

# Manager's annual report

For the period 1 February 2024 to 31 January 2025

**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 329  
Wymondham  
NR18 8HA

## **Directors of the Manager**

James Coyle (Chairman and non-Executive Director) (resigned 25 April 2024)

Jenny Goldie-Scot (Chairman and Non-Executive Director) (appointed 25 April 2024)

Paul Spencer (Chief Executive Officer and Director) (resigned 5 December 2024)

Colin O'Flaherty (Chief Executive Director) (appointed 3 December 2024)

Phillip Scott (Director)

Simon Calver (Non-Executive Director) (appointed 25 April 2024)

## **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 (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](http://www.theia.org).

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

## **Use of derivatives**

The Fund may invest directly in exchange traded and over-the-counter derivatives in accordance with the investment restrictions. In particular, bond futures may be used with the aim of managing the overall bond duration.

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

The collective investment schemes that the Fund may invest in may use derivatives for wider investment purposes in addition to efficient portfolio management. The Fund will only invest in such collective investment schemes where this is consistent with the overall risk profile of the Fund.

## **Review of the 12 months to 31 January 2025**

### **Economic and market review**

Heading into 2024, US inflation was higher-than-expected, which reduced investors' expectations over the scale and timing of Federal Reserve rate cuts during the year. US Treasuries came under pressure and yields rose. In Q3, yields fell on the back of markets pricing in the possibility of imminent rate cuts by central banks, as the global economy seemed to be cooling down. In Q4, Global Government bonds yields rose as US 10yr Treasury yields increased sharply. Credit started 2024 positively, with spreads tightening throughout the year, particularly in Q3. However, the market ended the year on a slightly weaker note.

### **Fund Overview**

The High Income Fund consists of 4 sleeves - 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 sleeves produced positive absolute returns, reflecting improving market sentiment. EMD bonds produced the highest absolute returns in the year to January 2025, followed by US High Yield, the Global Bond Total Return fund and UK Corporate bonds. On a relative basis, overall gross and net performance was positive by 1.21% and 0.27% respectively. However, the US High Yield sleeve marginally underperformed.

# Manager's investment report (continued)

In terms of performance attribution, UK corporate bonds outperformed due to security selection predominantly in Utilities and Financials. However, an overweight to duration at the end of the year, when yields rose, hurt the fund's performance. For the US High Yield sleeve, duration position mostly benefitted the fund apart from at the end of the year when yields rose. Security selection to Capital Goods and Consumer Non-Cyclicals in Q4 detracted from performance and offset a positive contribution from Utilities at the beginning of the year. The EMD bond sleeve outperformed the benchmark. Security selection to Egypt and Brazil was positive at the beginning of the year. Asset allocation also contributed positively to performance by the end of the year. The unconstrained bond fund saw positive returns throughout most of the year. Security selection in Financials and Securitised Credit was a key positive contributor to outperformance. A slight negative to performance was our overweight to duration which was maintained over the year.

## Portfolio Performance

During the period under review, the value of the units in the Fund rose by 6.69% whilst the value of the IA £ Strategic Bond Index rose by 5.71%.

(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

Whilst economic data has remained resilient (particularly in the US), sticky inflation is a concern for the market. High Yield followed a similar path to Investment Grade credit in 2024 but outperformed given its higher risk profile. We are more concerned about lower rated borrowers at this stage and certain sectors affected by secular issues. Currently debt refinancing is not an issue in the higher rated High Yield market, but we remain cautious of low-quality issuers with low cash flow generation and lack of any organic cash flows to manage debt profile. Emerging Markets (EM) had a strong start to 2024, as EM credit spreads tend to benefit from easing financial conditions given that Federal Reserve rate cuts were on the horizon. Unsurprisingly, EM had a strong quarter in Q3, as the Federal Reserve started their interest rate cut cycle. Emerging market bond assets are an attractive opportunity for 2025, with expectations for high yields to remain stable or decline through the year.

# 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 2025**

	<b>Holding or nominal value of positions as at 31 January 2025</b>	<b>Bid Value (£)</b>	<b>% of Net Total Assets</b>
<b>FIXED INTEREST SECURITIES (76.02%; 31.01.24 79.79%)</b>			
<b>STERLING DENOMINATED BONDS (35.28%; 31.01.24 33.47%)</b>			
America Movil 4.948% 22/7/2033	£300,000	293,424	0.18
Anglian Water Services Financing 5.75% 7/6/2043	£118,000	109,896	0.07
Anglian Water Services Financing 6% 20/6/2039	£259,000	254,555	0.16
Anglian Water Services Financing 6.25% 12/9/2044	£474,000	464,885	0.28
Aroundtown 8.625% variable perpetual	£450,000	434,250	0.26
AT&T 4.25% 1/6/2043	£929,000	752,081	0.46
AT&T 5.5% 15/3/2027	£850,000	862,674	0.53
Aviva 6.125% variable 12/9/2054	£324,000	321,634	0.20
Banco de Sabadell 5% 13/10/2029	£300,000	299,587	0.18
Barclays Bank 1.7% variable 3/11/2026	£901,000	878,880	0.54
Barclays Bank 3.25% 17/1/2033	£360,000	307,748	0.19
Barclays Bank 5.746% variable 31/7/2032	£387,000	391,253	0.24
Barclays Bank 5.851% variable 21/3/2035	£447,000	451,017	0.28
Barclays Bank 6.369% variable 31/1/2031	£300,000	313,557	0.19
Barclays Bank 7.09% variable 6/11/2029	£200,000	212,856	0.13
Barclays Bank 8.407% variable 14/11/2032	£195,000	209,092	0.13
Barclays Bank 8.5% variable perpetual	£200,000	209,548	0.13
Bayerische Landesbank 5.25% 28/11/2029	£600,000	604,385	0.37
Berkeley Group 2.5% 11/8/2031	£416,000	336,018	0.20
Berkshire Hathaway Finance 2.375% 19/6/2039	£500,000	348,199	0.21
Blackstone Property Partners Euro 2.625% 20/10/2028	£180,000	164,214	0.10
BMW International Investment 4.75% 4/9/2030	£500,000	498,232	0.30
BNP Paribas 2% variable 24/5/2031	£300,000	287,278	0.18
BNP Paribas 6.3175% variable 15/11/2035	£500,000	512,165	0.31
BP Capital Markets 4.25% variable perpetual	£429,000	416,264	0.25
BP Capital Markets 5.773% 25/5/2038	£329,000	333,855	0.20
BP Capital Markets 6% variable perpetual	£406,000	406,846	0.25
BPCE 5.25% 16/4/2029	£700,000	694,912	0.42
BPCE 5.375% 22/10/2031	£500,000	498,002	0.30
British Telecommunications 5.625% 3/12/2041	£174,000	167,092	0.10
BUPA Finance 4% variable perpetual	£200,000	158,514	0.10
Cadent Finance 2.625% 22/9/2038	£500,000	348,341	0.21
Cadent Finance 5.625% 11/1/2036	£219,000	215,790	0.13
Citigroup 1.75% 23/10/2026	£950,000	905,143	0.55
Clarion Funding 5.375% 30/5/2057	£167,000	156,459	0.10
Comcast 5.25% 26/9/2040	£372,000	355,888	0.22

# Portfolio statement (continued)

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## As at 31 January 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Coventry Building Society 8.75% variable perpetual	£261,000	270,879	0.17
CPUK Finance 5.94% 28/2/2047	£270,000	274,910	0.17
Credit Agricole 4.875% 23/10/2029	£600,000	596,902	0.36
Credit Agricole 5.5% variable 31/7/2032	£500,000	503,634	0.31
Deutsche Bank 4% variable 24/6/2026	£200,000	199,164	0.12
E.ON International Finance 6.125% 6/7/2039	£1,050,000	1,074,130	0.66
Eastern Power Networks 5.375% 2/10/2039	£295,000	286,133	0.17
Eastern Power Networks 5.375% 26/2/2042	£100,000	95,779	0.06
Electricite de France 5.5% 27/3/2037	£200,000	190,467	0.12
Electricite de France 5.5% 17/10/2041	£400,000	365,355	0.22
Electricite de France 5.875% variable perpetual	£200,000	194,720	0.12
Electricite de France 6% 23/1/2114	£300,000	273,470	0.17
Electricite de France 6% variable perpetual	£600,000	600,000	0.37
Electricite de France 6.125% 2/6/2034	£200,000	204,576	0.12
Electricite de France 6.5% 8/11/2064	£300,000	295,352	0.18
Enel Finance 5.75% 14/9/2040	£600,000	590,455	0.36
Enel Finance International 2.875% 11/4/2029	£263,000	243,308	0.15
Engie 5.625% 3/4/2053	£300,000	280,332	0.17
Engie 5.75% 28/10/2050	£300,000	286,889	0.18
Equitable Financial Life Global 6.375% 2/6/2028	£113,000	117,967	0.07
Fiserv 3% 1/7/2031	£200,000	177,989	0.11
Gaci First Investment 5.125% 11/6/2029	£234,000	233,043	0.14
Gaci First Investment 5.625% 11/6/2039	£577,000	556,817	0.34
Gatwick Funding 3.125% 28/9/2041	£400,000	293,560	0.18
Gatwick Funding 5.5% 4/4/2042	£177,000	169,445	0.10
Gatwick Funding 5.75% 23/1/2037	£680,000	681,529	0.42
General Motors Financial 2.35% 3/9/2025	£690,000	679,286	0.41
Greene King Finance 4.0643% 15/3/2035	£496,000	278,950	0.17
Heathrow Finance 5.75% 3/3/2025	£300,000	299,844	0.18
Heathrow Finance 6.625% 1/3/2031	£216,000	215,805	0.13
Heathrow Funding 4.625% 31/10/2046	£145,000	120,583	0.07
Heathrow Funding 5.875% 13/5/2041	£282,000	279,929	0.17
Heathrow Funding 6% 5/3/2032	£292,000	294,256	0.18
Hiscox 6.125% variable 24/11/2045	£500,000	501,997	0.31
HSBC Holdings 3% variable 22/7/2028*	£225,000	214,510	0.13
HSBC Holdings 5.29% variable 16/9/2032*	£400,000	398,154	0.24
HSBC Holdings 5.844% variable perpetual*	£225,000	233,462	0.14
HSBC Holdings 5.875% variable perpetual*	£200,000	198,529	0.12
HSBC Holdings 6.8% variable 14/9/2031*	£490,000	525,663	0.32



