

THE MARKS AND SPENCER
WORLDWIDE MANAGED FUND

Manager's annual report

For the period 1 January 2022 to 31 December 2022

M&S
BANK

Contents

	Page(s)
Manager's investment report	2 to 5
Portfolio statement	6 to 16
Net asset value per unit and comparative table	17 to 18
Ongoing charges	19
Risk and reward profile	19
Authorised status	19
Trustee report	20
Statement of the Manager's responsibilities	21
Certification of financial statements by Directors of the Manager	21
Independent auditor's report	22 to 25
Statement of total return	26
Statement of change in net assets attributable to Unitholders	26
Balance sheet	27
Notes to the financial statements	28 to 37
Distribution tables	38
Important changes	39
Remuneration	40
Important Notes	40

The Marks and Spencer Worldwide Managed Fund

Manager, Registrar, dealing, administration and marketing

Marks and Spencer Unit Trust
Management Limited

Authorised and regulated by the Financial
Conduct Authority.

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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
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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
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Authorised and regulated by the Financial
Conduct Authority.

Trustee

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Manager's investment report

This section gives you confirmation of The Marks and Spencer Worldwide Managed 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

The Fund's objective is to achieve capital growth and income in the long term (five years or more).

To achieve its objective, the Fund will provide exposure to a range of asset classes including shares of companies (equities), bonds, money market instruments and alternative asset classes such as property and instruments that employ a strategy similar to hedge funds. The portfolio will be diversified globally by investing both in the UK and overseas. Investments in shares of companies, bonds, and money market instruments may be held indirectly via collective investment schemes, of which some or all are likely to track indices as part of their underlying objective, or directly in securities. Investments in alternative asset classes will be held indirectly via collective investment schemes or other instruments. There is no limit to the percentage which can be invested in collective investment schemes and there is no limit to the percentage of the Fund which can be invested in other collective investment schemes managed by the Manager, the Investment Manager, or an associate. It is the intention where possible to invest in collective investment schemes managed by the Investment Manager.

The Fund may invest directly in derivatives instruments 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 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 Fund.

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 this Prospectus.

Investment strategy

The Manager has appointed HSBC Global Asset Management (UK) Limited as investment manager ("Investment Manager") to provide investment management services to the Manager in respect of the Fund. The Fund invests in a range of asset classes in order to meet its objective.

The allocation to these asset classes will vary through time to reflect both the longer-term investment return expectations and shorter-term more tactical market views of the Investment Manager. The longer-term allocations across the various different asset classes are adjusted to meet the Objective and are reviewed at least annually. The short-term tactical asset allocation enables the Investment Manager to invest in asset types, regions and currencies it believes have a more positive outlook or to reduce exposure to those asset classes it considers to have a less favourable outlook.

The desired allocation to each asset class will be achieved by investing indirectly in collective investment schemes and other instruments or directly into shares of companies (equities) and bonds. The Fund is actively managed and will include investment in collective investment schemes a large proportion of which are likely to have objectives which aim to track various indices, which are sometimes referred to as being passively managed.

	Percentage growth				
	31.12.17 to 31.12.18	31.12.18 to 31.12.19	31.12.19 to 31.12.20	31.12.20 to 31.12.21	31.12.21 to 31.12.22
Fund	-6.7%	15.0%	0.3%	13.0%	-8.3%
Performance Comparator - the Investment Association mixed investment (minimum 40% in shares, maximum 85% shares) peer group	-5.8%	15.9%	5.7%	11.0%	-9.8%

This information relates to the past, and past performance is no guarantee of future performance. All the above figures are on a mid to mid basis, net income reinvested. The performance figures exclude the initial charge of the Fund. Source: Morningstar.

These collective investment schemes may track a diverse range of market specific, regional, and global indices in order to achieve the Objective of the Fund. The Investment Manager has full discretion to adjust the asset allocation to enable the Fund to meet its Objective.

The investment styles the Investment Manager can utilise may include selecting collective investment schemes in which to invest which may track indices as part of their objective and policy, tracking market capitalisation indices, and/or the use of suitable alternative weighting schemes that are not market weighted that the Investment Manager considers appropriate. This is sometimes referred to as Active Asset Allocation ("AAA").

The Investment Manager may use a combination of investment styles and allocation techniques to actively manage the Fund and these will vary from time to time. Under typical market conditions the Fund will have the following asset class exposures, but investors should be aware that these percentages will fluctuate based upon market movement and adjustments to the asset allocation to enable the Fund to meet its Objective. Further details of the underlying collective investment schemes which the Fund is invested in can be obtained from the Manager and will be disclosed in the annual and half yearly accounts.

Asset Class (terms in bold are described in the Definitions section of the Prospectus)	Exposure as a % of the Fund
Equity (shares of companies) <ul style="list-style-type: none"> Global Equity 	50% - 80%
Fixed Interest <ul style="list-style-type: none"> Global Developed Market Government Bonds Global Developed Market Corporate Bonds Global High Yield Bonds Asset-Backed Securities Emerging Market Bonds – Hard Currency Emerging Market Corporate Bonds Emerging Market Bonds – Local Currency 	10% - 50%
Alternative asset classes <ul style="list-style-type: none"> Property and Property-Related Securities Instruments that employ a strategy similar to Hedge Funds Other alternative asset classes including Private Equity and Commodities 	0% - 20%
Cash	0% - 10%

Use of benchmarks

The Fund is not managed with reference to a benchmark. To enable investors to assess the performance of the Fund, it is compared against the performance of the Investment Association mixed investment 40% -85% Shares sector. The Investment Association Mixed Investment 40-85% Shares sector has been selected to compare performance against because it consists of similar funds. 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.

Use of derivatives

The Fund may directly invest in exchange traded and over-the-counter derivatives in accordance with the investment restrictions within the Prospectus. In particular, equity index futures may be used to increase or reduce equity exposure and bond index futures may be used with the aim of managing the overall bond duration.

Currency forward contracts will be used to gain exposure to currencies or with the aim of hedging against movements in the rate of exchange between sterling and the currency in which the bonds and other assets may be denominated.

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.

Additional information

Where investment is made in collective investment schemes managed by the Manager, Investment Manager, or an associate, where possible the Fund will invest in the share class with a 0% annual management charge to ensure there is no element of double charging. However, in the case of Exchange Traded Funds "ETFs", managed by the Manager, Investment Manager, or an associate, which only have one share class, the Fund will be subject to the annual management charge of that share class. Similarly, where the Fund invests in

collective investment schemes managed by third parties the Fund will be subject to the annual management charge applicable to those collective investment schemes. The Investment Manager shall ensure that the maximum annual management charge paid by the Fund when investing in third party collective investment schemes does not exceed 1%.

Review of the twelve months to 31 December 2022

Economic and market review

The economic and political environment in 2022 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 and 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 year.

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.

The combination of higher official interest rates and higher bond yields (lower bond prices) also

impacted equities. This is because it increased the risk of economic slowdown or recession and dampened company prospects. US equities declined during the year, particularly in areas such as consumer discretionary and technology. Within the Eurozone, equity markets also saw steep declines. With the region having a close geographical proximity to Ukraine and Russia, the effects of the conflict fed into the markets. Growing uncertainty around the gas supply to Europe, which was heavily reliant on Russia, caused European gas prices to climb significantly and raised concerns of a more persistent inflation outlook. Higher inflation and rates also dampened consumer confidence. The European Central Bank (ECB) raised its interest rates for the first time in 11 years, by a total of 2.5 percentage points in the second half of the year. UK equities overall outperformed other markets due to the makeup of the UK equity market, which is biased towards financial companies and resources. These benefited from rising UK interest rates and higher commodity prices.

