	2491	102,928	171
Transaction costs	105,590			
Total purchases after commission and tax	<u>24,046,494</u>			

	Value £	Commissions £ %	Taxes £ %	Other expenses £ %
Analysis of total sales costs				
Equity transactions	25,498,913	2,460 0.01	- -	312 -
Fund transactions	3,403,872	865 0.03	- -	- -
Corporate actions	496,840	-	-	-
Total sales before transaction costs	29,399,625	3,325	-	312
Transaction costs	(3,637)			
Total sales after commission and tax	<u>29,395,988</u>			

Commissions, taxes and other expenses as % of average Net Assets

Commissions	0.00%
Taxes	0.04%
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 0.04%, 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 28 February 2023

18. 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 (i.e. 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 28 February 2023

Category	1	2	3	Total
Investment Assets	£	£	£	£
Equities	282,119,043	-	17	282,119,060
Derivatives	44,748	-	-	44,748
	282,163,791	-	17	282,163,808

For the year ended 28 February 2022

Category	1	2	3	Total
Investment Assets	£	£	£	£
Equities	270,282,121	-	17	270,282,138
Derivatives	52,649	-	-	52,649
	270,334,770	-	17	270,334,787

19. Stock lending activities

The Fund does not currently undertake stock lending.

20. Financial derivatives

The Fund may use 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 futures.

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement

Distribution tables

For the year ended 28 February 2023

Interim

Group 1: Units purchased prior to 1 March 2022				
Group 2: Units purchased between 1 March 2022 to 31 August 2022				
	Net income 2022	Equalisation 2022	Distribution paid 2022	Distribution paid 2021
	pence per unit	pence per unit	pence per unit	pence per unit
Income units				
Group 1	4.8663	-	4.8663	4.4970
Group 2	3.0465	1.8198	4.8663	4.4970
Accumulation units				
Group 1	9.6041	-	9.6041	8.6040
Group 2	6.0126	3.5915	9.6041	8.6040

Final

Group 1: Units purchased prior to 1 September 2022				
Group 2: Units purchased between 1 September 2022 to 28 February 2023				
	Net income 2023	Equalisation 2023	Distribution payable 2023	Distribution paid 2022
	pence per unit	pence per unit	pence per unit	pence per unit
Income units				
Group 1	1.9762	-	1.9762	2.1456
Group 2	1.4132	0.5630	1.9762	2.1456
Accumulation units				
Group 1	3.9889	-	3.9889	4.1935
Group 2	2.8525	1.1364	3.9889	4.1935

Important changes

There were no changes made to the Fund's Prospectus during the annual reporting period ending 28 February 2023.

The following changes were made to the Fund's Key Investor Information Document during the reporting period ending 28 February 2023:

KIID update 10 February 2023

- Update to "Charges" to update the ongoing charge figure for the Fund.
- Update to "Past Performance" to remove performance figures for the Fund and Benchmark for 2012 and to include performance figures for 2022.

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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