

Manager's annual report

For the period 1 February 2023 to 31 January 2024

**MARKS & SPENCER
HIGH INCOME FUND**



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Marks & Spencer High Income Fund

Manager, Registrar, dealing, administration and marketing

Marks & Spencer Unit Trust Management Limited

Authorised and regulated by the Financial Conduct Authority.

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

Head office and registered office

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

Correspondence address

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

Directors of the Manager

James Coyle (Chairman and non-Executive Director)
Paul Spencer (Chief Executive Officer and Director)
Phillip Scott (Director)
Peter Dew (Non-Executive Director) (resigned 7 April 2023)
Jenny Goldie-Scot (Non-Executive Director) (appointed 7 April 2023)

Investment manager

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

Authorised and regulated by the Financial Conduct Authority.

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

Trustee

State Street Trustees Limited
Quartermile 3
10 Nightingale Way
Edinburgh EH3 9EG

Authorised and regulated by the Financial Conduct Authority.

Independent auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Manager's investment report

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

Our objectives and methods

Objective

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

Policy

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

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

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

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

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

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

Investment strategy

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

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

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

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

Manager's investment report (continued)

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

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

Use of benchmarks

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

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

Further information on the Investment Association sectors can be found at www.theia.org.

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

Use of derivatives

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

Review of the 12 months to 31 January 2024

Economic and market review

Global equities started the year on a positive note, posting gains over the first quarter of the year, despite volatility in the banking sector. Investor sentiment was driven by receding recession worries and positive sentiment from China reopening their economy after the COVID lockdown. The banking sector turbulence surrounding the Silicon Valley Bank collapse in late Q1 was contained, as the Fed stepped in with measures to reassure investors, while in Europe the ailing bank, Credit Suisse, was acquired by UBS. Government bond yields were volatile through the quarter as major central banks continued to hike rates with core inflation data surprising to the upside in March. Commodities were down in the first quarter, driven by weaker energy prices, as investors grew concerned over the outlook.

During the second quarter, the European Central Bank remained hawkish, as core inflation remained sticky. Japanese markets drove momentum, as the yen weakened and expectations of corporate governance reforms aided sentiment. In the fixed income world, government bond yields continued to increase over Q2. UK gilt yields moved higher as inflation in the UK surprised on the upside, prompting further interest rate hikes to come. Commodities were down, with energy declining for the second consecutive quarter, while other major components fell.

Global equities declined in the third quarter following robust first half of 2023. A global bond market sell-off contributed to the pressure on higher risk assets. US Treasury bonds performed poorly, but high yield bonds in the US and Europe managed modest gains despite signs of easing inflation. Commodities were the standout performer during the quarter, resembling market dynamics from the previous year. Macroeconomic data broadly remained resilient, buoyed by steady services activity and a tight labour market. In Japan, the BoJ left their monetary policy unchanged. Commodities moved higher, driven by energy prices, as OPEC signalled supply cuts.

Manager's investment report (continued)

Global stocks and bonds both enjoyed positive momentum in December as markets began to price-in interest rate cuts for 2024. Credit markets delivered another month of positive total return in December driving YTD returns to good levels given how they started the year. Corporate bond spreads tightened significantly and Gilt yields fell in the latter stages of 2023, as inflation started to moderate towards the long-run target of 2%. Most emerging markets performed positively in the fourth quarter. India was driven by investor interest, and a favourable economic and political environment. Meanwhile, Chinese equities were weak as it faces a multitude of challenges - real estate concerns, weak macroeconomic data, uncertainty surrounding stimulus support and geopolitical tensions. Bonds also rallied strongly over the quarter as markets began to price-in easing conditions for 2024. After a strong finish to 2023, 2024 saw some market uncertainty over the expected timing of interest rate cuts as a number of inflation reports indicated higher than expected numbers. Government bonds lost some ground.

Fund Overview

The High Income Fund consists of 4 elements - UK corporate bonds, US high yield bonds, emerging market debt (EMD) and a collective investment scheme which invests into the HSBC global bond total return fund. The fund met its objective of providing a high level of income, and all four elements produced positive returns in the period, reflecting improving market sentiment. High yield bonds produced the highest returns in the year to January 2024, followed by Emerging market bonds, UK corporate bonds, and the global bond total return fund.

In terms of performance attribution, UK corporate bonds outperformed due to security selection in Financials, ABS, Utilities and Industrials. For the high yield sleeve detractors to performance were predominantly from issuer selection within the Healthcare, Media and Retail areas of the market. Duration positioning was positive over the period with an underweight to duration as rates rose while allocation effects only had a marginal positive contribution over the period. The emerging market bond sleeve outperformed its performance comparator over the period. The outperformance was driven by security selection and asset allocation. The overweight positions to select Sub-Saharan African countries including Ivory Coast and Nigeria added to relative returns as these countries outperformed the broader universe. Additionally, the underweight to Jordan added to relative returns as the country underperformed the broader universe.

Portfolio Performance

During the period under review, the value of the units in the Fund rose by 4.96% whilst the value of the IA £ Strategic Bond Index rose by 4.80%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation unit class. Returns based on a bid to bid basis). Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Outlook

Early February saw a change in market sentiment as US Fed comments dashed investor optimism around March rate cuts with markets repricing for a more cautious stance. As a result, risk assets had marginally corrected and bond yield spreads have slightly increased. While this hasn't changed the underlying fundamentals of the economy, which remains solid, or the expectations for a soft landing, it has moved spreads away from the historical low levels they had been bumping up against. Credit spreads are expected to widen marginally in the first half of 2024, as markets continue to price in recession and corporate fundamentals potentially begin to deteriorate during this phase of the economic cycle. We retain a modest overweight credit positioning and a greater focus on issuer selection. We continue to have a bias towards high carry assets overall and we will look to place a greater emphasis on sector allocations as we move into the next phase of the cycle. While many emerging markets continue to see lacklustre growth, there are areas of optimism, especially in the structural and cyclical growth stories that exist in Asian markets like India.

Portfolio statement

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
FIXED INTEREST SECURITIES (79.79%; 31.01.23 75.59%)			
STERLING DENOMINATED BONDS (33.47%; 31.01.23 30.92%)			
AA Bond 7.375% 31/7/2050	£100,000	102,209	0.06
America Movil 4.948% 22/7/2033	£300,000	302,297	0.17
American Honda Finance 5.6% 6/9/2030	£355,000	371,306	0.21
Anglian Water Services Financing 6% 20/6/2039	£259,000	270,598	0.15
Aroundtown 4.75% variable perpetual	£950,000	494,000	0.28
AT&T 4.25% 1/6/2043	£929,000	774,634	0.44
AT&T 5.5% 15/3/2027	£850,000	863,815	0.49
Aviva 4% 3/6/2055	£760,000	616,701	0.35
Aviva 6.125% 14/11/2036	£180,000	182,922	0.10
Banco Santander 5.375% 17/1/2031	£400,000	403,152	0.23
Barclays Bank 1.7% variable 3/11/2026	£901,000	843,469	0.48
Barclays Bank 6.369% variable 31/1/2031	£300,000	312,744	0.18
Barclays Bank 7.09% variable 6/11/2029	£403,000	428,028	0.24
Barclays Bank 8.407% variable 14/11/2032	£195,000	207,525	0.12
BAT International Finance 4% 23/11/2055	£565,000	347,482	0.20
Berkeley Group 2.50% 11/8/2031	£416,000	318,638	0.18
Berkshire Hathaway Finance 2.375% 19/6/2039	£500,000	359,475	0.21
Blackstone Property Partners Euro 2.625% 20/10/2028	£180,000	154,066	0.09
BNP Paribas 2% variable 24/5/2031	£300,000	272,252	0.16
BP Capital Markets 4.25% variable perpetual	£429,000	403,955	0.23
BP Capital Markets 5.773% 25/5/2038	£329,000	348,060	0.20
BPCE 5.25% 16/4/2029	£900,000	880,377	0.50
BPCE 6.125% 24/5/2029	£200,000	204,958	0.12
British Telecommunications 5.75% 13/2/2041	£359,000	359,825	0.21
BUPA Finance 4% variable perpetual	£200,000	138,250	0.08
Cadent Finance 2.625% 22/9/2038	£500,000	351,034	0.20
Cadent Finance 5.625% 11/1/2036	£219,000	220,207	0.13
Citigroup 1.75% 23/10/2026	£950,000	872,853	0.50
Commerzbank 1.75% 22/1/2025	£400,000	385,849	0.22
Credit Agricole 4.875% 23/10/2029	£600,000	603,878	0.34
Credit Suisse Group 1.125% 15/12/2025	£831,000	771,670	0.44
CYBG 4% variable 25/9/2026	£690,000	667,064	0.38
Deutsche Bank 4% variable 24/6/2026	£200,000	194,905	0.11
Deutsche Bank 6.125% variable 12/12/2030	£400,000	403,105	0.23
Direct Line Insurance Group 4.75% variable perpetual	£344,000	272,104	0.16
E.ON International Finance 4.75% 31/1/2034	£1,000,000	958,091	0.55