In Q3 2022 the UK government, with Liz Truss becoming Prime Minister for a short period, was an unwelcome distraction and introduced significant volatility. The new administration announced a fiscal package including a series of tax cuts, which was received poorly by the markets and caused sterling to decline. As a result of this, the Truss government's position became untenable and, towards the end of October, the UK underwent another change in prime minister, with Liz Truss resigning and Rishi Sunak taking over as PM, a move welcomed by the markets. Against a backdrop of rising inflationary pressures, the Bank of England also increased its Base Rate from 0.25% to 3.5% at the close of the year. The equity markets made a modest recovery in the final quarter of the year, with inflation showing signs of peaking, and there were also support by most central banks slowing the pace of policy tightening towards the end of the year.

Portfolio Review

2022 was a difficult year for investors, as both fixed income and equity markets fell. Synchronised falls in fixed income and equity markets are rare, although not unprecedented. The negative returns in fixed income markets resulted from rising inflation and aggressive

rate hiking from global central banks. Equity market performance was further hindered by slowing global GDP growth, and rising geopolitical tensions.

Against this background there were very few assets which were not negatively affected and, therefore, it was unavoidable for the Worldwide Managed Fund to deliver negative returns during the period. The fund did, however, seek to mitigate these effects where possible and was successful in doing so. It did this through its asset selection, holding an overweight to cash and an underweight to fixed income and equities. It also used some alternative asset classes, such as commodities, to add value to returns. Such active positioning of the fund during the year helped cushion investors from the worst of the market falls.

Outlook

There are signs that headline inflation rates will begin to cool as we go through 2023, which should also reduce the need for central bank tightening and may, depending on conditions, lead to interest rate reductions late in the year or into next year. In the meantime, however, central banks will likely further raise rates and we forecast another 50-100bps of Fed rate hikes in the first quarter of 2023. We expect targeted fiscal policy support, where possible, which will help limit the depth and duration of any cyclical downturn - e.g. limiting the effects of the energy shock in Europe.

The risk of recession in 2023 is high, reflecting higher interest rates seen last year and wage growth which has not kept up with inflation. In addition, energy costs have spiralled far higher than headline inflation in many cases. Against this, the labour market remains tight, we are seeing higher wage growth start to materialise and China appears to be opening up. These factors may mitigate some of the effects and prevent a deep recession. Financial markets are forward looking and may be prepared to look through initial negative factors to the prospect of improvement later in the year or into 2024. However, this is not given and a near term defensive position is sensible, albeit one which will need to be reviewed and monitored for changing conditions.

Portfolio statement

This section details all the different companies in which the Fund invests, by sector and country. 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 fund accounting year (shown under bid value).

As at 31 December 2022

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 DECEMBER 2022			BID VALUE (£)	% OF NET TOTAL ASSETS	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 DECEMBER 2022			BID VALUE (£)	% OF NET TOTAL ASSETS
UK EQUITIES AND CONVERTIBLES					Costain	9,711	3,763	-	
(12.34%; 31.12.21 12.62%)					Forterra	8,132	15,174	-	
Alternative energy					Genuit Group	5,132	14,421	-	
Volution Group	6,815	24,875	0.01		Ibstock	16,012	24,755	0.01	
Oil & Gas Producers					Keller	2,945	23,560	-	
BP	627,751	2,981,190	0.54		Kier Group	17,904	10,599	-	
Cairn Energy	12,118	31,725	0.01		Marshall's	2,872	7,846	-	
Diversified Gas & Oil	28,470	33,082	0.01		MJ Gleeson	1,630	5,591	-	
Energear Oil & Gas	4,413	57,369	0.01		Morgan Sindall	1,569	24,006	0.01	
EnQuest	75,862	16,234	-		Norcross	2,953	5,183	-	
Harbour Energy	26,954	82,021	0.01		Redrow	8,697	39,467	0.01	
Shell	248,957	5,790,740	1.05		Travis Perkins	7,414	65,940	0.01	
Tullow Oil	55,118	20,350	-		Tyman	7,062	15,925	-	
Oil equipment & services					Aerospace & defence				
John Wood	15,882	21,457	-		BAE Systems	107,721	922,092	0.17	
Chemicals					Chemring	11,598	34,446	0.01	
Croda International	4,962	327,690	0.06		QinetiQ	19,718	70,314	0.01	
Elementis	22,431	26,984	0.01		Rolls-Royce	291,858	271,691	0.05	
Johnson Matthey	6,298	133,958	0.02		Senior	15,267	19,114	-	
Synthomer	6,598	9,508	-		General industrials				
Treant	512	3,190	-		Coats Group	52,466	34,732	0.01	
Victrix	3,207	51,184	0.01		Macfarlane Group	5,924	6,013	-	
Forestry & paper					Melrose Industries	139,951	188,164	0.03	
Mondi	17,444	245,873	0.05		Smith (David S)	46,027	147,517	0.03	
Industrial metals					Smiths Group	13,173	210,570	0.04	
Ferrexpo	11,139	17,511	-		Vesuvius	7,832	31,626	0.01	
Mining					Vitec Group	1,795	19,278	-	
Anglo American	42,070	1,360,123	0.25		Electronic & electrical equipment				
Antofagasta	12,064	186,449	0.03		Halma	13,204	260,647	0.04	
Endeavour Mining	6,392	111,796	0.02		Morgan Advanced				
Fresnillo	5,736	51,658	0.01		Materials	9,848	30,972	0.01	
Hochschild Mining	9,604	6,742	-		Oxford Instruments	2,543	57,090	0.01	
Rio Tinto	37,924	2,198,834	0.40		Renishaw	1,298	47,611	0.01	
Pod Point Group	1,566	955	-		Rotork	30,875	94,663	0.02	
Construction & materials					Spectris	4,110	123,382	0.02	
Balfour Beatty	23,849	80,514	0.02		TT Electronics	7,150	12,427	-	
Boat (Henry)	3,603	8,287	-						

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As at 31 December 2022

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 DECEMBER 2022		BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 DECEMBER 2022	BID VALUE (£)	% OF NET TOTAL ASSETS
Industrial engineering			0.12	SThree	5,040	20,261	-
Bodycote	7,157	40,652	0.01	Kin and Carta	6,224	13,319	-
Hill & Smith	4,053	47,501	0.01	Automobiles & parts			-
IMI	8,954	115,328	0.02	Aston Martin			
Severfield	11,481	6,889	-	Lagonda Global	13,829	21,283	-
Spirax-Sarco Engineering	2,695	286,074	0.05	TI Fluid Systems	11,124	14,862	-
Weir Group	9,029	150,559	0.03	Beverages			0.54
Industrial transportation			0.02	A.C. Barr	3,058	16,299	-
Clarkson	970	31,282	0.01	Britvic	9,233	71,740	0.02
Royal Mail	24,220	51,589	0.01	Diageo	79,055	2,885,508	0.52
Wincanton	4,329	14,437	-	Food producers			0.09
Support Services			0.50	Anglo-Eastern Plantations	1,375	11,000	-
Ashtead	15,385	726,172	0.13	Associated British Foods	12,117	190,964	0.04
Babcock International	18,685	52,729	0.01	Bakkavör Group	7,486	7,194	-
Biffa	7,733	31,489	0.01	Cranswick	1,944	59,836	0.01
Bunzl	11,753	324,265	0.06	Devro	6,456	19,884	-
Capita	60,757	14,740	-	Hilton Food Group	2,431	13,541	-
CMC Markets	4,525	10,136	-	Premier Foods	25,033	27,186	0.01
Diploma	4,375	121,362	0.02	SSP Group	28,647	65,602	0.01
DiscoveryIE Group	3,493	25,499	0.01	Tate & Lyle	14,210	101,062	0.02
Electrocomponents	16,419	147,032	0.03	Household goods			0.39
Essentra	4,401	10,408	-	Barratt Developments	35,425	140,566	0.03
Hays	56,097	64,904	0.01	Bellway	4,308	82,175	0.02
HomeServe	9,269	110,857	0.02	Berkeley Group Holdings	3,764	142,016	0.03
Howden Joinery	18,559	104,227	0.02	Crest Nicholson Holdings	7,627	18,030	-
Integrafin Holdings	10,790	32,564	0.01	DFS Furniture	9,887	15,246	-
Intertek	5,881	237,181	0.04	Headlam Group	3,421	10,058	-
Mears Group	4,048	8,258	-	Persimmon	11,074	134,771	0.02
Mitie	48,744	36,168	0.01	Reckitt Benckiser	24,935	1,434,760	0.26
Northgate	9,229	37,977	0.01	Taylor Wimpey	122,191	124,207	0.02
Pagegroup	11,230	51,770	0.01	Vistry Group	11,305	70,600	0.01
Renewi	2,522	14,955	-	Leisure goods			0.02
Rentokil Initial	87,472	444,358	0.08	Games Workshop	1,179	100,922	0.02
Robert Walters	2,668	13,607	-	Personal Goods			0.73
RPS Group	16,294	35,847	0.01	Burberry	13,437	272,637	0.05
Serco	44,908	69,742	0.01	Dr. Martens	20,499	39,051	0.01
Speedy Hire	20,010	7,924	-	PZ Cussons	7,785	16,310	-
				Unilever	88,943	3,719,596	0.67

