



True Potential OEIC 1 Annual Report  
for the year ended 31 May 2024

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## Report of the Authorised Corporate Directors ('ACD')

True Potential Administration (trading name of True Potential Administration LLP), as ACD, presents herewith the True Potential OEIC 1 Annual Report for the year ended 31 May 2024.

True Potential OEIC 1 ('the Company') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 4 February 2015. The Company is incorporated under registration number IC001025. It is a UK UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

The Company was founded as an umbrella company. An unlimited number of Sub-Funds may be included in the umbrella and the ACD may create additional Sub-Funds with the approval of the Depositary and of the FCA. The Sub-Funds represent segregated portfolios of assets and, accordingly, the assets of a Sub-Fund belong exclusively to that Sub-Fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other Sub-Fund and shall not be available for any such purpose.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The shareholders are not liable for the debts of the Company.

The Company has no Directors other than the ACD.

The base currency of the Company is UK sterling.

The Instrument of Incorporation can be inspected at the offices of the ACD.

Copies of the Prospectus and Key Investor Information Documents ('KIIDs') are available on request free of charge from the ACD.

### Cross holdings

In the reporting period, no Sub-Fund held shares of any other Sub-Fund in the umbrella.

### Investment objective and policy

The investment objective and policy of each Sub-Fund is disclosed within the Sub-investment Manager's report of the individual Sub-Funds.

### Sub-Funds

There are currently twenty-one Sub-Funds available in the Company:

True Potential Close Brothers Cautious

True Potential Close Brothers Cautious Income

True Potential Close Brothers Balanced

True Potential Close Brothers Growth

True Potential SEI Defensive

True Potential SEI Cautious

True Potential SEI Balanced

True Potential SEI Growth

True Potential SEI Aggressive

True Potential UBS Defensive

True Potential UBS Cautious

True Potential UBS Balanced

True Potential UBS Growth

True Potential UBS Aggressive

True Potential 7IM Defensive

**Sub-Funds (continued)**

True Potential 7IM Cautious

True Potential 7IM Balanced

True Potential 7IM Growth

True Potential 7IM Aggressive

True Potential Goldman Sachs Income Builder

True Potential Goldman Sachs Balanced

**Changes affecting the Company in the period**

Depository, Custodian, Fund Administration, and Transfer Agency services moved from HSBC Bank plc to Northern Trust Company on 04 December 2023. At the same time, Northern Trust also became the fund registrar taking over this role from the ACD.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, I hereby certify the Annual Report on behalf of the ACD, True Potential Administration LLP.



Executive Partner

True Potential Administration LLP

30 September 2024

## Statement of the Authorised Corporate Director's Responsibilities

The Collective Investment Schemes sourcebook ('COLL') published by the FCA, requires the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of each Sub-Fund and of the net revenue and net capital gains on the property of each Sub-Fund for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds published by The Investment 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 Company'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 Company 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;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Company's information on the ACD's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus and COLL.

## Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of True Potential OEIC 1 ("the Company") for the year ended 31 May 2024

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation 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 Company and its investors.

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

The Depositary must ensure that:

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

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

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

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

Northern Trust Investor Services Limited  
UK Trustee and Depositary Services

03 June 2024

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRUE POTENTIAL OEIC 1

### Opinion

We have audited the financial statements of True Potential OEIC 1 ('the Company') for the year ended 31 May 2024, which comprise the Statements of Total Return, Statements of Changes in Net Assets Attributable to Shareholders, Balance Sheets, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the financial position of the Company as at 31 May 2024 and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the Investment Association Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook (COLL Rules) of the Financial Conduct Authority and the Instrument of Incorporation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the COLL Rules

In our opinion, based on the work undertaken in the course of the audit:

- Proper accounting records for the Company have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the report of the Authorised Corporate Director for the year is consistent with the financial statements.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRUE POTENTIAL OEIC 1 (continued)

### Responsibilities of Authorised Corporate Director

As explained more fully in the Authorised Corporate Director's responsibilities statement set out on page 6, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company'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 the Authorised Corporate Director either intends to wind up the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### *Extent to which the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 and the IA Statement of Recommended Practice for Authorised Funds;
- the Financial Conduct Authority's COLL Rules; and
- the Company's Prospectus.

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of the Authorised Corporate Director. We corroborated these enquiries through our review of submitted returns, external inspections, relevant correspondence with regulatory bodies and the Company's breaches register.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Authorised Corporate Director was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Corporate Director oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Management override of controls; and
- the completeness and classification of special dividends between revenue and capital.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRUE POTENTIAL OEIC 1 (continued)

### Auditor responsibilities for the audit of the financial statements (continued)

*Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)*


In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the Company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and reviewing judgements made by the Authorised Corporate Director in its calculation of accounting estimates for potential management bias;
- Using a third-party independent data source to assess the completeness of the special dividend population and determining whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payments;
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook, and its Prospectus;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the IA Statement of Recommended Practice for Authorised Funds; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

### Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditor  
Bishop's Court  
29 Albyn Place  
Aberdeen, United Kingdom

30 September 2024

## Accounting policies of True Potential OEIC 1 for the year ended 31 May 2024

The accounting policies relate to the Sub-Funds within the Company.

### A Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014, as amended in 2017.

The ACD has considered a detailed assessment of the Company and its Sub-Funds' ability to meet their liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Sub-Funds continue to be open for trading and the ACD is satisfied the Sub-Funds have adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

### B Valuation of investments

The purchase and sale of investments are included up to close of business on 31 May 2024, being the last business day.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 31 May 2024 with reference to quoted bid prices from reliable external sources.

Collective investment schemes are valued at the bid price for dual priced funds and at the single price for single priced funds.

Collective investment schemes within the portfolio are valued at the most recent published price prior to the close of business valuation on 31 May 2024.

Derivatives are valued at the price which would be required to close out the contract at the balance sheet date.

Where an observable market price is unreliable or does not exist, investments are valued at the ACD's best estimate of the amount that would be received from an immediate transfer at arm's length. Such estimates are made by the ACD's Fair Value Pricing committee.

Structured products are valued at fair value and calculated by an independent source. Such estimates are made by the ACD's Fair Value Pricing committee.

### C Foreign exchange

The base currency of the Sub-Fund is UK sterling which is taken to be the Sub-Fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements of the individual Sub-Funds.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

### D Revenue

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non-equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Distributions from collective investment schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation on distributions from collective investment schemes is deducted from the cost of the investment and does not form part of the Sub-Fund's distribution.

Distributions from collective investment schemes which are re-invested on behalf of the Sub-Fund are recognised as revenue on the date the securities are quoted ex-dividend and form part of the Sub-Fund's distribution.

Distributions from reporting offshore funds are recognised as revenue when the reported distribution rate is available and forms part of the Sub-Fund's distribution.

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

Interest on bank deposits and short-term deposits is recognised on an accruals basis.

## Accounting policies of True Potential OEIC 1 (continued)

for the year ended 31 May 2024

### D Revenue (continued)

Interest on debt securities is recognised on an effective yield basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Sub-Funds. The amortised amounts are accounted for as revenue or as an expense and form part of the distributable revenue of the Sub-Funds.

Management fee rebates agreed in respect of holdings in other collective investment schemes are recognised on an accruals basis and are allocated to revenue or capital being determined by the allocation of the expense in the collective investment scheme held.

Ordinary scrip dividends are recognised wholly as revenue on the basis of the market values of the shares on the date that they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is taken to capital. The ordinary element of scrip dividends is treated as revenue and forms part of the Sub-Fund's distributions.

### E Expenses

In respect of the following Sub-Fund, all expenses are charged against revenue, other than those relating to the purchase and sale of investments:

True Potential Close Brothers Balanced

True Potential Close Brothers Cautious

True Potential Close Brothers Growth

True Potential SEI Defensive

True Potential 7IM Aggressive

True Potential 7IM Growth

True Potential UBS Aggressive

True Potential UBS Balanced

True Potential UBS Cautious

True Potential UBS Defensive

True Potential UBS Growth

In respect of the following Sub-Funds, all expenses, other than those relating to the purchase and sale of investments, are charged to the relevant share class against revenue and are then reallocated to capital, net of any tax effect:

True Potential Close Brothers Cautious Income

True Potential SEI Balanced

True Potential SEI Cautious

True Potential SEI Growth

True Potential SEI Aggressive

True Potential 7IM Cautious

True Potential 7IM Defensive

True Potential Goldman Sachs Income Builder

True Potential Goldman Sachs Balanced

In respect of True Potential 7IM Balanced, all expenses, with the exemption of those expenses directly relating to the purchase and sale of investment, which are charged to the capital property of the Sub-Fund, are charged to revenue then 50% of these expenses on an accrual basis are reallocated to capital, net of any tax affect.

Bank interest paid is charged to revenue.

### F Allocation of revenue and expenses to multiple types of shares

All revenue and expenses which are directly attributable to a particular type of share are allocated to that type. All revenue and expenses which are attributable to the Sub-Fund are allocated to the Sub-Fund and are normally allocated across the type of share pro rata to the net asset value of each type of share on a daily basis.

## Accounting policies of True Potential OEIC 1 (continued)

for the year ended 31 May 2024

### G Taxation

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 31 May 2024 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

When a disposal of a holding in a non-reporting offshore fund is made, any gain is an offshore income gain and tax will be charged to capital. There may be instances where tax relief is due to revenue for the utilisation of excess management expenses.

### H Efficient Portfolio Management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for Efficient Portfolio Management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived there from are included in the Statement of total return as capital related items.

### I Dilution adjustment

A dilution adjustment is an adjustment to the share price which is determined by the ACD in accordance with the COLL Sourcebook. The ACD may make a dilution adjustment to the price of a share (which means that the price of a share is above or below that which would have resulted from mid-market valuation) for the purposes of reducing dilution in the Sub-Fund (or to recover an amount which it has already paid or is reasonably expected to pay in the future) in relation to the issue or cancellation of shares. Please refer to the Prospectus for further information.

### J Distribution policies

#### i Basis of distribution

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income shares are paid to shareholders. Distributions attributable to accumulation shares are re-invested in the relevant class on behalf of the shareholders.

#### ii Unclaimed distributions

Distributions to shareholders outstanding after 6 years are taken to the capital property of the Sub-Fund.

#### iii Revenue

All revenue is included in the final distribution with reference to policy D.

#### iv Expenses

Expenses incurred against the revenue of the Sub-Fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy E.

#### v Equalisation

Group 2 shares are shares purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 shares. Equalisation is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes. Equalisation per share is disclosed in the Distribution table.

## TPI Chief Investment Officer's foreword and commentary

The sub-delegate reports that follow are provided by True Potential Investments LLP's appointed sub-delegates Close Brothers Asset Management (trading name of Close Asset Management Limited), SEI Investment Management Corporation, Seven Investment Management LLP, UBS Asset Management (UK) Ltd and Goldman Sachs Asset Management International. Each provides multi-asset solutions using different approaches. The period covered is from 1 June 2023 to 31 May 2024.

The sub-delegates, Close Brothers Asset Management, SEI Investment Management Corporation, Goldman Sachs Asset Management International (for True Potential Goldman Sachs Balanced and True Potential Goldman Sachs Income Builder) and Seven Investment Management LLP managed funds continuously throughout the period. Close Brothers Asset Management invest directly into stocks selected by them and on occasion use collectives to gain additional diversification in asset classes they do not actively manage themselves. SEI Investment Management Corporation construct multi-asset portfolios based on Strategic asset allocations (SAA) and they combine their internal quantitative capabilities with appointed external active managers to manage the allocations with a view to enhancing long term returns.

UBS Asset Management (UK) Ltd use a mainly passive approach. They have a single highly diversified portfolio, they add equity futures to increase exposure to equities cost effectively and they use cash and bonds to manage liquidity and interest rate sensitivity. Seven Investment Management LLP offer multi-asset portfolios and use passive instruments to implement, but the asset allocation is actively managed. Goldman Sachs Asset Management International's (True Potential Goldman Sachs Income Builder) approach is one of direct investment into both equities and bonds selected by them to offer a regular monthly income and exhibit lower volatility than world equities.

Goldman Sachs Asset Management International (True Potential Goldman Sachs Balanced) invest in a wide range of instruments to provide growth using both an active and passive approach. Although invested indirectly into equities and bonds, they also have a huge amount of expertise in alternative investing, offering extra diversification as we move through the market cycle. The investment objectives and the actions undertaken by sub-delegate are explained in more detail within the sub-delegates' reports.

Over the twelve-month period, asset market returns have been strong from both equities and fixed income. Inflation has fallen and is close to central banks' targets in developed markets. Interest rates have either been cut in respect of the Eurozone, or there is an expectation of interest rate cuts in the UK and US. Within equities, in GBP terms, the US has led the way, with the US equity index narrowly led due to artificial intelligence euphoria driving the communication services and information technology sectors. Emerging market equities relatively struggled over the period. Particularly China, against a backdrop of high youth unemployment and a failing property sector. Within fixed income, the higher risk areas of credit outperformed with US and Asian high yield bonds the best performers as investors took advantage of the high yields on offer. Within sovereign bonds, shorter dated paper, less sensitive to interest rate moves, performed the best.

Within the sub-delegates reports, the performance of the Sub-Funds managed for True Potential Investments LLP by SEI Investment Management Corporation relatively performed well due to the larger than average equity weighting. Close Brothers Asset Management's higher weight to cash at points in the year and longer duration sovereign bond book relatively detracted from returns. Seven Investment Management LLP's lower equity weighting and higher duration bond book relatively pulled back on returns. The large weight to equities and US equities relatively helped overall returns of UBS Asset Management (UK) Ltd. Goldman Sachs Asset Management International's (True Potential Goldman Sachs Income Builder) relatively low weight to equity hindered returns. Goldman Sachs Asset Management International's (True Potential Goldman Sachs Balanced) large relative weight to US equities was beneficial to returns.

Looking ahead, we are moving away from higher interest rates with inflation moving close to target. Our sub-delegates are focussed on diversification by both region and asset class, helping to position funds through different market scenarios.

True Potential Investments LLP  
01 July 2024

## True Potential Close Brothers Cautious

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve income and moderate capital growth, investing primarily in equities and fixed income securities. The Sub-Fund may also invest in money market instruments and deposits, cash and near cash and other permitted transferable securities. Exposure to the above asset classes may be gained through investment in collective investment schemes and transferable securities (including closed ended and exchange traded funds).

There are no geographic restrictions on the investments in the Sub-Fund.

Derivatives and forward transactions may only be used for Efficient Portfolio Management. The Sub-Fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

Global equity markets delivered strong performance, +20.4% in sterling terms - with gains muted slightly by sterling's appreciation. Bond market performance was similarly positive, +8.4% as measured by the sterling broad market index and the Sub-Fund returned 6.1% over the period, underperforming the benchmark by 2.2% (Source: Bloomberg).

Central bank action (or inaction) and inflation retained their roles as market puppeteers through this reporting period. Disinflation momentum on both sides of the Atlantic in 2023 allowed central banks to signal rate cuts were on the agenda for 2024 which, in conjunction with resilient economic data, supported markets and the "soft landing" thesis. Stronger-than-expected inflation prints were a source of volatility in 2024, forcing market participants to rejig optimistic forecasts for 6 rate cuts in the US, down to 1-2 by year end. This leaves a wider window for economic data to falter (namely the US jobs market) and for recession to materialise. In the micro realm, gains in major indices were supported by strong momentum in a narrow sub section of businesses involved with AI technology or the manufacture of the chips that support it.

At portfolio level, our equities trade on a cheaper (higher) free cash flow yield than the average business in the market, whilst offering faster and more predictable growth at higher returns on capital. Retaining this quality, we increased our equity weight, as underlying economic strength became progressively apparent through the period. This included adding to more economically sensitive stocks with headroom for multiple expansion and new additions such as: CRH, Amazon, Ameriprise, Howden Joinery, Dover and DCC. We reduced stocks where earnings multiples had extended beyond historic ranges, making further expansion unlikely. Divestures included: Tokyo Electron, Schneider Electric, Thermo Fisher and O'Reilly Automotive. We further funded purchase activity with trims to money market funds and gold in alternatives. Within fixed income we added to corporate bonds to lock in higher yields and cautiously increased duration: balancing USD/GBP rate exposure through additions to UK Gilts. In the UK, the route back to target inflation is a clearer picture than in the US, suggesting the Bank of England will cut interest rates before the US Federal Reserve.

#### Investment Strategy and Outlook

After two years of sideways chop in stocks and a bear market in bonds, we are now the most optimistic we have been since managing the Portfolio Funds on both markets and our forward strategy is changed. As long as inflation continues to fall, and there is no confirmation that the US has entered recession, we will maintain a neutral stance on equities. We are looking to clear the hurdle of the first interest rate cut from the Federal Reserve before moving outright overweight and swap sovereign bonds for corporate bonds to lock in high yields. However, should the economy slip into recession by that point we will move underweight equities, shifting into gold and longer duration in fixed income to protect returns. We remain on the lookout to replace outperforming holdings with fresh stocks and buy new cyclical equities on profit warnings.

As a long-term strategy with low turnover we fully expect and recommend that shareholders judge our performance over a period of five years or more.

Close Asset Management Limited - a sub-delegate of True Potential Investments LLP

13 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
UK Treasury Gilt 1.25% 22/10/2041	19,702
Royal London Short Term Money Market Fund	19,308
US Treasury Note 0.75% 31/01/2028	17,902
UK Treasury Gilt 1.125% 31/01/2039	11,599
UK Treasury Gilt 1.75% 07/09/2037	10,156
US Treasury Note 0.25% 31/08/2025	5,620
Invesco Physical Gold	5,381
iShares Physical Gold	5,380
UK Treasury Gilt 0.50% 22/10/2061	5,251
Dufry One 3.625% 15/04/2026	4,599
Subtotal	<u>104,898</u>
Total cost of purchases, including the above, for the year	<u>199,966</u>
	Proceeds
	£000s
Sales:	
Royal London Short Term Money Market Fund	19,603
US Treasury Note 1.875% 15/02/2032	13,258
US Treasury Note 2.875% 15/05/2032	12,936
US Treasury Note 0.375% 30/07/2027	12,415
US Treasury Note 0.75% 31/01/2028	7,912
US Treasury Note 1.25% 15/05/2050	7,656
US Treasury Note 2.875% 15/05/2052	7,133
US Treasury Note 2.25% 15/08/2046	6,925
iShares USD Treasury Bond 20 year UCITS ETF	6,751
Invesco Physical Gold	5,330
Subtotal	<u>99,919</u>
Total proceeds from sales, including the above, for the year	<u>190,418</u>



**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 50.08% (52.14%)			
Corporate Bonds - 21.97% (17.00%)			
A2D Funding II 4.5% 30/09/2026	£768,000	742	0.27
Admiral Group 5.5% 25/07/2024	£3,200,000	3,196	1.17
Admiral Group 8.5% 06/01/2034	£2,650,000	2,928	1.08
American Tower 1.375% 04/04/2025	€2,800,000	2,335	0.86
Beazley Insurance 5.5% 10/09/2029	\$800,000	596	0.22
Beazley Insurance 5.875% 04/11/2026	\$200,000	154	0.06
Berkshire Hathaway 0.907% 20/04/2026	¥200,000,000	998	0.37
Berkshire Hathaway 1.135% 20/04/2028	¥400,000,000	1,989	0.73
Co-Operative Group Holdings 2011 7.5% 08/07/2026	£640,000	642	0.24
Coventry Building Society 1% 21/09/2025	£3,600,000	3,407	1.25
Crown Castle 3.2% 01/09/2024	\$2,950,000	2,297	0.84
Dufry One 0.75% 30/03/2026	CHF600,000	502	0.18
Dufry One 3.625% 15/04/2026	CHF5,200,000	4,550	1.67
Enbridge 5% VRN 19/01/2082**	CAD1,550,000	790	0.29
Enbridge 5.375% VRN 27/09/2077**	CAD400,000	222	0.08
Enbridge 5.5% VRN 15/07/2077**	\$4,000,000	2,950	1.08
Enbridge 8.747% VRN 15/01/2084**	CAD3,200,000	2,038	0.75
Engie SA 1.625% VRN Perpetual**	€500,000	413	0.15
Engie SA 3.25% VRN Perpetual**	€100,000	84	0.03
Hiscox 6.125% VRN 24/11/2045**	£3,500,000	3,472	1.28
Iberdrola International BV 3.25% VRN Perpetual**	€200,000	169	0.06
Just Group 3.5% 07/02/2025	£1,900,000	1,867	0.69
Just Group 5% VRN Perpetual**	£600,000	451	0.17
Lancashire Holdings 5.625% VRN 18/09/2041**	\$400,000	283	0.10
Legal & General Group 5.375% VRN 27/10/2045**	£2,500,000	2,476	0.91
Lloyds Banking Group 1.247% VRN 26/05/2028**	¥100,000,000	495	0.18
Lloyds Banking Group 1.352% VRN 25/05/2029**	¥300,000,000	1,495	0.55
Merck KGaA 1.625% VRN 25/06/2079**	€200,000	168	0.06
Nationwide Building Society 5.875% VRN Perpetual**	£1,700,000	1,686	0.62
Perenti Finance 6.5% 07/10/2025	\$234,321	183	0.07
Perenti Finance 7.50% 26/04/2029	\$200,000	160	0.06
Pershing Square Holdings 1.375% 01/10/2027	€2,300,000	1,729	0.64
Phoenix Group Holdings 5.625% VRN 28/04/2031**	\$800,000	615	0.23
Rothsay Life 3.375% 12/07/2026	£3,200,000	3,053	1.11
Suez 1.625% VRN Perpetual**	€1,500,000	1,190	0.44
Trafigura Group 5.875% VRN Perpetual**	\$800,000	586	0.22
Trafigura Group 7.5% VRN Perpetual**	€1,200,000	1,021	0.38

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 50.08% (52.14%) (continued)			
Corporate Bonds - 21.97% (17.00%) (continued)			
Transcanada Trust 4.2% VRN 04/03/2081**	CAD1,000,000	496	0.18
Transcanada Trust 4.65% VRN 18/05/2077**	CAD3,550,000	1,947	0.72
Transcanada Trust 5.3% VRN 15/03/2077**	\$3,400,000	2,473	0.91
Transcanada Trust 5.5% VRN 15/09/2079**	\$150,000	107	0.04
Transcanada Trust 5.625% VRN 20/05/2075**	\$2,200,000	1,693	0.62
Travis Perkins 3.75% 17/02/2026	£200,000	190	0.07
Veolia Environnement 2% VRN Perpetual**	€400,000	309	0.11
Veolia Environnement 2.25% VRN Perpetual**	€200,000	162	0.06
Veolia Environnement 2.5% VRN Perpetual**	€600,000	460	0.17
Total Corporate Bonds		59,769	21.97
Government Bonds - 28.11% (35.14%)			
UK Treasury Gilt 0.50% 22/10/2061	£17,700,000	5,076	1.87
UK Treasury Gilt 1.25% 22/10/2041	£31,900,000	19,082	7.01
UK Treasury Gilt 1.125% 31/01/2039	£18,400,000	11,690	4.30
UK Treasury Gilt 1.75% 07/09/2037	£10,000,000	7,292	2.68
US Treasury Note 0.25% 31/08/2025	\$7,600,000	5,612	2.06
US Treasury Note 0.375% 30/07/2027	\$9,500,000	6,476	2.38
US Treasury Note 0.625% 15/05/2030	\$11,000,000	6,886	2.53
US Treasury Note 0.75% 31/01/2028	\$14,700,000	10,036	3.68
US Treasury Note 1.625% 15/05/2031	\$6,700,000	4,359	1.60
Total Government Bonds		76,509	28.11
Total Debt Securities		136,278	50.08
Equities - 43.15% (34.46%)			
United Kingdom - 8.46% (3.80%)			
Consumer Services - 5.18% (2.26%)			
Compass Group	107,000	2,339	0.86
Howden Joinery Group	160,800	1,464	0.54
Informa	501,301	4,267	1.57
RELX GBP	105,000	3,588	1.32
Whitbread	81,600	2,431	0.89
Total Consumer Services		14,089	5.18
Financials - 2.33% (1.54%)			
3i Group	186,900	5,379	1.98
Prudential	129,300	975	0.35
Total Financials		6,354	2.33

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Equities - 43.15% (34.46%) (continued)			
United Kingdom - 8.46% (3.80%) (continued)			
Industrials - 0.95% (0.00%)			
Ashtead Group	45,400	2,585	0.95
		<hr/>	
Total United Kingdom		23,028	8.46
		<hr/>	
Canada - 2.82% (2.49%)			
Canadian Natural Resources	85,600	5,135	1.89
Franco-Nevada	7,300	714	0.26
Tourmaline Oil	47,000	1,823	0.67
Total Canada		7,672	2.82
		<hr/>	
France - 1.17% (2.81%)			
LVMH	5,100	3,191	1.17
		<hr/>	
Germany - 1.19% (1.37%)			
Merck KGAA	22,870	3,228	1.19
		<hr/>	
Hong Kong - 0.50% (0.66%)			
AIA Group	224,900	1,362	0.50
		<hr/>	
India - 1.20% (1.10%)			
HDFC Bank ADR	72,000	3,260	1.20
		<hr/>	
Ireland - 1.99% (0.00%)			
CRH	56,900	3,521	1.29
DCC	33,370	1,900	0.70
Total Ireland		5,421	1.99
		<hr/>	
Italy - 1.38% (0.41%)			
Interpump Group	30,100	1,104	0.41
Moncler	20,100	1,046	0.38
Reply	14,600	1,603	0.59
Total Italy		3,753	1.38
		<hr/>	
Japan - 0.00% (1.23%)			

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Equities - 43.15% (34.46%) (continued)			
Netherlands - 1.27% (1.19%)			
IMCD Group	9,023	1,077	0.40
Wolters Kluwer	19,100	2,377	0.87
Total Netherlands		<u>3,454</u>	<u>1.27</u>
Singapore - 0.20% (0.17%)			
Singapore Exchange	99,800	554	0.20
Switzerland - 1.28% (2.69%)			
Alcon CHF	49,700	3,478	1.28
Taiwan - 1.78% (0.90%)			
Taiwan Semiconductor Manufacturing	40,700	4,845	1.78
United States - 19.91% (15.64%)			
Alphabet 'A'	20,500	2,755	1.01
Amazon.com	28,900	4,006	1.47
Ameriprise Financial	7,200	2,419	0.89
Arthur J Gallagher	12,200	2,406	0.88
Avantor	142,400	2,651	0.97
Becton Dickinson	14,200	2,539	0.93
Booz Allen Hamilton Holding	4,800	572	0.21
Brown & Brown	48,200	3,334	1.23
Donaldson	20,400	1,170	0.43
Dover	22,400	3,186	1.17
Elevance Health	11,200	4,645	1.71
Hilton Grand Vacations	36,800	1,189	0.44
Marriott Vacations Worldwide	10,000	715	0.26
Marsh & McLennan	22,100	3,566	1.31
Performance Food Group	64,200	3,417	1.26
SBA Communications REIT	13,500	2,060	0.76
Travel + Leisure	18,000	615	0.23
UnitedHealth Group	10,700	4,112	1.51
Valvoline	112,600	3,555	1.31
Visa 'A'	24,900	5,272	1.93
Total United States		<u>54,184</u>	<u>19.91</u>
Total Equities		<u>117,430</u>	<u>43.15</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Collective Investment Schemes - 1.04% (4.77%)			
UK Authorised Collective Investment Schemes - 0.00% (0.00%)			
Royal London Short Term Money Market Fund	1,000	1	0.00
Offshore Collective Investment Schemes - 1.04% (4.77%)			
Alpstone Global Macro UCITS Fund	1,600	166	0.06
Coremont Investment Fund - Brevan Howard Absolute Return Government	15,000	1,873	0.69
Coremont Investment Fund - Landseeram European Equity Focus	5,000	538	0.20
iShares USD Treasury Bond 20 year UCITS ETF	10,000	35	0.01
Neuberger Berman Event Driven Fund	20,000	216	0.08
Total Offshore Collective Investment Schemes		2,828	1.04
Total Collective Investment Schemes		2,829	1.04
Exchange Traded Commodities - 4.54% (4.01%)			
Invesco Physical Gold	34,900	6,186	2.27
iShares Physical Gold	173,000	6,190	2.27
Total Exchange Traded Commodities		12,376	4.54
Forward Currency Contracts - 0.59% (-0.48%)			
Sell US dollar	(\$70,316,529)	(55,115)	
Buy UK sterling	£56,371,113	56,371	
Expiry date 14 June 2024		1,256	0.46
Sell Euro	(€12,889,809)	(10,986)	
Buy UK sterling	£11,100,884	11,101	
Expiry date 14 June 2024		115	0.04
Sell Canadian dollar	(CAD11,589,275)	(6,664)	
Buy UK sterling	£6,765,518	6,766	
Expiry date 14 June 2024		102	0.04
Sell Japanese yen	(¥499,995,179)	(2,505)	
Buy UK sterling	£2,582,998	2,583	
Expiry date 14 June 2024		78	0.03
Sell Swiss franc	(CHF4,915,607)	(4,276)	
Buy UK sterling	£4,321,473	4,321	
Expiry date 14 June 2024		45	0.02
Total Forward Currency Contracts		1,596	0.59

**Portfolio statement (continued)***as at 31 May 2024*

Investment	Nominal value or holding	Market value £000s	% of total net assets
Portfolio of investments		270,509	99.40
Other net assets		1,622	0.60
<b>Total net assets</b>		<b>272,131</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*\*Variable interest security

## Summary of portfolio investments

as at 31 May 2024

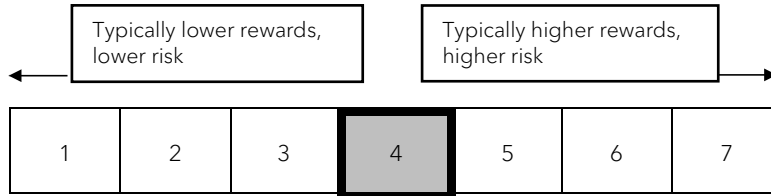
	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	123,612	45.42	122,811	46.51
Investments of below investment grade	8,435	3.10	320	0.12
Unrated bonds	4,231	1.56	14,563	5.51
Total bonds	136,278	50.08	137,694	52.14
Forward currency contracts - assets	1,596	0.59	221	0.08
Collective Investment Schemes	2,829	1.04	12,613	4.77
Exchange Traded Commodities	12,376	4.54	10,584	4.01
Equities	117,430	43.15	90,941	34.46
Investments as shown in the balance sheet	270,509	99.40	252,053	95.46
Forward currency contracts - liabilities	-	-	(1,471)	(0.56)
Total value of investments	270,509	99.40	250,582	94.90

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund’s ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond’s market value.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.



## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	111.68	115.12	121.86
Return before operating charges*	7.35	(1.23)	(5.03)
Operating charges	(0.85)	(0.97)	(1.03)
Return after operating charges*	6.50	(2.20)	(6.06)
Distributions+	(1.90)	(1.24)	(0.68)
Closing net asset value per share	116.28	111.68	115.12
*after direct transaction costs of:	0.04	0.02	0.06
Performance			
Return after charges	5.82%	(1.91%)	(4.97%)
Other information			
Closing net asset value (£000s)	1,714	1,936	2,151
Closing number of shares	1,473,683	1,733,503	1,867,942
Operating charges++	0.79%	0.86%	0.84%
Direct transaction costs	0.04%	0.02%	0.05%
Prices			
Highest share price (p)	119.81	116.60	127.30
Lowest share price (p)	107.50	108.40	113.00

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	121.93	124.31	130.85
Return before operating charges*	7.96	(1.33)	(5.44)
Operating charges	(0.89)	(1.05)	(1.10)
Return after operating charges*	7.07	(2.38)	(6.54)
Distributions+	(2.09)	(1.34)	(0.73)
Retained distribution on accumulation shares+	2.09	1.34	0.73
Closing net asset value per share	129.00	121.93	124.31
* after direct transaction costs of:	0.05	0.02	0.07
Performance			
Return after charges	5.80%	(1.91%)	(5.00%)
Other information			
Closing net asset value (£000s)	270,417	262,114	276,424
Closing number of shares	209,631,005	214,973,864	222,366,092
Operating charges++	0.79%	0.86%	0.84%
Direct transaction costs	0.04%	0.02%	0.05%
Prices			
Highest share price (p)	131.89	125.90	136.70
Lowest share price (p)	117.20	117.00	121.80

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion. In calculating the OCF for the year, the costs of both open and closed-ended funds have been included.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables***for the year ended 31 May 2024***Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	0.995	-	0.995	0.338
31.01.24	group 2	interim	0.650	0.345	0.995	0.338
31.07.24	group 1	final	0.901	-	0.901	0.900
31.07.24	group 2	final	0.742	0.159	0.901	0.900

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Interim distributions:**

- Group 1 Shares purchased before 1 June 2023  
 Group 2 Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1 Shares purchased before 1 December 2023  
 Group 2 Shares purchased 1 December 2023 to 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.010	-	1.010	0.364
31.01.24	group 2	interim	0.535	0.475	1.010	0.364
31.07.24	group 1	final	1.079	-	1.079	0.976
31.07.24	group 2	final	0.586	0.493	1.079	0.976

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1 Shares purchased before 1 June 2023  
 Group 2 Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1 Shares purchased before 1 December 2023  
 Group 2 Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential Close Brothers Cautious

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		10,758		(8,367)
Revenue	3	7,415		5,520	
Expenses	4	(2,007)		(2,318)	
Interest payable and similar charges		(1)		(3)	
Net revenue before taxation		5,407		3,199	
Taxation	5	(888)		(206)	
Net revenue after taxation			4,519		2,993
Total return/(deficit) before distributions			15,277		(5,374)
Distributions	6		(4,519)		(2,992)
Change in net assets attributable to shareholders from investment activities			10,758		(8,366)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		264,050		278,575
Amounts receivable on issue of shares	29,433		68,169	
Amounts payable on cancellation of shares	(36,572)		(77,295)	
		(7,139)		(9,126)
Change in net assets attributable to shareholders from investment activities		10,758		(8,366)
Retained distribution on accumulation shares		4,462		2,967
Closing net assets attributable to shareholders		272,131		264,050

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		270,509	252,053
Current assets:			
Debtors	7	8,734	2,362
Cash and bank balances	8	998	12,012
Total assets		<u>280,241</u>	<u>266,427</u>
Liabilities:			
Investment liabilities		-	(1,471)
Creditors:			
Bank overdrafts	8	(7,198)	-
Distribution payable	6	(13)	(16)
Other creditors	9	(899)	(890)
Total liabilities		<u>(8,110)</u>	<u>(2,377)</u>
Net assets attributable to shareholders		<u><u>272,131</u></u>	<u><u>264,050</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	5,302	(8,451)
Currency (losses)/gains	(503)	231
Forward currency contracts	5,959	(147)
Net capital gains/(losses)	<u>10,758</u>	<u>(8,367)</u>

3. Revenue	2024	2023
	£000s	£000s
Distributions from UK regulated collective investment schemes:		
Interest distributions	84	58
Interest distributions from overseas collective investment schemes	370	126
UK revenue	318	335
Overseas revenue	1,139	1,339
Interest on debt securities	5,366	3,439
Bank interest	138	223
Total revenue	<u>7,415</u>	<u>5,520</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	2,007	2,318
Total expenses	<u>2,007</u>	<u>2,318</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,730 inclusive of VAT (2023: £8,394 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	722	-
Double taxation relief expensed	(2)	-
Overseas tax withheld	168	179
Reclaimable tax written off	-	27
Total taxation (note 5b)	<u>888</u>	<u>206</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	5,407	3,199
Corporation tax @ 20%	<u>1,081</u>	<u>640</u>
Effects of:		
UK revenue	(63)	(67)
Overseas revenue	(225)	(268)
Overseas tax withheld	168	179
Reclaimable tax written off	-	27
Excess management expenses utilised	(69)	(305)
Double taxation relief expensed	(2)	-
Taxation due to timing differences	(2)	-
Total taxation (note 5a)	<u>888</u>	<u>206</u>

## c Provision for deferred tax

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £nil (2023: £69,000\*).

\*Amount per tax return filed with HMRC

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim income distribution	16	6
Interim accumulation distribution	2,199	869
Final income distribution	13	16
Final accumulation distribution	<u>2,263</u>	<u>2,098</u>
	4,491	2,989
Equalisation:		
Amounts deducted on cancellation of shares	143	145
Amounts added on issue of shares	(115)	(142)
Total net distributions	<u>4,519</u>	<u>2,992</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 6. Distributions (continued)

	2024	2023
	£000s	£000s
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	4,519	2,993
Undistributed revenue brought forward	2	-
Capital taxation	-	1
Undistributed revenue carried forward	(2)	(2)
Distributions	<u>4,519</u>	<u>2,992</u>

Details of the distribution per share are disclosed in the Distribution tables.

## 7. Debtors

	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	400	803
Sales awaiting settlement	6,957	-
Currency trades outstanding	5	24
Accrued revenue	1,285	1,442
Recoverable overseas withholding tax	87	93
Total debtors	<u>8,734</u>	<u>2,362</u>

## 8. Cash and bank balances and bank overdrafts

	2024	2023
	£000s	£000s
Cash and bank balances	998	12,012
Bank overdrafts	(7,198)	-
Total cash and bank balances and bank overdrafts	<u>(6,200)</u>	<u>12,012</u>

## 9. Other creditors

	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	16	641
Purchases awaiting settlement	-	24
Currency trades outstanding	-	24
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	163	201
Total accrued expenses	163	201
Corporation tax payable	720	-
Total other creditors	<u>899</u>	<u>890</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	1,733,503
Total shares issued in the year	74,086
Total shares cancelled in the year	<u>(333,906)</u>
Closing shares in issue	<u><u>1,473,683</u></u>
	A Accumulation
Opening shares in issue	214,973,864
Total shares issued in the year	24,140,015
Total shares cancelled in the year	<u>(29,482,874)</u>
Closing shares in issue	<u><u>209,631,005</u></u>

For the year ended 31 May 2024, the annual management charge is 0.75%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 116.28p to 120.19p and the A Accumulation share has increased from 129.00p to 133.33p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
2024	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	59,822	-	-	96	0.16	-	-	59,918
Bonds*	109,818	-	-	-	-	-	-	109,818
Collective Investment Schemes	30,228	2	0.01	-	-	-	-	30,230
<b>Total</b>	<b>199,868</b>	<b>2</b>		<b>96</b>		<b>-</b>		<b>199,966</b>

	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
2023	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	46,418	8	0.02	15	0.03	1	-	46,442
Bonds*	153,687	-	-	-	-	-	-	153,687
Collective Investment Schemes	86,611	5	0.01	-	-	-	-	86,616
<b>Total</b>	<b>286,716</b>	<b>13</b>		<b>15</b>		<b>1</b>		<b>286,745</b>

	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
2024	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	47,866	(4)	(0.01)	(5)	(0.01)	-	-	47,857
Bonds*	102,881	-	-	-	-	-	-	102,881
Collective Investment Schemes	39,683	(2)	(0.01)	(1)	(0.00)	-	-	39,680
<b>Total</b>	<b>190,430</b>	<b>(6)</b>		<b>(6)</b>		<b>-</b>		<b>190,418</b>

	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
2023	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	69,921	(14)	(0.02)	-	-	(5)	(0.01)	69,902
Bonds*	133,446	-	-	-	-	-	-	133,446
Collective Investment Schemes	68,276	(1)	(0.00)	-	-	-	-	68,275
<b>Total</b>	<b>271,643</b>	<b>(15)</b>		<b>-</b>		<b>(5)</b>		<b>271,623</b>

\* No direct transaction costs were incurred in these transactions.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

## Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

2024	£000s	% of average net asset value
Commission	8	0.00
Taxes	102	0.04
2023	£000s	% of average net asset value
Commission	28	0.01
Taxes	15	0.01
Other Expenses	6	0.00

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.19% (2023: 0.12%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notional of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential Close Brothers Cautious	4.07	5.28	4.53	10.50	133.00	125.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are equities, debt securities and collective investment schemes.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk (continued)

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £13,525,000 (2023: £12,529,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Canadian dollar	13,164
Euro	21,859
Hong Kong dollar	1,362
Japanese yen	4,977
Norwegian krone	46
Singapore dollar	554
Swiss franc	8,530
US dollar	107,918
Total net foreign currency exposure	<u>158,410</u>

	Total net foreign currency exposure*
2023	£000s
Euro	24,487
Hong Kong dollar	1,767
Japanese yen	3,301
Norwegian krone	45
Singapore dollar	444
Swiss franc	6,463
US dollar	171,358
Total net foreign currency exposure	<u>207,865</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk (continued)

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £3,943,000 (2023: £5,407,000). Forward currency contracts are used to manage to the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £55,000 (2023: £46,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Canadian dollar	5,493	-	-	7,671	-	13,164
Euro	4,127	-	4,064	13,668	-	21,859
Hong Kong dollar	-	-	-	1,362	-	1,362
Japanese yen	1,990	-	2,987	-	-	4,977
Norwegian krone	-	-	-	46	-	46
Singapore dollar	-	-	-	554	-	554
Swiss franc	-	-	5,052	3,478	-	8,530
UK sterling	8,802	(7,198)	59,166	53,863	(912)	113,721
US dollar	8,837	-	36,758	62,323	-	107,918
	29,249	(7,198)	108,027	142,965	(912)	272,131

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Euro	583	-	6,423	17,481	-	24,487
Hong Kong dollar	-	-	-	1,767	-	1,767
Japanese yen	-	-	-	3,301	-	3,301
Norwegian krone	-	-	-	45	-	45
Singapore dollar	-	-	-	468	(24)	444
Swiss franc	-	-	-	6,463	-	6,463
UK sterling	17,626	-	24,413	15,028	(882)	56,185
US dollar	-	-	100,661	72,168	(1,471)	171,358
	<u>18,209</u>	<u>-</u>	<u>131,497</u>	<u>116,721</u>	<u>(2,377)</u>	<u>264,050</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of Portfolio Investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk (continued)

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	206,350	-
Observable market data	64,159	-
Unobservable data	-	-
	<u>270,509</u>	<u>-</u>

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	201,739	-
Observable market data	50,314	(1,471)
Unobservable data	-	-
	<u>252,053</u>	<u>(1,471)</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

There have been no leveraging arrangements in the year (2023: same).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

2024	Gross exposure value	% of the total net asset value
Investment	£000s	
Forward Currency Contracts		
Value of short position - Canadian dollar	6,664	2.45
Value of short position - Euro	10,986	4.04
Value of short position - Japanese yen	2,505	0.92
Value of short position - Swiss franc	4,276	1.57
Value of short position - US dollar	55,115	20.25



**Notes to the financial statements (continued)***for the year ended 31 May 2024*

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

2023	Gross exposure value	% of the total net asset value
Investment	£000s	
Forward Currency Contracts		
Value of short position - Euro	12,553	4.75
Value of short position - Japanese yen	1,651	0.63
Value of short position - Swiss franc	3,231	31.64
Value of short position - US dollar	83,539	1.22

There have been no collateral arrangements in the year (2023: same).

## True Potential Close Brothers Cautious Income

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve income with capital growth. The Sub-Fund aims to have a yield in excess of what ordinarily can be expected from a basket of UK equities consisting of the top thousand listed holdings in the UK based on capitalisation, by investing primarily in a selection of equities and fixed income securities. The Sub-Fund may also invest in money market instruments and deposits, cash and near cash and other permitted transferable securities. Exposure to the above asset classes may be gained through investment in collective investment schemes and transferable securities (including closed ended and exchange traded funds).

There are no geographic restrictions on the investments of the Sub-Fund.

Derivatives and forward transactions may only be used for Efficient Portfolio Management. The Sub-Fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

In the 12-month period to 31 May 2024 the Sub-Fund returned +8.4%, outperforming the benchmark by 0.1% (Source: Bloomberg). Markets continued to recover post the 2022 sell off, helped by the expectations that we are at peak interest rates and due to the downward trajectory of inflation (the CPI inflation figure released in May 2024 showed inflation back down at 2.3%, from the highs of 11.1% in 2022) (Source: Bloomberg).

Having added to fixed income, out of cash, in 2022, this has aided the positive return seen over the past year. However by the end of the period corporate bond spreads were getting expensive versus history. With lower additional return for taking on the same risk, we stuck to our knitting and started the process of de-risking the portfolio. This involved trimming or selling 25 holdings, and adding gilts to the Sub-Fund for the first time since 2020. This is purely a valuation call, not a macroeconomic call. We do not know what will cause valuations to improve once again, but we can be sure that the current market exuberance will not last for ever.

The general market positivity, combined with some more determined actions from investment trust boards, has led to an improvement in their share prices, though there is still 6.4% of lost performance to be gained back if all the trusts were trading at their Net Asset Values (NAV). It was pleasing in the period to see a number of trusts disposing of assets at NAV, or higher, coupled with an increase in share buyback programmes (i.e. Greencoat UK Wind £100m, International Public Partnerships £30m and HICL Infrastructure £50m).

The gross prospective yield before charges (based on month-end valuation prices and yield to maturities or yield to calls) has fallen over the year to 6.6% from 7.2% due to the strong rise in the NAV. The Sub-Fund is still generating 0.55% of income a month, so is still in a much better position to offset any future volatility versus recent years when yields were very low (valuations were much higher).

#### Investment Strategy and Outlook

We remain underweight equities for valuation reasons and have just started to trim corporate bonds after a strong run has reduced their forward-looking returns. Gilts have been added to the Sub-Fund which are highly liquid, offer real returns and a source of cash to invest in new ideas. Volatile markets would increase the likelihood of finding more investments at valuations we consider good risk & reward and will aid forward-looking returns.

Close Asset Management Limited - a sub-delegate of True Potential Investments LLP

13 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
UK Treasury Gilt 5% 07/03/2025	7,711
UK Treasury Gilt 4.5% 07/12/2042	4,963
British American Tobacco 3.75% Perpetual	2,353
BP Capital Markets 4.25% VRN Perpetual	1,473
Phoenix Group Holdings	1,461
International Personal Finance 12% 12/12/2027	1,398
Trafigura Group 5.875% VRN Perpetual	1,227
Aviva 6.875% VRN Perpetual	1,176
Real Estate Credit Investments	1,101
Paragon Banking Group 4.375% VRN 25/09/2031	1,066
Subtotal	<u>23,929</u>
Total cost of purchases, including the above, for the year	<u>43,361</u>
	Proceeds
	£000s
Sales:	
Burford Capital Finance 6.125% 12/08/2025	3,491
JRP Group 9% 26/10/2026	2,897
Burford Capital	2,824
Pension Insurance 8% 23/11/2026	2,685
HSBC Holdings 8.201% VRN 16/11/2034	2,658
Travis Perkins 4.5% 07/09/2023	1,770
Nationwide Building Society 5.875% VRN Perpetual	1,651
Phoenix Group Holdings 5.625% 28/04/2031	1,615
Hiscox 6.125% VRN 24/11/2045	1,510
Starwood European Real Estate Finance	1,352
Subtotal	<u>22,453</u>
Total proceeds from sales, including the above, for the year	<u>55,506</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 50.86% (49.07%)			
Corporate Bonds - 46.21% (49.04%)			
Abrdn 5.25% VRN Perpetual**	£12,220,000	10,352	3.81
Aviva 6.875% VRN Perpetual**	£8,796,000	8,310	3.05
Barclays 8% VRN Perpetual**	\$1,400,000	1,096	0.40
Barclays 8.875% VRN Perpetual**	£1,700,000	1,732	0.64
Barclays 9.25% VRN Perpetual**	£200,000	206	0.08
Beazley Insurance 5.5% 10/09/2029	\$6,500,000	4,839	1.77
Beazley Insurance 5.875% 04/11/2026	\$500,000	385	0.14
BP Capital Markets 4.25% VRN Perpetual**	£1,900,000	1,798	0.66
British American Tobacco 3.75% VRN Perpetual**	€3,200,000	2,501	0.92
British American Tobacco International Finance 5.75% 05/07/2040	£1,350,000	1,245	0.46
BUPA Finance 4% VRN Perpetual**	£1,300,000	949	0.35
BUPA Finance 4.125% 14/06/2035	£1,301,000	1,061	0.39
Burford Capital 5% 01/12/2026	£2,523,700	2,421	0.89
Burford Capital Global Finance 6.25% 15/04/2028	\$1,868,000	1,416	0.52
Co-operative Group Holdings 11% 20/12/2025	£268,000	284	0.10
Co-operative Group Holdings 2011 7.5% 08/07/2026	£2,400,000	2,406	0.88
Hiscox 6.125% VRN 24/11/2045**	£6,496,000	6,444	2.36
International Personal Finance 9.75% 12/11/2025	€2,000,000	1,704	0.62
International Personal Finance 12% 12/12/2027	£1,400,000	1,421	0.52
Jupiter Fund Management 8.875% VRN 27/07/2030**	£1,525,000	1,533	0.56
Just Group 5% VRN Perpetual**	£4,521,000	3,396	1.25
Just Group 8.125% 26/10/2029	£500,000	525	0.19
Lancashire Holdings 5.625% VRN 18/09/2041**	\$8,560,000	6,055	2.22
Legal & General Group 5.625% VRN Perpetual**	£2,050,000	1,832	0.67
Lloyds Banking Group 7.875% VRN Perpetual**	£3,200,000	3,188	1.17
Lloyds Banking Group 8.5% VRN Perpetual**	£700,000	711	0.26
Lloyds Banking Group 8.5% VRN Perpetual**	£1,467,000	1,489	0.55
Marks & Spencer 7.125% 01/12/2037	\$4,000,000	3,277	1.20
Nationwide Building Society 5.75% VRN Perpetual**	£4,500,000	4,236	1.55
Nationwide Building Society 5.875% VRN Perpetual**	£6,000,000	5,951	2.18
NGG Finance 5.625% VRN 18/06/2073**	£4,518,000	4,490	1.65
Paragon Banking Group 4.375% VRN 25/09/2031**	£8,048,000	7,534	2.76
Paragon Banking Group 6% 28/08/2024	£79,800	79	0.03
Pension Insurance 4.625% 07/05/2031	£788,000	699	0.26
Pension Insurance 7.375% VRN Perpetual**	£3,600,000	3,492	1.28
Pershing Square Holdings 3.25% 01/10/2031	\$3,000,000	1,876	0.69
Phoenix Group Holdings 5.625% 28/04/2031	£16,000	15	0.01
Phoenix Group Holdings 5.625% VRN 28/04/2031**	\$1,803,000	1,387	0.51

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 50.86% (49.07%) (continued)			
Corporate Bonds - 46.21% (49.04%) (continued)			
Phoenix Group Holdings 5.75% VRN 31/12/2049**	£2,300,000	2,056	0.75
Rothesay Life 5% VRN Perpetual**	£1,200,000	918	0.34
Rothesay Life 6.875% VRN Perpetual**	£1,800,000	1,696	0.62
Rothesay Life 7.734% 16/05/2033	£650,000	688	0.25
TP ICAP 2.625 18/11/2028	£1,101,000	936	0.34
TP ICAP 7.875 17/04/2030	£2,626,000	2,813	1.03
Trafigura Group 5.875% VRN Perpetual**	\$12,460,000	9,120	3.34
Travis Perkins 3.75% 17/02/2026	£5,716,000	5,423	1.99
Total Corporate Bonds		125,985	46.21
Corporate Convertibles - 0.04% (0.03%)			
Abrdn Asia Focus 2.25% 31/05/2025	£101,750	97	0.04
Government Bonds - 4.61% (0.00%)			
UK Treasury Gilt 4.5% 07/12/2042	£5,000,000	4,889	1.79
UK Treasury Gilt 5% 07/03/2025	£7,700,000	7,700	2.82
Total Government Bonds		12,589	4.61
Total Debt Securities		138,671	50.86
Equities - 42.76% (45.22%)			
United Kingdom - 18.49% (19.16%)			
Consumer Goods - 0.98% (0.88%)			
British American Tobacco	36,379	877	0.32
Imperial Brands	93,257	1,800	0.66
Total Consumer Goods		2,677	0.98
Consumer Services - 0.37% (0.51%)			
CVS Group	33,300	384	0.14
Moneysupermarket.com Group	277,000	623	0.23
Total Consumer Services		1,007	0.37

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Equities - 42.76% (45.22%) (continued)			
Financials - 13.26% (14.86%)			
AEW UK REIT	790,452	683	0.25
Atrato Onsite Energy	2,871,329	1,947	0.71
Ediston Property Investments*	1,312,048	-	0.00
Greencoat UK Wind	6,973,729	9,826	3.60
Ground Rents Income Fund	365,250	104	0.04
HICL Infrastructure	2,489,319	3,067	1.13
Phoenix Group Holdings	1,438,136	7,148	2.62
Pollen Street Group	896,737	6,098	2.24
Residential Secure Income	4,453,966	2,084	0.77
Schroder European Real Estate Investment Trust	1,974,818	1,244	0.46
Schroders	362,005	1,418	0.52
Tritax EuroBox	2,282,161	1,228	0.45
Tritax EuroBox London	342,161	182	0.07
Urban Logistics REIT	601,637	718	0.26
Warehouse REIT	489,814	395	0.14
Total Financials		<u>36,142</u>	<u>13.26</u>
Industrials - 3.88% (2.91%)			
Bunzl	88,350	2,615	0.96
Diploma	147,078	6,021	2.21
Mears Group	490,428	1,927	0.71
Total Industrials		<u>10,563</u>	<u>3.88</u>
Total United Kingdom		<u>50,389</u>	<u>18.49</u>
Australia - 0.42% (0.40%)			
BHP	48,591	1,136	0.42
Canada - 0.81% (0.85%)			
Barrick Gold	164,952	2,222	0.81
Channel Islands - 13.98% (15.54%)			
3i Infrastructure	2,032,815	6,912	2.54
Cordiant Digital Infrastructure	2,257,130	1,594	0.58
Digital 9 Infrastructure	1,665,000	369	0.14
GCP Asset Backed Income Fund	9,044,953	6,874	2.52

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Equities - 42.76% (45.22%) (continued)			
Channel Islands - 13.98% (15.54%) (continued)			
GCP Infrastructure Investments	4,578,979	3,540	1.30
ICG-Longbow Senior Secured UK Property Debt Investments	5,192,409	1,059	0.39
International Public Partnerships	3,219,491	3,992	1.46
Real Estate Credit Investments	6,434,842	7,593	2.78
Starwood European Real Estate Finance	6,649,054	6,184	2.27
Total Channel Islands		<u>38,117</u>	<u>13.98</u>
Germany - 1.98% (2.37%)			
Brenntag	96,535	5,403	1.98
Switzerland - 1.30% (1.74%)			
Roche Holding	17,776	3,548	1.30
United States - 5.78% (5.16%)			
Philip Morris International	112,559	8,834	3.24
Mastercard	7,290	2,517	0.92
Visa 'A'	20,870	4,419	1.62
Total United States		<u>15,770</u>	<u>5.78</u>
Total Equities		<u>116,585</u>	<u>42.76</u>
Collective Investment Schemes - 0.01% (0.01%)			
Offshore Collective Investment Schemes - 0.01% (0.01%)			
Xtrackers Euro Stoxx 50 Short Daily Swap UCITS ETF	900	5	0.00
Xtrackers Euro Stoxx 50 Short Daily Swap UCITS ETF GBP	900	5	0.00
Xtrackers FTSE 100 Short Daily Swap UCITS ETF	2,500	7	0.01
Xtrackers S&P 500 Inverse Daily Swap UCITS ETF	800	5	0.00
Xtrackers S&P 500 Inverse Daily Swap UCITS ETF USD	800	5	0.00
Total Offshore Collective Investment Schemes		<u>27</u>	<u>0.01</u>
Total Collective Investment Schemes		<u>27</u>	<u>0.01</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Exchange Traded Commodities - 2.79% (2.63%)			
Invesco Physical Gold	8,850	1,569	0.58
Royal Mint Responsibly Sourced Physical Gold ETC	290,300	5,275	1.93
WisdomTree Physical Gold	4,488	773	0.28
Total Exchange Traded Commodities		<u>7,617</u>	<u>2.79</u>
Forward Currency Contracts - 0.23% (-0.12%)			
Sell US dollar	(\$31,722,937)	(24,865)	
Buy UK sterling	£25,431,534	25,432	
Expiry date 14 June 2024		<u>567</u>	<u>0.21</u>
Sell Euro	(€6,404,103)	(5,458)	
Buy UK sterling	£5,515,303	5,515	
Expiry date 14 June 2024		<u>57</u>	<u>0.02</u>
Sell UK sterling	(£498,253)	(498)	
Buy Euro	€585,258	499	
Expiry date 14 June 2024		<u>1</u>	<u>0.00</u>
Total Forward Currency Contracts		<u>625</u>	<u>0.23</u>
Portfolio of investments		263,525	96.65
Other net assets		9,146	3.35
Total net assets		<u>272,671</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*Trading of investment has been suspended and valued nil as at 31 May 2024.

\*\*Variable interest security.



**Summary of portfolio investments**

as at 31 May 2024

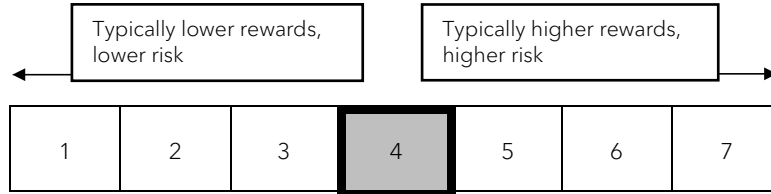
	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	66,774	24.49	40,367	14.47
Investments of below investment grade	42,247	15.50	41,029	14.73
Unrated bonds	29,650	10.87	55,424	19.87
<b>Total bonds</b>	<b>138,671</b>	<b>50.86</b>	<b>136,820</b>	<b>49.07</b>
Forward currency contracts - assets	625	0.23	54	0.02
Collective Investment Schemes	27	0.01	30	0.01
Exchange Traded Commodities	7,617	2.79	7,330	2.63
Equities	116,585	42.76	126,033	45.22
<b>Investments as shown in the balance sheet</b>	<b>263,525</b>	<b>96.65</b>	<b>270,267</b>	<b>96.95</b>
Forward currency contracts - liabilities	-	-	(382)	(0.14)
<b>Total value of investments</b>	<b>263,525</b>	<b>96.65</b>	<b>269,885</b>	<b>96.81</b>

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund’s ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where investments are made in smaller company shares, these may be riskier as they can be more difficult to buy and sell. Their share prices may also move up and down more than larger companies.

Exposure to the risks associated with property investment, include but are not limited to, fluctuations in land prices, construction costs, interest rates, inflation and property yields, changes in taxation, legislation changes in landlord and tenant legislation, environmental factors, and changes in the supply and demand for property.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond’s market value.

Where this Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of this Sub-Fund.