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
E.ON International Finance 6.125% 6/7/2039	£350,000	369,486	0.21
Electricite de France 5.5% 27/3/2037	£300,000	289,045	0.17
Electricite de France 5.5% 17/10/2041	£400,000	379,030	0.22
Electricite de France 6% 23/1/2114	£300,000	276,678	0.16
Electricite de France 6.125% 2/6/2034	£200,000	208,338	0.12
Electricite de France 5.875% variable perpetual	£200,000	186,580	0.11
Electricite de France 6% variable perpetual	£600,000	585,131	0.33
Enel Finance 5.75% 14/9/2040	£1,084,000	1,101,988	0.63
Enel Finance International 2.875% 11/4/2029	£263,000	238,307	0.14
Engie 5.625% 3/4/2053	£400,000	402,682	0.23
Equitable Financial Life Global 6.375% 2/6/2028	£113,000	119,211	0.07
Fiserv 3% 1/7/2031	£200,000	176,625	0.10
Gatwick Funding 3.125% 28/9/2041	£400,000	299,598	0.17
Gatwick Funding 5.75% 23/1/2037	£680,000	687,128	0.39
General Motors Financial 2.35% 3/9/2025	£690,000	656,034	0.37
Greene King Finance 4.0643% 15/3/2035	£496,000	293,949	0.17
Heathrow Finance 5.75% 3/3/2025	£500,000	498,762	0.28
Heathrow Funding 4.625% 31/10/2046	£145,000	127,267	0.07
Heathrow Funding 5.875% 13/5/2041	£482,000	501,027	0.29
Heathrow Funding 7.125% 14/2/2024	£420,000	420,185	0.24
Hiscox 6.125% variable 24/11/2045	£500,000	495,123	0.28
HSBC Holdings 3% variable 22/7/2028*	£225,000	208,849	0.12
HSBC Holdings 5.844% variable perpetual*	£225,000	234,920	0.13
HSBC Holdings 5.875% variable perpetual*	£200,000	190,724	0.11
HSBC Holdings 6.8% variable 14/9/2031*	£257,000	277,124	0.16
HSBC Holdings 7% 7/4/2038*	£800,000	864,124	0.49
HSBC Holdings 8.201% variable 16/11/2034*	£233,000	256,011	0.15
ING Groep 6.25% variable 20/5/2033	£400,000	401,183	0.23
John Deere Bank 5.125% 18/10/2028	£420,000	431,615	0.25
Kering 5% 23/11/2032	£500,000	509,118	0.29
LafargeHolcim Sterling Finance (Netherlands) 3% 12/5/2032	£177,000	150,717	0.09
Landesbank BadenWuerttemberg 1.125% 8/12/2025	£500,000	463,216	0.26
Legal & General 4.5% variable 1/11/2050	£396,000	363,045	0.21
Legal & General 5.375% variable 27/10/2045	£400,000	396,795	0.23
Lloyds Banking Group 1.875% 15/1/2026 variable	£660,000	637,454	0.36
Lloyds Banking Group 6.625% 2/6/2033 variable	£409,000	415,639	0.24
Lloyds Banking Group 8.5% variable perpetual	£225,000	226,665	0.13
Logicor Financing 2.75% 15/1/2030	£289,000	240,994	0.14
London Power Networks 5.875% 15/11/2040	£157,000	166,415	0.10

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Marston's Issuer 5.1576% variable 15/10/2027	£599,000	295,686	0.17
Mizuho Financial Group 5.628% 13/6/2028	£691,000	709,521	0.41
Morgan Stanley 5.789% variable 18/11/2033	£545,000	570,210	0.33
Motability Operations Group 2.375% 14/3/2032	£515,000	434,866	0.25
Motability Operations Group 2.375% 3/7/2039	£220,000	155,645	0.09
Motability Operations Group 3.625% 10/3/2036	£363,000	319,739	0.18
Motability Operations Group 4.875% 17/1/2043	£521,000	495,810	0.28
National Grid Electricity 5.75% 23/3/2040	£300,000	308,146	0.18
National Grid Electricity Transmission 4% 8/6/2027	£180,000	174,893	0.10
National Grid Electricity Transmission 5.35% 10/7/2039	£353,000	348,304	0.20
National Grid Gas 1.625% 14/1/2043	£200,000	108,667	0.06
NatWest 3.619% variable 29/3/2029	£326,000	305,950	0.17
NatWest 7.416% variable 6/6/2033	£211,000	219,530	0.13
Northumbrian Water Finance 2.375% 5/10/2027	£707,000	638,384	0.36
Orange 8.125% 20/11/2028	£470,000	541,766	0.31
Orsted 4.875% 12/1/2032	£320,000	313,516	0.18
Orsted 5.75% 9/4/2040	£250,000	254,229	0.15
Pension Insurance 6.5% 3/7/2024	£244,000	244,226	0.14
Pension Insurance 8% 13/11/2033	£338,000	361,207	0.21
Pension Insurance 7.375% variable perpetual	£500,000	477,600	0.27
Petroleos Mexicanos 3.75% 16/11/2025	£500,000	459,500	0.26
Phoenix Group Holdings 7.75% variable 6/12/2053	£262,000	272,164	0.16
Places For People Treasury 6.25% 6/12/2041	£384,000	403,516	0.23
Principality Building Society 8.625% 12/7/2028	£337,000	365,650	0.21
Realty Income 6% 5/12/2039	£216,000	226,934	0.13
Reckitt Benckiser Treasury Service 5.625% 14/12/2038	£213,000	231,284	0.13
Rothesay Life 5% variable perpetual	£332,000	241,530	0.14
Rothesay Life 5.5% 17/9/2029 variable	£200,000	198,312	0.11
Rothesay Life 6.875% variable perpetual	£250,000	228,111	0.13
Royal Bank of Canada 5% 24/1/2028	£583,000	584,658	0.33
Royal Bank of Scotland 3.125% variable 28/3/2027	£1,517,000	1,447,381	0.83
Saga 3.375% 12/5/2024	£185,000	181,485	0.10
Santander UK Group Holdings 2.92% variable 8/5/2026	£300,000	288,225	0.16
Santander UK Group Holdings 6.75% variable perpetual	£200,000	199,250	0.11
Santander UK Group Holdings 7.098% variable 16/11/2027	£939,000	971,693	0.55
Santander UK Group Holdings 7.482% variable 29/8/2029	£250,000	267,528	0.15
Scottish Hydro Electric Transmission 1.5% 24/3/2028	£500,000	442,788	0.25
Scottish Hydro Electric Transmission 5.5% 15/1/2044	£273,000	273,797	0.16
Severn Trent Utilities Finance 4.625% 30/11/2034	£100,000	95,271	0.05

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Shell International Finance 1.75% 10/9/2052	£200,000	100,642	0.06
Sky 4% 26/11/2029	£230,000	223,926	0.13
Societe Generale 1.25% 7/12/2027	£500,000	433,074	0.25
Societe Generale 5.75% 22/1/2032	£300,000	302,462	0.17
Societe Generale 6.25% 22/6/2033	£100,000	107,323	0.06
Southern Gas Networks 6.625% 14/3/2035	£328,000	355,872	0.20
Svenska Handelsbanken 4.625% variable 23/8/2032	£187,000	179,527	0.10
SW Finance I 7.375% 12/12/2041	£277,000	286,671	0.16
Thames Water Utilities 7.738% 9/4/2058	£200,000	212,883	0.12
Thames Water Utilities 7.75% 30/4/2044	£100,000	101,715	0.06
The Weir Group 6.875% 14/6/2028	£262,000	273,646	0.16
Toyota Finance Australia 3.92% 28/6/2027	£417,000	407,395	0.23
Toyota Motor Credit Corp 5.625% 23/10/2028	£400,000	416,964	0.24
UBS Group 2.125% variable 12/9/2025	£920,000	900,928	0.51
Unique Pub Finance 5.659% 30/6/2027	£424,000	152,041	0.09
United Kingdom Gilt 0.125% 31/1/2028	£290,000	252,126	0.14
United Kingdom Gilt 0.5% 31/1/2029	£1,345,000	1,153,364	0.66
United Kingdom Gilt 0.5% 22/10/2061	£400,000	122,016	0.07
United Kingdom Gilt 0.625% 31/7/2035	£2,450,000	1,696,895	0.97
United Kingdom Gilt 0.875% 31/1/2046	£270,000	136,439	0.08
United Kingdom Gilt 1.125% 31/1/2039	£1,367,000	897,217	0.51
United Kingdom Gilt 1.25% 31/7/2051	£634,000	316,112	0.18
United Kingdom Gilt 4.125% 29/1/2027	£575,000	579,175	0.33
Virgin Money UK 2.625% variable 19/8/2031	£231,000	207,983	0.12
Virgin Money UK 11% variable perpetual	£200,000	204,607	0.12
Vodafone 3% 12/8/2056	£400,000	240,143	0.14
Volkswagen Financial Services 0.875% 20/2/2025	£600,000	571,291	0.33
Volkswagen Financial Services 3.25% 13/4/2027	£300,000	281,827	0.16
Volkswagen Financial Services 5.875% 23/5/2029	£200,000	204,688	0.12
Volkswagen International Finance 3.375% 16/11/2026	£400,000	380,892	0.22
Wells Fargo & Company 2.125% 24/9/2031	£315,000	256,976	0.15
Western Power Distribution Holding 2.375% 16/5/2029	£264,000	232,653	0.13
Western Power Distribution Holding 3.875% 17/10/2024	£505,000	498,628	0.28
Westfield America Manage 2.625% 30/3/2029	£300,000	260,173	0.15
Yorkshire Water Finance 2.75% 18/4/2041	£519,000	346,444	0.20
Zurich Finance 5.125% variable 23/11/2052	£234,000	224,462	0.13
Total sterling denominated bonds		58,584,432	33.47