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As at 31 December 2022

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		BID VALUE (£)	% OF NET TOTAL ASSETS			BID VALUE (£)	% OF NET TOTAL ASSETS
Tobacco				0.59			
British American Tobacco	78,109	2,563,147	0.46	Marks & Spencer	68,293	84,205	0.02
Imperial Brands	32,984	683,099	0.13	Motorpoint Group	2,525	3,586	-
Healthcare equipment & services				0.20			
Convatec Group	56,608	131,670	0.02	Next	4,313	250,327	0.05
Haleon	174,137	569,950	0.10	Pets At Home	16,865	47,795	0.01
Medica Group	3,843	5,303	-	Topps Tiles	14,187	6,384	-
Medicline International	14,080	70,062	0.01	Wickes Group	9,058	13,252	-
NMC Health	7,429	7	-	Watches of			
Smith & Nephew	30,411	336,802	0.06	Switzerland Group	7,171	58,838	0.01
Spire Healthcare	10,542	24,036	0.01	WH Smith	4,510	66,928	0.01
Pharmaceuticals & Biotechnology				Media			
AstraZeneca	51,904	5,822,591	1.05	4imprint Group	677	28,942	0.01
Dechra Pharmaceuticals	3,831	100,219	0.02	Ascential	16,313	32,822	-
Genus	2,291	68,363	0.01	Bloomsbury Publishing	2,724	12,122	-
GSK	139,310	2,002,721	0.36	Future	4,078	51,668	0.01
Hikma Pharmaceuticals	5,611	87,083	0.02	Informa	51,877	321,430	0.06
Invidor	3,991	73,474	0.01	ITV	121,647	91,430	0.02
Oxford Biomedica	2,394	10,593	-	Moneysupermarket.com	21,447	41,135	0.01
PureTech Health	8,917	23,452	0.01	Pearson	25,944	243,666	0.04
Food & drug retailers				RELX			
Greggs	3,438	80,587	0.01	STV	2,350	6,345	-
Ocado Group	19,067	117,605	0.02	Travel & leisure			
Sainsbury (J)	63,735	138,751	0.03	Carnival	4,910	28,449	0.01
Tesco	257,861	578,124	0.10	Compass Group	62,127	1,191,285	0.22
General retailers				Domino's Pizza			
AO World	11,174	5,810	-	easyJet	22,332	72,490	0.01
ASOS	999	5,100	-	Entain	21,336	281,955	0.05
Auction Technology	1,926	14,445	-	FirstGroup	29,577	29,814	0.01
Currys	39,318	21,074	-	Fuller Smith & Turner A	4,042	20,048	-
Dignity	1,721	7,142	-	Hollywood Bowl Group	6,774	16,867	-
Dunelm Group	4,254	41,647	0.01	InterContinental Hotels	6,409	304,043	0.06
Frasers Group	6,357	45,135	0.01	Marston's	23,618	9,339	-
Halfords	3,237	6,720	-	Mitchells & Butlers	1,497	2,066	-
Inchcape	13,537	111,003	0.02	National Express	20,199	26,259	-
JD Sports Fashion	88,701	111,896	0.02	On the Beach	918	1,416	-
Kingfisher	68,508	161,747	0.03	Rank Group	8,467	6,934	-
				Restaurant Group	2,600	812	-
				Ten Entertainment	443	1,063	-

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As at 31 December 2022

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 DECEMBER 2022	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 DECEMBER 2022	BID VALUE (£)	% OF NET TOTAL ASSETS
The Gym Group	6,223	6,708	-	Just Group	37,151	30,278	0.01
Wetherspoon (JD)	3,163	14,044	-	Legal & General	206,678	515,662	0.09
Whitbread	7,034	180,774	0.03	Phoenix Group	25,579	155,674	0.03
Fixed line telecommunications			0.07	Prudential	95,812	1,080,280	0.18
Airtel Africa	38,127	42,512	0.01	St James's Place Capital	18,647	204,185	0.04
British Telecom	248,466	278,406	0.05	Standard Life Aberdeen	74,894	141,737	0.03
Helios Towers	16,356	17,141	-	Real estate investment services			0.38
Telecom Plus	2,398	52,636	0.01	Assura REIT	102,244	55,723	0.01
Mobile telecommunications			0.13	BB Healthcare Trust	21,469	32,891	0.01
Vodafone	868,030	731,228	0.13	Big Yellow Group REIT	5,892	67,346	0.01
Electricity			0.13	British Land REIT	32,235	127,360	0.02
Drax	14,601	102,353	0.02	Capital & Counties			
SSE	37,227	637,140	0.11	Properties	28,664	30,527	0.01
Gas, water & multi-utilities			0.37	Capital & Regional REIT	2,484	1,441	-
Centrica	214,926	207,447	0.04	Civitas Social Housing	25,718	16,228	-
National Grid	127,035	1,267,047	0.23	CLS Holdings	5,856	9,276	-
Pennon Group	8,627	76,651	0.02	Custodian REIT	29,847	27,788	0.01
Severn Trent	8,730	231,432	0.04	Derwent London REIT	3,515	82,954	0.01
United Utilities	23,780	235,755	0.04	Ediston Property			
Banks			1.23	Investment Company REIT	8,671	5,151	-
Bank of Georgia Group	1,375	35,819	0.01	Empiric Student Property	19,645	16,541	-
Barclays	562,729	892,038	0.16	Gore Street Energy			
CYBG	43,345	78,931	0.01	Storage Fund	17,302	19,205	-
HSBC Holdings*	705,494	3,637,527	0.66	Grainger	26,544	66,891	0.01
Lloyds Banking	2,382,999	1,082,120	0.20	Great Portland REIT	9,508	47,065	0.01
NatWest	177,165	469,842	0.08	Greencoat UK Wind	80,794	122,807	0.02
OSB Group	12,936	62,067	0.01	Hammerson	124,772	29,446	0.01
Standard Chartered	83,055	516,934	0.09	Harworth Group	7,027	7,168	-
TBC Bank Group	1,231	27,944	0.01	Helical Bar	4,168	13,900	-
Non-life insurance			0.09	Henderson Eurotrust	7,379	9,150	-
Admiral	9,934	212,190	0.04	Home REIT	65,525	24,932	0.01
Beazley	23,025	156,225	0.03	Impact Healthcare REIT	10,953	11,479	-
Direct Line Insurance	46,100	101,973	0.02	Intu Properties REIT	53,801	0	-
Sabre Insurance Group	9,031	9,609	-	Invesco Select Trust	4,901	8,038	-
Life Insurance			0.46	Land Securities REIT	24,838	154,343	0.03
Aviva	97,425	431,398	0.08	LondonMetric Property	34,675	59,745	0.01
Chesnara	6,194	17,560	-	LXI REIT	49,527	55,767	0.01