# Portfolio statement (continued)

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## As at 31 January 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Iberdrola Finanzas 5.25% 31/10/2036	£300,000	295,019	0.18
ING Groep 4.875% variable 2/10/2029	£300,000	299,418	0.18
ING Groep 6.25% variable 20/5/2033	£400,000	408,890	0.25
International Distributions Services 7.375% 14/9/2030	£300,000	311,194	0.19
KBC Group 6.151% variable 19/3/2034	£300,000	306,620	0.19
Kering 5% 23/11/2032	£500,000	488,916	0.30
LafargeHolcim Sterling Finance (Netherlands) 3% 12/5/2032	£177,000	153,378	0.09
Landesbank BadenWuerttemberg 1.125% 8/12/2025	£500,000	484,228	0.30
Leeds Building Society 5.5% variable 30/1/2031	£320,000	323,190	0.20
Legal & General 4.5% variable 1/11/2050	£396,000	375,136	0.23
Legal & General 5.375% variable 27/10/2045	£400,000	400,189	0.24
Lloyds Banking Group 6.625% 2/6/2033 variable	£409,000	421,708	0.26
Lloyds Banking Group 8.5% variable perpetual	£225,000	235,045	0.14
Logicor Financing 2.75% 15/1/2030	£289,000	253,434	0.15
Marston's Issuer 5.1576% variable 15/10/2027	£599,000	229,458	0.14
Mizuho Financial Group 5.628% 13/6/2028	£691,000	706,583	0.43
Morgan Stanley 5.213% variable 24/10/2035	£534,000	522,705	0.32
Morgan Stanley 5.789% variable 18/11/2033	£545,000	566,507	0.35
Motability Operations Group 2.375% 14/3/2032	£515,000	428,987	0.26
Motability Operations Group 3.625% 10/3/2036	£363,000	305,240	0.19
Motability Operations Group 4.875% 17/1/2043	£521,000	461,096	0.28
Motability Operations Group 6.25% 22/1/2045	£100,000	103,332	0.06
National Grid Electricity 5.75% 23/3/2040	£300,000	294,541	0.18
National Grid Electricity Transmission 2.375% 16/5/2029	£264,000	239,183	0.15
National Grid Electricity Transmission 5.35% 10/7/2039	£353,000	338,544	0.21
National Grid Gas 1.625% 14/1/2043	£200,000	104,963	0.06
Nationwide Building Society 5.532% variable 13/1/2033	£400,000	403,792	0.25
Nationwide Building Society 7.5% variable perpetual	£311,000	314,011	0.19
NatWest 3.619% variable 29/3/2029	£326,000	313,255	0.19
NatWest 7.416% variable 6/6/2033	£211,000	222,317	0.14
NatWest Markets 5% 18/11/2029	£514,000	514,688	0.31
Northumbrian Water Finance 2.375% 5/10/2027	£707,000	658,333	0.40
Orange 8.125% 20/11/2028	£470,000	525,146	0.32
Orsted 4.875% 12/1/2032	£320,000	306,790	0.19
Orsted 5.75% 9/4/2040	£250,000	237,719	0.15
Pension Insurance 6.875% 15/11/2034	£285,000	288,306	0.18
Pension Insurance 7.375% variable perpetual	£500,000	505,945	0.31
Pension Insurance 8% 13/11/2033	£338,000	367,082	0.22
Petroleos Mexicanos 3.75% 16/11/2025	£500,000	482,250	0.29

# 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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Phoenix Group Holdings 7.75% variable 6/12/2053	£262,000	276,667	0.17
Places For People Treasury 6.25% 6/12/2041	£384,000	389,547	0.24
Principality Building Society 8.625% 12/7/2028	£337,000	365,972	0.22
Prudential 5.875% 11/5/2029	£300,000	309,834	0.19
Realty Income 5% 15/10/2029	£241,000	239,447	0.15
Realty Income 6% 5/12/2039	£216,000	218,228	0.13
Rothsay Life 5% variable perpetual	£332,000	279,906	0.17
Rothsay Life 6.875% variable perpetual	£250,000	248,437	0.15
Rothsay Life 7.019% 10/12/2034	£333,000	344,123	0.21
Royal Bank of Canada 4.875% 1/11/2030	£552,000	551,380	0.34
Royal Bank of Canada 5% 24/1/2028	£583,000	588,137	0.36
Royal Bank of Scotland 3.125% variable 28/3/2027	£1,517,000	1,486,270	0.91
Santander UK Group Holdings 2.92% variable 8/5/2026	£300,000	298,082	0.18
Santander UK Group Holdings 7.098% variable 16/11/2027	£939,000	969,749	0.59
Scottish Hydro Electric Transmission 5.5% 15/1/2044	£273,000	261,715	0.16
Shell International Finance 1.75% 10/9/2052	£200,000	92,484	0.06
Sky 4% 26/11/2029	£230,000	222,431	0.14
Snam 5.75% 26/11/2036	£415,000	416,288	0.25
Societe Generale 5.75% 22/1/2032	£300,000	301,143	0.18
Societe Generale 6.25% 22/6/2033	£100,000	105,570	0.06
Southern Gas Networks 6.625% 14/3/2035	£328,000	348,538	0.21
Svenska Handelsbanken 4.625% variable 23/8/2032	£187,000	183,649	0.11
SW Finance I 7% 16/4/2040	£126,000	113,466	0.07
SW Finance I 7.75% 31/10/2031	£350,000	335,963	0.21
Telereal Securitisation 5.634% 10/12/2031	£465,000	459,559	0.28
Tesco Corporate Treasury Service 5.125% 22/5/2034	£267,000	257,017	0.16
The UNITE Group 5.625% 25/6/2032	£187,000	188,517	0.12
Toyota Finance Australia 3.92% 28/6/2027	£200,000	196,707	0.12
Toyota Motor Credit Corp 5.625% 23/10/2028	£400,000	411,095	0.25
Toyota Motor Finance Netherlands 4.75% 22/10/2029	£181,000	180,401	0.11
UBS 1.125% 15/12/2025	£831,000	805,458	0.49
UK Treasury 4.75% 7/12/2038	£210,000	209,177	0.13
United Kingdom Gilt 0.5% 22/10/2061	£400,000	113,140	0.07
United Kingdom Gilt 0.875% 31/1/2046	£140,000	65,575	0.04
United Kingdom Gilt 1.125% 31/1/2039	£850,000	536,724	0.33
United Kingdom Gilt 1.25% 31/7/2051	£1,134,000	510,935	0.31
Virgin Money UK 2.625% variable 19/8/2031	£231,000	222,611	0.14
Virgin Money UK 4% variable 25/9/2026	£690,000	684,610	0.42

# 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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Virgin Money UK 11% variable perpetual	£200,000	228,385	0.14
Vodafone 3% 12/8/2056	£400,000	228,359	0.14
Volkswagen Financial Services 3.25% 13/4/2027	£300,000	287,667	0.18
Volkswagen Financial Services 5.875% 23/5/2029	£200,000	202,894	0.12
Volkswagen International Finance 3.375% 16/11/2026	£400,000	387,904	0.24
Wells Fargo & Company 2.125% 24/9/2031	£315,000	264,813	0.16
Westfield America Manage 2.625% 30/3/2029	£300,000	270,064	0.16
Yorkshire Water Finance 2.75% 18/4/2041	£350,000	226,572	0.14
Zurich Finance 5.125% variable 23/11/2052	£234,000	226,421	0.14
<b>Total sterling denominated bonds</b>		<b>57,781,076</b>	<b>35.28</b>

### EURO DENOMINATED BONDS (1.17%; 31.01.24 2.78%)

Anheuser-Busch 3.95% 22/3/2044	€144,000	122,182	0.07
British Telecommunications 3.75% 13/5/2031	€316,000	273,659	0.17
Danske Bank 3.75% variable 19/11/2036	€163,000	136,453	0.08
Deutsche Telekom 3.625% 3/2/2045	€435,000	360,981	0.22
Enel 4.5% variable perpetual	€492,000	410,640	0.25
Medtronic Global Holdings 1.75% 2/7/2049	€195,000	111,779	0.07
Motability Operations Group 4% 22/1/2037	€378,000	321,076	0.20
Southern Gas Networks 3.5% 16/10/2030	€223,000	185,345	0.11
<b>Total euro denominated bonds</b>		<b>1,922,115</b>	<b>1.17</b>

### SOUTH AFRICAN RAND DENOMINATED BONDS (0.00%; 31.01.24 0.00%)

South Africa (Republic of) 8.875% 28/2/2035	ZAR3,000	117	-
<b>Total South African rand denominated bonds</b>		<b>117</b>	<b>-</b>