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
EURO DENOMINATED BONDS (2.78%; 31.01.23 1.87%)			
Banque Federative du Credit Mutuel 4.375% 11/1/2034	€500,000	422,234	0.24
BPCE 2.125% 13/10/2046 variable	€400,000	274,695	0.16
British Telecommunications 3.75% 13/5/2031	€316,000	274,944	0.16
Credit Suisse Group 7.75% variable 1/3/2029	€484,000	474,002	0.27
Eni 3.875% 15/1/2034	€292,000	252,262	0.14
ESB Finance DAC 4.25% 3/3/2036	€400,000	362,296	0.21
Eurogrid GmbH 3.915% 1/2/2034	€200,000	174,419	0.10
Iberdrola Finanzas 4.871% variable perpetual	€300,000	258,458	0.15
McDonalds 4.125% 28/11/2035	€478,000	424,470	0.24
Medtronic Global Holdings 1.75% 2/7/2049	€195,000	116,240	0.07
National Grid 4.275% 16/1/2035	€400,000	349,583	0.20
RCI Banque 4.875% 2/10/2029	€481,000	427,359	0.24
Reckitt Benckiser Treasury Service 3.875% 14/9/2033	€324,000	288,629	0.16
Schneider Electric 3.25% 10/10/2035	€500,000	424,813	0.24
Volkswagen Bank GmbH 4.625% 3/5/2031	€400,000	356,310	0.20
Total euro denominated bonds		4,880,714	2.78
SOUTH AFRICAN RAND DENOMINATED BONDS (0.00%; 31.01.23 0.00%)			
South Africa (Republic of) 8.875% 28/2/2035	ZAR3,000	107	-
Total South African rand denominated bonds		107	-
US DOLLAR DENOMINATED BONDS (43.54%; 31.01.23 42.80%)			
Abu Dhabi Crude Oil Pipeline 4.6% 2/11/2047	\$200,000	140,644	0.08
Abu Dhabi (Government of) 4.125% 11/10/2047	\$200,000	131,841	0.08
Abu Dhabi (Government of) 4.5% 14/9/2027	\$300,000	231,243	0.13
Acu Petroleo Luxembourg 7.5% 13/7/2035	\$250,000	182,409	0.10
AdaptHealth 4.625% 1/8/2029	\$275,000	169,532	0.10
AdaptHealth 5.125% 1/3/2030	\$203,000	124,650	0.07
Adient Global Holdings 7% 15/4/2028	\$71,000	57,002	0.03
Adient Global Holdings 8.25% 15/4/2031	\$165,000	136,837	0.08
Aegea Finance 6.75% 20/5/2029	\$200,000	152,415	0.09
Aegea Finance 9% 20/1/2031	\$200,000	165,181	0.09
AerCap 5.875% variable 10/10/2079	\$150,000	116,993	0.07
African Development Bank 5.75% variable perpetual	\$200,000	158,497	0.09
Albertsons Safeway 4.875% 15/2/2030	\$118,000	88,560	0.05
Albertsons Safeway 6.5% 15/2/2028	\$196,000	155,583	0.09

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Ally Financial 4.7% variable perpetual	\$266,000	158,750	0.09
Altice France Holding 5.125% 15/7/2029	\$201,000	115,395	0.07
Altice France Holding 8.125% 1/2/2027	\$200,000	140,376	0.08
Ambipar Luxembourg 9.875% 6/2/2031	\$200,000	156,190	0.09
American Airlines IncAAdvantage 5.75% 20/4/2029	\$936,000	721,803	0.41
American Airlines IncAAdvantage 8.5% 15/5/2029	\$165,000	137,345	0.08
Angolan (Government of) 8.25% 9/5/2028	\$400,000	283,419	0.16
Antero Midstream Partners 5.375% 15/6/2029	\$267,000	201,299	0.12
Antero Midstream Partners 6.625% 1/2/2032	\$134,000	104,582	0.06
Antero Resources 5.375% 1/3/2030	\$586,000	438,796	0.25
Antero Resources 8.375% 15/7/2026	\$48,000	39,113	0.02
Archrock Partners LP Archrock 6.25% 1/4/2028	\$214,000	166,169	0.09
Archrock Partners LP Archrock 6.875% 1/4/2027	\$378,000	297,574	0.17
Ardagh Packaging Finance 5.25% 15/8/2027	\$675,000	396,207	0.23
Argentina (Republic of) 0.125% 9/7/2030	\$942,345	299,005	0.17
Argentina (Republic of) 0.125% 9/7/2035	\$659,138	172,717	0.10
Argentina (Republic of) 0.125% 9/7/2041	\$891,976	233,311	0.13
Argentina (Republic of) 1% 9/7/2029	\$9,428	3,001	-
Arsenal AIC Parent 8% 1/10/2030	\$224,000	183,475	0.10
Ashton Woods USA 4.625% 1/8/2029	\$124,000	87,642	0.05
Ashton Woods USA 6.625% 15/1/2028	\$237,000	183,364	0.10
Avis Budget Car Rental 8% 15/2/2031	\$225,000	176,314	0.10
Bahrain (Government of) 7% 12/10/2028	\$220,000	176,874	0.10
Ball 6.875% 15/3/2028	\$211,000	171,105	0.10
Banco de Credito del Peru 5.85% 11/1/2029	\$200,000	159,411	0.09
Banco Government International 3.25% 4/10/2026	\$150,000	111,214	0.06
Banco Mercantil del Norte 5.875% variable perpetual	\$210,000	153,713	0.09
Bank Gospodarstwa Krajowego 5.375% 22/5/2033	\$200,000	157,577	0.09
Bank Gospodarstwa Krajowego 6.25% 31/10/2028	\$200,000	164,846	0.09
Barclays 9.625% variable perpetual	\$200,000	161,756	0.09
BBVA Banco 5.875% variable 13/9/2034	\$200,000	146,206	0.08
BBVA Banco 8.45% variable 29/6/2038	\$200,000	163,938	0.09
Bimbo Bakeries USA 6.4% 15/1/2034	\$270,000	231,797	0.13
Blue Racer Midstream 6.625% 15/7/2026	\$469,000	366,433	0.21
Blue Racer Midstream 7.625% 15/12/2025	\$138,000	109,415	0.06
Bombardier 7.875% 15/4/2027	\$115,000	90,190	0.05
Braskem Netherlands Finance 7.25% 13/2/2033	\$200,000	140,114	0.08
Brazilian Government International 7.125% 13/5/2054	\$300,000	235,407	0.13
Buckeye Partners 4.5% 1/3/2028	\$493,000	363,532	0.21

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Buckeye Partners 5.85% 15/11/2043	\$219,000	140,429	0.08
Builders FirstSource 6.375% 15/6/2032	\$318,000	254,682	0.15
Caesars Entertainment 6.5% 15/2/2032	\$46,000	36,522	0.02
Caesars Entertainment 7% 15/2/2030	\$22,000	17,754	0.01
Callon Petroleum 7.5% 15/6/2030	\$199,000	164,620	0.09
Callon Petroleum 8% 1/8/2028	\$132,000	107,208	0.06
Calpine 5.125% 15/3/2028	\$882,000	660,896	0.38
Camelot Return Merger 8.75% 1/8/2028	\$259,000	208,503	0.12
Carnival 6% 1/5/2029	\$52,000	39,551	0.02
Carnival 7% 15/8/2029	\$48,000	39,198	0.02
Carnival Holdings Bermuda 10.375% 1/5/2028	\$473,000	406,332	0.23
CBB International Sukuk Programm 6.25% 18/10/2030	\$200,000	158,233	0.09
CCO Holdings 4.5% 15/8/2030	\$459,000	313,459	0.18
CCO Holdings 4.75% 1/3/2030	\$806,000	562,423	0.32
CCO Holdings 5.375% 1/6/2029	\$64,000	46,728	0.03
CCO Holdings 7.375% 1/3/2031	\$239,000	189,673	0.11
Centene 3.375% 15/2/2030	\$183,000	128,717	0.07
Centene 4.625% 15/12/2029	\$220,000	165,570	0.09
Central Parent 7.25% 15/6/2029	\$290,000	232,027	0.13
Chart Industries 7.5% 1/1/2030	\$225,000	181,371	0.10
Chart Industries 9.5% 1/1/2031	\$100,000	83,751	0.05
Cheniere Energy 3.25% 31/1/2032	\$11,000	7,333	-
Chile (Republic of) 4.34% 7/3/2042	\$200,000	138,376	0.08
Chile (Republic of) 5.33% 5/1/2054	\$200,000	152,442	0.09
CHSCommunity Health Systems 5.25% 15/5/2030	\$13,000	8,452	-
CHSCommunity Health Systems 6.125% 1/4/2030	\$82,000	41,911	0.02
CHSCommunity Health Systems 8% 15/3/2026	\$136,000	105,260	0.06
Churchill Downs 5.5% 1/4/2027	\$124,000	96,195	0.05
Cinemark USA 5.875% 15/3/2026	\$138,000	107,374	0.06
Civitas Resources 8.375% 1/7/2028	\$226,000	186,648	0.11
Civitas Resources 8.625% 1/11/2030	\$38,000	31,826	0.02
Civitas Resources 8.75% 1/7/2031	\$214,000	178,652	0.10
Cleveland-Cliffs 6.75% 15/3/2026	\$428,000	337,024	0.19
Cleveland-Cliffs 6.75% 15/4/2030	\$250,000	198,038	0.11
Cloud Software Group 6.5% 31/3/2029	\$191,000	140,047	0.08
Clydesdale Acquisition Holdings 6.625% 15/4/2029	\$230,000	179,715	0.10
Clydesdale Acquisition Holdings 8.75% 15/4/2030	\$370,000	276,008	0.16
Colgate Energy Partners 5.875% 1/7/2029	\$542,000	416,286	0.24
Colombia (Republic of) 6.125% 18/1/2041	\$170,000	116,223	0.07