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As at 31 December 2022

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Pantheon International	19,511	50,729	0.01	Ninety One	11,824	21,981	0.01
Primary Health Properties REIT	45,898	50,855	0.01	Octopus Renewables	18,629	18,629	-
PRS REIT	19,415	17,182	-	Paragon Group of Companies	8,285	46,645	0.01
Safestore Holdings REIT	7,145	67,234	0.01	Petershill Partners	11,232	18,960	-
Savills	4,802	39,641	0.01	Provident Financial	9,546	18,252	-
Schroder European REIT	4,336	3,425	-	Quilter	48,130	44,713	0.01
Segro REIT	41,858	319,544	0.06	Rathbone Group	2,210	44,973	0.01
Shaftesbury REIT	10,622	38,813	0.01	Record	3,662	3,288	-
Smithson Investment Trust	6,295	82,339	0.02	Schroders	27,905	121,666	0.02
Supermarket Income REIT	46,010	46,470	0.01	TP ICAP	29,570	51,452	0.01
Target Healthcare	23,317	18,700	-	VH Global Sustainable Energy Opportunities	14,737	14,884	-
Triple Point Social Housing REIT	14,270	8,748	-	Software & computer services			0.22
Tritax Big Box REIT	65,116	90,251	0.02	Aptitude Software Group	2,311	7,904	-
Tritax Euro Box REIT	30,341	18,447	-	Auto Trader	32,141	165,719	0.03
Unite	11,488	104,426	0.02	Aveva	4,139	132,986	0.03
Urban Logistics REIT	17,656	23,659	0.01	Baltic Classifieds	1,828	2,574	-
Warehouse REIT	14,432	15,096	-	Bytes Technology Group	7,874	30,409	0.01
Workspace Group REIT	5,326	23,679	-	Computacenter	2,754	52,629	0.01
Financial services			0.36	Darktrace	10,370	26,775	0.01
AJ Bell	10,081	36,110	0.01	FDM Group	3,116	23,308	-
Ashmore	16,935	40,542	0.01	Kainos Group	4,140	63,797	0.01
Bridgepoint Group	9,426	17,815	-	Micro Focus International	11,511	60,939	0.01
Close Brothers	4,414	46,215	0.01	Moonpig Group	9,711	10,711	-
Funding Circle	5,535	2,989	-	NCC Group	10,886	21,750	-
Hargreaves Lansdown	12,029	102,992	0.02	Playtech	11,292	57,363	0.01
IG Group Holdings	14,215	111,161	0.02	Rightmove	29,076	148,695	0.03
Intermediate Capital	10,011	114,926	0.02	Sage	37,355	278,519	0.05
International Personal Finance	7,874	5,756	-	Softcat	4,654	55,103	0.01
Investec	23,135	118,312	0.02	Trainline	14,063	38,617	0.01
IP Group	26,400	14,718	-	Trustpilot	12,445	12,003	-
Liontrust Asset Management	2,204	24,553	0.01	Technology hardware & equipment			0.01
London Stock Exchange	12,761	910,625	0.16	Spirent	22,638	58,859	
Molten Ventures	4,938	17,490	-				
Network International	17,776	52,972	0.01				
				UK COLLECTIVES AND INVESTMENT TRUSTS			
				(36.35%; 31.12.21 37.93%)			36.35

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As at 31 December 2022

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3i Group	33,202	445,073	0.08	BlackRock Smaller Companies	1,903	25,805	-
Aberdeen Diversified Income and Growth Trust	12,179	11,156	-	BlackRock Throgmorton Trust	2,580	15,299	-
Aberdeen New Dawn Investment Trust	3,963	11,057	-	BlackRock World Mining Investment Trust	6,795	47,225	0.01
Aberdeen Standard Asia Focus	6,530	16,847	-	BMO Capital & Income Investment Trust	4,177	12,239	-
Aberforth Smaller Companies	3,030	39,632	0.01	BMO Global Smaller Companies	19,128	27,430	-
Aberforth Split Level Income Trust	9,995	6,797	-	BMO Private Equity Trust	2,823	11,490	-
abrdn UK Smaller Companies Growth Trust	3,586	16,567	-	Caledonia Investments	1,118	40,024	0.01
Alliance Trust	11,839	111,997	0.02	Capital Gearing Trust	631	30,919	0.01
Allianz Technology	16,680	34,861	0.01	City of London Investment Trust	18,829	77,199	0.01
Asia Dragon Investment Trust	4,370	18,004	-	Diverse Income Trust	15,299	13,708	-
AVI Global Trust	19,143	36,065	0.01	Dunedin Income Growth Investment Trust	6,128	17,587	-
Baillie Gifford China Growth Trust	2,589	6,977	-	Ecofin Global Utilities & Infrastructure Trust	5,059	10,877	-
Baillie Gifford European Growth Trust	14,169	12,270	-	Edinburgh Investment Trust	6,322	40,145	0.01
Baillie Gifford Japan Investment Trust	3,513	26,593	-	Edinburgh Worldwide Investment Trust	15,575	27,007	-
Baillie Gifford Shin Nippon Trust	12,835	19,638	-	EP Global Opportunities Trust	1,782	5,560	-
Baillie Gifford UK Growth Fund	5,886	9,735	-	European Assets Trust	14,096	12,912	-
Baillie Gifford US Growth Trust	11,687	17,203	-	European Opportunities Trust	3,392	24,253	-
Bankers Investment Trust	50,022	49,522	0.01	Fidelity Asian Values Investment Trust	2,626	12,946	-
Biotech Growth Trust	1,520	13,908	-	Fidelity China Special Situations Trust	12,414	29,545	0.01
BlackRock Frontiers Investment Trust	6,809	8,784	-	Fidelity European Values	15,160	48,209	0.01
BlackRock Greater European Investment Trust	3,487	16,371	-	Fidelity Special Values	7,748	21,501	-
BlackRock Latin American Investment Trust	2,062	7,712	-	Finabl	11,436	0	-
BlackRock Sustainable American Income Trust	10,036	19,269	-	Finsbury Growth & Income Trust	9,214	77,490	0.01
				Foreign & Colonial Investment Trust	18,210	164,072	0.03