Investment trusts and closed ended funds may borrow to purchase additional investments. This can increase returns when stock markets rise but will magnify losses when markets fall. The value of an investment trust or a closed-ended fund moves in line with stock market demand and its share price may be less than or more than the net value of the investments it holds.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund. The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	93.13	103.26	103.67
Return before operating charges*	8.53	(4.23)	4.70
Operating charges	(0.91)	(0.96)	(1.09)
Return after operating charges*	7.62	(5.19)	3.61
Distributions+	(4.97)	(4.94)	(4.02)
Closing net asset value per share	95.78	93.13	103.26
*after direct transaction costs of:	0.01	0.02	0.05
Performance			
Return after charges	8.18%	(5.03%)	3.48%
Other information			
Closing net asset value (£000s)	108,123	104,743	82,778
Closing number of shares	112,888,030	112,475,428	80,167,041
Operating charges++	0.95%	0.98%	1.03%
Direct transaction costs	0.01%	0.02%	0.05%
Prices			
Highest share price (p)	97.99	104.00	107.50
Lowest share price (p)	89.83	91.76	101.90

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion. In calculating the OCF for the year, the costs of both open and closed-ended funds have been included.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		2022
	2024	2023	
	p	p	p
Change in net assets per share			
Opening net asset value per share	126.63	133.44	128.94
Return before operating charges*	11.93	(5.55)	5.87
Operating charges	(1.28)	(1.26)	(1.37)
Return after operating charges*	10.65	(6.81)	4.50
Distributions+	(6.89)	(6.50)	(5.07)
Retained distribution on accumulation shares+	6.89	6.50	5.07
Closing net asset value per share	137.28	126.63	133.44
* after direct transaction costs of:	0.01	0.03	0.06
Performance			
Return after charges	8.41%	(5.10%)	3.49%
Other information			
Closing net asset value (£000s)	164,548	174,030	153,803
Closing number of shares	119,860,646	137,431,516	115,260,567
Operating charges++	0.95%	0.98%	1.03%
Direct transaction costs	0.01%	0.02%	0.05%
Prices			
Highest share price (p)	138.58	134.40	135.80
Lowest share price (p)	123.70	120.20	129.50

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion. In calculating the OCF for the year, the costs of both open and closed-ended funds have been included.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables***for the year ended 31 May 2024***Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	1.164	-	1.164	1.337
31.10.23	group 2	quarter 1	0.614	0.550	1.164	1.337
31.01.24	group 1	interim	1.350	-	1.350	1.063
31.01.24	group 2	interim	0.615	0.735	1.350	1.063
30.04.24	group 1	quarter 3	1.162	-	1.162	1.120
30.04.24	group 2	quarter 3	0.821	0.341	1.162	1.120
31.07.24	group 1	final	1.289	-	1.289	1.421
31.07.24	group 2	final	0.641	0.648	1.289	1.421

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1            Shares purchased before 1 June 2023  
Group 2            Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1            Shares purchased before 1 September 2023  
Group 2            Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1            Shares purchased before 1 December 2023  
Group 2            Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1            Shares purchased before 1 March 2024  
Group 2            Shares purchased 1 March 2024 to 31 May 2024

**Distribution tables (continued)**

for the year ended 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	1.584	-	1.584	1.728
31.10.23	group 2	quarter 1	0.915	0.669	1.584	1.728
31.01.24	group 1	interim	1.859	-	1.859	1.390
31.01.24	group 2	interim	0.835	1.024	1.859	1.390
30.04.24	group 1	quarter 3	1.619	-	1.619	1.484
30.04.24	group 2	quarter 3	1.192	0.427	1.619	1.484
31.07.24	group 1	final	1.824	-	1.824	1.902
31.07.24	group 2	final	0.794	1.030	1.824	1.902

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1 Shares purchased before 1 June 2023
- Group 2 Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1 Shares purchased before 1 September 2023
- Group 2 Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1 Shares purchased before 1 December 2023
- Group 2 Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1 Shares purchased before 1 March 2024
- Group 2 Shares purchased 1 March 2024 to 31 May 2024

## Financial statements - True Potential Close Brothers Cautious Income

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		8,013		(24,717)
Revenue	3	16,179		14,908	
Expenses	4	(1,653)		(1,634)	
Net revenue before taxation		14,526		13,274	
Taxation	5	(2,007)		(1,431)	
Net revenue after taxation			12,519		11,843
Total return/(deficit) before distributions			20,532		(12,874)
Distributions	6		(13,841)		(13,150)
Change in net assets attributable to shareholders from investment activities			6,691		(26,024)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		278,773		236,581
Amounts receivable on issue of shares	51,903		98,439	
Amounts payable on cancellation of shares	(72,946)		(38,740)	
		(21,043)		59,699
Change in net assets attributable to shareholders from investment activities		6,691		(26,024)
Retained distribution on accumulation shares		8,250		8,517
Closing net assets attributable to shareholders		272,671		278,773

**Balance Sheet**  
as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		263,525	270,267
Current assets:			
Debtors	7	3,869	5,242
Cash and bank balances	8	8,046	7,832
Total assets		<u>275,440</u>	<u>283,341</u>
Liabilities:			
Investment liabilities		-	(382)
Creditors:			
Distribution payable	6	(1,456)	(1,598)
Other creditors	9	(1,313)	(2,588)
Total liabilities		<u>(2,769)</u>	<u>(4,568)</u>
Net assets attributable to shareholders		<u>272,671</u>	<u>278,773</u>



**Notes to the financial statements**

for the year ended 31 May 2024

1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	6,458	(24,324)
Currency losses	(58)	(16)
Forward currency contracts	1,613	(377)
Net capital gains/(losses)	<u>8,013</u>	<u>(24,717)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	1	1
Distributions from UK regulated collective investment schemes:		
Franked investment income	345	4
Unfranked investment income	-	52
Interest distributions	1,478	-
UK revenue	2,637	3,078
Unfranked revenue	377	445
Overseas revenue	2,070	3,583
Interest on debt securities	9,060	7,600
Bank interest	211	145
Total revenue	<u>16,179</u>	<u>14,908</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	1,653	1,634
Total expenses	<u>1,653</u>	<u>1,634</u>

The annual management charge includes the ACD’s periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £9,310 inclusive of VAT (2023: £8,952 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	1,898	1,322
Prior period adjustments	3	-
Overseas tax withheld	106	56
Reclaimable tax written off	-	53
Total taxation (note 5b)	<u>2,007</u>	<u>1,431</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	14,526	13,274
Corporation tax @ 20%	2,905	2,655
Effects of:		
UK revenue	(596)	(616)
Overseas revenue	(410)	(717)
Overseas tax withheld	106	56
Reclaimable tax written off	-	53
Prior period adjustments	3	-
Taxation due to timing differences	(1)	-
Total taxation (note 5a)	2,007	1,431

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Quarter 1 income distribution	1,198	1,191
Quarter 1 accumulation distribution	1,907	2,131
Interim income distribution	1,438	1,056
Interim accumulation distribution	2,230	1,807
Quarter 3 income distribution	1,287	1,186
Quarter 3 accumulation distribution	1,927	1,965
Final income distribution	1,456	1,598
Final accumulation distribution	2,186	2,614
	13,629	13,548
Equalisation:		
Amounts deducted on cancellation of shares	564	261
Amounts added on issue of shares	(352)	(659)
Total net distributions	13,841	13,150

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

6. Distributions (continued)		
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	12,519	11,843
Undistributed revenue brought forward	1	1
Expenses paid from capital	1,653	1,634
Marginal tax relief	(331)	(327)
Undistributed revenue carried forward	(1)	(1)
Distributions	<u>13,841</u>	<u>13,150</u>

Details of the distribution per share are disclosed in the Distribution tables.

7. Debtors	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	201	969
Currency trades outstanding	-	299
Accrued revenue	3,634	3,949
Recoverable overseas withholding tax	25	25
Recoverable income tax	9	-
Total debtors	<u>3,869</u>	<u>5,242</u>

8. Cash and bank balances	2024	2023
	£000s	£000s
Cash and bank balances	<u>8,046</u>	<u>7,832</u>
Total cash and bank balances	<u>8,046</u>	<u>7,832</u>

9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	124	703
Purchases awaiting settlement	-	761
Currency trades outstanding	-	299
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	146	162
Total accrued expenses	<u>146</u>	<u>162</u>
Corporation tax payable	<u>1,043</u>	<u>663</u>
Total other creditors	<u>1,313</u>	<u>2,588</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	112,475,428
Total shares issued in the year	31,678,405
Total shares cancelled in the year	<u>(31,265,803)</u>
Closing shares in issue	<u><u>112,888,030</u></u>

	A Accumulation
Opening shares in issue	137,431,516
Total shares issued in the year	17,599,240
Total shares cancelled in the year	<u>(35,170,110)</u>
Closing shares in issue	<u><u>119,860,646</u></u>

For the year ended 31 May 2024, the annual management charge is 0.63%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 95.78p to 100.36p and the A Accumulation share has increased from 137.28p to 145.47p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

Notes to the financial statements (continued)

for the year ended 31 May 2024

14. Transaction costs (continued)

a Direct transaction costs (continued)

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
2024								
Equities	11,555	2	0.02	26	0.22	-	-	11,583
Bonds*	31,624	-	-	-	-	-	-	31,624
Collective Investment Schemes	154	0	0.02	-	-	-	-	154
<b>Total</b>	<b>43,333</b>	<b>2</b>		<b>26</b>		<b>-</b>		<b>43,361</b>

	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
2023								
Equities	27,437	12	0.04	36	0.13	1	-	27,486
Bonds*	73,288	-	-	-	-	-	-	73,288
Collective Investment Schemes*	1,248	-	-	-	-	-	-	1,248
<b>Total</b>	<b>101,973</b>	<b>12</b>		<b>36</b>		<b>1</b>		<b>102,022</b>

	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
2024								
Equities	17,056	(6)	(0.04)	-	-	-	-	17,050
Bonds*	38,188	-	-	-	-	-	-	38,188
Collective Investment Schemes*	268	-	-	-	-	-	-	268
<b>Total</b>	<b>55,512</b>	<b>(6)</b>		<b>-</b>		<b>-</b>		<b>55,506</b>

	Sales before transaction costs	Commissions		Taxes**		Other Expenses		Sales after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
2023								
Equities	7,479	(4)	(0.05)	-	-	-	-	7,475
Bonds*	13,521	-	-	-	-	-	-	13,521
Collective Investment Schemes*	3,160	-	-	-	-	-	-	3,160
<b>Total</b>	<b>24,160</b>	<b>(4)</b>		<b>-</b>		<b>-</b>		<b>24,156</b>

\* No direct transaction costs were incurred in these transactions.

Capital events amount of £nil (2023: £281,000) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

14. Transaction costs (continued)

a Direct transaction costs (continued)

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

2024	£000s	% of average net asset value
Commission	8	0.00
Taxes	26	0.01
2023	£000s	% of average net asset value
Commission	16	0.01
Taxes	36	0.01
Other Expenses	1	-

b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.79% (2023: 0.95%).

15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of Leverage %	Typical expected Leverage %
True Potential Close Brothers Cautious Income	3.19	5.27	4.13	10.50	107.00	125.00

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies (continued)

a Market risk (continued)

(i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities, equities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £13,176,000 (2023: £13,494,000).

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Canadian dollar	2,222
Euro	9,824
Swiss franc	3,547
US dollar	45,468
Total net foreign currency exposure	<u><u>61,061</u></u>

	Total net foreign currency exposure*
2023	£000s
Canadian dollar	2,380
Euro	8,592
Swiss franc	4,840
US dollar	47,008
Total net foreign currency exposure	<u><u>62,820</u></u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £1,562,000 (2023: £1,861,000). Forward currency contracts are used to manage to the portfolio exposure to currency movements.

(iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £251,000 (2023: £257,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Canadian dollar	-	-	-	2,222	-	2,222
Euro	2,503	-	1,704	5,617	-	9,824
Swiss franc	-	-	-	3,547	-	3,547
UK sterling	80,115	-	32,702	101,562	(2,769)	211,610
US dollar	17,900	-	11,793	15,775	-	45,468
	<u>100,518</u>	<u>-</u>	<u>46,199</u>	<u>128,723</u>	<u>(2,769)</u>	<u>272,671</u>



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Canadian dollar	-	-	-	2,380	-	2,380
Euro	1	-	1,552	7,039	-	8,592
Swiss franc	-	-	-	4,840	-	4,840
UK sterling	85,276	-	25,334	109,220	(3,877)	215,953
US dollar	17,461	-	15,025	15,213	(691)	47,008
	<u>102,738</u>	<u>-</u>	<u>41,911</u>	<u>138,692</u>	<u>(4,568)</u>	<u>278,773</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of Portfolio Investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies (continued)

c Liquidity risk (continued)

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	136,818	-
Observable market data	126,707	-
Unobservable data*	-	-
	<u>263,525</u>	<u>-</u>
	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	133,393	-
Observable market data	136,874	(382)
Unobservable data	-	-
	<u>270,267</u>	<u>(382)</u>

\*Ediston Property Investments has been suspended and valued using valuation techniques as at 31 May 2024.

e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies (continued)

f Derivatives (continued)

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

(ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

There have been no leveraging arrangements in the year (2023: same).

(iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value	% of the total net asset value
2024	£000s	
Investment		
Forward Currency Contracts		
Value of short position - Euro	4,959	1.82
Value of short position - US dollar	24,865	9.12
	Gross exposure value	% of the total net asset value
2023	£000s	
Investment		
Forward Currency Contracts		
Value of short position - Euro	4,215	1.51
Value of short position - US dollar	21,707	7.79

There have been no collateral arrangements in the year (2023: same).

## True Potential Close Brothers Balanced

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to generate capital growth with some income and it will aim to achieve this by investing primarily in equities and fixed income securities. The balance of the Sub-Fund will be invested in money market instruments and deposits, cash and near cash and other permitted transferable securities. Exposure to the above asset classes may be gained through investment in collective investment schemes and transferable securities (including closed ended and exchange traded funds).

There are no geographic restrictions on the investments of the Sub-Fund.

Derivatives and forward transactions may only be used for Efficient Portfolio Management. The Sub-Fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

Global equity markets delivered strong performance, +20.4% in sterling terms - with gains muted slightly by sterling's appreciation. Bond markets were similarly positive, +8.4% as measured by the sterling broad market index and the Sub-Fund returned 9.1% over the period, underperforming the benchmark by 1.4% (Source: Bloomberg).

Central bank action (or inaction) and inflation retained their roles as market puppeteers through this reporting period. Disinflation momentum on both sides of the Atlantic in 2023 allowed central banks to signal rate cuts were on the agenda for 2024 which, in conjunction with resilient economic data, supported markets and the "soft landing" thesis. Stronger-than-expected inflation prints were a source of volatility in 2024, forcing market participants to rejig optimistic forecasts for 6 rate cuts in the US, down to 1-2 by year end. This leaves a wider window for economic data to falter (namely the US jobs market) and for recession to materialise. In the micro realm, gains in major indices were supported by strong momentum in a narrow sub section of businesses involved with AI technology or the manufacture of the chips that support it.

At portfolio level, our equities trade on a cheaper (higher) free cash flow yield than the average business in the market, whilst offering faster and more predictable growth at higher returns on capital. Retaining this quality, we increased our equity weight, as underlying economic strength became progressively apparent through the period. This included adding to more economically sensitive stocks with headroom for multiple expansion and new additions such as: CRH, Amazon, Ameriprise, Howden Joinery, Dover and DCC. We reduced stocks where earnings multiples had extended beyond historic ranges, making further expansion unlikely. Divestures included: Tokyo Electron, Schneider Electric, Thermo Fisher and O'Reilly Automotive. We further funded purchase activity with trims to money market funds and gold in alternatives. Within fixed income we added to corporate bonds to lock in higher yields and cautiously increased duration: balancing USD/GBP rate exposure through additions to UK Gilts. In the UK, the route back to target inflation is a clearer picture than in the US, suggesting the Bank of England will cut interest rates before the US Federal Reserve.

#### Investment Strategy and Outlook

After two years of sideways chop in stocks and a bear market in bonds, we are now the most optimistic we have been since managing the Portfolio Funds on both markets and our forward strategy is changed. As long as inflation continues to fall, and there is no confirmation that the US has entered recession, we will maintain a neutral stance on equities. We are looking to clear the hurdle of the first interest rate cut from the Federal Reserve before moving outright overweight and swap sovereign bonds for corporate bonds to lock in high yields. However, should the economy slip into recession by that point we will move underweight equities, shifting into gold and longer duration in fixed income to protect returns. We remain on the lookout to replace outperforming holdings with fresh stocks and buy new cyclical equities on profit warnings.

As a long-term strategy with low turnover we fully expect and recommend that shareholders judge our performance over a period of five years or more.

Close Asset Management Limited - a sub-delegate of True Potential Investments LLP

13 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
US Treasury Note 0.75% 31/01/2028	81,994
Royal London Short Term Money Market Fund	57,798
UK Treasury Gilt 1.25% 22/10/2041	56,956
UK Treasury Gilt 1.125% 31/01/2039	44,319
US Treasury Note 0.375% 30/07/2027	37,373
Elevance Health	35,133
UK Treasury Gilt 1.75% 07/09/2037	30,884
Informa	27,398
US Treasury Note 0.25% 31/08/2025	27,363
CRH PLC Equity	25,477
Subtotal	<u>424,695</u>
Total cost of purchases, including the above, for the year	<u>955,539</u>
	Proceeds
	£000s
Sales:	
Royal London Short Term Money Market Fund	86,608
US Treasury Note 2.875% 15/05/2032	41,136
US Treasury Note 1.875% 15/02/2032	31,288
iShares Physical Gold	28,419
Invesco Physical Gold	28,395
Nestlé	28,242
US Treasury Note 1.625% 15/05/2031	27,993
US Treasury Note 0.625% 15/05/2030	24,563
US Treasury Note 2.25% 15/05/2046	24,157
US Treasury Note 0.75% 31/01/2028	24,092
Subtotal	<u>344,893</u>
Total proceeds from sales, including the above, for the year	<u>816,822</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 34.07% (36.68%)			
Corporate Bonds - 12.26% (8.96%)			
A2Dominion Housing Group 3.5% 15/11/2028	£4,540,000	4,129	0.31
Admiral Group 5.5% 25/07/2024	£5,000,000	4,995	0.37
Admiral Group 8.5% 06/01/2034	£8,050,000	8,894	0.67
American Tower 1.375% 04/04/2025	€11,250,000	9,383	0.70
Beazley Insurance 5.5% 10/09/2029	\$2,400,000	1,787	0.13
Beazley Insurance 5.875% 04/11/2026	\$400,000	308	0.02
Berkshire Hathaway 0.907% 20/04/2026	¥500,000,000	2,496	0.19
Berkshire Hathaway 1.135% 20/04/2028	¥800,000,000	3,977	0.30
BUPA Finance 5% 08/12/2026	£5,000,000	4,904	0.37
Co-Operative Group Holdings 2011 7.5% 08/07/2026	£1,730,000	1,734	0.13
Crown Castle 3.2% 01/09/2024	\$10,850,000	8,449	0.63
Dufry One 0.75% 30/03/2026	CHF1,800,000	1,506	0.11
Dufry One 3.625% 15/04/2026	CHF18,100,000	15,837	1.18
Enbridge 5% VRN 19/01/2082**	CAD6,000,000	3,055	0.23
Enbridge 5.375% VRN 27/09/2077**	CAD1,500,000	834	0.06
Enbridge 5.5% VRN 15/07/2077**	\$14,100,000	10,398	0.78
Enbridge 8.747% VRN 15/01/2084**	CAD11,200,000	7,133	0.53
Engie SA 1.625% VRN Perpetual**	€1,100,000	909	0.07
Engie SA 3.25% VRN Perpetual**	€100,000	85	0.01
Hiscox 6.125% VRN 24/11/2045**	£1,700,000	1,686	0.13
Iberdrola International BV 3.25% VRN Perpetual**	€500,000	422	0.03
Just Group 3.5% 07/02/2025	£5,000,000	4,913	0.37
Just Group 5% VRN Perpetual**	£1,850,000	1,390	0.10
Lancashire Holdings 5.625% VRN 18/09/2041**	\$1,600,000	1,132	0.08
Lloyds Banking Group 1.247% VRN 26/05/2028**	¥100,000,000	495	0.04
Lloyds Banking Group 1.352% VRN 25/05/2029**	¥800,000,000	3,988	0.30
Merck KGaA 1.625% VRN 25/06/2079**	€1,200,000	1,006	0.08
Nationwide Building Society 5.875% VRN Perpetual**	£5,700,000	5,654	0.42
Perenti Finance 6.5% 07/10/2025	\$749,827	586	0.04
Perenti Finance 7.50% 04/26/2029	\$500,000	400	0.03
Pershing Square Holdings 1.375% 01/10/2027	€5,500,000	4,134	0.31
Phoenix Group Holdings 5.625% VRN 28/04/2031**	\$2,600,000	2,000	0.15
Phoenix Group Holdings 6.625% 18/12/2025	£5,000,000	5,029	0.38
Rothesay Life 3.375% 12/07/2026	£5,000,000	4,770	0.36
Suez 1.625% VRN Perpetual**	€4,200,000	3,332	0.25
Trafigura Group 5.875% VRN Perpetual**	\$2,000,000	1,464	0.11

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 34.07% (36.68%) (continued)			
Corporate Bonds - 12.26% (8.96%) (continued)			
Trafigura Group 7.5% VRN Perpetual**	€3,300,000	2,809	0.21
Transcanada Trust 4.2% VRN 04/03/2081**	CAD3,900,000	1,933	0.14
Transcanada Trust 4.65% VRN 18/05/2077**	CAD12,400,000	6,801	0.51
Transcanada Trust 5.3% VRN 15/03/2077**	\$12,500,000	9,093	0.68
Transcanada Trust 5.5% VRN 15/09/2079**	\$600,000	430	0.03
Transcanada Trust 5.625% VRN 20/05/2075**	\$8,500,000	6,539	0.49
Travis Perkins 3.75% 17/02/2026	£420,000	398	0.03
Veolia Environnement 2% VRN Perpetual**	€1,200,000	926	0.07
Veolia Environnement 2.25% VRN Perpetual**	€500,000	406	0.03
Veolia Environnement 2.5% VRN Perpetual**	€1,800,000	1,380	0.10
Total Corporate Bonds		<u>163,929</u>	<u>12.26</u>
Government Bonds - 21.81% (27.72%)			
UK Treasury Gilt 0.50% 22/10/2061	£58,400,000	16,747	1.25
UK Treasury Gilt 1.125% 31/01/2039	£70,400,000	44,728	3.35
UK Treasury Gilt 1.25% 22/10/2041	£92,000,000	55,034	4.12
UK Treasury Gilt 1.75% 07/09/2037	£36,400,000	26,543	1.99
US Treasury Note 0.25% 31/08/2025	\$37,000,000	27,320	2.04
US Treasury Note 0.375% 30/07/2027	\$83,600,000	56,991	4.26
US Treasury Note 0.625% 15/05/2030	\$9,900,000	6,198	0.46
US Treasury Note 0.75% 31/01/2028	\$85,000,000	58,031	4.34
Total Government Bonds		<u>291,592</u>	<u>21.81</u>
Total Debt Securities		<u>455,521</u>	<u>34.07</u>
Equities - 60.21% (49.78%)			
United Kingdom - 11.93% (5.63%)			
Consumer Services - 5.80% (3.35%)			
Compass Group	777,000	16,985	1.27
Howden Joinery Group	1,080,200	9,835	0.74
Prudential	865,300	6,523	0.49
RELX GBP	818,176	27,957	2.09
Whitbread	544,000	16,206	1.21
Total Consumer Services		<u>77,506</u>	<u>5.80</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Equities - 60.21% (49.78%) (continued)			
United Kingdom - 11.93% (5.63%) (continued)			
Financials - 2.68% (2.28%)			
3i Group	1,242,700	35,765	2.68
Industrials - 1.25% (0.00%)			
Ashtead Group	294,000	16,740	1.25
Publishing - 2.20% (0.00%)			
Informa	3,456,151	29,419	2.20
Total United Kingdom		159,430	11.93
Canada - 4.23% (3.61%)			
Canadian Natural Resources	665,500	39,920	2.99
Franco-Nevada	48,200	4,713	0.35
Tourmaline Oil	306,100	11,870	0.89
Total Canada		56,503	4.23
France - 1.38% (3.94%)			
LVMH	29,500	18,459	1.38
Germany - 1.81% (2.04%)			
Merck KGAA	170,979	24,136	1.81
Hong Kong - 0.64% (0.96%)			
AIA Group	1,409,200	8,534	0.64
India - 1.58% (1.64%)			
HDFC Bank ADR	466,400	21,116	1.58
Ireland - 2.77% (0.00%)			
CRH	391,100	24,201	1.81
DCC	225,327	12,832	0.96
Total Ireland		37,033	2.77
Italy - 1.68% (0.56%)			
Interpump Group	194,800	7,144	0.53
Moncler	117,500	6,116	0.46



**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Equities - 60.21% (49.78%) (continued)			
Italy - 1.68% (0.56%) (continued)			
Reply	83,400	9,158	0.69
Total Italy		<u>22,418</u>	<u>1.68</u>
Japan - 0.00% (1.73%)			
Netherlands - 1.70% (1.66%)			
IMCD Group	59,156	7,063	0.53
Wolters Kluwer	124,900	15,541	1.17
Total Netherlands		<u>22,604</u>	<u>1.70</u>
Singapore - 0.26% (0.25%)			
Singapore Exchange	633,700	3,517	0.26
Switzerland - 1.74% (3.91%)			
Alcon CHF	332,400	23,261	1.74
Taiwan - 2.34% (1.32%)			
Taiwan Semiconductor Manufacturing	262,500	31,247	2.34
United States - 28.15% (22.53%)			
Alphabet 'A'	130,800	17,575	1.31
Amazon.com	198,500	27,517	2.06
Ameriprise Financial	47,800	16,058	1.20
Arthur J Gallagher	78,900	15,563	1.16
Avantor	979,100	18,227	1.36
Becton Dickinson	93,400	16,700	1.25
Booz Allen Hamilton Holding	71,700	8,544	0.64
Brown & Brown	323,200	22,355	1.67
Donaldson	169,000	9,692	0.72
Dover	144,300	20,525	1.54
Elevance Health	92,800	38,483	2.88
Hilton Grand Vacations	251,500	8,128	0.61
Marriott Vacations Worldwide	86,400	6,179	0.46
Marsh & McLennan	137,100	22,123	1.65
Performance Food Group	439,000	23,369	1.75
SBA Communications REIT	105,300	16,069	1.20

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Equities - 60.21% (49.78%) (continued)			
United States - 28.15% (22.53%) (continued)			
Travel + Leisure	137,800	4,706	0.35
UnitedHealth Group	69,500	26,707	2.00
Valvoline	761,000	24,027	1.80
Visa 'A'	160,500	33,983	2.54
Total United States		<u>376,530</u>	<u>28.15</u>
Total Equities		<u>804,788</u>	<u>60.21</u>
Collective Investment Schemes - 0.81% (5.78%)			
UK Authorised Collective Investment Schemes - 0.00% (2.40 %)			
Royal London Short Term Money Market Fund	1,000	1	0.00
Offshore Collective Investment Schemes - 0.81% (3.38%)			
Alpstone Global Macro UCITS Fund	5,300	550	0.04
Coremont Investment Fund - Brevan Howard Absolute Return Government	60,000	7,492	0.56
Coremont Investment Fund - Landseeram European Equity Focus	20,000	2,153	0.16
iShares USD Treasury Bond 20 year UCITS ETF	100,000	347	0.03
Neuberger Berman Event Driven Fund	30,000	324	0.02
Total Offshore Collective Investment Schemes		<u>10,866</u>	<u>0.81</u>
Total Collective Investment schemes		<u>10,867</u>	<u>0.81</u>
Exchange Traded Commodities - 3.58% (4.99%)			
Invesco Physical Gold	135,000	23,927	1.79
iShares Physical Gold	670,000	23,973	1.79
Total Exchange Traded Commodities		<u>47,900</u>	<u>3.58</u>
Forward Currency Contracts - 0.65% (-0.44%)			
Sell US dollar	(\$393,457,881)	(308,397)	
Buy UK sterling	£315,425,957	315,426	
Expiry date 14 June 2024		<u>7,029</u>	<u>0.54</u>
Sell Euro	(€66,029,813)	(56,276)	
Buy UK sterling	£56,865,801	56,866	
Expiry date 14 June 2024		<u>590</u>	<u>0.05</u>
Sell Canadian dollar	(CAD66,975,607)	(38,510)	
Buy UK sterling	£39,098,623	39,099	
Expiry date 14 June 2024		<u>589</u>	<u>0.04</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Forward Currency Contracts - 0.65% (-0.44%) (continued)			
Sell Swiss franc	(CHF23,351,802)	(20,313)	
Buy UK sterling	£20,568,846	20,569	
Expiry date 14 June 2024		256	0.01
Sell Japanese yen	(JPY1,100,187,968)	(5,512)	
Buy UK sterling	£5,683,621	5,684	
Expiry date 14 June 2024		172	0.01
Total Forward Currency Contracts		8,636	0.65
Portfolio of investments		1,327,712	99.32
Other net assets		9,117	0.68
Total net assets		1,336,829	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*\*Variable interest security.

## Summary of portfolio investments

as at 31 May 2024

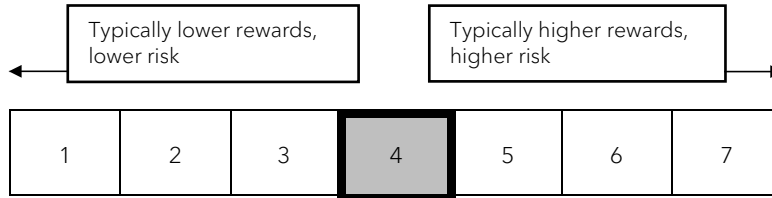
	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	390,637	29.24	375,216	33.17
Investments of below investment grade	28,055	2.08	828	0.07
Unrated bonds	36,829	2.75	38,974	3.44
<b>Total bonds</b>	<b>455,521</b>	<b>34.07</b>	<b>415,018</b>	<b>36.68</b>
Forward currency contracts - assets	8,636	0.65	1,186	0.11
Collective Investment Schemes	10,867	0.81	65,431	5.78
Exchange Traded Commodities	47,900	3.58	56,483	4.99
Equities	804,788	60.21	563,182	49.78
<b>Investments as shown in the balance sheet</b>	<b>1,327,712</b>	<b>99.32</b>	<b>1,101,300</b>	<b>97.34</b>
Forward currency contracts - liabilities	-	-	(6,171)	(0.55)
<b>Total value of investments</b>	<b>1,327,712</b>	<b>99.32</b>	<b>1,095,129</b>	<b>96.79</b>

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund’s ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond’s market value.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	122.11	125.10	132.00
Return before operating charges*	11.78	(0.76)	(5.04)
Operating charges	(0.94)	(1.04)	(1.11)
Return after operating charges*	10.84	(1.80)	(6.15)
Distributions+	(1.88)	(1.19)	(0.75)
Closing net asset value per share	131.07	122.11	125.10
*after direct transaction costs of:	0.07	0.03	0.10
Performance			
Return after charges	8.88%	(1.44%)	(4.66%)
Other information			
Closing net asset value (£000s)	392	584	606
Closing number of shares	299,210	477,894	484,450
Operating charges++	0.75%	0.85%	0.83%
Direct transaction costs	0.06%	0.03%	0.07%
Prices			
Highest share price (p)	136.14	127.80	141.20
Lowest share price (p)	118.20	117.30	122.10

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	133.18	135.13	141.73
Return before operating charges*	12.86	(0.82)	(5.41)
Operating charges	(1.03)	(1.13)	(1.19)
Return after operating charges*	11.83	(1.95)	(6.60)
Distributions+	(2.04)	(1.29)	(0.81)
Retained distribution on accumulation shares+	2.04	1.29	0.81
Closing net asset value per share	145.01	133.18	135.13
* after direct transaction costs of:	0.08	0.04	0.11
Performance			
Return after charges	8.88%	(1.44%)	(4.66%)
Other information			
Closing net asset value (£000s)	1,336,437	1,130,856	1,013,008
Closing number of shares	921,633,184	849,098,629	749,655,225
Operating charges++	0.75%	0.85%	0.83%
Direct transaction costs	0.06%	0.03%	0.07%
Prices			
Highest share price (p)	148.49	138.00	151.60
Lowest share price (p)	128.90	126.70	131.10

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables***for the year ended 31 May 2024***Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.24	group 1	final	1.876	-	1.876	1.192
31.07.24	group 2	final	1.819	0.057	1.876	1.192

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Final distributions:**

Group 1                Shares purchased before 1 June 2023

Group 2                Shares purchased 1 June 2023 to 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.24	group 1	final	2.040	-	2.040	1.288
31.07.24	group 2	final	1.399	0.641	2.040	1.288

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Final distributions:**

Group 1                Shares purchased before 1 June 2023

Group 2                Shares purchased 1 June 2023 to 31 May 2024



## Financial statements - True Potential Close Brothers Balanced

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		87,722		(24,559)
Revenue	3	29,075		20,619	
Expenses	4	(9,129)		(8,887)	
Interest payable and similar charges		(5)		(5)	
Net revenue before taxation		19,941		11,727	
Taxation	5	(396)		(1,140)	
Net revenue after taxation			19,545		10,587
Total return/(deficit) before distributions			107,267		(13,972)
Distributions	6		(18,313)		(10,590)
Change in net assets attributable to shareholders from investment activities			88,954		(24,562)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024	2023	
			£000s	£000s
Opening net assets attributable to shareholders		1,131,440		1,013,614
Amounts receivable on issue of shares		203,374	327,759	
Amounts payable on cancellation of shares		(105,740)	(196,307)	
		97,634		131,452
Change in net assets attributable to shareholders from investment activities		88,954		(24,562)
Retained distribution on accumulation shares		18,801		10,936
Closing net assets attributable to shareholders		1,336,829		1,131,440

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investment assets		1,327,712	1,101,300
Current assets:			
Debtors	7	36,009	8,802
Cash and bank balances	8	1,174	30,394
Total assets		<u>1,364,895</u>	<u>1,140,496</u>
Liabilities:			
Investment liabilities		-	(6,171)
Creditors:			
Bank overdrafts	8	(26,386)	-
Distribution payable	6	(6)	(6)
Other creditors	9	(1,674)	(2,879)
Total liabilities		<u>(28,066)</u>	<u>(9,056)</u>
Net assets attributable to shareholders		<u><u>1,336,829</u></u>	<u><u>1,131,440</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	63,342	(22,464)
Currency (losses)/gains	(2,247)	134
Forward currency contracts	26,628	(2,229)
Transaction charges	(1)	-
Net capital gains/(losses)	<u>87,722</u>	<u>(24,559)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	21	-
Distributions from UK regulated collective investment schemes:		
Interest distributions	754	681
Interest distributions from overseas collective investment schemes	896	456
UK revenue	1,412	1,831
Overseas revenue	8,203	7,515
Interest on debt securities	17,223	9,368
Bank interest	566	768
Total revenue	<u>29,075</u>	<u>20,619</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	9,129	8,887
Total expenses	<u>9,129</u>	<u>8,887</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,405 inclusive of VAT (2023: £8,082 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	549	-
Double taxation relief expensed	(18)	-
Overseas tax withheld	1,097	1,005
Reclaimable tax written off	-	135
Deferred taxation	(1,232)	-
Total taxation (note 5b)	<u>396</u>	<u>1,140</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

5. Taxation (continued)

b Factors affecting the current tax charge for the year

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024 £000s	2023 £000s
Net revenue before taxation	19,941	11,727
Corporation tax @ 20%	3,988	2,345
Effects of:		
UK revenue	(287)	(366)
Overseas revenue	(1,612)	(1,503)
Taxation due to timing differences	(16)	-
Double taxation relief expensed	(18)	-
Overseas tax withheld	1,097	1,005
Reclaimable tax written off	-	135
Excess management expenses utilised	(1,524)	(476)
Deferred tax on excess management expenses	(1,232)	-
Total taxation (note 5a)	396	1,140

c Provision for deferred tax

	2024 £000s	2023 £000s
Opening provision	-	-
Deferred tax credit (note 5a)	(1,232)	-
Closing provision	(1,232)	-

6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024 £000s	2023 £000s
Final income distribution	6	6
Final accumulation distribution	18,801	10,936
	18,807	10,942
Equalisation:		
Amounts deducted on cancellation of shares	510	636
Amounts added on issue of shares	(1,004)	(988)
Total net distributions	18,313	10,590

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

6. Distributions (continued)		
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	19,545	10,587
Undistributed revenue brought forward	4	6
Corporation tax relief to capital	-	1
Undistributed revenue carried forward	(4)	(4)
Deferred taxation	(1,232)	-
Distributions	<u>18,313</u>	<u>10,590</u>

Details of the distribution per share are disclosed in the Distribution tables.

7. Debtors	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	1,351	4,557
Currency trades outstanding	18	145
Accrued revenue	4,778	3,641
Recoverable overseas withholding tax	325	459
Sales awaiting settlement	28,305	-
Deferred tax asset on excess management expenses	1,232	-
Total debtors	<u>36,009</u>	<u>8,802</u>
8. Cash and bank balances and bank overdrafts	2024	2023
	£000s	£000s
Cash and bank balances	1,174	30,394
Bank overdrafts	(26,386)	-
Total cash and bank balances and bank overdrafts	<u>(25,212)</u>	<u>30,394</u>
9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	348	1,693
Purchases awaiting settlement	-	190
Currency trades outstanding	-	145
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	796	851
Total accrued expenses	<u>796</u>	<u>851</u>
Corporation tax payable	530	-
Total other creditors	<u>1,674</u>	<u>2,879</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	477,894
Total shares issued in the year	37,821
Total shares cancelled in the year	<u>(216,505)</u>
Closing shares in issue	<u><u>299,210</u></u>

	A Accumulation
Opening shares in issue	849,098,629
Total shares issued in the year	151,185,830
Total shares cancelled in the year	<u>(78,651,275)</u>
Closing shares in issue	<u><u>921,633,184</u></u>

For the year ended 31 May 2024, the annual management charge is 0.74%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 131.07p to 134.89p and the A Accumulation share has increased from 145.01p to 149.23p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

2024	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	440,301	34	0.01	676	0.15	-	-	441,011
Bonds*	414,548	-	-	-	-	-	-	414,548
Collective Investment Schemes	99,972	4	0.00	4	0.00	-	-	99,980
<b>Total</b>	<b>954,821</b>	<b>38</b>		<b>680</b>		<b>-</b>		<b>955,539</b>

2023	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	324,618	56	0.02	121	0.04	4	0.00	324,799
Bonds*	506,228	-	-	-	-	-	-	506,228
Collective Investment Schemes	344,861	19	0.01	-	-	-	-	344,880
<b>Total</b>	<b>1,175,707</b>	<b>75</b>		<b>121</b>		<b>4</b>		<b>1,175,907</b>

2024	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	321,861	(23)	(0.01)	(33)	(0.01)	-	-	321,805
Bonds*	308,952	-	-	-	-	-	-	308,952
Collective Investment Schemes	186,079	(11)	(0.00)	(3)	(0.00)	-	-	186,065
<b>Total</b>	<b>816,892</b>	<b>(34)</b>		<b>(36)</b>		<b>-</b>		<b>816,822</b>

2023	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	345,800	(70)	(0.02)	-	-	(22)	(0.01)	345,708
Bonds*	382,177	-	-	-	-	-	-	382,177
Collective Investment Schemes	237,636	(4)	(0.00)	-	-	-	-	237,632
<b>Total</b>	<b>965,613</b>	<b>(74)</b>		<b>-</b>		<b>(22)</b>		<b>965,517</b>

\* No direct transaction costs were incurred in these transactions.

Capital events amount of £1,557,000 (2023: £nil) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

14. Transaction costs (continued)

a Direct transaction costs (continued)

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

2024	£000s	% of average net asset value
Commission	72	0.01
Taxes	716	0.05
2023	£000s	% of average net asset value
Commission	149	0.02
Taxes	121	0.01
Other Expenses	26	0.00

b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.16% (2023: 0.10%).

15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential Close Brothers Balanced	4.55	5.78	5.00	14.20	136.00	150.00



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities, equities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £66,386,000 (2023: £54,756,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Canadian dollar	76,261
Euro	112,581
Hong Kong dollar	8,534
Japanese yen	10,955
Norwegian krone	190
Singapore dollar	3,517
Swiss franc	40,618
US dollar	621,482
Total net foreign currency exposure	<u><u>874,138</u></u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk (continued)

	Total net foreign currency exposure*
2023	£000s
Euro	130,088
Hong Kong dollar	11,073
Japanese yen	19,963
Norwegian krone	185
Singapore dollar	2,853
Swiss franc	40,331
US dollar	750,160
Total net foreign currency exposure	<u>954,653</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £22,257,000 (2023: £25,776,000). Forward currency contracts are used to manage to the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £125,000 (2023: £81,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Canadian dollar	19,758	-	-	56,503	-	76,261
Euro	11,279	-	13,517	87,785	-	112,581
Hong Kong dollar	-	-	-	8,534	-	8,534
Japanese yen	4,482	-	6,473	-	-	10,955
Norwegian krone	55	-	-	135	-	190
Singapore dollar	-	-	-	3,517	-	3,517
Swiss franc	-	-	17,343	23,275	-	40,618
UK sterling	8,728	(26,386)	182,818	299,211	(1,680)	462,691
US dollar	32,172	-	160,070	429,240	-	621,482
	<u>76,474</u>	<u>(26,386)</u>	<u>380,221</u>	<u>908,200</u>	<u>(1,680)</u>	<u>1,336,829</u>

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Euro	1,001	-	22,685	106,402	-	130,088
Hong Kong dollar	-	-	-	11,073	-	11,073
Japanese yen	-	-	-	19,963	-	19,963
Norwegian krone	-	-	-	185	-	185
Singapore dollar	-	-	-	2,998	(145)	2,853
Swiss franc	-	-	-	40,331	-	40,331
UK sterling	31,220	-	43,704	104,603	(2,740)	176,787
US dollar	-	-	346,801	409,530	(6,171)	750,160
	<u>32,221</u>	<u>-</u>	<u>413,190</u>	<u>695,085</u>	<u>(9,056)</u>	<u>1,131,440</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of portfolio investments.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies (continued)

b Credit risk (continued)

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	1,144,627	-
Observable market data	183,085	-
Unobservable data	-	-
	<u>1,327,712</u>	<u>-</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## d Fair value of financial assets and financial liabilities (continued)

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	951,568	-
Observable market data	149,732	(6,171)
Unobservable data	-	-
	<u>1,101,300</u>	<u>(6,171)</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

There have been no leveraging arrangements in the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value £000s	% of the total net asset value
2024		
Investment		
Forward Currency Contracts		
Value of short position - Canadian dollar	38,510	2.88
Value of short position - Euro	56,276	4.21
Value of short position - Japanese yen	5,512	0.41
Value of short position - Swiss franc	20,313	1.52
Value of short position - US dollar	308,397	23.07

	Gross exposure value £000s	% of the total net asset value
2023		
Investment		
Forward Currency Contracts		
Value of short position - Euro	63,382	5.60
Value of short position - Japanese yen	10,026	0.89
Value of short position - Swiss franc	20,164	1.78
Value of short position - US dollar	350,555	30.98

There have been no collateral arrangements in the year (2023: same).

## True Potential Close Brothers Growth

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to generate capital growth by investing primarily in equities and fixed interest securities. The balance of the Sub-Fund will be invested in money market instrument and deposits, cash and near cash and other permitted transferable securities. Exposure to the above asset classes may be gained through investment in collective investment schemes and transferable securities (including closed ended and exchange traded funds).

There are no geographic restrictions on the investments of the Sub-Fund.

Derivatives and forward transactions may only be used for Efficient Portfolio Management. The Sub-Fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

Global equity markets delivered strong performance, +20.4% in sterling terms - with gains muted slightly by sterling's appreciation. Bond markets were similarly positive, +8.4% as measured by the sterling broad market index and the Sub-Fund returned 11.5% over the period, outperforming the benchmark by 0.9% (Source: Bloomberg).

Central bank action (or inaction) and inflation retained their roles as market puppeteers through this reporting period. Disinflation momentum on both sides of the Atlantic in 2023 allowed central banks to signal rate cuts were on the agenda for 2024 which, in conjunction with resilient economic data, supported markets and the "soft landing" thesis. Stronger-than-expected inflation prints were a source of volatility in 2024, forcing market participants to rejig optimistic forecasts for 6 rate cuts in the US, down to 1-2 by year end. This leaves a wider window for economic data to falter (namely the US jobs market) and for recession to materialise. In the micro realm, gains in major indices were supported by strong momentum in a narrow sub section of businesses involved with AI technology or the manufacture of the chips that support it.

At portfolio level, our equities trade on a cheaper (higher) free cash flow yield than the average business in the market, whilst offering faster and more predictable growth at higher returns on capital. Retaining this quality, we increased our equity weight, as underlying economic strength became progressively apparent through the period. This included adding to more economically sensitive stocks with headroom for multiple expansion and new additions such as: CRH, Amazon, Ameriprise, Howden Joinery, Dover and DCC. We reduced stocks where earnings multiples had extended beyond historic ranges, making further expansion unlikely. Divestures included: Tokyo Electron, Schneider Electric, Thermo Fisher and O'Reilly Automotive. We further funded purchase activity with trims to money market funds and gold in alternatives. Within fixed income we added to corporate bonds to lock in higher yields and cautiously increased duration: balancing USD/GBP rate exposure through additions to UK Gilts. In the UK, the route back to target inflation is a clearer picture than in the US, suggesting the Bank of England will cut interest rates before the US Federal Reserve.

#### Investment Strategy and Outlook

After two years of sideways chop in stocks and a bear market in bonds, we are now the most optimistic we have been since managing the Portfolio Funds on both markets and our forward strategy is changed. As long as inflation continues to fall, and there is no confirmation that the US has entered recession, we will maintain a neutral stance on equities. We are looking to clear the hurdle of the first interest rate cut from the Federal Reserve before moving outright overweight and swap sovereign bonds for corporate bonds to lock in high yields. However, should the economy slip into recession by that point we will move underweight equities, shifting into gold and longer duration in fixed income to protect returns. We remain on the lookout to replace outperforming holdings with fresh stocks and buy new cyclical equities on profit warnings.

As a long-term strategy with low turnover we fully expect and recommend that shareholders judge our performance over a period of five years or more.

Close Asset Management Limited - a sub-delegate of True Potential Investments LLP

13 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
Purchases:	£000s
UK Treasury Gilt 1.25% 22/10/2041	47,689
Elevance Health	42,448
Informa	39,676
US Treasury Note 0.75% 31/01/2028	39,152
Amazon.com	36,879
CRH	30,017
US Treasury Note 0.375% 30/07/2027	27,231
US Treasury Note 0.25% 31/08/2025	25,366
UK Treasury Gilt 1.125% 31/01/2039	25,195
Royal London Short Term Money Market Fund	24,013
Subtotal	<u>337,666</u>
Total cost of purchases, including the above, for the year	<u><u>881,037</u></u>
	Proceeds
Sales:	£000s
US Treasury Note 0.375% 30/07/2027	43,887
US Treasury Note 2.875% 15/05/2032	38,461
Nestlé	29,644
Invesco Physical Gold	27,190
iShares Physical Gold	27,173
Royal London Short Term Money Market Fund	24,163
Applied Materials	23,540
Thermo Fisher Scientific	23,329
US Treasury Note 0.625% 15/05/2030	23,321
Schneider Electric	22,873
Subtotal	<u>283,581</u>
Total proceeds from sales, including the above, for the year	<u><u>683,127</u></u>



**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 17.37% (27.89%)			
Corporate Bonds - 6.48% (6.60%)			
Admiral Group 8.5% 06/01/2034	£4,350,000	4,806	0.39
American Tower 1.375% 04/04/2025	€10,700,000	8,924	0.73
Beazley Insurance 5.5% 10/09/2029	\$1,400,000	1,042	0.09
Beazley Insurance 5.875% 04/11/2026	\$400,000	308	0.03
Berkshire Hathaway 0.907% 20/04/2026	¥300,000,000	1,498	0.12
Berkshire Hathaway 1.135% 20/04/2028	¥600,000,000	2,983	0.24
Co-Operative Group Holdings 2011 7.5% 08/07/2026	£880,000	882	0.07
Crown Castle 3.2% 01/09/2024	\$9,300,000	7,242	0.59
Dufry One 0.75% 30/03/2026	CHF600,000	502	0.04
Dufry One 3.625% 15/04/2026	CHF9,200,000	8,050	0.66
Enbridge 5% VRN 19/01/2082**	CAD3,000,000	1,528	0.13
Enbridge 5.375% VRN 27/09/2077**	CAD750,000	417	0.03
Enbridge 5.5% VRN 15/07/2077**	\$7,450,000	5,494	0.45
Enbridge 8.747% VRN 15/01/2084**	CAD5,700,000	3,630	0.30
Engie SA 1.625% VRN Perpetual**	€700,000	578	0.05
Engie SA 3.25% VRN Perpetual**	€100,000	84	0.01
Hiscox 6.125% VRN 24/11/2045**	£900,000	893	0.07
Iberdrola International BV 3.25% VRN Perpetual**	€400,000	338	0.03
Just Group 5% VRN Perpetual**	£1,000,000	751	0.06
Lancashire Holdings 5.625% VRN 18/09/2041**	\$500,000	354	0.03
Lloyds Banking Group 1.352% VRN 25/05/2029**	¥600,000,000	2,991	0.25
Merck KGaA 1.625% VRN 25/06/2079**	€600,000	503	0.04
Nationwide Building Society 5.875% VRN Perpetual**	£2,700,000	2,678	0.22
Perenti Finance 6.5% 07/10/2025	\$374,913	293	0.02
Perenti Finance 7.50% 04/26/2029	\$200,000	160	0.01
Pershing Square Holdings 1.375% 01/10/2027	€2,800,000	2,104	0.17
Phoenix Group Holdings 5.625% VRN 28/04/2031**	\$1,500,000	1,154	0.09
Suez 1.625% VRN Perpetual**	€2,700,000	2,142	0.18
Trafigura Group 5.875% VRN Perpetual**	\$1,100,000	805	0.07
Trafigura Group 7.5% VRN Perpetual**	€1,900,000	1,617	0.13
Transcanada Trust 4.2% VRN 04/03/2081**	CAD1,950,000	967	0.08
Transcanada Trust 4.65% VRN 18/05/2077**	CAD6,200,000	3,401	0.28
Transcanada Trust 5.3% VRN 15/03/2077**	\$6,200,000	4,510	0.37
Transcanada Trust 5.5% VRN 15/09/2079**	\$300,000	215	0.02
Transcanada Trust 5.625% VRN 20/05/2075**	\$4,400,000	3,385	0.28
Travis Perkins 3.75% 17/02/2026	£200,000	190	0.02
Veolia Environnement 2% VRN Perpetual**	€700,000	540	0.04
Veolia Environnement 2.25% VRN Perpetual**	€300,000	244	0.02

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 17.37% (27.89%) (continued)			
Corporate Bonds - 6.48% (6.60%) (continued)			
Veolia Environnement 2.5% VRN Perpetual**	€1,100,000	844	0.07
Total Corporate Bonds		<u>79,047</u>	<u>6.48</u>
Government Bonds - 10.89% (21.29%)			
UK Treasury Gilt 0.50% 22/10/2061	£26,300,000	7,542	0.62
UK Treasury Gilt 1.125% 31/01/2039	£39,900,000	25,350	2.08
UK Treasury Gilt 1.25% 22/10/2041	£62,200,000	37,208	3.05
US Treasury Note 0.25% 31/08/2025	\$34,300,000	25,327	2.08
US Treasury Note 0.375% 30/07/2027	\$27,700,000	18,883	1.55
US Treasury Note 0.75% 31/01/2028	\$27,000,000	18,433	1.51
Total Government Bonds		<u>132,743</u>	<u>10.89</u>
Total Debt Securities		<u>211,790</u>	<u>17.37</u>
Equities - 77.97% (63.21%)			
United Kingdom - 16.00% (7.25%)			
Consumer Services - 10.20% (4.31%)			
Compass Group	923,500	20,188	1.66
Howden Joinery Group	1,257,800	11,452	0.94
Informa	4,990,204	42,477	3.48
RELX GBP	920,700	31,460	2.58
Whitbread	631,600	18,815	1.54
Total Consumer Services		<u>124,392</u>	<u>10.20</u>
Financials - 3.94% (2.94%)			
3i Group	1,371,700	39,478	3.24
Prudential	1,132,100	8,534	0.70
Total Financials		<u>48,012</u>	<u>3.94</u>
Industrials - 1.86% (0.00%)			
Ashtead Group	398,800	22,708	1.86
Total United Kingdom		<u>195,112</u>	<u>16.00</u>
Canada - 5.25% (4.51%)			
Canadian Natural Resources	762,500	45,739	3.75
Franco-Nevada	53,200	5,202	0.43
Tourmaline Oil	334,900	12,987	1.07
Total Canada		<u>63,928</u>	<u>5.25</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Equities - 77.97% (63.21%) (continued)			
France - 1.55% (4.99%)			
LVMH	30,200	18,897	1.55
Germany - 2.28% (2.63%)			
Merck KGAA	196,928	27,799	2.28
Hong Kong - 0.73% (1.23%)			
AIA Group	1,466,500	8,881	0.73
India - 2.36% (2.10%)			
HDFC Bank ADR	635,100	28,754	2.36
Ireland - 3.57% (0.00%)			
CRH	461,800	28,576	2.34
DCC	263,283	14,994	1.23
Total Ireland		43,570	3.57
Italy - 2.00% (0.70%)			
Interpump Group	220,900	8,100	0.66
Moncler	120,100	6,252	0.51
Reply	92,000	10,103	0.83
Total Italy		24,455	2.00
Japan - 0.00% (2.18%)			
Netherlands - 2.21% (2.09%)			
IMCD Group	75,228	8,982	0.74
Wolters Kluwer	144,300	17,954	1.47
Total Netherlands		26,936	2.21
Singapore - 0.30% (0.33%)			
Singapore Exchange	668,200	3,709	0.30
Switzerland - 2.14% (5.02%)			
Alcon CHF	372,300	26,053	2.14
Taiwan - 2.89% (1.69%)			
Taiwan Semiconductor Manufacturing	295,500	35,175	2.89

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Equities - 77.97% (63.21%) (continued)			
United States - 36.69% (28.49%)			
Alphabet 'A'	137,700	18,502	1.52
Amazon.com	298,900	41,435	3.40
Ameriprise Financial	66,800	22,441	1.84
Arthur J Gallagher	88,800	17,516	1.44
Avantor	1,388,400	25,847	2.12
Becton Dickinson	105,100	18,792	1.54
Booz Allen Hamilton Holding	74,700	8,901	0.73
Brown & Brown	330,200	22,839	1.87
Donaldson	203,600	11,676	0.96
Dover	162,500	23,114	1.90
Elevance Health	111,800	46,362	3.80
Hilton Grand Vacations	295,600	9,553	0.78
Marriott Vacations Worldwide	104,500	7,473	0.61
Marsh & McLennan	157,100	25,350	2.08
Performance Food Group	515,800	27,457	2.25
SBA Communications REIT	120,700	18,419	1.51
Travel + Leisure	164,200	5,608	0.46
UnitedHealth Group	77,800	29,896	2.45
Valvoline	884,100	27,914	2.29
Visa 'A'	180,700	38,260	3.14
Total United States		<u>447,355</u>	<u>36.69</u>
Total Equities		<u>950,624</u>	<u>77.97</u>
Collective Investment Schemes - 0.07% (1.48%)			
UK Authorised Collective Investment Schemes - 0.00% (0.00%)			
Royal London Short Term Money Market Fund	1,000	<u>1</u>	<u>0.00</u>
Offshore Collective Investment Schemes - 0.07% (1.48%)			
Alpstone Global Macro UCITS Fund	3,100	321	0.02
Coremont Investment Fund - Brevan Howard Absolute Return Government	1,000	125	0.01
Coremont Investment Fund - Landseeram European Equity Focus	1,000	108	0.01
iShares USD Treasury Bond 20 year UCITS ETF	100,000	347	0.03
Neuberger Berman Event Driven Fund	1,000	11	0.00
Total Offshore Collective Investment Schemes		<u>912</u>	<u>0.07</u>
Total Collective Investment Schemes		<u>913</u>	<u>0.07</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Exchange Traded Commodities - 3.17% (5.84%)			
Invesco Physical Gold	110,000	19,496	1.60
iShares Physical Gold	535,000	19,142	1.57
Total Exchange Traded Commodities		<u>38,638</u>	<u>3.17</u>
Forward Currency Contracts - 0.69% (-0.49%)			
Sell US dollar	(\$381,057,411)	(298,677)	
Buy UK sterling	£305,484,791	305,485	
Expiry date 14 June 2024		<u>6,808</u>	<u>0.56</u>
Sell Euro	(€68,216,165)	(58,139)	
Buy UK sterling	£58,748,718	58,749	
Expiry date 14 June 2024		<u>610</u>	<u>0.05</u>
Sell Canadian dollar	(CAD64,751,490)	(37,231)	
Buy UK sterling	£37,800,241	37,800	
Expiry date 14 June 2024		<u>569</u>	<u>0.05</u>
Sell Swiss franc	(CHF17,895,107)	(15,566)	
Buy UK sterling	£15,812,342	15,812	
Expiry date 14 June 2024		<u>246</u>	<u>0.02</u>
Sell Japanese yen	(¥750,160,346)	(3,759)	
Buy UK sterling	£3,875,363	3,875	
Expiry date 14 June 2024		<u>116</u>	<u>0.01</u>
Total Forward Currency Contracts		<u>8,349</u>	<u>0.69</u>
Portfolio of investments		1,210,314	99.27
Other net assets		8,941	0.73
Total net assets		<u>1,219,255</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*\*Variable interest security.

## Summary of portfolio investments

as at 31 May 2024

	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	192,489	15.79	257,487	27.85
Investments of below investment grade	14,045	1.14	405	0.04
Unrated bonds	5,256	0.44	-	-
Total bonds	211,790	17.37	257,892	27.89
Forward currency contracts - assets	8,349	0.69	1,180	0.13
Collective Investment Schemes	913	0.07	13,689	1.48
Exchange Traded Commodities	38,638	3.17	54,046	5.84
Equities	950,624	77.97	584,573	63.21
Investments as shown in the balance sheet	1,210,314	99.27	911,380	98.55
Forward currency contracts - liabilities	-	-	(5,701)	(0.62)
Total value of investments	1,210,314	99.27	905,679	97.93

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund’s ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

The price of gold or other resources may be subject to sudden, unexpected and substantial fluctuations. This may lead to significant declines in the values of any companies developing these resources in which the Sub-Fund invests and significantly impact investment performance.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	144.22	145.31	151.85
Return before operating charges*	17.27	0.10	(5.25)
Operating charges	(1.18)	(1.19)	(1.29)
Return after operating charges*	16.09	(1.09)	(6.54)
Distributions+	(1.78)	(1.22)	(0.95)
Retained distribution on accumulation shares+	1.78	1.22	0.95
Closing net asset value per share	160.31	144.22	145.31
*after direct transaction costs of:	0.18	0.05	0.14
Performance			
Return after charges	11.16%	(0.75%)	(4.31%)
Other information			
Closing net asset value (£000s)	1,219,255	924,868	811,766
Closing number of shares	760,539,566	641,300,173	558,629,813
Operating charges++	0.78%	0.83%	0.83%
Direct transaction costs	0.12%	0.04%	0.09%
Prices			
Highest share price (p)	164.76	149.50	167.20
Lowest share price (p)	140.40	134.90	139.70

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.