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Colombia (Republic of) 8% 14/11/2035	\$200,000	165,359	0.09
Colombia (Republic of) 8.75% 14/11/2053	\$500,000	427,926	0.24
Colt Merger Sub 6.25% 1/7/2025	\$308,000	242,689	0.14
Comision Federal de Electricida 4.688% 15/5/2029	\$470,000	348,316	0.20
Cornerstone Building Brands 6.125% 15/1/2029	\$214,000	149,369	0.09
Corp Nacional del Cobre de Chile 3% 30/9/2029	\$250,000	174,407	0.10
Corp Nacional del Cobre de Chile 3.75% 15/1/2031	\$200,000	140,662	0.08
Corp Nacional del Cobre de Chile 4.5% 1/8/2047	\$200,000	123,730	0.07
Corp Nacional del Cobre de Chile 5.125% 2/2/2033	\$400,000	299,575	0.17
Corp Nacional del Cobre de Chile 6.3% 8/9/2053	\$200,000	154,160	0.09
Corp Nacional del Cobre de Chile 6.3% 8/9/2053	\$400,000	308,076	0.18
Corp Nacional del Cobre de Chile 6.44% 26/1/2036	\$498,000	399,260	0.23
Cosan Luxembourg 7.25% 27/6/2031	\$200,000	158,506	0.09
Costa Rica (Republic of) 4.375% 30/4/2025	\$200,000	154,174	0.09
Costa Rica (Republic of) 6.125% 19/2/2031	\$770,000	611,998	0.35
Costa Rica (Republic of) 6.55% 3/4/2034	\$200,000	160,666	0.09
Costa Rica (Republic of) 7.33% 13/11/2054	\$430,000	353,334	0.20
CrownRock Finance 5% 1/5/2029	\$297,000	230,326	0.13
CSC Holdings 4.625% 1/12/2030	\$250,000	100,344	0.06
CSC Holdings 11.25% 15/5/2028	\$200,000	159,139	0.09
DAE Funding 1.55% 1/8/2024	\$200,000	153,010	0.09
Dave & Busters 7.625% 1/11/2025	\$575,000	456,641	0.26
DISH DBS 5.75% 1/12/2028	\$89,000	47,016	0.03
DISH Network 11.75% 15/11/2027	\$178,000	145,887	0.08
Dominican Republic 5.3% 21/1/2041	\$150,000	98,944	0.06
Dominican Republic 5.5% 22/2/2029	\$690,000	524,148	0.30
Dominican Republic 5.875% 30/1/2060	\$230,000	152,946	0.09
Dominican Republic 6% 22/2/2033	\$300,000	227,447	0.13
Dominican Republic 6.5% 15/2/2048	\$200,000	148,473	0.08
Dominican Republic 6.85% 27/1/2045	\$150,000	114,903	0.07
DP World Crescent 5.5% 13/9/2033	\$220,000	174,009	0.10
Ecopetrol 5.375% 26/6/2026	\$340,000	263,692	0.15
Ecopetrol 5.875% 2/11/2051	\$167,000	93,986	0.05
Ecopetrol 8.375% 19/1/2036	\$200,000	159,048	0.09
Ecopetrol 8.625% 19/1/2029	\$300,000	249,022	0.14
Ecopetrol 8.875% 13/1/2033	\$200,000	165,837	0.09
Ecuador (Republic of) 0.5% 31/7/2030	\$190,090	77,968	0.04
Ecuador (Republic of) 0.5% 31/7/2035	\$750,000	239,363	0.14
Ecuador (Republic of) 0.5% 31/7/2040	\$200,000	57,128	0.03

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Egypt (Republic of) 5.875% 16/2/2031	\$200,000	102,217	0.06
Egypt (Republic of) 7.3% 30/9/2033	\$200,000	103,266	0.06
Egypt (Republic of) 7.625% 29/5/2032	\$230,000	122,320	0.07
Egypt (Republic of) 8.50% 31/1/2047	\$1,190,000	569,512	0.33
Egypt (Republic of) 8.7002% 1/3/2049	\$200,000	96,637	0.06
Egypt (Republic of) 8.75% 30/9/2051	\$200,000	97,551	0.06
El Salvador (Government of) 6.375% 18/1/2027	\$75,000	52,417	0.03
El Salvador (Government of) 7.625% 1/2/2041	\$150,000	88,637	0.05
El Salvador (Government of) 7.65% 15/6/2035	\$60,000	36,798	0.02
El Salvador (Government of) 8.25% 10/4/2032	\$455,000	305,489	0.17
Electricite de France 6.9% 23/5/2053	\$456,000	401,273	0.23
Empresa Nacional del 3.45% 16/9/2031	\$350,000	231,762	0.13
Empresa Nacional del 3.75% 5/8/2026	\$700,000	522,097	0.30
Empresa Nacional del 6.15% 10/5/2033	\$400,000	314,383	0.18
EnLink Midstream 5.375% 1/6/2029	\$418,000	319,830	0.18
EPR Properties 4.5% 1/6/2027	\$263,000	196,488	0.11
EQT Midstream Partners 5.5% 15/7/2028	\$339,000	263,782	0.15
Eskom Holdings SOC 4.314% 23/7/2027	\$200,000	145,798	0.08
First Quantum Minerals 7.5% 1/4/2025	\$200,000	155,102	0.09
FMG Resources 4.375% 1/4/2031	\$500,000	353,368	0.20
Fondo MIVIVIENDA 4.625% 12/4/2027	\$250,000	190,890	0.11
Ford Motor Company 4.125% 17/8/2027	\$200,000	149,052	0.09
Ford Motor Company 6.625% 1/10/2028	\$224,000	185,551	0.11
Ford Motor Company 7.122% 7/11/2033	\$370,000	310,837	0.18
Fortrea Holdings 7.5% 1/7/2030	\$231,000	184,357	0.11
Freedom Mortgage Holdings 9.25% 1/2/2029	\$64,000	50,890	0.03
Frontier Communications 5.875% 15/10/2027	\$438,000	330,819	0.19
FS Luxembourg 8.875% 12/2/2031	\$220,000	170,560	0.10
Gabon (Republic of) 7% 24/11/2031	\$200,000	128,278	0.07
Gaci First Investment 4.75% 14/2/2030	\$300,000	231,737	0.13
Gaci First Investment 5.25% 29/1/2034	\$250,000	194,599	0.11
Gaci First Investment 5.375% 29/1/2054	\$200,000	136,637	0.08
Galaxy Pipeline Assets Bidco 2.625% 31/3/2036	\$300,000	192,116	0.11
Genesis Digital 7.125% 30/9/2030	\$178,000	145,004	0.08
Genesis Energy 8% 15/1/2027	\$263,000	208,957	0.12
Genesis Energy 8.875% 15/4/2030	\$127,000	104,339	0.06
GFL Environmental 4% 1/8/2028	\$450,000	324,134	0.19
GFL Environmental 4.75% 15/6/2029	\$11,000	8,109	-
GFL Environmental 6.75% 15/1/2031	\$129,000	103,607	0.06

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Ghana (Republic of) 7.875% 11/2/2035	\$300,000	104,033	0.06
Ghana (Republic of) 7.875% 26/3/2027	\$660,000	233,060	0.13
Ghana (Republic of) 8.95% 26/3/2051	\$200,000	68,824	0.04
GLP Capital LP/Fin 5.75% 1/6/2028	\$152,000	120,148	0.07
CLP Capital LP/Fin 6.75% 1/12/2033	\$80,000	66,861	0.04
Goodyear Tire Rubber 5% 15/7/2029	\$423,000	311,756	0.18
GPC Merger Sub 7.125% 15/8/2028	\$503,000	352,542	0.20
Gray Escrow 5.375% 15/11/2031	\$161,000	98,953	0.06
Gray Escrow 7% 15/5/2027	\$253,000	194,203	0.11
Greensaif Pipelines Bidco 6.51% 23/2/2042	\$200,000	160,884	0.09
Grifols Escrow Issuer 4.75% 15/10/2028	\$400,000	270,151	0.15
Guatemala Government Bond 5.25% 10/8/2029	\$200,000	151,769	0.09
Guatemala Government Bond 6.125% 1/6/2050	\$200,000	142,112	0.08
Hazine Mustesarligi Varlik Kir 8.5091% 14/1/2029	\$280,000	227,799	0.13
Hilton Grand Vacations Borrower 6.625% 15/1/2032	\$133,000	104,661	0.06
Home Point Capital 5% 1/2/2026	\$254,000	194,392	0.11
Hungary (Government of) 5.25% 16/6/2029	\$200,000	155,483	0.09
Hungary (Government of) 5.5% 16/6/2034	\$200,000	155,483	0.09
Hungary (Government of) 5.5% 26/3/2036	\$200,000	153,762	0.09
Hungary (Government of) 6.75% 25/9/2052	\$400,000	337,006	0.19
Husky Injection Molding Systems 9% 15/2/2029	\$41,000	32,196	0.02
INEOS Quattro Finance 2 9.625% 15/3/2029	\$200,000	164,925	0.09
Instituto Costarricense de Elect 6.75% 7/10/2031	\$200,000	155,876	0.09
IQVIA 6.5% 15/5/2030	\$400,000	320,411	0.18
Iraq (Republic of) 5.8% 15/1/2028	\$250,000	91,416	0.05
Iron Mountain 5.25% 15/3/2028	\$198,000	150,789	0.09
Iron Mountain 5.25% 15/7/2030	\$271,000	200,721	0.11
Istanbul Metropolitan Municipali 10.5% 6/12/2028	\$200,000	165,692	0.09
Ivory Coast (Government of) 6.125% 15/6/2033	\$600,000	423,649	0.24
Ivory Coast (Government of) 6.375% 3/3/2028	\$200,000	153,441	0.09
Ivory Coast (Government of) 7.625% 30/1/2033	\$200,000	155,562	0.09
Ivory Coast (Government of) 8.25% 30/1/2037	\$200,000	156,033	0.09
Jefferies Finance JFIN Colssue 5% 15/8/2028	\$212,000	150,296	0.09
Jeld Wen 4.875% 15/12/2027	\$287,000	213,701	0.12
Jordan (Government of) 7.75% 15/1/2028	\$200,000	156,900	0.09
KazMunayGas National 4.75% 19/4/2027	\$900,000	688,398	0.39
KazMunayGas National 5.75% 19/4/2047	\$200,000	136,659	0.08
Kenya (Republic of) 6.875% 28/6/2024	\$400,000	305,077	0.17
Kenya (Republic of) 7% 22/5/2027	\$200,000	144,112	0.08