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As at 31 December 2022

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Fundsmith Emerging Equities Trust	1,037	0	-	JPMorgan Asian Investment Trust	3,891	14,163	-
Georgia Capital	1,559	11,318	-	JPMorgan Claverhouse Investment Trust	4,193	29,183	0.01
Henderson European Focus Trust	10,230	14,987	-	JPMorgan Emerging Markets Investment Trust	39,189	42,873	0.01
Henderson International Income Trust	8,003	14,045	-	JPMorgan European Discovery Trust	5,507	21,670	-
Henderson Smaller Companies Investment Trust	2,689	22,372	-	JPMorgan European Growth & Income	21,995	18,740	-
Herald Investment Trust	2,212	39,197	0.01	JPMorgan Global Emerging Markets Income Trust	11,160	14,117	-
HgCapital Trust	15,032	52,311	0.01	JPMorgan Global Growth and Income Investment Trust	10,872	46,043	0.01
HICL Infrastructure	69,743	112,984	0.02	JPMorgan Indian Investment Trust	2,791	23,109	0.01
HSBC American Index Fund*	4,898,218	42,619,396	7.69	JPMorgan Investment Trust	3,048	8,412	-
HSBC Corporate Bond Fund*	9,796,618	18,290,286	3.30	JPMorgan Japan Small Cap Growth & Income	1,895	6,102	-
HSBC European Index Fund*	1,068,716	11,296,333	2.04	JPMorgan Japanese Investment Trust	6,671	30,120	0.01
HSBC FTSE All-Share Index Fund*	6,187,120	21,716,791	3.92	JPMorgan Mid Cap Investment Trust	915	8,025	-
HSBC FTSE All-World Index Fund*	21,474,623	43,228,417	7.80	Jupiter Fund Management	16,944	22,502	0.01
HSBC Japan Index Fund*	9,132,131	11,734,788	2.12	Keystone Investment Trust	2,420	4,949	-
HSBC Pacific Index Fund*	1,599,378	5,604,221	1.01	Law Debenture	4,840	37,316	0.01
HSBC UK Gilt Index Fund*	21,405,515	18,684,874	3.37	Lowland Investment Company	10,960	12,988	-
HSBC US Multi Factor Equity Fund*	4,693,149	24,085,239	4.35	M&G Prudential	75,830	142,447	0.03
ICG Enterprise Trust	2,684	31,510	0.01	Martin Currie Global Portfolio Trust	3,349	9,947	-
Impax Environmental Markets	11,278	47,255	0.01	Merchants Trust	7,435	41,710	0.01
Invesco Asia Trust	2,438	8,094	-	Mid Wynd International Investment Trust	3,627	25,824	0.01
Invesco Perpetual UK Smaller Companies Investment Trust	1,397	5,839	-	Monks Investment Trust	8,734	82,624	0.02
JPMorgan American Investment Trust	7,779	53,053	0.01	Murray Income Trust	4,067	34,203	0.01

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Murray International Trust	4,509	60,150	0.01	Templeton Emerging Markets Investment Trust	50,650	74,152	0.02
North American Income Trust	8,291	24,956	0.01	TR European Growth Trust	15,680	23,050	0.01
North Atlantic Smaller Companies Investment Trust	407	14,245	-	TR Property Investment	11,063	33,632	0.01
Pacific Assets Investment Trust	4,729	16,552	-	Utilico Emerging Markets	6,106	12,578	-
Pacific Horizon Investment Trust	3,363	19,674	-	Witan Investment Trust	23,869	52,631	0.01
Pantheon Infrastructure	16,369	15,321	-	Worldwide Healthcare Trust	2,594	83,657	0.02
Personal Assets Trust	12,100	57,717	0.01	Total United Kingdom		269,760,477	48.69
Polar Capital Global Financials Trust	22,218	33,727	0.01	OVERSEAS SHARES (49.85%; 31.12.21 46.09%)			
Polar Capital Technology Trust	5,008	86,338	0.02	ASIA (0.00%; 31.12.21 0.01%)			
RIT Capital Partners	4,453	94,626	0.02	Israel (0.01%; 31.12.21 0.01%)			
Schroder Asia Pacific Fund	5,868	29,281	0.01	Plus500	3,636	65,593	0.01
Schroder Asian Total Return Investment	3,974	16,055	-	Total Israel		65,593	0.01
Schroder Income Growth Fund	2,416	7,296	-	Singapore (0.00%; 31.12.21 0.00%)			
Schroder Japan Growth Investment Trust	4,452	9,038	-	CONTINENTAL EUROPE (49.79%; 31.12.21 46.04%)			
Schroder UK Mid Cap Fund	1,815	9,874	-	Channel Islands (0.94%; 31.12.21 1.09%)			
Schroder UK Public Private Trust	124,865	18,855	0.01	3i Infrastructure	21,747	72,200	0.01
Scottish American Investment Trust	6,142	30,956	0.01	Aberdeen Asian Income	6,215	13,300	-
Scottish Mortgage Investment Trust	49,759	359,658	0.07	Apax Global Alpha	16,147	30,227	0.01
Scottish Oriental Smaller Companies	926	10,742	-	BH Macro	853	38,214	0.01
SDCL Energy Efficiency Income Trust	35,065	33,838	0.01	Bluefield Solar Income Fund	19,123	26,007	-
Temple Bar Investment Trust	13,815	30,462	0.01	BMO Commercial Property Trust	16,261	14,391	-
The Mercantile Investment Trust	28,853	55,398	0.01	BMO Real Estate Investment	4,519	3,091	-
				Centamin	37,707	42,552	0.01
				Chrysalis Investments	20,584	15,767	-
				CVC Credit Partners			
				European Opportunities	5,539	5,096	-
				Digital 9 Infrastructure	30,332	26,207	-
				Esken	23,362	1,191	-

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As at 31 December 2022

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Experian	32,561	915,941	0.17	Schroder Real Estate			
Fidelity Emerging				Investment	20,485	8,563	-
Markets Fund	3,281	19,502	-	Sequoia Economic			
Foresight Solar Fund	22,402	26,300	-	Infrastructure			
GCP Asset Backed				Income Fund	65,758	57,670	0.01
Income Fund	17,839	14,628	-	Sirius Real Estate	36,953	27,345	-
GCP Infrastructure				Standard Life			
Investments	31,774	32,409	0.01	Investments Property	15,916	9,788	-
Glencore	450,430	2,488,175	0.45	Starwood European			
HarbourVest Global				Real Estate Finance	16,917	14,955	-
Private Equity	3,305	74,197	0.01	Syncona	18,296	32,933	0.01
Henderson Far East				Twentyfour			
Income	5,531	15,072	-	Income Fund	20,977	20,557	-
Hipgnosis Songs Fund	45,579	39,335	0.01	UK Commercial			
Industrials REIT	9,944	12,529	-	Property Trust	30,428	17,770	-
International Public				VinaCapital Vietnam			
Partnership	68,571	103,816	0.02	Opportunity Fund	5,944	26,481	-
International Workplace	15,809	26,180	0.01	Wizz Air Holdings	2,085	39,709	0.01
Invesco Bond Income				WPP	37,196	305,082	0.06
Plus Limited	6,132	10,148	-	Total Channel Islands		5,218,647	0.94
JLEN Environmental							
Assets Group	20,990	25,062	0.01	Germany (0.01%; 31.12.21 0.02%)			
JTC	4,318	32,299	0.01	TUI AG	43,694	58,594	0.01
Man Group	44,234	94,528	0.02	Total Germany		58,594	0.01
NB Global Monthly							
Income Fund	9,110	6,505	-	Gibraltar (0.00%; 31.12.21 0.01%)			
NB Private Equity Partners	1,708	27,243	0.01	888 Holdings	11,014	9,566	-
Next Energy Solar Fund	21,554	23,925	0.01	Total Gibraltar		9,566	-
Pershing Square Holdings	5,539	161,185	0.03				
Petrofac	15,698	11,028	-	Ireland (19.79%; 31.12.21 22.46%)			
Picton Property	22,536	18,006	-	C&C Group	15,321	26,858	-
PPHE Hotel Group	527	6,640	-	CRH (London listed)	26,654	877,050	0.16
Real Estate Credit				DCC (London listed)	3,441	140,393	0.03
Investments	9,658	12,749	-	Flutter Entertainment	6,126	691,319	0.12
Renewables				Grafton	7,349	57,947	0.01
Infrastructure Group	87,395	113,614	0.02	Greencore	5,828	3,739	-
Ruffer	9,612	29,893	0.01	HSBC Global			
Schroder Oriental				Funds ICAV -			
Income Fund	11,210	28,642	0.01	Multi-Factor*	4,091,258	40,953,390	7.39