### US DOLLAR DENOMINATED BONDS (39.57%; 31.01.24 43.54%)

AAR Escrow Issuer 6.75% 15/3/2029	\$71,000	58,415	0.04
Abu Dhabi (Government of) 4.5% 14/9/2027	\$300,000	238,610	0.15
Abu Dhabi Crude Oil Pipeline 4.6% 2/11/2047	\$200,000	141,673	0.09
Abu Dhabi Government International 5.5% 30/4/2054	\$420,000	331,270	0.20
Abu Dhabi National Energy 4.75% 9/3/2037	\$200,000	151,030	0.09
AdaptHealth 5.125% 1/3/2030	\$286,000	212,894	0.13
Adient Global Holdings 7% 15/4/2028	\$71,000	57,896	0.04
Adient Global Holdings 8.25% 15/4/2031	\$165,000	137,719	0.08
Adnoc Murban 4.5% 11/9/2034	\$220,000	166,544	0.10
African Development Bank 5.75% variable perpetual	\$200,000	155,883	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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Albertsons Safeway 4.875% 15/2/2030	\$118,000	91,266	0.06
Alcoa Nederland Holding 7.125% 15/3/2031	\$176,000	146,924	0.09
Alliant Holdings Intermediate 7% 15/1/2031	\$144,000	117,923	0.07
Alliant Holdings Intermediate 7.375% 1/10/2032	\$72,000	59,208	0.04
Allied Universal 7.875% 15/2/2031	\$259,000	213,714	0.13
Ally Financial 4.7% variable perpetual	\$266,000	194,500	0.12
Amentum Escrow 7.25% 1/8/2032	\$254,000	207,238	0.13
Amer Sports 6.75% 16/2/2031	\$151,000	124,738	0.08
American Airlines Inc AAdvantage 5.75% 20/4/2029	\$298,000	239,243	0.15
American Airlines Inc AAdvantage 8.5% 15/5/2029	\$60,000	50,874	0.03
American Axle Manufacturing 5% 1/10/2029	\$92,000	67,925	0.04
Angola (Government of) 8.25% 9/5/2028	\$200,000	151,709	0.09
Antero Resources 8.375% 15/7/2026	\$48,000	39,406	0.02
Aragvi Finance International 11.125% 20/11/2029	\$200,000	158,791	0.10
Archrock Partners LP Archrock 6.25% 1/4/2028	\$214,000	173,078	0.11
Arcos Dorados 6.375% 29/1/2032	\$200,000	161,185	0.10
Arcosa 6.875% 15/8/2032	\$48,000	39,596	0.02
Ardagh Packaging Finance 4.125% 15/8/2026	\$250,000	177,055	0.11
Ardonagh Group Finance 8.875% 15/2/2032	\$200,000	166,726	0.10
Argentina (Republic of) 0.125% 9/7/2030	\$739,345	395,246	0.24
Argentina (Republic of) 0.125% 9/7/2035	\$885,138	483,865	0.30
Argentina (Republic of) 0.125% 9/1/2038	\$60,000	34,789	0.02
Argentina (Republic of) 0.125% 9/7/2041	\$371,976	189,418	0.12
Argentina (Republic of) 1% 9/7/2029	\$9,428	5,361	-
Arsenal AIC Parent 11.5% 1/10/2031	\$169,000	151,850	0.09
Ascent Resources Utica Holdings 8.25% 31/12/2028	\$171,000	140,453	0.09
Ascent Resources Utica Holdings 9% 1/11/2027	\$136,000	135,419	0.08
Ashton Woods USA 4.625% 1/8/2029	\$58,000	43,226	0.03
Ashton Woods USA 6.625% 15/1/2028	\$237,000	191,417	0.12
Avis Budget Car Rental 8% 15/2/2031	\$71,000	59,084	0.04
Azerbaijan (Republic of) 3.5% 1/9/2032	\$610,000	424,358	0.26
Banco Mercantil del Norte 5.875% variable perpetual	\$210,000	164,125	0.10
Banco Mercantil del Norte 6.625% variable perpetual	\$200,000	143,904	0.09
Bank Gospodarstwa Krajowego 6.25% 9/7/2054	\$260,000	205,848	0.13
Bausch Health 5.5% 1/11/2025	\$73,000	57,649	0.04
Bausch Health 6.125% 1/2/2027	\$190,000	139,793	0.09
Benin Government International Bond 8.375% 23/1/2041	\$200,000	155,326	0.09
Blue Racer Midstream 6.625% 15/7/2026	\$469,000	377,181	0.23
Blue Racer Midstream 7.25% 15/7/2032	\$337,000	283,805	0.17

# 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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Bombardier 7% 1/6/2032	\$163,000	133,768	0.08
Bombardier 7.25% 1/7/2031	\$28,000	23,268	0.01
Braskem Netherlands Finance 8% 15/10/2034	\$200,000	155,333	0.09
Brinks 6.5% 15/6/2029	\$86,000	70,551	0.04
Builders FirstSource 6.375% 1/3/2034	\$318,000	257,407	0.16
Bulgaria Government International Bond 5% 5/3/2037	\$260,000	196,923	0.12
Caesars Entertainment 6% 15/10/2032	\$220,000	172,197	0.10
Caesars Entertainment 6.5% 15/2/2032	\$46,000	37,482	0.02
Calpine 5.125% 15/3/2028	\$882,000	696,990	0.43
Camelot Return Merger 8.75% 1/8/2028	\$259,000	204,734	0.12
Carnival 6.125% 15/2/2033	\$164,000	132,314	0.08
Carnival Holdings Bermuda 10.375% 1/5/2028	\$223,000	191,001	0.12
Cascades USA 5.375% 15/1/2028	\$350,000	275,791	0.17
CCO Holdings 4.5% 15/8/2030	\$120,000	87,864	0.05
CCO Holdings 4.75% 1/3/2030	\$806,000	600,835	0.37
CCO Holdings 7.375% 1/3/2031	\$239,000	196,925	0.12
Celanese US Holding 6.55% 15/11/2030	\$132,000	110,462	0.07
Central Parent 7.25% 15/6/2029	\$156,000	119,243	0.07
Champions Financing 8.75% 15/2/2029	\$125,000	96,079	0.06
Chart Industries 7.5% 1/1/2030	\$225,000	189,179	0.12
Chart Industries 9.5% 1/1/2031	\$100,000	86,771	0.05
Cheniere Energy 3.25% 31/1/2032	\$11,000	7,678	-
Chile (Republic of) 4.34% 7/3/2042	\$200,000	135,469	0.08
Chile (Republic of) 5.65% 13/1/2037	\$200,000	161,768	0.10
Chile Electricity 6.01% 20/1/2033	\$200,000	152,247	0.09
CHSCommunity Health Systems 5.25% 15/5/2030	\$13,000	8,920	0.01
CHSCommunity Health Systems 6.125% 1/4/2030	\$82,000	43,276	0.03
CHSCommunity Health Systems 8% 15/12/2027	\$339,000	271,073	0.17
Churchill Downs 5.5% 1/4/2027	\$124,000	99,289	0.06
Cimpress 7.375% 15/9/2032	\$208,000	166,242	0.10
Cinemark USA 7% 1/8/2032	\$229,000	189,361	0.12
Citigroup 7% variable perpetual	\$95,000	79,667	0.05
Citigroup 7.125% variable perpetual	\$144,000	118,924	0.07
Civitas Resources 8.625% 1/11/2030	\$38,000	32,416	0.02
Civitas Resources 8.75% 1/7/2031	\$214,000	181,641	0.11
Clarios Global 8.5% 15/5/2027	\$379,000	306,540	0.19
Clarivate Science Holdings 4.875% 1/7/2029	\$70,000	52,808	0.03
Cleveland-Cliffs 7% 15/3/2032	\$113,000	90,719	0.06
Cleveland-Cliffs 7.375% 1/5/2033	\$381,000	304,932	0.19

# 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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Cloud Software Group 6.5% 31/3/2029	\$469,000	371,029	0.23
Clydesdale Acquisition Holdings 6.625% 15/4/2029	\$230,000	186,906	0.11
Clydesdale Acquisition Holdings 6.875% 15/1/2030	\$45,000	36,792	0.02
Clydesdale Acquisition Holdings 8.75% 15/4/2030	\$168,000	137,924	0.08
Colombia (Republic of) 7.75% 7/11/2036	\$680,000	534,861	0.33
Colombia (Republic of) 8% 20/4/2033	\$600,000	495,642	0.30
Comision Federal de Electricidad 6.45% 24/1/2035	\$200,000	151,368	0.09
Comstock Resources 6.75% 1/3/2029	\$232,000	183,345	0.11
ContourGlobal Power Holdings 6.75% 28/2/2030	\$200,000	160,992	0.10
Corp Nacional del Cobre de Chile 4.5% 1/8/2047	\$200,000	123,914	0.08
Corp Nacional del Cobre de Chile 6.3% 8/9/2053	\$400,000	313,074	0.19
Corp Nacional del Cobre de Chile 6.78% 13/1/2055	\$200,000	164,661	0.10
Costa Rica (Republic of) 4.375% 30/4/2025	\$200,000	160,444	0.10
Costa Rica (Republic of) 7.158% 12/3/2045	\$230,000	192,230	0.12
Costa Rica (Republic of) 7.33% 13/11/2054	\$230,000	193,803	0.12
CQP Holdco and BIP-V Chinook Holdco 7.5% 15/12/2033	\$500,000	424,884	0.26
CSC Holdings 4.625% 1/12/2030	\$250,000	110,279	0.07
DaVita 6.875% 1/9/2032	\$150,000	122,414	0.07
Diebold Nixdorf 7.75% 31/3/2030	\$36,000	29,992	0.02
DIRECTV Holdings 5.875% 15/8/2027	\$125,000	99,622	0.06
DISH Network 11.75% 15/11/2027	\$138,000	117,270	0.07
Dominican Republic 5.875% 30/1/2060	\$670,000	463,077	0.28
Dominican Republic 6% 19/7/2028	\$150,000	120,212	0.07
Dominican Republic 6.6% 1/6/2036	\$319,000	255,481	0.16
Ecopetrol 8.875% 13/1/2033	\$350,000	290,325	0.18
Ecuador (Republic of) 0.5% 31/7/2030	\$185,400	114,961	0.07
Ecuador (Republic of) 0.5% 31/7/2035	\$499,794	263,394	0.16
Egypt (Republic of) 7.3% 30/9/2033	\$430,000	297,224	0.18
Egypt (Republic of) 7.5% 31/1/2027	\$270,000	215,394	0.13
Egypt (Republic of) 8.15% 20/11/2059	\$220,000	134,562	0.08
Egypt (Republic of) 8.625% 4/2/2030	\$250,000	200,441	0.12
Egypt (Republic of) 8.75% 30/9/2051	\$200,000	130,981	0.08
El Puerto de Liverpool 6.658% 22/1/2037	\$257,000	206,791	0.13
El Salvador (Government of) 0.25% 17/4/2030	\$450,000	7,184	-
El Salvador (Government of) 8.625% 28/2/2029	\$98,000	82,014	0.05
El Salvador (Government of) 9.65% 21/11/2054	\$156,000	133,379	0.08
Emerald Debt Merger Sub 6.625% 15/12/2030	\$88,000	71,635	0.04
Empresa Nacional del 5.95% 30/7/2034	\$400,000	319,026	0.19
Empresa Nacional del 6.15% 10/5/2033	\$400,000	323,070	0.20