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Kenya (Republic of) 8.25% 28/2/2048	\$200,000	125,643	0.07
Kinetik Holdings LP 5.875% 15/6/2030	\$350,000	269,967	0.15
Kodiak Gas Services 7.25% 15/2/2029	\$42,000	33,376	0.02
Kosmos Energy 7.75% 1/5/2027	\$200,000	148,416	0.08
LABL 9.5% 1/11/2028	\$412,000	322,692	0.18
Lamar Funding 3.958% 7/5/2025	\$700,000	532,706	0.30
Level 3 Financing Inc 10.5% 15/5/2030	\$280,000	218,776	0.12
LifePoint Health 9.875% 15/8/2030	\$385,000	309,152	0.18
Macy's Retail Holdings 5.875% 1/4/2029	\$449,000	342,008	0.20
Magyar ExportImport Bank 6.125% 4/12/2027	\$200,000	158,270	0.09
McAfee 7.375% 15/2/2030	\$271,000	192,849	0.11
MC Brazil Downstream Trading 7.25% 30/6/2031	\$200,000	116,508	0.07
MDGH GMTN RSC 5.875% 1/5/2034	\$200,000	168,487	0.10
Mexico City Airport Trust 4.25% 31/10/2026	\$600,000	451,858	0.26
Mexico City Airport Trust 5.5% 31/7/2047	\$200,000	130,090	0.07
Mexico Government International Bond 6.4% 7/5/2054	\$200,000	158,111	0.09
MGM China Holdings 5.25% 18/6/2025	\$292,000	223,566	0.13
Mineral Resources 8% 1/11/2027	\$326,000	261,799	0.15
Mineral Resources 8.5% 1/5/2030	\$71,000	57,360	0.03
ModivCare Escrow Issuer 5% 1/10/2029	\$302,000	192,403	0.11
Mongolia (Government of) 7.875% 5/6/2029	\$200,000	161,029	0.09
Morgan Stanley 1.794% variable 13/2/2032	\$75,000	47,251	0.03
Mozart Debt 3.875% 1/4/2029	\$306,000	217,561	0.12
MSCI 3.875% 15/2/2031	\$156,000	110,579	0.06
Nationstar Mortgage Holdings 5.5% 15/8/2028	\$62,000	46,235	0.03
Nationstar Mortgage Holdings 5.75% 15/11/2031	\$485,000	351,043	0.20
Nationstar Mortgage Holdings 7.125% 1/2/2032	\$45,000	35,049	0.02
Navient 6.75% 15/6/2026	\$708,000	558,454	0.32
NCL 8.125% 15/1/2029	\$231,000	190,409	0.11
NCL 8.375% 1/2/2028	\$331,000	272,894	0.16
NCR 5.25% 1/10/2030	\$341,000	246,393	0.14
NCR 9.5% 1/4/2029	\$202,000	170,140	0.10
Nigeria (Republic of) 6.125% 28/9/2028	\$300,000	204,558	0.12
Nigeria (Republic of) 7.375% 28/9/2033	\$280,000	180,627	0.10
Nigeria (Republic of) 7.625% 28/11/2047	\$200,000	118,414	0.07
Nigeria (Republic of) 7.696% 23/2/2038	\$420,000	259,404	0.15
Nigeria (Republic of) 7.875% 16/2/2032	\$400,000	272,306	0.16
Nigeria (Republic of) 8.25% 28/9/2051	\$200,000	124,098	0.07
Nigeria (Republic of) 8.375% 24/3/2029	\$300,000	219,714	0.13

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Nova Chemicals 4.875% 1/6/2024	\$131,000	102,355	0.06
Nova Chemicals 8.5% 15/11/2028	\$226,000	185,719	0.11
Oman (Government of) 5.625% 17/1/2028	\$250,000	197,821	0.11
Oman (Government of) 6.5% 8/3/2047	\$200,000	154,852	0.09
Oman (Government of) 7% 25/1/2051	\$200,000	162,174	0.09
Oman (Government of) 7.375% 28/10/2032	\$200,000	174,722	0.10
OneMain Finance 9% 15/1/2029	\$103,000	85,190	0.05
Open Text 4.125% 1/12/2031	\$97,000	67,645	0.04
Open Text 6.9% 1/12/2027	\$274,000	223,206	0.13
Owens Minor 6.625% 1/4/2030	\$209,000	156,350	0.09
Pactiv Evergreen Issuer 4.375% 15/10/2028	\$341,000	249,835	0.14
Pakistan (Republic of) 6.875% 5/12/2027	\$200,000	114,084	0.07
Pakistan (Republic of) 7.375% 8/4/2031	\$200,000	102,038	0.06
Panama (Republic of) 6.853% 28/3/2054	\$370,000	259,699	0.15
Panther BF Aggregator 2 LP Panth 8.5% 15/5/2027	\$379,000	296,801	0.17
Paraguay (Republic of) 5.4% 30/3/2050	\$200,000	134,950	0.08
Paraguay (Republic of) 5.85% 21/8/2033	\$600,000	468,457	0.27
PennyMac Financial Services 5.75% 15/9/2031	\$431,000	313,467	0.18
PennyMac Financial Services 7.875% 15/12/2029	\$90,000	72,791	0.04
Permian Resources Operating 7% 15/1/2032	\$260,000	210,785	0.12
Pertamina 3.1% 21/1/2030	\$200,000	141,076	0.08
Pertamina 4.175% 21/1/2050	\$300,000	185,869	0.11
Peru (Republic of) 2.844% 20/6/2030	\$150,000	104,085	0.06
Peru (Republic of) 3% 15/1/2034	\$246,000	161,069	0.09
Perusahaan Listrik Negara 3.375% 5/2/2030	\$300,000	213,321	0.12
Perusahaan Listrik Negara 4.125% 15/5/2027	\$200,000	152,180	0.09
Petrobras Global Finance 8.75% 23/5/2026	\$250,000	208,487	0.12
Petroleos de Peru 4.75% 19/6/2032	\$260,000	149,957	0.09
Petroleos de Peru 5.625% 19/6/2047	\$200,000	100,198	0.06
Petroleos Mexicanos 6.5% 13/3/2027	\$445,000	327,687	0.19
Petroleos Mexicanos 6.875% 4/8/2026	\$220,000	168,501	0.10
Petroleos Mexicanos 6.95% 28/1/2060	\$150,000	75,531	0.04
Petroleos Mexicanos 7.69% 23/1/2050	\$877,000	481,461	0.27
Petroleos Mexicanos 8.75% 2/6/2029	\$179,906	136,466	0.08
Petroleos Mexicanos 10% 7/2/2033	\$560,000	434,890	0.25
PetSmart 7.75% 15/2/2029	\$450,000	341,597	0.20
Post Holdings 4.625% 15/4/2030	\$425,000	306,923	0.18
Post Holdings 5.5% 15/12/2029	\$291,000	220,883	0.13
Presidio 8.25% 1/2/2028	\$307,000	239,060	0.14

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Prime Security Services Borrower 6.25% 15/1/2028	\$276,000	214,781	0.12
Prosus 3.257% 19/1/2027	\$200,000	145,345	0.08
Provincia de Buenos AiresGo 5.25% 1/9/2037	\$315,000	96,308	0.06
PT Freeport Indonesia 4.763% 14/4/2027	\$300,000	231,163	0.13
Qatar (Government of) 4.4% 16/4/2050	\$200,000	137,422	0.08
Qatar (Government of) 4.817% 14/3/2049	\$605,000	441,831	0.25
Qatar (Government of) 5.103% 23/4/2048	\$450,000	342,025	0.20
Republic of Indonesia Government 5.1% 16/11/2027	\$350,000	265,651	0.15
Republic of Poland Government 5.5% 16/11/2027	\$135,000	109,329	0.06
Republic of Poland Government 5.5% 4/4/2053	\$122,000	96,677	0.06
Republic of Poland Government 5.75% 16/11/2032	\$50,000	41,672	0.02
Rithm Capital 6.25% 15/10/2025	\$190,000	147,457	0.08
Romania (Government of) 5.25% 25/11/2027	\$100,000	77,756	0.04
Romania (Government of) 6.375% 30/1/2034	\$490,000	392,953	0.22
Romania (Government of) 7.625% 17/1/2053	\$120,000	105,187	0.06
Royal Caribbean Cruises 5.375% 15/7/2027	\$49,000	37,863	0.02
Royal Caribbean Cruises 8.25% 15/1/2029	\$550,000	458,175	0.26
Royal Caribbean Cruises 9.25% 15/1/2029	\$398,000	335,703	0.19
Sasol Financing USA 4.375% 18/9/2026	\$200,000	146,748	0.08
Saudi Arabia (Government of) 4.5% 17/4/2030	\$250,000	192,222	0.11
Saudi Arabia (Government of) 4.5% 26/10/2046	\$200,000	133,496	0.08
Saudi Government International 4.75% 18/1/2028	\$200,000	157,242	0.09
Saudi Government International 4.75% 16/1/2030	\$250,000	195,157	0.11
Saudi Government International 5.75% 16/1/2054	\$300,000	231,507	0.13
Seagate HDD Cayman 8.25% 15/12/2029	\$206,000	174,170	0.10
Sealed Air 5% 15/4/2029	\$196,000	147,616	0.08
Sealed Air 6.125% 1/2/2028	\$360,000	283,699	0.16
Senegal (Republic of) 6.25% 23/5/2033	\$200,000	136,007	0.08
Service Properties Trust 5.5% 15/12/2027	\$159,000	117,444	0.07
Service Properties Trust 7.5% 15/9/2025	\$174,000	138,697	0.08
Service Properties Trust 8.625% 15/11/2031	\$136,000	113,236	0.06
Sirius XM Radio 5% 1/8/2027	\$122,000	92,088	0.05
Sirius XM Radio 5.5% 1/7/2029	\$289,000	215,595	0.12
South Africa (Republic of) 4.3% 12/10/2028	\$350,000	251,482	0.14
South Africa (Republic of) 6.25% 8/3/2041	\$120,000	79,377	0.05
Southwestern Energy 5.375% 15/3/2030	\$316,000	239,801	0.14
Sprint Capital 6.875% 15/11/2028	\$571,000	484,006	0.28
Sri Lanka (Republic of) 5.875% 25/7/2022	\$200,000	82,576	0.05
Sri Lanka (Republic of) 7.55% 28/3/2030	\$665,000	263,613	0.15