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As at 31 December 2022

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HSBC MSCI Emerging Markets UCITS ETF*	1,751,980	14,050,880	2.54	HSBC GIF Global Government Bond Fund*	944,608	8,276,807	1.49
HSBC Global Funds ICAV - Global Emerging Market Government Bond Index Fund*	892,727	5,849,592	1.06	HSBC GIF Global High Yield Bond Fund*	1,887,920	13,386,040	2.42
iShares Bloomberg Enhanced Roll Yield Commodity Swap UCITS ETF	1,507,085	9,031,986	1.63	HSBC GIF Global Inflation Linked Bond Fund*	500,482	3,982,970	0.72
iShares - S&P 500 Health Care Sector UCITS ETF	640,408	5,566,103	1.00	HSBC GIF Global Infrastructure Equity Fund*	2,521,038	19,882,856	3.59
ISHARES EDGE MSCI ETF	4,764	5,414,698	0.98	HSBC GIF Global Real Estate Equity Fund*	2,343,203	17,843,331	3.22
iShares Edge S&P 500 Minimum Volatility UCITS ETF	939,072	5,426,461	0.98	HSBC GIF Global Short Duration High Yield Bond Fund*	502,493	3,739,978	0.68
iShares S&P 500 Consumer Staples Sector UCITS ETF	852,464	5,568,406	1.00	HSBC GIF Global Short Duration High Yield Bond ZQ1*	1,356,705	11,091,393	2.00
iShares S&P 500 Energy Sector UCITS ETF	1,089,913	7,512,225	1.36	HSBC Global Investment Funds - Asia High Yield Bond ZQ1HGBP*	992,281	5,931,856	1.07
Kenmare Resources	2,501	10,954	-	HSBC Global Investment Funds - Global Corporate Bond ZQ1*	1,246,403	10,051,838	1.81
Passim Structured Funds Cross Asset Trend Strategy B Acc	83,016	8,181,517	1.48	HSBC Global Investment Funds - Multi-Asset Style Factors Fund*	594,264	5,852,470	1.06
Smurfit Kappa	8,970	275,469	0.05	HSBC Global Investment Grade Securitised Credit Bond ZQ1*	530,375	4,235,416	0.76
Total Ireland		109,638,987	19.79	Lyxor MSCI Brazil UCITS ETF	253,589	3,878,897	0.70
Luxembourg (28.99%; 31.12.21 22.39%)				Structured Investments SICAV Goldman Sachs - Cross Asset Trend Portfolio Fund	1,195,849	11,548,408	2.08
B&M European Value	33,180	136,469	0.02				
BBCI SICAV	25,962	40,656	0.01				
HSBC GIF Global Emerging Markets Bond Fund*	1,671,508	9,828,394	1.77				
HSBC GIF Global Emerging Markets Local Debt Fund*	4,147,414	26,624,269	4.81				

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As at 31 December 2022

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Xtrackers CSI300				for UK sterling £105,790,933			
Swap UCITS ETF	354,603	4,299,513	0.78	(expires 19/01/2023)	(2,277,573)	(0.41)	
Total Luxembourg		160,631,561	28.99	Sold UK sterling £2,779,191			
				for Swiss Franc CHF3,184,783			
Netherlands (0.01%; 31.12.21 0.01%)				(expires 19/01/2023)	87,177	0.02	
RHI Magnesita	1,069	23,582	0.01	Sold UK sterling £2,779,521			
Total Netherlands		23,582	0.01	for Japanese Yen ¥467,833,922			
				(expires 19/01/2023)	174,179	0.03	
Spain (0.03%; 31.12.21 0.03%)				Total forward			
International				foreign exchange			
Consolidated Airlines	139,853	173,194	0.03	contracts	(2,110,858)	(0.38)	
Total Spain		173,194	0.03				
				FUTURE CONTRACTS (0.00%; 31.12.21 0.04%)			
Switzerland (0.02%; 31.12.21 0.03%)				Future March 2023			
Coca-Cola HBC	7,150	140,748	0.02	ICF FTSE 100 Index	14	118	-
Total Switzerland		140,748	0.02	Future March 2023			
				ICF FTSE 250 Index	2	(621)	-
NORTH AMERICA (0.05%; 31.12.21 0.04%)				Total future contracts		(503)	-
Bermuda (0.04%; 31.12.21 0.03%)							
Capital	20,401	19,667	0.01	Portfolio of investments	543,862,721	98.16	
Hiscox	12,072	131,524	0.02	Net other assets	10,174,703	1.84	
Lancashire Holdings	8,475	55,088	0.01	Net assets	554,037,424	100.00	
Total Bermuda		206,279	0.04				
				Investments			
Cayman Islands (0.01%; 31.12.21 0.01%)				Equity	80,704,043	14.56	
Dragon Capital Vietnam	6,700	39,061	0.01	Collective Investment			
Phoenix Spree				Schemes	465,270,039	83.98	
Deutschland REIT	3,194	7,793	-	Forward foreign			
Total Cayman Islands		46,854	0.01	exchange contracts	(2,110,858)	(0.38)	
				Future contracts	(503)	-	
FORWARD FOREIGN EXCHANGE CONTRACTS				Portfolio of investments	543,862,721	98.16	
((0.38%); 31.12.21 0.12%)							
Sold EUR €3,327,791							
for UK sterling £2,861,691							
(expires 19/01/2023)	(93,238)	(0.02)					
Sold Japanese Yen ¥23,958,779							
for UK sterling £149,862							
(expires 19/01/2023)	(1,403)	-					
Sold US dollar \$130,067,202							

*Related parties

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

The counterparty for the futures are HSBC.

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

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	31.12.22	31.12.21	31.12.20
Opening net asset value per unit	595.10p	531.83p	536.19p
Return before operating charges*	(42.96p)	74.64p	7.90p
Operating charges	(6.21p)	(6.68p)	(6.40p)
Return after operating charges*	(49.17p)	67.96p	1.50p
Distributions on income unit	(7.27p)	(4.69p)	(5.86p)
Closing net asset value per unit	538.66p	595.10p	531.83p

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

Return after charges	(8.26%)	12.78%	0.28%
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Other information

Closing net asset value	£9,963,201	£11,825,800	£11,525,452
Closing number of units	1,849,636	1,987,202	2,167,121
Operating charges**	1.21%	1.21%	1.28%
Direct transaction costs	0.02%	0.01%	0.01%

Prices

Highest unit price	597.24p	601.07p	549.20p
Lowest unit price	518.69p	529.70p	416.34p

** 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	31.12.22	31.12.21	31.12.20
Opening net asset value per unit	1,003.81p	889.84p	886.82p
Return before operating charges*	(72.37p)	125.18p	13.65p
Operating charges	(10.51p)	(11.21p)	(10.63p)
Return after operating charges*	(82.88p)	113.97p	3.02p
Distributions on accumulation unit	(12.30p)	(7.86p)	(9.71p)
Retained distributions on accumulation unit	12.30p	7.86p	9.71p
Closing net asset value per unit	920.93p	1,003.81p	889.84p

*after direct transaction costs of:***	0.15p	0.09p	0.09p
--	-------	-------	-------

Performance

Return after charges	(8.26%)	12.81%	0.34%
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Other information

Closing net asset value	£544,074,223	£626,265,204	£591,818,693
Closing number of units	59,078,809	62,388,855	66,508,425
Operating charges**	1.21%	1.21%	1.28%
Direct transaction costs	0.02%	0.01%	0.01%

Prices

Highest unit price	1,007.56p	1,011.44p	908.33p
Lowest unit price	881.83p	886.27p	688.59p

** 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 December 2022:

1.21%

For the 12 month period to 31 December 2021:

1.21%

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 January and 1 July

Income payment dates:

28 February and 31 August

Risk and reward profile



Typically lower rewards

Typically higher rewards

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.