**Distribution table**

for the year ended 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.24	group 1	final	1.778	-	1.778	1.221
31.07.24	group 2	final	1.237	0.541	1.778	1.221

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Final distributions:**

- Group 1            Shares purchased before 1 June 2023
- Group 2            Shares purchased 1 June 2023 to 31 May 2024

## Financial statements - True Potential Close Brothers Growth

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		104,218		(12,330)
Revenue	3	21,651		15,902	
Expenses	4	(7,924)		(7,190)	
Interest payable and similar charges		(6)		(2)	
Net revenue before taxation		13,721		8,710	
Taxation	5	(1,003)		(1,174)	
Net revenue after taxation			12,718		7,536
Total return/(deficit) before distributions			116,936		(4,794)
Distributions	6		(12,718)		(7,538)
Change in net assets attributable to shareholders from investment activities			104,218		(12,332)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		924,868		811,766
Amounts receivable on issue of shares	260,250		299,223	
Amounts payable on cancellation of shares	(83,603)		(181,619)	
		176,647		117,604
Change in net assets attributable to shareholders from investment activities		104,218		(12,332)
Retained distribution on accumulation shares		13,522		7,830
Closing net assets attributable to shareholders		1,219,255		924,868

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		1,210,314	911,380
Current assets:			
Debtors	7	47,979	6,654
Cash and bank balances	8	1,831	14,860
Total assets		<u>1,260,124</u>	<u>932,894</u>
Liabilities:			
Investment liabilities		-	(5,701)
Creditors:			
Bank overdrafts	8	(40,144)	-
Other creditors	9	(725)	(2,325)
Total liabilities		<u>(40,869)</u>	<u>(8,026)</u>
Net assets attributable to shareholders		<u><u>1,219,255</u></u>	<u><u>924,868</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	81,319	(8,382)
Currency (losses)/gains	(1,763)	35
Forward currency contracts	24,664	(3,983)
Transaction charges	(2)	-
Net capital gains/(losses)	<u>104,218</u>	<u>(12,330)</u>

3. Revenue	2024	2023
	£000s	£000s
Distributions from UK regulated collective investment schemes:		
Interest distributions	95	171
Interest distributions from overseas collective investment schemes	490	369
UK revenue	2,407	1,882
Overseas revenue	8,056	7,792
Interest on debt securities	10,154	5,102
Bank interest	449	586
Total revenue	<u>21,651</u>	<u>15,902</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	7,924	7,189
Other expenses:		
Dividend collection expenses	-	1
Total expenses	<u>7,924</u>	<u>7,190</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,405 inclusive of VAT (2023: £8,082 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Overseas tax withheld	1,003	1,037
Reclaimable tax written off	-	137
Total taxation (note 5b)	<u>1,003</u>	<u>1,174</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	13,721	8,710
Corporation tax @ 20%	<u>2,744</u>	<u>1,742</u>
Effects of:		
UK revenue	(481)	(377)
Overseas revenue	(1,564)	(1,558)
Overseas tax withheld	1,003	1,037
Reclaimable tax written off	-	137
Excess management expenses (utilised)/unutilised	(676)	192
Taxation due to timing differences	(19)	-
Realised/unrealised gains on non-qualifying offshore fund	-	1
Double taxation relief expensed	(4)	-
Total taxation (note 5a)	<u>1,003</u>	<u>1,174</u>

## c Provision for deferred tax

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £2,751,523 (2023: £3,450,106).

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Final accumulation distribution	<u>13,522</u>	<u>7,830</u>
Equalisation:		
Amounts deducted on cancellation of shares	345	514
Amounts added on issue of shares	(1,149)	(806)
Total net distributions	<u>12,718</u>	<u>7,538</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 6. Distributions (continued)

Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	12,718	7,536
Undistributed revenue brought forward	1	2
Corporation tax relief to capital	-	1
Undistributed revenue carried forward	(1)	(1)
Distributions	12,718	7,538

Details of the distribution per share are disclosed in the Distribution table.

## 7. Debtors

	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	3,622	3,877
Sales awaiting settlement	40,923	-
Currency trades outstanding	27	153
Accrued revenue	3,159	2,235
Recoverable overseas withholding tax	248	389
Total debtors	47,979	6,654

## 8. Cash and bank balances and bank overdrafts

	2024	2023
	£000s	£000s
Cash and bank balances	1,831	14,860
Bank overdrafts	(40,144)	-
Total cash, bank balances and bank overdrafts	(38,313)	14,860

## 9. Other creditors

	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	-	1,323
Purchases awaiting settlement	-	153
Currency trades outstanding	-	154
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	725	695
Total accrued expenses	725	695
Total other creditors	725	2,325

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 11. Share class

The following reflects the change in shares in issue for each share class in the year:

	A Accumulation
Opening shares in issue	641,300,173
Total shares issued in the year	176,043,245
Total shares cancelled in the year	<u>(56,803,852)</u>
Closing shares in issue	<u>760,539,566</u>

For the year ended 31 May 2024, the annual management charge is 0.74%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Accumulation share has increased from 160.31p to 164.35p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

2024	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	568,076	42	0.01	1,171	0.21	-	-	569,289
Bonds*	253,826	-	-	-	-	-	-	253,826
Collective Investment Schemes	57,916	3	0.01	3	0.01	-	-	57,922
<b>Total</b>	<b>879,818</b>	<b>45</b>		<b>1,174</b>		<b>-</b>		<b>881,037</b>

2023	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	354,715	61	0.02	143	0.04	6	-	354,925
Bonds*	323,898	-	-	-	-	-	-	323,898
Collective Investment Schemes	257,207	14	0.01	-	-	-	-	257,221
<b>Total</b>	<b>935,820</b>	<b>75</b>		<b>143</b>		<b>6</b>		<b>936,044</b>

2024	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	305,545	(23)	(0.01)	(34)	(0.01)	-	-	305,488
Bonds*	286,511	-	-	-	-	-	-	286,511
Collective Investment Schemes	91,141	(11)	(0.01)	(2)	-	-	-	91,128
<b>Total</b>	<b>683,197</b>	<b>(34)</b>		<b>(36)</b>		<b>-</b>		<b>683,127</b>

2023	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	360,441	(71)	(0.02)	-	-	(23)	(0.01)	360,347
Bonds*	156,204	-	-	-	-	-	-	156,204
Collective Investment Schemes	197,734	(2)	(0.00)	-	-	-	-	197,732
<b>Total</b>	<b>714,379</b>	<b>(73)</b>		<b>-</b>		<b>(23)</b>		<b>714,283</b>

\* No direct transaction costs were incurred in these transactions.

Capital events amount of £1,038,000 (2023: £nil) is excluded from the total sales as there were no direct transaction costs charged in these transactions.



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

14. Transaction costs (continued)

a Direct transaction costs (continued)

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

2024	£000s	% of average net asset value
Commission	79	0.01
Taxes	1,210	0.11
2023	£000s	% of average net asset value
Commission	148	0.02
Taxes	143	0.02
Other Expenses	29	0.00

b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.14% (2023: 0.08%).

15. Risk Management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations) , 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential Close Brothers Growth	5.01	6.50	5.70	17.50	139.00	170.00

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are equities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £60,516,000 (2023: £45,284,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Canadian dollar	73,869
Euro	116,438
Hong Kong dollar	8,881
Japanese yen	7,471
Norwegian krone	84
Singapore dollar	3,708
Swiss franc	34,605
US dollar	600,802
Total net foreign currency exposure	<u>854,858</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk (continued)

	Total net foreign currency exposure*
2023	£000s
Euro	132,906
Hong Kong dollar	11,522
Japanese yen	20,586
Norwegian krone	82
Singapore dollar	3,030
Swiss franc	42,325
US dollar	640,232
Total net foreign currency exposure	<u>850,683</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £21,624,000 (2023: £21,651,000). Forward currency contracts are used to manage to the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £4,000 (2023: £40,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Canadian dollar	9,942	-	-	63,927	-	73,869
Euro	7,119	-	11,029	98,290	-	116,438
Hong Kong dollar	-	-	-	8,881	-	8,881
Japanese yen	2,991	-	4,480	-	-	7,471
Norwegian krone	38	-	-	46	-	84
Singapore dollar	-	-	-	3,708	-	3,708
Swiss franc	-	-	8,552	26,053	-	34,605
UK sterling	4,322	(40,144)	75,978	333,966	(725)	373,397
US dollar	17,482	-	71,688	511,632	-	600,802
	<b>41,894</b>	<b>(40,144)</b>	<b>171,727</b>	<b>1,046,503</b>	<b>(725)</b>	<b>1,219,255</b>

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Euro	835	-	21,519	110,552	-	132,906
Hong Kong dollar	-	-	-	11,522	-	11,522
Japanese yen	-	-	-	20,586	-	20,586
Norwegian krone	-	-	-	82	-	82
Singapore dollar	-	-	-	3,184	(154)	3,030
Swiss franc	-	-	-	42,325	-	42,325
UK sterling	15,262	-	-	61,094	(2,171)	74,185
US dollar	-	-	235,139	410,794	(5,701)	640,232
	<b>16,097</b>	<b>-</b>	<b>256,658</b>	<b>660,139</b>	<b>(8,026)</b>	<b>924,868</b>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## b Credit risk (continued)

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of Portfolio Investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	1,122,352	-
Observable market data	87,962	-
Unobservable data	-	-
	<hr/>	<hr/>
	1,210,314	-
	<hr/>	<hr/>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## d Fair value of financial assets and financial liabilities (continued)

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	846,368	-
Observable market data	65,012	(5,701)
Unobservable data	-	-
	<u>911,380</u>	<u>(5,701)</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

There have been no leveraging arrangements in the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value £000s	% of the total net asset value
2024		
Investment		
Forward Currency Contracts		
Value of short position - Canadian dollar	37,231	3.05
Value of short position - Euro	58,139	4.77
Value of short position - Japanese yen	3,759	0.31
Value of short position - Swiss franc	15,566	1.28
Value of short position - US dollar	298,677	24.50

	Gross exposure value £000s	% of the total net asset value
2023		
Investment		
Forward Currency Contracts		
Value of short position - Euro	62,995	6.81
Value of short position - Japanese yen	10,353	1.12
Value of short position - Swiss franc	21,164	2.29
Value of short position - US dollar	327,673	35.43

There have been no collateral arrangements in the year (2023: same).

## True Potential SEI Defensive

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to generate some capital growth and income growth while seeking to protect against the risk of a significant loss of capital, through diversified exposure, directly or indirectly, to equity and fixed income markets. The Sub-Fund will aim to achieve this by investing almost exclusively in other collective investment schemes which themselves have an equity and fixed income focus. The Sub-Fund may seek to protect capital through the use of derivatives utilising Efficient Portfolio Management techniques where appropriate.

The Sub-Fund may hold up to 100% of its Scheme Property in collective investment vehicles.

There are no geographic restrictions on the investments of the Sub-Fund.

Derivatives and forward transactions may also be used for Investment Purposes. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved

#### Sub-Investment activities

##### Current Market Recap

During the one-year reporting period ending 31 May 2024, global financial markets gyrated in response to concerns about central bank monetary policy, the strength of the global economy, and growing geopolitical tensions. Late in the period, global markets rallied in response to generally positive corporate results and investors' hopes that the Federal Reserve (Fed) and other global monetary policy-makers would pivot to cutting interest rates as inflation subsided.

The Fed slowed the pace of its interest rate-hiking cycle over the first several months of the reporting period as inflation cooled. The central bank raised the federal funds rate in two 25-basis point (0.25%) increments following its meetings in May and July 2023, to a range of 5.25% to 5.50%. However, the Fed left its benchmark rate unchanged for the remainder of the period, ending a rate-hiking cycle that had begun in March 2022. In a statement announcing its rate decision following its meeting in March 2024, the Federal Open Market Committee (FOMC) noted, "Inflation has eased over the past year but remains elevated. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent."

##### Geopolitical Events

The geopolitical news during the reporting period was dominated by the ongoing Russia-Ukraine war, and later, escalating tensions in the Middle East. Russia's invasion of Ukraine marked its second anniversary on 24 February 2024, with little hope for a resolution in the near term.

Long-simmering tensions in the Middle East escalated to war following a surprise attack on Israel by Hamas in early October 2023. Hamas, a militant Palestinian nationalist group based in the West Bank and Gaza Strip, seeks to establish an independent Islamic state in Palestine. In addition to the casualties resulting from Hamas' initial incursion into Israel, the militant group and some of its allies abducted more than 200 soldiers and civilians. A one-week ceasefire in the military conflict between Israel and Hamas expired on November 30, 2023, after the two sides could not reach an agreement on an extension. The truce had led to several hostage and prisoner exchanges between Israel and Hamas. Each side blamed the other for the failure to extend the ceasefire, and fighting resumed following the expiration of the truce. Towards the end of the reporting period, 14 of the 15 countries comprising the United Nations Security Council, which is responsible for maintaining international peace and security, approved a resolution calling for another ceasefire between Israel and Hamas. The U.S. abstained from the vote, angering President Benjamin Netanyahu of Israel, a U.S. ally, who opposed the resolution.

In late January 2024, the U.S. and U.K. (with support from Australia, Bahrain, Canada, and the Netherlands) conducted airstrikes on several targets in Yemen. The military action was in response to Houthi rebel attacks on commercial shipping in the Red Sea off the coast of Yemen. The Houthi movement is an Iran-backed militant group that seized Sanaa, Yemen's capital, in 2014. The group has attacked U.S. military bases in Iraq and Syria, as well as numerous commercial ships in the Red Sea, forcing international shipping companies to reroute their vessels around the Cape of Good Hope in South Africa, putting upward pressure on freight costs. In late January 2024, an Iran-backed militia group conducted a drone attack at a U.S. military base in Jordan, killing three U.S. troops. The coalition subsequently conducted a retaliatory strike on 18 Houthi military targets in Yemen. In late March, the Houthis reached agreements with China and Russia to allow safe passage for their ships through the Red Sea and Gulf of Aden.



## Market Developments

Global equity markets, as measured by the MSCI ACWI Index, gained 23.2% over the reporting period despite numerous bouts of volatility. North America was the top-performing region among the developed markets for the reporting period due mainly to strength in the U.S., while the Far East region benefited largely from a strong rally in Japan. The Pacific ex Japan region posted a relatively small positive return and was the most notable laggard among developed markets over the period, attributable mainly to substantial weakness in Hong Kong and New Zealand. The top performers among emerging markets included Eastern Europe (particularly Hungary, Greece, and Poland) and South America (mainly Colombia and Peru). Conversely, the Far East region posted a modest gain and was the primary laggard among the emerging markets for the period, attributable to notable weakness in China.

Global fixed-income assets, as represented by the Bloomberg Global Aggregate Bond Index, returned 0.5% for the reporting period. Global high-yield bonds outperformed their investment-grade corporate and government counterparts. In the U.S., high-yield bonds ended the period with substantial gains, outperforming investment-grade corporate bonds, U.S. Treasuries, and mortgage-backed securities (MBS). The U.S. Treasury yield curve remained inverted during the period, as yields on shorter-term bonds exceeded those on longer-dated securities. The yield on the 10-year U.S. Treasury note moved higher for most of the reporting period, crossing 5% in overnight trading on late October—its highest level since July 2007. The 10-year yield subsequently dropped to a low of 3.79% in late December 2023, then rebounded to end the reporting period at 4.20%—up 0.72% year-over-year (bond prices move inversely to interest rates). Yields rose across the Treasury curve over the period. Yields on 2-, 3-, 5- and 10-year Treasury notes rose 0.53%, 0.59%, and 0.72%, respectively, during the period. The yield spread between 10- and 2-year notes narrowed from -0.58% to -0.39% over the period.

Global commodity prices, as measured by the Bloomberg Commodity Total Return Index, dipped 0.6% in U.S. dollar terms during the reporting period. Prices for West Texas Intermediate crude oil and Brent crude moved higher over the period as ongoing geopolitical tensions in the Middle East spurred investors' worries about a disruption in oil exports. The gold price ended the period in positive territory as the Fed slowed and subsequently paused its rate-hiking cycle. The New York Mercantile Exchange (NYMEX) natural gas price fell over the reporting period due to an increase in inventories and falling demand due to above-average temperatures in the U.S. for much of the winter of 2023-2024. Wheat prices declined during the reporting period, hampered by Russia's shipments of large quantities of cheaply priced grain. The downturn more than offset a rebound in the wheat price in the fourth quarter of 2023, due mainly to a reduction in exports from Ukraine due to the nation's ongoing conflict with Russia.

## Our View

U.S. interest-rate expectations have converged thus far in 2024, as stubborn inflation data and a mixed employment picture have led investors to back away from predictions of aggressive interest-rate reductions from the Fed. As of the end of the first quarter, roughly three rate cuts were priced in, most likely starting in June, putting market expectations only slightly ahead of our own. Nonetheless, risks to this view are, in our opinion, clearly on the side of fewer rate cuts.

We would not be surprised to see mild weakness in the jobs data seize the attention of policy-makers and serve as a catalyst for the first rate cut in early summer, even if inflation remains above target. We consider inflation will remain stickier than expected on a slower decline in service inflation and a continued rebound in goods inflation.

U.S. equity investors are starting the quarter from what can only be described as "elevated levels" in the market. The S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of 21. That is well above the historical average of roughly 16 and a good distance away from the rest of the world at just under 14. While it is true that equity market performance has broadened thus far in 2024—Japanese stocks are enjoying a strong rally and, in the U.S., the "Magnificent Seven" mega-cap technology stocks are ending their run in favour of the "Fab Four" or maybe the "Terrific Trio"—quite a bit of good news is already priced into the U.S. market. Starting from here, the bar has been set fairly high for earnings to outperform expectations and drive prices higher. We acknowledge that P/E multiples can still expand from these heights, especially if they're helped along by a pivot to easier monetary policy via interest-rate cuts from the Fed.

The 10-year U.S. Treasury yield is down from the 16-year high of 5% reached in October 2023, but well above where it started the year. We see additional room for bond yields to move higher, not only on the aforementioned sticky inflation data, but also on the substantial budget funding pressures and the lack of term premium priced into the yield curve. We would not be surprised to see the 10-year Treasury yield retest the 5% level even with the prospect of rate cuts on the horizon.

## Key Market Factors 2023/2024

### Interest Rate Expectations in 2024

Markets dropped their expectations for the number of interest rate cuts in 2024 as major central banks held firm in Q1, however all hinted that cuts were coming. 2023 saw the end of interest rate hikes. Expectations so far this year have swung wildly as central banks and economic data continues to give mixed signals. At the start of 2024, seven rate cuts were priced in for the year. The result of interest rate expectations jumping around is likely more volatility over the following months as investors remain sensitive to uncertainties. Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

### Presidential elections influence on markets

With the US Presidential election in November, investors start to question how this might influence markets and returns. The election will likely add some degree of volatility into the markets as we creep towards November and investors on both sides of the political fence get spooked. Historically however, markets have been mostly unbothered by elections in the past. Markets are somewhat unbiased when it comes to favouring a particular party or another. Whilst we remain positioned for further volatility in the market, we continue to monitor market fundamentals to identify opportunities, rather than be swayed by political party rhetoric, that has historically not meant much.

### Opportunities outside of the US

Valuations between select US stocks and the rest of the world are becoming increasingly divergent. At the same time, Japanese stocks have outperformed US stocks so far this year and both the Japanese and European indices hit all-time highs. The divergence in valuations suggests other countries may have some more room to deliver strong returns in the coming years. Oxford Economics have forecasted Emerging and Developed Market Equity to more than double the returns of US Equity over the next 5 years. Whilst it is too soon to say, we see a possible narrative playing out with investors being overly optimistic on the US, and consequently overlooking opportunities elsewhere. Strategically, we retain our global diversification which has allowed us to capture the strong returns seen in Europe and Japan over Q1. Tactically, we continue to monitor fundamentals of these regions to continue exploiting opportunities and implementing tactical trades when appropriate.

## Performance

### Contributors

- From an absolute perspective; allocations to more defensive equity through exposure to Global Managed Volatility, allocations to Credit both in the High Yield Fixed Income Fund and Emerging Market Debt, cash also contributed.
- Relative performance bolstered by UK Core Fixed Income: Overweight positioning in financials and securitised bonds, as well as a beneficial curve positioning from M&G.
- Relative performance bolstered by Emerging Market Debt (Colchester, Marathon, Neuberger Berman, Ninety One, Virtus): Overweight local currency duration and an overweight to high yielding hard currency bonds.
- Relative performance bolstered by Liquid Alternatives exposure to tactical trades benefitting from developed market equity tailwinds.

### Detractors

- High Yield Fixed Income (T. Rowe & Brigade): Poor selection within healthcare, media and technology weighed on performance. No major detractors over the 12 month period.

<i>Performance</i>	<i>Q2 2023</i>	<i>Q3 2023</i>	<i>Q4 2023</i>	<i>Q1 2024</i>
<i>SEI Defensive</i>	-0.70%	-0.09%	3.87%	1.86%

(source: SEI Investment Management Corporation)

## Positioning

### Theme: Emerging Markets (EM) local rates & Foreign Exchange (FX)

Overweight EM local rates & FX

- EM local currency bonds continue to present an attractive total return opportunity thanks to elevated real yields.
- LatAm markets (Mexico and Colombia) provide some of the best valuation opportunities. We are underweight China.
- The EM FX complex in general also remains cheap on long term valuation measures.

### Theme: We expect valuations to improve over the course of the year

Out-of-index exposure to short-dated credit sectors

- Allocation to short-dated credit generates additional yield due to inverted yield curve.
- We still consider interest rates will not come down as quickly as priced in by markets.

## Investment Strategy and Outlook

The investment objective of the True Potential SEI Defensive Sub-Fund is to protect against the risk of significant loss of capital and to generate capital growth and income growth through diversified exposure, directly or indirectly, to equity and fixed income markets. The Sub-Fund will aim to achieve this by investing almost exclusively in other collective investment schemes which themselves have an equity and fixed income focus. The Sub-Fund may seek to protect capital through the use of derivatives utilising efficient portfolio management techniques where appropriate. The Sub-Fund may hold up to 100% of its Scheme Property in collective investment vehicles.

## Manager Changes

### June 2023

To continue SEI's focus on fundamental, stock-selection managers, we removed Hillsdale Investment Management from the Small Cap Select Companies Building Block on the 23 June 2023.

### Q3 2023

The following manager line-up changes have been made to the Global Equities Building Block:

- Jupiter Asset Management Limited's ("Jupiter") Developed World ex US Value strategy has been added.
- Lazard Asset Management LLC's ("Lazard") Developed World ex US Quality Growth strategy has been added.
- Metropole Gestion SA's ("Metropole") European Value strategy has been removed.
- Sompo Asset Management Co., Ltd.'s ("Sompo") Japan Value Equity Concentrated strategy has been removed.

To upgrade the building block's value implementation, we broadened the scope of Jupiter's mandate to cover all developed markets excluding the US. Previously the manager's role within the building block focused exclusively on the UK market. The team has successfully applied their investment process across the global investment universe since 2016 and has demonstrated a strong alignment with SEI's value philosophy.

Simultaneously, we terminated Metropole and Sompo within the Fund. Metropole was removed due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder. Sompo's mandate was consolidated to aggregate coverage of the non-US universe under Jupiter. We have no manager-specific concerns over Sompo and the change was driven exclusively by portfolio construction considerations.

On the quality side, we appointed Lazard to implement the alpha source in the non-US markets to broaden PineStone's US-focused implementation of quality.

Metropole Gestion SA's ("Metropole") European Value strategy was removed from the European Ex-UK Equities Building Block.

Metropole was removed from the building block due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder.

Aikya Investment Management (Aikya) was added to the Emerging Markets Equities Building Block. Adding Aikya to the building block introduces a manager with a distinct approach and close alignment with SEI's quality alpha source. Aikya uses a fundamental approach to assess corporate stewardship and balance sheet quality to build a portfolio that is expected to benefit from longer-term compounding of returns. The addition of Aikya provides SEI with ability to control quality exposure over an economic cycle and complements the other managers in the building block's lineup.

#### Q4 2023

AllianceBernstein L.P.'s Global Government Bonds strategy was removed from the SGMF Global Fixed Income Fund. The decision was driven by several factors. First, market depreciation in recent years has reduced the Fund's size to the extent that it has become increasingly difficult to accommodate five sub-advisers. We consider that retaining its four highest-conviction sub-advisers will maintain an appropriate level of diversification while potentially improving performance over time. Second, we are concerned with the number of senior portfolio managers that have left AB in recent years, which we feel leaves areas of the firm under-resourced. Third, we increasingly struggle to align AB's investment philosophy in the sovereign-bond space with our alpha-source framework, which limits the extent to which AB performs a complementary role in the Fund. We consider that AB's termination provides an opportunity to consolidate around our higher-conviction managers, exploit alpha sources more effectively, and ultimately improve the Fund's performance over time.

Grantham, Mayo, Van Otterloo & Co. LLC's ("GMO") Hard Currency Emerging Market Debt strategy was added to the SGMF Emerging Markets Debt Fund. GMO will manage a hard-currency-focused mandate benchmarked to the JPM EMBI Global Diversified. Since the firm frequently expresses ideas beyond the constraints placed on benchmarks, we consider their approach will add breadth to the trade ideas expressed in the Fund. Their addition is designed to improve diversification among the sub-advisors and enhance the Fund's upside and downside capture.

Stone Harbor Investment Partners' ("Stone Harbor") Hard Currency Emerging Market Debt strategy has been removed from the SGMF Emerging Markets Debt Fund. The decision to remove Stone Harbor from the Fund stems from reduced confidence in the manager's ability to outperform across market environments. A deep value credit investor, this approach succeeded over its first two decades, with generally high recoveries and quick restructuring processes. As the number of creditors to emerging-market countries has grown, recoveries have extended and recovery values have become increasingly variable. When it comes to security selection, we consider there has been a decay in Stone Harbor's ability to differentiate between these deep value trades. Their focus on bottom-up country research has not been equally met with a risk-managed approach to constructing the final portfolio, leading at times to underlying holdings that are highly correlated and a strategy that succeeds only in a narrow range of market environments.

#### Q1 2024

SEI converted Copeland Capital Management's sleeve in Small Cap Select building block and Aikya Investment Management's sleeve in Emerging Markets Equity building block to model overlays as part of our broader transition to a blended investment approach. The portfolios are now ESG risk-managed through an integrated optimization with the objective of reducing exposure to stocks with high ESG risks without a significant increase in expected active risk or a reduction in expected return. Stocks with exposure to ESG risks without a risk premium are further penalized, while companies involved in the sale or production of controversial weapons or thermal coal are excluded entirely. We also exclude ESG laggards, which fall into the lowest "CCC" category under the MSCI definition.

RBC BlueBay was added to the SEI Global Opportunistic Fixed Income building block, while Alliance Bernstein (AB) and JP Morgan were removed. RBC BlueBay was hired as a generalist manager. The stable and experienced investment team has demonstrated an ability to deliver attractive long-term risk-adjusted performance through active duration and currency management, sector rotation, and idiosyncratic trades. The team exploits market-directional, relative value mean-reversion and risk premia opportunities, with a keen awareness of downside risks. JP Morgan's termination was not due to any specific concerns around the investment process, team, or organization, but because we are no longer able to accommodate two specialist corporate bond managers following a restructuring of the Fund, which introduced the aforementioned generalist manager. AB's termination is due to concerns about the investment team's high turnover in recent years, as well as its underwhelming long-term performance, which we consider is due to an overreliance on carry at the expense of valuation considerations. This has typically made their portfolio very vulnerable to spread-widening environments, when they often give back much of the outperformance that had been generated in more benign times. This investment style has resulted in disappointing risk-adjusted performance.

**May 2024**

The following Funds closed over the month:

- SGMF US Large Companies Fund
- SGMF Europe Ex-UK Equity Fund
- SGMF Pan European Small Cap Fund
- SGMF Japan Equity Fund
- SGMF Asia Pacific (Ex-Japan) Equity Fund

**Outlook**

The global economic environment appears to be on the upswing. Services continue to lead the way, but manufacturing also is exhibiting renewed signs of life. The U.K has logged surprising strength relative to market expectations. Japan and Europe also are delivering better results. The U.S. economy still appears in good shape, but the data have recently begun to fall short of the market's lofty expectations.

Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

Investors have dramatically scaled back their expectations regarding the number of rate cuts the major central banks will implement this year. This a theme that may continue into 2025 if wage pressures reaccelerate and inflation remains surprisingly sticky.

The U.S. broad-market S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of around 20, which is above the 10-year average of roughly 18. The bar has been set fairly high for earnings to outperform expectations and drive prices higher. According to financial data services provider FactSet, 78% of the companies in the S&P 500 Index reporting first-quarter 2024 results as of the end of May posted earnings per share that beat consensus estimates—slightly above the five- and ten-year averages of 77% and 74%, respectively. The sectors with the most positive earnings surprises were communication services and financials. We at SEI continue to favour more value-oriented market segments such as financials, as the sector looks attractive from a price/earnings multiple perspective, and we still expect higher interest rates into the summer months.

SEI Investment Management Corporation - a sub-delegate of True Potential Investments LLP

25 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Hedged)	25,671
SEI Global Master Fund - The SEI Global Fixed Income Fund	13,602
SEI Global Master Fund - The SEI Global Opportunistic Fixed Income Fund	12,117
SEI Global Master Fund - The SEI Emerging Markets Debt Fund	8,046
SEI Global Master Fund - The SEI High Yield Fixed Income Fund	7,958
BlackRock ICS Sterling Liquidity Fund	7,664
SEI Global Master Fund - The SEI Global Short Duration Bond Fund	6,751
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Inst)	6,378
SEI Global Master Fund - SEI Select Value Fund (Inst)	4,152
SEI Global Master Fund - SEI Select Value Fund (Hedged)	4,062
Subtotal	<u>96,401</u>
Total cost of purchases, including the above, for the year	<u>124,097</u>
	Proceeds
	£000s
Sales:	
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Inst)	42,045
SEI Global Master Fund - The SEI Global Multi-Asset Income Fund	25,702
SEI Global Master Fund - The SEI UK Core Fixed Interest Fund	7,728
SEI Global Master Fund - The SEI UK Equity Fund	7,494
SEI Global Master Fund - The SEI Global Short Duration Bond Fund	5,126
BlackRock ICS Sterling Liquidity Fund	3,466
SEI Global Master Fund - The SEI Factor Allocation Global Equity Fund (Inst)	2,262
SEI Global Master Fund - The SEI Global Short Term Bond Fund	2,214
SEI Global Master Fund - The SEI Factor Allocation Global Equity Fund (Hedged)	1,845
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Hedged)	1,611
Subtotal	<u>99,493</u>
Total proceeds from sales, including the above, for the year	<u>104,599</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Collective Investment Schemes - 100.18% (99.92%)			
Offshore Collective Investment Schemes - 100.18% (99.92%)			
BlackRock ICS Sterling Liquidity Fund	504,808	57,551	15.92
SEI Global Master Fund - SEI Select Momentum Fund (Hedged)	423,656	5,368	1.48
SEI Global Master Fund - SEI Select Momentum Fund (Inst)	439,031	5,343	1.48
SEI Global Master Fund - SEI Select Quality Fund (Hedged)	235,355	2,714	0.75
SEI Global Master Fund - SEI Select Quality Fund (Inst)	246,077	2,722	0.75
SEI Global Master Fund - SEI Select Value Fund (Hedged)	471,635	5,400	1.49
SEI Global Master Fund - SEI Select Value Fund (Inst)	489,234	5,382	1.49
SEI Global Master Fund - The SEI Emerging Markets Debt Fund	2,405,640	17,321	4.79
SEI Global Master Fund - The SEI Global Fixed Income Fund	3,453,256	35,051	9.70
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Hedged)	2,364,428	25,536	7.07
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Inst)	1,299,615	25,615	7.09
SEI Global Master Fund - The SEI Global Opportunistic Fixed Income Fund	3,145,842	29,948	8.29
SEI Global Master Fund - The SEI Global Short Duration Bond Fund	6,394,545	62,174	17.20
SEI Global Master Fund - The SEI Global Short Term Bond Fund	1,667,945	16,112	4.46
SEI Global Master Fund - The SEI High Yield Fixed Income Fund	2,063,193	17,351	4.80
SEI Global Master Fund - The SEI Liquid Alternative Fund	761,761	10,939	3.03
SEI Global Master Fund - The SEI UK Core Fixed Interest Fund	2,362,419	24,002	6.64
SEI Global Master Fund - The SEI UK Index Linked Fixed Interest Fund	930,182	13,571	3.75
Total Offshore Collective Investment Schemes		362,100	100.18
Total Collective Investment Schemes		362,100	100.18
Portfolio of investments		362,100	100.18
Other net liabilities		(662)	(0.18)
Total net assets		361,438	100.00

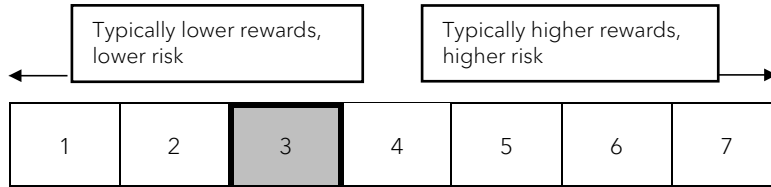
All investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 May 2023.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Sub-Fund.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.



## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	101.37	106.92	109.18
Return before operating charges*	6.43	(2.88)	(0.48)
Operating charges	(0.90)	(0.89)	(0.94)
Return after operating charges*	5.53	(3.77)	(1.42)
Distributions+	(2.72)	(1.78)	(0.84)
Closing net asset value per share	104.18	101.37	106.92
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	5.46%	(3.53%)	(1.30%)
Other information			
Closing net asset value (£000s)	361,229	330,503	291,160
Closing number of shares	346,743,181	326,028,462	272,323,640
Operating charges++	0.87%	0.86%	0.86%
Direct transaction costs	-	-	-
Prices			
Highest share price (p)	106.38	106.80	111.30
Lowest share price (p)	100.40	99.71	106.10

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	112.16	116.27	117.82
Return before operating charges*	7.17	(3.14)	(0.53)
Operating charges	(1.00)	(0.97)	(1.02)
Return after operating charges*	6.17	(4.11)	(1.55)
Distributions+	(3.04)	(1.95)	(0.91)
Retained distribution on accumulation shares+	3.04	1.95	0.91
Closing net asset value per share	118.33	112.16	116.27
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	5.50%	(3.53%)	(1.32%)
Other information			
Closing net asset value (£000s)	209	341	370
Closing number of shares	177,035	303,961	318,328
Operating charges++	0.87%	0.86%	0.86%
Direct transaction costs	-	-	-
Prices			
Highest share price (p)	119.56	116.10	120.60
Lowest share price (p)	111.60	108.80	115.10

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables***for the year ended 31 May 2024***Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	0.567	-	0.567	0.392
31.10.23	group 2	quarter 1	0.196	0.371	0.567	0.392
31.01.24	group 1	interim	0.518	-	0.518	0.386
31.01.24	group 2	interim	0.116	0.402	0.518	0.386
30.04.24	group 1	quarter 3	0.522	-	0.522	0.498
30.04.24	group 2	quarter 3	0.263	0.259	0.522	0.498
31.07.24	group 1	final	1.113	-	1.113	0.507
31.07.24	group 2	final	0.705	0.408	1.113	0.507

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1                Shares purchased before 1 June 2023  
Group 2                Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1                Shares purchased before 1 September 2023  
Group 2                Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1                Shares purchased before 1 December 2023  
Group 2                Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1                Shares purchased before 1 March 2024  
Group 2                Shares purchased 1 March 2024 to 31 May 2024

**Distribution tables (continued)***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	0.628	-	0.628	0.426
31.10.23	group 2	quarter 1	0.005	0.623	0.628	0.426
31.01.24	group 1	interim	0.577	-	0.577	0.422
31.01.24	group 2	interim	0.198	0.379	0.577	0.422
30.04.24	group 1	quarter 3	0.586	-	0.586	0.545
30.04.24	group 2	quarter 3	0.182	0.404	0.586	0.545
31.07.24	group 1	final	1.246	-	1.246	0.558
31.07.24	group 2	final	0.886	0.360	1.246	0.558

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of the accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1                Shares purchased before 1 June 2023
- Group 2                Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1                Shares purchased before 1 September 2023
- Group 2                Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1                Shares purchased before 1 December 2023
- Group 2                Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1                Shares purchased before 1 March 2024
- Group 2                Shares purchased 1 March 2024 to 31 May 2024

## Financial statements - True Potential SEI Defensive

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		9,250		(16,328)
Revenue	3	13,467		8,563	
Expenses	4	(2,494)		(2,271)	
Interest payable and similar charges		(1)		-	
Net revenue before taxation		10,972		6,292	
Taxation	5	(1,807)		(889)	
Net revenue after taxation			9,165		5,403
Total deficit before distributions			18,415		(10,925)
Distributions	6		(9,165)		(5,404)
Change in net assets attributable to shareholders from investment activities			9,250		(16,329)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			330,844		291,530
Amounts receivable on issue of shares		81,932		106,393	
Amounts payable on cancellation of shares		(60,594)		(50,756)	
			21,338		55,637
Change in net assets attributable to shareholders from investment activities			9,250		(16,329)
Retained distribution on accumulation shares			6		6
Closing net assets attributable to shareholders			361,438		330,844

**Balance Sheet**  
as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		362,100	330,595
Current assets:			
Debtors	7	11,530	1,601
Cash and bank balances	8	2,444	3,537
Total assets		<u>376,074</u>	<u>335,733</u>
Liabilities:			
Creditors:			
Distribution payable	6	(3,857)	(1,653)
Other creditors	9	(10,779)	(3,236)
Total liabilities		<u>(14,636)</u>	<u>(4,889)</u>
Net assets attributable to shareholders		<u><u>361,438</u></u>	<u><u>330,844</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities - gains/(losses)	9,250	(16,328)
Net capital gains/(losses)	<u>9,250</u>	<u>(16,328)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	1,938	1,846
Interest distributions from overseas collective investment schemes	11,441	6,672
Bank interest	88	45
Total revenue	<u>13,467</u>	<u>8,563</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	2,494	2,271
Total expenses	<u>2,494</u>	<u>2,271</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,730 inclusive of VAT (2023: £8,394 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	1,807	889
Total taxation (note 5b)	<u>1,807</u>	<u>889</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	10,972	6,292
Corporation tax @ 20%	<u>2,195</u>	<u>1,258</u>
Effects of:		
Overseas revenue	(388)	(369)
Total taxation (note 5a)	<u>1,807</u>	<u>889</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Quarter 1 income distribution	1,871	1,147
Quarter 1 accumulation distribution	2	1
Interim income distribution	1,757	1,182
Interim accumulation distribution	1	1
Quarter 3 income distribution	1,729	1,585
Quarter 3 accumulation distribution	1	2
Final income distribution	3,857	1,653
Final accumulation distribution	2	2
	<u>9,220</u>	<u>5,573</u>

## Equalisation:

Amounts deducted on cancellation of shares	277	133
Amounts added on issue of shares	(332)	(302)
Total net distributions	<u>9,165</u>	<u>5,404</u>

## Reconciliation between net revenue and distributions:

	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	9,165	5,403
Undistributed revenue brought forward	1	2
Undistributed revenue carried forward	(1)	(1)
Distributions	<u>9,165</u>	<u>5,404</u>

Details of the distribution per share are disclosed in the Distribution tables.

## 7. Debtors

	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	401	1,595
Sales awaiting settlement	11,122	-
Accrued revenue	7	6
Total debtors	<u>11,530</u>	<u>1,601</u>

## 8. Cash and bank balances

	2024	2023
	£000s	£000s
Cash and bank balances	2,444	3,537
Total cash and bank balances	<u>2,444</u>	<u>3,537</u>



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	232	845
Purchases awaiting settlement	9,104	1,699
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	218	218
Total accrued expenses	218	218
Corporation tax payable	1,225	474
Total other creditors	10,779	3,236

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	326,028,462
Total shares issued in the year	79,676,019
Total shares cancelled in the year	(58,961,300)
Closing shares in issue	346,743,181

	A Accumulation
Opening shares in issue	303,961
Total shares issued in the year	18,633
Total shares cancelled in the year	(145,559)
Closing shares in issue	177,035

For the year ended 31 May 2024, the annual management charge is 0.72%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 104.18p to 107.58p and the A Accumulation share has increased from 118.33p to 122.93p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2024		
Collective Investment Schemes	124,097	124,097
<b>Total</b>	<b>124,097</b>	<b>124,097</b>

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2023		
Collective Investment Schemes	76,642	76,642
<b>Total</b>	<b>76,642</b>	<b>76,642</b>

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2024		
Collective Investment Schemes	104,599	104,599
<b>Total</b>	<b>104,599</b>	<b>104,599</b>

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2023		
Collective Investment Schemes	19,842	19,842
<b>Total</b>	<b>19,842</b>	<b>19,842</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations) ,1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilization of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential SEI Defensive	2.28	3.49	3.01	9.00	99.00	100.00

(i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk is collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £18,105,000 (2023: £16,530,000).

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

The Sub-Fund had no significant direct exposure to foreign currency in the year.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

In the event of a change in interest rates, there would be no material impact upon the net assets of the Sub-Fund.

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

There is no significant exposure to interest bearing securities at the balance sheet date.

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk (continued)

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets
Basis of valuation	2024
	£000s
Quoted prices	-
Observable market data	362,100
Unobservable data	-
	<u>362,100</u>

	Investment assets
Basis of valuation	2023
	£000s
Quoted prices	-
Observable market data	330,595
Unobservable data	-
	<u>330,595</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

During the year, there were no derivative transactions (2023: same).

**Notes to the financial statements (continued)***for the year ended 31 May 2024*

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

There have been no leveraging arrangements in the year (2023: same).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, there is no global exposure to derivatives (2023: same).

There have been no collateral arrangements in the year (2023: same).

## True Potential SEI Cautious

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide the opportunity for capital growth and income through diversified exposure, directly or indirectly, to global equity and fixed income markets. The Sub-Fund will aim to achieve this by investing predominantly in collective investment schemes which themselves have a global equity and fixed income focus. The Sub-Fund may also invest in other permitted collective investment schemes and other permitted transferable securities. The Sub-Fund may seek to protect capital through the use of derivatives utilising Efficient Portfolio Management techniques where appropriate.

The Sub-Fund may hold up to 100% of its scheme property in collective investment vehicles.

Derivatives and forward transactions may also be used for investment purposes. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

##### Current Market Recap

During the one-year reporting period ending 31 May 2024, global financial markets gyrated in response to concerns about central bank monetary policy, the strength of the global economy, and growing geopolitical tensions. Late in the period, global markets rallied in response to generally positive corporate results and investors' hopes that the Federal Reserve (Fed) and other global monetary policy-makers would pivot to cutting interest rates as inflation subsided.

The Fed slowed the pace of its interest rate-hiking cycle over the first several months of the reporting period as inflation cooled. The central bank raised the federal funds rate in two 25-basis point (0.25%) increments following its meetings in May and July 2023, to a range of 5.25% to 5.50%. However, the Fed left its benchmark rate unchanged for the remainder of the period, ending a rate-hiking cycle that had begun in March 2022. In a statement announcing its rate decision following its meeting in March 2024, the Federal Open Market Committee (FOMC) noted, "Inflation has eased over the past year but remains elevated. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent".

##### Geopolitical Events

The geopolitical news during the reporting period was dominated by the ongoing Russia-Ukraine war, and later, escalating tensions in the Middle East. Russia's invasion of Ukraine marked its second anniversary on 24 February 2024, with little hope for a resolution in the near term.

Long-simmering tensions in the Middle East escalated to war following a surprise attack on Israel by Hamas in early October 2023. Hamas, a militant Palestinian nationalist group based in the West Bank and Gaza Strip, seeks to establish an independent Islamic state in Palestine. In addition to the casualties resulting from Hamas' initial incursion into Israel, the militant group and some of its allies abducted more than 200 soldiers and civilians. A one-week ceasefire in the military conflict between Israel and Hamas expired on November 30, 2023, after the two sides could not reach an agreement on an extension. The truce had led to several hostage and prisoner exchanges between Israel and Hamas. Each side blamed the other for the failure to extend the ceasefire, and fighting resumed following the expiration of the truce. Towards the end of the reporting period, 14 of the 15 countries comprising the United Nations Security Council, which is responsible for maintaining international peace and security, approved a resolution calling for another ceasefire between Israel and Hamas. The U.S. abstained from the vote, angering President Benjamin Netanyahu of Israel, a U.S. ally, who opposed the resolution.

In late January 2024, the U.S. and U.K. (with support from Australia, Bahrain, Canada, and the Netherlands) conducted airstrikes on several targets in Yemen. The military action was in response to Houthi rebel attacks on commercial shipping in the Red Sea off the coast of Yemen. The Houthi movement is an Iran-backed militant group that seized Sanaa, Yemen's capital, in 2014. The group has attacked U.S. military bases in Iraq and Syria, as well as numerous commercial ships in the Red Sea, forcing international shipping companies to reroute their vessels around the Cape of Good Hope in South Africa, putting upward pressure on freight costs. In late January 2024, an Iran-backed militia group conducted a drone attack at a U.S. military base in Jordan, killing three U.S. troops. The coalition subsequently conducted a retaliatory strike on 18 Houthi military targets in Yemen. In late March, the Houthis reached agreements with China and Russia to allow safe passage for their ships through the Red Sea and Gulf of Aden.

## Market Developments

Global equity markets, as measured by the MSCI ACWI Index, gained 23.2% over the reporting period despite numerous bouts of volatility. North America was the top-performing region among the developed markets for the reporting period due mainly to strength in the U.S., while the Far East region benefited largely from a strong rally in Japan. The Pacific ex Japan region posted a relatively small positive return and was the most notable laggard among developed markets over the period, attributable mainly to substantial weakness in Hong Kong and New Zealand. The top performers among emerging markets included Eastern Europe (particularly Hungary, Greece, and Poland) and South America (mainly Colombia and Peru). Conversely, the Far East region posted a modest gain and was the primary laggard among the emerging markets for the period, attributable to notable weakness in China.

Global fixed-income assets, as represented by the Bloomberg Global Aggregate Bond Index, returned 0.5% for the reporting period. Global high-yield bonds outperformed their investment-grade corporate and government counterparts. In the U.S., high-yield bonds ended the period with substantial gains, outperforming investment-grade corporate bonds, U.S. Treasuries, and mortgage-backed securities (MBS). The U.S. Treasury yield curve remained inverted during the period, as yields on shorter-term bonds exceeded those on longer-dated securities. The yield on the 10-year U.S. Treasury note moved higher for most of the reporting period, crossing 5% in overnight trading on late October—its highest level since July 2007. The 10-year yield subsequently dropped to a low of 3.79% in late December 2023, then rebounded to end the reporting period at 4.20%—up 0.72% year-over-year (bond prices move inversely to interest rates). Yields rose across the Treasury curve over the period. Yields on 2-, 3-, 5- and 10-year Treasury notes rose 0.53%, 0.59%, and 0.72%, respectively, during the period. The yield spread between 10- and 2-year notes narrowed from -0.58% to -0.39% over the period.

Global commodity prices, as measured by the Bloomberg Commodity Total Return Index, dipped 0.6% in U.S. dollar terms during the reporting period. Prices for West Texas Intermediate crude oil and Brent crude moved higher over the period as ongoing geopolitical tensions in the Middle East spurred investors' worries about a disruption in oil exports. The gold price ended the period in positive territory as the Fed slowed and subsequently paused its rate-hiking cycle. The New York Mercantile Exchange (NYMEX) natural gas price fell over the reporting period due to an increase in inventories and falling demand due to above-average temperatures in the U.S. for much of the winter of 2023-2024. Wheat prices declined during the reporting period, hampered by Russia's shipments of large quantities of cheaply priced grain. The downturn more than offset a rebound in the wheat price in the fourth quarter of 2023, due mainly to a reduction in exports from Ukraine due to the nation's ongoing conflict with Russia.

## Our View

U.S. interest-rate expectations have converged thus far in 2024, as stubborn inflation data and a mixed employment picture have led investors to back away from predictions of aggressive interest-rate reductions from the Fed. As of the end of the first quarter, roughly three rate cuts were priced in, most likely starting in June, putting market expectations only slightly ahead of our own. Nonetheless, risks to this view are, in our opinion, clearly on the side of fewer rate cuts.

We would not be surprised to see mild weakness in the jobs data seize the attention of policy-makers and serve as a catalyst for the first rate cut in early summer, even if inflation remains above target. We consider inflation will remain stickier than expected on a slower decline in service inflation and a continued rebound in goods inflation.

U.S. equity investors are starting the quarter from what can only be described as "elevated levels" in the market. The S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of 21. That is well above the historical average of roughly 16 and a good distance away from the rest of the world at just under 14. While it is true that equity market performance has broadened thus far in 2024—Japanese stocks are enjoying a strong rally and, in the U.S., the "Magnificent Seven" mega-cap technology stocks are ending their run in favour of the "Fab Four" or maybe the "Terrific Trio"—quite a bit of good news is already priced into the U.S. market. Starting from here, the bar has been set fairly high for earnings to outperform expectations and drive prices higher. We acknowledge that P/E multiples can still expand from these heights, especially if they're helped along by a pivot to easier monetary policy via interest-rate cuts from the Fed.



The 10-year U.S. Treasury yield is down from the 16-year high of 5% reached in October 2023, but well above where it started the year. We see additional room for bond yields to move higher, not only on the aforementioned sticky inflation data, but also on the substantial budget funding pressures and the lack of term premium priced into the yield curve. We would not be surprised to see the 10-year Treasury yield retest the 5% level even with the prospect of rate cuts on the horizon.

## Key Market Factors 2023/2024

### Interest Rate Expectations 2024

Markets dropped their expectations for the number of interest rate cuts in 2024 as major central banks held firm in Q1, however, all hinted that cuts were coming. 2023 saw the end of interest rate hikes. Expectations so far this year have swung wildly as central banks and economic data continues to give mixed signals. At the start of 2024, seven rate cuts were priced in for the year. The result of interest rate expectations jumping around is likely more volatility over the following months as investors remain sensitive to uncertainties. Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

### Presidential elections influence on markets

With the US Presidential election in November, investors start to question how this might influence markets and returns. The election will likely add some degree of volatility into the markets as we creep towards November and investors on both sides of the political fence get spooked. Historically however, markets have been mostly unbothered by elections in the past. Markets are somewhat unbiased when it comes to favouring a particular party or another. Whilst we remain positioned for further volatility in the market, we continue to monitor market fundamentals to identify opportunities, rather than be swayed by political party rhetoric, that has historically not meant much.

### Opportunities outside of the US

Valuations between select US stocks and the rest of the world are becoming increasingly divergent. At the same time, Japanese stocks have outperformed US stocks so far this year and both the Japanese and European indices hit all-time highs. The divergence in valuations suggests other countries may have some more room to deliver strong returns in the coming years. Oxford Economics have forecasted Emerging and Developed Market Equity to more than double the returns of US Equity over the next 5 years. Whilst it is too soon to say, we see a possible narrative playing out with investors being overly optimistic on the US, and consequently overlooking opportunities elsewhere. Strategically, we retain our global diversification which has allowed us to capture the strong returns seen in Europe and Japan over Q1. Tactically, we continue to monitor fundamentals of these regions to continue exploiting opportunities and implementing tactical trades when appropriate.

## Performance

### Contributions

- Allocation to equities has biggest positive impact on total returns. Emerging Market Debt, High Yield Fixed Income and Multi Asset Income Products all contributed to absolute performance.
- From a relative perspective active management returned strong performances across equities; a UK HCB within UK equity was additive, as were allocations within Europe and Japan. Momentum sleeve continued positively, more than offsetting headwinds from Quality and Value.
- Relative performance bolstered by UK Core Fixed Income: Overweight positioning in financials and securitised bonds, as well as a beneficial curve positioning from M&G.
- Relative performance bolstered by Emerging Market Debt (Colchester, Marathon, Neuberger Berman, Ninety One, Virtus): Overweight local currency duration and an overweight to high yielding hard currency bonds.
- Relative performance bolstered by Liquid Alternatives Exposure to tactical trades benefitting from developed market equity tailwinds.

## Detractors

- UK Equity (Jupiter, LA Capital): Headwinds from the structural preference for value segments, as well as a more balanced and well diversified positioning along the market cap spectrum.

<i>Performance</i>	<i>Q2 2023</i>	<i>Q3 2023</i>	<i>Q4 2023</i>	<i>Q1 2024</i>
<i>TP SEI Cautious</i>	-0.39%	0%	5.01%	3.47%

(source: SEI Investment Management Corporation)

## Positioning

### Theme: Emerging Markets (EM) local rates & Foreign Exchange (FX )

Overweight EM local rates & FX

- EM local currency bonds continue to present an attractive total return opportunity thanks to elevated real yields.
- LatAm markets (Mexico and Colombia) provide some of the best valuation opportunities. We are underweight China.
- The EM FX complex in general also remains cheap on long term valuation measures.

### Theme: We expect valuations to improve over the course of the year

Out-of-index exposure to short-dated credit sectors

- Allocation to short-dated credit generates additional yield due to inverted yield curve.
- We still consider interest rates will remain higher for longer.

## Investment Strategy and Outlook

The investment objective of Sub-Fund is to provide the opportunity for capital growth and income through diversified exposure, directly or indirectly, to global equity and fixed income markets. The Sub-Fund will aim to achieve this by investing predominately in other collective investment schemes which themselves have a global equity and fixed income focus. The Sub-Fund may seek to protect capital through the use of derivatives utilising Efficient Portfolio Management techniques where appropriate. The Sub-Fund may hold up to 100% of its Scheme Property in collective investment vehicles.

## Manager Changes

### June 2023

To continue SEI's focus on fundamental, stock-selection managers, we removed Hillsdale Investment Management from the Small Cap Select Companies Building Block on the 23 June 2023.

### Q3 2023

The following manager line-up changes have been made to the Global Equities Building Block:

- Jupiter Asset Management Limited's ("Jupiter") Developed World ex US Value strategy has been added.
- Lazard Asset Management LLC's ("Lazard") Developed World ex US Quality Growth strategy has been added.
- Metropole Gestion SA's ("Metropole") European Value strategy has been removed.
- Sompo Asset Management Co., Ltd.'s ("Sompo") Japan Value Equity Concentrated strategy has been removed.

To upgrade the building block's value implementation, we broadened the scope of Jupiter's mandate to cover all developed markets excluding the US. Previously the manager's role within the building block focused exclusively on the UK market. The team has successfully applied their investment process across the global investment universe since 2016 and has demonstrated a strong alignment with SEI's value philosophy.

Simultaneously, we terminated Metropole and Sompò within the Fund. Metropole was removed due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder. Sompò's mandate was consolidated to aggregate coverage of the non-US universe under Jupiter. We have no manager-specific concerns over Sompò and the change was driven exclusively by portfolio construction considerations.

On the quality side, we appointed Lazard to implement the alpha source in the non-US markets to broaden PineStone's US-focused implementation of quality.

Metropole Gestion SA's ("Metropole") European Value strategy was removed from the European Ex-UK Equities Building Block.

Metropole was removed from the building block due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder.

Aikya Investment Management (Aikya) was added to the Emerging Markets Equities Building Block. Adding Aikya to the building block introduces a manager with a distinct approach and close alignment with SEI's quality alpha source. Aikya uses a fundamental approach to assess corporate stewardship and balance sheet quality to build a portfolio that is expected to benefit from longer-term compounding of returns. The addition of Aikya provides SEI with ability to control quality exposure over an economic cycle and complements the other managers in the building block's lineup.

#### Q4 2023

AllianceBernstein L.P.'s Global Government Bonds strategy was removed from the SGMF Global Fixed Income Fund. The decision was driven by several factors. First, market depreciation in recent years has reduced the Fund's size to the extent that it has become increasingly difficult to accommodate five sub-advisers. We consider that retaining its four highest-conviction sub-advisers will maintain an appropriate level of diversification while potentially improving performance over time. Second, we are concerned with the number of senior portfolio managers that have left AB in recent years, which we feel leaves areas of the firm under-resourced. Third, we increasingly struggle to align AB's investment philosophy in the sovereign-bond space with our alpha-source framework, which limits the extent to which AB performs a complementary role in the Fund. We consider that AB's termination provides an opportunity to consolidate around our higher-conviction managers, exploit alpha sources more effectively, and ultimately improve the Fund's performance over time.

Grantham, Mayo, Van Otterloo & Co. LLC's ("GMO") Hard Currency Emerging Market Debt strategy was added to the SGMF Emerging Markets Debt Fund. GMO will manage a hard-currency-focused mandate benchmarked to the JPM EMBI Global Diversified. Since the firm frequently expresses ideas beyond the constraints placed on benchmarks, we consider their approach will add breadth to the trade ideas expressed in the Fund. Their addition is designed to improve diversification among the sub-advisors and enhance the Fund's upside and downside capture.

Stone Harbor Investment Partners' ("Stone Harbor") Hard Currency Emerging Market Debt strategy has been removed from the SGMF Emerging Markets Debt Fund. The decision to remove Stone Harbor from the Fund stems from reduced confidence in the manager's ability to outperform across market environments. A deep value credit investor, this approach succeeded over its first two decades, with generally high recoveries and quick restructuring processes. As the number of creditors to emerging-market countries has grown, recoveries have extended and recovery values have become increasingly variable. When it comes to security selection, we consider there has been a decay in Stone Harbor's ability to differentiate between these deep value trades. Their focus on bottom-up country research has not been equally met with a risk-managed approach to constructing the final portfolio, leading at times to underlying holdings that are highly correlated and a strategy that succeeds only in a narrow range of market environments.

#### Q1 2024

SEI converted Copeland Capital Management's sleeve in Small Cap Select building block and Aikya Investment Management's sleeve in Emerging Markets Equity building block to model overlays as part of our broader transition to a blended investment approach. The portfolios are now ESG risk-managed through an integrated optimization with the objective of reducing exposure to stocks with high ESG risks without a significant increase in expected active risk or a reduction in expected return. Stocks with exposure to ESG risks without a risk premium are further penalized, while companies involved in the sale or production of controversial weapons or thermal coal are excluded entirely. We also exclude ESG laggards, which fall into the lowest "CCC" category under the MSCI definition.

RBC BlueBay was added to the SEI Global Opportunistic Fixed Income building block, while Alliance Bernstein (AB) and JP Morgan were removed. RBC BlueBay was hired as a generalist manager. The stable and experienced investment team has demonstrated an ability to deliver attractive long-term risk-adjusted performance through active duration and currency management, sector rotation, and idiosyncratic trades. The team exploits market-directional, relative value mean-reversion and risk premia opportunities, with a keen awareness of downside risks. JP Morgan's termination was not due to any specific concerns around the investment process, team, or organization, but because we are no longer able to accommodate two specialist corporate bond managers following a restructuring of the Fund, which introduced the aforementioned generalist manager. AB's termination is due to concerns about the investment team's high turnover in recent years, as well as its underwhelming long-term performance, which we consider is due to an overreliance on carry at the expense of valuation considerations. This has typically made their portfolio very vulnerable to spread-widening environments, when they often give back much of the outperformance that had been generated in more benign times. This investment style has resulted in disappointing risk-adjusted performance.

## May 2024

The following Funds closed over the month:

- SGMF US Large Companies Fund
- SGMF Europe Ex-UK Equity Fund
- SGMF Pan European Small Cap Fund
- SGMF Japan Equity Fund
- SGMF Asia Pacific (Ex-Japan) Equity Fund

## Outlook

The global economic environment appears to be on the upswing. Services continue to lead the way, but manufacturing also is exhibiting renewed signs of life. The U.K has logged surprising strength relative to market expectations. Japan and Europe also are delivering better results. The U.S. economy still appears in good shape, but the data have recently begun to fall short of the market's lofty expectations.

Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

Investors have dramatically scaled back their expectations regarding the number of rate cuts the major central banks will implement this year. This a theme that may continue into 2025 if wage pressures reaccelerate and inflation remains surprisingly sticky.

The U.S. broad-market S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of around 20, which is above the 10-year average of roughly 18. The bar has been set fairly high for earnings to outperform expectations and drive prices higher. According to financial data services provider FactSet, 78% of the companies in the S&P 500 Index reporting first-quarter 2024 results as of the end of May posted earnings per share that beat consensus estimates—slightly above the five- and ten-year averages of 77% and 74%, respectively. The sectors with the most positive earnings surprises were communication services and financials. We at SEI continue to favour more value-oriented market segments such as financials, as the sector looks attractive from a price/earnings multiple perspective, and we still expect higher interest rates into the summer months.

SEI Investment Management Corporation - a sub-delegate of True Potential Investments LLP

25 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Hedged)	94,992
SEI Global Master Fund - The SEI Global Fixed Income Fund	70,922
SEI Global Master Fund - The SEI Global Opportunistic Fixed Income Fund	73,174
SEI Global Master Fund - The SEI US Small Companies Fund	43,990
SEI Global Master Fund - SEI Small Cap Select Fund	35,568
SEI Global Master Fund - SEI Select Value Fund (Inst)	34,954
SEI Global Master Fund - SEI Select Value Fund (Hedged)	33,999
SEI Global Master Fund - SEI Select Momentum Fund (Inst)	32,539
SEI Global Master Fund - SEI Select Momentum Fund (Hedged)	32,458
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Inst)	30,245
Subtotal	<u>482,841</u>
Total cost of purchases, including the above, for the year	<u>809,332</u>
	Proceeds
	£000s
Sales:	
SEI Global Master Fund - The SEI UK Equity Fund	146,884
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Inst)	135,080
SEI Global Master Fund - The SEI Factor Allocation Global Equity Fund (Inst)	50,251
SEI Global Master Fund - The SEI Factor Allocation Global Equity Fund (Hedged)	38,568
SEI Global Master Fund - The SEI Factor Allocation US Equity Fund	31,370
SEI Global Master Fund - The SEI US Small Companies Fund	29,579
SEI Global Master Fund - The SEI UK Core Fixed Interest Fund	27,350
SEI Global Master Fund - The SEI Global Multi-Asset Income Fund	25,205
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Inst)	17,780
SEI Global Master Fund - The SEI Global Fixed Income Fund	14,029
Subtotal	<u>516,096</u>
Total proceeds from sales, including the above, for the year	<u>615,005</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Collective Investment Schemes - 100.30% (100.07%)			
Offshore Collective Investment Schemes - 100.30% (100.07%)			
BlackRock ICS Sterling Liquidity Fund	299,158	34,106	2.27
SEI Global Master Fund - Dynamic Factor Allocation Fund (Hedged)	2,924,595	33,955	2.26
SEI Global Master Fund - Dynamic Factor Allocation Fund (Inst)	3,052,513	34,036	2.26
SEI Global Master Fund - SEI Select Momentum Fund (Hedged)	3,603,011	45,650	3.03
SEI Global Master Fund - SEI Select Momentum Fund (Inst)	3,759,472	45,753	3.04
SEI Global Master Fund - SEI Select Quality Fund (Hedged)	1,961,728	22,619	1.50
SEI Global Master Fund - SEI Select Quality Fund (Inst)	2,051,442	22,689	1.51
SEI Global Master Fund - SEI Select Value Fund (Hedged)	4,011,695	45,934	3.05
SEI Global Master Fund - SEI Select Value Fund (Inst)	4,189,484	46,084	3.06
SEI Global Master Fund - SEI Small Cap Select Fund	3,522,262	35,998	2.39
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Hedged)	2,521,469	28,820	1.91
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Inst)	1,111,811	28,896	1.92
SEI Global Master Fund - The SEI Emerging Markets Debt Fund	12,033,099	86,638	5.75
SEI Global Master Fund - The SEI Emerging Markets Equity Fund	3,592,141	51,907	3.45
SEI Global Master Fund - The SEI Global Fixed Income Fund	18,741,029	190,221	12.64
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Hedged)	9,152,075	98,842	6.57
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Inst)	5,029,603	99,133	6.58
SEI Global Master Fund - The SEI Global Opportunistic Fixed Income Fund	18,979,739	180,687	12.00
SEI Global Master Fund - The SEI Global Short Duration Bond Fund	6,267,439	60,938	4.05
SEI Global Master Fund - The SEI Global Short Term Bond Fund	1,580,228	15,265	1.01
SEI Global Master Fund - The SEI High Yield Fixed Income Fund	10,319,997	86,791	5.76
SEI Global Master Fund - The SEI Liquid Alternative Fund	3,069,480	44,078	2.93
SEI Global Master Fund - The SEI UK Core Fixed Interest Fund	6,146,916	62,453	4.15
SEI Global Master Fund - The SEI UK Index Linked Fixed Interest Fund	4,963,468	72,417	4.81
SEI Global Master Fund - The SEI US Small Companies Fund	865,304	36,083	2.40
Total Offshore Collective Investment Schemes		1,509,993	100.30
Total Collective Investment Schemes		1,509,993	100.30
Portfolio of investments		1,509,993	100.30
Other net liabilities		(4,461)	(0.30)
Total net assets		1,505,532	100.00

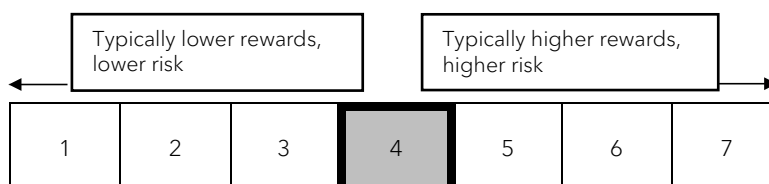
All investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 May 2023.

## Risk and reward profile

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Sub-Fund.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

### Task Force on Climate-Related Financial Disclosures (unaudited)

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	104.51	112.25	115.11
Return before operating charges*	9.82	(3.30)	0.74
Operating charges	(1.08)	(1.07)	(1.15)
Return after operating charges*	8.74	(4.37)	(0.41)
Distributions+	(3.47)	(3.37)	(2.45)
Closing net asset value per share	109.78	104.51	112.25
 *after direct transaction costs of:	-	-	-
 Performance			
Return after charges	8.36%	(3.89%)	(0.36%)
 Other information			
Closing net asset value (£000s)	1,500,254	1,227,270	1,068,245
Closing number of shares	1,366,602,567	1,174,339,470	951,704,706
Operating charges++	1.00%	0.99%	0.99%
Direct transaction costs	-	-	-
 Prices			
Highest share price (p)	112.34	112.70	119.20
Lowest share price (p)	102.50	102.20	110.60

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.



## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	127.72	133.00	133.54
Return before operating charges*	12.19	(4.00)	0.80
Operating charges	(1.33)	(1.28)	(1.34)
Return after operating charges*	10.86	(5.28)	(0.54)
Distributions+	(4.29)	(4.02)	(2.86)
Retained distribution on accumulation shares+	4.29	4.02	2.86
Closing net asset value per share	138.58	127.72	133.00
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	8.50%	(3.97%)	(0.40%)
Other information			
Closing net asset value (£000s)	5,278	6,242	7,583
Closing number of shares	3,808,101	4,887,205	5,700,961
Operating charges++	1.00%	0.99%	0.99%
Direct transaction costs	-	-	-
Prices			
Highest share price (p)	140.52	133.50	139.20
Lowest share price (p)	126.40	122.10	130.30

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables***for the year ended 31 May 2024***Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	0.909	-	0.909	0.914
31.10.23	group 2	quarter 1	0.334	0.575	0.909	0.914
31.01.24	group 1	interim	0.808	-	0.808	0.800
31.01.24	group 2	interim	0.219	0.589	0.808	0.800
30.04.24	group 1	quarter 3	0.741	-	0.741	0.873
30.04.24	group 2	quarter 3	0.348	0.393	0.741	0.873
31.07.24	group 1	final	1.009	-	1.009	0.787
31.07.24	group 2	final	0.522	0.487	1.009	0.787

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1                Shares purchased before 1 June 2023  
Group 2                Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1                Shares purchased before 1 September 2023  
Group 2                Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1                Shares purchased before 1 December 2023  
Group 2                Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1                Shares purchased before 1 March 2024  
Group 2                Shares purchased 1 March 2024 to 31 May 2024

**Distribution tables (continued)**

for the year ended 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	1.111	-	1.111	1.084
31.10.23	group 2	quarter 1	0.501	0.610	1.111	1.084
31.01.24	group 1	interim	0.997	-	0.997	0.956
31.01.24	group 2	interim	0.010	0.987	0.997	0.956
30.04.24	group 1	quarter 3	0.904	-	0.904	1.050
30.04.24	group 2	quarter 3	-	0.904	0.904	1.050
31.07.24	group 1	final	1.278	-	1.278	0.929
31.07.24	group 2	final	0.766	0.512	1.278	0.929

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1 Shares purchased before 1 June 2023
- Group 2 Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1 Shares purchased before 1 September 2023
- Group 2 Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1 Shares purchased before 1 December 2023
- Group 2 Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1 Shares purchased before 1 March 2024
- Group 2 Shares purchased 1 March 2024 to 31 May 2024

## Financial statements - True Potential SEI Cautious

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		76,927		(72,809)
Revenue	3	50,525		41,564	
Expenses	4	(11,585)		(9,978)	
Net revenue before taxation		38,940		31,586	
Taxation	5	(4,539)		(3,113)	
Net revenue after taxation			34,401		28,473
Total return/(deficit) before distributions			111,328		(44,336)
Distributions	6		(43,668)		(36,453)
Change in net assets attributable to shareholders from investment activities			67,660		(80,789)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			1,233,512		1,075,828
Amounts receivable on issue of shares		351,382		433,487	
Amounts payable on cancellation of shares		(147,197)		(195,217)	
			204,185		238,270
Change in net assets attributable to shareholders from investment activities			67,660		(80,789)
Retained distribution on accumulation shares			175		203
Closing net assets attributable to shareholders			1,505,532		1,233,512

**Balance Sheet**  
as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		1,509,993	1,234,389
Current assets:			
Debtors	7	28,438	5,156
Cash and bank balances	8	8,043	6,616
Total assets		<u>1,546,474</u>	<u>1,246,161</u>
Liabilities:			
Creditors:			
Distribution payable	6	(13,785)	(9,242)
Other creditors	9	(27,157)	(3,407)
Total liabilities		<u>(40,942)</u>	<u>(12,649)</u>
Net assets attributable to shareholders		<u>1,505,532</u>	<u>1,233,512</u>

**Notes to the financial statements**

for the year ended 31 May 2024

1.	Accounting policies		
	The accounting policies are disclosed on pages 11 to 13.		
2.	Net capital gains/(losses)	2024	2023
		£000s	£000s
	Non-derivative securities – gains/(losses)	76,927	(72,809)
	Net capital gains/(losses)	<u>76,927</u>	<u>(72,809)</u>
3.	Revenue	2024	2023
		£000s	£000s
	Non-interest distributions from overseas funds	16,245	16,021
	Interest distributions from overseas collective investment schemes	33,888	25,335
	Bank interest	392	208
	Total revenue	<u>50,525</u>	<u>41,564</u>
4.	Expenses	2024	2023
		£000s	£000s
	Payable to the ACD and associates		
	Annual management charge	11,585	9,978
	Total expenses	<u>11,585</u>	<u>9,978</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,730 inclusive of VAT (2023: £8,394 inclusive of VAT).

5.	Taxation	2024	2023
		£000s	£000s
a	Analysis of charge for the year		
	Corporation tax	4,539	3,113
	Total taxation (note 5b)	<u>4,539</u>	<u>3,113</u>
b	Factors affecting the current tax charge for the year		

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

		2024	2023
		£000s	£000s
	Net revenue before taxation	38,940	31,586
	Corporation tax @ 20%	<u>7,788</u>	<u>6,317</u>
	Effects of:		
	Overseas revenue	(3,249)	(3,204)
	Total taxation (note 5a)	<u>4,539</u>	<u>3,113</u>

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Quarter 1 income distribution	11,029	9,308
Quarter 1 accumulation distribution	50	59
Interim income distribution	10,210	8,637
Interim accumulation distribution	42	47
Quarter 3 income distribution	9,682	10,152
Quarter 3 accumulation distribution	34	52
Final income distribution	13,785	9,242
Final accumulation distribution	49	45
	<u>44,881</u>	<u>37,542</u>
Equalisation:		
Amounts deducted on cancellation of shares	768	1,026
Amounts added on issue of shares	(1,981)	(2,115)
	<u>43,668</u>	<u>36,453</u>
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	34,401	28,473
Distributed revenue brought forward	-	1
Expenses paid from capital	11,585	9,978
Marginal tax relief	(2,317)	(1,995)
Undistributed revenue carried forward	(1)	(4)
Distributions	<u>43,668</u>	<u>36,453</u>

Details of the distribution per share are disclosed in the Distribution tables.

## 7. Debtors

	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	4,157	4,719
Sales awaiting settlement	24,048	-
Accrued revenue	13	20
Corporation tax receivable	220	417
Total debtors	<u>28,438</u>	<u>5,156</u>

## 8. Cash and bank balances

	2024	2023
	£000s	£000s
Cash and bank balances	8,043	6,616
Total cash and bank balances	<u>8,043</u>	<u>6,616</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	7	2,426
Purchases awaiting settlement	26,057	-
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	1,093	981
Total accrued expenses	1,093	981
Total other creditors	27,157	3,407

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	1,174,339,470
Total shares issued in the year	330,439,507
Total shares cancelled in the year	(138,176,410)
Closing shares in issue	<u>1,366,602,567</u>
	A Accumulation
Opening shares in issue	4,887,205
Total shares issued in the year	406,064
Total shares cancelled in the year	(1,485,168)
Closing shares in issue	<u>3,808,101</u>

For the year ended 31 May 2024, the annual management charge is 0.85%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 109.78p to 113.70p and the A Accumulation share has increased from 138.58p to 144.94p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

2024	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
Collective Investment Schemes	809,332	809,332
<b>Total</b>	<b>809,332</b>	<b>809,332</b>

2023	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
Collective Investment Schemes	401,187	401,187
<b>Total</b>	<b>401,187</b>	<b>401,187</b>

2024	Sales before transaction costs £000s	Sales after transaction costs* £000s
Collective Investment Schemes	615,005	615,005
<b>Total</b>	<b>615,005</b>	<b>615,005</b>

2023	Sales before transaction costs £000s	Sales after transaction costs* £000s
Collective Investment Schemes	168,661	168,661
<b>Total</b>	<b>168,661</b>	<b>168,661</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential SEI Cautious	3.80	5.16	4.52	10.50	99.00	100.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk is collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £75,500,000 (2023: £61,719,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

The Sub-Fund had no significant direct exposure to foreign currency in the year.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

In the event of a change in interest rates, there would be no material impact upon the net assets of the Sub-Fund.

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

There is no significant exposure to interest bearing securities at the balance sheet date.

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets
Basis of valuation	2024
	£000s
Quoted prices	-
Observable market data	1,509,993
Unobservable data	-
	<u>1,509,993</u>

	Investment assets
Basis of valuation	2023
	£000s
Quoted prices	-
Observable market data	1,234,389
Unobservable data	-
	<u>1,234,389</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

During the year, there were no derivative transactions (2023: same).

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (i) Counterparties (continued)

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

There have been no leveraging arrangements in the year (2023: same).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, there is no global exposure to derivatives (2023: same).

There have been no collateral arrangements in the year (2023: same).

## True Potential SEI Balanced

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide capital growth and income through diversified exposure, directly or indirectly, to global equity and fixed income markets. The Sub-Fund will aim to achieve this by investing predominantly in collective investment schemes which themselves have a global equity and fixed income focus. The Sub-Fund may also invest in other permitted collective investment schemes and other permitted transferable securities. The Sub-Fund may seek to protect capital through the use of derivatives utilising Efficient Portfolio Management techniques where appropriate.

The Sub-Fund may hold up to 100% of its scheme property in collective investment vehicles.

Derivatives and forward transactions may also be used for investment purposes. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

##### Current Market Recap

During the one-year reporting period ending 31 May 2024, global financial markets gyrated in response to concerns about central bank monetary policy, the strength of the global economy, and growing geopolitical tensions. Late in the period, global markets rallied in response to generally positive corporate results and investors' hopes that the Federal Reserve (Fed) and other global monetary policy-makers would pivot to cutting interest rates as inflation subsided.

The Fed slowed the pace of its interest rate-hiking cycle over the first several months of the reporting period as inflation cooled. The central bank raised the federal funds rate in two 25-basis point (0.25%) increments following its meetings in May and July 2023, to a range of 5.25% to 5.50%. However, the Fed left its benchmark rate unchanged for the remainder of the period, ending a rate-hiking cycle that had begun in March 2022. In a statement announcing its rate decision following its meeting in March 2024, the Federal Open Market Committee (FOMC) noted, "Inflation has eased over the past year but remains elevated. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent".

##### Geopolitical Events

The geopolitical news during the reporting period was dominated by the ongoing Russia-Ukraine war, and later, escalating tensions in the Middle East. Russia's invasion of Ukraine marked its second anniversary on 24 February 2024, with little hope for a resolution in the near term.

Long-simmering tensions in the Middle East escalated to war following a surprise attack on Israel by Hamas in early October 2023. Hamas, a militant Palestinian nationalist group based in the West Bank and Gaza Strip, seeks to establish an independent Islamic state in Palestine. In addition to the casualties resulting from Hamas' initial incursion into Israel, the militant group and some of its allies abducted more than 200 soldiers and civilians. A one-week ceasefire in the military conflict between Israel and Hamas expired on November 30, 2023, after the two sides could not reach an agreement on an extension. The truce had led to several hostage and prisoner exchanges between Israel and Hamas. Each side blamed the other for the failure to extend the ceasefire, and fighting resumed following the expiration of the truce. Towards the end of the reporting period, 14 of the 15 countries comprising the United Nations Security Council, which is responsible for maintaining international peace and security, approved a resolution calling for another ceasefire between Israel and Hamas. The U.S. abstained from the vote, angering President Benjamin Netanyahu of Israel, a U.S. ally, who opposed the resolution.

In late January 2024, the U.S. and U.K. (with support from Australia, Bahrain, Canada, and the Netherlands) conducted airstrikes on several targets in Yemen. The military action was in response to Houthi rebel attacks on commercial shipping in the Red Sea off the coast of Yemen. The Houthi movement is an Iran-backed militant group that seized Sanaa, Yemen's capital, in 2014. The group has attacked U.S. military bases in Iraq and Syria, as well as numerous commercial ships in the Red Sea, forcing international shipping companies to reroute their vessels around the Cape of Good Hope in South Africa, putting upward pressure on freight costs. In late January 2024, an Iran-backed militia group conducted a drone attack at a U.S. military base in Jordan, killing three U.S. troops. The coalition subsequently conducted a retaliatory strike on 18 Houthi military targets in Yemen. In late March, the Houthis reached agreements with China and Russia to allow safe passage for their ships through the Red Sea and Gulf of Aden.

## Market Developments

Global equity markets, as measured by the MSCI ACWI Index, gained 23.2% over the reporting period despite numerous bouts of volatility. North America was the top-performing region among the developed markets for the reporting period due mainly to strength in the U.S., while the Far East region benefited largely from a strong rally in Japan. The Pacific ex Japan region posted a relatively small positive return and was the most notable laggard among developed markets over the period, attributable mainly to substantial weakness in Hong Kong and New Zealand. The top performers among emerging markets included Eastern Europe (particularly Hungary, Greece, and Poland) and South America (mainly Colombia and Peru). Conversely, the Far East region posted a modest gain and was the primary laggard among the emerging markets for the period, attributable to notable weakness in China.

Global fixed-income assets, as represented by the Bloomberg Global Aggregate Bond Index, returned 0.5% for the reporting period. Global high-yield bonds outperformed their investment-grade corporate and government counterparts. In the U.S., high-yield bonds ended the period with substantial gains, outperforming investment-grade corporate bonds, U.S. Treasuries, and mortgage-backed securities (MBS). The U.S. Treasury yield curve remained inverted during the period, as yields on shorter-term bonds exceeded those on longer-dated securities. The yield on the 10-year U.S. Treasury note moved higher for most of the reporting period, crossing 5% in overnight trading on late October—its highest level since July 2007. The 10-year yield subsequently dropped to a low of 3.79% in late December 2023, then rebounded to end the reporting period at 4.20%—up 0.72% year-over-year (bond prices move inversely to interest rates). Yields rose across the Treasury curve over the period. Yields on 2-, 3-, 5- and 10-year Treasury notes rose 0.53%, 0.59%, and 0.72%, respectively, during the period. The yield spread between 10- and 2-year notes narrowed from -0.58% to -0.39% over the period.

Global commodity prices, as measured by the Bloomberg Commodity Total Return Index, dipped 0.6% in U.S. dollar terms during the reporting period. Prices for West Texas Intermediate crude oil and Brent crude moved higher over the period as ongoing geopolitical tensions in the Middle East spurred investors' worries about a disruption in oil exports. The gold price ended the period in positive territory as the Fed slowed and subsequently paused its rate-hiking cycle. The New York Mercantile Exchange (NYMEX) natural gas price fell over the reporting period due to an increase in inventories and falling demand due to above-average temperatures in the U.S. for much of the winter of 2023-2024. Wheat prices declined during the reporting period, hampered by Russia's shipments of large quantities of cheaply priced grain. The downturn more than offset a rebound in the wheat price in the fourth quarter of 2023, due mainly to a reduction in exports from Ukraine due to the nation's ongoing conflict with Russia.

## Our Views

U.S. interest-rate expectations have converged thus far in 2024, as stubborn inflation data and a mixed employment picture have led investors to back away from predictions of aggressive interest-rate reductions from the Fed. As of the end of the first quarter, roughly three rate cuts were priced in, most likely starting in June, putting market expectations only slightly ahead of our own. Nonetheless, risks to this view are, in our opinion, clearly on the side of fewer rate cuts.

We would not be surprised to see mild weakness in the jobs data seize the attention of policy-makers and serve as a catalyst for the first rate cut in early summer, even if inflation remains above target. We consider inflation will remain stickier than expected on a slower decline in service inflation and a continued rebound in goods inflation.

U.S. equity investors are starting the quarter from what can only be described as "elevated levels" in the market. The S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of 21. That is well above the historical average of roughly 16 and a good distance away from the rest of the world at just under 14. While it is true that equity market performance has broadened thus far in 2024—Japanese stocks are enjoying a strong rally and, in the U.S., the "Magnificent Seven" mega-cap technology stocks are ending their run in favour of the "Fab Four" or maybe the "Terrific Trio"—quite a bit of good news is already priced into the U.S. market. Starting from here, the bar has been set fairly high for earnings to outperform expectations and drive prices higher. We acknowledge that P/E multiples can still expand from these heights, especially if they're helped along by a pivot to easier monetary policy via interest-rate cuts from the Fed.

The 10-year U.S. Treasury yield is down from the 16-year high of 5% reached in October 2023, but well above where it started the year. We see additional room for bond yields to move higher, not only on the aforementioned sticky inflation data, but also on the substantial budget funding pressures and the lack of term premium priced into the yield curve. We would not be surprised to see the 10-year Treasury yield retest the 5% level even with the prospect of rate cuts on the horizon.

## Key Market Factors 2023/2024

### Interest Rate Expectations in 2024

Markets dropped their expectations for the number of interest rate cuts in 2024 as major central banks held firm in Q1, however, all hinted that cuts were coming. 2023 saw the end of interest rate hikes. Expectations so far this year have swung wildly as central banks and economic data continues to give mixed signals. At the start of 2024, seven rate cuts were priced in for the year. The result of interest rate expectations jumping around is likely more volatility over the following months as investors remain sensitive to uncertainties. Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

### Presidential elections influence on markets

With the US Presidential election in November, investors start to question how this might influence markets and returns. The election will likely add some degree of volatility into the markets as we creep towards November and investors on both sides of the political fence get spooked. Historically however, markets have been mostly unbothered by elections in the past. Markets are somewhat unbiased when it comes to favouring a particular party or another. Whilst we remain positioned for further volatility in the market, we continue to monitor market fundamentals to identify opportunities, rather than be swayed by political party rhetoric, that has historically not meant much.

### Opportunities outside of the US

Valuations between select US stocks and the rest of the world are becoming increasingly divergent. At the same time, Japanese stocks have outperformed US stocks so far this year and both the Japanese and European indices hit all-time highs. The divergence in valuations suggests other countries may have some more room to deliver strong returns in the coming years. Oxford Economics have forecasted Emerging and Developed Market Equity to more than double the returns of US Equity over the next 5 years. Whilst it is too soon to say, we see a possible narrative playing out with investors being overly optimistic on the US, and consequently overlooking opportunities elsewhere. Strategically, we retain our global diversification which has allowed us to capture the strong returns seen in Europe and Japan over Q1. Tactically, we continue to monitor fundamentals of these regions to continue exploiting opportunities and implementing tactical trades when appropriate.

## Performance

### Contributors

- Allocation to equities has biggest positive impact on total returns. Emerging Market Debt, High Yield Fixed Income and Multi Asset Income Products all contributed to absolute performance.
- From a relative perspective active management returned strong performances across equities; a UK HCB within UK equity was additive, as were allocations within Europe and Japan. Momentum sleeve continued positively, more than offsetting headwinds from Quality and Value.
- Relative performance bolstered by UK Core Fixed Income: Overweight positioning in financials and securitised bonds, as well as a beneficial curve positioning from M&G.
- Relative performance bolstered by Emerging Market Debt (Colchester, Marathon, Neuberger Berman, Ninety One, Virtus): Overweight local currency duration and an overweight to high yielding hard currency bonds.
- Relative performance bolstered by Liquid Alternatives Exposure to tactical trades benefitting from developed market equity tailwinds.

### Detractors

- US Large Companies; A generally difficult environment for active investing in the US as equity markets returns have been narrowly concentrated among the largest companies.

<i>Performance</i>	<i>Q2 2023</i>	<i>Q3 2023</i>	<i>Q4 2023</i>	<i>Q1 2024</i>
<i>TP SEI Balanced</i>	0%	0.35%	5.71%	4.62%

(source: SEI Investment Management Corporation)



## Positioning

### Theme: Alpha sources continue to provide attractive opportunities

- Factor outlook remains balanced, with slight preference for value and momentum.
- In the US, market concentration in the Magnificent 7 has created near term challenges but offers opportunities when this normalises.
- Preference for value due to high interest rates and wide valuation spreads.
- Preference for momentum due to improving leading economic indicators.

### Theme: Emerging Markets (EM) local rates & Foreign Exchange (FX)

#### Overweight EM local rates & FX

- EM local currency bonds continue to present an attractive total return opportunity thanks to elevated real yields.
- LatAm markets (Mexico and Colombia) provide some of the best valuation opportunities. We are underweight China.
- The EM FX complex in general also remains cheap on long term valuation measures.

## Investment Strategy and Outlook

The investment objective of the True Potential SEI Balanced Sub-Fund is to provide capital growth and income in line with global equity and fixed income markets whilst seeking to manage the respective risks.

## Manager Changes

### June 2023

To continue SEI's focus on fundamental, stock-selection managers, we removed Hillsdale Investment Management from the Small Cap Select Companies Building Block on the 23 June 2023.

### Q3 2023

The following manager line-up changes have been made to the Global Equities Building Block:

- Jupiter Asset Management Limited's ("Jupiter") Developed World ex US Value strategy has been added.
- Lazard Asset Management LLC's ("Lazard") Developed World ex US Quality Growth strategy has been added.
- Metropole Gestion SA's ("Metropole") European Value strategy has been removed.
- Sompo Asset Management Co., Ltd.'s ("Sompo") Japan Value Equity Concentrated strategy has been removed.

To upgrade the building block's value implementation, we broadened the scope of Jupiter's mandate to cover all developed markets excluding the US. Previously the manager's role within the building block focused exclusively on the UK market. The team has successfully applied their investment process across the global investment universe since 2016 and has demonstrated a strong alignment with SEI's value philosophy.

Simultaneously, we terminated Metropole and Sompo within the Fund. Metropole was removed due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder. Sompo's mandate was consolidated to aggregate coverage of the non-US universe under Jupiter. We have no manager-specific concerns over Sompo and the change was driven exclusively by portfolio construction considerations.

On the quality side, we appointed Lazard to implement the alpha source in the non-US markets to broaden PineStone's US-focused implementation of quality.

Metropole Gestion SA's ("Metropole") European Value strategy was removed from the European Ex-UK Equities Building Block.

Metropole was removed from the building block due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder.

Aikya Investment Management (Aikya) was added to the Emerging Markets Equities Building Block. Adding Aikya to the building block introduces a manager with a distinct approach and close alignment with SEI's quality alpha source. Aikya uses a fundamental approach to assess corporate stewardship and balance sheet quality to build a portfolio that is expected to benefit from longer-term compounding of returns. The addition of Aikya provides SEI with ability to control quality exposure over an economic cycle and complements the other managers in the building block's lineup.

#### Q4 2023

AllianceBernstein L.P.'s Global Government Bonds strategy was removed from the SGMF Global Fixed Income Fund. The decision was driven by several factors. First, market depreciation in recent years has reduced the Fund's size to the extent that it has become increasingly difficult to accommodate five sub-advisers. We consider that retaining its four highest-conviction sub-advisers will maintain an appropriate level of diversification while potentially improving performance over time. Second, we are concerned with the number of senior portfolio managers that have left AB in recent years, which we feel leaves areas of the firm under-resourced. Third, we increasingly struggle to align AB's investment philosophy in the sovereign-bond space with our alpha-source framework, which limits the extent to which AB performs a complementary role in the Fund. We consider that AB's termination provides an opportunity to consolidate around our higher-conviction managers, exploit alpha sources more effectively, and ultimately improve the Fund's performance over time.

Grantham, Mayo, Van Otterloo & Co. LLC's ("GMO") Hard Currency Emerging Market Debt strategy was added to the SGMF Emerging Markets Debt Fund. GMO will manage a hard-currency-focused mandate benchmarked to the JPM EMBI Global Diversified. Since the firm frequently expresses ideas beyond the constraints placed on benchmarks, we consider their approach will add breadth to the trade ideas expressed in the Fund. Their addition is designed to improve diversification among the sub-advisors and enhance the Fund's upside and downside capture.

Stone Harbor Investment Partners' ("Stone Harbor") Hard Currency Emerging Market Debt strategy has been removed from the SGMF Emerging Markets Debt Fund. The decision to remove Stone Harbor from the Fund stems from reduced confidence in the manager's ability to outperform across market environments. A deep value credit investor, this approach succeeded over its first two decades, with generally high recoveries and quick restructuring processes. As the number of creditors to emerging-market countries has grown, recoveries have extended and recovery values have become increasingly variable. When it comes to security selection, we consider there has been a decay in Stone Harbor's ability to differentiate between these deep value trades. Their focus on bottom-up country research has not been equally met with a risk-managed approach to constructing the final portfolio, leading at times to underlying holdings that are highly correlated and a strategy that succeeds only in a narrow range of market environments.

#### Q1 2024

SEI converted Copeland Capital Management's sleeve in Small Cap Select building block and Aikya Investment Management's sleeve in Emerging Markets Equity building block to model overlays as part of our broader transition to a blended investment approach. The portfolios are now ESG risk-managed through an integrated optimization with the objective of reducing exposure to stocks with high ESG risks without a significant increase in expected active risk or a reduction in expected return. Stocks with exposure to ESG risks without a risk premium are further penalized, while companies involved in the sale or production of controversial weapons or thermal coal are excluded entirely. We also exclude ESG laggards, which fall into the lowest "CCC" category under the MSCI definition.

RBC BlueBay was added to the SEI Global Opportunistic Fixed Income building block, while Alliance Bernstein (AB) and JP Morgan were removed. RBC BlueBay was hired as a generalist manager. The stable and experienced investment team has demonstrated an ability to deliver attractive long-term risk-adjusted performance through active duration and currency management, sector rotation, and idiosyncratic trades. The team exploits market-directional, relative value mean-reversion and risk premia opportunities, with a keen awareness of downside risks. JP Morgan's termination was not due to any specific concerns around the investment process, team, or organization, but because we are no longer able to accommodate two specialist corporate bond managers following a restructuring of the Fund, which introduced the aforementioned generalist manager. AB's termination is due to concerns about the investment team's high turnover in recent years, as well as its underwhelming long-term performance, which we consider is due to an overreliance on carry at the expense of valuation considerations. This has typically made their portfolio very vulnerable to spread-widening environments, when they often give back much of the outperformance that had been generated in more benign times. This investment style has resulted in disappointing risk-adjusted performance.

**May 2024**

The following Funds closed over the month:

- SGMF US Large Companies Fund
- SGMF Europe Ex-UK Equity Fund
- SGMF Pan European Small Cap Fund
- SGMF Japan Equity Fund
- SGMF Asia Pacific (Ex-Japan) Equity Fund

**Outlook**

The global economic environment appears to be on the upswing. Services continue to lead the way, but manufacturing also is exhibiting renewed signs of life. The U.K has logged surprising strength relative to market expectations. Japan and Europe also are delivering better results. The U.S. economy still appears in good shape, but the data have recently begun to fall short of the market's lofty expectations.

Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

Investors have dramatically scaled back their expectations regarding the number of rate cuts the major central banks will implement this year. This a theme that may continue into 2025 if wage pressures reaccelerate and inflation remains surprisingly sticky.

The U.S. broad-market S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of around 20, which is above the 10-year average of roughly 18. The bar has been set fairly high for earnings to outperform expectations and drive prices higher. According to financial data services provider FactSet, 78% of the companies in the S&P 500 Index reporting first-quarter 2024 results as of the end of May posted earnings per share that beat consensus estimates—slightly above the five- and ten-year averages of 77% and 74%, respectively. The sectors with the most positive earnings surprises were communication services and financials. We at SEI continue to favour more value-oriented market segments such as financials, as the sector looks attractive from a price/earnings multiple perspective, and we still expect higher interest rates into the summer months.

SEI Investment Management Corporation - a sub-delegate of True Potential Investments LLP

25 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
SEI Global Master Fund - The SEI Global Opportunistic Fixed Income Fund	56,024
SEI Global Master Fund - The SEI US Small Companies Fund	55,038
SEI Global Master Fund - The SEI Global Fixed Income Fund	50,504
SEI Global Master Fund - SEI Small Cap Select Fund	46,305
SEI Global Master Fund - SEI Select Value Fund (Inst)	45,802
SEI Global Master Fund - SEI Select Value Fund (Hedged)	44,123
SEI Global Master Fund - SEI Select Momentum Fund (Hedged)	41,595
SEI Global Master Fund - SEI Select Momentum Fund (Inst)	41,406
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Hedged)	39,868
SEI Global Master Fund - The SEI UK Index Linked Fixed Interest Fund	33,258
Subtotal	<u>453,923</u>
Total cost of purchases, including the above, for the year	<u>779,209</u>
	Proceeds
	£000s
Sales:	
SEI Global Master Fund - The SEI UK Equity Fund	152,638
SEI Global Master Fund - The SEI Factor Allocation US Equity Fund	78,320
SEI Global Master Fund - The SEI Factor Allocation Global Equity Fund (Inst)	67,663
SEI Global Master Fund - The SEI Factor Allocation Global Equity Fund (Hedged)	54,921
SEI Global Master Fund - The SEI US Small Companies Fund	41,758
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Inst)	39,042
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Inst)	32,978
SEI Global Master Fund - The SEI European Ex-UK Equity Fund	27,233
SEI Global Master Fund - The SEI Global Multi-Asset Income Fund	26,424
SEI Global Master Fund - The SEI Japan Equity Fund	22,566
Subtotal	<u>543,543</u>
Total proceeds from sales, including the above, for the year	<u>706,028</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Collective Investment Schemes - 100.39% (99.77%)			
Offshore Collective Investment Schemes - 100.39% (99.77%)			
SEI Global Master Fund - Dynamic Factor Allocation Fund (Hedged)	3,843,580	44,624	3.61
SEI Global Master Fund - Dynamic Factor Allocation Fund (Inst)	4,000,392	44,604	3.61
SEI Global Master Fund - SEI Select Momentum Fund (Hedged)	4,709,351	59,667	4.83
SEI Global Master Fund - SEI Select Momentum Fund (Inst)	4,913,778	59,801	4.84
SEI Global Master Fund - SEI Select Quality Fund (Hedged)	2,581,160	29,761	2.41
SEI Global Master Fund - SEI Select Quality Fund (Inst)	2,699,072	29,852	2.41
SEI Global Master Fund - SEI Select Value Fund (Hedged)	5,242,510	60,027	4.84
SEI Global Master Fund - SEI Select Value Fund (Inst)	5,474,354	60,218	4.87
SEI Global Master Fund - SEI Small Cap Select Fund	4,607,250	47,086	3.81
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Hedged)	3,289,302	37,597	3.04
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Inst)	1,450,362	37,695	3.05
SEI Global Master Fund - The SEI Emerging Markets Debt Fund	9,721,296	69,993	5.66
SEI Global Master Fund - The SEI Emerging Markets Equity Fund	4,702,874	67,957	5.50
SEI Global Master Fund - The SEI Global Fixed Income Fund	10,677,374	108,375	8.76
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Hedged)	3,855,064	41,635	3.37
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Inst)	2,118,301	41,752	3.38
SEI Global Master Fund - The SEI Global Opportunistic Fixed Income Fund	12,180,489	115,958	9.38
SEI Global Master Fund - The SEI High Yield Fixed Income Fund	8,337,347	70,117	5.67
SEI Global Master Fund - The SEI Liquid Alternative Fund	1,827,762	26,247	2.12
SEI Global Master Fund - The SEI UK Core Fixed Interest Fund	6,747,272	68,551	5.54
SEI Global Master Fund - The SEI UK Index Linked Fixed Interest Fund	4,974,345	72,576	5.87
SEI Global Master Fund - The SEI US Small Companies Fund	1,131,983	47,204	3.82
Total Offshore Collective Investment Schemes		1,241,297	100.39
Total Collective Investment Schemes		1,241,297	100.39
Portfolio of investments		1,241,297	100.39
Other net liabilities		(4,817)	(0.39)
Total net assets		1,236,480	100.00

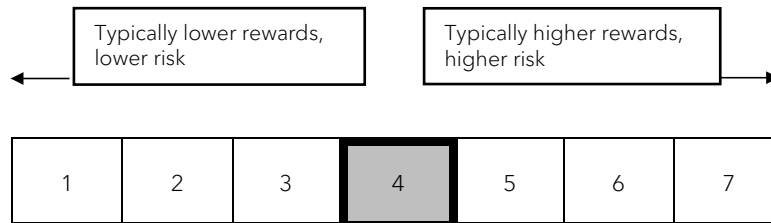
All investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 May 2023.

## Risk and reward profile

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Sub-Fund.

Investments in emerging markets may involve greater risks due to political and economic instability and underdeveloped markets and systems. This means your money may be at greater risk of loss.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

### Task Force on Climate-Related Financial Disclosures (unaudited)

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	115.08	123.41	125.72
Return before operating charges*	13.83	(3.11)	2.09
Operating charges	(1.29)	(1.23)	(1.32)
Return after operating charges*	12.54	(4.34)	0.77
Distributions+	(3.76)	(3.99)	(3.08)
Closing net asset value per share	123.86	115.08	123.41
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	10.90%	(3.52%)	0.61%
Other information			
Closing net asset value (£000s)	1,211,795	1,048,825	849,794
Closing number of shares	978,322,637	911,387,042	688,574,257
Operating charges++	1.05%	1.04%	1.04%
Direct transaction costs	-	-	-
Prices			
Highest share price (p)	126.96	124.40	132.20
Lowest share price (p)	112.80	111.20	120.70

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	142.54	147.82	147.02
Return before operating charges*	17.40	(3.79)	2.36
Operating charges	(1.63)	(1.49)	(1.56)
Return after operating charges*	15.77	(5.28)	0.80
Distributions+	(4.71)	(4.84)	(3.61)
Retained distribution on accumulation shares+	4.71	4.84	3.61
Closing net asset value per share	158.31	142.54	147.82
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	11.06%	(3.57%)	0.54%
Other information			
Closing net asset value (£000s)	24,685	25,213	28,414
Closing number of shares	15,593,449	17,687,685	19,222,535
Operating charges++	1.05%	1.04%	1.04%
Direct transaction costs	-	-	-
Prices			
Highest share price (p)	160.89	149.60	155.50
Lowest share price (p)	140.90	134.50	143.70

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.



**Distribution tables***for the year ended 31 May 2024***Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	1.052	-	1.052	1.159
31.10.23	group 2	quarter 1	0.421	0.631	1.052	1.159
31.01.24	group 1	interim	0.894	-	0.894	0.969
31.01.24	group 2	interim	0.307	0.587	0.894	0.969
30.04.24	group 1	quarter 3	0.760	-	0.760	0.960
30.04.24	group 2	quarter 3	0.469	0.291	0.760	0.960
31.07.24	group 1	final	1.056	-	1.056	0.901
31.07.24	group 2	final	0.546	0.510	1.056	0.901

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1                      Shares purchased before 1 June 2023  
Group 2                      Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1                      Shares purchased before 1 September 2023  
Group 2                      Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1                      Shares purchased before 1 December 2023  
Group 2                      Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1                      Shares purchased before 1 March 2024  
Group 2                      Shares purchased 1 March 2024 to 31 May 2024

**Distribution tables (continued)***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	1.303	-	1.303	1.388
31.10.23	group 2	quarter 1	0.164	1.139	1.303	1.388
31.01.24	group 1	interim	1.114	-	1.114	1.160
31.01.24	group 2	interim	0.369	0.745	1.114	1.160
30.04.24	group 1	quarter 3	0.957	-	0.957	1.183
30.04.24	group 2	quarter 3	0.957	-	0.957	1.183
31.07.24	group 1	final	1.337	-	1.337	1.107
31.07.24	group 2	final	0.924	0.413	1.337	1.107

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1                      Shares purchased before 1 June 2023  
Group 2                      Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1                      Shares purchased before 1 September 2023  
Group 2                      Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1                      Shares purchased before 1 December 2023  
Group 2                      Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1                      Shares purchased before 1 March 2024  
Group 2                      Shares purchased 1 March 2024 to 31 May 2024

## Financial statements - True Potential SEI Balanced

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		93,370		(55,793)
Revenue	3	41,048		36,045	
Expenses	4	(10,406)		(8,777)	
Interest payable and similar charges		(4)		-	
Net revenue before taxation		<u>30,638</u>		<u>27,268</u>	
Taxation	5	(2,716)		(1,867)	
Net revenue after taxation			<u>27,922</u>		<u>25,401</u>
Total return/(deficit) before distributions			<u>121,292</u>		<u>(30,392)</u>
Distributions	6		(36,246)		(32,421)
Change in net assets attributable to shareholders from investment activities			<u>85,046</u>		<u>(62,813)</u>

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			1,074,038		878,208
Amounts receivable on issue of shares		195,486		389,896	
Amounts payable on cancellation of shares		<u>(118,880)</u>		<u>(132,138)</u>	
			76,606		257,758
Change in net assets attributable to shareholders from investment activities			85,046		(62,813)
Retained distribution on accumulation shares			<u>790</u>		<u>885</u>
Closing net assets attributable to shareholders			<u>1,236,480</u>		<u>1,074,038</u>

**Balance Sheet**  
as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		1,241,297	1,071,576
Current assets:			
Debtors	7	20,767	3,613
Cash and bank balances	8	5,345	9,153
Total assets		<u>1,267,409</u>	<u>1,084,342</u>
Liabilities:			
Creditors:			
Distribution payable	6	(10,328)	(8,212)
Other creditors	9	(20,601)	(2,092)
Total liabilities		<u>(30,929)</u>	<u>(10,304)</u>
Net assets attributable to shareholders		<u><u>1,236,480</u></u>	<u><u>1,074,038</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	93,378	(55,793)
Currency losses	(8)	-
Net capital gains/(losses)	<u>93,370</u>	<u>(55,793)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	17,059	17,931
Interest distributions from overseas collective investment schemes	23,677	17,940
Bank interest	312	174
Total revenue	<u>41,048</u>	<u>36,045</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	10,406	8,777
Total expenses	<u>10,406</u>	<u>8,777</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,730 inclusive of VAT (2023: £8,394 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	2,716	1,867
Total taxation (note 5b)	<u>2,716</u>	<u>1,867</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	<u>30,638</u>	<u>27,268</u>
Corporation tax @ 20%	6,128	5,454
Effects of:		
Overseas revenue	(3,412)	(3,587)
Total taxation (note 5a)	<u>2,716</u>	<u>1,867</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024 £000s	2023 £000s
Quarter 1 income distribution	9,769	8,319
Quarter 1 accumulation distribution	228	260
Interim income distribution	8,425	7,660
Interim accumulation distribution	190	216
Quarter 3 income distribution	7,263	8,445
Quarter 3 accumulation distribution	164	213
Final income distribution	10,328	8,212
Final accumulation distribution	208	196
	<u>36,575</u>	<u>33,521</u>

## Equalisation:

Amounts deducted on cancellation of shares	716	804
Amounts added on issue of shares	(1,045)	(1,904)

Total net distributions	<u>36,246</u>	<u>32,421</u>
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## Reconciliation between net revenue and distributions:

	2024 £000s	2023 £000s
Net revenue after taxation per Statement of total return	27,922	25,401

Distributed revenue brought forward	-	3
Expenses paid from capital	10,406	8,777
Marginal tax relief	(2,081)	(1,756)
Undistributed revenue carried forward	(1)	(4)
Distributions	<u>36,246</u>	<u>32,421</u>

Details of the distribution per share are disclosed in the Distribution tables.

## 7. Debtors

	2024 £000s	2023 £000s
Amounts receivable on issue of shares	644	3,597
Sales awaiting settlement	19,910	-
Accrued revenue	13	16
Recoverable income tax	200	-
Total debtors	<u>20,767</u>	<u>3,613</u>

## 8. Cash and bank balances

	2024 £000s	2023 £000s
Cash and bank balances	5,345	9,153
Total cash and bank balances	<u>5,345</u>	<u>9,153</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	413	1,550
Purchases awaiting settlement	19,234	-
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	954	885
Total accrued expenses	954	885
Corporation tax payable	-	(343)
Total other creditors	20,601	2,092

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	911,387,042
Total shares issued in the year	163,099,064
Total shares cancelled in the year	(96,163,469)
Closing shares in issue	978,322,637

	A Accumulation
Opening shares in issue	17,687,685
Total shares issued in the year	2,413,682
Total shares cancelled in the year	(4,507,918)
Closing shares in issue	15,593,449

For the year ended 31 May 2024, the annual management charge is 0.90%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 123.86p to 128.11p and the A Accumulation share has increased from 158.31p to 165.33p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Purchases after transaction costs*
2024	£000s	£000s
Collective Investment Schemes	779,209	779,209
<b>Total</b>	<b>779,209</b>	<b>779,209</b>

	Purchases before transaction costs	Purchases after transaction costs*
2023	£000s	£000s
Collective Investment Schemes	309,730	309,730
<b>Total</b>	<b>309,730</b>	<b>309,730</b>

	Sales before transaction costs	Sales after transaction costs*
2024	£000s	£000s
Collective Investment Schemes	706,028	706,028
<b>Total</b>	<b>706,028</b>	<b>706,028</b>

	Sales before transaction costs	Sales after transaction costs*
2023	£000s	£000s
Collective Investment Schemes	63,768	63,768
<b>Total</b>	<b>63,768</b>	<b>63,768</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential SEI Balanced	4.84	6.50	5.67	14.20	99.00	100.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk is collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £62,065,000 (2023: £53,579,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

The Sub-Fund had no significant direct exposure to foreign currency in the year.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

In the event of a change in interest rates, there would be no material impact upon the net assets of the Sub-Fund.

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

There is no significant exposure to interest bearing securities at the balance sheet date.

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets
Basis of valuation	2024
	£000s
Quoted prices	-
Observable market data	1,241,297
Unobservable data	-
	<u>1,241,297</u>

	Investment assets
Basis of valuation	2023
	£000s
Quoted prices	-
Observable market data	1,071,576
Unobservable data	-
	<u>1,071,576</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

During the year, there were no derivative transactions (2023: same).

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (i) Counterparties (continued)

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

There have been no leveraging arrangements in the year (2023: same).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, there is no global exposure to derivatives (2023: same).

There have been no collateral arrangements in the year (2023: same).

## True Potential SEI Growth

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide capital growth through diversified exposure, directly or indirectly to global equity markets. The Sub-Fund will aim to achieve this by investing predominantly in collective investment schemes which themselves have a global equity focus. The Sub-Fund may also invest in other permitted collective investment schemes and other permitted transferable securities. The Sub-Fund may seek to protect capital through the use of derivatives utilising Efficient Portfolio Management techniques where appropriate.

The Sub-Fund may hold up to 100% of its scheme property in collective investment vehicles.

Derivatives and forward transactions may also be used for investment purposes. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved

#### Sub-Investment Activities

##### Current Market Recap

During the one-year reporting period ending 31 May 2024, global financial markets gyrated in response to concerns about central bank monetary policy, the strength of the global economy, and growing geopolitical tensions. Late in the period, global markets rallied in response to generally positive corporate results and investors' hopes that the Federal Reserve (Fed) and other global monetary policy-makers would pivot to cutting interest rates as inflation subsided.

The Fed slowed the pace of its interest rate-hiking cycle over the first several months of the reporting period as inflation cooled. The central bank raised the federal funds rate in two 25-basis point (0.25%) increments following its meetings in May and July 2023, to a range of 5.25% to 5.50%. However, the Fed left its benchmark rate unchanged for the remainder of the period, ending a rate-hiking cycle that had begun in March 2022. In a statement announcing its rate decision following its meeting in March 2024, the Federal Open Market Committee (FOMC) noted, "Inflation has eased over the past year but remains elevated. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent".

##### Geopolitical Events

The geopolitical news during the reporting period was dominated by the ongoing Russia-Ukraine war, and later, escalating tensions in the Middle East. Russia's invasion of Ukraine marked its second anniversary on 24 February 2024, with little hope for a resolution in the near term.

Long-simmering tensions in the Middle East escalated to war following a surprise attack on Israel by Hamas in early October 2023. Hamas, a militant Palestinian nationalist group based in the West Bank and Gaza Strip, seeks to establish an independent Islamic state in Palestine. In addition to the casualties resulting from Hamas' initial incursion into Israel, the militant group and some of its allies abducted more than 200 soldiers and civilians. A one-week ceasefire in the military conflict between Israel and Hamas expired on November 30, 2023, after the two sides could not reach an agreement on an extension. The truce had led to several hostage and prisoner exchanges between Israel and Hamas. Each side blamed the other for the failure to extend the ceasefire, and fighting resumed following the expiration of the truce. Towards the end of the reporting period, 14 of the 15 countries comprising the United Nations Security Council, which is responsible for maintaining international peace and security, approved a resolution calling for another ceasefire between Israel and Hamas. The U.S. abstained from the vote, angering President Benjamin Netanyahu of Israel, a U.S. ally, who opposed the resolution.

In late January 2024, the U.S. and U.K. (with support from Australia, Bahrain, Canada, and the Netherlands) conducted airstrikes on several targets in Yemen. The military action was in response to Houthi rebel attacks on commercial shipping in the Red Sea off the coast of Yemen. The Houthi movement is an Iran-backed militant group that seized Sanaa, Yemen's capital, in 2014. The group has attacked U.S. military bases in Iraq and Syria, as well as numerous commercial ships in the Red Sea, forcing international shipping companies to reroute their vessels around the Cape of Good Hope in South Africa, putting upward pressure on freight costs. In late January 2024, an Iran-backed militia group conducted a drone attack at a U.S. military base in Jordan, killing three U.S. troops.

The coalition subsequently conducted a retaliatory strike on 18 Houthi military targets in Yemen. In late March, the Houthis reached agreements with China and Russia to allow safe passage for their ships through the Red Sea and Gulf of Aden.

## Market Developments

Global equity markets, as measured by the MSCI ACWI Index, gained 23.2% over the reporting period despite numerous bouts of volatility. North America was the top-performing region among the developed markets for the reporting period due mainly to strength in the U.S., while the Far East region benefited largely from a strong rally in Japan. The Pacific ex Japan region posted a relatively small positive return and was the most notable laggard among developed markets over the period, attributable mainly to substantial weakness in Hong Kong and New Zealand. The top performers among emerging markets included Eastern Europe (particularly Hungary, Greece, and Poland) and South America (mainly Colombia and Peru). Conversely, the Far East region posted a modest gain and was the primary laggard among the emerging markets for the period, attributable to notable weakness in China.

Global fixed-income assets, as represented by the Bloomberg Global Aggregate Bond Index, returned 0.5% for the reporting period. Global high-yield bonds outperformed their investment-grade corporate and government counterparts. In the U.S., high-yield bonds ended the period with substantial gains, outperforming investment-grade corporate bonds, U.S. Treasuries, and mortgage-backed securities (MBS). The U.S. Treasury yield curve remained inverted during the period, as yields on shorter-term bonds exceeded those on longer-dated securities. The yield on the 10-year U.S. Treasury note moved higher for most of the reporting period, crossing 5% in overnight trading on late October—its highest level since July 2007. The 10-year yield subsequently dropped to a low of 3.79% in late December 2023, then rebounded to end the reporting period at 4.20%—up 0.72% year-over-year (bond prices move inversely to interest rates). Yields rose across the Treasury curve over the period. Yields on 2-, 3-, 5- and 10-year Treasury notes rose 0.53%, 0.59%, and 0.72%, respectively, during the period. The yield spread between 10- and 2-year notes narrowed from -0.58% to -0.39% over the period.

Global commodity prices, as measured by the Bloomberg Commodity Total Return Index, dipped 0.6% in U.S. dollar terms during the reporting period. Prices for West Texas Intermediate crude oil and Brent crude moved higher over the period as ongoing geopolitical tensions in the Middle East spurred investors' worries about a disruption in oil exports. The gold price ended the period in positive territory as the Fed slowed and subsequently paused its rate-hiking cycle. The New York Mercantile Exchange (NYMEX) natural gas price fell over the reporting period due to an increase in inventories and falling demand due to above-average temperatures in the U.S. for much of the winter of 2023-2024. Wheat prices declined during the reporting period, hampered by Russia's shipments of large quantities of cheaply priced grain. The downturn more than offset a rebound in the wheat price in the fourth quarter of 2023, due mainly to a reduction in exports from Ukraine due to the nation's ongoing conflict with Russia.

## Our View

U.S. interest-rate expectations have converged thus far in 2024, as stubborn inflation data and a mixed employment picture have led investors to back away from predictions of aggressive interest-rate reductions from the Fed. As of the end of the first quarter, roughly three rate cuts were priced in, most likely starting in June, putting market expectations only slightly ahead of our own. Nonetheless, risks to this view are, in our opinion, clearly on the side of fewer rate cuts.

We would not be surprised to see mild weakness in the jobs data seize the attention of policy-makers and serve as a catalyst for the first rate cut in early summer, even if inflation remains above target. We consider inflation will remain stickier than expected on a slower decline in service inflation and a continued rebound in goods inflation.

U.S. equity investors are starting the quarter from what can only be described as "elevated levels" in the market. The S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of 21. That is well above the historical average of roughly 16 and a good distance away from the rest of the world at just under 14. While it is true that equity market performance has broadened thus far in 2024—Japanese stocks are enjoying a strong rally and, in the U.S., the "Magnificent Seven" mega-cap technology stocks are ending their run in favour of the "Fab Four" or maybe the "Terrific Trio"—quite a bit of good news is already priced into the U.S. market. Starting from here, the bar has been set fairly high for earnings to outperform expectations and drive prices higher. We acknowledge that P/E multiples can still expand from these heights, especially if they're helped along by a pivot to easier monetary policy via interest-rate cuts from the Fed.

The 10-year U.S. Treasury yield is down from the 16-year high of 5% reached in October 2023, but well above where it started the year. We see additional room for bond yields to move higher, not only on the aforementioned sticky inflation data, but also on the substantial budget funding pressures and the lack of term premium priced into the yield curve. We would not be surprised to see the 10-year Treasury yield retest the 5% level even with the prospect of rate cuts on the horizon.

## Key Market Factors 2023/2024

### Interest Rate Expectations in 2024

Markets dropped their expectations for the number of interest rate cuts in 2024 as major central banks held firm in Q1, however all hinted that cuts were coming. 2023 saw the end of interest rate hikes. Expectations so far this year have swung wildly as central banks and economic data continues to give mixed signals. At the start of 2024, seven rate cuts were priced in for the year. The result of interest rate expectations jumping around is likely more volatility over the following months as investors remain sensitive to uncertainties. Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

### Presidential elections influence on markets

With the US Presidential election in November, investors start to question how this might influence markets and returns. The election will likely add some degree of volatility into the markets as we creep towards November and investors on both sides of the political fence get spooked. Historically however, markets have been mostly unbothered by elections in the past. Markets are somewhat unbiased when it comes to favouring a particular party or another. Whilst we remain positioned for further volatility in the market, we continue to monitor market fundamentals to identify opportunities, rather than be swayed by political party rhetoric, that has historically not meant much.

### Opportunities outside of the US

Valuations between select US stocks and the rest of the world are becoming increasingly divergent. At the same time, Japanese stocks have outperformed US stocks so far this year and both the Japanese and European indices hit all-time highs. The divergence in valuations suggests other countries may have some more room to deliver strong returns in the coming years. Oxford Economics have forecasted Emerging and Developed Market Equity to more than double the returns of US Equity over the next 5 years. Whilst it is too soon to say, we see a possible narrative playing out with investors being overly optimistic on the US, and consequently overlooking opportunities elsewhere. Strategically, we retain our global diversification which has allowed us to capture the strong returns seen in Europe and Japan over Q1. Tactically, we continue to monitor fundamentals of these regions to continue exploiting opportunities and implementing tactical trades when appropriate.

## Performance

### Contributors

- Allocation to equities has biggest positive impact on total returns. Emerging Market Debt, High Yield Fixed Income and Multi Asset Income Products all contributed to absolute performance.
- From a relative perspective active management returned strong performances across equities; a UK HCB within UK equity was additive, as were allocations within Europe and Japan. Momentum sleeve continued positively, more than offsetting headwinds from Quality and Value.
- Relative performance bolstered by UK Core Fixed Income: Overweight positioning in financials and securitised bonds, as well as a beneficial curve positioning from M&G.
- Relative performance bolstered by Emerging Market Debt (Colchester, Marathon, Neuberger Berman, Ninety One, Virtus): Overweight local currency duration and an overweight to high yielding hard currency bonds.
- Relative performance bolstered by Liquid Alternatives Exposure to tactical trades benefitting from developed market equity tailwinds.

### Detractors

- US Large Companies; A generally difficult environment for active investing in the US as equity markets returns have been narrowly concentrated among the largest companies.

<i>Performance</i>	<i>Q2 2023</i>	<i>Q3 2023</i>	<i>Q4 2023</i>	<i>Q1 2024</i>
<i>TP-SEI Growth</i>	0.70%	0.76%	5.63%	6.20%

(source: SEI Investment Management Corporation)

## Positioning

### Theme: Alpha sources continue to provide attractive opportunities

- Factor outlook remains balanced, with slight preference for value and momentum.
- In the US, market concentration in the Magnificent 7 has created near term challenges but offers opportunities when this normalises.
- Preference for value due to high interest rates and wide valuation spreads.
- Preference for momentum due to improving leading economic indicators.