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Standard Industries 4.75% 15/1/2028	\$319,000	239,585	0.14
Suci Second Investment 6% 25/10/2028	\$200,000	163,465	0.09
Summit Materials Summit Materials 7.25% 15/1/2031	\$42,000	34,265	0.02
Sunoco LP Sunoco Finance 6% 15/4/2027	\$200,000	157,083	0.09
Sunoco LP Sunoco Finance 7% 15/9/2028	\$134,000	107,555	0.06
Tallgrass Energy Partners 6% 1/3/2027	\$313,000	241,795	0.14
Tallgrass Energy Partners 7.375% 15/2/2029	\$166,000	130,030	0.07
Tenet Healthcare 6.125% 1/10/2028	\$681,000	532,800	0.30
T-Mobile US 3.5% 15/4/2031	\$154,000	110,193	0.06
TransDigm 5.5% 15/11/2027	\$142,000	108,487	0.06
TransDigm 6.25% 15/3/2026	\$374,000	291,693	0.17
TransDigm 6.75% 15/8/2028	\$259,000	206,712	0.12
TransDigm 7.125% 1/12/2031	\$53,000	43,379	0.02
Trinidad Tobago Government International 5.95% 14/1/2031	\$400,000	318,976	0.18
Tronox 4.625% 15/3/2029	\$349,000	241,968	0.14
Turkey (Republic of) 5.75% 11/5/2047	\$500,000	285,822	0.16
Turkey (Republic of) 6.375% 14/10/2025	\$300,000	234,850	0.13
Turkey (Republic of) 9.375% 14/3/2029	\$300,000	253,141	0.15
Turkey (Republic of) 9.875% 15/1/2028	\$300,000	256,242	0.15
Ukraine (Government of) 1.258% variable 1/8/2041	\$200,000	66,193	0.04
Ukraine (Government of) 7.75% 1/9/2024	\$200,000	45,440	0.03
Ukraine (Government of) 7.75% 1/9/2028	\$400,000	78,451	0.04
Ukraine (Government of) 7.75% 1/9/2029	\$385,000	75,461	0.04
Ukraine (Government of) 9.75% 1/11/2028	\$400,000	83,101	0.05
United Airlines 4.625% 15/4/2029	\$500,000	363,199	0.21
United Rentals North America 3.75% 15/1/2032	\$164,000	113,099	0.06
United Rentals North America 4% 15/7/2030	\$129,000	92,630	0.05
United Rentals North America 5.25% 15/1/2030	\$86,000	66,354	0.04
United States Treasury Bill 0% 8/2/2024	\$300,000	235,340	0.13
United States Treasury Bill 0% 13/2/2024	\$800,000	627,114	0.36
United States Treasury Bill 0% 28/3/2024	\$1,550,000	1,207,220	0.69
United States Treasury NoteBond 4.75% 15/11/2043	\$99,000	82,297	0.05
Uruguay (Republic of) 4.375% 23/1/2031	\$300,000	232,132	0.13
Uruguay (Republic of) 4.975% 20/4/2055	\$400,000	296,155	0.17
Uruguay (Republic of) 5.1% 18/6/2050	\$360,000	274,738	0.16
Uruguay (Republic of) 5.75% 28/10/2034	\$450,000	377,547	0.22
Uzbekneftegaz 4.75% 16/11/2028	\$220,000	143,862	0.08
Venture Global Calcasieu Pass 6.25% 15/1/2030	\$222,000	174,468	0.10
Venture Global LNG 8.125% 1/6/2028	\$310,000	246,035	0.14

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Venture Global LNG 9.875% 1/2/2032	\$39,000	32,206	0.02
VICI Properties 4.625% 1/12/2029	\$324,000	240,769	0.14
Viking Ocean Cruises 5.625% 15/2/2029	\$259,000	198,046	0.11
Viking Ocean Cruises 9.125% 15/7/2031	\$132,000	110,911	0.06
Vine Energy Holdings 6.75% 15/4/2029	\$401,000	318,538	0.18
Virgin Media Vendor Financing Notes 5% 15/7/2028	\$320,000	236,549	0.14
Vistra 7% variable perpetual	\$145,000	110,448	0.06
Vistra 8% variable perpetual	\$261,000	204,370	0.12
Vistra Operations 5.5% 1/9/2026	\$114,000	88,701	0.05
Wand NewCo 3 7.625% 30/1/2032	\$38,000	30,819	0.02
WASH Multifamily Acquisition 5.75% 15/4/2026	\$345,000	260,438	0.15
Weekley Homes 4.875% 15/9/2028	\$60,000	43,913	0.03
WR Grace Holdings 5.625% 15/8/2029	\$502,000	347,582	0.20
WR Grace Holdings 7.375% 1/3/2031	\$79,000	63,204	0.04
Wyndham Destinations 4.625% 1/3/2030	\$328,000	231,899	0.13
Wyndham Destinations 6.625% 31/7/2026	\$250,000	198,268	0.11
Ziggo Bond 5.125% 28/2/2030	\$478,000	316,676	0.18
1011778 BC ULC New Red Finance 4.375% 15/1/2028	\$196,000	146,391	0.08
3R Luxembourg 9.75% 5/2/2031	\$200,000	156,779	0.09
Total US dollar denominated bonds		76,287,477	43.54

COLLECTIVES AND INVESTMENT TRUSTS (17.29%; 31.01.23 17.21%)

HSBC GIF Global Bond Total Return Fund*	3,466,000	30,278,976	17.29
Total collectives and investment trusts		30,278,976	17.29

FORWARD FOREIGN EXCHANGE CONTRACTS (0.16%; 31.01.23 0.97%)

Sold euros	€4,820,000		
For sterling (Expires 8/2/2024)	£4,145,349	32,750	0.02
Sold US dollars	\$2,420,000		
For sterling (Expires 9/2/2024)	£1,913,659	13,451	0.01
Sold US dollars	\$35,000		
For sterling (Expires 9/2/2024)	£27,790	307	-
Sold sterling	£622,699		

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
For euros (Expires 8/2/2024)	€724,000	(4,956)	-
Sold sterling For US dollars (Expires 9/2/2024)	£458,457 \$576,000	(6,176)	(0.01)
Sold US dollars For sterling (Expires 9/2/2024)	\$90,000 £71,047	379	-
Sold euros For sterling (Expires 8/2/2024)	€100,000 £86,300	976	-
Sold US dollars For sterling (Expires 2/2/2024)	\$49,000,000 £38,492,248	14,732	0.01
Sold US dollars For sterling (Expires 2/2/2024)	\$1,300,000 £1,021,536	704	-
Sold US dollars For sterling (Expires 2/2/2024)	\$48,617,020 £38,184,796	8,018	-
Sold sterling For US dollars (Expires 9/2/2024)	£299,233 \$378,000	(2,424)	-
Sold euros For sterling (Expires 8/2/2024)	€450,000 £388,269	4,312	-
Sold euros For sterling (Expires 8/2/2024)	€200,000 £172,052	1,405	-
Sold US dollars For sterling (Expires 9/2/2024)	\$310,000 £243,524	109	-
Sold sterling For US dollars (Expires 9/2/2024)	£243,297 \$310,000	118	-
Sold sterling For US dollars (Expires 9/2/2024)	£492,162 \$627,000	165	-
Sold euros	€290,000		

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
For sterling (Expires 8/2/2024)	£249,779	2,341	-
Sold euros	€300,000		
For sterling (Expires 8/2/2024)	£258,132	2,161	-
Sold euros	€25,000		
For sterling (Expires 8/2/2024)	£21,415	84	-
Sold US dollars	\$491,000		
For sterling (Expires 9/2/2024)	£385,359	(179)	-
Sold sterling	£500,000		
For US dollars (Expires 2/2/2024)	\$633,803	(2,303)	-
Sold euros	€250,000		
For sterling (Expires 10/4/2024)	£214,121	325	-
Sold US dollars	\$50,000,000		
For sterling (Expires 4/3/2024)	£39,405,264	150,934	0.09
Sold US dollars	\$47,910,799		
For sterling (Expires 4/3/2024)	£37,684,796	70,670	0.04
Total forward foreign exchange contracts		287,903	0.16
FUTURES			
(0.09%; 31.01.23 (0.01%))			
CBT US 5Year Note March 2024	8	5,325	-
CBT US 10Year Note March 2024	-	(14,663)	(0.01)
CBT US Long Bond March 2024	(2)	(3,092)	-
CBT US Ultra Bond Future March 2024	10	50,969	0.03
EUX Euro Bobl Future March 2024	(2)	(1,535)	-
EUX Euro Bund Future March 2024	(25)	(17,461)	(0.01)
ICF Long Gilt Future March 2024	58	135,662	0.08
Total futures contracts		155,205	0.09

Portfolio statement (continued)

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

As at 31 January 2024

	Holding or nominal value of positions as at 31 January 2024	Bid Value (£)	% of Net Total Assets
Portfolio of investments		170,474,814	97.33
Net other assets		4,674,882	2.67
Net assets		175,149,696	100.00

* Funds managed by ACD/HSBC Group

The counterparties for the futures are Barclays and HSBC.

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

BOND CREDIT RATINGS†

	AS AT 31.01.24	AS AT 31.01.23
AA+	1.23%	1.07%
AA	4.03%	3.91%
AA-	-	0.17%
A+	3.08%	1.80%
A	3.13%	2.12%
A-	4.42%	3.17%
BBB+	9.91%	7.03%
BBB	12.83%	15.42%
BBB-	5.46%	6.14%
BB+	6.10%	6.70%
BB	3.79%	4.08%
BB-	6.60%	5.86%
B+	5.32%	4.63%
B	3.72%	5.43%
B-	4.53%	4.56%
CCC+	1.04%	1.47%
CCC	0.40%	0.66%
CCC-	0.54%	0.22%
D	0.43%	0.13%
Unrated	3.23%	1.02%

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

Net asset value per unit and comparative table

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

Income

Change in net assets per unit	31.01.24	31.01.23	31.01.22
Opening net asset value per unit	87.95p	103.89p	111.75p
Return before operating charges*	4.91	(11.36p)	(2.56p)
Operating charges	(0.79p)	(0.84p)	(1.01p)
Return after operating charges*	4.12p	(12.20p)	(3.57p)
Distributions on income unit	(4.67p)	(3.74p)	(4.29p)
Closing net asset value per unit	87.40p	87.95p	103.89p
* after direct transaction costs of:***	0.00p	0.00p	0.00p

Performance

Return after charges	4.68%	(11.74)%	(3.19)%
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Other information

Closing net asset value	£100,696,843	£108,837,368	£134,274,658
Closing number of units	115,211,638	123,742,125	129,249,156
Operating charges**	0.95%	0.96%	0.96%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	89.37p	104.80p	112.60p
Lowest unit price	81.55p	81.93p	105.20p

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

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

Net asset value per unit and comparative table (continued)