# 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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
EquipmentSharecom 8% 15/3/2033	\$44,000	36,808	0.02
EquipmentSharecom 9% 15/5/2028	\$183,000	155,210	0.09
Eskom Holdings SOC 4.314% 23/7/2027	\$200,000	153,257	0.09
FIEMEX Energia Banco Actinver 7.25% 31/1/2041	\$200,000	156,533	0.10
Fiesta Purchaser 7.875% 1/3/2031	\$277,000	230,454	0.14
First Quantum Minerals 9.375% 1/3/2029	\$400,000	340,213	0.21
FMG Resources 4.375% 1/4/2031	\$275,000	201,939	0.12
Fondo MIVIVIENDA 4.625% 12/4/2027	\$250,000	198,869	0.12
Fortress Intermediate 7.5% 1/6/2031	\$141,000	117,000	0.07
Fortress Transportation and Infrastructure 5.875% 15/4/2033	\$35,000	26,950	0.02
Fortress Transportation and Infrastructure 7% 1/5/2031	\$174,000	141,921	0.09
Fortress Transportation and Infrastructure 7% 15/6/2032	\$116,000	94,646	0.06
Freedom Mortgage Holdings 9.25% 1/2/2029	\$281,000	236,042	0.14
Frontier Communications 5.875% 15/10/2027	\$438,000	352,602	0.22
Gaci First Investment 5.625% 29/7/2034	\$330,000	265,592	0.16
Garrett Motion Holdings 7.75% 31/5/2032	\$153,000	125,451	0.08
Gates 6.875% 1/7/2029	\$277,000	228,001	0.14
Genesis Digital 7.125% 30/9/2030	\$91,000	75,348	0.05
Genting New York 7.25% 1/10/2029	\$200,000	165,464	0.10
GFL Environmental 6.75% 15/1/2031	\$129,000	107,702	0.07
GGAM Finance 6.875% 15/4/2029	\$119,000	97,715	0.06
GGAM Finance 8% 15/6/2028	\$70,000	59,421	0.04
Ghana (Government of) 0% 3/7/2026	\$38,400	17,310	0.01
Ghana (Government of) 0% 3/1/2030	\$56,598	29,562	0.02
Ghana (Government of) 5% 3/7/2029	\$280,320	201,062	0.12
Ghana (Government of) 5% 3/7/2035	\$399,080	234,428	0.14
Glatfelter 4.75% 15/11/2029	\$110,000	79,990	0.05
GLP Capital LP/Fin 6.75% 1/12/2033	\$80,000	68,110	0.04
Goodyear Tire Rubber 5% 15/7/2029	\$423,000	317,590	0.19
GPC Merger Sub 7.125% 15/8/2028	\$320,000	256,230	0.16
Gray Television 10.5% 15/7/2029	\$63,000	53,077	0.03
Greensaif Pipelines Bidco 6.129% 23/2/2038	\$200,000	162,663	0.10
Gruma 5.761% 9/12/2054	\$200,000	151,317	0.09
Guatemala Government Bond 6.55% 6/2/2037	\$330,000	261,440	0.16
HAH Group Holding 9.75% 1/10/2031	\$121,000	97,935	0.06
Harvest Midstream I 7.5% 15/5/2032	\$257,000	215,240	0.13
Hazine Mustesarligi Varlik Kirala 6.5% 26/4/2030	\$400,000	319,617	0.19
Hilton Grand Vacations Borrower 6.625% 15/1/2032	\$89,000	72,561	0.04
Hudson Automotive Group 8% 15/5/2032	\$113,000	95,155	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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Hungary (Government of) 5.5% 26/3/2036	\$400,000	306,006	0.19
Hungary (Government of) 6.75% 25/9/2052	\$400,000	332,354	0.20
Hungary 7.625% 29/3/2041	\$120,000	108,177	0.07
Husky Injection Molding Systems 9% 15/2/2029	\$126,000	106,321	0.06
IHS Holding 7.875% 29/5/2030	\$316,000	250,119	0.15
Iliad Holding 7% 15/10/2028	\$200,000	163,866	0.10
IQVIA 6.5% 15/5/2030	\$400,000	328,456	0.20
Iraq (Republic of) 5.8% 15/1/2028	\$250,000	74,151	0.05
Iron Mountain 5.25% 15/7/2030	\$20,000	15,480	0.01
Iron Mountain 6.25% 15/1/2033	\$154,000	124,157	0.08
Ivory Coast (Government of) 6.125% 15/6/2033	\$400,000	288,117	0.18
Ivory Coast (Government of) 7.625% 30/1/2033	\$70,000	54,996	0.03
Jefferies Finance JFIN Colssue 5% 15/8/2028	\$412,000	313,980	0.19
JPMorgan Chase 6.5% variable perpetual	\$64,000	52,078	0.03
Kallpa Generacion 5.875% 30/1/2032	\$200,000	159,929	0.10
KazMunayGas National 5.375% 24/4/2030	\$200,000	157,132	0.10
KazMunayGas National 6.375% 24/10/48	\$200,000	148,612	0.09
Kenya (Republic of) 7% 22/5/2027	\$200,000	158,741	0.10
Khazanah Capital 4.876% 1/6/2033	\$260,000	203,173	0.12
Kinetik Holdings LP 5.875% 15/6/2030	\$269,000	214,799	0.13
Kodiak Gas Services 7.25% 15/2/2029	\$192,000	159,048	0.10
Kosmos Energy 8.75% 1/10/2031	\$200,000	154,041	0.09
LABL 8.625% 1/10/2031	\$412,000	298,772	0.18
Lamar Funding 3.958% 7/5/2025	\$300,000	240,546	0.15
Level 3 Financing Inc 10.5% 15/5/2030	\$280,000	245,559	0.15
LifePoint Health 9.875% 15/8/2030	\$385,000	330,541	0.20
Macquarie Airfinance Holdings 6.5% 26/3/2031	\$229,000	191,025	0.12
Macy's Retail Holdings 5.875% 1/4/2029	\$310,000	244,404	0.15
Magnera Corp 7.25% 15/11/2031	\$105,000	83,342	0.05
Masterbrand 7% 15/7/2032	\$115,000	94,618	0.06
MC Brazil Downstream Trading 7.25% 30/6/2031	\$200,000	125,348	0.08
McAfee 7.375% 15/2/2030	\$271,000	214,869	0.13
MDGH GMTN RSC 5.294% 4/6/2034	\$200,000	160,710	0.10
Methanex US Operations 6.25% 15/3/2032	\$135,000	108,438	0.07
Mexico City Airport Trust 3.875% 30/4/2028	\$200,000	151,651	0.09
Mexico City Airport Trust 4.25% 31/10/2026	\$600,000	473,562	0.29
Mexico City Airport Trust 5.5% 31/7/2047	\$200,000	128,879	0.08
Mexico Government International 7.375% 13/5/2055	\$200,000	162,197	0.10
MGM Resorts International 6.5% 15/4/2032	\$72,000	57,992	0.04