### Theme: Emerging Markets (EM) local rates & Foreign Exchange (FX)

#### Overweight EM local rates & FX

- EM local currency bonds continue to present an attractive total return opportunity thanks to elevated real yields.
- LatAm markets (Mexico and Colombia) provide some of the best valuation opportunities. We are underweight China.
- The EM FX complex in general also remains cheap on long term valuation measures.

## Investment Strategy and Outlook

The investment objective of the Sub-Fund is to provide capital growth through diversified exposure, directly or indirectly to global equity markets. The Sub-Fund will aim to achieve this by investing predominately in other collective investment schemes which themselves have a global equity focus. The Sub-Fund may seek to protect capital through the use of derivatives utilising Efficient Portfolio Management techniques where appropriate. The Sub-Fund may hold up to 100% of its Scheme Property in collective investment vehicles.

## Manager changes

### June 2023

To continue SEI's focus on fundamental, stock-selection managers, we removed Hillsdale Investment Management from the Small Cap Select Companies Building Block on the 23 June 2023.

### Q3 2023

The following manager line-up changes have been made to the Global Equities Building Block:

- Jupiter Asset Management Limited's ("Jupiter") Developed World ex US Value strategy has been added.
- Lazard Asset Management LLC's ("Lazard") Developed World ex US Quality Growth strategy has been added.
- Metropole Gestion SA's ("Metropole") European Value strategy has been removed.
- Sompo Asset Management Co., Ltd.'s ("Sompo") Japan Value Equity Concentrated strategy has been removed.

To upgrade the building block's value implementation, we broadened the scope of Jupiter's mandate to cover all developed markets excluding the US. Previously the manager's role within the building block focused exclusively on the UK market. The team has successfully applied their investment process across the global investment universe since 2016 and has demonstrated a strong alignment with SEI's value philosophy.



Simultaneously, we terminated Metropole and Sompco within the Fund. Metropole was removed due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder. Sompco's mandate was consolidated to aggregate coverage of the non-US universe under Jupiter. We have no manager-specific concerns over Sompco and the change was driven exclusively by portfolio construction considerations.

On the quality side, we appointed Lazard to implement the alpha source in the non-US markets to broaden PineStone's US-focused implementation of quality.

Metropole Gestion SA's ("Metropole") European Value strategy was removed from the European Ex-UK Equities Building Block.

Metropole was removed from the building block due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder.

Aikya Investment Management (Aikya) was added to the Emerging Markets Equities Building Block. Adding Aikya to the building block introduces a manager with a distinct approach and close alignment with SEI's quality alpha source. Aikya uses a fundamental approach to assess corporate stewardship and balance sheet quality to build a portfolio that is expected to benefit from longer-term compounding of returns. The addition of Aikya provides SEI with ability to control quality exposure over an economic cycle and complements the other managers in the building block's lineup.

#### Q4 2023

AllianceBernstein L.P.'s Global Government Bonds strategy was removed from the SGMF Global Fixed Income Fund. The decision was driven by several factors. First, market depreciation in recent years has reduced the Fund's size to the extent that it has become increasingly difficult to accommodate five sub-advisers. We consider that retaining its four highest-conviction sub-advisers will maintain an appropriate level of diversification while potentially improving performance over time. Second, we are concerned with the number of senior portfolio managers that have left AB in recent years, which we feel leaves areas of the firm under-resourced. Third, we increasingly struggle to align AB's investment philosophy in the sovereign-bond space with our alpha-source framework, which limits the extent to which AB performs a complementary role in the Fund. We consider that AB's termination provides an opportunity to consolidate around our higher-conviction managers, exploit alpha sources more effectively, and ultimately improve the Fund's performance over time.

Grantham, Mayo, Van Otterloo & Co. LLC's ("GMO") Hard Currency Emerging Market Debt strategy was added to the SGMF Emerging Markets Debt Fund. GMO will manage a hard-currency-focused mandate benchmarked to the JPM EMBI Global Diversified. Since the firm frequently expresses ideas beyond the constraints placed on benchmarks, we consider their approach will add breadth to the trade ideas expressed in the Fund. Their addition is designed to improve diversification among the sub-advisors and enhance the Fund's upside and downside capture.

Stone Harbor Investment Partners' ("Stone Harbor") Hard Currency Emerging Market Debt strategy has been removed from the SGMF Emerging Markets Debt Fund. The decision to remove Stone Harbor from the Fund stems from reduced confidence in the manager's ability to outperform across market environments. A deep value credit investor, this approach succeeded over its first two decades, with generally high recoveries and quick restructuring processes. As the number of creditors to emerging-market countries has grown, recoveries have extended and recovery values have become increasingly variable. When it comes to security selection, we consider there has been a decay in Stone Harbor's ability to differentiate between these deep value trades. Their focus on bottom-up country research has not been equally met with a risk-managed approach to constructing the final portfolio, leading at times to underlying holdings that are highly correlated and a strategy that succeeds only in a narrow range of market environments.

#### Q1 2024

SEI converted Copeland Capital Management's sleeve in Small Cap Select building block and Aikya Investment Management's sleeve in Emerging Markets Equity building block to model overlays as part of our broader transition to a blended investment approach. The portfolios are now ESG risk-managed through an integrated optimization with the objective of reducing exposure to stocks with high ESG risks without a significant increase in expected active risk or a reduction in expected return. Stocks with exposure to ESG risks without a risk premium are further penalized, while companies involved in the sale or production of controversial weapons or thermal coal are excluded entirely. We also exclude ESG laggards, which fall into the lowest "CCC" category under the MSCI definition.

RBC BlueBay was added to the SEI Global Opportunistic Fixed Income building block, while Alliance Bernstein (AB) and JP Morgan were removed. RBC BlueBay was hired as a generalist manager. The stable and experienced investment team has demonstrated an ability to deliver attractive long-term risk-adjusted performance through active duration and currency management, sector rotation, and idiosyncratic trades. The team exploits market-directional, relative value mean-reversion and risk premia opportunities, with a keen awareness of downside risks. JP Morgan's termination was not due to any specific concerns around the investment process, team, or organization, but because we are no longer able to accommodate two specialist corporate bond managers following a restructuring of the Fund, which introduced the aforementioned generalist manager. AB's termination is due to concerns about the investment team's high turnover in recent years, as well as its underwhelming long-term performance, which we consider is due to an overreliance on carry at the expense of valuation considerations. This has typically made their portfolio very vulnerable to spread-widening environments, when they often give back much of the outperformance that had been generated in more benign times. This investment style has resulted in disappointing risk-adjusted performance.

## May 2024

The following funds closed over the month:

- SGMF US Large Companies Fund
- SGMF Europe Ex-UK Equity Fund
- SGMF Pan European Small Cap Fund
- SGMF Japan Equity Fund
- SGMF Asia Pacific (Ex-Japan) Equity Fund

## Outlook

The global economic environment appears to be on the upswing. Services continue to lead the way, but manufacturing also is exhibiting renewed signs of life. The U.K. has logged surprising strength relative to market expectations. Japan and Europe also are delivering better results. The U.S. economy still appears in good shape, but the data have recently begun to fall short of the market's lofty expectations.

Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

Investors have dramatically scaled back their expectations regarding the number of rate cuts the major central banks will implement this year. This a theme that may continue into 2025 if wage pressures reaccelerate and inflation remains surprisingly sticky.

The U.S. broad-market S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of around 20, which is above the 10-year average of roughly 18. The bar has been set fairly high for earnings to outperform expectations and drive prices higher. According to financial data services provider FactSet, 78% of the companies in the S&P 500 Index reporting first-quarter 2024 results as of the end of May posted earnings per share that beat consensus estimates—slightly above the five- and ten-year averages of 77% and 74%, respectively. The sectors with the most positive earnings surprises were communication services and financials. We at SEI continue to favour more value-oriented market segments such as financials, as the sector looks attractive from a price/earnings multiple perspective, and we still expect higher interest rates into the summer months.

SEI Investment Management Corporation - a sub-delegate of True Potential Investments LLP

25 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
SEI Global Master Fund - SEI Select Value Fund (Inst)	48,055
SEI Global Master Fund - The SEI Global Opportunistic Fixed Income Fund	47,248
SEI Global Master Fund - SEI Select Value Fund (Hedged)	46,662
SEI Global Master Fund - SEI Small Cap Select Fund	46,557
SEI Global Master Fund - SEI Select Momentum Fund (Inst)	44,359
SEI Global Master Fund - SEI Select Momentum Fund (Hedged)	43,886
SEI Global Master Fund - The SEI Global Fixed Income Fund	43,779
SEI Global Master Fund - The SEI US Small Companies Fund	41,452
SEI Global Master Fund - The SEI Emerging Markets Equity Fund	36,713
SEI Global Master Fund - Dynamic Factor Allocation Fund (Inst)	33,192
Subtotal	<u>431,903</u>
Total cost of purchases, including the above, for the year	<u><u>750,680</u></u>
	Proceeds
	£000s
Sales:	
SEI Global Master Fund - The SEI UK Equity Fund	103,444
SEI Global Master Fund - The SEI Factor Allocation Global Equity Fund (Hedged)	89,854
SEI Global Master Fund - SEI Factor Allocation US Equity Fund	71,907
SEI Global Master Fund - The SEI US Large Companies Fund	46,441
SEI Global Master Fund - The SEI High Yield Fixed Income Fund	31,634
SEI Global Master Fund - The SEI Emerging Markets Debt Fund	30,968
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Inst)	28,616
SEI Global Master Fund - The SEI Quantitative UK Equity Fund	27,057
SEI Global Master Fund - The SEI Fundamental UK Equity Fund	26,915
SEI Global Master Fund - The SEI European Ex-UK Equity Fund	25,612
Subtotal	<u>482,448</u>
Total proceeds from sales, including the above, for the year	<u><u>590,727</u></u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Collective Investment Schemes - 100.19% (99.72%)			
Offshore Collective Investment Schemes - 100.19% (99.72%)			
SEI Global Master Fund - Dynamic Factor Allocation Fund (Hedged)	3,881,240	45,061	5.19
SEI Global Master Fund - Dynamic Factor Allocation Fund (Inst)	4,050,863	45,167	5.20
SEI Global Master Fund - SEI Select Momentum Fund (Hedged)	4,786,711	60,648	6.98
SEI Global Master Fund - SEI Select Momentum Fund (Inst)	4,994,203	60,779	6.99
SEI Global Master Fund - SEI Select Quality Fund (Hedged)	2,604,527	30,030	3.45
SEI Global Master Fund - SEI Select Quality Fund (Inst)	2,723,533	30,122	3.47
SEI Global Master Fund - SEI Select Value Fund (Hedged)	5,328,780	61,015	7.02
SEI Global Master Fund - SEI Select Value Fund (Inst)	5,565,180	61,217	7.04
SEI Global Master Fund - SEI Small Cap Select Fund	4,631,286	47,332	5.45
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Hedged)	3,314,905	37,889	4.36
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Inst)	1,461,621	37,987	4.37
SEI Global Master Fund - The SEI Emerging Markets Debt Fund	2,119,723	15,262	1.76
SEI Global Master Fund - The SEI Emerging Markets Equity Fund	4,769,404	68,918	7.93
SEI Global Master Fund - The SEI Global Fixed Income Fund	6,146,583	62,388	7.18
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Hedged)	2,029,970	21,924	2.52
SEI Global Master Fund - The SEI Global Managed Volatility Fund (Inst)	1,114,996	21,977	2.53
SEI Global Master Fund - The SEI Global Opportunistic Fixed Income Fund	7,305,589	69,549	8.00
SEI Global Master Fund - The SEI High Yield Fixed Income Fund	1,828,893	15,381	1.77
SEI Global Master Fund - The SEI UK Index Linked Fixed Interest Fund	2,090,710	30,503	3.51
SEI Global Master Fund - The SEI US Small Companies Fund	1,137,598	47,438	5.46
Total Offshore Collective Investment Schemes		870,587	100.18
Total Collective Investment Schemes		870,587	100.18
Portfolio of investments		870,587	100.18
Other net liabilities		(1,585)	(0.18)
Total net assets		869,002	100.00

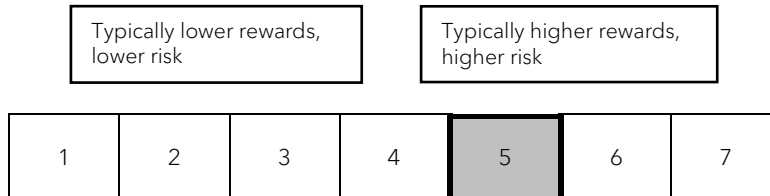
All investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 May 2023.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Sub-Fund.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	125.94	132.41	132.52
Return before operating charges*	18.29	(0.73)	4.83
Operating charges	(1.45)	(1.36)	(1.46)
Return after operating charges*	16.84	(2.09)	3.37
Distributions+	(3.82)	(4.38)	(3.48)
Closing net asset value per share	138.96	125.94	132.41
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	13.37%	(1.58%)	2.54%
Other information			
Closing net asset value (£000s)	861,923	622,097	434,295
Closing number of shares	620,256,397	493,958,329	327,994,982
Operating charges++	1.09%	1.06%	1.08%
Direct transaction costs	-	-	-
Prices			
Highest share price (p)	142.34	134.80	140.60
Lowest share price (p)	123.50	121.00	127.00

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	156.42	158.90	155.00
Return before operating charges*	23.03	(0.82)	5.62
Operating charges	(1.82)	(1.66)	(1.72)
Return after operating charges*	21.21	(2.48)	3.90
Distributions+	(4.78)	(5.33)	(4.11)
Retained distribution on accumulation shares+	4.78	5.33	4.11
Closing net asset value per share	177.63	156.42	158.90
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	13.56%	(1.56%)	2.52%
Other information			
Closing net asset value (£000s)	7,079	7,093	6,849
Closing number of shares	3,985,491	4,534,608	4,310,225
Operating charges++	1.09%	1.06%	1.08%
Direct transaction costs	-	-	-
Prices			
Highest share price (p)	180.63	164.30	165.50
Lowest share price (p)	154.70	146.70	151.50

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables***for the year ended 31 May 2024***Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	1.128	-	1.128	1.346
31.10.23	group 2	quarter 1	0.398	0.730	1.128	1.346
31.01.24	group 1	interim	0.936	-	0.936	1.099
31.01.24	group 2	interim	0.323	0.613	0.936	1.099
30.04.24	group 1	quarter 3	0.738	-	0.738	0.967
30.04.24	group 2	quarter 3	0.387	0.351	0.738	0.967
31.07.24	group 1	final	1.020	-	1.020	0.970
31.07.24	group 2	final	0.504	0.516	1.020	0.970

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1                      Shares purchased before 1 June 2023  
Group 2                      Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1                      Shares purchased before 1 September 2023  
Group 2                      Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1                      Shares purchased before 1 December 2023  
Group 2                      Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1                      Shares purchased before 1 March 2024  
Group 2                      Shares purchased 1 March 2024 to 31 May 2024



**Distribution tables (continued)***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	1.401	-	1.401	1.616
31.10.23	group 2	quarter 1	0.390	1.011	1.401	1.616
31.01.24	group 1	interim	1.161	-	1.161	1.332
31.01.24	group 2	interim	0.387	0.774	1.161	1.332
30.04.24	group 1	quarter 3	0.925	-	0.925	1.182
30.04.24	group 2	quarter 3	0.414	0.511	0.925	1.182
31.07.24	group 1	final	1.294	-	1.294	1.196
31.07.24	group 2	final	0.657	0.637	1.294	1.196

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1                      Shares purchased before 1 June 2023
- Group 2                      Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1                      Shares purchased before 1 September 2023
- Group 2                      Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1                      Shares purchased before 1 December 2023
- Group 2                      Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1                      Shares purchased before 1 March 2024
- Group 2                      Shares purchased 1 March 2024 to 31 May 2024

## Financial statements - True Potential SEI Growth

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		81,300		(19,419)
Revenue	3	23,398		19,017	
Expenses	4	(7,069)		(4,991)	
Interest payable and similar expenses		(10)		-	
Net revenue before taxation		16,319		14,026	
Taxation	5	(555)		(150)	
Net revenue after taxation			15,764		13,876
Total return/(deficit) before distributions			97,064		(5,543)
Distributions	6		(21,420)		(17,637)
Change in net assets attributable to shareholders from investment activities			75,644		(23,180)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			629,190		441,144
Amounts receivable on issue of shares		223,244		280,870	
Amounts payable on cancellation of shares		(59,273)		(69,883)	
			163,971		210,987
Change in net assets attributable to shareholders from investment activities			75,644		(23,180)
Retained distribution on accumulation shares			197		239
Closing net assets attributable to shareholders			869,002		629,190

**Balance Sheet**  
as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		870,587	627,455
Current assets:			
Debtors	7	57,669	2,683
Cash and bank balances	8	9,504	6,205
Total assets		<u>937,760</u>	<u>636,343</u>
Liabilities:			
Creditors:			
Distribution payable	6	(6,324)	(4,791)
Other creditors	9	(62,434)	(2,362)
Total liabilities		<u>(68,758)</u>	<u>(7,153)</u>
Net assets attributable to shareholders		<u><u>869,002</u></u>	<u><u>629,190</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities - gains/(losses)	81,300	(19,419)
Net capital gains/(losses)	<u>81,300</u>	<u>(19,419)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	13,546	12,121
Interest distributions from overseas collective investment schemes	9,623	6,799
Bank interest	229	97
Total revenue	<u>23,398</u>	<u>19,017</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	7,069	4,991
Total expenses	<u>7,069</u>	<u>4,991</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,730 inclusive of VAT (2023: £8,394 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	555	150
Total taxation (note 5b)	<u>555</u>	<u>150</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	16,319	14,026
Corporation tax @ 20%	3,264	2,805
Effects of:		
Overseas revenue	(2,709)	(2,424)
Excess management expenses (utilised)	-	(231)
Total taxation (note 5a)	<u>555</u>	<u>150</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Quarter 1 income distribution	5,984	4,734
Quarter 1 accumulation distribution	59	72
Interim income distribution	5,297	4,350
Interim accumulation distribution	48	60
Quarter 3 income distribution	4,373	4,459
Quarter 3 accumulation distribution	38	53
Final income distribution	6,324	4,791
Final accumulation distribution	52	54
	<hr/> 22,175	<hr/> 18,573

## Equalisation:

Amounts deducted on cancellation of shares	343	422
Amounts added on issue of shares	(1,098)	(1,358)
Total net distributions	<hr/> 21,420	<hr/> 17,637

## Reconciliation between net revenue and distributions:

	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	15,764	13,876
Expenses paid from capital	7,069	4,991
Marginal tax relief	(1,413)	(1,230)
Distributions	<hr/> 21,420	<hr/> 17,637

Details of the distribution per share are disclosed in the Distribution tables.

## 7. Debtors

	2024	2023
	£000s	£000s
Sales awaiting settlement	56,109	-
Amounts receivable on issue of shares	1,545	2,673
Accrued revenue	15	10
Total debtors	<hr/> 57,669	<hr/> 2,683

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

8. Cash and bank balances	2024	2023
	£000s	£000s
Bank balances	9,504	6,205
Total cash and bank balances	<u>9,504</u>	<u>6,205</u>
9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	37	634
Purchases awaiting settlement	61,336	1,111
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	698	537
Total accrued expenses	<u>698</u>	<u>537</u>
Corporation tax payable	363	80
Total other creditors	<u>62,434</u>	<u>2,362</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	493,958,329
Total shares issued in the year	171,144,598
Total shares cancelled in the year	<u>(44,846,530)</u>
Closing shares in issue	<u>620,256,397</u>

	A Accumulation
Opening shares in issue	4,534,608
Total shares issued in the year	445,553
Total shares cancelled in the year	<u>(994,670)</u>
Closing shares in issue	<u>3,985,491</u>

For the year ended 31 May 2024, the annual management charge is 0.94%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 12. Related party transactions (continued)

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 138.96p to 143.66p and the A Accumulation share has increased from 177.63p to 184.97p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

2024	Purchases before transaction costs £000s	Purchases after transaction costs*
Collective Investment Schemes	750,680	750,680
<b>Total</b>	<b>750,680</b>	<b>750,680</b>

2023	Purchases before transaction costs £000s	Purchases after transaction costs*
Collective Investment Schemes	278,931	278,931
<b>Total</b>	<b>278,931</b>	<b>278,931</b>

2024	Sales before transaction costs £000s	Sales after transaction costs*
Collective Investment Schemes	590,727	590,727
<b>Total</b>	<b>590,727</b>	<b>590,727</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

2023	Sales before transaction costs £000s	Sales after transaction costs* £000s
Collective Investment Schemes	72,614	72,614
<b>Total</b>	<b>72,614</b>	<b>72,614</b>

\*No direct transaction costs were incurred in the sale of investments during the year (2023: same).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notional of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential SEI Growth	5.58	7.92	6.62	17.50	99.00	100.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk is collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk (continued)

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £43,529,000 (2023: £31,373,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

The Sub-Fund had no significant direct exposure to foreign currency in the year.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by the fluctuations in interest rates.

In the event of a change in interest rates, there would be no material impact upon the net assets of the Sub-Fund.

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

There is no significant exposure to interest bearing securities at the balance sheet date.

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk (continued)

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets
Basis of valuation	2024
	£000s
Quoted prices	-
Observable market data	870,587
Unobservable data	-
	<u>870,587</u>

	Investment assets
Basis of valuation	2023
	£000s
Quoted prices	-
Observable market data	627,455
Unobservable data	-
	<u>627,455</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

During the year, there were no derivative transactions (2023: same).

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

There have been no leveraging arrangements in the year (2023: same).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, there is no global exposure to derivatives (2023: same).

There have been no collateral arrangements in the year (2023: same).

## True Potential SEI Aggressive

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide capital growth through exposure to equities globally. This will be achieved through investing almost exclusively in collective investment schemes which themselves have a global focus. The Sub-Fund may seek to protect capital through the use of derivatives utilising Efficient Portfolio Management techniques where appropriate.

The Sub-Fund may hold up to 100% of its scheme property in collective investment vehicles.

Derivatives and forward transactions may also be used for investment purposes. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

##### Current Market Recap

During the one-year reporting period ending 31 May 2024, global financial markets gyrated in response to concerns about central bank monetary policy, the strength of the global economy, and growing geopolitical tensions. Late in the period, global markets rallied in response to generally positive corporate results and investors' hopes that the Federal Reserve (Fed) and other global monetary policy-makers would pivot to cutting interest rates as inflation subsided.

The Fed slowed the pace of its interest rate-hiking cycle over the first several months of the reporting period as inflation cooled. The central bank raised the federal funds rate in two 25-basis point (0.25%) increments following its meetings in May and July 2023, to a range of 5.25% to 5.50%. However, the Fed left its benchmark rate unchanged for the remainder of the period, ending a rate-hiking cycle that had begun in March 2022. In a statement announcing its rate decision following its meeting in March 2024, the Federal Open Market Committee (FOMC) noted, "Inflation has eased over the past year but remains elevated. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent".

##### Geopolitical Events

The geopolitical news during the reporting period was dominated by the ongoing Russia-Ukraine war, and later, escalating tensions in the Middle East. Russia's invasion of Ukraine marked its second anniversary on 24 February 2024, with little hope for a resolution in the near term.

Long-simmering tensions in the Middle East escalated to war following a surprise attack on Israel by Hamas in early October 2023. Hamas, a militant Palestinian nationalist group based in the West Bank and Gaza Strip, seeks to establish an independent Islamic state in Palestine. In addition to the casualties resulting from Hamas' initial incursion into Israel, the militant group and some of its allies abducted more than 200 soldiers and civilians. A one-week ceasefire in the military conflict between Israel and Hamas expired on November 30, 2023, after the two sides could not reach an agreement on an extension. The truce had led to several hostage and prisoner exchanges between Israel and Hamas. Each side blamed the other for the failure to extend the ceasefire, and fighting resumed following the expiration of the truce. Towards the end of the reporting period, 14 of the 15 countries comprising the United Nations Security Council, which is responsible for maintaining international peace and security, approved a resolution calling for another ceasefire between Israel and Hamas. The U.S. abstained from the vote, angering President Benjamin Netanyahu of Israel, a U.S. ally, who opposed the resolution.

In late January 2024, the U.S. and U.K. (with support from Australia, Bahrain, Canada, and the Netherlands) conducted airstrikes on several targets in Yemen. The military action was in response to Houthi rebel attacks on commercial shipping in the Red Sea off the coast of Yemen. The Houthi movement is an Iran-backed militant group that seized Sanaa, Yemen's capital, in 2014. The group has attacked U.S. military bases in Iraq and Syria, as well as numerous commercial ships in the Red Sea, forcing international shipping companies to reroute their vessels around the Cape of Good Hope in South Africa, putting upward pressure on freight costs. In late January 2024, an Iran-backed militia group conducted a drone attack at a U.S. military base in Jordan, killing three U.S. troops. The coalition subsequently conducted a retaliatory strike on 18 Houthi military targets in Yemen. In late March, the Houthis reached agreements with China and Russia to allow safe passage for their ships through the Red Sea and Gulf of Aden.

## Market Development

Global equity markets, as measured by the MSCI ACWI Index, gained 23.2% over the reporting period despite numerous bouts of volatility. North America was the top-performing region among the developed markets for the reporting period due mainly to strength in the U.S., while the Far East region benefited largely from a strong rally in Japan. The Pacific ex Japan region posted a relatively small positive return and was the most notable laggard among developed markets over the period, attributable mainly to substantial weakness in Hong Kong and New Zealand. The top performers among emerging markets included Eastern Europe (particularly Hungary, Greece, and Poland) and South America (mainly Colombia and Peru). Conversely, the Far East region posted a modest gain and was the primary laggard among the emerging markets for the period, attributable to notable weakness in China.

Global fixed-income assets, as represented by the Bloomberg Global Aggregate Bond Index, returned 0.5% for the reporting period. Global high-yield bonds outperformed their investment-grade corporate and government counterparts. In the U.S., high-yield bonds ended the period with substantial gains, outperforming investment-grade corporate bonds, U.S. Treasuries, and mortgage-backed securities (MBS). The U.S. Treasury yield curve remained inverted during the period, as yields on shorter-term bonds exceeded those on longer-dated securities. The yield on the 10-year U.S. Treasury note moved higher for most of the reporting period, crossing 5% in overnight trading on late October—its highest level since July 2007. The 10-year yield subsequently dropped to a low of 3.79% in late December 2023, then rebounded to end the reporting period at 4.20%—up 0.72% year-over-year (bond prices move inversely to interest rates). Yields rose across the Treasury curve over the period. Yields on 2-, 3-, 5- and 10-year Treasury notes rose 0.53%, 0.59%, and 0.72%, respectively, during the period. The yield spread between 10- and 2-year notes narrowed from -0.58% to -0.39% over the period.

Global commodity prices, as measured by the Bloomberg Commodity Total Return Index, dipped 0.6% in U.S. dollar terms during the reporting period. Prices for West Texas Intermediate crude oil and Brent crude moved higher over the period as ongoing geopolitical tensions in the Middle East spurred investors' worries about a disruption in oil exports. The gold price ended the period in positive territory as the Fed slowed and subsequently paused its rate-hiking cycle. The New York Mercantile Exchange (NYMEX) natural gas price fell over the reporting period due to an increase in inventories and falling demand due to above-average temperatures in the U.S. for much of the winter of 2023-2024. Wheat prices declined during the reporting period, hampered by Russia's shipments of large quantities of cheaply priced grain. The downturn more than offset a rebound in the wheat price in the fourth quarter of 2023, due mainly to a reduction in exports from Ukraine due to the nation's ongoing conflict with Russia.

## Our View

U.S. interest-rate expectations have converged thus far in 2024, as stubborn inflation data and a mixed employment picture have led investors to back away from predictions of aggressive interest-rate reductions from the Fed. As of the end of the first quarter, roughly three rate cuts were priced in, most likely starting in June, putting market expectations only slightly ahead of our own. Nonetheless, risks to this view are, in our opinion, clearly on the side of fewer rate cuts.

We would not be surprised to see mild weakness in the jobs data seize the attention of policy-makers and serve as a catalyst for the first rate cut in early summer, even if inflation remains above target. We consider inflation will remain stickier than expected on a slower decline in service inflation and a continued rebound in goods inflation.

U.S. equity investors are starting the quarter from what can only be described as "elevated levels" in the market. The S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of 21. That is well above the historical average of roughly 16 and a good distance away from the rest of the world at just under 14. While it is true that equity market performance has broadened thus far in 2024—Japanese stocks are enjoying a strong rally and, in the U.S., the "Magnificent Seven" mega-cap technology stocks are ending their run in favour of the "Fab Four" or maybe the "Terrific Trio"—quite a bit of good news is already priced into the U.S. market. Starting from here, the bar has been set fairly high for earnings to outperform expectations and drive prices higher. We acknowledge that P/E multiples can still expand from these heights, especially if they're helped along by a pivot to easier monetary policy via interest-rate cuts from the Fed.

The 10-year U.S. Treasury yield is down from the 16-year high of 5% reached in October 2023, but well above where it started the year. We see additional room for bond yields to move higher, not only on the aforementioned sticky inflation data, but also on the substantial budget funding pressures and the lack of term premium priced into the yield curve. We would not be surprised to see the 10-year Treasury yield retest the 5% level even with the prospect of rate cuts on the horizon.

## Key Market Factors 2023/2024

### Interest Rate Expectations in 2024

Markets dropped their expectations for the number of interest rate cuts in 2024 as major central banks held firm in Q1, however all hinted that cuts were coming. 2023 saw the end of interest rate hikes. Expectations so far this year have swung wildly as central banks and economic data continues to give mixed signals. At the start of 2024, seven rate cuts were priced in for the year. The result of interest rate expectations jumping around is likely more volatility over the following months as investors remain sensitive to uncertainties. Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

### Presidential elections influence on markets

With the US Presidential election in November, investors start to question how this might influence markets and returns. The election will likely add some degree of volatility into the markets as we creep towards November and investors on both sides of the political fence get spooked. Historically however, markets have been mostly unbothered by elections in the past. Markets are somewhat unbiased when it comes to favouring a particular party or another. Whilst we remain positioned for further volatility in the market, we continue to monitor market fundamentals to identify opportunities, rather than be swayed by political party rhetoric, that has historically not meant much.

### Opportunities outside of the US

Valuations between select US stocks and the rest of the world are becoming increasingly divergent. At the same time, Japanese stocks have outperformed US stocks so far this year and both the Japanese and European indices hit all-time highs. The divergence in valuations suggests other countries may have some more room to deliver strong returns in the coming years. Oxford Economics have forecasted Emerging and Developed Market Equity to more than double the returns of US Equity over the next 5 years. Whilst it is too soon to say, we see a possible narrative playing out with investors being overly optimistic on the US, and consequently overlooking opportunities elsewhere. Strategically, we retain our global diversification which has allowed us to capture the strong returns seen in Europe and Japan over Q1. Tactically, we continue to monitor fundamentals of these regions to continue exploiting opportunities and implementing tactical trades when appropriate.

## Performance

### Contributors

- Allocation to equities has biggest positive impact on total returns. Emerging Market Debt, High Yield Fixed Income and Multi Asset Income Products all contributed to absolute performance.
- From a relative perspective active management returned strong performances across equities; a UK HCB within UK equity was additive, as were allocations within Europe and Japan. Momentum sleeve continued positively, more than offsetting headwinds from Quality and Value.
- Relative performance bolstered by UK Core Fixed Income: Overweight positioning in financials and securitised bonds, as well as a beneficial curve positioning from M&G.
- Relative performance bolstered by Emerging Market Debt (Colchester, Marathon, Neuberger Berman, Ninety One, Virtus): Overweight local currency duration and an overweight to high yielding hard currency bonds.
- Relative performance bolstered by Liquid Alternatives Exposure to tactical trades benefitting from developed market equity tailwinds.

### Detractors

- US Large Companies; A generally difficult environment for active investing in the US as equity markets returns have been narrowly concentrated among the largest companies.

<i>Performance</i>	<i>Q2 2023</i>	<i>Q3 2023</i>	<i>Q4 2023</i>	<i>Q1 2024</i>
<i>TP SEI Aggressive</i>	1.19%	1.57%	5.20%	8.59%

(source: SEI Investment Management Corporation)

## Positioning

### Theme: Divergence in emerging markets

Selective within the Emerging Market Debt space.

- Sentiment towards China very weak given political risk, lackluster economy and policy/stimulus uncertainty.
- Ongoing supply chain restructuring away from China to markets such as India or Mexico.
- EM local currency bonds continue to present an attractive total return opportunity, based on elevated real yields and the Fed at the end of its hiking cycle.

### Theme: Alpha sources continue to provide attractive opportunities

- Factor outlook remains balanced, with slight preference for value and momentum.
- In the US, market concentration in the Magnificent 7 has created near term challenges but offers opportunities when this normalises.
- Preference for value due to high interest rates and wide valuation spreads.
- Preference for momentum due to improving leading economic indicators.

## Investment Strategy and Outlook

The investment objective of the True Potential SEI Aggressive fund is to provide capital growth through exposure to equities globally. This will be achieved through investing almost exclusively in collective investment schemes which themselves have a global focus. The Sub-Fund may seek to protect capital through the use of derivatives utilising efficient portfolio management techniques where appropriate. The Sub-Fund may hold up to 100% of its Scheme Property in collective investment vehicles.

## Manager Changes

### June 2023

To continue SEI's focus on fundamental, stock-selection managers, we removed Hillsdale Investment Management from the Small Cap Select Companies Building Block on the 23 June 2023.

### Q3 2023

The following manager line-up changes have been made to the Global Equities Building Block:

- Jupiter Asset Management Limited's ("Jupiter") Developed World ex US Value strategy has been added.
- Lazard Asset Management LLC's ("Lazard") Developed World ex US Quality Growth strategy has been added.
- Metropole Gestion SA's ("Metropole") European Value strategy has been removed.
- Sompo Asset Management Co., Ltd.'s ("Sompo") Japan Value Equity Concentrated strategy has been removed.

To upgrade the building block's value implementation, we broadened the scope of Jupiter's mandate to cover all developed markets excluding the US. Previously the manager's role within the building block focused exclusively on the UK market. The team has successfully applied their investment process across the global investment universe since 2016 and has demonstrated a strong alignment with SEI's value philosophy.

Simultaneously, we terminated Metropole and Sompo within the Fund. Metropole was removed due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder. Sompo's mandate was consolidated to aggregate coverage of the non-US universe under Jupiter. We have no manager-specific concerns over Sompo and the change was driven exclusively by portfolio construction considerations.

On the quality side, we appointed Lazard to implement the alpha source in the non-US markets to broaden PineStone's US-focused implementation of quality.

Metropole Gestion SA's ("Metropole") European Value strategy was removed from the European Ex-UK Equities Building Block.

Metropole was removed from the building block due to a reduced conviction in the manager's ability to skillfully implement the value alpha source in Europe following the departure of the lead portfolio manager and the retirement of the boutique's co-founder.

Aikya Investment Management (Aikya) was added to the Emerging Markets Equities Building Block. Adding Aikya to the building block introduces a manager with a distinct approach and close alignment with SEI's quality alpha source. Aikya uses a fundamental approach to assess corporate stewardship and balance sheet quality to build a portfolio that is expected to benefit from longer-term compounding of returns. The addition of Aikya provides SEI with ability to control quality exposure over an economic cycle and complements the other managers in the building block's lineup.

## Q1 2024

SEI converted Copeland Capital Management's sleeve in Small Cap Select building block and Aikya Investment Management's sleeve in Emerging Markets Equity building block to model overlays as part of our broader transition to a blended investment approach. The portfolios are now ESG risk-managed through an integrated optimization with the objective of reducing exposure to stocks with high ESG risks without a significant increase in expected active risk or a reduction in expected return. Stocks with exposure to ESG risks without a risk premium are further penalized, while companies involved in the sale or production of controversial weapons or thermal coal are excluded entirely. We also exclude ESG laggards, which fall into the lowest "CCC" category under the MSCI definition.

## May 2024

The following Funds closed over the month:

- SGMF US Large Companies Fund
- SGMF Europe Ex-UK Equity Fund
- SGMF Pan European Small Cap Fund
- SGMF Japan Equity Fund
- SGMF Asia Pacific (Ex-Japan) Equity Fund

## Outlook

The global economic environment appears to be on the upswing. Services continue to lead the way, but manufacturing also is exhibiting renewed signs of life. The U.K has logged surprising strength relative to market expectations. Japan and Europe also are delivering better results. The U.S. economy still appears in good shape, but the data have recently begun to fall short of the market's lofty expectations.

Central bank divergence should be a key theme in the coming months as we consider that the ECB and the BOE will cut interest rates before the Fed. Inflation continues to be sticky in the U.S. and the U.K., although declining electricity and fuel costs in the latter country could pull headline CPI below the BOE's 2% target in the months ahead. Despite weakness in crude oil, commodity prices should continue to strengthen amid a rebound in Chinese demand and strong infrastructure needs stemming from the artificial intelligence (AI) build-out and the energy transition.

Investors have dramatically scaled back their expectations regarding the number of rate cuts the major central banks will implement this year. This a theme that may continue into 2025 if wage pressures reaccelerate and inflation remains surprisingly sticky.

The U.S. broad-market S&P 500 Index currently trades at a forward price-to-earnings (P/E) ratio of around 20, which is above the 10-year average of roughly 18. The bar has been set fairly high for earnings to outperform expectations and drive prices higher. According to financial data services provider FactSet, 78% of the companies in the S&P 500 Index reporting first-quarter 2024 results as of the end of May posted earnings per share that beat consensus estimates—slightly above the five- and ten-year averages of 77% and 74%, respectively. The sectors with the most positive earnings surprises were communication services and financials. We at SEI continue to favour more value-oriented market segments such as financials, as the sector looks attractive from a price/earnings multiple perspective, and we still expect higher interest rates into the summer months.

SEI Investment Management Corporation - a sub-delegate of True Potential Investments LLP

25 June 2024



**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
SEI Global Master Fund - The SEI US Small Companies Fund	61,361
SEI Global Master Fund - SEI Select Value Fund (Inst)	48,721
SEI Global Master Fund - SEI Small Cap Select Fund	47,426
SEI Global Master Fund - SEI Select Value Fund (Hedged)	47,304
SEI Global Master Fund - SEI Select Momentum Fund (Inst)	44,771
SEI Global Master Fund - SEI Select Momentum Fund (Hedged)	44,170
SEI Global Master Fund - The SEI Emerging Markets Equity Fund	40,857
SEI Global Master Fund - Dynamic Factor Allocation Fund (Inst)	33,915
SEI Global Master Fund - Dynamic Factor Allocation Fund (Hedged)	32,895
SEI Global Master Fund - SEI Select Quality Fund (Inst)	24,945
Subtotal	<u>426,365</u>
Total cost of purchases, including the above, for the year	<u>596,041</u>
	Proceeds
	£000s
Sales:	
SEI Global Master Fund - The SEI UK Equity Fund	92,239
SEI Global Master Fund - The SEI Factor Allocation US Equity Fund	68,631
SEI Global Master Fund - The SEI Factor Allocation Global Equity Fund (Inst)	52,752
SEI Global Master Fund - The SEI US Small Companies Fund	34,008
SEI Global Master Fund - The SEI Factor Allocation Global Equity Fund (Hedged)	30,758
SEI Global Master Fund - The SEI Quantitative UK Equity Fund	28,375
SEI Global Master Fund - The SEI Fundamental UK Equity Fund	28,093
SEI Global Master Fund - The SEI US Large Companies Fund	31,293
SEI Global Master Fund - The SEI European Ex-UK Equity Fund	26,435
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Inst)	22,074
Subtotal	<u>414,658</u>
Total proceeds from sales, including the above, for the year	<u>484,852</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Collective Investment Schemes 100.02% (99.67%)			
Offshore Collective Investment Schemes - 100.02% (99.67%)			
SEI Global Master Fund - Dynamic Factor Allocation Fund (Hedged)	3,943,305	45,782	7.12
SEI Global Master Fund - Dynamic Factor Allocation Fund (Inst)	4,109,764	45,824	7.13
SEI Global Master Fund - SEI Select Momentum Fund (Hedged)	4,835,634	61,267	9.53
SEI Global Master Fund - SEI Select Momentum Fund (Inst)	5,045,310	61,401	9.56
SEI Global Master Fund - SEI Select Quality Fund (Hedged)	2,650,259	30,557	4.76
SEI Global Master Fund - SEI Select Quality Fund (Inst)	2,771,220	30,650	4.77
SEI Global Master Fund - SEI Select Value Fund (Hedged)	5,382,705	61,632	9.59
SEI Global Master Fund - SEI Select Value Fund (Inst)	5,621,565	61,837	9.62
SEI Global Master Fund - SEI Small Cap Select Fund	4,722,880	48,268	7.52
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Hedged)	3,379,325	38,626	6.01
SEI Global Master Fund - The SEI Dynamic Asset Allocation Fund (Inst)	1,489,946	38,724	6.03
SEI Global Master Fund - The SEI Emerging Markets Equity Fund	4,825,516	69,729	10.85
SEI Global Master Fund - The SEI US Small Companies Fund	1,160,272	48,383	7.53
Total Offshore Collective Investment Schemes		642,680	100.02
Total Collective Investment Schemes		642,680	100.02
Portfolio of investments		642,680	100.02
Other net liabilities		(105)	(0.02)
Total net assets		642,575	100.00

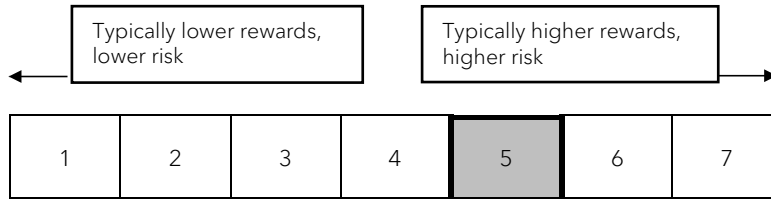
All investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 May 2023.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Sub-Fund.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	P	p	p
Change in net assets per share			
Opening net asset value per share	144.21	148.41	144.46
Return before operating charges*	25.87	1.78	9.23
Operating charges	(1.77)	(1.58)	(1.60)
Return after operating charges*	24.10	0.20	7.63
Distributions+	(3.61)	(4.40)	(3.68)
Closing net asset value per share	164.70	144.21	148.41
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	16.71%	0.13%	5.28%
Other information			
Closing net asset value (£000s)	639,633	450,213	321,961
Closing number of shares	388,367,060	312,189,548	216,940,494
Operating charges++	1.10%	1.08%	1.08%
Direct transaction costs	-	-	-
Prices			
Highest share price (p)	168.47	154.40	155.20
Lowest share price (p)	141.70	137.60	138.70

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	176.23	176.02	167.16
Return before operating charges*	32.02	2.10	10.73
Operating charges	(2.19)	(1.89)	(1.87)
Return after operating charges*	29.83	0.21	8.86
Distributions+	(4.45)	(5.28)	(4.30)
Retained distribution on accumulation shares+	4.45	5.28	4.30
Closing net asset value per share	206.06	176.23	176.02
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	16.93%	0.12%	5.30%
Other information			
Closing net asset value (£000s)	2,942	2,590	2,505
Closing number of shares	1,427,596	1,469,756	1,423,176
Operating charges++	1.10%	1.08%	1.08%
Direct transaction costs	-	-	-
Prices			
Highest share price (p)	209.57	186.40	180.90
Lowest share price (p)	174.50	163.30	163.60

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables***for the year ended 31 May 2024***Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	1.164	-	1.164	1.457
31.10.23	group 2	quarter 1	0.424	0.740	1.164	1.457
31.01.24	group 1	interim	0.943	-	0.943	1.128
31.01.24	group 2	interim	0.297	0.646	0.943	1.128
30.04.24	group 1	quarter 3	0.553	-	0.553	0.820
30.04.24	group 2	quarter 3	0.316	0.237	0.553	0.820
31.07.24	group 1	final	0.950	-	0.950	0.996
31.07.24	group 2	final	0.472	0.478	0.950	0.996

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Quarter 1 distributions:**

Group 1 Shares purchased before 1 June 2023  
Group 2 Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

Group 1 Shares purchased before 1 September 2023  
Group 2 Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

Group 1 Shares purchased before 1 December 2023  
Group 2 Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

Group 1 Shares purchased before 1 March 2024  
Group 2 Shares purchased 1 March 2024 to 31 May 2024

**Distribution tables (continued)***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.10.23	group 1	quarter 1	1.424	-	1.424	1.728
31.10.23	group 2	quarter 1	1.154	0.270	1.424	1.728
31.01.24	group 1	interim	1.161	-	1.161	1.352
31.01.24	group 2	interim	0.680	0.481	1.161	1.352
30.04.24	group 1	quarter 3	0.685	-	0.685	0.989
30.04.24	group 2	quarter 3	0.296	0.389	0.685	0.989
31.07.24	group 1	final	1.182	-	1.182	1.208
31.07.24	group 2	final	1.061	0.121	1.182	1.208

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Quarter 1 distributions:**

- Group 1                      Shares purchased before 1 June 2023
- Group 2                      Shares purchased 1 June 2023 to 31 August 2023

**Interim distributions:**

- Group 1                      Shares purchased before 1 September 2023
- Group 2                      Shares purchased 1 September 2023 to 30 November 2023

**Quarter 3 distributions:**

- Group 1                      Shares purchased before 1 December 2023
- Group 2                      Shares purchased 1 December 2023 to 29 February 2024

**Final distributions:**

- Group 1                      Shares purchased before 1 March 2024
- Group 2                      Shares purchased 1 March 2024 to 31 May 2024

## Financial statements - True Potential SEI Aggressive

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		79,183		(5,535)
Revenue	3	12,646		11,277	
Expenses	4	(5,175)		(3,662)	
Net revenue before taxation		<u>7,471</u>		<u>7,615</u>	
Taxation	5	-		-	
Net revenue after taxation			<u>7,471</u>		<u>7,615</u>
Total return before distributions			86,654		2,080
Distributions	6		(12,616)		(11,265)
Change in net assets attributable to shareholders from investment activities			<u><u>74,038</u></u>		<u><u>(9,185)</u></u>

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			452,803		324,466
Amounts receivable on issue of shares		163,260		198,756	
Amounts payable on cancellation of shares		<u>(47,591)</u>		<u>(61,310)</u>	
			115,669		137,446
Change in net assets attributable to shareholders from investment activities			74,038		(9,185)
Retained distribution on accumulation shares			<u>65</u>		<u>76</u>
Closing net assets attributable to shareholders			<u><u>642,575</u></u>		<u><u>452,803</u></u>



**Balance Sheet**  
as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		642,680	451,324
Current assets:			
Debtors	7	11,299	3,248
Cash and bank balances	8	1,955	2,625
Total assets		<u>655,934</u>	<u>457,197</u>
Liabilities:			
Investment liabilities			
Creditors:			
Distribution payable	6	(3,690)	(3,109)
Other creditors	9	(9,669)	(1,285)
Total liabilities		<u>(13,359)</u>	<u>(4,394)</u>
Net assets attributable to shareholders		<u>642,575</u>	<u>452,803</u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities - gains/(losses)	79,183	(5,535)
Net capital gains/(losses)	<u>79,183</u>	<u>(5,535)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	12,497	11,210
Bank interest	149	67
Total revenue	<u>12,646</u>	<u>11,277</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	5,175	3,662
Total expenses	<u>5,175</u>	<u>3,662</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,730 inclusive of VAT (2023: £8,394 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year	-	-
Total taxation (note 5b)	<u>-</u>	<u>-</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	<u>7,471</u>	<u>7,615</u>
Corporation tax @ 20%	1,494	1,523
Effects of:		
Overseas revenue	(2,499)	(2,242)
Excess management expenses	1,005	719
Total taxation (note 5a)	<u>-</u>	<u>-</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

## c Provision for deferred tax

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £3,362,942 (2023: £2,357,718).

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024 £000s	2023 £000s
Quarter 1 income distribution	3,908	3,311
Quarter 1 accumulation distribution	21	25
Interim income distribution	3,330	2,922
Interim accumulation distribution	17	19
Quarter 3 income distribution	2,038	2,416
Quarter 3 accumulation distribution	10	14
Final income distribution	3,690	3,109
Final accumulation distribution	17	18
	<u>13,031</u>	<u>11,834</u>

Equalisation:

Amounts deducted on cancellation of shares	243	347
Amounts added on issue of shares	(658)	(916)

Total net distributions	<u>12,616</u>	<u>11,265</u>
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Reconciliation between net revenue and distributions:	2024 £000s	2023 £000s
---	---------------	---------------

Net revenue after taxation per Statement of total return	7,471	7,615
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Distributed revenue brought forward	-	2
Expenses paid from capital	5,175	3,662
Marginal tax relief	(30)	(14)
Distributions	<u>12,616</u>	<u>11,265</u>

Details of the distribution per share are disclosed in the Distribution tables.

7. Debtors	2024 £000s	2023 £000s
Amounts receivable on issue of shares	1,112	3,241
Sales awaiting settlement	10,177	-
Accrued revenue	10	7
Total debtors	<u>11,299</u>	<u>3,248</u>

8. Cash and bank balances	2024 £000s	2023 £000s
Bank balances	1,955	2,625
Total cash and bank balances	<u>1,955</u>	<u>2,625</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	264	897
Purchases awaiting settlement	8,884	-
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	521	388
Total accrued expenses	521	388
Total other creditors	9,669	1,285

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	312,189,548
Total shares issued in the year	107,929,194
Total shares cancelled in the year	(31,751,682)
Closing shares in issue	388,367,060

	A Accumulation
Opening shares in issue	1,469,756
Total shares issued in the year	193,378
Total shares cancelled in the year	(235,538)
Closing shares in issue	1,427,596

For the year ended 31 May 2024, the annual management charge is 0.95%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 164.70p to 169.58p and the A Accumulation share has increased from 206.06p to 213.54p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2024		
Collective Investment Schemes	596,041	596,041
Total	596,041	596,041

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2023		
Collective Investment Schemes	215,063	215,063
Total	215,063	215,063

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2024		
Collective Investment Schemes	484,852	484,852
Total	484,852	484,852

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2023		
Collective Investment Schemes	81,929	81,929
Total	81,929	81,929

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations) ,1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential SEI Aggressive	6.39	10.17	7.96	20.00	99.00	100.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk is collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £32,134,000 (2023: £22,566,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

The Sub-Fund had no significant direct exposure to foreign currency in the year.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

In the event of a change in interest rates, there would be no material impact upon the net assets of the Sub-Fund.

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

There is no significant exposure to interest bearing securities at the balance sheet date.

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets
Basis of valuation	2024
	£000s
Quoted prices	-
Observable market data	642,680
Unobservable data	-
	<u>642,680</u>

	Investment assets
Basis of valuation	2023
	£000s
Quoted prices	-
Observable market data	451,324
Unobservable data	-
	<u>451,324</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

During the year, there were no derivative transactions (2023: same).

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.



**Notes to the financial statements (continued)***for the year ended 31 May 2024*

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (i) Counterparties (continued)

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

There have been no leveraging arrangements in the year (2023: same).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, there is no global exposure to derivatives (2023: same).

There have been no collateral arrangements in the year (2023: same).

## True Potential UBS Defensive

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve capital growth over the long term (5 years or longer) through active management of a diversified investment portfolio whilst seeking to control the overall level of portfolio risk. The sub-delegate will seek to diversify the Sub-Fund's exposures across asset classes and vary the total market exposure as required.

To achieve the objective the Sub-Fund will be invested in a range of higher and lower risk assets. Higher risk assets include domestic and international equities, property, commodities and absolute return strategies. Exposure to these higher risk assets will be achieved indirectly through eligible collective investment schemes (this may include collective investment schemes managed by the Investment Manager or sub-delegate), listed securities or eligible derivatives. Exposure to higher risk assets is expected to represent between 20% and 60% of assets reflecting the defensive nature of the Sub-Fund.

Lower risk assets include domestic and international government, corporate and supranational institution bonds, money market instruments and cash or near cash instruments. Exposure to lower risk assets may be achieved directly, through investment in listed securities and money market instruments, or indirectly, through eligible collective investment schemes and eligible derivatives.

The Sub-Fund may also use spot and forward foreign exchange instruments to manage currency exposure.

There are no geographical restrictions on the countries of investment.

Derivatives may be used for investment purposes and Efficient Portfolio Management. A significant proportion of the Sub-Fund's Scheme Property may be invested in derivatives. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The True Potential UBS Defensive Fund delivered a positive return of +8.11% for the review period, 1 June 2023 to 31 May 2024 (Source: Refinitiv).

The period in review saw a positive backdrop for risk assets, as resilient economic growth in the US broadened out into the rest of the world, with optimism over the peak in central bank tightening and the AI theme also coming into focus. A US exceptionalism story emerged early in the period, with US economic data surprising to the upside despite disinflationary trends remaining largely intact. The better-than-expected growth environment saw investors focus on the potential for a higher-for-longer interest rate outcome. These concerns were added by the Federal Reserve's revisions to its dot plot in September 2023, which showed the expected policy path to be more restrictive than previously anticipated. Outside of the US, growth remained largely subdued with weakness in the manufacturing sector showed some signs of spilling over into services in Europe, with the European Central Bank pausing its hiking cycle suggesting that rates were sufficiently restrictive. The Bank of England also delivered its only hike during the period in August, with soft growth and progress on inflation allowing policymakers to pause.

The tone in markets shifted towards the end of 2023, with further progress on the US inflation front and an apparent dovish pivot from Fed officials. The prospect of easier US monetary policy alongside robust economic growth data set up a uniquely positive environment for US equities, while Treasury yields and the US dollar (USD) pulled back from the October 2023 highs. Further optimism over the artificial intelligence theme also spurred on equities despite some concerns over valuation multiples, with the bond-equity correlation remaining positive even as month-on-month inflation figures cooled into year-end. Risk assets extended gains on growth optimism in early 2024, with signs of a broadening out from the US to other economies supporting a catch-up from non-US equities. Signs of potentially stickier inflation pressures came into focus however, which led to a repricing in central bank policy expectations and a pick-up in long-end yields. Investors pushed out expectations for the first Fed rate cut, as the US economy continued to prove resilient and inflationary pressures reappeared. A stronger growth environment saw the Fed, BoE, and ECB keep rates on hold, although the Swiss National Bank became the first major economy to cut rates. The Bank of Japan ("BoJ") also adjusted policy, becoming the last central bank in the world to move its policy rate out of negative territory with a hike, their first time in 17 years.

Global activity data showed further signs of improvement towards the end of the period, as global manufacturing Purchasing Managers' Index (PMI) moved into expansionary territory, with services PMI remaining healthy. Global equities rallied through to the end of the first quarter of 2024, delivering five straight months of gains from back in November 2023. Over the full period, the MSCI World Index finished the period in review up more than 25%, with the US equity market as the leading driver of returns. The rise in bond yields which started earlier in 2024, saw an overall muted return across government bonds over the period, with the main global aggregate bond indices flat to slightly positive. Credit spreads ended the period at historically tight levels, while gold hit all-time highs. The US dollar index was marginally higher over the full period in review, after trading in a broad range.

### Fund Commentary

The Sub-Fund's equity exposure was the main driver of positive performance throughout the period in what was a strong period for most major indices, with fixed income also adding value, while active currency positions were flat. Within equities, regional exposures to US and European equities were the main contributors to positive performance, with Japanese, Italian, and emerging market equities also adding value. Core equity positioning in quality and momentum factors outperformed the broad market over the period, while minimum volatility underperformed and FTSE RAFI Developed 1000 was largely on par with market returns.

Positive contributions within fixed income stemmed from long positioning in UK government debt, with further gains seen across credit and emerging market debt. Within credit, UK investment grade and US high yield were the main positive contributors. On the downside, exposure to Australian, US and Canadian government bonds detracted from performance.

Within the Sub-Fund's active currency exposure, the main detractor from performance was the long Japanese yen (JPY) position which struggled over the period amid wide nominal rate differentials. Long Indonesian rupiah (IDR) and long Australian dollar (AUD) exposure also contributing negatively. On the upside, long positioning in the Colombian peso (COP) was the largest value add, given reduced political risk premia and high carry over the period. Short positioning in the Chinese renminbi (CNH) and the long Norwegian krone (NOK) position also contributed positively.

### Investment Strategy and Outlook

The period in review ended with the US economy showing some signs of cooling from a high level of growth, while the rest of the world was showing signs of improvement from a lower level. In our view, this more balanced growth environment, at a time when central bank policy is expected to ease rather than tighten, creates a uniquely positive risk backdrop. Monetary policy easing while growth is accelerating or remaining near trend in the US should support consumption, while global manufacturing is also expected to recover further. There are risks to our constructive view, with inflation remaining sticky in the US meaning that a no-landing economic scenario still remains a possibility, while on the flipside, cooling economic conditions can very quickly turn into a deterioration. While the labour market remains firm, we are seeing some signs of deceleration in line with our soft-landing base case. The risk of a significant weakening of the labour market is one which we are carefully assessing given lagged impacts of monetary policy globally.

Recent economic data has generally supported the outlook for a US soft landing, with headline and core CPI figures showing a genuine slowdown after upside surprises earlier in 2023. Within services inflation, rental inflation saw its slowest reading since last summer and based on leading indicators, expectations are for a downtrend as we move into the second half of the year. The upside inflation scare in Q1 2024, was a reminder that the inflation path back to central bank targets is likely to be bumpy, however we remain in an environment with resilient US growth. Our expectation is for the growth environment to cool further as the year progresses, with consumption moderating as labour income slows. In this environment, our base case remains for further disinflation in the US, while acknowledging the risk of potentially stickier inflation. Some of the key upside inflation risks we are monitoring are: the potential for rental and home price growth to reaccelerate; wage growth reaccelerating and putting additional pressure on core services, and a manufacturing rebound to put upward pressure on the disinflation process. We remain vigilant as we assess these risks alongside risks of any deterioration in the current US economic environment.

The US has outperformed most major economies in the post-COVID recovery, driven by multiple factors including fiscal stimulus, household expenditure, and relatively lower sensitivity to higher rates. However, now we are seeing signs of the US cooling from its high level of growth, while the rest of the world is picking up from its relatively low level. This is evident in the US ISM manufacturing report for May disappointing to the downside, while the global manufacturing PMI data continues to trend higher. Focusing on Europe, the outlook has become much brighter, with inflation having declined at a rapid pace - to a point where the European Central Bank are comfortable to start its easing cycle. Europe's disinflation along with its still-tight labour market have supported real incomes, which in turn is expected to support consumption later in the year. Similarly in the UK, we expect growth to improve on the back of better real wages and consumption.

The disinflation trend has lagged Europe, and growth and employment is also relatively softer at the margin, however we still see a brighter outlook outright. Elsewhere in China, macro data is still showing a mixed picture, though the Chinese government has rolled out more stimulus and policies to try and tackle their property sector woes, which in our view, has partly fuelled the recent pickup in Chinese risk assets. Going forward however, we think further equity outperformance in China will likely need a genuine improvement in economic conditions, particularly with risks ahead to Chinese and US trade, given policies leading up to the US election.