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

Accumulation

Change in net assets per unit	31.01.24	31.01.23	31.01.22
Opening net asset value per unit	245.99p	278.72p	288.20p
Return before operating charges*	14.39	(30.43p)	(6.84p)
Operating charges	(2.25p)	(2.30p)	(2.64p)
Return after operating charges*	12.14p	(32.73p)	(9.48p)
Distributions on accumulation unit	(13.33p)	(10.19p)	(11.22p)
Retained distributions on accumulation unit	13.33p	10.19p	11.22p
Closing net asset value per unit	258.13p	245.99p	278.72p
* after direct transaction costs of:***	0.00p	0.00p	0.00p

Performance

Return after charges	4.94%	(11.74)%	(3.29)%
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Other information

Closing net asset value	£74,452,853	£78,797,697	£95,647,809
Closing number of units	28,842,628	32,032,519	34,316,246
Operating charges**	0.95%	0.96%	0.96%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price	259.70p	281.10p	292.80p
Lowest unit price	235.00p	224.30p	279.20p

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

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

Ongoing charges

For the 12 month period to 31 January 2024: **0.95%**

For the 12 month period to 31 January 2023: **0.96%**

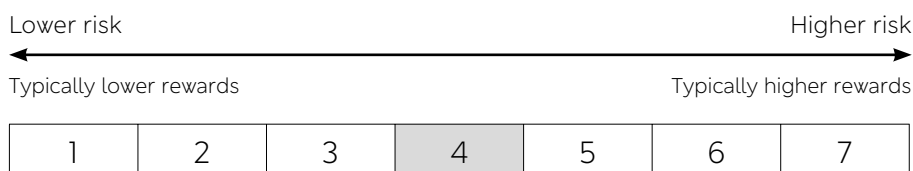
The ongoing charges measure the annual charges and expenses of an investment fund. These will affect the returns to the investor. Most European investment funds highlight the ongoing charges to help you compare the annual charges and expenses of different funds.

Ex-distribution (XD) dates: **1 February, 1 May, 1 August and 1 November**

Income payment dates: **31 March, 30 June, 30 September and 31 December**

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

Risk and reward profile



More about this rating

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

Why is this Fund in category 4?

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

Authorised status

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

Trustee report

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of Marks & Spencer High Income Fund ('the Trust') for the Period Ended 31 January 2024.

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

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

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

The Depositary must ensure that:

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

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

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

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

State Street Trustees Limited
10 May 2024

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 & Spencer Unit Trust Management Limited.
10 May 2024

Independent auditor's report

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

Opinion

We have audited the financial statements of the Trust for the year ended 31 January 2024 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables and the accounting policies set out on pages 36 and 37.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 31 January 2024 and of the net revenue and the net capital gains on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

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

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

Going concern

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

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

Our conclusions based on this work:

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

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

Independent auditor's report (continued)

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 identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

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

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

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

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

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

Independent auditor's report (continued)

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 & 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 29, 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust 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.

Independent auditor's report (continued)

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.



Wiqas Qaiser
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

20 Saltire Court
Edinburgh
EH1 2EG

10 May 2024

Statement of total return

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

For the year ended 31 January 2024

	Notes	31.01.24		31.01.23	
		£	£	£	£
Income					
Net capital gains/(losses)	2		89,342		(33,265,487)
Revenue	3	9,620,405		8,168,822	
Expenses	4	(1,626,318)		(1,830,681)	
Interest payable and similar charges		(157)		(42,834)	
Net revenue before taxation		7,993,930		6,295,307	
Taxation	5	(6,434)		(7,263)	
Net revenue after taxation			7,987,496		6,288,044
Total return/(deficit) before distributions			8,076,838		(26,977,443)
Distributions/Accumulations	6		(9,614,116)		(8,118,642)
Change in net assets attributable to Unitholders			(1,537,278)		(35,096,085)

Statement of change in net assets attributable to Unitholders

For the year ended 31 January 2024

	31.01.24		31.01.23	
	£	£	£	£
Opening net assets attributable to Unitholders		187,635,065		229,922,467
Amounts receivable on issue of units	2,129,779		3,942,706	
Less: Amounts payable on cancellation of units	(17,085,839)		(14,504,898)	
		(14,956,060)		(10,562,192)
Change in net assets attributable to Unitholders from investment activities (see above)		(1,537,278)		(35,096,085)
Retained distribution on accumulation units		4,005,268		3,368,343
Unclaimed distributions over 6 years old		2,701		2,532
Closing net assets attributable to Unitholders		175,149,696		187,635,065

The notes on pages 36 to 46 are an integral part of these financial statements.

Balance sheet

As at 31 January 2024

	Notes	31.01.24		31.01.23	
		£	£	£	£
ASSETS					
Fixed assets:					
Investments			170,527,603		176,243,325
Current assets:					
Debtors	8	3,853,762		3,615,635	
Cash and bank balances	9	4,273,580		11,469,761	
Total Current assets			8,127,342		15,085,396
TOTAL ASSETS			178,654,945		191,328,721
LIABILITIES					
Investment liabilities			(52,789)		(310,017)
Creditors:					
Distribution payable		(1,407,425)		(1,100,686)	
Other creditors	10	(2,045,035)		(2,282,953)	
Total Creditors			(3,452,460)		(3,383,639)
TOTAL LIABILITIES			(3,505,249)		(3,693,656)
Net assets attributable to Unitholders			175,149,696		187,635,065

The notes on pages 36 to 46 are an integral part of these financial statements.

Notes to the financial statements

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

For the year ended 31 January 2024

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 for next twelve months from the date of approval of the financial statements and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

(b) Recognition of revenue

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

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

Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

(c) Treatment of expenses

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

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

(d) Distribution policy

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

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

All remaining revenue is distributed in accordance with the Collective Investment Schemes Sourcebook.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Fund.

(e) Basis of valuation of investments

The investments, including derivatives, are valued at bid market value, excluding any accrued revenue, at 5pm on 31 January 2024, 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.

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

(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 31 January 2024, being the last working day of the accounting year.

For the year ended 30 November 2023

2. Net capital gains/(losses) on investments

	31.01.24 £	31.01.23 £
The net capital gains/(losses) on investments during the year comprise:		
Transaction charges	(20)	(240)
Currency gains/(losses)	1,925,337	(1,854,327)
Losses on non-derivative securities	(1,749,026)	(23,190,403)
Losses on derivative contracts	(370,856)	(705,236)
Gains/(losses) on forward foreign exchange contracts	283,907	(7,515,281)
Net capital gains/(losses) on investments	89,342	(33,265,487)

3. Revenue

	31.01.24 £	31.01.23 £
Interest on debt securities	9,341,813	8,084,747
Bank interest	258,420	82,304
Deposit interest	9,221	1,215
Net collateral interest on forward currency contracts	10,951	556
Total revenue	9,620,405	8,168,822

4. Expenses

	31.01.24 £	31.01.23 £
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,626,318	1,830,681

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

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

5. Taxation

	31.01.24 £	31.01.23 £
(a) Analysis of charge in year		
Overseas tax	6,434	7,263
Total current tax charge for year (note 5b)	6,434	7,263

(b) Factors affecting current tax charge for the year

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

	31.01.24 £	31.01.23 £
Net revenue before taxation	7,993,930	6,295,307
Corporation tax at 20%	1,598,786	1,259,061
Effects of:		
Tax deductible interest distributions	(1,597,499)	(1,257,608)
Irrecoverable overseas tax	6,434	7,263
Tax relief on overseas tax suffered	(1,287)	(1,453)
Current tax charge for year (note 5a)	6,434	7,263

(c) Provision for deferred taxation

At 31 January 2024 there is no potential deferred tax asset (31.01.23: same) in relation to surplus management expenses.

6. Distributions

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

	31.01.24 £	31.01.23 £
Interim interest distribution	7,087,180	6,186,138
Final interest distribution	2,433,733	1,889,327
	9,520,913	8,075,465
Add: Amount deducted on cancellation of units	103,958	63,548
Deduct: Income received on issue of units	(10,755)	(20,371)
Net distribution for the year	9,614,116	8,118,642

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

7. Movement between net revenue and distributions

	31.01.24	31.01.23
	£	£
Net revenue after taxation	7,987,496	6,288,044
Movement in net income property	302	(83)
Management charges transferred to capital account	1,626,318	1,830,681
Net distribution	9,614,116	8,118,642

8. Debtors

	31.01.24	31.01.23
	£	£
Amounts receivable for issue of units	-	13,612
Sales awaiting settlement	1,155,144	1,458,011
Accrued revenue	2,698,618	2,144,012
Total debtors	3,853,762	3,615,635

9. Cash and bank balances

	31.01.24	31.01.23
	£	£
Cash and bank balances	3,664,190	11,077,205
Amounts held at derivative clearing houses and brokers	609,390	392,556
Total cash and bank balances	4,273,580	11,469,761

10. Creditors

	31.01.24	31.01.23
	£	£
Amounts payable for cancellation of units	254,903	96,229
Purchases awaiting settlement	1,652,667	1,996,232
Accrued expenses	137,465	190,492
Total creditors	2,045,035	2,282,953

11. Reconciliation of units

	Income	Accumulation
Opening units issued at 01.02.23	123,742,125	32,032,519
Units issued	1,782,700	260,509
Units cancelled	(10,313,187)	(3,450,400)
Closing units at 31.01.24	115,211,638	28,842,628

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 & outstanding commitments at the balance sheet date (31.01.23: no contingent liabilities and outstanding commitments).

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

14. Risk in relation to financial instruments

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

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

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

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

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

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

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

Market price risk

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

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

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

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

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

As charges are taken from capital, this may limit the potential for capital growth and there could be periods of time when these charges will be greater than the growth of the Fund.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £17,047,481 (31.01.23: £17,593,331). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £17,047,481 (31.01.23: £17,593,331). These calculations assume all other variables remain constant.

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

Foreign currency risk

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

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

The Manager may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

Revenue received in other currencies is converted to sterling on the date of receipt.

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

Sterling is the base currency of the fund.