# 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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Mineral Resources 8% 1/11/2027	\$171,000	141,025	0.09
Molina Healthcare 6.25% 15/1/2033	\$220,000	175,784	0.11
Mozart Debt 3.875% 1/4/2029	\$306,000	229,794	0.14
Nationstar Mortgage Holdings 5.5% 15/8/2028	\$62,000	48,987	0.03
Nationstar Mortgage Holdings 5.75% 15/11/2031	\$485,000	377,781	0.23
Nationstar Mortgage Holdings 7.125% 1/2/2032	\$45,000	37,332	0.02
Navient 6.75% 15/6/2026	\$708,000	579,529	0.35
NCL 6.25% 1/3/2030	\$73,000	59,086	0.04
NCL 6.75% 1/2/2032	\$73,000	59,667	0.04
NCL 8.125% 15/1/2029	\$231,000	197,408	0.12
NCR 5% 1/10/2028	\$200,000	155,124	0.09
NCR 9.5% 1/4/2029	\$202,000	177,126	0.11
Neptune Bidco 9.29% 15/4/2029	\$96,000	65,863	0.04
Newell Brands 6.625% 15/5/2032	\$44,000	35,761	0.02
NGL Energy Partners 8.125% 15/2/2029	\$162,000	133,785	0.08
Nigeria (Republic of) 6.125% 28/9/2028	\$300,000	222,426	0.14
Nigeria (Republic of) 8.25% 28/9/2051	\$400,000	262,364	0.16
Nigeria (Republic of) 9.625% 9/6/2031	\$400,000	324,488	0.20
Nigeria (Republic of) 10.375% 9/12/2034	\$200,000	166,593	0.10
NOVA Chemicals 9% 15/2/2030	\$306,000	262,709	0.16
Novelis 6.875% 30/1/2030	\$69,000	56,850	0.03
NRG Energy 10.25% variable perpetual	\$223,000	199,021	0.12
NRG Energy 6% 1/2/2033	\$91,000	71,555	0.04
Olympus Water US Holding 6.25% 1/10/2029	\$286,000	221,296	0.13
Olympus Water US Holding 9.75% 15/11/2028	\$200,000	170,411	0.10
Oman (Government of) 6.5% 8/3/2047	\$200,000	159,752	0.10
Oman (Government of) 7% 25/1/2051	\$200,000	168,806	0.10
Oman (Government of) 7.375% 28/10/2032	\$400,000	354,780	0.22
OneMain Finance 9% 15/1/2029	\$303,000	259,019	0.16
Optics 7.2% 18/7/2036	\$200,000	163,416	0.10
ORLEN 6% 30/1/2035	\$200,000	161,479	0.10
Owens Minor 6.625% 1/4/2030	\$99,000	76,720	0.05
OwensBrockway Glass Container 7.25% 15/5/2031	\$114,000	89,430	0.05
Pakistan (Republic of) 6.875% 5/12/2027	\$200,000	149,500	0.09
Panama (Republic of) 8% 1/3/2038	\$200,000	163,384	0.10
Panther Escrow Issuer 7.125% 1/6/2031	\$120,000	98,900	0.06
Paraguay (Republic of) 5.4% 30/3/2050	\$400,000	273,245	0.17
Paraguay (Republic of) 6.1% 11/8/2044	\$220,000	167,636	0.10
Park Intermediate Holdings 7% 1/2/2030	\$113,000	93,084	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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Patrick Industries 6.375% 1/11/2032	\$140,000	111,092	0.07
Penn Entertainment 5.625% 15/1/2027	\$186,000	148,378	0.09
PennyMac Financial Services 5.75% 15/9/2031	\$431,000	331,826	0.20
PennyMac Financial Services 7.125% 15/11/2030	\$115,000	94,695	0.06
PennyMac Financial Services 7.875% 15/12/2029	\$90,000	75,838	0.05
Permian Resources Operating 7% 15/1/2032	\$260,000	214,786	0.13
Perrigo Finance 6.125% 30/9/2032	\$110,000	86,812	0.05
Pertamina 4.175% 21/1/2050	\$300,000	182,624	0.11
Pertamina 6.45% 30/5/2044	\$200,000	164,533	0.10
Perusahaan Listrik Negara 3.375% 5/2/2030	\$300,000	220,891	0.13
Perusahaan Penerbit SBSN Indonesia 5.2% 2/7/2034	\$290,000	231,350	0.14
Perusahaan Penerbit SBSN Indonesia 5.5% 2/7/2054	\$540,000	418,742	0.26
Petroleos de Peru 4.75% 19/6/2032	\$460,000	281,432	0.17
Petroleos de Peru 5.625% 19/6/2047	\$200,000	102,026	0.06
Petroleos Mexicanos 6.35% 12/2/2048	\$230,000	122,238	0.07
Petroleos Mexicanos 6.5% 13/3/2027	\$600,000	465,847	0.28
Petroleos Mexicanos 6.875% 4/8/2026	\$220,000	174,049	0.11
Petroleos Mexicanos 6.95% 28/1/2060	\$180,000	99,150	0.06
Petroleos Mexicanos 7.69% 23/1/2050	\$540,000	325,169	0.20
Petroleos Mexicanos 8.75% 2/6/2029	\$350,906	279,793	0.17
Philippines (Government of) 5.5% 4/2/2035	\$270,000	218,434	0.13
Philippines (Government of) 5.9% 4/2/2050	\$200,000	161,824	0.10
Phinia 6.625% 15/10/2032	\$66,000	53,226	0.03
Pluspetrol Camisea 6.24% 3/7/2036	\$236,000	190,834	0.12
Poland (Republic of) 5.125% 18/9/2034	\$150,000	117,822	0.07
Post Holdings 4.625% 15/4/2030	\$425,000	318,163	0.19
Post Holdings 6.25% 15/10/2034	\$109,000	85,485	0.05
Post Holdings 6.375% 1/3/2033	\$150,000	118,899	0.07
Prairie Acquiror 9% 1/8/2029	\$68,000	56,595	0.03
Prime Security Services Borrower 6.25% 15/1/2028	\$276,000	221,871	0.14
PT Freeport Indonesia 4.763% 14/4/2027	\$300,000	239,768	0.15
Qatar (Government of) 4.817% 14/3/2049	\$205,000	149,622	0.09
Quikrete Holdings 6.375% 1/3/2032	\$258,000	207,638	0.13
Quikrete Holdings 6.75% 1/3/2033	\$111,000	89,891	0.05
Rand Parent 8.5% 15/2/2030	\$100,000	83,457	0.05
Rithm Capital 6.25% 15/10/2025	\$82,000	65,918	0.04
Rithm Capital 8% 1/4/2029	\$238,000	193,823	0.12
Rockies Express Pipeline 6.875% 15/4/2040	\$95,000	74,373	0.05
Romania (Government of) 5.75% 24/3/2035	\$156,000	112,680	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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Romania (Government of) 6.375% 30/1/2034	\$220,000	169,098	0.10
Royal Caribbean Cruises 6.25% 15/3/2032	\$47,000	38,486	0.02
Samarco Mineracao 9.5% 30/6/2031	\$337,425	262,638	0.16
Sasol Financing USA 4.375% 18/9/2026	\$200,000	154,590	0.09
Saudi Government International 5.625% 13/1/2035	\$252,000	204,868	0.12
Seagate HDD Cayman 8.25% 15/12/2029	\$206,000	177,821	0.11
Sealed Air 6.5% 15/7/2032	\$192,000	156,987	0.10
Senegal (Republic of) 6.25% 23/5/2033	\$200,000	132,631	0.08
Senegal (Republic of) 7.75% 10/6/31	\$200,000	147,058	0.09
Serbia International Bond 6% 12/6/2034	\$420,000	336,160	0.20
Serbia International Bond 6.5% 26/9/2033	\$400,000	333,105	0.20
Service Corp International 5.75% 15/10/2032	\$163,000	128,901	0.08
Service Properties Trust 8.625% 15/11/2031	\$244,000	208,523	0.13
Sinclair Television Group 8.125% 15/2/2033	\$68,000	55,142	0.03
Sirius XM Radio 5.5% 1/7/2029	\$411,000	322,091	0.20
Smyrna Ready Mix Concrete 8.875% 15/11/2031	\$209,000	179,312	0.11
Sonic Automotive 4.875% 15/11/2031	\$126,000	93,521	0.06
South Africa (Republic of) 7.10% 19/11/2036	\$410,000	322,565	0.20
South Africa (Republic of) 7.95% 19/11/2054	\$400,000	308,241	0.19
SPX FLOW 8.75% 1/4/2030	\$64,000	53,518	0.03
Sri Lanka (Republic of) 3.1% 15/1/2030	\$89,605	62,649	0.04
Sri Lanka (Republic of) 3.35% 15/3/2033	\$285,759	181,683	0.11
Sri Lanka (Republic of) 3.6% 15/6/2035	\$53,422	30,311	0.02
Sri Lanka (Republic of) 3.6% 15/5/2036	\$168,386	109,599	0.07
Sri Lanka (Republic of) 3.6% 15/2/2038	\$64,799	42,763	0.03
Sri Lanka (Republic of) 4% 15/4/2028	\$110,994	77,467	0.05
SSC Technologies 6.5% 1/6/2032	\$135,000	110,425	0.07
Standard Building Solutions 6.5% 15/8/2032	\$150,000	121,917	0.07
Staples 10.75% 1/9/2029	\$75,000	59,155	0.04
Station Casinos 6.625% 15/3/2032	\$94,000	76,083	0.05
Studio City Finance 5% 15/1/2029	\$218,000	159,869	0.10
Sunoco LP Sunoco Finance 6% 15/4/2027	\$200,000	160,754	0.10
Surgery Center Holdings 7.25% 15/4/2032	\$162,000	130,052	0.08
Tallgrass Energy Partners 6% 1/3/2027	\$80,000	64,084	0.04
Tallgrass Energy Partners 7.375% 15/2/2029	\$166,000	135,984	0.08
Tenet Healthcare 6.125% 1/10/2028	\$681,000	548,360	0.33
Terex Corp 6.25% 15/10/2032	\$133,000	105,879	0.06
TransDigm 6% 15/1/2033	\$232,000	184,243	0.11
TransDigm 6.75% 15/8/2028	\$259,000	212,136	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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
TransDigm 7.125% 1/12/2031	\$53,000	44,046	0.03
Trivium Packaging Finance 8.5% 15/8/2027	\$200,000	161,074	0.10
Tronox 4.625% 15/3/2029	\$349,000	254,374	0.16
Trust Fibra Uno 7.7% 23/1/2032	\$200,000	163,071	0.10
Turkey (Republic of) 5.75% 11/5/2047	\$240,000	148,686	0.09
Turkey (Republic of) 6.375% 14/10/2025	\$300,000	243,724	0.15
Turkey (Republic of) 7.625% 15/5/2034	\$620,000	511,385	0.31
Turkey (Republic of) 9.875% 15/1/2028	\$300,000	266,203	0.16
Ukraine (Government of) 0% 1/2/2034	\$117,240	40,871	0.02
Ukraine (Government of) 0% 1/2/2035	\$200,000	99,314	0.06
Ukraine (Government of) 0% 1/2/2036	\$82,562	40,884	0.02
Ukraine (Government of) 1.258% variable 1/8/2041	\$220,000	148,284	0.09
Ukraine (Government of) 1.75% 1/2/2029	\$175,000	98,764	0.06
Ukraine (Government of) 1.75% 1/2/2035	\$174,346	78,488	0.05
Ukraine (Government of) 1.75% 1/2/2036	\$148,498	65,656	0.04
United Rentals North America 6.125% 15/3/2034	\$147,000	118,498	0.07
United States Treasury Bill 0% 25/2/2025	\$1,000,000	802,707	0.49
United States Treasury Bill 0% 25/3/2025	\$1,250,000	1,000,093	0.61
United States Treasury NoteBond 4.75% 15/11/2043	\$99,000	78,887	0.05
Uniti Group Finance 10.5% 15/2/2028	\$125,000	107,559	0.07
Univision Communications 6.625% 1/6/2027	\$200,000	161,001	0.10
Uruguay (Republic of) 5.25% 10/9/2060	\$310,000	224,536	0.14
Uruguay (Republic of) 5.75% 28/10/2034	\$100,000	82,476	0.05
UWM Holdings 6.625% 1/2/2030	\$272,000	219,351	0.13
Venture Global Calcasieu Pass 6.25% 15/1/2030	\$222,000	181,937	0.11
Venture Global LNG 8.125% 1/6/2028	\$222,000	186,714	0.11
Venture Global LNG 9% variable perpetual	\$169,000	141,733	0.09
Venture Global LNG 9.875% 1/2/2032	\$180,000	159,469	0.10
Verde Purchaser 10.5% 30/11/2030	\$79,000	69,097	0.04
Victra Holdings 8.75% 15/9/2029	\$125,000	106,531	0.06
Viking Baked Goods Acquisition 8.625% 1/11/2031	\$44,000	34,618	0.02
Viking Cruises 7% 15/2/2029	\$251,000	203,941	0.12
Viking Ocean Cruises 9.125% 15/7/2031	\$208,000	181,456	0.11
Virgin Media Vendor Financing Notes 5% 15/7/2028	\$320,000	245,802	0.15
Vista Energy Argentina 7.625% 10/12/2035	\$115,000	90,793	0.06
Vistra 7% variable perpetual	\$145,000	117,086	0.07
Vistra 8% variable perpetual	\$354,000	292,096	0.18
Vistra Operations 5.5% 1/9/2026	\$114,000	91,709	0.06
Walgreens Boots Alliance 8.125% 15/8/2029	\$106,000	86,242	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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
Wand NewCo 3 7.625% 30/1/2032	\$129,000	107,467	0.07
Waste Pro 7% 1/2/2033	\$133,000	108,229	0.07
Weekley Homes 4.875% 15/9/2028	\$60,000	46,243	0.03
Wildfire Intermediate Holding 7.5% 15/10/2029	\$132,000	104,857	0.06
Windstream Services 8.25% 1/10/2031	\$169,000	140,774	0.09
WR Grace Holdings 7.375% 1/3/2031	\$79,000	65,592	0.04
Wrangler 6.625% 1/4/2032	\$225,000	185,150	0.11
Wynn Macau 5.625% 26/8/2028	\$200,000	155,323	0.09
Yinson Boronia Production 8.947% 31/7/2042	\$200,000	167,663	0.10
Zambia Government International Bond 0.5% 31/12/2053	\$250,000	122,264	0.07
Zambia Government International Bond 5.75% 30/6/2033	\$120,000	68,682	0.04
Ziggo Bond 5.125% 28/2/2030	\$478,000	349,867	0.21
<b>Total US dollar denominated bonds</b>		<b>64,812,891</b>	<b>39.57</b>