While the US and Japan have dominated equity returns this cycle, we think it's Europe's turn to deliver outperformance. The bottom line is that developed market nominal GDP is growing at a healthier pace than in the last economic cycle even as we expect a global monetary easing campaign. If the global economy remains in good shape, which we expect to be the case, we consider risk assets should deliver value, even if the pace of monetary easing is slower than some would like. We expect global bonds to continue trading within a range, as the disinflation process takes time and growth remains resilient. As of the end of May, we remain in an equity overweight position through the US, Japan and Europe, with Australia remaining our least preferred market. On the fixed income side, we are largely neutral on sovereigns and credit, but prefer European high yield within the credit space. In our active currency strategy, we favour the Japanese yen (JPY), Norwegian krone (NOK) and Latin American currencies, while the Chinese renminbi (CNH) and New Zealand dollar (NZD) are the main funding currencies.

UBS Asset Management (UK) Ltd- a sub-delegate of True Potential Investments LLP

18 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
UK Treasury Gilt 3.50% 22/10/2025	4,532
UK Treasury Gilt 2.00% 07/09/2025	4,484
UK Treasury Gilt 0.125% 30/01/2026	3,470
UK Treasury Gilt 1.50% 22/07/2026	3,098
UK Treasury Bill 0% 16/10/2023	2,470
UK Treasury Bill 0% 23/10/2023	2,467
UK Treasury Bill 0% 11/03/2024	1,947
UK Treasury Gilt 0.375% 22/10/2026	1,359
UBS (Irl) Investor Selection - Global Equity Long Short Fund (Acc)	1,218
US Treasury Gilt 4.25% 15/05/2039	1,191
Subtotal	<u>26,236</u>
Total cost of purchases, including the above, for the year	<u>36,750</u>
	Proceeds
	£000s
Sales:	
UK Treasury Gilt 1.00% 22/04/2024	5,962
UK Treasury Gilt 0.75% 22/07/2023	5,680
UBS Investment Funds ICVC II - UBS MSCI World Minimum Volatility Index Fund (Acc)	4,834
United Kingdom Gilt 0.125% 31/01/2024	4,574
UK Treasury Gilt 2.25% 07/09/2023	4,000
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	2,954
UK Treasury Bill 0% 23/10/2023	2,500
UK Treasury Bill 0% 16/10/2023	2,500
UK Treasury Bill 0% 11/03/2024	1,997
US Treasury Gilt 4.25% 15/05/2039	1,131
Subtotal	<u>36,132</u>
Total proceeds from sales, including the above, for the year	<u>42,568</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 67.88% (62.58%)			
Government Bonds - 66.44% (62.58%)			
Government of Australia 3.75% 21/04/2037	AUD 2,134,000	1,031	1.74
UK Treasury Gilt 0.125% 30/01/2026	£3,823,000	3,562	6.00
UK Treasury Gilt 0.25% 31/01/2025	£4,803,000	4,668	7.86
UK Treasury Gilt 0.375% 22/10/2026	£1,500,000	1,364	2.30
UK Treasury Gilt 0.625% 07/06/2025	£4,823,000	4,625	7.79
UK Treasury Gilt 1.50% 22/07/2026	£3,300,000	3,106	5.23
UK Treasury Gilt 2.00% 07/09/2025	£4,746,000	4,585	7.72
UK Treasury Gilt 2.75% 07/09/2024	£4,614,000	4,588	7.72
UK Treasury Gilt 3.50% 22/10/2025	£4,641,000	4,555	7.67
US Treasury Gilt 4.25% 15/05/2039	\$2,468,000	1,868	3.15
UK Treasury Gilt 4.75% 07/12/2038	£489,000	499	0.84
UK Treasury Gilt 5.00% 07/03/2025	£5,000,000	5,000	8.42
Total Government Bonds		39,451	66.44
Government Index-Linked - 1.44% (0.00%)			
US Treasury Gilt 2.125% Index Linked 15/02/2040	\$764,000	853	1.44
Total Debt Securities		40,304	67.88
Collective Investment Schemes - 25.46% (30.00%)			
UK Authorised Collective Investment Schemes - 14.46% (22.97%)			
UBS Investment Funds ICVC - Sterling Corporate Bond Indexed Fund (Acc)	9,705	1,257	2.12
UBS Investment Funds ICVC - UBS UK Equity Income Fund (Acc)	1,830	2,385	4.01
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	436	3,358	5.65
UBS Investment Funds ICVC II - UBS MSCI World Minimum Volatility Index Fund (Acc)	268	1,589	2.68
Total UK Authorised Collective Investment Schemes		8,589	14.46
Offshore Collective Investment Schemes - 11.00% (7.03%)			
iShares Broad USD High Yield Corp Bond UCITS ETF	170,727	637	1.07
iShares Emerging Markets Government Bond Index Fund	82,668	722	1.22
iShares USD High Yield Corp Bond UCITS ETF	8,348	596	1.00
UBS (Irl) Investor Selection - Currency Allocation Return Strategy (Acc)	17	1,445	2.43
UBS (Irl) Investor Selection - Global Equity Long Short Fund (Acc)	9	1,295	2.18
Vanguard EUR Corporate Bond UCITS ETF	12,337	518	0.87
Vanguard USD Corporate Bond UCITS ETF	20,357	875	1.48
Xtrackers USD High Yield Corporate Bond UCITS ETF	45,811	446	0.75
Total Offshore Collective Investment Schemes		6,534	11.00
Total Collective Investment Schemes		15,123	25.46

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Futures - 0.45% (0.28%)			
CME - E Mini S&P 500 Index June 2024	27	112	0.19
EUREX - Euro Stoxx 50 June 2024	22	(11)	(0.02)
EUREX - Euro Stoxx Bank June 2024	56	53	0.09
EUREX - Liquidity Screened June 2024	13	3	0.01
EUREX - MSCI World Momentum June 2024	48	33	0.06
EUREX - MSCI World Quality June 2024	67	22	0.04
ICF - FTSE 100 Index June 2024	(2)	(10)	(0.02)
NYF - MSCI Emerging Market June 2024	44	2	0.00
OSE - Topix Index June 2024	10	53	0.09
SFE - SPI 200 Futures June 2024	(11)	8	0.01
Total Futures		<u>265</u>	<u>0.45</u>
Forward Currency Contracts - 0.03% (0.21%)			
Sell Japanese yen	(¥45,725,000)	(229)	
Buy UK sterling	£245,526	245	
Expiry date 13 June 2024		<u>16</u>	<u>0.03</u>
Sell Euro	(€2,282,000)	(1,945)	
Buy UK sterling	£1,957,804	1,958	
Expiry date 13 June 2024		<u>13</u>	<u>0.02</u>
Sell UK sterling	(£843,689)	(844)	
Buy US dollar	\$1,077,000	845	
Expiry date 13 June 2024		<u>1</u>	<u>0.00</u>
Sell UK sterling	(£175,087)	(175)	
Buy Euro	€204,000	174	
Expiry date 13 June 2024		<u>(1)</u>	<u>0.00</u>
Sell US dollar	(\$208,000)	(163)	
Buy UK sterling	£162,443	162	
Expiry date 13 June 2024		<u>(1)</u>	<u>0.00</u>
Sell Australian dollar	(AUD 1,875,000)	(981)	
Buy UK sterling	£971,246	972	
Expiry date 13 June 2024		<u>(9)</u>	<u>(0.02)</u>
Total Forward Currency Contracts		<u>19</u>	<u>0.03</u>

**Portfolio statement (continued)***as at 31 May 2024*

Investment	Nominal value or holding	Market value £000s	% of total net assets
Portfolio of investments		55,711	93.82
Other net assets		3,670	6.18
<b>Total net assets</b>		<b>59,381</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.



## Summary of portfolio investments

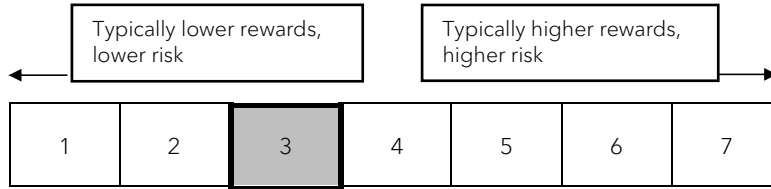
as at 31 May 2024

	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	40,304	67.88	39,757	62.58
Total bonds	40,304	67.88	39,757	62.58
Forward currency contracts - assets	30	0.05	134	0.21
Futures - assets	286	0.49	183	0.30
Collective Investment Schemes	15,123	25.46	19,061	30.00
Investments as shown in the balance sheet	55,743	93.88	59,135	93.09
Forward currency contracts - liabilities	(11)	(0.02)	-	-
Futures - liabilities	(21)	(0.04)	(10)	(0.02)
Total value of investments	55,711	93.82	59,125	93.07

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of this Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

Zeros and synthetic zeros may not deliver their specified capital return if the assets fail to grow sufficiently during their lifetime and may be unable to pay the amount promised at the maturity date. Zeros and synthetic zeros may leverage their assets, which may lead to more volatile results than assets that do not use leverage. The share prices of zeros and synthetic zeros may stand at a discount to their net asset value per share for prolonged periods.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	111.67	115.38	116.44
Return before operating charges*	9.71	(3.04)	(0.36)
Operating charges	(0.68)	(0.67)	(0.70)
Return after operating charges*	9.03	(3.71)	(1.06)
Distributions+	(2.45)	(1.13)	(0.61)
Retained distribution on accumulation shares+	2.45	1.13	0.61
Closing net asset value per share	120.70	111.67	115.38
*after direct transaction costs of:	0.00	0.01	-
Performance			
Return after charges	8.09%	(3.22)%	(0.91)%
Other information			
Closing net asset value (£000s)	59,381	63,529	63,665
Closing number of shares	49,197,013	56,891,170	55,180,483
Operating charges++	0.59%	0.59%	0.59%
Direct transaction costs	0.00	0.00	0.00
Prices			
Highest share price (p)	121.60	115.70	119.50
Lowest share price (p)	111.40	109.20	114.10

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution table***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	0.957	-	0.957	0.464
31.01.24	group 2	interim	0.569	0.388	0.957	0.464
31.07.24	group 1	final	1.491	-	1.491	0.666
31.07.24	group 2	final	0.754	0.737	1.491	0.666

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distribution**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1                    Shares purchased before 1 June 2023  
Group 2                    Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1                    Shares purchased before 1 December 2023  
Group 2                    Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential UBS Defensive

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		3,497		(2,633)
Revenue	3	1,929		1,094	
Expenses	4	(347)		(365)	
Interest payable and similar charges		(42)		-	
Net revenue before taxation		1,540		729	
Taxation	5	(249)		(75)	
Net revenue after taxation			1,291		654
Total return/(deficit) before distributions			4,788		(1,979)
Distributions	6		(1,291)		(654)
Change in net assets attributable to shareholders from investment activities			3,497		(2,633)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		63,529		63,665
Amounts receivable on issue of shares	14,824		24,609	
Amounts payable on cancellation of shares	(23,725)		(22,765)	
		(8,901)		1,844
Change in net assets attributable to shareholders from investment activities		3,497		(2,633)
Retained distribution on accumulation shares		1,256		653
Closing net assets attributable to shareholders		59,381		63,529

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments assets		55,743	59,135
Current assets:			
Debtors	7	362	562
Cash and bank balances and amounts held at futures clearing houses and brokers	8	5,835	4,552
Total assets		<u>61,940</u>	<u>64,249</u>
Liabilities:			
Investment liabilities		(32)	(10)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(2,221)	(295)
Other creditors	9	(306)	(415)
Total liabilities		<u>(2,559)</u>	<u>(720)</u>
Net assets attributable to shareholders		<u><u>59,381</u></u>	<u><u>63,529</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	2,099	(2,092)
Derivative contracts – gains/(losses)	1,816	(466)
Currency (losses)/gains	(81)	43
Forward currency contracts	(334)	(115)
Commission on futures	(3)	(3)
Net capital gains/(losses)	<u>3,497</u>	<u>(2,633)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	16	10
Distributions from UK regulated collective investment schemes:		
Franked investment income	276	319
Unfranked investment income	-	2
Interest distributions	48	33
Interest distributions from overseas collective investment schemes	171	100
Interest on debt securities	1,295	550
Bank interest	123	80
Total revenue	<u>1,929</u>	<u>1,094</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	347	365
Total expenses	<u>347</u>	<u>365</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,405 inclusive of VAT (2023: £8,082 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	249	75
Total taxation (note 5b)	<u>249</u>	<u>75</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	1,540	729
Corporation tax @ 20%	<u>308</u>	<u>146</u>
Effects of:		
UK revenue	(55)	(64)
Overseas revenue	(4)	(2)
Excess management expenses (utilised)	<u>-</u>	<u>(5)</u>
Total taxation (note 5a)	<u>249</u>	<u>75</u>

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim accumulation distribution	522	274
Final accumulation distribution	<u>734</u>	<u>379</u>
	1,256	653
Equalisation:		
Amounts deducted on cancellation of shares	102	47
Amounts added on issue of shares	(67)	(46)
Total net distributions	<u>1,291</u>	<u>654</u>
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	1,291	654
Distributions	<u>1,291</u>	<u>654</u>

Details of the distribution per share are disclosed in the Distribution table.

## 7. Debtors

	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	144	382
Accrued revenue	<u>218</u>	<u>180</u>
Total debtors	<u>362</u>	<u>562</u>



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

8.	Cash and bank balances and bank overdrafts	2024	2023
		£000s	£000s
	Cash and bank balances and amounts held at futures clearing houses and brokers	5,835	4,552
	Bank overdrafts (including futures overdraft)	(2,221)	(295)
	Total cash and bank balances and bank overdrafts	3,614	4,257
9.	Other creditors	2024	2023
		£000s	£000s
	Amounts payable on cancellation of shares	160	308
	Accrued expenses:		
	Payable to the ACD and associates		
	Annual management charge	28	33
	Total accrued expenses	28	33
	Corporation tax payable	118	74
	Total other creditors	306	415

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Accumulation
Opening shares in issue	56,891,170
Total shares issued in the year	12,976,735
Total shares cancelled in the year	(20,670,892)
Closing shares in issue	49,197,013

For the year ended 31 May 2024, the annual management charge is 0.56%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Accumulation share has increased from 120.70p to 123.21p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Purchases after transaction costs*
2024	£000s	£000s
Bonds	28,887	28,887
Collective Investment Schemes	7,863	7,863
<b>Total</b>	<b>36,750</b>	<b>36,750</b>

	Purchases before transaction costs	Purchases after transaction costs*
2023	£000s	£000s
Bonds	24,625	24,625
Collective Investment Schemes	9,887	9,887
<b>Total</b>	<b>34,512</b>	<b>34,512</b>

	Sales before transaction costs	Sales after transaction costs*
2024	£000s	£000s
Bonds	29,299	29,299
Collective Investment Schemes	13,269	13,269
<b>Total</b>	<b>42,568</b>	<b>42,568</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

2023	Sales before transaction costs £000s	Sales after transaction costs* £000s
Bonds	21,933	21,933
Collective Investment Schemes	7,717	7,717
<b>Total</b>	<b>29,650</b>	<b>29,650</b>

\*No direct transaction costs were incurred in the sale of investments during the year (2023: same).

Summary of direct transaction costs	2024		2023	
	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	3	0.00	3	0.00

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.05% (2023: 0.05%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential UBS Defensive	2.96	4.13	3.42	9.00	125.00	175.00

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £2,786,000 (2023: £2,956,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Australian dollar	1,076
Canadian dollar	(1)
Euro	1,833
Hong Kong dollar	(152)
Japanese yen	410
South African rand	99
Swiss franc	(20)
US dollar	7,505
Total net foreign currency exposure	<u>10,750</u>

**Notes to the financial statements (continued)**  
for the year ended 31 May 2024

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk (continued)

	Total net foreign currency exposure*
2023	£000s
Australian dollar	1,563
Canadian dollar	24
Euro	183
Hong Kong dollar	(148)
Japanese yen	216
South African rand	176
US dollar	4,210
Total net foreign currency exposure	<u>6,224</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £423,000 (2023: £145,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

(iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £9,000 (2023: £11,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Australian dollar	128	(83)	1,031	8	(8)	1,076
Canadian dollar	-	(1)	-	-	-	(1)
Euro	494	-	-	1,350	(11)	1,833
Hong Kong dollar	-	(152)	-	-	-	(152)
Japanese yen	356	-	-	54	-	410
South African rand	99	-	-	-	-	99
Swiss franc	-	(20)	-	-	-	(20)
UK sterling	2,544	(1,965)	36,551	11,819	(318)	48,631
US dollar	2,214	-	2,722	2,570	(1)	7,505
	5,835	(2,221)	40,304	15,801	(338)	59,381

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Australian dollar	227	-	1,263	73	-	1,563
Canadian dollar	24	-	-	-	-	24
Euro	183	-	-	10	(10)	183
Hong Kong dollar	-	(148)	-	-	-	(148)
Japanese yen	204	-	-	12	-	216
South African rand	176	-	-	-	-	176
UK sterling	3,269	(147)	36,757	17,841	(415)	57,305
US dollar	469	-	1,737	2,004	-	4,210
	4,552	(295)	39,757	19,940	(425)	63,529

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. All debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of portfolio investments.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## b Credit risk (continued)

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	42,631	(21)
Observable market data	13,112	(11)
Unobservable data	-	-
	<u>55,743</u>	<u>(32)</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## d Fair value of financial assets and financial liabilities (continued)

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	40,475	(10)
Observable market data	18,660	-
Unobservable data	-	-
	<u>59,135</u>	<u>(10)</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 127.84% (2023: 113.68%).



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value £000s	% of the total net asset value
2024		
Investment		
Futures		
CME - E Mini S&P 500 Index June 2024	5,492	9.25
EUREX - Euro Stoxx 50 June 2024	945	1.59
EUREX - Euro Stoxx Bank June 2024	297	0.50
EUREX - Liquidity Screened June 2024	617	1.04
EUREX - MSCI World Momentum June 2024	1,604	2.70
EUREX - MSCI World Quality June 2024	2,475	4.17
ICF - FTSE 100 Index June 2024	156	0.26
NYF - MSCI Emerging Market June 2024	1,820	3.06
OSE - Topix Index June 2024	1,333	2.24
SFE - SPI 200 Futures June 2024	1,117	1.88
Forward Currency Contracts		
Value of long position - US dollar	682	1.15
Value of short position - Australian dollar	981	1.65
Value of short position - Euro	1,771	2.99
Value of short position - Japanese yen	229	0.39
	Gross exposure value £000s	% of the total net asset value
2023		
Investment		
Futures		
CME - Mini S&P 500 Index June 2023	2,705	4.26
EUREX - Euro Stoxx 50 June 2023	653	1.03
EUREX - Euro Stoxx Bank June 2023	648	1.02
MSE - Canada 10Year Bond Future September 2023	1,615	2.54
NYF - MSCI Emerging Market June 2023	2,818	4.44
OSE - Topix Index June 2023	246	0.39
Forward Currency Contracts		
Value of short position - Australian dollar	1,291	2.03
Value of short position - US dollar	1,904	3.00

**Notes to the financial statements (continued)***for the year ended 31 May 2024*

- 15. Risk management policies (continued)
  - f Derivatives (continued)
  - (iii) Global exposure (continued)

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Merrill Lynch International	Cash	£nil	£370,091

## True Potential UBS Cautious

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve capital growth over the long term (5 years or longer) through active management of a diversified investment portfolio whilst seeking to control the overall level of portfolio risk. The sub-delegate will seek to diversify the Sub-Fund's exposures across asset classes and vary the total market exposure as required.

To achieve the objective the Sub-Fund will be invested in a range of higher and lower risk assets. Higher risk assets include domestic and international equities, property, commodities and absolute return strategies. Exposure to these higher risk assets will be achieved indirectly through eligible collective investment schemes (this may include collective investment schemes managed by the Investment Manager or sub-delegate), listed securities or eligible derivatives. Exposure to higher risk assets is expected to represent between 25% and 65% of assets reflecting the cautious nature of the Sub-Fund.

Lower risk assets include domestic and international government, corporate and supranational institution bonds, money market instruments and cash or near cash instruments. Exposure to lower risk assets may be achieved directly, through investment in listed securities and money market instruments, or indirectly, through eligible collective investment schemes and eligible derivatives.

The Sub-Fund may also use spot and forward foreign exchange instruments to manage currency exposure. There are no geographical restrictions on the countries of investment.

Derivatives may be used for investment purposes and Efficient Portfolio Management. A significant proportion of the Sub-Fund's scheme property may be invested in derivatives. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The True Potential UBS Cautious Fund delivered a positive return of +10.79% for the review period, 1 June 2023 to 31 May 2024 (Source: Refinitiv).

The period in review saw a positive backdrop for risk assets, as resilient economic growth in the US broadened out into the rest of the world, with optimism over the peak in central bank tightening and the AI theme also coming into focus. A US exceptionalism story emerged early in the period, with US economic data surprising to the upside despite disinflationary trends remaining largely intact. The better-than-expected growth environment saw investors focus on the potential for a higher-for-longer interest rate outcome. These concerns were added by the Federal Reserve's revisions to its dot plot in September 2023, which showed the expected policy path to be more restrictive than previously anticipated. Outside of the US, growth remained largely subdued with weakness in the manufacturing sector showed some signs of spilling over into services in Europe, with the European Central Bank pausing its hiking cycle suggesting that rates were sufficiently restrictive. The Bank of England also delivered its only hike during the period in August, with soft growth and progress on inflation allowing policymakers to pause.

The tone in markets shifted towards the end of 2023, with further progress on the US inflation front and an apparent dovish pivot from Fed officials. The prospect of easier US monetary policy alongside robust economic growth data set up a uniquely positive environment for US equities, while Treasury yields and the US dollar (USD) pulled back from the October 2023 highs. Further optimism over the artificial intelligence theme also spurred on equities despite some concerns over valuation multiples, with the bond-equity correlation remaining positive even as month-on-month inflation figures cooled into year-end. Risk assets extended gains on growth optimism in early 2024, with signs of a broadening out from the US to other economies supporting a catch-up from non-US equities. Signs of potentially stickier inflation pressures came into focus however, which led to a repricing in central bank policy expectations and a pick-up in long-end yields. Investors pushed out expectations for the first Fed rate cut, as the US economy continued to prove resilient and inflationary pressures reappeared. A stronger growth environment saw the Fed, BoE, and ECB keep rates on hold, although the Swiss National Bank became the first major economy to cut rates. The Bank of Japan ("BoJ") also adjusted policy, becoming the last central bank in the world to move its policy rate out of negative territory with a hike, their first time in 17 years.

Global activity data showed further signs of improvement towards the end of the period, as global manufacturing PMI moved into expansionary territory, with services PMI remaining healthy. Global equities rallied through to the end of the first quarter of 2024, delivering five straight months of gains from back in November 2023. Over the full period, the MSCI World Index finished the period in review up more than 25%, with the US equity market as the leading driver of returns. The rise in bond yields which started earlier in 2024, saw an overall muted return across government bonds over the period, with the main global aggregate bond indices flat to slightly positive. Credit spreads ended the period at historically tight levels, while gold hit all-time highs. The US dollar index was marginally higher over the full period in review, after trading in a broad range.

## Fund Commentary

The Sub-Fund's equity exposure was the main driver of positive performance throughout the period in what was a strong period for most major indices, with fixed income also adding value, while active currency positions were flat. Within equities, regional exposures to US and European equities were the main contributors to positive performance, with Japanese, Italian, and emerging market equities also adding value. Core equity positioning in quality and momentum factors outperformed the broad market over the period, while minimum volatility underperformed and FTSE RAFI Developed 1000 was largely on par with market returns.

Positive contributions within fixed income stemmed from long positioning in UK government debt, with further gains seen across credit and emerging market debt. Within credit, UK investment grade and US high yield were the main positive contributors. On the downside, exposure to Australian, US and Canadian government bonds detracted from performance.

Within the Sub-Fund's active currency exposure, the main detractor from performance was the long Japanese yen (JPY) position which struggled over the period amid wide nominal rate differentials. Long Indonesian rupiah (IDR) and long Australian dollar (AUD) exposure also contributing negatively. On the upside, long positioning in the Colombian peso (COP) was the largest value add, given reduced political risk premia and high carry over the period. Short positioning in the Chinese renminbi (CNH) and the long Norwegian krone (NOK) position also contributed positively.

## Investment Strategy and Outlook

The period in review ended with the US economy showing some signs of cooling from a high level of growth, while the rest of the world was showing signs of improvement from a lower level. In our view, this more balanced growth environment, at a time when central bank policy is expected to ease rather than tighten, creates a uniquely positive risk backdrop. Monetary policy easing while growth is accelerating or remaining near trend in the US should support consumption, while global manufacturing is also expected to recover further. There are risks to our constructive view, with inflation remaining sticky in the US meaning that a no-landing economic scenario still remains a possibility, while on the flipside, cooling economic conditions can very quickly turn into a deterioration. While the labour market remains firm, we are seeing some signs of deceleration in line with our soft-landing base case. The risk of a significant weakening of the labour market is one which we are carefully assessing given lagged impacts of monetary policy globally.

Recent economic data has generally supported the outlook for a US soft landing, with headline and core CPI figures showing a genuine slowdown after upside surprises earlier in 2023. Within services inflation, rental inflation saw its slowest reading since last summer and based on leading indicators, expectations are for a downtrend as we move into the second half of the year. The upside inflation scare in Q1 2024, was a reminder that the inflation path back to central bank targets is likely to be bumpy, however we remain in an environment with resilient US growth. Our expectation is for the growth environment to cool further as the year progresses, with consumption moderating as labour income slows. In this environment, our base case remains for further disinflation in the US, while acknowledging the risk of potentially stickier inflation. Some of the key upside inflation risks we are monitoring are: the potential for rental and home price growth to reaccelerate; wage growth reaccelerating and putting additional pressure on core services, and a manufacturing rebound to put upward pressure on the disinflation process. We remain vigilant as we assess these risks alongside risks of any deterioration in the current US economic environment.

The US has outperformed most major economies in the post-COVID recovery, driven by multiple factors including fiscal stimulus, household expenditure, and relatively lower sensitivity to higher rates. However, now we are seeing signs of the US cooling from its high level of growth, while the rest of the world is picking up from its relatively low level. This is evident in the US ISM manufacturing report for May disappointing to the downside, while the global manufacturing PMI data continues to trend higher. Focusing on Europe, the outlook has become much brighter, with inflation having declined at a rapid pace – to a point where the European Central Bank are comfortable to start its easing cycle. Europe's disinflation along with its still-tight labour market have supported real incomes, which in turn is expected to support consumption later in the year. Similarly in the UK, we expect growth to improve on the back of better real wages and consumption. The disinflation trend has lagged Europe, and growth and employment is also relatively softer at the margin, however we still see a brighter outlook outright. Elsewhere in China, macro data is still showing a mixed picture, though the Chinese government has rolled out more stimulus and policies to try and tackle their property sector woes, which in our view, has partly fuelled the recent pickup in Chinese risk assets. Going forward however, we think further equity outperformance in China will likely need a genuine improvement in economic conditions, particularly with risks ahead to Chinese and US trade, given policies leading up to the US election.

While the US and Japan have dominated equity returns this cycle, we think it's Europe's turn to deliver outperformance. The bottom line is that developed market nominal GDP is growing at a healthier pace than in the last economic cycle even as we expect a global monetary easing campaign. If the global economy remains in good shape, which we expect to be the case, we consider risk assets should deliver value, even if the pace of monetary easing is slower than some would like. We expect global bonds to continue trading within a range, as the disinflation process takes time and growth remains resilient. As of the end of May, we remain in an equity overweight position through the US, Japan and Europe, with Australia remaining our least preferred market. On the fixed income side, we are largely neutral on sovereigns and credit, but prefer European high yield within the credit space. In our active currency strategy, we favour the Japanese yen (JPY), Norwegian krone (NOK) and Latin American currencies, while the Chinese renminbi (CNH) and New Zealand dollar (NZD) are the main funding currencies.

UBS Asset Management (UK) Ltd- a sub-delegate of True Potential Investments LLP

18 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
UK Treasury Gilt 2.00% 07/09/2025	23,034
UK Treasury Gilt 2.75% 07/09/2024	21,388
UK Treasury Gilt 3.50% 22/10/2025	17,955
UK Treasury Gilt 0.125% 30/01/2026	16,258
UK Treasury Gilt 0% 11/03/2024	14,600
UK Treasury Gilt 0.375% 22/10/2026	12,323
UBS (Irl) Investor Selection - Global Equity Long Short Fund (Acc)	10,014
UK Treasury Gilt 0% 16/10/2023	9,879
UK Treasury Gilt 0% 23/10/2023	9,869
UK Treasury Gilt 0.125% 31/01/2024	9,743
Subtotal	<u>145,063</u>
Total cost of purchases, including the above, for the year	<u><u>227,487</u></u>
	Proceeds
	£000s
Sales:	
UBS Investment Funds ICVC II - UBS MSCI World Minimum Volatility Index Fund (Acc)	39,653
UK Treasury Gilt 2.25% 07/09/2023	24,710
UK Treasury Gilt 1% 22/04/2024	22,438
UK Treasury Gilt 0.125% 31/01/2024	22,178
UK Treasury Gilt 0.75% 22/07/2023	21,229
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	18,130
UK Treasury Gilt 0% 11/03/2024	15,000
UK Treasury Gilt 0% 16/10/2023	10,000
UK Treasury Gilt 0% 23/10/2023	10,000
Xtrackers S&P 500 Equal Weight ETF	8,512
Subtotal	<u>191,850</u>
Total proceeds from sales, including the above, for the year	<u><u>232,977</u></u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 55.10% (45.13%)			
Government Bonds - 55.10% (45.13%)			
Government of Australia 3.75% 21/04/2037	AUD 17,975,000	8,686	2.37
UK Treasury Gilt 0.125% 30/01/2026	£17,940,000	16,714	4.56
UK Treasury Gilt 0.25% 31/01/2025	£20,500,000	19,924	5.43
UK Treasury Gilt 0.375% 22/10/2026	£13,600,000	12,363	3.37
UK Treasury Gilt 0.625% 07/06/2025	£24,000,000	23,013	6.27
UK Treasury Gilt 1.5% 22/07/2026	£9,000,000	8,472	2.31
UK Treasury Gilt 2% 07/09/2025	£24,435,000	23,604	6.43
UK Treasury Gilt 2.75% 07/09/2024	£21,784,000	21,659	5.90
UK Treasury Gilt 3.50% 22/10/2025	£18,350,000	18,012	4.91
UK Treasury Gilt 4.125% 29/01/2027	£8,100,000	8,011	2.18
UK Treasury Gilt 4.75% 07/12/2038	£4,136,000	4,223	1.15
UK Treasury Gilt 5% 07/03/2025	£15,000,000	15,000	4.09
US Treasury Gilt 2.125% 15/02/2040	\$6,419,000	7,167	1.95
US Treasury Gilt 4.25% 15/05/2039	\$20,260,000	15,339	4.18
Total Government Bonds		202,187	55.10
Total Debt Securities		202,187	55.10
Collective Investment Schemes - 37.17% (45.53%)			
UK Authorised Collective Investment Schemes - 21.55% (35.07%)			
UBS Investment Funds ICVC - Sterling Corporate Bond Indexed Fund (Acc)	89,355	11,575	3.16
UBS Investment Funds ICVC - UBS UK Equity Income Fund (Acc)	16,852	21,961	5.99
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	4,016	30,902	8.42
UBS Investment Funds ICVC II - UBS MSCI World Minimum Volatility Index Fund (Acc)	2,466	14,599	3.98
Total UK Authorised Collective Investment Schemes		79,037	21.55
Offshore Collective Investment Schemes - 15.62% (10.46%)			
iShares Broad USD High Yield Corp Bond UCITS ETF	1,441,813	5,378	1.47
iShares Emerging Markets Government Bond Index Fund	708,222	6,185	1.69
iShares USD High Yield Corp Bond UCITS ETF	68,940	4,919	1.34
UBS (Irl) Investor Selection - Currency Allocation Return Strategy (Acc)	171	14,804	4.04
UBS (Irl) Investor Selection - Global Equity Long Short Fund (Acc)	74	10,643	2.90
Vanguard USD Corporate Bond UCITS ETF	168,109	7,228	1.97
Vanguard EUR Corporate Bond UCITS ETF	101,880	4,277	1.17
Xtrackers USD High Yield Corporate Bond UCITS ETF	386,880	3,768	1.04
Total Offshore Collective Investment Schemes		57,202	15.62
Total Collective Investment Schemes		136,239	37.17

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Futures - 0.65% (0.42%)			
Bloomberg Liquidity Screened Euro High Yield Bond Index Future	123	28	0.01
CME - E Mini S&P 500 Index June 2024	241	1,019	0.28
EUREX - Euro Stoxx 50 June 2024	193	(87)	(0.03)
EUREX - Euro Stoxx Bank June 2024	510	484	0.13
ICF - FTSE 100 Index Future June 2024	(18)	(91)	(0.02)
MSCI World Momentum Futures	435	298	0.08
MSCI World Quality Futures	610	198	0.05
NYF - MSCI Emerging Market June 2024	406	17	0.00
OSX - Topix Index Future June 2024	90	475	0.13
SFE - S&P ASX Share Price Index 200 Future	(94)	69	0.02
Total Futures		<u>2,410</u>	<u>0.65</u>
Forward Currency Contracts - 0.05% (0.32%)			
Sell Japanese yen	(¥413,834,000)	(2,073)	
Buy UK sterling	£2,221,870	2,222	
Expiry date 13 June 2024		<u>149</u>	<u>0.04</u>
Sell Euro	(€19,756,000)	(16,837)	
Buy UK sterling	£16,950,176	16,950	
Expiry date 13 June 2024		<u>113</u>	<u>0.03</u>
Sell UK sterling	(£7,339,379)	(7,340)	
Buy US dollar	\$9,367,000	7,342	
Expiry date 13 June 2024		<u>2</u>	<u>0.00</u>
Sell US dollar	(\$1,894,000)	(1,484)	
Buy UK sterling	£1,479,169	1,479	
Expiry date 13 June 2024		<u>(5)</u>	<u>0.00</u>
Sell UK sterling	(£813,639)	(814)	
Buy Euro	€948,000	808	
Expiry date 13 June 2024		<u>(6)</u>	<u>0.00</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Forward Currency Contracts - 0.05% (0.32%) (continued)			
Sell Australian dollar	(AUD 16,968,000)	(8,868)	
Buy UK sterling	£8,790,334	8,791	
Expiry date 13 June 2024		(77)	(0.02)
Total Forward Currency Contracts		176	0.05
Portfolio of investments		341,012	92.97
Other net assets		25,805	7.03
Total net assets		366,817	100.00

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.



## Summary of portfolio investments

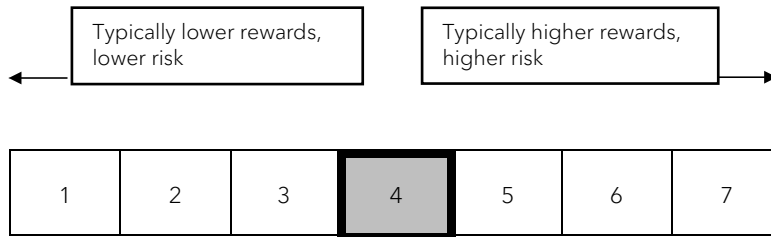
as at 31 May 2024

	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	202,187	55.10	163,514	45.13
Total bonds	202,187	55.10	163,514	45.13
Forward currency contracts - assets	264	0.07	1,144	0.32
Collective Investment Schemes	136,239	37.17	164,968	45.53
Futures - assets	2,588	0.70	1,604	0.44
Investments as shown in the balance sheet	341,278	93.04	331,230	91.42
Forward currency contracts - liabilities	(88)	(0.02)	-	-
Futures - liabilities	(178)	(0.05)	(85)	(0.02)
Total value of investments	341,012	92.97	331,145	91.40

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where this Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of this Sub-Fund.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

Zeros and synthetic zeros may not deliver their specified capital return if the assets fail to grow sufficiently during their lifetime and may be unable to pay the amount promised at the maturity date. Zeros and synthetic zeros may leverage their assets, which may lead to more volatile results than assets that do not use leverage. The share prices of zeros and synthetic zeros may stand at a discount to their net asset value per share for prolonged periods.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	116.00	121.82	123.00
Return before operating charges*	13.18	(5.13)	(0.43)
Operating charges	(0.71)	(0.69)	(0.75)
Return after operating charges*	12.47	(5.82)	(1.18)
Distributions+	(2.90)	(1.52)	(1.16)
Retained distribution on accumulation shares+	2.90	1.52	1.16
Closing net asset value per share	128.47	116.00	121.82
*after direct transaction costs of:	-	0.01	0.01
Performance			
Return after charges	10.75%	(4.78%)	(0.96%)
Other information			
Closing net asset value (£000s)	366,817	362,286	339,022
Closing number of shares	285,536,508	312,303,508	278,295,630
Operating charges++	0.58%	0.59%	0.60%
Direct transaction costs	-	0.01%	0.00%
Prices			
Highest share price (p)	129.87	122.00	127.80
Lowest share price (p)	114.80	112.10	119.20

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution table***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.155	-	1.155	0.696
31.01.24	group 2	interim	0.686	0.469	1.155	0.696
31.07.24	group 1	final	1.749	-	1.749	0.819
31.07.24	group 2	final	1.045	0.704	1.749	0.819

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1                    Shares purchased before 1 June 2023  
Group 2                    Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1                    Shares purchased before 1 December 2023  
Group 2                    Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential UBS Cautious

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		28,538		(21,271)
Revenue	3	12,409		7,120	
Expenses	4	(1,974)		(1,914)	
Interest payable and similar charges		(251)		(89)	
Net revenue before taxation		10,184		5,117	
Taxation	5	(1,531)		(501)	
Net revenue after taxation			8,653		4,616
Total return/(deficit) before distributions			37,191		(16,655)
Distributions	6		(8,653)		(4,616)
Change in net assets attributable to shareholders from investment activities			28,538		(21,271)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			362,286		339,022
Amounts receivable on issue of shares		40,333		93,050	
Amounts payable on cancellation of shares		(72,728)		(53,203)	
			(32,395)		39,847
Change in net assets attributable to shareholders from investment activities			28,538		(21,271)
Retained distribution on accumulation shares			8,388		4,688
Closing net assets attributable to shareholders			366,817		362,286

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		341,278	331,230
Current assets:			
Debtors	7	1,606	1,963
Cash and bank balances and amounts held at futures clearing houses and brokers	8	39,104	35,697
Total assets		<u>381,988</u>	<u>368,890</u>
Liabilities:			
Investment liabilities		(266)	(85)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(13,852)	(5,231)
Other creditors	9	(1,053)	(1,288)
Total liabilities		<u>(15,171)</u>	<u>(6,604)</u>
Net assets attributable to shareholders		<u><u>366,817</u></u>	<u><u>362,286</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	16,534	(15,760)
Derivative contracts – gains/(losses)	16,122	(4,205)
Currency losses	(529)	(388)
Forward currency contracts	(3,589)	(886)
Commission on futures	-	(32)
Net capital gains/(losses)	<u>28,538</u>	<u>(21,271)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	147	89
Distributions from UK regulated collective investment schemes:		
Franked investment income	2,377	2,522
Unfranked investment income	-	15
Interest distributions	415	258
Interest on debt securities	7,120	2,876
Interest distributions from overseas collective investment schemes	1,447	894
Bank interest	903	466
Total revenue	<u>12,409</u>	<u>7,120</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	1,974	1,914
Total expenses	<u>1,974</u>	<u>1,914</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,405 inclusive of VAT (2023: £8,082 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	1,531	501
Total taxation (note 5b)	<u>1,531</u>	<u>501</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	10,184	5,117
Corporation tax @ 20%	2,037	1,023
Effects of:		
UK revenue	(476)	(504)
Overseas revenue	(30)	(18)
Total taxation (note 5a)	1,531	501

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim accumulation distribution	3,395	2,131
Final accumulation distribution	4,993	2,557
	8,388	4,688
Equalisation:		
Amounts deducted on cancellation of shares	435	161
Amounts added on issue of shares	(170)	(233)
Total net distributions	8,653	4,616
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	8,653	4,616
Undistributed revenue brought forward	1	1
Undistributed revenue carried forward	(1)	(1)
Distributions	8,653	4,616

Details of the distribution per share are disclosed in the Distribution table.

## 7. Debtors

	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	523	1,189
Accrued revenue	1,083	774
Total debtors	1,606	1,963



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

8.	Cash and bank balances and bank overdrafts	2024	2023
		£000s	£000s
	Cash and bank balances and amounts held at futures clearing houses and brokers	39,104	35,697
	Bank overdrafts (including futures overdraft)	(13,852)	(5,231)
	Total cash and bank balances and bank overdrafts	<u>25,252</u>	<u>30,466</u>
9.	Other creditors	2024	2023
		£000s	£000s
	Amounts payable on cancellation of shares	34	837
	Payable to the ACD and associates		
	Annual management charge	169	178
	Total accrued expenses	<u>169</u>	<u>178</u>
	Corporation tax payable	850	273
	Total other creditors	<u>1,053</u>	<u>1,288</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Accumulation
Opening shares in issue	312,303,508
Total shares issued in the year	34,203,598
Total shares cancelled in the year	<u>(60,970,598)</u>
Closing shares in issue	<u>285,536,508</u>

For the year ended 31 May 2024, the annual management charge is 0.54%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Accumulation share has increased from 128.47p to 132.06p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2024		
Bonds	175,957	175,957
Collective Investment Schemes	51,530	51,530
<b>Total</b>	<b>227,487</b>	<b>227,487</b>

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2023		
Bonds	130,398	130,398
Collective Investment Schemes	115,182	115,182
<b>Total</b>	<b>245,580</b>	<b>245,580</b>

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2024		
Bonds	139,661	139,661
Collective Investment Schemes	93,316	93,316
<b>Total</b>	<b>232,977</b>	<b>232,977</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

2023	Sales before transaction costs £000s	Sales after transaction costs* £000s
Bonds	108,765	108,765
Collective Investment Schemes	104,158	104,158
<b>Total</b>	<b>212,923</b>	<b>212,923</b>

\*No direct transaction costs were incurred in the sale of investments during the year (2023: same).

Summary of direct transaction costs	2024		2023	
	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	-	-	32	0.01

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.05% (2023: 0.04%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential UBS Cautious	4.06	5.69	4.76	10.50	137.00	150.00

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are bonds and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £17,051,000 (2023: £16,557,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Australian dollar	8,678
Canadian dollar	(49)
Euro	14,735
Hong Kong dollar	(1,217)
Japanese yen	2,968
South African rand	568
Swiss franc	(208)
US dollar	59,069
Total net foreign currency exposure	<u>84,544</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

- a Market risk (continued)
- (ii) Currency risk (continued)

	Total net foreign currency exposure*
2023	£000s
Australian dollar	12,106
Canadian dollar	177
Euro	830
Hong Kong dollar	(1,179)
Japanese yen	1,223
South African rand	1,349
US dollar	30,664
Total net foreign currency exposure	<u>45,170</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £3,176,000 (2023: £805,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £63,000 (2023: £76,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Australian dollar	743	(743)	8,686	69	(77)	8,678
Canadian dollar	-	(49)	-	-	-	(49)
Euro	3,667	-	-	11,156	(88)	14,735
Hong Kong dollar	-	(1,217)	-	-	-	(1,217)
Japanese yen	2,492	-	-	476	-	2,968
South African rand	568	-	-	-	-	568
Swiss franc	-	(208)	-	-	-	(208)
UK sterling	16,850	(11,635)	170,994	107,213	(1,149)	282,273
US dollar	14,784	-	22,506	21,784	(5)	59,069
	<u>39,104</u>	<u>(13,852)</u>	<u>202,186</u>	<u>140,698</u>	<u>(1,319)</u>	<u>366,817</u>
	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Australian dollar	433	-	11,033	640	-	12,106
Canadian dollar	176	-	-	1	-	177
Euro	824	-	-	91	(85)	830
Hong Kong dollar	-	(1,179)	-	-	-	(1,179)
Japanese yen	1,115	-	-	108	-	1,223
South African rand	1,349	-	-	-	-	1,349
UK sterling	29,756	-	137,301	151,347	(1,288)	317,116
US dollar	2,044	(4,052)	15,181	17,491	-	30,664
	<u>35,697</u>	<u>(5,231)</u>	<u>163,515</u>	<u>169,678</u>	<u>(1,373)</u>	<u>362,286</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## b Credit risk (continued)

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. All debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of portfolio investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	221,659	(178)
Observable market data	119,619	(88)
Unobservable data	-	-
	<u>341,278</u>	<u>(266)</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## d Fair value of financial assets and financial liabilities (continued)

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	169,873	(85)
Observable market data	161,357	-
Unobservable data	-	-
	<u>331,230</u>	<u>(85)</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 140.46% (2023: 121.49%).



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value £000s	% of the total net asset value
2024		
Investment		
Bloomberg Liquidity Screened Euro High Yield Bond Index Future	5,833	1.59
CME - E-Mini Standard & Poor's 500 Index Future	49,000	13.36
EUREX - Euro Stoxx 50 June 2024	8,282	2.26
EUREX - Euro Stoxx Bank June 2024	2,706	0.74
ICF - FTSE 100 Index Future June 2024	1,401	0.38
MSCI World Momentum Futures	14,535	3.96
MSCI World Quality Futures	22,538	6.14
NYF - MSCI Emerging Market June 2024	16,794	4.58
OSX - Topix Index Future June 2024	11,909	3.25
SFE - S&P ASX Share Price Index 200 Future	9,536	2.60
Forward Currency Contracts		
Value of long position - US dollar	5,858	1.60
Value of short position - Australian dollar	8,868	2.42
Value of short position - Euro	16,029	4.37
Value of short position - Japanese yen	2,073	0.57
	Gross exposure value £000s	% of the total net asset value
2023		
Investment		
CME - E Mini S&P 500 Index June 2023	23,498	6.49
EUREX - Euro Stoxx 50 June 2023	5,659	1.56
EUREX - Euro Stoxx Bank June 2023	5,678	1.57
ICF - FTSE 100 Index Future June 2023	1,416	0.39
MSE - CAN 10 Year Bond Future September 2023	14,535	4.01
NYF - MSCI Emerging Market June 2023	24,858	6.86
OSX - Topix Index Future June 2023	2,210	0.61
Forward Currency Contracts		
Value of short position - Australian dollar	16,640	4.59
Value of short position - US dollar	11,307	3.12

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies (continued)

f Derivatives (continued)

(iii) Global exposure (continued)

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Merrill Lynch International	Cash	£nil	£3,244,696

## True Potential UBS Balanced

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve capital growth over the long term (5 years or longer) through active management of a diversified investment portfolio whilst seeking to control the overall level of portfolio risk. The sub-delegate will seek to diversify the Sub-Fund's exposure across asset classes and vary the total market exposure as required. To achieve the objective the Sub-Fund will be invested in a range of higher and lower risk assets. Higher risk assets include domestic and international equities, property, commodities and absolute return strategies. Exposure to these higher risk assets will be achieved indirectly through eligible collective investment schemes (this may include collective investment schemes managed by the Investment Manager or sub-delegate), listed securities or eligible derivatives. Exposure to higher risk assets is expected to represent between 30% and 80% of assets reflecting the balanced nature of the Sub-Fund.

Lower risk assets include domestic and international government, corporate and supranational institution bonds, money market instruments and cash or near cash instruments. Exposure to lower risk assets may be achieved directly, through investment in listed securities and money market instruments, or indirectly, through eligible collective investment schemes and eligible derivatives.

The Sub-Fund may also use spot and forward foreign exchange instruments to manage currency exposure.

There are no geographical restrictions on the countries of investment.

Derivatives may be used for investment purposes and Efficient Portfolio Management. A significant proportion of the Sub-Fund's scheme property may be invested in derivatives. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The True Potential UBS Balanced Fund delivered a positive return of +12.56% for the review period, 1 June 2023 to 31 May 2024 (Source: Refinitiv).

The period in review saw a positive backdrop for risk assets, as resilient economic growth in the US broadened out into the rest of the world, with optimism over the peak in central bank tightening and the AI theme also coming into focus. A US exceptionalism story emerged early in the period, with US economic data surprising to the upside despite disinflationary trends remaining largely intact. The better-than-expected growth environment saw investors focus on the potential for a higher-for-longer interest rate outcome. These concerns were added by the Federal Reserve's revisions to its dot plot in September 2023, which showed the expected policy path to be more restrictive than previously anticipated. Outside of the US, growth remained largely subdued with weakness in the manufacturing sector showed some signs of spilling over into services in Europe, with the European Central Bank pausing its hiking cycle suggesting that rates were sufficiently restrictive. The Bank of England also delivered its only hike during the period in August, with soft growth and progress on inflation allowing policymakers to pause.

The tone in markets shifted towards the end of 2023, with further progress on the US inflation front and an apparent dovish pivot from Fed officials. The prospect of easier US monetary policy alongside robust economic growth data set up a uniquely positive environment for US equities, while Treasury yields and the US dollar (USD) pulled back from the October 2023 highs. Further optimism over the artificial intelligence theme also spurred on equities despite some concerns over valuation multiples, with the bond-equity correlation remaining positive even as month-on-month inflation figures cooled into year-end. Risk assets extended gains on growth optimism in early 2024, with signs of a broadening out from the US to other economies supporting a catch-up from non-US equities. Signs of potentially stickier inflation pressures came into focus however, which led to a repricing in central bank policy expectations and a pick-up in long-end yields. Investors pushed out expectations for the first Fed rate cut, as the US economy continued to prove resilient and inflationary pressures reappeared. A stronger growth environment saw the Fed, BoE, and ECB keep rates on hold, although the Swiss National Bank became the first major economy to cut rates. The Bank of Japan ("BoJ") also adjusted policy, becoming the last central bank in the world to move its policy rate out of negative territory with a hike, their first time in 17 years.

Global activity data showed further signs of improvement towards the end of the period, as global manufacturing PMI moved into expansionary territory, with services PMI remaining healthy. Global equities rallied through to the end of the first quarter of 2024, delivering five straight months of gains from back in November 2023. Over the full period, the MSCI World Index finished the period in review up more than 25%, with the US equity market as the leading driver of returns. The rise in bond yields which started earlier in 2024, saw an overall muted return across government bonds over the period, with the main global aggregate bond indices flat to slightly positive. Credit spreads ended the period at historically tight levels, while gold hit all-time highs. The US dollar index was marginally higher over the full period in review, after trading in a broad range.

## Fund Commentary

The Sub-Fund's equity exposure was the main driver of positive performance throughout the period in what was a strong period for most major indices, with fixed income also adding value, while active currency positions were flat. Within equities, regional exposures to US and European equities were the main contributors to positive performance, with Japanese, Italian, and emerging market equities also adding value. Core equity positioning in quality and momentum factors outperformed the broad market over the period, while minimum volatility underperformed and FTSE RAFI Developed 1000 was largely on par with market returns.

Positive contributions within fixed income stemmed from long positioning in UK government debt, with further gains seen across credit and emerging market debt. Within credit, UK investment grade and US high yield were the main positive contributors. On the downside, exposure to Australian, US and Canadian government bonds detracted from performance.

Within the Sub-Fund's active currency exposure, the main detractor from performance was the long Japanese yen (JPY) position which struggled over the period amid wide nominal rate differentials. Long Indonesian rupiah (IDR) and long Australian dollar (AUD) exposure also contributing negatively. On the upside, long positioning in the Colombian peso (COP) was the largest value add, given reduced political risk premia and high carry over the period. Short positioning in the Chinese renminbi (CNH) and the long Norwegian krone (NOK) position also contributed positively.

## Investment Strategy and Outlook

The period in review ended with the US economy showing some signs of cooling from a high level of growth, while the rest of the world was showing signs of improvement from a lower level. In our view, this more balanced growth environment, at a time when central bank policy is expected to ease rather than tighten, creates a uniquely positive risk backdrop. Monetary policy easing while growth is accelerating or remaining near trend in the US should support consumption, while global manufacturing is also expected to recover further. There are risks to our constructive view, with inflation remaining sticky in the US meaning that a no-landing economic scenario still remains a possibility, while on the flipside, cooling economic conditions can very quickly turn into a deterioration. While the labour market remains firm, we are seeing some signs of deceleration in line with our soft-landing base case. The risk of a significant weakening of the labour market is one which we are carefully assessing given lagged impacts of monetary policy globally.

Recent economic data has generally supported the outlook for a US soft landing, with headline and core CPI figures showing a genuine slowdown after upside surprises earlier in 2023. Within services inflation, rental inflation saw its slowest reading since last summer and based on leading indicators, expectations are for a downtrend as we move into the second half of the year. The upside inflation scare in Q1 2024, was a reminder that the inflation path back to central bank targets is likely to be bumpy, however we remain in an environment with resilient US growth. Our expectation is for the growth environment to cool further as the year progresses, with consumption moderating as labour income slows. In this environment, our base case remains for further disinflation in the US, while acknowledging the risk of potentially stickier inflation. Some of the key upside inflation risks we are monitoring are: the potential for rental and home price growth to reaccelerate; wage growth reaccelerating and putting additional pressure on core services, and a manufacturing rebound to put upward pressure on the disinflation process. We remain vigilant as we assess these risks alongside risks of any deterioration in the current US economic environment.

The US has outperformed most major economies in the post-COVID recovery, driven by multiple factors including fiscal stimulus, household expenditure, and relatively lower sensitivity to higher rates. However, now we are seeing signs of the US cooling from its high level of growth, while the rest of the world is picking up from its relatively low level. This is evident in the US ISM manufacturing report for May disappointing to the downside, while the global manufacturing PMI data continues to trend higher. Focusing on Europe, the outlook has become much brighter, with inflation having declined at a rapid pace – to a point where the European Central Bank are comfortable to start its easing cycle. Europe's disinflation along with its still-tight labour market have supported real incomes, which in turn is expected to support consumption later in the year. Similarly in the UK, we expect growth to improve on the back of better real wages and consumption. The disinflation trend has lagged Europe, and growth and employment is also relatively softer at the margin, however we still see a brighter outlook outright. Elsewhere in China, macro data is still showing a mixed picture, though the Chinese government has rolled out more stimulus and policies to try and tackle their property sector woes, which in our view, has partly fuelled the recent pickup in Chinese risk assets. Going forward however, we think further equity outperformance in China will likely need a genuine improvement in economic conditions, particularly with risks ahead to Chinese and US trade, given policies leading up to the US election.

While the US and Japan have dominated equity returns this cycle, we think it's Europe's turn to deliver outperformance. The bottom line is that developed market nominal GDP is growing at a healthier pace than in the last economic cycle even as we expect a global monetary easing campaign. If the global economy remains in good shape, which we expect to be the case, we consider risk assets should deliver value, even if the pace of monetary easing is slower than some would like. We expect global bonds to continue trading within a range, as the disinflation process takes time and growth remains resilient. As of the end of May, we remain in an equity overweight position through the US, Japan and Europe, with Australia remaining our least preferred market. On the fixed income side, we are largely neutral on sovereigns and credit, but prefer European high yield within the credit space. In our active currency strategy, we favour the Japanese yen (JPY), Norwegian krone (NOK) and Latin American currencies, while the Chinese renminbi (CNH) and New Zealand dollar (NZD) are the main funding currencies.

UBS Asset Management (UK) Ltd- a sub-delegate of True Potential Investments LLP

18 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
UK Treasury Gilt 2.75% 07/09/2024	65,804
UK Treasury Gilt 2.00% 07/09/2025	62,090
UK Treasury Gilt 5.00% 07/03/2025	58,755
UK Treasury Gilt 0.625% 07/06/2025	53,543
UK Treasury Gilt 0% 11/03/2024	47,692
UBS (Irl) Investor Selection - Global Equity Long Short Fund (Acc)	45,467
UK Treasury Gilt 0.375% 22/10/2026	43,211
US Treasury Gilt 4.25% 15/05/2039	42,113
UK Treasury Gilt 3.50% 22/10/2025	39,011
Xtrackers S&P 500 Equal Weight ETF	36,515
Subtotal	<u>494,201</u>
Total cost of purchases, including the above, for the year	<u>836,841</u>
	Proceeds
	£000s
Sales:	
UBS Investment Funds ICVC II - UBS MSCI World Minimum Volatility Index Fund (Acc)	158,203
UK Treasury Gilt 1% 22/04/2024	75,019
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	63,034
UK Treasury Gilt 0.125% 31/01/2024	56,707
UK Treasury Gilt 2.25% 07/09/2023	56,382
UK Treasury Gilt 0% 11/03/2024	48,771
Xtrackers S&P 500 Equal Weight ETF	35,852
US Treasury Gilt 4.25% 15/05/2039	32,314
iShares Emerging Markets Government Bond Index Fund	30,623
UBS (Irl) Investor Selection - Currency Allocation Return Strategy (Acc)	22,478
Subtotal	<u>579,383</u>
Total proceeds from sales, including the above, for the year	<u>675,310</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 46.54% (30.86%)			
Government Bonds - 46.54% (30.86%)			
Government of Australia 3.75% 21/04/2037	AUD 79,966,000	38,640	2.75
UK Treasury Gilt 0.125% 30/01/2026	£34,290,000	31,946	2.27
UK Treasury Gilt 0.25% 31/01/2025	£79,075,000	76,853	5.46
UK Treasury Gilt 0.375% 22/10/2026	£47,700,000	43,360	3.08
UK Treasury Gilt 0.625% 07/06/2025	£66,600,000	63,862	4.54
UK Treasury Gilt 1.50% 22/07/2026	£35,500,000	33,418	2.38
UK Treasury Gilt 2.00% 07/09/2025	£65,755,000	63,519	4.52
UK Treasury Gilt 2.75% 07/09/2024	£67,175,000	66,790	4.75
UK Treasury Gilt 3.50% 22/10/2025	£40,000,000	39,263	2.79
UK Treasury Gilt 4.125% 29/01/2027	£12,800,000	12,659	0.90
UK Treasury Gilt 4.75% 07/12/2038	£18,337,000	18,722	1.33
UK Treasury Gilt 5.00% 07/03/2025	£63,600,000	63,600	4.52
US Treasury Gilt 2.125% 15/02/2040	\$28,627,000	31,964	2.27
US Treasury Gilt 4.25% 15/05/2039	\$92,454,000	69,996	4.98
Total Government Bonds		654,592	46.54
Total Debt Securities		654,592	46.54
Collective Investment Schemes - 43.82% (56.82%)			
UK Authorised Collective Investment Schemes - 25.61% (43.81%)			
UBS Investment Funds ICVC - Sterling Corporate Bond Indexed Fund (Acc)	407,979	52,850	3.76
UBS Investment Funds ICVC - UBS UK Equity Income Fund (Acc)	74,650	97,281	6.91
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	18,552	142,754	10.14
UBS Investment Funds ICVC II - UBS MSCI World Minimum Volatility Index Fund (Acc)	11,410	67,552	4.80
Total UK Authorised Collective Investment Schemes		360,437	25.61
Offshore Collective Investment Schemes - 18.21% (13.01%)			
iShares Emerging Markets Government Bond Index Fund	3,097,331	27,050	1.92
iShares Broad USD High Yield Corp Bond UCITS ETF	6,516,996	24,310	1.73
iShares USD High Yield Corp Bond UCITS ETF	312,786	22,319	1.58
UBS (Irl) Investor Selection - Currency Allocation Return Strategy (Acc)	752	65,050	4.62
UBS (Irl) Investor Selection - Global Equity Long Short Fund (Acc)	336	48,326	3.44
Vanguard EUR Corporate Bond UCITS ETF	462,237	19,405	1.38
Vanguard USD Corporate Bond UCITS ETF	762,726	32,793	2.33
Xtrackers USD High Yield Corporate Bond UCITS ETF	1,748,697	17,033	1.21
Total Offshore Collective Investment Schemes		256,286	18.21
Total Collective Investment Schemes		616,723	43.82

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Futures - 0.81% (0.51%)			
CME - E Mini S&P 500 Index June 2024	1,153	4,839	0.34
EUREX - Euro Stoxx 50 June 2024	922	(420)	(0.03)
EUREX - Euro Stoxx Bank June 2024	2,420	2,298	0.16
EUX - Liquidity Screened June 2024	583	131	0.01
EUX - MSCI World Momentum June 2024	2,040	1,397	0.10
EUX - MSCI World Quality June 2024	2,844	925	0.07
ICF - FTSE 100 Index Future June 2024	(88)	(443)	(0.03)
NYF - MSCI Emerging Market June 2024	1,926	81	0.01
OSE - Topix Index Future June 2024	429	2,292	0.16
SFE - SPI 200 Futures June 2024	(447)	328	0.02
Total Futures		11,428	0.81
Forward Currency Contracts - 0.07% (0.39%)			
Sell Japanese Yen	(¥1,944,623,000)	(9,742)	
Buy UK sterling	£10,440,208	10,440	
Expiry date 13 June 2024		698	0.05
Sell Euro	(€ 88,378,000)	(75,319)	
Buy UK sterling	£75,826,365	75,826	
Expiry date 13 June 2024		507	0.04
Sell UK sterling	(£35,515,995)	(35,516)	
Buy US dollar	\$45,336,000	35,535	
Expiry date 13 June 2024		19	0.00
Sell US dollar	(\$8,795,000)	(6,894)	
Buy UK sterling	£6,868,688	6,869	
Expiry date 13 June 2024		(25)	0.00
Sell Australian dollar	(AUD 79,733,000)	(41,668)	
Buy UK sterling	£41,307,568	41,308	
Expiry date 13 June 2024		(360)	(0.02)
Total Forward Currency Contracts		839	0.07

**Portfolio statement (continued)***as at 31 May 2024*

Investment	Nominal value or holding	Market value £000s	% of total net assets
Portfolio of investments		1,283,582	91.24
Other net assets		123,220	8.76
<b>Total net assets</b>		<b>1,406,802</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.