The risk rating has increased because the measured volatility of the Fund's price has increased for a successive number of weeks.

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 and Spencer Worldwide Managed Fund ('the Trust') for the Period Ended 31 December 2022.

The Depositary in its capacity as Trustee of The Marks and Spencer Worldwide Managed 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.

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.
20 April 2023**

Independent auditor's report

Independent auditor's report to the unitholders of The Marks and Spencer Worldwide Managed Fund ('the Trust')

Opinion

We have audited the financial statements of the Trust for the year ended 31 December 2022 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 26.

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 December 2022 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 21, 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

20 April 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 December 2022

	Notes	31.12.22		31.12.21	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(59,524,803)		69,867,616
Revenue	3	14,045,270		12,459,693	
Expenses	4	(6,471,461)		(7,318,860)	
Interest payable and similar charges		(2,712)		(1,481)	
Net revenue before taxation		7,571,097		5,139,352	
Taxation	5	162		(1,186)	
Net revenue after taxation			7,571,259		5,138,166
Total return before distributions			(51,953,544)		75,005,782
Distributions/Accumulations	6		(7,571,217)		(5,142,566)
Change in net assets attributable to Unitholders			<u>(59,524,761)</u>		<u>69,863,216</u>

Statement of change in net assets attributable to Unitholders

For the year ended 31 December 2022

	31.12.22		31.12.21	
	£	£	£	£
Opening net assets attributable to Unitholders		638,091,004		603,344,145
Amounts receivable on issue of units	1,278,084		1,361,021	
Amounts payable on cancellation of units	<u>(33,195,777)</u>	(31,917,693)	<u>(41,516,031)</u>	(40,155,010)
Dilution levy		13,827		20,337
Change in net assets attributable to Unitholders from investment activities (see above)		(59,524,761)		69,863,216
Retained distribution on accumulation units		7,374,778		5,017,813
Unclaimed distributions over 6 years old		<u>269</u>		<u>503</u>
Closing net assets attributable to Unitholders		<u>554,037,424</u>		<u>638,091,004</u>

The notes on pages 28 to 37 are an integral part of these financial statements.

Balance sheet

As at 31 December 2022

	Notes	31.12.22		31.12.21	
		£	£	£	£
ASSETS					
Fixed assets:					
Investments			546,235,556		617,646,289
Current assets:					
Debtors	8	2,305,131		2,878,073	
Cash and bank balances	9	8,803,180		18,410,856	
Total current assets			11,108,311		21,288,929
TOTAL ASSETS			557,343,867		638,935,218
LIABILITIES					
Investment liabilities			(2,372,835)		–
Creditors:					
Bank overdrafts		(9)			
Distribution payable		(56,183)		(28,697)	
Other creditors	10	(877,416)		(815,517)	
Total Creditors			(933,608)		(844,214)
TOTAL LIABILITIES			(3,306,443)		(844,214)
Net assets attributable to Unitholders			554,037,424		638,091,004

The notes on pages 28 to 37 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 December 2022

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 stocks 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 those relating to the purchase and sale of investments) are charged to revenue on an accruals basis.

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 30 December 2022, 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 30 December 2022, 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 31 December 2022

2. Net capital gains/(losses) on investments

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

	31.12.22	31.12.21
	£	£
Transaction charges	(23,937)	(41,989)
Currency gains	6,091	375,418
(Losses)/gains on non-derivative securities	(51,362,403)	70,119,812
(Losses)/gains on derivative contracts	(855,040)	100,126
Losses on forward foreign exchange contracts	(7,289,514)	(685,751)
Net capital (losses)/gains on investments	(59,524,803)	69,867,616
Amounts included in net losses on investments in respect of special dividends which were treated as capital	59,824	353,446

3. Revenue

	31.12.22	31.12.21
	£	£
UK dividends	5,550,450	5,606,123
Overseas dividends	180,710	301,883
Unfranked income	8,366	21,147
Property income	63,749	75,822
Bank interest	62,424	75
Dividend distributions from overseas authorised ICVC's and unit trusts	3,002,789	2,329,398
Interest on bonds and other interest bearing securities	5,175,852	4,123,319
HMRC interest	930	8
Management fee rebates	-	1,918
Total revenue	14,045,270	12,459,693

4. Expenses

	31.12.22	31.12.21
	£	£
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	6,299,149	7,091,034
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Trustee fee	55,831	59,368
Safe custody fee	17,927	52,697
	73,758	112,065
Other expenses:		
Registration fee	91,165	107,767
Audit fee	6,940	7,032
FCA fee	372	372
Property Professional Fee	77	590
	98,554	115,761
Total expenses	6,471,461	7,318,860

5. Taxation

	31.12.22	31.12.21
	£	£
(a) Analysis of charge in year		
Overseas tax	4,250	(3,044)
Irrecoverable income tax	1,673	4,230
Windfall overseas tax recoveries	(6,085)	-
Total current tax charge for year (note 5b)	(162)	1,186

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 December 2022

(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:

	31.12.22	31.12.21
	£	£
Net revenue before taxation	7,571,097	5,139,352
Corporation tax at 20%	1,514,219	1,027,870
Effects of:		
Revenue not subject to taxation	(1,746,790)	(1,647,481)
Current year expenses not utilised	232,571	615,190
Irrecoverable overseas tax (adjusted)/charged	4,250	(3,044)
Windfall overseas tax recoveries	(6,085)	-
Irrecoverable income tax	1,673	4,230
Realised gains on non-qualifying offshore funds	-	4,421
Current tax charge for year (note 5a)	(162)	1,186

(c) Provision for deferred taxation

At 31 December 2022 there is a potential deferred tax asset of £11,928,951 (31.12.21: £11,696,380) 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.

6. Distributions

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

	31.12.22	31.12.21
	£	£
Interim dividend distribution	4,405,152	3,568,910
Final dividend distribution	3,107,012	1,544,746
	7,512,164	5,113,656
Add: Amount deducted on cancellation of units	61,057	30,168
Deduct: Income received on issue of units	(2,004)	(1,258)
Net distribution for the year	7,571,217	5,142,566

7. Movement between net revenue and distributions

	31.12.22	31.12.21
	£	£
Net revenue after taxation	7,571,259	5,138,166
Corporation tax charge in capital	-	4,421
Movement in net income property	(42)	(21)
Net distribution	7,571,217	5,142,566

8. Debtors

	31.12.22	31.12.21
	£	£
Amounts receivable for issue of units	152	152
Sales awaiting settlement	(1)	1,284,570
Accrued revenue	2,105,483	1,382,542
Income tax recoverable	67	-
Overseas tax recoverable	198,686	210,065
VAT recoverable	744	744
Total debtors	2,305,131	2,878,073

9. Cash and bank balances

	31.12.22	31.12.21
	£	£
Cash and bank balances	8,496,134	17,820,514
Amounts held at derivative clearing houses and brokers	307,046	590,342
Total cash and bank balances	8,803,180	18,410,856

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 December 2022

10. Creditors

	31.12.22	31.12.21
	£	£
Amounts payable for cancellation of units	328,638	159,543
Accrued expenses	548,778	655,974
Total creditors	877,416	815,517

11. Reconciliation of units

	Income	Accumulation
	£	£
Opening units issued at 01.01.22	1,987,202	62,388,855
Units issued	7,200	130,200
Units cancelled	(146,700)	(3,439,100)
Units converted	1,934	(1,146)
Closing units at 31.12.22	1,849,636	59,078,809

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 (31.12.21: no contingent liabilities and outstanding commitments).