## COLLECTIVES AND INVESTMENT TRUSTS (18.63%; 31.01.24 17.29%)

HSBC GIF Global Bond Total Return Fund*	3,466,000	30,518,130	18.63
<b>Total collectives and investment trusts</b>		<b>30,518,130</b>	<b>18.63</b>

## FORWARD FOREIGN EXCHANGE CONTRACTS ((0.34%); 31.01.24 0.16%)

Sold euros	€1,575,000		
For sterling	£1,306,884	(11,118)	(0.01)
(Expires 5/2/2025)			
Sold sterling	£172,634		
For US dollars	\$220,000	4,424	-
(Expires 6/2/2025)			
Sold sterling	£425,159		
For euros	€515,000	5,807	-
(Expires 5/2/2025)			
Sold US dollars	\$45,047,767		
For sterling	£35,970,000	(284,706)	(0.17)
(Expires 4/2/2025)			
Sold US dollars	\$43,613,818		
For sterling	£34,680,000	(420,655)	(0.25)
(Expires 4/2/2025)			
Sold sterling	£150,000		
For US dollars	\$187,788	1,133	-

# 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 2025

	Holding or nominal value of positions as at 31 January 2025	Bid Value (£)	% of Net Total Assets
(Expires 4/2/2025)			
Sold euros	€488,000		
For sterling	£409,458	1,086	-
(Expires 5/2/2025)			
Sold euros	€275,000		
For sterling	£232,908	2,780	-
(Expires 5/2/2025)			
Sold US dollars	\$40,949,811		
For sterling	£33,030,000	70,495	0.04
(Expires 4/3/2025)			
Sold sterling	£1,500,000		
For US dollars	\$1,863,680	(100)	-
(Expires 4/2/2025)			
Sold euros	€470,000		
For sterling	£394,326	(197)	-
(Expires 3/4/2025)			
Sold US dollars	\$44,591,912		
For sterling	£35,970,000	79,057	0.05
(Expires 4/3/2025)			
<b>Total Forward Foreign Exchange Contracts</b>		<b>(551,994)</b>	<b>(0.34)</b>
<b>FUTURE CONTRACTS</b> <b>((0.05%); 31.01.24 0.09%)</b>			
CBT US 5Year Note March 2025	27	(8,520)	-
CBT US 10Year Note March 2025	(2)	1,484	-
CBT US 10Year Ultra Future March 2025	12	(10,161)	(0.01)
CBT US Ultra Bond Future March 2025	6	(9,714)	(0.01)
EUX Euro Bobl 30Year Bond March 2025	(2)	(1,673)	-
EUX Euro Bund Future March 2025	(8)	28,847	0.02
ICF Long Gilt Future March 2025	47	(85,696)	(0.05)
<b>Total Future Contracts</b>		<b>(85,433)</b>	<b>(0.05)</b>
<b>Portfolio of investments</b>		<b>154,396,902</b>	<b>94.26</b>
<b>Net other assets</b>		<b>9,400,556</b>	<b>5.74</b>
<b>Net assets</b>		<b>163,797,458</b>	<b>100.00</b>

\*Investment managed by or associated with the Manager/HSBC Group

The counterparties for the futures are Barclays, HSBC and JP Morgan.

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

# Portfolio statement (continued)

## BOND CREDIT RATINGS†

	AS AT 31.01.25	AS AT 31.01.24
AA+	1.15%	1.23%
AA	1.57%	4.03%
AA-	1.06%	-
A+	2.40%	3.08%
A	3.28%	3.13%
A-	4.75%	4.42%
BBB+	11.90%	9.91%
BBB	11.83%	12.83%
BBB-	4.50%	5.46%
BB+	4.29%	6.10%
BB	3.72%	3.79%
BB-	5.80%	6.60%
B+	5.94%	5.32%
B	4.32%	3.72%
B-	4.34%	4.53%
CCC+	1.88%	1.04%
CCC	0.92%	0.40%
CCC-	0.20%	0.54%
D	-	0.43%
Unrated	2.17%	3.23%

†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	31.01.25	31.01.24	31.01.23
Opening net asset value per unit	87.40p	87.95p	103.89p
Return before operating charges*	6.26p	4.91p	(11.36p)
Operating charges**	(0.81p)	(0.79p)	(0.84p)
Return after operating charges*	5.45p	4.12p	(12.20p)
Distributions on income unit	(5.10p)	(4.67p)	(3.74p)
Closing net asset value per unit	87.75p	87.40p	87.95p
*after direct transaction costs of:***	0.00p	0.00p	0.00p

## Performance

Return after charges	6.24%	4.68%	(11.74)%
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## Other information

Closing net asset value	£93,010,491	£100,696,843	£108,837,368
Closing number of units	106,000,719	115,211,638	123,742,125
Operating charges	0.96%	0.95%	0.96%
Direct transaction costs	0.00%	0.00%	0.00%

## Prices

Highest unit price	90.26p	89.37p	104.80p
Lowest unit price	85.87p	81.55p	81.93p

\*\* 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	31.01.25	31.01.24	31.01.23
Opening net asset value per unit	258.13p	245.99p	278.72p
Return before operating charges*	18.93	14.39	(30.43p)
Operating charges**	(2.45p)	(2.25p)	(2.30p)
Return after operating charges*	16.48p	12.14p	(32.73p)
Distributions on accumulation unit	(15.39p)	(13.33p)	(10.19p)
Retained distributions on accumulation unit	15.39p	13.33p	10.19p
Closing net asset value per unit	274.61p	258.13p	245.99p
*after direct transaction costs of:***	0.00p	0.00p	0.00p

## Performance

Return after charges	6.38%	4.94%	(11.74)%
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## Other information

Closing net asset value	£70,786,967	£74,452,853	£78,797,697
Closing number of units	25,777,269	28,842,628	32,032,519
Operating charges	0.96%	0.95%	0.96%
Direct transaction costs	0.00%	0.00%	0.00%

## Prices

Highest unit price	275.20p	259.70p	281.10p
Lowest unit price	255.40p	235.00p	224.30p

\*\* 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 2025: **0.96%**

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

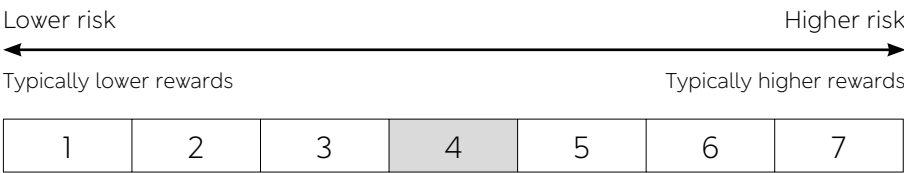
The ongoing charges measure the annual charges and expenses of an investment fund. These will affect the returns to the investor. Most European investment funds highlight the ongoing charges to help you compare the annual charges and expenses of different funds.