## Summary of portfolio investments

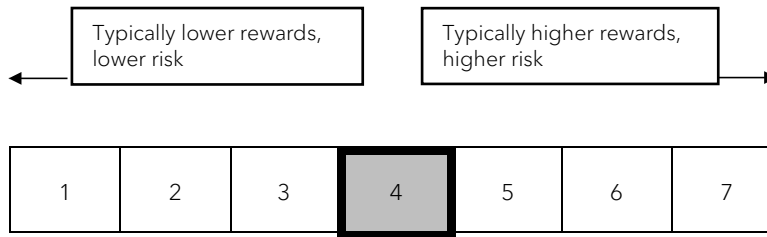
as at 31 May 2024

	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	654,592	46.54	368,651	30.86
Total bonds	654,592	46.54	368,651	30.86
Forward currency contracts - assets	1,224	0.09	4,611	0.39
Collective Investment Schemes	616,723	43.82	678,712	56.82
Futures - assets	12,291	0.87	6,451	0.54
Investments as shown in the balance sheet	1,284,830	91.32	1,058,425	88.61
Forward currency contracts - liabilities	(385)	(0.02)	-	-
Futures - liabilities	(863)	(0.06)	(342)	(0.03)
Total value of investments	1,283,582	91.24	1,058,083	88.58

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where this Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of this Sub-Fund.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

Zeros and synthetic zeros may not deliver their specified capital return if the assets fail to grow sufficiently during their lifetime and may be unable to pay the amount promised at the maturity date. Zeros and synthetic zeros may leverage their assets, which may lead to more volatile results than assets that do not use leverage. The share prices of zeros and synthetic zeros may stand at a discount to their net asset value per share for prolonged periods.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	122.28	130.03	131.31
Return before operating charges*	15.99	(7.02)	(0.46)
Operating charges	(0.76)	(0.73)	(0.82)
Return after operating charges*	15.23	(7.75)	(1.28)
Distributions+	(3.09)	(1.88)	(1.74)
Retained distribution on accumulation shares+	3.09	1.88	1.74
Closing net asset value per share	137.51	122.28	130.03
*after direct transaction costs of:	0.01	0.01	0.01
Performance			
Return after charges	12.46%	(5.96%)	(0.97%)
Other information			
Closing net asset value (£000s)	1,406,802	1,194,508	1,112,450
Closing number of shares	1,023,045,680	976,866,389	855,553,336
Operating charges++	0.59%	0.59%	0.61%
Direct transaction costs	0.01%	0.01%	0.01%
Prices			
Highest share price (p)	139.27	129.90	138.10
Lowest share price (p)	120.20	117.00	126.30

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution table***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.222	-	1.222	0.861
31.01.24	group 2	interim	0.733	0.489	1.222	0.861
31.07.24	group 1	final	1.870	-	1.870	1.021
31.07.24	group 2	final	1.170	0.700	1.870	1.021

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1                Shares purchased before 1 June 2023
- Group 2                Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1                Shares purchased before 1 December 2023
- Group 2                Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential UBS Balanced

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		123,649		(87,959)
Revenue	3	44,322		25,625	
Expenses	4	(6,873)		(6,036)	
Interest payable and similar charges		(1,160)		(558)	
Net revenue before taxation		36,289		19,031	
Taxation	5	(5,076)		(1,645)	
Net revenue after taxation			31,213		17,386
Total return/(deficit) before distributions			154,862		(70,573)
Distributions	6		(31,213)		(17,391)
Change in net assets attributable to shareholders from investment activities			123,649		(87,964)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		1,193,508		1,112,450
Amounts receivable on issue of shares	215,573		359,257	
Amounts payable on cancellation of shares	(157,423)		(207,061)	
		58,150		152,196
Change in net assets attributable to shareholders from investment activities		123,649		(87,964)
Retained distribution on accumulation shares		31,495		17,826
Closing net assets attributable to shareholders		1,406,802		1,194,508

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		1,284,830	1,058,425
Current assets:			
Debtors	7	4,543	8,259
Cash and bank balances and amounts held at futures clearing houses and brokers	8	167,397	161,353
Total assets		<u>1,456,770</u>	<u>1,228,037</u>
Liabilities:			
Investment liabilities		(1,248)	(342)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(47,812)	(30,161)
Other creditors	9	(908)	(3,026)
Total liabilities		<u>(49,968)</u>	<u>(33,529)</u>
Net assets attributable to shareholders		<u><u>1,406,802</u></u>	<u><u>1,194,508</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	46,237	(62,004)
Derivative contracts – gains/(losses)	85,843	(20,984)
Currency – losses	(1,379)	(1,796)
Forward currency contracts	(6,967)	(3,063)
Commission on futures	(85)	(112)
Net capital gains/(losses)	<u>123,649</u>	<u>(87,959)</u>
3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	589	365
Distributions from UK regulated collective investment schemes:		
Franked investment income	10,289	10,438
Unfranked investment income	-	65
Interest distributions	1,763	1,043
Interest on debt securities	21,944	9,248
Interest distributions from overseas collective investment schemes	6,227	2,904
Bank interest	3,510	1,562
Total revenue	<u>44,322</u>	<u>25,625</u>
4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	6,873	6,036
Total expenses	<u>6,873</u>	<u>6,036</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,405 inclusive of VAT (2023: £8,082 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	5,076	1,645
Total taxation (note 5b)	<u>5,076</u>	<u>1,645</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	36,289	19,031
Corporation tax @ 20%	7,258	3,806
Effects of:		
UK revenue	(2,058)	(2,088)
Overseas revenue	(124)	(73)
Total taxation (note 5a)	5,076	1,645

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim accumulation distribution	12,367	7,852
Final accumulation distribution	19,128	9,974
	31,495	17,826
Equalisation:		
Amounts deducted on cancellation of shares	631	825
Amounts added on issue of shares	(913)	(1,260)
Total net distributions	31,213	17,391
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	31,213	17,386
Undistributed revenue brought forward	3	8
Undistributed revenue carried forward	(3)	(3)
Distributions	31,213	17,391

Details of the distribution per share are disclosed in the Distribution table.

## 7. Debtors

	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	751	6,477
Accrued revenue	3,716	1,782
Corporation tax - prepayment	76	-
Total debtors	4,543	8,259



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

8.	Cash and bank balances and bank overdrafts	2024	2023
		£000s	£000s
	Cash and bank balances and amounts held at futures clearing houses and brokers	167,397	161,353
	Bank overdrafts (including futures overdraft)	(47,812)	(30,161)
	Total cash and bank balances and bank overdrafts	<u>119,585</u>	<u>131,192</u>
9.	Other creditors	2024	2023
		£000s	£000s
	Amounts payable on cancellation of shares	276	1,628
	Accrued expenses:		
	Payable to the ACD and associates		
	Annual management charge	632	576
	Total accrued expenses	<u>632</u>	<u>576</u>
	Corporation tax payable	-	822
	Total other creditors	<u>908</u>	<u>3,026</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Accumulation
Opening shares in issue	976,866,389
Total shares issued in the year	171,098,278
Total shares cancelled in the year	<u>(124,918,987)</u>
Closing shares in issue	<u>1,023,045,680</u>

For the year ended 31 May 2024, the annual management charge is 0.53%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Accumulation share has increased from 137.51p to 141.91p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

14. Transaction costs  
 a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2024		
Bonds	600,613	600,613
Collective Investment Schemes	236,228	236,228
<b>Total</b>	<b>836,841</b>	<b>836,841</b>

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2023		
Bonds	351,034	351,034
Collective Investment Schemes	416,206	416,206
<b>Total</b>	<b>767,240</b>	<b>767,240</b>

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2024		
Bonds	320,766	320,766
Collective Investment Schemes	354,544	354,544
<b>Total</b>	<b>675,310</b>	<b>675,310</b>

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2023		
Bonds	295,941	295,941
Collective Investment Schemes	389,746	389,746
<b>Total</b>	<b>685,687</b>	<b>685,687</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

Summary of direct transaction costs	£000s	2024	£000s	2023
		% of average net asset value		% of average net asset value
Derivatives	85	0.01	112	0.01

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.05% (2023: 0.04%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential UBS Balanced	4.81	6.66	5.71	14.20	146.00	200.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk (continued)

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £64,179,000 (2023: £52,904,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Australian dollar	38,255
Canadian dollar	(275)
Euro	64,907
Hong Kong dollar	(5,152)
Japanese yen	12,132
South African rand	1,937
Swiss Franc	(923)
US dollar	254,675
Total net foreign currency exposure	<u>365,556</u>

	Total net foreign currency exposure*
2023	£000s
Australian dollar	53,984
Canadian dollar	666
Euro	2,182
Hong Kong dollar	(4,993)
Japanese yen	4,456
South African rand	5,394
US dollar	113,591
Total net foreign currency exposure	<u>175,280</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk (continued)

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £13,392,000 (2023: £2,846,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £299,000 (2023: £328,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Australian dollar	2,734	(3,267)	38,640	508	(360)	38,255
Canadian dollar	-	(275)	-	-	-	(275)
Euro	14,572	-	-	50,755	(420)	64,907
Hong Kong dollar	-	(5,152)	-	-	-	(5,152)
Japanese yen	9,840	-	-	2,292	-	12,132
Swiss franc	-	(923)	-	-	-	(923)
South African rand	1,933	-	-	4	-	1,937
UK sterling	84,161	(38,195)	513,993	482,638	(1,351)	1,041,246
US dollar	54,157	-	101,960	98,583	(25)	254,675
	167,397	(47,812)	654,593	634,780	(2,156)	1,406,802

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
	£000s	£000s	£000s	£000s	£000s	£000s
2023						
Australian dollar	6,936	-	44,469	2,579	-	53,984
Canadian dollar	662	-	-	4	-	666
Euro	2,158	-	-	366	(342)	2,182
Hong Kong dollar	-	(4,993)	-	-	-	(4,993)
Japanese yen	4,017	-	-	439	-	4,456
South African rand	5,394	-	-	-	-	5,394
UK sterling	136,327	-	261,863	624,064	(3,026)	1,019,228
US dollar	5,859	(25,168)	62,319	70,581	-	113,591
	<u>161,353</u>	<u>(30,161)</u>	<u>368,651</u>	<u>698,033</u>	<u>(3,368)</u>	<u>1,194,508</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depository has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. All debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of portfolio investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk (continued)

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	744,104	(863)
Observable market data	540,726	(385)
Unobservable data	-	-
	<u>1,284,830</u>	<u>(1,248)</u>

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	394,525	(342)
Observable market data	663,900	-
Unobservable data	-	-
	<u>1,058,425</u>	<u>(342)</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 149.31% (2023: 126.21%).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value	% of the total net asset value
2024	£000s	
Investment		
Futures		
CME - E Mini S&P 500 Index June 2024	234,461	16.67
EUREX - Euro Stoxx 50 June 2024	39,569	2.81
EUREX - Euro Stoxx Bank June 2024	12,840	0.91
EUX - Liquidity Screened June 2024	27,649	1.97
EUX - MSCI World Momentum June 2024	68,162	4.85
EUX - MSCI World Quality June 2024	93,039	6.61
ICF-FTSE 100 Index Future June 2024	6,849	0.49
NYF - MSCI Emerging Market June 2024	79,669	5.66
OSE - Topix Index Future June 2024	57,248	4.07
SFE - SPI 200 Futures June 2024	45,396	3.23



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

	Gross exposure value	% of the total net asset value
2024	£000s	
Investment		
Forward Currency Contracts		
Value of long position - US dollar	28,641	2.04
Value of short position - Australian dollar	41,668	2.96
Value of short position - Euro	75,319	5.35
Value of short position - Japanese yen	9,742	0.69
	Gross exposure value	% of the total net asset value
2023	£000s	
Investment		
Futures		
CME S&P 500 Emini Future June 2023	23,106	1.93
EUREX - Euro Stoxx 50 June 2023	23,144	1.94
EUREX - Euro Stoxx Bank June 2023	60,561	5.07
MSE - CAN 10 years Bond Future September 2023	101,323	8.48
NYF - MSCI Emerging Market June 2023	8,963	0.75
OSE Topix Index Future June 2023	96,022	8.04
Forward Currency Contracts		
Value of short position - Australian dollar	45,566	3.81
Value of short position - US dollar	68,306	5.72

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Merrill Lynch International	Cash	£nil	£13,268,405

## True Potential UBS Growth

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve capital growth over the long term (5 years or longer) through active management of a diversified investment portfolio whilst seeking to control the overall level of portfolio risk. The sub-delegate will seek to diversify the Sub-Fund's exposures across asset classes and vary the total market exposure as required.

To achieve the objective the Sub-Fund will be invested in a range of higher and lower risk assets. Higher risk assets include domestic and international equities, property, commodities and absolute return strategies. Exposure to these higher risk assets will be achieved indirectly through eligible collective investment schemes (this may include collective investment schemes managed by the Investment Manager or sub-delegate), listed securities or eligible derivatives. Exposure to higher risk assets is expected to represent between 40% and 90% of assets reflecting the growth nature of the Sub-Fund.

Lower risk assets include domestic and international government, corporate and supranational institution bonds, money market instruments and cash or near cash instruments. Exposure to lower risk assets may be achieved directly, through investment in listed securities and money market instruments, or indirectly, through eligible collective investment schemes and eligible derivatives.

The Sub-Fund may also use spot and forward foreign exchange instruments to manage currency exposure.

There are no geographical restrictions on the countries of investment.

Derivatives may be used for investment purposes and Efficient Portfolio Management. A significant proportion of the Sub-Fund's scheme property may be invested in derivatives. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The True Potential UBS Growth Fund delivered a positive return of +15.37% for the review period, 1 June 2023 to 31 May 2024 (Source: Refinitiv).

The period in review saw a positive backdrop for risk assets, as resilient economic growth in the US broadened out into the rest of the world, with optimism over the peak in central bank tightening and the AI theme also coming into focus. A US exceptionalism story emerged early in the period, with US economic data surprising to the upside despite disinflationary trends remaining largely intact. The better-than-expected growth environment saw investors focus on the potential for a higher-for-longer interest rate outcome. These concerns were added by the Federal Reserve's revisions to its dot plot in September 2023, which showed the expected policy path to be more restrictive than previously anticipated. Outside of the US, growth remained largely subdued with weakness in the manufacturing sector showed some signs of spilling over into services in Europe, with the European Central Bank pausing its hiking cycle suggesting that rates were sufficiently restrictive. The Bank of England also delivered its only hike during the period in August, with soft growth and progress on inflation allowing policymakers to pause.

The tone in markets shifted towards the end of 2023, with further progress on the US inflation front and an apparent dovish pivot from Fed officials. The prospect of easier US monetary policy alongside robust economic growth data set up a uniquely positive environment for US equities, while Treasury yields and the US dollar (USD) pulled back from the October 2023 highs. Further optimism over the artificial intelligence theme also spurred on equities despite some concerns over valuation multiples, with the bond-equity correlation remaining positive even as month-on-month inflation figures cooled into year-end. Risk assets extended gains on growth optimism in early 2024, with signs of a broadening out from the US to other economies supporting a catch-up from non-US equities. Signs of potentially stickier inflation pressures came into focus however, which led to a repricing in central bank policy expectations and a pick-up in long-end yields. Investors pushed out expectations for the first Fed rate cut, as the US economy continued to prove resilient and inflationary pressures reappeared. A stronger growth environment saw the Fed, BoE, and ECB keep rates on hold, although the Swiss National Bank became the first major economy to cut rates. The Bank of Japan ("BoJ") also adjusted policy, becoming the last central bank in the world to move its policy rate out of negative territory with a hike, their first time in 17 years.

Global activity data showed further signs of improvement towards the end of the period, as global manufacturing PMI moved into expansionary territory, with services PMI remaining healthy. Global equities rallied through to the end of the first quarter of 2024, delivering five straight months of gains from back in November 2023. Over the full period, the MSCI World Index finished the period in review up more than 25%, with the US equity market as the leading driver of returns. The rise in bond yields which started earlier in 2024, saw an overall muted return across government bonds over the period, with the main global aggregate bond indices flat to slightly positive. Credit spreads ended the period at historically tight levels, while gold hit all-time highs. The US dollar index was marginally higher over the full period in review, after trading in a broad range.

## Fund Commentary

The Sub-Fund's equity exposure was the main driver of positive performance throughout the period in what was a strong period for most major indices, with fixed income also adding value, while active currency positions were flat. Within equities, regional exposures to US and European equities were the main contributors to positive performance, with Japanese, Italian, and emerging market equities also adding value. Core equity positioning in quality and momentum factors outperformed the broad market over the period, while minimum volatility underperformed and FTSE RAFI Developed 1000 was largely on par with market returns.

Positive contributions within fixed income stemmed from long positioning in UK government debt, with further gains seen across credit and emerging market debt. Within credit, UK investment grade and US high yield were the main positive contributors. On the downside, exposure to Australian, US and Canadian government bonds detracted from performance.

Within the Sub-Fund's active currency exposure, the main detractor from performance was the long Japanese yen (JPY) position which struggled over the period amid wide nominal rate differentials. Long Indonesian rupiah (IDR) and long Australian dollar (AUD) exposure also contributing negatively. On the upside, long positioning in the Colombian peso (COP) was the largest value add, given reduced political risk premia and high carry over the period. Short positioning in the Chinese renminbi (CNH) and the long Norwegian krone (NOK) position also contributed positively.

## Investment Strategy and Outlook

The period in review ended with the US economy showing some signs of cooling from a high level of growth, while the rest of the world was showing signs of improvement from a lower level. In our view, this more balanced growth environment, at a time when central bank policy is expected to ease rather than tighten, creates a uniquely positive risk backdrop. Monetary policy easing while growth is accelerating or remaining near trend in the US should support consumption, while global manufacturing is also expected to recover further. There are risks to our constructive view, with inflation remaining sticky in the US meaning that a no-landing economic scenario still remains a possibility, while on the flipside, cooling economic conditions can very quickly turn into a deterioration. While the labour market remains firm, we are seeing some signs of deceleration in line with our soft-landing base case. The risk of a significant weakening of the labour market is one which we are carefully assessing given lagged impacts of monetary policy globally.

Recent economic data has generally supported the outlook for a US soft landing, with headline and core CPI figures showing a genuine slowdown after upside surprises earlier in 2023. Within services inflation, rental inflation saw its slowest reading since last summer and based on leading indicators, expectations are for a downtrend as we move into the second half of the year. The upside inflation scare in Q1 2024, was a reminder that the inflation path back to central bank targets is likely to be bumpy, however we remain in an environment with resilient US growth. Our expectation is for the growth environment to cool further as the year progresses, with consumption moderating as labour income slows. In this environment, our base case remains for further disinflation in the US, while acknowledging the risk of potentially stickier inflation. Some of the key upside inflation risks we are monitoring are: the potential for rental and home price growth to reaccelerate; wage growth reaccelerating and putting additional pressure on core services, and a manufacturing rebound to put upward pressure on the disinflation process. We remain vigilant as we assess these risks alongside risks of any deterioration in the current US economic environment.

The US has outperformed most major economies in the post-COVID recovery, driven by multiple factors including fiscal stimulus, household expenditure, and relatively lower sensitivity to higher rates. However, now we are seeing signs of the US cooling from its high level of growth, while the rest of the world is picking up from its relatively low level. This is evident in the US ISM manufacturing report for May disappointing to the downside, while the global manufacturing PMI data continues to trend higher. Focusing on Europe, the outlook has become much brighter, with inflation having declined at a rapid pace – to a point where the European Central Bank are comfortable to start its easing cycle. Europe's disinflation along with its still-tight labour market have supported real incomes, which in turn is expected to support consumption later in the year. Similarly in the UK, we expect growth to improve on the back of better real wages and consumption. The disinflation trend has lagged Europe, and growth and employment is also relatively softer at the margin, however we still see a brighter outlook outright. Elsewhere in China, macro data is still showing a mixed picture, though the Chinese government has rolled out more stimulus and policies to try and tackle their property sector woes, which in our view, has partly fuelled the recent pickup in Chinese risk assets. Going forward however, we think further equity outperformance in China will likely need a genuine improvement in economic conditions, particularly with risks ahead to Chinese and US trade, given policies leading up to the US election.

While the US and Japan have dominated equity returns this cycle, we think it's Europe's turn to deliver outperformance. The bottom line is that developed market nominal GDP is growing at a healthier pace than in the last economic cycle even as we expect a global monetary easing campaign. If the global economy remains in good shape, which we expect to be the case, we consider risk assets should deliver value, even if the pace of monetary easing is slower than some would like. We expect global bonds to continue trading within a range, as the disinflation process takes time and growth remains resilient. As of the end of May, we remain in an equity overweight position through the US, Japan and Europe, with Australia remaining our least preferred market. On the fixed income side, we are largely neutral on sovereigns and credit, but prefer European high yield within the credit space. In our active currency strategy, we favour the Japanese yen (JPY), Norwegian krone (NOK) and Latin American currencies, while the Chinese renminbi (CNH) and New Zealand dollar (NZD) are the main funding currencies.

UBS Asset Management (UK) Ltd- a sub-delegate of True Potential Investments LLP

18 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
UK Treasury Gilt 2.75% 07/09/2024	55,951
UK Treasury Gilt 2.00% 07/09/2025	36,932
UK Treasury Bill 0% 11/03/2024	36,012
US Treasury Gilt 4.25% 15/05/2039	33,860
UK Treasury Gilt 3.50% 22/10/2025	33,524
UK Treasury Gilt 5% 07/03/2025	33,357
UBS (Irl) Investor Selection - Global Equity Long Short Fund	33,153
UK Treasury Gilt 0.125% 30/01/2026	31,870
UK Treasury Gilt 0.375% 22/10/2026	30,794
UK Treasury Gilt 0.25% 31/01/2025	29,433
Subtotal	<u>354,886</u>
Total cost of purchases, including the above, for the year	<u>649,031</u>
	Proceeds
	£000s
Sales:	
UBS MSCI World Minimum Volatility Index Fund	108,098
UK Treasury Gilt 1.00% 22/4/2024	42,466
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	38,811
UK Treasury Bill 0 % 11/03/2024	36,745
UK Treasury Gilt 0.125% 31/01/2024	32,268
UK Treasury Gilt 0.75% 22/07/2023	28,089
Xtrackers S&P 500 Equal Weight - ETF	25,728
US Treasury Gilt 4.25% 15/05/2039	22,417
iShares Emerging Markets Government Bond Index Fund	20,304
UBS (Irl) Investor Selection - Currency Allocation Return Strategy	15,629
Subtotal	<u>370,555</u>
Total proceeds from sales, including the above, for the year	<u>460,280</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 46.10% (28.37%)			
Government Bonds - 46.10% (28.37%)			
Government of Australia 3.75% 21/04/2037	AUD 57,559,000	27,813	2.62
UK Treasury Gilt 5.00% 07/03/2025	£48,300,000	48,300	4.55
UK Treasury Gilt 4.75% 07/12/2038	£13,176,000	13,453	1.27
UK Treasury Gilt 4.125% 29/01/2027	£10,100,000	9,989	0.94
UK Treasury Gilt 3.50% 10/22/2025	£34,290,000	33,658	3.17
UK Treasury Gilt 2.75% 07/09/2024	£57,475,000	57,146	5.38
UK Treasury Gilt 2.00% 07/09/2025	£38,909,000	37,586	3.54
UK Treasury Gilt 1.50% 22/07/2026	£25,900,000	24,381	2.29
UK Treasury Gilt 0.625% 07/06/2025	£53,300,000	51,109	4.81
UK Treasury Gilt 0.375% 22/10/2026	£34,000,000	30,907	2.91
UK Treasury Gilt 0.25% 31/01/2025	£50,775,000	49,347	4.65
UK Treasury Gilt 0.125% 30/01/2026	£35,150,000	32,747	3.08
US Treasury Gilt 4.25% 15/05/2039	£66,433,000	50,296	4.73
US Treasury Gilt 2.125% 15/02/2040	£20,554,000	22,950	2.16
Total Government Bonds		489,682	46.10
Total Debt Securities		489,682	46.10
Collective Investment Schemes - 42.61% (56.32%)			
UK Authorised Collective Investment Schemes - 25.05% (43.55%)			
UBS Investment Funds ICVC - Sterling Corporate Bond Indexed Fund (Acc)	300,198	38,888	3.66
UBS Investment Funds ICVC- UBS UK Equity Income Fund (Acc)	54,930	71,582	6.74
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	13,846	106,539	10.03
UBS Investment Funds ICVC II - UBS MSCI World Minimum Volatility Index Fund (Acc)	8,301	49,145	4.62
Total UK Authorised Collective Investment Schemes		266,154	25.05
Offshore Collective Investment Schemes - 17.56% (12.77%)			
iShares Broad USD High Yield Corp Bond UCITS ETF	4,745,747	17,703	1.67
iShares Emerging Markets Government Bond Index Fund	2,225,599	19,436	1.83
iShares USD High Yield Corp Bond UCITS ETF	224,753	16,037	1.51
UBS (Irl) Investor Selection - Currency Allocation Return Strategy	557	48,193	4.53
UBS (Irl) Investor Selection - Global Equity Long Short Fund	245	35,237	3.32
Vanguard EUR Corporate Bond UCITS ETF	332,142	13,943	1.31
Vanguard USD Corporate Bond UCITS ETF	548,059	23,564	2.22
Xtrackers USD High Yield Corporate Bond UCITS ETF	1,273,420	12,403	1.17
Total Offshore Collective Investment Schemes		186,516	17.56
Total Collective Investment Schemes		452,670	42.61

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Futures - 0.94% (1.40%)			
CME - E Mini S&P 500 Index June 2024	1,073	4,491	0.42
EUX - Euro Stoxx 50 June 2024	920	(166)	(0.02)
EUX - Euro Stoxx Bank June 2024	1,814	1,723	0.16
EUX - High Yield Bond Index June 2024	439	99	0.01
EUX - MSCI World Momentum June 2024	1,525	1,044	0.10
EUX - MSCI World Quality June 2024	2,105	685	0.06
ICF - FTSE 100 Index June 2024	21	50	0.01
NYF - MSCI Emerging Market June 2024	1,444	62	0.01
OSE - Topix Index June 2024	366	1,894	0.18
SFE - SPI 200 June 2024	(339)	249	0.02
USD MSCI World Index June 2024	1,113	(152)	(0.01)
<b>Total Futures</b>		<b>9,979</b>	<b>0.94</b>
Forward Currency Contracts - 0.06% (0.27%)			
Sell Japanese yen	(¥1,451,525,000)	(7,272)	
Buy UK sterling	£7,792,533	7,792	
Expiry date 13 June 2024		520	0.05
Sell Euro	(€65,968,000)	(56,221)	
Buy UK sterling	£56,599,332	56,599	
Expiry date 13 June 2024		378	0.03
Sell UK sterling	(£118,319,599)	(118,320)	
Buy US dollar	\$150,985,000	118,345	
Expiry date 13 June 2024		25	0.00
Sell US dollar	(\$6,822,000)	(5,347)	
Buy UK sterling	£5,327,821	5,328	
Expiry date 13 June 2024		(19)	(0.00)
Sell Australian dollar	(AUD59,515,000)	(31,102)	
Buy UK sterling	£30,834,401	30,835	
Expiry date 13 June 2024		(267)	(0.02)
<b>Total Forward Currency Contracts</b>		<b>637</b>	<b>0.06</b>
<b>Portfolio of investments</b>		<b>952,968</b>	<b>89.71</b>
<b>Other net assets</b>		<b>109,265</b>	<b>10.29</b>
<b>Total net assets</b>		<b>1,062,233</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

## Summary of portfolio investments

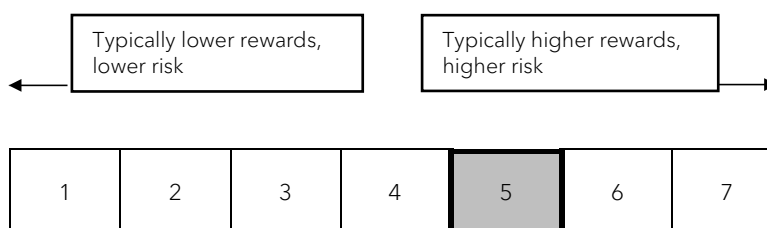
as at 31 May 2024

Credit breakdown*	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Investments of investment grade	489,682	46.10	238,619	28.37
Total bonds	489,682	46.10	238,619	28.37
Collective Investment Schemes	452,670	42.61	473,729	56.32
Forward currency contracts - assets	923	0.08	2,300	0.27
Futures - assets	10,297	0.97	12,113	1.44
Investments as shown in the balance sheet	953,572	89.76	726,761	86.40
Forward currency contracts - liabilities	(286)	(0.02)	-	-
Futures - liabilities	(318)	(0.03)	(299)	(0.04)
Total value of investments	952,968	89.71	726,462	86.36

\* Ratings supplied by S&P, followed by Moody's.

## Risk and reward profile

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where this Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of this Sub-Fund.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

Zeros and synthetic zeros may not deliver their specified capital return if the assets fail to grow sufficiently during their lifetime and may be unable to pay the amount promised at the maturity date. Zeros and synthetic zeros may leverage their assets, which may lead to more volatile results than assets that do not use leverage. The share prices of zeros and synthetic zeros may stand at a discount to their net asset value per share for prolonged periods.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

During the year, the risk and reward indicator changed from 4 to 5.

### Task Force on Climate-Related Financial Disclosures (unaudited)

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.



## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	128.11	136.52	138.63
Return before operating charges*	20.42	(7.65)	(1.26)
Operating charges	(0.80)	(0.76)	(0.85)
Return after operating charges*	19.62	(8.41)	(2.11)
Distributions+	(3.23)	(1.94)	(1.74)
Retained distribution on accumulation shares+	3.23	1.94	1.74
Closing net asset value per share	147.73	128.11	136.52
*after direct transaction costs of:	-	0.02	0.01
Performance			
Return after charges	15.31%	(6.16%)	(1.52%)
Other information			
Closing net asset value (£000s)	1,062,233	841,173	700,967
Closing number of shares	719,044,433	656,583,080	513,438,863
Operating charges++	0.58%	0.59%	0.60%
Direct transaction costs	0.00%	0.01%	0.01%
Prices			
Highest share price (p)	150.03	137.10	148.30
Lowest share price (p)	125.80	120.80	132.40

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution table***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.292	-	1.292	0.896
31.01.24	group 2	interim	0.784	0.508	1.292	0.896
31.07.24	group 1	final	1.936	-	1.936	1.039
31.07.24	group 2	final	1.202	0.734	1.936	1.039

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1                Shares purchased before 1 June 2023
- Group 2                Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1                Shares purchased before 1 December 2023
- Group 2                Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential UBS Growth

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		114,780		(55,939)
Revenue	3	32,779		16,999	
Expenses	4	(5,080)		(4,025)	
Interest payable and similar charges		(1,129)		(498)	
Net revenue before taxation		26,570		12,476	
Taxation	5	(3,762)		(943)	
Net revenue after taxation			22,808		11,533
Total return/(deficit) before distributions			137,588		(44,406)
Distributions	6		(22,808)		(11,535)
Change in net assets attributable to shareholders from investment activities			114,780		(55,941)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			841,173		700,967
Amounts receivable on issue of shares		219,862		315,113	
Amounts payable on cancellation of shares		(136,405)		(131,081)	
			83,457		184,032
Change in net assets attributable to shareholders from investment activities			114,780		(55,941)
Retained distribution on accumulation shares			22,823		12,115
Closing net assets attributable to shareholders			1,062,233		841,173

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		953,572	726,761
Current assets:			
Debtors	7	4,669	5,497
Cash and bank balances and amounts held at futures clearing houses and brokers	8	156,352	134,294
Total assets		<u>1,114,593</u>	<u>866,552</u>
Liabilities:			
Investment liabilities		(604)	(299)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(51,278)	(23,233)
Other creditors	9	(478)	(1,847)
Total liabilities		<u>(52,360)</u>	<u>(25,379)</u>
Net assets attributable to shareholders		<u><u>1,062,233</u></u>	<u><u>841,173</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities - gains/(losses)	37,721	(38,990)
Derivative contracts - gains/(losses)	81,924	(14,898)
Currency (losses)/gains	(80)	174
Forward currency contracts	(4,785)	(2,134)
Commission on futures	-	(91)
Net capital gains/(losses)	114,780	(55,939)

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	403	239
Distributions from UK regulated collective investment schemes:		
Franked investment income	7,350	7,521
Unfranked investment income	1,263	43
Interest distributions	-	758
Interest on debt securities	16,307	5,191
Interest distributions from overseas collective investment schemes	4,436	1,975
Bank interest	3,020	1,272
Total revenue	32,779	16,999

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	5,080	4,025
Total expenses	5,080	4,025

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,405 inclusive of VAT (2023: £8,082 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	3,762	943
Total taxation (note 5b)	3,762	943

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	26,570	12,476
Corporation tax @ 20%	<u>5,314</u>	<u>2,495</u>
Effects of:		
UK revenue	(1,470)	(1,504)
Overseas revenue	(82)	(48)
Total taxation (note 5a)	<u><u>3,762</u></u>	<u><u>943</u></u>

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim accumulation distribution	8,904	5,293
Final accumulation distribution	13,919	6,822
	<u>22,823</u>	<u>12,115</u>
Equalisation:		
Amounts deducted on cancellation of shares	903	435
Amounts added on issue of shares	(918)	(1,015)
Total net distributions	<u><u>22,808</u></u>	<u><u>11,535</u></u>
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	22,808	11,533
Undistributed revenue brought forward	2	4
Undistributed revenue carried forward	(2)	(2)
Distributions	<u><u>22,808</u></u>	<u><u>11,535</u></u>

Details of the distribution per share are disclosed in the Distribution table.

## 7. Debtors

	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	1,768	4,092
Accrued revenue	2,802	1,405
Recoverable income tax	99	-
Total debtors	<u><u>4,669</u></u>	<u><u>5,497</u></u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

8.	Cash and bank balances and bank overdrafts	2024	2023
		£000s	£000s
	Cash and bank balances and amounts held at futures clearing houses and brokers	156,352	134,294
	Bank overdrafts (including futures overdraft)	(51,278)	(23,233)
	Total cash and bank balances and bank overdrafts	<u>105,074</u>	<u>111,061</u>
9.	Other creditors	2024	2023
		£000s	£000s
	Amounts payable on cancellation of shares	-	942
	Accrued expenses:		
	Payable to the ACD and associates		
	Annual management charge	478	405
	Total accrued expenses	<u>478</u>	<u>405</u>
	Corporation tax payable	-	500
	Total other creditors	<u>478</u>	<u>1,847</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Accumulation
Opening shares in issue	656,583,080
Total shares issued in the year	165,031,518
Total shares cancelled in the year	<u>(102,570,165)</u>
Closing shares in issue	<u>719,044,433</u>

For the year ended 31 May 2024, the annual management charge is 0.53%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Accumulation share has increased from 147.73p to 152.99p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2024		
Bonds	472,597	472,597
Collective Investment Schemes	176,434	176,434
<b>Total</b>	<b>649,031</b>	<b>649,031</b>

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2023		
Bonds	197,867	197,867
Collective Investment Schemes	173,193	173,193
<b>Total</b>	<b>371,060</b>	<b>371,060</b>

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2024		
Bonds	221,692	221,692
Collective Investment Schemes	238,588	238,588
<b>Total</b>	<b>460,280</b>	<b>460,280</b>

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2023		
Bonds	146,710	146,710
Collective Investment Schemes	106,818	106,818
<b>Total</b>	<b>253,528</b>	<b>253,528</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

Summary of direct transaction costs	2024		2023	
	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	-	-	91	0.01

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.05% (2023: 0.04%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential UBS Growth	6.15	8.22	7.14	17.50	167.00	250.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk (continued)

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £47,648,000 (2023: £36,323,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Australian dollar	27,442
Canadian dollar	(268)
Euro	48,013
Hong Kong dollar	(3,243)
Japanese yen	10,845
South African rand	1,481
Swiss Franc	(691)
US dollar	205,921
Total net foreign currency exposure	<u><u>289,500</u></u>
	Total net foreign currency exposure*
2023	£000s
Australian dollar	34,719
Canadian dollar	398
Euro	815
Hong Kong dollar	(3,143)
Japanese yen	3,436
South African rand	4,302
US dollar	77,568
Total net foreign currency exposure	<u><u>118,095</u></u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £15,408,000 (2023: £4,040,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £263,000 (2023: £278,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Australian dollar	2,038	(2,390)	27,813	249	(268)	27,442
Canadian dollar	-	(268)	-	-	-	(268)
Euro	11,121	-	-	37,058	(166)	48,013
Hong Kong dollar	-	(3,243)	-	-	-	(3,243)
Japanese yen	8,951	-	-	1,894	-	10,845
South African rand	1,481	-	-	-	-	1,481
Swiss Franc	-	(691)	-	-	-	(691)
UK sterling	71,801	(44,686)	388,623	357,473	(478)	772,733
US dollar	60,960	-	73,246	71,886	(171)	205,921
	156,352	(51,278)	489,682	468,560	(1,083)	1,062,233

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Australian dollar	2,679	-	30,288	1,752	-	34,719
Canadian dollar	395	-	-	3	-	398
Euro	199	-	-	850	(234)	815
Hong Kong dollar	-	(3,143)	-	-	-	(3,413)
Japanese yen	2,683	-	-	753	-	3,436
South African rand	4,302	-	-	-	-	4,302
UK sterling	124,036	-	164,782	436,172	(1,912)	723,078
US dollar	-	(20,090)	43,547	54,111	-	77,568
	<u>134,294</u>	<u>(23,233)</u>	<u>238,617</u>	<u>493,641</u>	<u>(2,146)</u>	<u>841,173</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. All debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of portfolio investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk (continued)

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	555,816	(318)
Observable market data	397,756	(286)
Unobservable data	-	-
	<u>953,572</u>	<u>(604)</u>

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	263,804	(299)
Observable market data	462,957	-
Unobservable data	-	-
	<u>726,761</u>	<u>(299)</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

**Notes to the financial statements (continued)***for the year ended 31 May 2024*

## 15. Risk management policies (continued)

## f Derivatives (continued)

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 172.33% (2023:142.42%).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

At the balance sheet date, the global exposure is as follows:

	Gross exposure value £000s	% of the total net asset value
2024		
Investment		
Futures		
CME - E Mini S&P 500 Index June 2024	218,204	20.54
EUX - Euro Stoxx 50 June 2024	39,229	3.69
EUX - Euro Stoxx Bank June 2024	9,624	0.91
EUX - High Yield Bond Index June 2024	20,820	1.96
EUX - MSCI World Momentum June 2024	50,955	4.80
EUX - MSCI World Quality June 2024	77,773	7.32
ICF - FTSE 100 Index June 2024	1,690	0.16
NYF - MSCI Emerging Market June 2024	59,730	5.62
OSE - Topix Index June 2024	48,861	4.60
SFE - SPI 200 June 2024	34,429	3.24
USD MSCI World Index June 2024	93,973	8.85
Forward Currency Contracts		
Value of long position - US dollar	112,998	10.64
Value of short position - Australian dollar	31,102	2.93
Value of short position - Euro	56,221	5.29
Value of short position - Japanese yen	7,272	0.68

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

	Gross exposure value £000s	% of the total net asset value
2023		
Investment		
Futures		
CME - E Mini S&P 500 Index June 2023	133,045	15.82
EUX - Euro Stoxx 50 June 2023	30,796	3.66
EUX - Euro Stoxx Bank June 2023	16,086	1.91
EUX - MSCI World Index June 2023	41,644	4.95
ICF - FTSE 100 Index June 2023	6,781	0.81
MSE - Canada 10Year Bond Future September 2023	42,723	5.08
NYF - MSCI Emerging Market June 2023	70,405	8.37
OSE - Topix Index June 2023	15,347	1.82
Forward Currency Contracts		
Value of short position - Australian dollar	30,942	3.68
Value of short position - US dollar	4,151	0.49

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Merrill Lynch International	Cash	£nil	£15,380,657



## True Potential UBS Aggressive

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve capital growth over the long term (5 years or longer) through active management of a diversified investment portfolio whilst seeking to control the overall level of portfolio risk. The sub-delegate will seek to diversify the Sub-Fund's exposure across asset classes and vary the total market exposure as required.

To achieve the objective the Sub-Fund will be invested in a range of higher and lower risk assets. Higher risk assets include domestic and international equities, property, commodities and absolute return strategies. Exposure to these higher risk assets will be achieved indirectly through eligible collective investment schemes (this may include collective investment schemes managed by the Investment Manager or sub-delegate), listed securities or eligible derivatives. Exposure to higher risk assets is expected to represent between 40% and 100% of assets reflecting the aggressive nature of the Sub-Fund.

Lower risk assets include domestic and international government, corporate and supranational institution bonds, money market instruments and cash or near cash instruments. Exposure to lower risk assets may be achieved directly, through investment in listed securities and money market instruments, or indirectly, through eligible collective investment schemes and eligible derivatives.

The Sub-Fund may also use spot and forward foreign exchange instruments to manage currency exposure.

There are no geographical restrictions on the countries of investment.

Derivatives may be used for investment purposes and Efficient Portfolio Management. A significant proportion of the Sub-Fund's scheme property may be invested in derivatives. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The True Potential UBS Aggressive Fund delivered a positive return of +17.77% for the review period, 1 June 2023 to 31 May 2024 (Source: Refinitiv).

The period in review saw a positive backdrop for risk assets, as resilient economic growth in the US broadened out into the rest of the world, with optimism over the peak in central bank tightening and the AI theme also coming into focus. A US exceptionalism story emerged early in the period, with US economic data surprising to the upside despite disinflationary trends remaining largely intact. The better-than-expected growth environment saw investors focus on the potential for a higher-for-longer interest rate outcome. These concerns were added by the Federal Reserve's revisions to its dot plot in September 2023, which showed the expected policy path to be more restrictive than previously anticipated. Outside of the US, growth remained largely subdued with weakness in the manufacturing sector showed some signs of spilling over into services in Europe, with the European Central Bank pausing its hiking cycle suggesting that rates were sufficiently restrictive. The Bank of England also delivered its only hike during the period in August, with soft growth and progress on inflation allowing policymakers to pause.

The tone in markets shifted towards the end of 2023, with further progress on the US inflation front and an apparent dovish pivot from Fed officials. The prospect of easier US monetary policy alongside robust economic growth data set up a uniquely positive environment for US equities, while Treasury yields and the US dollar (USD) pulled back from the October 2023 highs. Further optimism over the artificial intelligence theme also spurred on equities despite some concerns over valuation multiples, with the bond-equity correlation remaining positive even as month-on-month inflation figures cooled into year-end. Risk assets extended gains on growth optimism in early 2024, with signs of a broadening out from the US to other economies supporting a catch-up from non-US equities. Signs of potentially stickier inflation pressures came into focus however, which led to a repricing in central bank policy expectations and a pick-up in long-end yields. Investors pushed out expectations for the first Fed rate cut, as the US economy continued to prove resilient and inflationary pressures reappeared. A stronger growth environment saw the Fed, BoE, and ECB keep rates on hold, although the Swiss National Bank became the first major economy to cut rates. The Bank of Japan ("BoJ") also adjusted policy, becoming the last central bank in the world to move its policy rate out of negative territory with a hike, their first time in 17 years.

Global activity data showed further signs of improvement towards the end of the period, as global manufacturing PMI moved into expansionary territory, with services PMI remaining healthy. Global equities rallied through to the end of the first quarter of 2024, delivering five straight months of gains from back in November 2023. Over the full period, the MSCI World Index finished the period in review up more than 25%, with the US equity market as the leading driver of returns. The rise in bond yields which started earlier in 2024, saw an overall muted return across government bonds over the period, with the main global aggregate bond indices flat to slightly positive. Credit spreads ended the period at historically tight levels, while gold hit all-time highs. The US dollar index was marginally higher over the full period in review, after trading in a broad range.

## Fund Commentary

The Sub-Fund's equity exposure was the main driver of positive performance throughout the period in what was a strong period for most major indices, with fixed income also adding value, while active currency positions were flat. Within equities, regional exposures to US and European equities were the main contributors to positive performance, with Japanese, Italian, and emerging market equities also adding value. Core equity positioning in quality and momentum factors outperformed the broad market over the period, while minimum volatility underperformed and FTSE RAFI Developed 1000 was largely on par with market returns.

Positive contributions within fixed income stemmed from long positioning in UK government debt, with further gains seen across credit and emerging market debt. Within credit, UK investment grade and US high yield were the main positive contributors. On the downside, exposure to Australian, US and Canadian government bonds detracted from performance.

Within the Sub-Fund's active currency exposure, the main detractor from performance was the long Japanese yen (JPY) position which struggled over the period amid wide nominal rate differentials. Long Indonesian rupiah (IDR) and long Australian dollar (AUD) exposure also contributing negatively. On the upside, long positioning in the Colombian peso (COP) was the largest value add, given reduced political risk premia and high carry over the period. Short positioning in the Chinese renminbi (CNH) and the long Norwegian krone (NOK) position also contributed positively.

## Investment Strategy and Outlook

The period in review ended with the US economy showing some signs of cooling from a high level of growth, while the rest of the world was showing signs of improvement from a lower level. In our view, this more balanced growth environment, at a time when central bank policy is expected to ease rather than tighten, creates a uniquely positive risk backdrop. Monetary policy easing while growth is accelerating or remaining near trend in the US should support consumption, while global manufacturing is also expected to recover further. There are risks to our constructive view, with inflation remaining sticky in the US meaning that a no-landing economic scenario still remains a possibility, while on the flipside, cooling economic conditions can very quickly turn into a deterioration. While the labour market remains firm, we are seeing some signs of deceleration in line with our soft-landing base case. The risk of a significant weakening of the labour market is one which we are carefully assessing given lagged impacts of monetary policy globally.

Recent economic data has generally supported the outlook for a US soft landing, with headline and core CPI figures showing a genuine slowdown after upside surprises earlier in 2023. Within services inflation, rental inflation saw its slowest reading since last summer and based on leading indicators, expectations are for a downtrend as we move into the second half of the year. The upside inflation scare in Q1 2024, was a reminder that the inflation path back to central bank targets is likely to be bumpy, however we remain in an environment with resilient US growth. Our expectation is for the growth environment to cool further as the year progresses, with consumption moderating as labour income slows. In this environment, our base case remains for further disinflation in the US, while acknowledging the risk of potentially stickier inflation. Some of the key upside inflation risks we are monitoring are: the potential for rental and home price growth to reaccelerate; wage growth reaccelerating and putting additional pressure on core services, and a manufacturing rebound to put upward pressure on the disinflation process. We remain vigilant as we assess these risks alongside risks of any deterioration in the current US economic environment.

The US has outperformed most major economies in the post-COVID recovery, driven by multiple factors including fiscal stimulus, household expenditure, and relatively lower sensitivity to higher rates. However, now we are seeing signs of the US cooling from its high level of growth, while the rest of the world is picking up from its relatively low level. This is evident in the US ISM manufacturing report for May disappointing to the downside, while the global manufacturing PMI data continues to trend higher. Focusing on Europe, the outlook has become much brighter, with inflation having declined at a rapid pace – to a point where the European Central Bank are comfortable to start its easing cycle. Europe's disinflation along with its still-tight labour market have supported real incomes, which in turn is expected to support consumption later in the year. Similarly in the UK, we expect growth to improve on the back of better real wages and consumption. The disinflation trend has lagged Europe, and growth and employment is also relatively softer at the margin, however we still see a brighter outlook outright. Elsewhere in China, macro data is still showing a mixed picture, though the Chinese government has rolled out more stimulus and policies to try and tackle their property sector woes, which in our view, has partly fuelled the recent pickup in Chinese risk assets. Going forward however, we think further equity outperformance in China will likely need a genuine improvement in economic conditions, particularly with risks ahead to Chinese and US trade, given policies leading up to the US election.

While the US and Japan have dominated equity returns this cycle, we think it's Europe's turn to deliver outperformance. The bottom line is that developed market nominal GDP is growing at a healthier pace than in the last economic cycle even as we expect a global monetary easing campaign. If the global economy remains in good shape, which we expect to be the case, we consider risk assets should deliver value, even if the pace of monetary easing is slower than some would like. We expect global bonds to continue trading within a range, as the disinflation process takes time and growth remains resilient. As of the end of May, we remain in an equity overweight position through the US, Japan and Europe, with Australia remaining our least preferred market. On the fixed income side, we are largely neutral on sovereigns and credit, but prefer European high yield within the credit space. In our active currency strategy, we favour the Japanese yen (JPY), Norwegian krone (NOK) and Latin American currencies, while the Chinese renminbi (CNH) and New Zealand dollar (NZD) are the main funding currencies.

UBS Asset Management (UK) Ltd- a sub-delegate of True Potential Investments LLP

18 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
UK Treasury Gilt 2.75% 07/09/2024	83,005
UK Treasury Gilt 2% 07/09/2025	66,893
UK Treasury Bill 0% 11/03/2024	50,612
UK Treasury Gilt 1.50% 22/07/2026	49,189
UBS (Irl) Investor Selection - Global Equity Long Short Fund (Acc)	47,226
US Treasury Gilt 4.25% 15/05/2039	45,462
UK Treasury Gilt 5% 07/03/2025	44,299
UK Treasury Gilt 0.25% 31/01/2025	39,825
UK Treasury Gilt 0.125% 31/01/2024	39,581
UK Treasury Gilt 1% 22/04/2024	39,361
Subtotal	<u>505,453</u>
Total cost of purchases, including the above, for the year	<u><u>908,699</u></u>
	Proceeds
	£000s
Sales:	
UBS Investment Funds ICVC II - UBS MSCI World Minimum Volatility Index Fund (Acc)	152,087
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	56,051
UK Treasury Gilt 0.125% 31/01/2024	54,243
UK Treasury Bill 0% 11/03/2024	51,916
UK Treasury Gilt 1% 22/04/2024	47,420
UK Treasury Gilt 0.75% 22/07/2023	39,464
Xtrackers S&P 500 Equal Weight UCITS ETF	36,223
US Treasury Gilt 4.25% 15/05/2039	31,301
iShares Emerging Markets Government Bond Index Fund	28,151
UBS (Irl) Investor Selection - Currency Allocation Return Strategy (Acc)	21,600
Subtotal	<u>518,456</u>
Total proceeds from sales, including the above, for the year	<u><u>631,603</u></u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 45.38% (25.81%)			
Government Bonds - 45.38% (25.81%)			
Government of Australia 3.75% 21/04/2037	AUD80,465,000	38,881	2.63
UK Treasury Gilt 0.125% 30/01/2026	£43,180,000	40,228	2.72
UK Treasury Gilt 0.25% 31/01/2025	£73,868,000	71,792	4.86
UK Treasury Gilt 0.375% 22/10/2026	£29,300,000	26,634	1.80
UK Treasury Gilt 0.625% 07/06/2025	£66,400,000	63,670	4.30
UK Treasury Gilt 1.50% 22/07/2026	£52,100,000	49,044	3.32
UK Treasury Gilt 2.00% 07/09/2025	£70,193,000	67,807	4.58
UK Treasury Gilt 2.75% 07/09/2024	£85,275,000	84,787	5.73
UK Treasury Gilt 3.50% 22/10/2025	£33,320,000	32,706	2.21
UK Treasury Gilt 4.125% 29/01/2027	£14,200,000	14,044	0.95
UK Treasury Gilt 4.75% 07/12/2038	£18,683,000	19,075	1.29
UK Treasury Gilt 5.00% 07/03/2025	£59,200,000	59,200	4.00
US Treasury Gilt 2.125% 15/02/2040	\$28,734,000	32,083	2.17
US Treasury Gilt 4.25% 15/05/2039	\$94,196,000	71,315	4.82
Total Government Bonds		671,266	45.38
Total Debt Securities		671,266	45.38
Collective Investment Schemes - 43.10% (55.95%)			
UK Authorised Collective Investment Schemes - 25.18% (43.26%)			
UBS Investment Funds ICVC - Sterling Corporate Bond Indexed Fund (Acc)	420,012	54,408	3.68
UBS Investment Funds ICVC - UBS UK Equity Income Fund (Acc)	76,854	100,154	6.77
UBS Investment Funds ICVC II - UBS FTSE RAFI Developed 1000 Index Fund (Acc)	19,372	149,063	10.08
UBS Investment Funds ICVC II - UBS MSCI World Minimum Volatility Index Fund (Acc)	11,625	68,825	4.65
Total UK Authorised Collective Investment Schemes		372,450	25.18
Offshore Collective Investment Schemes - 17.92% (12.69%)			
iShares Broad USD High Yield Corp Bond UCITS ETF	6,755,404	25,199	1.70
iShares Emerging Markets Government Bond Index Fund	3,155,695	27,558	1.86
iShares USD High Yield Corp Bond UCITS ETF	318,680	22,739	1.54
UBS (Irl) Investor Selection - Currency Allocation Return Strategy (Acc)	791	68,463	4.63
UBS (Irl) Investor Selection - Global Equity Long Short Fund (Acc)	349	50,195	3.39
Vanguard EUR Corporate Bond UCITS ETF	470,948	19,771	1.34
Vanguard USD Corporate Bond UCITS ETF	777,098	33,411	2.26
Xtrackers USD High Yield Corporate Bond UCITS ETF	1,812,668	17,656	1.20
Total Offshore Collective Investment Schemes		264,992	17.92
Total Collective Investment Schemes		637,442	43.10

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
<b>Futures - 1.05% (1.92%)</b>			
CME - E Mini S&P 500 Index June 2024	1,747	7,375	0.50
EUREX - Euro Stoxx 50 June 2024	1,559	(27)	0.00
EUREX - Euro Stoxx Bank June 2024	2,546	2,418	0.16
EUX - Liquidity Screened June 2024	618	139	0.01
EUX - MSCI World Index June 2024	2,992	(409)	(0.03)
EUX - MSCI World Momentum June 2024	2,135	1,462	0.10
EUX - MSCI World Quality June 2024	2,992	974	0.07
ICF - FTSE 100 Index June 2024	138	330	0.02
NYF - MSCI Emerging Market June 2024	2,026	87	0.01
OSE - Topix Index June 2024	563	2,859	0.19
SFE - SPI 200 Futures June 2024	(474)	349	0.02
<b>Total Futures</b>		<b>15,557</b>	<b>1.05</b>
<b>Forward Currency Contracts - 0.06% (0.21%)</b>			
Sell Japanese yen	(¥2,030,131,000)	(10,170)	
Buy UK sterling	£10,898,963	10,899	
Expiry date 13 June 2024		729	0.05
Sell Euro	(€92,265,000)	(78,632)	
Buy UK sterling	£79,161,273	79,161	
Expiry date 13 June 2024		529	0.04
Sell UK sterling	(£284,816,629)	(284,817)	
Buy US dollar	\$363,490,000	284,910	
Expiry date 13 June 2024		93	0.00
Sell US dollar	(\$10,088,000)	(7,907)	
Buy UK sterling	£7,878,490	7,878	
Expiry date 13 June 2024		(29)	0.00
Sell Australian dollar	(AUD83,239,000)	(43,500)	
Buy UK sterling	£43,125,058	43,125	
Expiry date 13 June 2024		(375)	(0.03)
<b>Total Forward Currency Contracts</b>		<b>947</b>	<b>0.06</b>
<b>Portfolio of investments</b>		<b>1,325,212</b>	<b>89.59</b>
<b>Other net assets</b>		<b>154,049</b>	<b>10.41</b>
<b>Total net assets</b>		<b>1,479,261</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

## Summary of portfolio investments

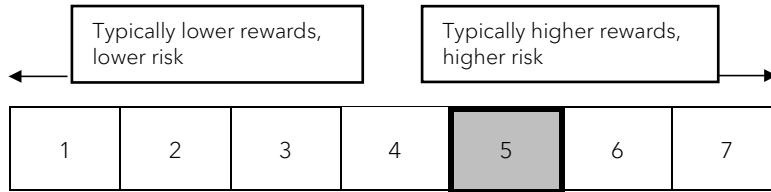
as at 31 May 2024

	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	671,266	45.38	306,673	25.81
Total bonds	671,266	45.38	306,673	25.81
Forward currency contracts - assets	1,351	0.09	2,565	0.21
Collective Investment Schemes	637,442	43.10	664,748	55.95
Futures - assets	15,993	1.08	23,182	1.96
Investments as shown in the balance sheet	1,326,052	89.65	997,168	83.93
Forward currency contracts - liabilities	(404)	(0.03)	-	-
Futures - liabilities	(436)	(0.03)	(514)	(0.04)
Total value of investments	1,325,212	89.59	996,654	83.89

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of this Sub-Fund.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

Zeros and synthetic zeros may not deliver their specified capital return if the assets fail to grow sufficiently during their lifetime and may be unable to pay the amount promised at the maturity date. Zeros and synthetic zeros may leverage their assets, which may lead to more volatile results than assets that do not use leverage. The share prices of zeros and synthetic zeros may stand at a discount to their net asset value per share for prolonged periods.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	135.88	143.88	145.64
Return before operating charges*	24.82	(7.20)	(0.85)
Operating charges	(0.85)	(0.80)	(0.91)
Return after operating charges*	23.97	(8.00)	(1.76)
Distributions+	(3.49)	(2.04)	(1.85)
Retained distribution on accumulation shares+	3.49	2.04	1.85
Closing net asset value per share	159.85	135.88	143.88
 *after direct transaction costs of:	 0.01	 0.02	 0.01
 Performance			
Return after charges	17.64%	(5.56%)	(1.21%)
 Other information			
Closing net asset value (£000s)	1,479,261	1,188,120	1,004,290
Closing number of shares	925,426,372	874,407,657	698,016,742
Operating charges++	0.58%	0.59%	0.60%
Direct transaction costs	0.01%	0.01%	0.01%
 Prices			
Highest share price (p)	162.83	145.50	157.70
Lowest share price (p)	133.10	125.90	137.90

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.