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

Portfolio of investments £		Net current assets/(liabilities) £		Net assets £	
31.01.24	31.01.23	31.01.24	31.01.23	31.01.24	31.01.23
89,286,861	92,195,743	(74,650,513)	(29,925,906)	14,636,348	62,269,837
4,861,720	3,491,390	(15,526)	(552,954)	4,846,194	2,938,436
107	121	5	5	112	126
76,326,126	80,246,054	79,340,916	42,180,612	155,667,042	122,426,666
170,474,814	175,933,308	4,674,882	11,701,757	175,149,696	187,635,065

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 £16,051,335 (31.01.23: £12,536,523). 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 £16,051,335 (31.01.23: £12,536,523).

Interest rate risk

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

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

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

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

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

Portfolio	Floating Rate*		Fixed Rate	
	£		£	
	31.01.24	31.01.23	31.01.24	31.01.23
Sterling	18,814,167	18,526,163	39,770,257	39,568,963
Euro	1,007,156	1,070,471	3,873,560	2,426,903
South African Rand	-	-	107	121
US dollar	2,663,915	2,708,961	73,623,569	77,524,148
Cash at bank	4,273,580	11,469,761	-	-
Other Assets	-	-	-	-
Liabilities	-	-	-	-
Total	26,758,818	33,775,356	117,267,493	119,520,135

Portfolio	None		Total	
	£		£	
	31.01.24	31.01.23	31.01.24	31.01.23
Sterling	30,702,436	34,100,617	89,286,860	92,195,743
Euro	(18,996)	(5,984)	4,861,720	3,491,390
South African Rand	-	-	107	121
US dollar	38,643	12,945	76,326,127	80,246,054
Cash at bank	-	-	4,273,580	11,469,761
Other Assets	3,853,762	3,615,635	3,853,762	3,615,635
Liabilities	(3,452,460)	(3,383,639)	(3,452,460)	(3,383,639)
Total	31,123,385	34,339,574	175,149,696	187,635,065

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

If the interest rate at 31 January 2024 had increased or decreased by 1 basis points with all other variables held constant, this would have increased or decreased the net asset value of the Fund by £77,639 (31.01.23: 82,583).

Currency	Fixed rate financial assets weighted average interest rate		Fixed rate financial assets weighted average period for which rate is fixed	
	%		%	
	31.01.24	31.01.23	31.01.24	31.01.23
Sterling	5.35	5.35	10.46	11.02
Euro	3.76	4.81	10.18	11.92
South African Rand	11.74	11.23	11.08	12.08
US dollar	(0.60)	5.49	8.21	8.87

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.

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

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 index futures and forward currency contracts. Details of the individual contracts are shown on the portfolio statement on pages 21 to 23, and the total position by the counterparty at the year end is summarised below:

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

Counterparty	Futures £		Forward Currency £		Total £	
	31.01.24	31.01.23	31.01.24	31.01.23	31.01.24	31.01.23
HSBC Bank	91,709	(9,485)	(306)	(25,523)	91,403	(35,008)
Barclays Bank	63,496	19,653	-	-	63,496	19,653
BNP Paribas	-	-	704	-	704	-
Credit Agricole	-	-	1,585	-	1,585	-
JP Morgan Chase	-	-	84	(1,897)	84	(1,897)
Morgan Stanley	-	-	70,670	31,573	70,670	31,573
National Westminster	-	-	48,740	-	48,740	-
Standard Chartered Bank	-	-	22,750	1,808,105	22,750	1,808,105
UBS	-	-	143,676	2,463	143,676	2,463

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.

16. Post Balance Sheet events

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

17. Ultimate controlling party and related party transactions

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

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

At the year end, the Manager and its associates held 0.02% (31.01.23: 0.01%) of the Fund's units in issue. Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 3,4, 8 and 10 to the financial statements and the statement of

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

change in net assets attributable to Unitholders and the portfolio statement. Within note 10, accrued expenses (including amounts due to associates and agents) of £137,465 (31.01.23: £146,237) are due to the Manager.

At the year end the Fund held £32,310,728 (31.01.23: £34,215,693) in HSBC Holdings, the parent company of the Manager. During the period transactions in HSBC Holdings totalled £1,949,835 (31.01.23: £6,254,070).

Certain expenses of the fund amounting to £75,997 (31.01.23: £72,343) were met by the Manager in order that the Fund can meet the CAT standards.

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

18. Portfolio of transaction costs

For the year ended 31 January 2024

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
Analysis of total purchase costs							
Fund transactions	112,008,066	-	-	-	-	-	-
Corporate actions	-	-	-	-	-	-	-
Total purchases before transaction costs	112,008,066	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-
Total purchases after commission and tax	112,008,066	-	-	-	-	-	-

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
Analysis of total sales costs							
Fund transactions	102,927,952	-	-	-	-	-	-
Corporate actions	11,912,430	-	-	-	-	-	-
Total sales before transaction costs	114,840,382	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-
Total sales after commission and tax	114,840,382	-	-	-	-	-	-

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

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

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

Direct transaction costs: Broker commissions, fees and taxes.

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

At the balance sheet date the portfolio dealing spread was 0.39%, being the difference between the respective bid and offer prices for the Funds investments.

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

18. Portfolio of transaction costs (continued)

For the year ended 31 January 2023

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

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

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

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

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

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

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

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

Notes to the financial statements (continued)

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

For the year ended 31 January 2024

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 January 2024

Category	1	2	3	Total
Investment Assets	£	£	£	£
Bonds	7,305,315	132,447,415	-	139,752,730
Pooled investment vehicles	-	30,278,976	-	30,278,976
Derivatives	191,956	303,941	-	495,897
	7,497,271	163,030,332	-	170,527,603
Investment Liabilities				
Derivatives	(36,751)	(16,038)	-	(52,789)
	(36,751)	(16,038)	-	(52,789)

For the year ended 31 January 2023

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

20. Stock lending activities

The Fund does not currently undertake stock lending.

Distribution tables

For the year ended 31 January 2024

1st Interim

Group 1: Units purchased prior to 1 February 2023

Group 2: Units purchased between 1 February 2023 to 30 April 2023

	Gross income 2023 pence per unit	Equalisation 2023 pence per unit	Distribution paid 2023 pence per unit	Distribution paid 2022 pence per unit
Income units				
Group 1	0.9871	-	0.9871	0.9179
Group 2	0.4664	0.5207	0.9871	0.9179
Accumulation units				
Group 1	2.7607	-	2.7607	2.4626
Group 2	1.3044	1.4563	2.7607	2.4626

2nd Interim

Group 1: Units purchased prior to 1 May 2023

Group 2: Units purchased between 1 May 2023 to 31 July 2023

	Gross income 2023 pence per unit	Equalisation 2023 pence per unit	Distribution paid 2023 pence per unit	Distribution paid 2022 pence per unit
Income units				
Group 1	1.1540	-	1.1540	0.9951
Group 2	0.7388	0.4152	1.1540	0.9951
Accumulation units				
Group 1	3.2645	-	3.2645	2.6950
Group 2	2.0900	1.1745	3.2645	2.6950

3rd Interim

Group 1: Units purchased prior to 1 August 2023

Group 2: Units purchased between 1 August 2023 to 31 October 2023

	Gross income 2023 pence per unit	Equalisation 2023 pence per unit	Distribution paid 2023 pence per unit	Distribution paid 2022 pence per unit
Income units				
Group 1	1.3054	-	1.3054	0.9399
Group 2	0.8059	0.4995	1.3054	0.9399
Accumulation units				
Group 1	3.7427	-	3.7427	2.5735
Group 2	2.3104	1.4323	3.7427	2.5735

Final

Group 1: Units purchased prior to 1 November 2023

Group 2: Units purchased between 1 November 2023 to 31 January 2024

	Gross income 2024 pence per unit	Equalisation 2024 pence per unit	Distribution payable 2024 pence per unit	Distribution paid 2023 pence per unit
Income units				
Group 1	1.2216	-	1.2216	0.8895
Group 2	0.7223	0.4993	1.2216	0.8895
Accumulation units				
Group 1	3.5583	-	3.5583	2.4620
Group 2	2.1039	1.4544	3.5583	2.4620

Important changes

The following changes were made to the Fund's Prospectus during the reporting period ending 31 January 2024:

Prospectus Update 5 December 2023:

- Update to the section “Definitions” to include new definitions for “ESG” and “UNGC”. The definition for “US Person” has been amended.
- Update to the section “Investment Objective, Policy and Strategy” to update the Eligible securities and derivatives markets where required.
- Update to the section “Historical Performance” to update the performance information to 31 January 2023.
- Update to the section “Manager” to amend the address for the Registered office and Head office and principal place of business. The names and significant business activities of the Directors have also been updated.
- Update to the section “Trustee” to clarify the responsibilities of the Trustee and the Conflicts of Interest policy.
- Update to the section “Registrar” to amend the address of the registrar.
- Update to the section “Conflicts of Interest” to amend the Bank Holding Company Act.
- Update to the section “Ongoing Charges Figure” to update the ongoing charges information as at 31 January 2023.
- Update to the section “Taxation” to update the tax year references.
- Update to the section “Risks” to add a new risk wording for “Environment, Social and Governance (ESG) Scoring Risk” and “Sustainable Funds and Environment, Social and Governance (ESG) data”.
- Update to the section “Integration of Sustainability Risks into Investment Decisions” to reflect the current position and to remove the ‘Consideration of Principal Adverse Impacts’ section as this is not relevant.
- Update to the section “Other Matters” to amend the address for Marks & Spencer Unit Trust Management Limited and to clarify that Marks & Spencer Unit Trust Management Limited is a subsidiary of HSBC UK Bank plc.
- Update to “Appendix 1” to amend the list of appointed local sub-custodians.

The following changes were made to the Fund's Key Investor Information Document during the reporting period ending 31 January 2024:

KIID update 10 February 2023

- Update to “Past Performance” to include performance information for 2022.

Remuneration (Unaudited)

Marks & 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 & 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.

The Task Force on Climate-related Financial Disclosures (TCFD)

The Manager is not required to produce a Task Force on Climate-related Financial Disclosure (TCFD) report for the Fund. This is because the total assets under management of the Manager are below the regulatory threshold for reporting.

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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