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 2025.**

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**  
**25 April 2025**

# 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.



Colin O'Flaherty (Chief Executive)



Phillip Scott (Director)

For and on behalf of Marks & Spencer Unit Trust Management Limited.  
25 April 2025

# 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 2025 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 35 and 36.

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 2025 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 also performed procedures including:

- Evaluating 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.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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 28, 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](http://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.



**David Swift**

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

*Chartered Accountants*

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

**25 April 2025**



# 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 2025

	Notes	31.01.25		31.01.24	
		£	£	£	£
Income					
Net capital gains	2		2,244,309		89,342
Revenue	3	9,829,220		9,620,405	
Expenses	4	(1,567,919)		(1,626,318)	
Interest payable and similar charges		(3,113)		(157)	
Net revenue before taxation		8,258,188		7,993,930	
Taxation	5	(8,081)		(6,434)	
Net revenue after taxation			8,250,107		7,987,496
<b>Total return before distributions</b>			<b>10,494,416</b>		<b>8,076,838</b>
Distributions/Accumulations	6		(9,818,019)		(9,614,116)
<b>Change in net assets attributable to Unitholders</b>			<b>676,397</b>		<b>(1,537,278)</b>

# Statement of change in net assets attributable to Unitholders

## For the year ended 31 January 2025

	31.01.25		31.01.24	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		<b>175,149,696</b>		<b>187,635,065</b>
Amounts receivable on issue of units	2,107,845		2,129,779	
Less: Amounts payable on cancellation of units	(18,274,954)		(17,085,839)	
		(16,167,109)		(14,956,060)
Change in net assets attributable to Unitholders from investment activities (see above)		676,397		(1,537,278)
Retained distribution on accumulation units		4,137,520		4,005,268
Unclaimed distributions over 6 years old		954		2,701
<b>Closing net assets attributable to Unitholders</b>		<b>163,797,458</b>		<b>175,149,696</b>

The notes on pages 35 to 45 are an integral part of these financial statements.

# Balance sheet

As at 31 January 2025

	Notes	31.01.25		31.01.24	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed assets:</b>					
Investments			155,229,442		170,527,603
<b>Current assets:</b>					
Debtors	8	2,510,524		3,853,762	
Cash and bank balances	9	11,139,413		4,273,580	
<b>Total Current assets</b>			<b>13,649,937</b>		<b>8,127,342</b>
<b>TOTAL ASSETS</b>			<b>168,879,379</b>		<b>178,654,945</b>
<b>LIABILITIES</b>					
<b>Investment liabilities</b>			<b>(832,540)</b>		<b>(52,789)</b>
<b>Creditors:</b>					
Distribution payable		(1,426,452)		(1,407,425)	
Other creditors	10	(2,822,929)		(2,045,035)	
<b>Total Creditors</b>			<b>(4,249,381)</b>		<b>(3,452,460)</b>
<b>TOTAL LIABILITIES</b>			<b>(5,081,921)</b>		<b>(3,505,249)</b>
<b>Net assets attributable to Unitholders</b>			<b>163,797,458</b>		<b>175,149,696</b>

The notes on pages 35 to 45 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 2025

### 1. Accounting policies

#### (a) Basis of accounting

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

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

#### (b) Recognition of revenue

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

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

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

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

#### (c) Treatment of expenses

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

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

#### (d) Distribution policy

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

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

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

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

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

The investments, including derivatives, are valued at bid market value, excluding any accrued revenue, at 5pm on 31 January 2025, 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 2025

### (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 2025, being the last working day of the accounting year.

## For the year ended 31 January 2025

### 2. Net capital gains on investments

	31.01.25 £	31.01.24 £
The net capital gains on investments during the year comprise:		
Transaction charges	(520)	(20)
Currency gains	1,609,326	1,925,337
Gains/(losses) on non-derivative securities	4,378,436	(1,749,026)
Losses on derivative contracts	(307,018)	(370,856)
(Losses)/gains on forward foreign exchange contracts	(3,435,915)	283,907
<b>Net capital gains on investments</b>	<b>2,244,309</b>	<b>89,342</b>

### 3. Revenue

	31.01.25 £	31.01.24 £
Interest on debt securities	9,587,809	9,341,813
Bank interest	225,103	258,420
Deposit interest	16,308	9,221
Net collateral interest on forward currency contracts	-	10,951
<b>Total revenue</b>	<b>9,829,220</b>	<b>9,620,405</b>

### 4. Expenses

	31.01.25 £	31.01.24 £
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,567,919	1,626,318

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 2025

### 5. Taxation

	31.01.25 £	31.01.24 £
<b>(a) Analysis of charge in year</b>		
Overseas tax	8,081	6,434
<b>Total tax charge for year (note 5a)</b>	<b>8,081</b>	<b>6,434</b>

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

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

	31.01.25 £	31.01.24 £
Net revenue before taxation	8,258,188	7,993,930
Corporation tax at 20%	1,651,638	1,598,786
Effects of:		
Tax deductible interest distributions	(1,650,022)	(1,597,499)
Irrecoverable overseas tax	8,081	6,434
Tax relief on overseas tax suffered	(1,616)	(1,287)
<b>Current tax charge for year (note 5b)</b>	<b>8,081</b>	<b>6,434</b>

### (c) Provision for deferred taxation

At 31 January 2025 there is no potential deferred tax asset (31.01.24: 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:

	31.01.25 £	31.01.24 £
Interim interest distribution	7,228,778	7,087,180
Final interest distribution	2,495,693	2,433,733
	9,724,471	9,520,913
Add: Amount deducted on cancellation of units	107,524	103,958
Deduct: Income received on issue of units	(13,976)	(10,755)
<b>Net distribution for the year</b>	<b>9,818,019</b>	<b>9,614,116</b>

# 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 2025

### 7. Movement between net revenue and distributions

	31.01.25 £	31.01.24 £
Net revenue after taxation	8,250,107	7,987,496
Movement in net income property	(7)	302
Management charges transferred to capital account	1,567,919	1,626,318
<b>Net distribution</b>	<b>9,818,019</b>	<b>9,614,116</b>

### 8. Debtors

	31.01.25 £	31.01.24 £
Sales awaiting settlement	437,741	1,155,144
Accrued revenue	2,072,783	2,698,618
<b>Total debtors</b>	<b>2,510,524</b>	<b>3,853,762</b>

### 9. Cash and bank balances

	31.01.25 £	31.01.24 £
Cash and bank balances	10,024,921	3,664,190
Amounts held at derivative clearing houses and brokers	1,114,492	609,390
<b>Total cash and bank balances</b>	<b>11,139,413</b>	<b>4,273,580</b>

### 10. Creditors

	31.01.25 £	31.01.24 £
Amounts payable for cancellation of units	22,368	254,903
Purchases awaiting settlement	2,672,304	1,652,667
Accrued expenses	128,257	137,465
<b>Total creditors</b>	<b>2,822,929</b>	<b>2,045,035</b>

### 11. Reconciliation of units

	Income	Accumulation
Opening units issued at 01.02.24	115,211,638	28,842,628
Units issued	1,714,800	227,400
Units cancelled	(11,127,700)	(3,225,900)
Units converted	201,981	(66,859)
<b>Closing units at 31.01.25</b>	<b>106,000,719</b>	<b>25,777,269</b>

### 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 (31.01.24: 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 2025

### 14. Risk in relation to financial instruments

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

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

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

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

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

Overall responsibility for the Marks & Spencer Unit Trust Funds rests with the Board of Directors of Marks & Spencer Unit Trust Management Limited (M&SUTM), which is part of the HSBC group. The performance of the Fund, and the individual investment managers to the Fund, is monitored by the M&SUTM Business Committee on a monthly basis. This Committee reports any findings or recommendations to the Board of Directors. HSBC Global Asset Management, 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 bonds. 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 £15,439,690 (31.01.24: £17,047,481). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £15,439,690 (31.01.24: £17,047,481). 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 2025

### 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 £	
	31.01.25	31.01.24	31.01.25	31.01.24	31.01.25	31.01.24
Sterling	88,366,825	89,286,861	(63,604,119)	(74,650,513)	24,762,706	14,636,348
Euro	1,943,781	4,861,720	(25,881)	(15,526)	1,917,900	4,846,194
Indonesian rupiah	-	-	2	-	2	-
South African rand	117	107	5	5	122	112
US dollar	64,086,179	76,326,126	73,030,549	79,340,916	137,116,728	155,667,042
<b>Total</b>	<b>154,396,902</b>	<b>170,474,814</b>	<b>9,400,556</b>	<b>4,674,882</b>	<b>163,797,458</b>	<b>175,149,696</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £13,903,473 (31.01.24: £16,051,335). 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 £13,903,473 (31.01.24: £16,051,335).