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 giving long-term capital growth and above average income.

The Manager may use derivative transactions for the purpose 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, 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.

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 December 2022

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 £54,386,272 (31.12.21: £61,764,629). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £54,386,272 (31.12.21: £61,764,629). 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.

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

	Net Foreign Currency assets/(liabilities)			Net Foreign Currency assets		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	31.12.22	31.12.21	31.12.22	31.12.21	31.12.21	31.12.21
	£	£	£	£	£	£
Sterling	8,470,727	309,599,097	318,069,824	19,240,732	410,881,360	430,122,092
Danish krone	10,611	-	10,611	10,040	-	10,040
Euro	204,165	5,759,232	5,963,397	217,607	-	217,607
Japanese yen	-	(1,403)	(1,403)	-	-	-
Swiss franc	314,478	-	314,478	-	-	-
United States dollar	1,174,722	228,505,795	229,680,517	976,336	206,764,929	207,741,265
Total	10,174,703	543,862,721	554,037,424	20,444,715	617,646,289	638,091,004

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 £23,596,760 (31.12.21: £20,796,891). 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 £23,596,760 (31.12.21: £20,796,891).

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 December 2022

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 1.59% (31.12.21: 2.89%) 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.

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 forward currency contracts. Details of the individual contracts are shown on the portfolio statement on pages 6 to 16, 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	Forward Currency	
	31.12.22	31.12.21
	£	£
Merill Lynch International	87,177	-
HSBC	174,179	-
JP Morgan Securities	-	738,530

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. As at 31 December 2022, there was no collateral held (31.12.21: no collateral held) in respect of forward currency contracts.

16. Post balance sheet events

There were no material post balance sheet events which have a bearing on the understanding of the 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 December 2022

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 41.23% (31.12.21: 41.33%) 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 £510,789 (31.12.21: £583,654) are due to the Manager.

At the year end the Fund held £402,479,352 (31.12.21: £475,736,173) in HSBC Holdings, the parent company of the Manager. During the period transactions in HSBC Holdings totalled £538,822,765 (31.12.21: £427,853,784).

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 December 2022

18. Portfolio transaction costs

For the year ended 31 December 2022

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
Analysis of total purchase costs							
Equity transactions	6,264,137	775	0.01	29,209	0.47	239	-
Fund transactions	352,633,750	17,515	-	-	-	16,916	-
Corporate actions	47,153	-	-	-	-	-	-
Total purchases before transaction costs	358,945,040	18,290		29,209		17,155	
Transaction costs	<u>64,654</u>						
Total purchases after commission and tax	<u>359,009,694</u>						

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
Analysis of total sales costs							
Equity transactions	19,037,494	3,814	0.02	-	-	451	-
Fund transactions	358,038,631	23,787	0.01	-	-	-	-
Corporate actions	1,022,902	-	-	-	-	-	-
Total sales before transaction costs	378,099,027	27,601		-		451	
Transaction costs	<u>(28,052)</u>						
Total sales after commission and tax	<u>378,070,975</u>						

The Fund had paid £2,144 as commission on purchases and sales derivative transactions for the year ended 31.12.22.

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

Commissions	0.01%
Taxes	0.01%
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 0.06%, being the difference between the respective bid and offer prices for the Funds 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 December 2022

For the year ended 31 December 2021

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
Analysis of total purchase costs							
Equity transactions	3,873,792	384	0.01	18,728	0.48	79	-
Fund transactions	259,258,957	19,751	0.01	-	-	-	-
Corporate actions	314,415	-	-	-	-	-	-
Total purchases before transaction costs	263,447,164	20,135		18,728		79	
Transaction costs	38,942						
Total purchases after commission and tax	<u>263,486,106</u>						

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
Analysis of total sales costs							
Equity transactions	46,992,064	10,931	0.02	-	-	840	-
Fund transactions	264,949,937	10,390	-	-	-	-	-
Corporate actions	740,471	-	-	-	-	-	-
Total sales before transaction costs	312,682,472	21,321		-		840	
Transaction costs	(22,161)						
Total sales after commission and tax	<u>312,660,311</u>						

The Fund had paid £924 as commission on purchases and sales derivative transactions for the year ended 31.12.21.

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

Commissions	0.01%
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 0.06%, being the difference between the respective bid and offer prices for the Funds 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 December 2022

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 (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 31 December 2022

Category	1	2	3	Total
Investment Assets	£	£	£	£
Equities	75,895,333	-	-	75,895,333
Pooled investment vehicles	65,557,878	404,520,871	-	470,078,749
Derivatives	118	261,356	-	261,474
	141,453,329	404,782,227	-	546,235,556
Investment Liabilities				
Derivatives	(621)	(2,372,214)		(2,372,835)
	(621)	(2,372,214)	-	(2,372,835)

For the year ended 31 December 2021

Category	1	2	3	Total
Investment Assets	£	£	£	£
Equities	97,113,880	-	11,239	97,125,119
Pooled investment vehicles	86,997,553	432,544,386	-	519,541,939
Derivatives	240,701	738,530	-	979,231
	184,352,134	433,282,916	11,239	617,646,289

20. Stock lending activities

The Fund does not currently undertake stock lending.

21. Post Balance Sheet Event

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

Distribution tables

For the year ended 31 December 2022

Interim

Group 1: Units purchased prior to 1 January 2022

Group 2: Units purchased between 1 January 2022 to 30 June 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	4.2330	-	4.2330	3.2431
Group 2	3.4789	0.7541	4.2330	3.2431
Accumulation units				
Group 1	7.1402	-	7.1402	5.4262
Group 2	5.8682	1.2720	7.1402	5.4262

Final

Group 1: Units purchased prior to 1 July 2022

Group 2: Units purchased between 1 July 2022 to 31 December 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	3.0375	-	3.0375	1.4441
Group 2	2.0543	0.9832	3.0375	1.4441
Accumulation units				
Group 1	5.1640	-	5.1640	2.4300
Group 2	3.4924	1.6716	5.1640	2.4300

Important changes

The following changes were made to the Fund's Prospectus during the reporting period ending 31 December 2022:

Prospectus Update 14 February 2022

- Update to the section "Definitions" to include new definitions for "Asset-Backed Securities", "Commodities", "Emerging Markets", "Hard Currency", "Hedge Funds", "Local Currency", "Private Equity" and "Property-Related Securities". Additionally, the definition for "US Person" has been amended.
- Update to the section "Investment Objective, Policy and Strategy" to reflect a change to the investment strategy to allow the Fund to invest in alternative investments. The Policy has also been updated to reflect the strategy changes.
- Update to the section "Ongoing Charges Figure" to advise the figure is estimated following a change to the investment strategy, an update to the fund expenses from 0.10% to 0.12% and an update to the resultant ongoing charges figure from 1.18% to 1.20%.
- Update to the section "Risks" to add a new risk wording for "Alternative Investments"

The following changes were made to the Fund's Key Investor Information Document during the reporting period ending 31 December 2022:

KIID update 14 February 2022

- Update to "Objective and Investment Policy" to reflect the changes made to the policy and strategy.
- Update to Risk and Reward Profile" to add risks for "Credit Risk" and "Interest Rate Risk".
- Update to "Charges" to add an estimated ongoing charges figure following a change to the investment strategy.
- 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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