### 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 2025

Portfolio	Floating Rate*		Fixed Rate	
	£	£	£	£
	31.01.25	31.01.24	31.01.25	31.01.24
Sterling	20,597,824	18,814,167	37,183,249	39,770,257
Euro	547,093	1,007,156	1,375,023	3,873,560
South African Rand	-	-	117	107
US dollar	4,807,197	2,663,915	60,005,697	73,623,569
Cash at bank	11,139,413	4,273,580	-	-
Other Assets	-	-	-	-
Liabilities	-	-	-	-
<b>Total</b>	<b>37,091,527</b>	<b>26,758,818</b>	<b>98,564,086</b>	<b>117,267,493</b>

Portfolio	None		Total	
	£	£	£	£
	31.01.25	31.01.24	31.01.25	31.01.24
Sterling	30,585,752	30,702,436	88,366,825	89,286,860
Euro	21,665	(18,996)	1,943,781	4,861,720
South African Rand	-	-	117	107
US dollar	(726,715)	38,643	64,086,179	76,326,127
Cash at bank	-	-	11,139,413	4,273,580
Other Assets	2,510,524	3,853,762	2,510,524	3,853,762
Liabilities	(4,249,381)	(3,452,460)	(4,249,381)	(3,452,460)
<b>Total</b>	<b>28,141,845</b>	<b>31,123,385</b>	<b>163,797,458</b>	<b>175,149,696</b>

\*Interest rates earned/paid on deposits are earned/paid at a rate linked to SONIA (Sterling Overnight Index Average) or international equivalent.

If the interest rate at 31 January 2025 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 £69,869 (31.01.24: £77,639).

Currency	Fixed rate financial assets weighted average interest rate		Fixed rate financial assets weighted average period for which rate is fixed	
	%	%	%	%
	31.01.25	31.01.24	31.01.25	31.01.24
Sterling	5.49	5.35	10.42	10.46
Euro	3.62	3.76	13.77	10.18
South African Rand	10.65	11.74	10.08	11.08
US dollar	6.94	(0.60)	8.31	8.21

### 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 liquid bonds and quoted derivatives which can usually be sold quickly 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 2025

### 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 and 22, 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 £	
	31.01.25	31.01.24	31.01.25	31.01.24	31.01.25	31.01.24
HSBC Bank	(58,523)	91,709	(8,535)	(306)	(67,058)	91,403
Barclays Bank	(21,056)	63,496	(419,622)	-	(440,678)	63,496
BNP Paribas	-	-	-	704	-	704
Credit Agricole	-	-	5,806	1,585	5,806	1,585
JP Morgan Chase	(5,854)	-	-	84	(5,854)	84
Morgan Stanley	-	-	-	70,670	-	70,670
Royal Bank of Scotland	-	-	-	48,740	-	48,740
Standard Chartered Bank	-	-	(135,154)	22,750	(135,154)	22,750
UBS	-	-	5,511	143,676	5,511	143,676

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 Group plc.

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

At the year end, the Manager and its associates held 0.01% (31.01.24: 0.02%) of the Fund's units in issue. Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 3, 4, 8 and 10 to the financial statements and the statement of change

# 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.

in net assets attributable to Unitholders and the portfolio statement. Within note 3, revenue relating to related parties totalled £91,976 (31.01.2024: £93,608), and within note 8, accrued income of £10,761 (31.01.2024: £56,469) is from related parties. Within note 10, accrued expenses (including amounts due to associates and agents) of £128,257 (31.01.24: £137,465) are due to the Manager.

At the year end the Fund held £32,088,448 (31.01.24: £32,310,728) in HSBC Holdings, the parent company of the Manager. During the period transactions in HSBC Holdings totalled £1,786,938 (31.01.24: £1,949,835).

Certain expenses of the fund amounting to £87,620 (31.01.24: £75,997) 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 2025

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
<b>Analysis of total purchase costs</b>							
Fund transactions	124,059,764	-	-	-	-	-	-
Corporate actions	1,724,257	-	-	-	-	-	-
Total purchases before transaction costs	<b>125,784,021</b>	-		-		-	
Transaction costs	-						
Total purchases after commission and tax	<b>125,784,021</b>						

	Value	Commissions		Taxes		Other expenses	
	£	£	%	£	%	£	%
<b>Analysis of total sales costs</b>							
Fund transactions	131,873,480	-	-	-	-	-	-
Corporate actions	13,730,301	-	-	-	-	-	-
Total sales before transaction costs	<b>145,603,781</b>	-		-		-	
Transaction costs	-						
Total sales after commission and tax	<b>145,603,781</b>						

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

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

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

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

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

At the balance sheet date the portfolio dealing spread was 0.28%, being the difference between the respective bid and offer prices for the Fund's 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 2025

### 18. Portfolio of transaction costs (continued)

#### For the year ended 31 January 2024

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

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

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

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

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

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

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

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

At the balance sheet date the portfolio dealing spread was 0.39%, being the difference between the respective bid and offer prices for the Fund's 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 2025

### 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 2025

Category	1	2	3	Total
Investment Assets	£	£	£	£
Bonds	1,881,687	122,634,512	-	124,516,199
Pooled investment vehicles	-	30,518,130	-	30,518,130
Derivatives	30,331	164,782	-	195,113
	<b>1,912,018</b>	<b>153,317,424</b>	<b>-</b>	<b>155,229,442</b>
<b>Investment Liabilities</b>				
Derivatives	(115,764)	(716,776)	-	(832,540)
	<b>(115,764)</b>	<b>(716,776)</b>	<b>-</b>	<b>(832,540)</b>

#### 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
	<b>7,497,271</b>	<b>163,030,332</b>	<b>-</b>	<b>170,527,603</b>
<b>Investment Liabilities</b>				
Derivatives	(36,751)	(16,038)	-	(52,789)
	<b>(36,751)</b>	<b>(16,038)</b>	<b>-</b>	<b>(52,789)</b>

### 20. Stock lending activities

The Fund does not currently undertake stock lending.

# Distribution tables

## For the year ended 31 January 2025

### 1st Interim

Group 1: Units purchased prior to 1 February 2024

Group 2: Units purchased between 1 February 2024 to 30 April 2024

	Gross income 2024 pence per unit	Equalisation 2024 pence per unit	Distribution paid 2024 pence per unit	Distribution paid 2023 pence per unit
<b>Income units</b>				
Group 1	1.2520	-	1.2520	0.9871
Group 2	0.6162	0.6358	1.2520	0.9871
<b>Accumulation units</b>				
Group 1	3.6976	-	3.6976	2.7607
Group 2	1.8198	1.8778	3.6976	2.7607

### 2nd Interim

Group 1: Units purchased prior to 1 May 2024

Group 2: Units purchased between 1 May 2024 to 31 July 2024

	Gross income 2024 pence per unit	Equalisation 2024 pence per unit	Distribution paid 2024 pence per unit	Distribution paid 2023 pence per unit
<b>Income units</b>				
Group 1	1.2388	-	1.2388	1.1540
Group 2	0.7688	0.4700	1.2388	1.1540
<b>Accumulation units</b>				
Group 1	3.7122	-	3.7122	3.2645
Group 2	2.3038	1.4084	3.7122	3.2645

### 3rd Interim

Group 1: Units purchased prior to 1 August 2024

Group 2: Units purchased between 1 August 2024 to 31 October 2024

	Gross income 2024 pence per unit	Equalisation 2024 pence per unit	Distribution paid 2024 pence per unit	Distribution paid 2023 pence per unit
<b>Income units</b>				
Group 1	1.2596	-	1.2596	1.3054
Group 2	0.4931	0.7665	1.2596	1.3054
<b>Accumulation units</b>				
Group 1	3.8276	-	3.8276	3.7427
Group 2	1.4983	2.3293	3.8276	3.7427

### Final

Group 1: Units purchased prior to 1 November 2024

Group 2: Units purchased between 1 November 2024 to 31 January 2025

	Gross income 2025 pence per unit	Equalisation 2025 pence per unit	Distribution payable 2025 pence per unit	Distribution paid 2024 pence per unit
<b>Income units</b>				
Group 1	1.3457	-	1.3457	1.2216
Group 2	0.8505	0.4952	1.3457	1.2216
<b>Accumulation units</b>				
Group 1	4.1480	-	4.1480	3.5583
Group 2	2.6215	1.5265	4.1480	3.5583

# Important changes (Unaudited)

**There were no changes made to the Fund's Prospectus during the reporting period ending 31 January 2025.**

**The following changes were made to the Fund's Key Investor Information Document during the reporting period ending 31 January 2025:**

**KIID update 13 February 2024:**

- Update to "Charges" to amend the Ongoing Charges figure and charges date.
- Update to "Past Performance" to include performance information for 2023.

**KIID update 10 June 2024**

- Update to "Charges" to amend the Ongoing Charges figure and charges date.
- Update to "Practical Information" to amend the address for the M&S Savings and Investments team.

# 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.

# Accessibility

At M&S Bank we understand that everyone has different needs. Whether you're dealing with a life event, want information sent to you in a certain format, such as large print, braille or audio, or if you have any health and accessibility needs, we're here to help. Let us know how we can support you. Visit [marksandspencer.com/accessibility](https://marksandspencer.com/accessibility), use our 'Chat with us' service or call us on 0345 900 0900.