**Distribution table***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.400	-	1.400	0.953
31.01.24	group 2	interim	0.848	0.552	1.400	0.953
31.07.24	group 1	final	2.088	-	2.088	1.091
31.07.24	group 2	final	1.252	0.836	2.088	1.091

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1                Shares purchased before 1 June 2023
- Group 2                Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1                Shares purchased before 1 December 2023
- Group 2                Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential UBS Aggressive

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		189,192		(72,297)
Revenue	3	46,645		23,391	
Expenses	4	(7,152)		(5,634)	
Interest payable and similar charges		(1,901)		(465)	
Net revenue before taxation		<u>37,592</u>		<u>17,292</u>	
Taxation	5	(5,349)		(1,264)	
Net revenue after taxation			<u>32,243</u>		<u>16,028</u>
Total return/(deficit) before distributions			<u>221,435</u>		<u>(56,269)</u>
Distributions	6		(32,243)		(16,032)
Change in net assets attributable to shareholders from investment activities			<u><u>189,192</u></u>		<u><u>(72,301)</u></u>

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		1,188,120		1,004,290
Amounts receivable on issue of shares	336,740		410,261	
Amounts payable on cancellation of shares	<u>(266,930)</u>		<u>(171,086)</u>	
		69,810		239,175
Change in net assets attributable to shareholders from investment activities		189,192		(72,301)
Retained distribution on accumulation shares		<u>32,139</u>		<u>16,956</u>
Closing net assets attributable to shareholders		<u><u>1,479,261</u></u>		<u><u>1,188,120</u></u>

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		1,326,052	997,168
Current assets:			
Debtors	7	7,868	11,387
Cash and bank balances and amounts held at futures clearing houses and brokers	8	257,805	213,033
Total assets		<u>1,591,725</u>	<u>1,221,588</u>
Liabilities:			
Investment liabilities		(840)	(514)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(110,957)	(29,775)
Other creditors	9	(667)	(3,179)
Total liabilities		<u>(112,464)</u>	<u>(33,468)</u>
Net assets attributable to shareholders		<u><u>1,479,261</u></u>	<u><u>1,188,120</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities - gains/(losses)	92,083	(55,409)
Derivative contracts - gains/(losses)	113,582	(14,076)
Currency - gains	108	409
Forward currency contracts	(16,459)	(3,088)
Commission on futures	(122)	(133)
Net capital gains/(losses)	<u>189,192</u>	<u>(72,297)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	560	340
Distributions from UK regulated collective investment schemes:		
Franked investment income	10,267	10,631
Unfranked investment income	1,772	60
Interest distributions	-	1,060
Interest distributions from overseas collective investment schemes	6,282	5,986
Interest on debt securities	22,808	3,308
Bank interest	4,956	2,006
Total revenue	<u>46,645</u>	<u>23,391</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	7,152	5,634
Total expenses	<u>7,152</u>	<u>5,634</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,405 inclusive of VAT (2023: £8,082 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	5,349	1,264
Total taxation (note 5b)	<u>5,349</u>	<u>1,264</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

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

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	37,592	17,292
Corporation tax @ 20%	7,518	3,458
Effects of:		
UK revenue	(2,053)	(2,126)
Overseas revenue	(116)	(68)
Total taxation (note 5a)	5,349	1,264

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim accumulation distribution	12,817	7,416
Final accumulation distribution	19,322	9,540
	32,139	16,956
Equalisation:		
Amounts deducted on cancellation of shares	1,616	620
Amounts added on issue of shares	(1,512)	(1,544)
Total net distributions	32,243	16,032
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	32,243	16,028
Undistributed revenue brought forward	3	7
Undistributed revenue carried forward	(3)	(3)
Distributions	32,243	16,032

Details of the distribution per share are disclosed in the Distribution table.

## 7. Debtors

	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	3,860	9,493
Accrued revenue	3,917	1,894
Corporation tax receivable	91	-
Total debtors	7,868	11,387

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

8.	Cash and bank balances and bank overdrafts	2024	2023
		£000s	£000s
	Cash and bank balances and amounts held at futures clearing houses and brokers	257,805	213,033
	Bank overdrafts (including futures overdraft)	(110,957)	(29,775)
	Total cash and bank balances and bank overdrafts	<u>146,848</u>	<u>183,258</u>
9.	Other creditors	2024	2023
		£000s	£000s
	Amounts payable on cancellation of shares	-	1,982
	Accrued expenses:		
	Payable to the ACD and associates		
	Annual management charge	667	570
	Total accrued expenses	<u>667</u>	<u>570</u>
	Corporation tax payable	-	627
	Total other creditors	<u>667</u>	<u>3,179</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Accumulation
Opening shares in issue	874,407,657
Total shares issued in the year	235,462,167
Total shares cancelled in the year	<u>(184,443,452)</u>
Closing shares in issue	<u>925,426,372</u>

For the year ended 31 May 2024, the annual management charge is 0.53%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Accumulation share has increased from 159.85p to 166.02p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2024		
Bonds	657,333	657,333
Collective Investment Schemes	251,366	251,366
<b>Total</b>	<b>908,699</b>	<b>908,699</b>

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2023		
Bonds	229,724	229,724
Collective Investment Schemes	221,149	221,149
<b>Total</b>	<b>450,873</b>	<b>450,873</b>

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2024		
Bonds	295,344	295,344
Collective Investment Schemes	336,259	336,259
<b>Total</b>	<b>631,603</b>	<b>631,603</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

2023	Sales before transaction costs £000s	Sales after transaction costs* £000s
Bonds	193,837	193,837
Collective Investment Schemes	137,981	137,981
<b>Total</b>	<b>331,818</b>	<b>331,818</b>

\*No direct transaction costs were incurred in the sale of investments during the year (2023: same).

Summary of direct transaction costs	2024		2023	
	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	122	0.01	133	0.01

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.05% (2023: 0.04%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential UBS Aggressive	7.25	9.75	8.37	20.00	188.00	250.00



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £66,261,000 (2023: £49,833,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Australian dollar	38,341
Canadian dollar	(430)
Euro	75,928
Hong Kong dollar	(4,493)
Japanese yen	18,784
South African rand	2,090
Swiss franc	(980)
US dollar	333,600
Total net foreign currency exposure	<u>462,840</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

- a Market risk (continued)
- (ii) Currency risk (continued)

	Total net foreign currency exposure*
2023	£000s
Australian dollar	47,482
Canadian dollar	512
Euro	6,748
Hong Kong dollar	(4,354)
Japanese yen	6,822
South African rand	6,167
US dollar	123,122
Total net foreign currency exposure	<u>186,499</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £30,393,000 (2023: £8,499,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £367,000 (2023: £458,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## A Market risk (continued)

## (iii) Interest rate risk (continued)

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets £000s	Variable rate financial liabilities £000s	Fixed rate financial assets £000s	Non-interest bearing financial assets £000s	Non-interest bearing financial liabilities £000s	Total £000s
2024						
Australian dollar	2,866	(3,380)	38,881	349	(375)	38,341
Canadian dollar	-	(430)	-	-	-	(430)
Euro	23,203	-	-	52,752	(27)	75,928
Hong Kong dollar	-	(4,493)	-	-	-	(4,493)
Japanese yen	15,925	-	-	2,859	-	18,784
South African rand	2,090	-	-	-	-	2,090
Swiss franc	-	(980)	-	-	-	(980)
UK sterling	86,223	(101,674)	528,987	503,552	(667)	1,016,421
US dollar	127,498	-	103,398	103,142	(438)	333,600
	<u>257,805</u>	<u>(110,957)</u>	<u>671,266</u>	<u>662,654</u>	<u>(1,507)</u>	<u>1,479,261</u>

	Variable rate financial assets £000s	Variable rate financial liabilities £000s	Fixed rate financial assets £000s	Non-interest bearing financial assets £000s	Non-interest bearing financial liabilities £000s	Total £000s
2023						
Australian dollar	2,686	-	42,349	2,447	-	47,842
Canadian dollar	508	-	-	4	-	512
Euro	5,408	-	-	1,668	(328)	6,748
Hong Kong dollar	-	(4,354)	-	-	-	(4,354)
Japanese yen	5,407	-	-	1,415	-	6,822
South African rand	6,167	-	-	-	-	6,167
UK sterling	185,879	-	203,180	615,915	(3,353)	1,001,621
US dollar	6,978	(25,421)	61,143	80,434	(12)	123,122
	<u>213,033</u>	<u>(29,775)</u>	<u>306,672</u>	<u>701,883</u>	<u>(3,693)</u>	<u>1,188,120</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## b Credit risk (continued)

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. All debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of portfolio investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	767,153	(436)
Observable market data	558,899	(404)
Unobservable data	-	-
	<u>1,326,052</u>	<u>(840)</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## d Fair value of financial assets and financial liabilities (continued)

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	348,304	(514)
Observable market data	648,864	-
Unobservable data	-	-
	<u>997,168</u>	<u>(514)</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 194.24% (2023: 154.18%).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15 Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value £000s	% of the total net asset value
2024		
Investment		
Futures		
CME - E Mini S&P 500 Index June 2024	355,205	24.01
EUREX - Euro Stoxx 50 June 2024	66,223	4.48
EUREX - Euro Stoxx Bank June 2024	13,508	0.91
EUX - Liquidity Screened June 2024	29,309	1.98
EUX - MSCI World Index June 2024	252,621	17.08
EUX - MSCI World Momentum June 2024	71,336	4.82
EUX - MSCI World Quality June 2024	110,545	7.47
ICF - FTSE 100 Index June 2024	11,105	0.75
NYF - MSCI Emerging Market June 2024	84,052	5.68
OSE - Topix Index June 2024	75,215	5.08
SFE - SPI 200 Futures June 2024	48,140	3.25
Forward Currency Contracts		
Value of long position - US dollar	277,002	18.73
Value of short position - Australian dollar	43,500	2.94
Value of short position - Euro	78,631	5.32
Value of short position - Japanese yen	10,170	0.69
	Gross exposure value £000s	% of the total net asset value
2023		
Investment		
Futures		
CME - E Mini S&P 500 Index June 2024	239,887	20.19
EUREX - Euro Stoxx 50 June 2024	55,027	4.63
EUREX - Euro Stoxx bank June 2024	22,568	1.90
EUX- MSCI World Index June 2024	90,834	7.65
ICF- FTSE 100 Index June 2024	18,183	1.53
MSE - CAN 10 years Bond Future September 2024	60,341	5.08
NYF - MSCI Emerging Market June 2024	98,814	8.32
OSE - Topix Index June 2024	28,852	2.43

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15 Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

	Gross exposure value £000s	% of the total net asset value
2023		
Forward Currency Contracts		
Value of long position - US dollar	29,138	2.45
Value of short position - Australian dollar	43,217	3.64

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Merrill Lynch International	Cash	£nil	£27,372,685

## True Potential 7IM Defensive

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise .

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide a total return of capital and income, substantially by way of income. The majority of the portfolio of the Sub-Fund will be invested in fixed income and equity instruments (including collective investment schemes which, at times, may form a substantial part of the Sub-Fund) using predominantly actively allocated, but, passively implemented strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-Fund may be invested in other asset classes such as property (indirectly), commodities (indirectly), hedge funds (indirectly, for example via listed securities) and private equities (indirectly, for example via listed securities). Exposure to the above asset classes will be gained through direct holdings of securities, collective investment schemes, exchange traded funds or derivatives with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The Sub-Fund may also be invested in deposits, cash and near cash and money market instruments.

There are no geographic restrictions on the investments of the Sub-Fund.

Derivatives may be used for investment purposes and Efficient Portfolio Management. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The Sub-Fund returned 3.83% during the reporting period, underperforming the benchmark for the same period which returned 6.22% (Source: FEFundinfo).

#### Investment Background

##### 12 months

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock market indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The FED and ECB raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines for sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the Fed, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the US Federal Reserve and the European Central Bank have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.



December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the Fed about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check - with the Federal Reserve making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row - a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February - stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as Federal Reserve officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign - with the S&P 500 in particular finding its way to new highs.

## Portfolio Review

In July 2023, we replaced our holding in Berkshire Hathaway with US Equal Weight Index. We no longer have as strong a conviction in Berkshire due to the changes in the macro backdrop since its addition and the significant weight of mega-cap technology stocks which could turn into a significant negative contributor against our recessionary base case outlook. We have made significant profits on Berkshire since purchasing in mid 2020. We have shifted into a more diversified approach to US Equity, which still dilutes the mega-cap tech names.

We have also increased our exposure to Global Healthcare and FTSE 100 during July 2023. The defensive Healthcare earnings should weather the profits downturn better than most sectors. And while the energy and materials exposure in the FTSE 100 will not be immune to a slowdown, the operating leverage these companies should have coming out of a slowdown means these are among the most attractive equities around.

In August 2023, we refreshed our SAA (Strategic Asset Allocation) in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure, with a small reduction as well as maintaining the duration and credit exposure.

In October 2023, we slightly reduced our position in Climate Transition Leaders (Ninety One Global Environment Fund) and re-allocated to US equal weight (Xtrackers S&P 500 Equal Weight ETF). We continue to have strong conviction in this investment. However, in an uncertain macro-economic environment, with a reasonable risk of recession, companies within this space tend to be mid-cap low-quality growth and these factors may be more challenged.

We have also increased the duration of our portfolios through the adding of US and UK bonds during October 2023. The rise in yields offers us an opportunity. Our view is that a sluggish and sideways world is likely to persist. This means bond yields are unlikely to come down tomorrow. Across US and UK bonds, yields are well over 4% and in some cases around 5%. If central banks are successful at reigning in inflation (hitting their targets of 2%), the bonds offer attractive inflation-beating returns over the long-run.

We trimmed our position in Alternatives in October 2023. The Alternatives allocation remains a key pillar of diversification to the rest of the portfolio. We have taken some profits here to rotate into bonds. We also took the opportunity to trim our fixed income exposure a little, following a change in our quantitative duration models - taking some profits from the addition made in the previous quarter.

Following a small positive change to our quantitative beta models in March, we added a small portion to our overall equity allocation, taking it closer to neutral.

As credit spreads of high yield bonds continued to narrow (under 100bps), we took the chance to rotate out of AT1's, back into our Strategic Asset Allocation, reflecting the fact that the excess reward is reducing.

In May 2024, we made tactical changes to AT1's and FTSE 250.

Further narrowing of AT1 credit spreads of high yield bonds (under 50bps) meant we continued to trim our AT1's position in May; now at 2% across all portfolios.

Our tilt towards UK Large Caps delivered outperformance over time since mid-2022, with defensive qualities coming into play multiple times. Given relative valuations of FTSE 250 and FTSE 100 had become equivalent, we removed the underweight to FTSE 250 completely.

### Investment Strategy and Outlook

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios.

Over the next 12 months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we consider that:

- **Inflation is coming down:** Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled, and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost-of-living pain isn't going away quickly.
- **Interest rates are high:** We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- **The economy is slowing:** For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into a 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways... In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. And we think our portfolios are set up to do just that.

There's no one answer... When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook that calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities – both to protect capital and to grow it.

Seven Investment Management LLP - a sub-delegate of True Potential Investments LLP

17 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	35,015
Vanguard Investment Series - US Government Bond Index Fund	26,995
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	22,013
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	22,002
Vanguard Investment Series - Euro Government Bond Index Fund	13,461
Vanguard Investments Funds ICVC - Vanguard UK Long Duration Gilt Index Fund	8,885
Vanguard US Government Bond Index Fund	7,784
JPMorgan Structured Products 0% 12/10/2026	4,615
Amundi MSCI Japan UCITS ETF	4,189
Vanguard Euro Government Bond Index Fund	4,109
Subtotal	<u>149,068</u>
Total cost of purchases, including the above, for the year	<u>167,779</u>
	Proceeds
	£000s
Sales:	
Vanguard US Government Bond Index Fund	31,319
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	29,000
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	24,000
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	24,000
Amundi UK Government Bond UCITS ETF	18,331
Vanguard Investment Series - US Government Bond Index Fund	15,545
Vanguard Euro Government Bond Index Fund	14,831
Legal & General Short Dated Sterling Corporate Bond Index Fund	10,903
iShares ESG Overseas Corporate Bond Index Fund	9,942
iShares Global Inflation-Linked Bond Index Fund	9,682
Subtotal	<u>187,553</u>
Total proceeds from sales, including the above, for the year	<u>276,537</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 5.51% (6.39%)			
Corporate Bonds - 5.51% (6.39%)			
Royal Bank of Canada FRN 30/01/2025**	£500,000	501	0.63
SG Issuer 0% 18/11/2025	\$1,213,000	1,019	1.27
SG Issuer 0% 22/12/2025	\$1,227,000	1,021	1.28
UBS AG London 0% 20/10/2027	\$19,615	1,864	2.33
Total Corporate Bonds		4,405	5.51
Equities - 0.00% (1.41%)			
Collective Investment Schemes - 83.68% (70.39%)			
UK Authorised Collective Investment Schemes - 16.69% (13.99%)			
iShares Environment & Low Carbon Tilt Real Estate Index Fund	631,385	1,371	1.71
iShares ESG Overseas Corporate Bond Index Fund	4,554,272	5,068	6.34
Legal & General Emerging Markets - Government Bond Local Currency Index Fund	1,826,420	1,203	1.50
Legal & General UK MID Cap Index Fund	1,744,873	1,169	1.46
Ninety One Funds Series iii - Global Environment Fund	385,177	604	0.76
Vanguard UK Long Duration Gilt Index Fund	44,513	3,937	4.92
Total UK Authorised Collective Investment Schemes		13,352	16.69
Offshore Collective Investment Schemes - 66.99% (56.40%)			
Amundi MSCI Japan ESG Climate Net Zero Ambition UCITS ETF	194,676	2,033	2.54
Amundi UK Government Bond UCITS ETF	19,800	2,015	2.52
BlackRock Strategic Funds - Global Event Driven Fund	9,989	1,219	1.52
Candriam Absolute Return Equity Market Neutral Fund	958	1,621	2.03
Deutsche Global Liquidity Series - Deutsche Managed Sterling Fund Platinum	6,014,604	6,015	7.52
Fulcrum Ucits SICAV - Fulcrum Equity Dispersion Fund	11,988	1,640	2.05
Invesco AT1 Capital Bond UCITS ETF	47,646	1,606	2.01
iShares Global Inflation-Linked Bond Index Fund	371,109	4,045	5.06
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	6,372,858	6,373	7.97
Legal & General Emerging Markets - Government Bond Local Currency Index Fund	1,227,626	1,210	1.51
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	6,009,272	6,009	7.51
VanEck Global Mining UCITS ETF	14,347	390	0.49
Vanguard Euro Government Bond Index Fund	54,602	5,658	7.07
Vanguard US Government Bond Index Fund	114,392	11,344	14.18
Xtrackers S&P 500 Equal Weight UCITS ETF	17,235	1,196	1.50
Xtrackers USD High Yield Corporate Bond UCITS ETF GBP	158,782	1,210	1.51
Total Offshore Collective Investment Schemes		53,584	66.99
Total Collective Investment Schemes		66,936	83.68

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Warrants - 2.03% (2.41%)			
Goldman Sachs International Warrants 31/12/2049	1,889	1,620	2.03
Total Warrants		1,620	2.03
Structured Products - 5.57% (2.98%)			
JPMorgan Structured Products 0% 08/07/2025	\$2,820,000	2,420	3.03
JPMorgan Structured Products 0% 12/10/2026	\$2,460,000	2,035	2.54
Total Structured Products		4,455	5.57
Futures - 0.70% (0.16%)			
CBT - 10 year US Treasury Note June 2024	48	(9)	(0.01)
CBT - Ultra US Treasury Bond June 2024	30	(32)	(0.04)
EUREX - USA ESG Screened June 2024	11	(2)	0.00
EUX - Euro-Bund Future June 2024	15	(43)	(0.06)
EUX - MSCI Europe ex UK June 2024	85	70	0.09
ICF - FTSE 100 Index June 2024	57	361	0.45
ICF - MSCI Health Care December 2024	74	201	0.25
NYF - MSCI Emerging Market June 2024	34	13	0.02
Total Futures		559	0.70
Forward Currency Contracts - -0.17% (0.38%)			
Sell US dollar	(\$70,572,000)	(55,307)	
Buy UK sterling	£55,478,123	55,478	
Expiry date 12 July 2024		171	0.21
Sell UK sterling	(£44,048,188)	(44,049)	
Buy US dollar	\$55,972,000	43,866	
Expiry date 12 July 2024		(183)	(0.22)
Sell Euro	(€3,200,000)	(2,742)	
Buy UK sterling	£2,753,229	2,753	
Expiry date 18 October 2024		11	0.01
Sell UK sterling	(£4,812,926)	(4,813)	
Buy Euro	€5,600,000	4,798	
Expiry date 18 October 2024		(15)	(0.02)
Sell Japanese yen	(¥290,000,000)	(1,486)	
Buy UK sterling	£1,484,497	1,485	
Expiry date 15 November 2024		(1)	0.00

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Forward Currency Contracts - -0.17% (0.38%) (continued)			
Sell UK sterling	(£4,936,197)	(4,936)	
Buy Japanese yen	¥940,000,000	4,815	
Expiry date 15 November 2024		(121)	(0.15)
Total Forward Currency Contracts		(138)	(0.17)
Portfolio of investments		77,837	97.32
Other net assets		2,147	2.68
Total net assets		79,984	100.00

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*\*Variable interest security

## Summary of portfolio investments

as at 31 May 2024

Credit breakdown*	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Investments of investment grade	501	0.63	655	0.30
Unrated bonds	3,904	4.88	13,079	6.09
Total bonds	4,405	5.51	13,734	6.39
Structured Products	4,455	5.57	6,394	2.98
Forward currency contracts - assets	182	0.22	1,217	0.56
Warrants	1,620	2.03	5,173	2.41
Futures - assets	645	0.81	800	0.37
Collective Investment Schemes	66,936	83.68	151,272	70.39
Equities	-	-	3,041	1.41
Investments as shown in the balance sheet	78,243	97.82	181,631	84.51
Forward currency contracts - liabilities	(320)	(0.39)	(393)	(0.18)
Futures - liabilities	(86)	(0.11)	(462)	(0.21)
Total value of investments	77,837	97.32	180,776	84.12

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

Investments in emerging markets may involve greater risks due to political and economic instability and underdeveloped markets and systems. This means your money may be at greater risk of loss.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Sub-Fund.

Investment trusts and closed ended funds may borrow to purchase additional investments. This can increase returns when stock markets rise but will magnify losses when markets fall. The value of an investment trust or a closed ended fund moves in line with stock market demand and its unit/share price may be less than or more than the net value of the investments it holds.

Where the Sub-Fund invests in structured products and derivatives, there may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Sub-Fund. The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

Zeros and synthetic zeros may not deliver their specified capital return if the assets fail to grow sufficiently during their lifetime and may be unable to pay the amount promised at the maturity date. Zeros and synthetic zeros may leverage their assets, which may lead to more volatile results than assets that do not use leverage. The share prices of zeros and synthetic zeros may stand at a discount to their net asset value per share for prolonged periods.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.



## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	99.68	106.78	113.42
Return before operating charges*	4.61	(4.59)	(4.72)
Operating charges	(0.76)	(0.85)	(1.02)
Return after operating charges*	3.85	(5.44)	(5.74)
Distributions+	(2.68)	(1.66)	(0.90)
Closing net asset value per share	100.85	99.68	106.78
*after direct transaction costs of:	0.01	0.01	0.01
Performance			
Return after charges	3.86%	(5.09%)	(5.06%)
Other information			
Closing net asset value (£000s)	172	184	229
Closing number of shares	170,789	185,205	213,967
Operating charges++	0.75%	0.82%	0.90%
Direct transaction costs	0.01%	0.01%	0.01%
Prices			
Highest share price (p)	104.41	107.20	115.60
Lowest share price (p)	96.68	98.69	106.60

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	109.72	115.63	121.43
Return before operating charges*	5.12	(4.99)	(4.72)
Operating charges	(0.84)	(0.92)	(1.08)
Return after operating charges*	4.28	(5.91)	(5.80)
Distributions+	(2.99)	(1.81)	(0.97)
Retained distribution on accumulation shares+	2.99	1.81	0.97
Closing net asset value per share	114.00	109.72	115.63
*after direct transaction costs of:	0.01	0.02	0.01
Performance			
Return after charges	3.90%	(5.11%)	(4.78%)
Other information			
Closing net asset value (£000s)	79,812	214,727	181,262
Closing number of shares	70,012,732	195,695,983	156,756,482
Operating charges++	0.75%	0.82%	0.90%
Direct transaction costs	0.01%	0.01%	0.01%
Prices			
Highest share price (p)	115.86	115.60	123.70
Lowest share price (p)	106.40	106.90	114.50

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables**

for the year ended 31 May 2024

**Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	0.793	-	0.793	0.660
31.01.24	group 2	interim	0.793	0.000	0.793	0.660
31.07.24	group 1	final	1.883	-	1.883	1.003
31.07.24	group 2	final	1.585	0.298	1.883	1.003

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Interim distributions:**

- Group 1 Shares purchased before 1 June 2023  
 Group 2 Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1 Shares purchased before 1 December 2023  
 Group 2 Shares purchased 1 December 2023 to 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	0.873	-	0.873	0.713
31.01.24	group 2	interim	0.515	0.358	0.873	0.713
31.07.24	group 1	final	2.117	-	2.117	1.094
31.07.24	group 2	final	1.557	0.560	2.117	1.094

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1 Shares purchased before 1 June 2023  
 Group 2 Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1 Shares purchased before 1 December 2023  
 Group 2 Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential 7IM Defensive

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		4,417		(12,454)
Revenue	3	4,821		4,013	
Expenses	4	(1,080)		(1,351)	
Interest payable and similar charges		(15)		-	
Net revenue before taxation		<u>3,726</u>		<u>2,662</u>	
Taxation	5	(740)		(529)	
Net revenue after taxation			<u>2,986</u>		<u>2,133</u>
Total return/(deficit) before distributions			<u>7,403</u>		<u>(10,321)</u>
Distributions	6		(3,853)		(3,224)
Change in net assets attributable to shareholders from investment activities			<u>3,550</u>		<u>(13,545)</u>

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		214,911		181,491
Amounts receivable on issue of shares	37,914		78,617	
Amounts payable on cancellation of shares	<u>(179,309)</u>		<u>(35,055)</u>	
		(141,395)		43,562
Change in net assets attributable to shareholders from investment activities		3,550		(13,545)
Retained distribution on accumulation shares		<u>2,918</u>		<u>3,403</u>
Closing net assets attributable to shareholders		<u>79,984</u>		<u>214,911</u>

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		78,243	181,631
Current assets:			
Debtors	7	369	8,409
Cash and bank balances and amounts held at futures clearing houses and brokers	8	2,497	30,127
Total assets		<u>81,109</u>	<u>220,167</u>
Liabilities:			
Investment liabilities		(406)	(855)
Creditors:			
Bank overdrafts (including futures overdraft)	8	(5)	-
Distribution payable	6	(3)	(2)
Other creditors	9	(711)	(4,399)
Total liabilities		<u>(1,125)</u>	<u>(5,256)</u>
Net assets attributable to shareholders		<u><u>79,984</u></u>	<u><u>214,911</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	4,242	(7,100)
Derivative contracts – gains/(losses)	1,814	(1,526)
Currency gains/(losses)	175	(523)
Forward currency contracts	(1,815)	(3,335)
Rebates from collective investment schemes	14	57
Commission on futures	(13)	(27)
Net capital gains/(losses)	<u>4,417</u>	<u>(12,454)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	-	59
Distributions from UK regulated collective investment schemes:		
Franked investment income	40	15
Unfranked investment income	83	-
Interest distributions	748	516
Interest distributions from overseas collective investment schemes	3,337	3,037
Interest on debt securities	66	112
Bank interest	515	230
Deposit interest	-	20
Rebates from collective investment schemes	32	24
Total revenue	<u>4,821</u>	<u>4,013</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	1,080	1,351
Total expenses	<u>1,080</u>	<u>1,351</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,730 inclusive of VAT (2023: £8,394 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	740	529
Total taxation (note 5b)	<u>740</u>	<u>529</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	3,726	2,662
Corporation tax @ 20%	745	532
Effects of:		
UK revenue	(8)	(3)
Overseas revenue	-	(11)
Capital rebates from collective investment schemes	3	11
Total taxation (note 5a)	740	529

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim income distribution	1	1
Interim accumulation distribution	1,435	1,262
Final income distribution	3	2
Final accumulation distribution	1,483	2,141
	2,922	3,406
Equalisation:		
Amounts deducted on cancellation of shares	1,067	172
Amounts added on issue of shares	(136)	(354)
Total net distributions	3,853	3,224
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	2,986	2,133
Undistributed revenue brought forward	1	-
Expenses paid from capital	1,080	1,351
Marginal tax relief	(213)	(259)
Undistributed revenue carried forward	(1)	(1)
Distributions	3,853	3,224

Details of the distribution per share are disclosed in the Distribution tables.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

7. Debtors	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	159	1,909
Sales awaiting settlement	-	3,182
Currency trades outstanding	-	3,178
Accrued revenue	133	69
Accrued rebates from collective investment schemes	60	71
Recoverable income tax	17	-
<b>Total debtors</b>	<b>369</b>	<b>8,409</b>
8. Cash and bank balances and bank overdrafts	2024	2023
	£000s	£000s
Cash and bank balances and amounts held at futures clearing houses and brokers	2,497	30,127
Bank overdrafts (including futures overdraft)	(5)	-
<b>Total cash and bank balances and bank overdrafts</b>	<b>2,492</b>	<b>30,127</b>
9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	80	556
Purchases awaiting settlement	103	-
Currency trades outstanding	-	3,182
Accrued expenses :		
Payable to the ACD and associates		
Annual management charge	53	132
<b>Total accrued expenses</b>	<b>53</b>	<b>132</b>
Corporation tax payable	475	529
<b>Total other creditors</b>	<b>711</b>	<b>4,399</b>

10. Commitments and contingent liabilities  
At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	185,205
Total shares issued in the year	1,456
Total shares cancelled in the year	(15,872)
<b>Closing shares in issue</b>	<b>170,789</b>

	A Accumulation
Opening shares in issue	195,695,983
Total shares issued in the year	34,503,516
Total shares cancelled in the year	(160,186,767)
<b>Closing shares in issue</b>	<b>70,012,732</b>

For the year ended 31 May 2024, the annual management charge is 0.62%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 11. Share classes (continued)

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 100.85p to 105.02p and the A Accumulation share has increased from 114.00p to 118.72p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

2024	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
Equities	2,665	2,665
Bonds	8,328	8,328
Collective Investment Schemes	156,786	156,786
Total	167,779	167,779

\*No direct transaction costs were incurred in the purchase of investments during the year (2023: same).

**Notes to the financial statements (continued)**  
for the year ended 31 May 2024

14. Transaction costs (continued)  
a Direct transaction costs (continued)

	Purchases before transaction costs £000s	Purchases after transaction costs* £000s
2023		
Equities	1,821	1,821
Bonds	21,183	21,183
Collective Investment Schemes	129,581	129,581
<b>Total</b>	<b>152,585</b>	<b>152,585</b>

Capital events amount of £nil (2023: £18,000) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2024		
Equities	10,676	10,676
Bonds	16,761	16,761
Collective Investment Schemes	249,100	249,100
<b>Total</b>	<b>276,537</b>	<b>276,537</b>

	Sales before transaction costs £000s	Sales after transaction costs* £000s
2023		
Equities	2,157	2,157
Bonds	17,093	17,093
Collective Investment Schemes	118,280	118,280
<b>Total</b>	<b>137,530</b>	<b>137,530</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

Capital events amount of £140,000 (2023: £nil) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

	2024		2023	
Summary of direct transaction costs	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	13	0.01	27	0.01

- b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## b Average portfolio dealing spread (continued)

The average portfolio dealing spread of the investments at the balance sheet date was 0.04% (2023: 0.05%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential 7IM Defensive	3.16	5.32	4.23	9.00	152.00	180.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities, collective investment schemes and structured products.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £3,892,000 (2023: £9,039,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk (continued)

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Euro	70
Japanese yen	(6)
US dollar	14,195
Total net foreign currency exposure	<u>14,259</u>

	Total net foreign currency exposure*
2023	£000s
Euro	10,834
Japanese yen	350
US dollar	68,469
Total net foreign currency exposure	<u>79,653</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £410,000 (2023: £1,410,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £7,000 (2023: £77,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Euro	42	-	-	70	(42)	70
Japanese yen	-	(5)	-	-	(1)	(6)
UK sterling	2,956	-	-	63,802	(1,033)	65,725
US dollar	-	-	3,904	10,335	(44)	14,195
	<u>2,998</u>	<u>(5)</u>	<u>3,904</u>	<u>74,207</u>	<u>(1,120)</u>	<u>79,984</u>

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Euro	1	-	-	10,833	-	10,834
Japanese yen	-	-	-	350	-	350
UK sterling	30,573	-	155	106,405	(1,875)	135,258
US dollar	53	-	13,079	58,718	(3,381)	68,469
	<u>30,627</u>	<u>-</u>	<u>13,234</u>	<u>176,306</u>	<u>(5,256)</u>	<u>214,911</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are unrated bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of Portfolio Investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	9,095	(86)
Observable market data	69,148	(320)
Unobservable data	-	-
	<u>78,243</u>	<u>(406)</u>

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	35,934	(462)
Observable market data	139,303	(393)
Unobservable data*	6,394	-
	<u>181,631</u>	<u>(855)</u>

\* Structured product holdings in the Portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

No securities in the portfolio of investments are valued using valuation techniques.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 137.87% (2023: 136.63%).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value £000s	% of the total net asset value
2024		
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	2,420	3.03
JPMorgan Structured Products 0% 12/10/2026	2,035	2.54
Futures		
CBT - 10 year US Treasury Note June 2024	4,103	5.13
CBT - Ultra US Treasury Bond June 2024	2,911	3.64
EUREX - USA ESG Screened June 2024	424	0.53
EUX - Euro-Bund Future June 2024	1,695	2.12
EUX - MSCI Europe ex UK June 2024	2,564	3.21
ICF - FTSE 100 Index June 2024	4,362	5.45
ICF - MSCI Health Care December 2024	3,003	3.75
NYF - MSCI Emerging Market June 2024	1,395	1.74
Forward Currency Contracts		
Value of long position - Euro	2,056	2.57
Value of long position - Japanese yen	3,329	4.16
Value of short position - US dollar	11,441	14.30



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

	Gross exposure value £000s	% of the total net asset value
2023		
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	6,468	3.01
Futures		
ICF - FTSE 100 Index June 2023	12,817	5.96
ICF - Long Gilt Future September 2023	3,968	1.85
ICF - MSCI Health Care December 2023	7,279	3.39
NYF - MSCI Emerging Market June 2023	3,590	1.67
OSE - Topix Index June 2023	4,788	2.23
EUX Euro-Bund Future June 2023	4,096	1.91
EUREX - MSCI Europe June 2023	5,705	2.65
CBT - US 10 Yr Note September 2023	10,621	4.94
CBT - US Ultra Bond September 2023	4,970	2.31
Forward Currency Contracts		
Value of long position - Japanese yen	14,423	6.71
Value of short position - Euro	5,087	2.37
Value of short position - US dollar	59,571	27.72

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Citigroup Global Markets Limited	Cash	£nil	£2,456,040

## True Potential 7IM Cautious

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide a total return, substantially by way of income, though with some capital appreciation. The majority of the portfolio of the Sub-Fund will be invested in fixed income and equity instruments using predominantly actively allocated, but passively implemented strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes).

The Sub-Fund will also be invested in other asset classes such as property (indirectly), commodities (indirectly), hedge funds (indirectly, for example via listed securities) and private equities (indirectly, for example via listed securities). Exposure to the above asset classes will be gained through direct holdings of securities, collective investment schemes, exchange traded funds, or derivatives with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The Sub-Fund may also be invested in deposits, cash and near cash and money market instruments.

There are no geographic restrictions on the investments of the Sub-Fund.

Derivatives may be used for investment purposes and Efficient Portfolio Management. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The Sub-Fund returned 5.24% during the reporting period, underperforming the benchmark for the same period which returned 6.22% (Source: Fefundinfo).

#### Investment Background

##### 12 months

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock market indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The FED and ECB raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines for sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the Fed, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the US Federal Reserve and the European Central Bank have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the Fed about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check - with the Federal Reserve making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row - a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February - stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as Federal Reserve officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign - with the S&P 500 in particular finding its way to new highs.

## Portfolio Review

In July 2023, we replaced our holding in Berkshire Hathaway with US Equal Weight Index. We no longer have as strong a conviction in Berkshire due to the changes in the macro backdrop since its addition and the significant weight of mega-cap technology stocks which could turn into a significant negative contributor against our recessionary base case outlook. We have made significant profits on Berkshire since purchasing in mid 2020. We have shifted into a more diversified approach to US Equity, which still dilutes the mega-cap tech names.

We have also increased our exposure to Global Healthcare and FTSE 100 during July 2023. The defensive Healthcare earnings should weather the profits downturn better than most sectors. And while the energy and materials exposure in the FTSE 100 will not be immune to a slowdown, the operating leverage these companies should have coming out of a slowdown means these are among the most attractive equities around.

In August 2023, we refreshed our SAA (Strategic Asset Allocation) in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure, with a small reduction as well as maintaining the duration and credit exposure.

In October 2023, we slightly reduced our position in Climate Transition Leaders (Ninety One Global Environment Fund) and re-allocated to US equal weight (Xtrackers S&P 500 Equal Weight ETF). We continue to have strong conviction in this investment. However, in an uncertain macro-economic environment, with a reasonable risk of recession, companies within this space tend to be mid-cap low-quality growth and these factors may be more challenged.

We have also increased the duration of our portfolios through the adding of US and UK bonds during October 2023. The rise in yields offers us an opportunity. Our view is that a sluggish and sideways world is likely to persist. This means bond yields are unlikely to come down tomorrow. Across US and UK bonds, yields are well over 4% and in some cases around 5%. If central banks are successful at reigning in inflation (hitting their targets of 2%), the bonds offer attractive inflation-beating returns over the long-run.

We trimmed our position in Alternatives in October 2023. The Alternatives allocation remains a key pillar of diversification to the rest of the portfolio. We have taken some profits here to rotate into bonds. We also took the opportunity to trim our fixed income exposure a little, following a change in our quantitative duration models - taking some profits from the addition made in the previous quarter.

Following a small positive change to our quantitative beta models in March, we added a small portion to our overall equity allocation, taking it closer to neutral.

As credit spreads of high yield bonds continued to narrow (under 100bps), we took the chance to rotate out of AT1's, back into our Strategic Asset Allocation, reflecting the fact that the excess reward is reducing.

In May 2024, we made tactical changes to AT1's and FTSE 250.

Further narrowing of AT1 credit spreads of high yield bonds (under 50bps) meant we continued to trim our AT1's position in May; now at 2% across all portfolios.

Our tilt towards UK Large Caps delivered outperformance over time since mid-2022, with defensive qualities coming into play multiple times. Given relative valuations of FTSE 250 and FTSE 100 had become equivalent, we removed the underweight to FTSE 250 completely.

### Investment Strategy and Outlook

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios.

Over the next 12 months, we think that the global economy will slow down - prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we consider that:

- **Inflation is coming down:** Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled, and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices - so the cost-of-living pain isn't going away quickly.
- **Interest rates are high:** We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same - although time-to-effect changes in every cycle.
- **The economy is slowing:** For consumers and companies, day-to-day life is getting harder - whether it's rising costs or increased debt, there's less money left at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into a 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways... In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. And we think our portfolios are set up to do just that.

There's no one answer... When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook that calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities - both to protect capital and to grow it.

Seven Investment Management LLP - a sub-delegate of True Potential Investments LLP

17 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
Deutsche Global Liquidity Series - Deutsche Managed Sterling Fund Platinum	24,016
Amundi MSCI Japan ESG Climate Net Zero Ambition UCITS ETF	6,879
JPMorgan Structured Products 0% 12/10/2026	5,446
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	5,024
Xtrackers S&P 500 Equal Weight UCITS ETF	4,862
Vanguard UK Long Duration Gilt Index Fund	4,114
HSBC Global Funds ICAV - Global Government Bond Index Fund	3,697
Xtrackers USD High Yield Corporate Bond UCITS ETF GBP	3,278
SG Issuer SA 0% 25/11/2025	3,275
Legal & General UK MID Cap Index Fund	1,578
Subtotal	<u>62,169</u>
Total cost of purchases, including the above, for the year	<u><u>62,173</u></u>
	Proceeds
	£000s
Sales:	
Northern Trust Global Funds - Sterling Fund	15,000
Legal & General Short Dated Sterling Corporate Bond Index Fund	13,255
J P Morgan FX Value JPFCV12T Wts 10/09/2024 (JPM)	6,629
Berkshire Hathaway B Com USD0.1667	5,773
iShares ESG Overseas Corporate Bond Index Fund	4,872
JPMorgan Structured Products 0% 08/07/2025	4,796
Invesco AT1 Capital Bond UCITS ETF	4,008
HSBC Global Funds ICAV - Global Government Bond Index Fund	3,728
BlackRock Strategic Funds - Global Event Driven Fund	3,530
iShares Global Inflation-Linked Bond Index Fund	3,424
Subtotal	<u>65,015</u>
Total proceeds from sales, including the above, for the year	<u><u>93,601</u></u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 5.05% (9.12%)			
Corporate Bonds - 5.05% (9.12%)			
Commonwealth Bank of Australia FRN 16/01/2025**	£700,000	701	0.33
Leeds Building Society FRN 15/01/2025**	£1,000,000	1,002	0.47
Royal Bank of Canada FRN 30/01/2025**	£700,000	701	0.32
SG Issuer 0% 22/12/2025	£2,444,000	2,033	0.94
SG Issuer 0% 18/11/2025	£2,426,000	2,037	0.95
UBS AG London 0% 20/10/2027	£46,150	4,387	2.04
Total Corporate Bonds		10,861	5.05
Total Debt Securities		10,861	5.05
Equities - 0.00% (2.12%)			
Collective Investment Schemes - 84.13% (71.78%)			
UK Authorised Collective Investment Schemes - 24.50% (26.40%)			
iShares Environment & Low Carbon Tilt Real Estate Index Fund	3,966,000	8,610	4.00
iShares ESG Overseas Corporate Bond Index Fund	17,050,263	18,972	8.83
Legal & General Emerging Markets - Government Bond Local Currency Index Fund	9,634,252	6,348	2.95
Legal & General UK MID Cap Index Fund	6,073,235	4,068	1.89
Ninety One Funds Series iii - Global Environment Fund	1,834,815	2,878	1.34
UBS Investment Funds ICVC - Sterling Corporate Bond Indexed Fund (Inc)	80,996	7,547	3.51
Vanguard UK Long Duration Gilt Index Fund	48,051	4,250	1.98
Total UK Authorised Collective Investment Schemes		52,673	24.50
Offshore Collective Investment Schemes - 59.63% (45.38%)			
Amundi MSCI Japan ESG Climate Net Zero Ambition UCITS ETF	696,818	7,279	3.39
Amundi UK Government Bond UCITS ETF	30,964	3,153	1.47
BlackRock Strategic Funds - Global Event Driven Fund	26,055	3,179	1.48
Candriam Absolute Return Equity Market Neutral Fund	2,598	4,397	2.04
Deutsche Global Liquidity Series - Deutsche Managed Sterling Fund Platinum	24,015,981	24,016	11.17
Fulcrum UCITS SICAV - Fulcrum Equity Dispersion Fund	31,837	4,355	2.03
HSBC Global Funds ICAV - Global Government Bond Index Fund	1,743,260	12,720	5.92
Invesco AT1 Capital Bond UCITS ETF	127,490	4,296	2.00
iShares Global Inflation-Linked Bond Index Fund	390,394	4,255	1.98
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	20,002,114	20,002	9.30
Legal & General Emerging Markets - Government Bond Local Currency Index Fund	6,929,523	6,828	3.18
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	15,017,339	15,017	6.97
VanEck Global Mining UCITS ETF	81,303	2,211	1.03
Vanguard ESG Global Corporate Bond Index Fund	78,350	8,697	4.04
Xtrackers S&P 500 Equal Weight UCITS ETF	65,599	4,551	2.12

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Collective Investment Schemes - 84.13% (71.78%) (continued)			
Offshore Collective Investment Schemes - 59.63% (45.38%) (continued)			
Xtrackers USD High Yield Corporate Bond UCITS ETF GBP	424,866	3,237	1.51
Total Offshore Collective Investment Schemes		<u>128,193</u>	<u>59.63</u>
Total Collective Investment Schemes		<u>180,866</u>	<u>84.13</u>
Warrants - 3.02% (2.50%)			
Goldman Sachs International Warrants 31/12/2049	7,575	6,498	3.02
Total Warrants		<u>6,498</u>	<u>3.02</u>
Structured Products - 4.42% (3.26%)			
JPMorgan Structured Products 0% 08/07/2025	\$5,000,000	4,292	2.00
JPMorgan Structured Products 0% 12/10/2026	\$6,290,000	5,204	2.42
Total Structured Products		<u>9,496</u>	<u>4.42</u>
Futures - 0.87% (0.20%)			
CBT - 10 year US Treasury Note June 2024	96	(19)	(0.01)
CBT - Ultra US Treasury Bond September 2024	54	(57)	(0.03)
EUREX - USA ESG Screened June 2024	99	(21)	(0.01)
EUX - Euro-Bund Future June 2024	38	(107)	(0.05)
EUX - MSCI Europe ex UK June 2024	341	282	0.13
ICF - FTSE 100 Index June 2024	191	1,210	0.56
ICF - MSCI Health Care December 2024	195	530	0.25
NYF - MSCI Emerging Market June 2024	148	56	0.03
Total Futures		<u>1,874</u>	<u>0.87</u>
Forward Currency Contracts - -0.08% (0.34%)			
Sell US dollar	(\$58,000,000)	(45,455)	
Buy UK sterling	£45,595,011	45,595	
Expiry date 12 July 2024		<u>140</u>	<u>0.07</u>
Sell UK sterling	(£7,468,148)	(7,468)	
Buy US dollar	\$9,500,000	7,445	
Expiry date 12 July 2024		<u>(23)</u>	<u>(0.01)</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Forward Currency Contracts - -0.08% (0.34%) (continued)			
Sell UK sterling	(£11,086,918)	(11,087)	
Buy Euro	€12,900,000	11,053	
Expiry date 18 October 2024		(34)	(0.02)
Sell UK sterling	(£10,502,547)	(10,503)	
Buy Japanese yen	¥2,000,000,000	10,246	
Expiry date 15 November 2024		(257)	(0.12)
Total Forward Currency Contracts		(174)	(0.08)
Portfolio of investments		209,421	97.41
Other net assets		5,570	2.59
Total net assets		214,991	100.00

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*\*Variable interest security



## Summary of portfolio investments

as at 31 May 2024

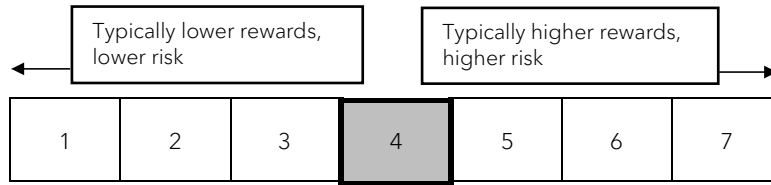
	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	2,404	1.12	2,402	0.91
Unrated bonds	8,457	3.93	21,571	8.21
Total bonds	10,861	5.05	23,973	9.12
Forward currency contracts - assets	140	0.07	1,201	0.46
Collective Investment Schemes	180,866	84.13	188,565	71.78
Futures - assets	2,078	0.97	1,352	0.51
Equities	-	-	5,560	2.12
Warrants	6,498	3.02	6,553	2.50
Structured Products	9,496	4.42	8,556	3.26
Investments as shown in the balance sheet	209,939	97.66	235,760	89.75
Forward currency contracts - liabilities	(314)	(0.15)	(305)	(0.12)
Futures - liabilities	(204)	(0.10)	(815)	(0.31)
Total value of investments	209,421	97.41	234,640	89.32

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Sub-Fund.

Investment trusts and closed ended funds may borrow to purchase additional investments. This can increase returns when stock markets rise but will magnify losses when markets fall. The value of an investment trust or a closed ended fund moves in line with stock market demand and its unit/share price may be less than or more than the net value of the investments it holds.

Where the Sub-Fund invests in structured products and derivatives, there may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Sub-Fund. The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

Zeros and synthetic zeros may not deliver their specified capital return if the assets fail to grow sufficiently during their lifetime and may be unable to pay the amount promised at the maturity date. Zeros and synthetic zeros may leverage their assets, which may lead to more volatile results than assets that do not use leverage. The share prices of zeros and synthetic zeros may stand at a discount to their net asset value per share for prolonged periods.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	101.82	107.85	114.69
Return before operating charges*	6.12	(3.47)	(4.58)
Operating charges	(0.77)	(0.76)	(1.03)
Return after operating charges*	5.35	(4.23)	(5.61)
Distributions+	(2.83)	(1.80)	(1.23)
Closing net asset value per share	104.34	101.82	107.85
*after direct transaction costs of:	0.01	0.02	0.01
Performance			
Return after charges	5.25%	(3.92%)	(4.89%)
Other information			
Closing net asset value (£000s)	539	664	733
Closing number of shares	516,189	652,500	679,576
Operating charges++	0.74%	0.73%	0.90%
Direct transaction costs	0.01%	0.02%	0.01%
Prices			
Highest share price (p)	107.43	108.20	117.20
Lowest share price (p)	98.93	100.20	107.00

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion. In calculating the OCF for the year, the costs of both open and closed-ended funds have been included.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	112.63	117.23	123.29
Return before operating charges*	6.84	(3.77)	(4.96)
Operating charges	(0.85)	(0.83)	(1.10)
Return after operating charges*	5.99	(4.60)	(6.06)
Distributions+	(3.19)	(1.97)	(1.30)
Retained distribution on accumulation shares+	3.19	1.97	1.30
Closing net asset value per share	118.62	112.63	117.23
*after direct transaction costs of:	0.01	0.02	0.01
Performance			
Return after charges	5.32%	(3.92%)	(4.92%)
Other information			
Closing net asset value (£000s)	214,452	262,034	264,142
Closing number of shares	180,782,859	232,642,199	225,315,937
Operating charges++	0.74%	0.73%	0.90%
Direct transaction costs	0.01%	0.02%	0.01%
Prices			
Highest share price (p)	120.40	118.40	126.00
Lowest share price (p)	109.40	108.90	115.50

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion. In calculating the OCF for the year, the costs of both open and closed-ended funds have been included.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables***for the year ended 31 May 2024***Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.327	-	1.327	0.786
31.01.24	group 2	interim	1.236	0.091	1.327	0.786
31.07.24	group 1	final	1.506	-	1.506	1.017
31.07.24	group 2	final	0.565	0.941	1.506	1.017

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Interim distributions:**

- Group 1                Shares purchased before 1 June 2023  
Group 2                Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1                Shares purchased before 1 December 2023  
Group 2                Shares purchased 1 December 2023 to 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.461	-	1.461	0.853
31.01.24	group 2	interim	0.871	0.590	1.461	0.853
31.07.24	group 1	final	1.727	-	1.727	1.118
31.07.24	group 2	final	0.890	0.837	1.727	1.118

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distribution**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1                Shares purchased before 1 June 2023  
Group 2                Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1                Shares purchased before 1 December 2023  
Group 2                Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential 7IM Cautious

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		5,763		(14,006)
Revenue	3	7,432		5,914	
Expenses	4	(1,295)		(1,627)	
Interest payable and similar charges		(7)		-	
Net revenue before taxation		6,130		4,287	
Taxation	5	(1,212)		(827)	
Net revenue after taxation			4,918		3,460
Total return/(deficit) before distributions			10,681		(10,546)
Distributions	6		(5,958)		(4,781)
Change in net assets attributable to shareholders from investment activities			4,723		(15,327)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		262,698		264,875
Amounts receivable on issue of shares	26,126		70,431	
Amounts payable on cancellation of shares	(84,343)		(61,979)	
		(58,217)		8,452
Change in net assets attributable to shareholders from investment activities		4,723		(15,327)
Retained distribution on accumulation shares		5,787		4,698
Closing net assets attributable to shareholders		214,991		262,698

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		209,939	235,760
Current assets:			
Debtors	7	806	7,936
Cash and bank balances and amounts held at futures clearing houses and brokers	8	5,767	28,023
Total assets		<u>216,512</u>	<u>271,719</u>
Liabilities:			
Investment liabilities		(518)	(1,120)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(5)	-
Distribution payable	6	(8)	(7)
Other creditors	9	(990)	(7,894)
Total liabilities		<u>(1,521)</u>	<u>(9,021)</u>
Net assets attributable to shareholders		<u>214,991</u>	<u>262,698</u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities - gains/(losses)	5,139	(7,112)
Derivative contracts - gains/(losses)	4,075	(2,146)
Currency gains/(losses)	102	(704)
Forward currency contracts	(3,545)	(4,096)
Rebates from collective investment schemes	22	98
Commission on futures	(30)	(46)
Net capital gains/(losses)	<u>5,763</u>	<u>(14,006)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	-	168
Distributions from UK regulated collective investment schemes:		
Franked investment income	91	82
Unfranked investment income	268	170
Interest distributions	1,549	1,059
Interest distributions from overseas collective investment schemes	4,718	3,789
Interest on debt securities	145	232
Bank and deposit interest (including futures interest)	602	359
Rebates from collective investment schemes	59	55
Total revenue	<u>7,432</u>	<u>5,914</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	1,295	1,627
Total expenses	<u>1,295</u>	<u>1,627</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £9,310 inclusive of VAT (2032: £8,952 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	1,212	827
Total taxation (note 5b)	<u>1,212</u>	<u>827</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	6,130	4,287
Corporation tax @ 20%	<u>1,226</u>	<u>857</u>
Effects of:		
UK revenue	(18)	(16)
Overseas revenue	-	(34)
Capital rebates from collective investment schemes	4	20
Total taxation (note 5a)	<u>1,212</u>	<u>827</u>

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim income distribution	7	5
Interim accumulation distribution	2,665	2,097
Final income distribution	8	7
Final accumulation distribution	<u>3,122</u>	<u>2,601</u>
	5,802	4,710
Equalisation:		
Amounts deducted on cancellation of shares	303	392
Amounts added on issue of shares	(147)	(321)
Total net distributions	<u>5,958</u>	<u>4,781</u>
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	4,917	3,460
Undistributed revenue brought forward	1	1
Expenses paid from capital	1,295	1,627
Marginal tax relief	(255)	(306)
Undistributed revenue carried forward	-	(1)
Distributions	<u>5,958</u>	<u>4,781</u>

Details of the distribution per share are disclosed in the Distribution tables.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

7. Debtors	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	321	833
Sales awaiting settlement	-	3,453
Currency trades outstanding	-	3,449
Accrued revenue	311	82
Accrued rebates from collective investment schemes	98	119
Recoverable income tax	76	-
Total debtors	<u>806</u>	<u>7,936</u>
8. Cash and bank balances and bank overdrafts	2024	2023
	£000s	£000s
Cash and bank balances and amounts held at futures clearing houses and brokers	5,767	28,023
Bank overdrafts (including futures overdraft)	(5)	-
Total cash and bank balances and bank overdrafts	<u>5,762</u>	<u>28,023</u>
9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	19	602
Purchases awaiting settlement	177	3,264
Currency trades outstanding	-	3,453
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	108	142
Total accrued expenses	<u>108</u>	<u>142</u>
Corporation tax payable	<u>686</u>	<u>433</u>
Total other creditors	<u>990</u>	<u>7,894</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	652,500
Total shares issued in the year	59,248
Total shares cancelled in the year	<u>(195,559)</u>
Closing shares in issue	<u>516,189</u>

	A Accumulation
Opening shares in issue	232,642,199
Total shares issued in the year	23,061,522
Total shares cancelled in the year	<u>(74,920,862)</u>
Closing shares in issue	<u>180,782,859</u>

For the year ended 31 May 2024, the annual management charge is 0.59%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 11. Share classes (continued)

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 104.34p to 108.24p and the A Accumulation share has increased from 118.62p to 123.05p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Purchases after transaction costs*
2024	£000s	£000s
Bonds	8,721	8,721
Collective Investment Schemes	53,452	53,452
<b>Total</b>	<b>62,173</b>	<b>62,173</b>

\*No direct transaction costs were incurred in the purchase of investments during the year (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

	Purchases before transaction costs	Purchases after transaction costs*
2023	£000s	£000s
Equities	3,712	3,712
Bonds	34,895	34,895
Collective Investment Schemes	118,553	118,553
<b>Total</b>	<b>157,160</b>	<b>157,160</b>

Capital events amount of £nil (2023: £32,000) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs	Sales after transaction costs*
2024	£000s	£000s
Equities	14,381	14,381
Bonds	11,849	11,849
Collective Investment Schemes	67,371	67,371
<b>Total</b>	<b>93,601</b>	<b>93,601</b>

	Sales before transaction costs	Sales after transaction costs*
2023	£000s	£000s
Equities	13,229	13,229
Bonds	26,218	26,218
Collective Investment Schemes	122,817	122,817
<b>Total</b>	<b>162,264</b>	<b>162,264</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year :

Summary of direct transaction costs	2024		2023	
	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	30	0.01	46	0.02

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

14. Transaction costs (continued)  
 b Average portfolio dealing spread (continued)

The average portfolio dealing spread of the investments at the balance sheet date was 0.04% (2023: 0.04%).

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

15. Risk management policies

- a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential 7IM Cautious	3.43	5.65	4.42	10.50	154.00	192.50

- (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £10,471,000 (2023: £11,732,000).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Euro	173
US dollar	41,915
Total net foreign currency exposure	<u>42,088</u>

	Total net foreign currency exposure*
2023	£000s
Euro	382
Japanese yen	660
US dollar	61,012
Total net foreign currency exposure	<u>62,054</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £1,269,000 (2023: £2,077,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £20,000 (2023: £76,000).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Euro	3	(5)	-	282	(107)	173
UK sterling	8,168	-	-	166,047	(1,312)	172,903
US dollar	-	-	8,457	33,555	(97)	41,915
	8,171	(5)	8,457	199,884	(1,516)	214,991
2023	£000s	£000s	£000s	£000s	£000s	£000s
Euro	1	-	-	381	-	382
Japanese yen	-	-	-	660	-	660
UK sterling	30,423	-	-	172,174	(1,953)	200,644
US dollar	1	-	8,283	59,796	(7,068)	61,012
	30,425	-	8,283	233,011	(9,021)	262,698

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are unrated bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of portfolio investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	26,805	(204)
Observable market data	183,134	(314)
Unobservable data	-	-
	<u>209,939</u>	<u>(518)</u>
	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	29,287	(815)
Observable market data	197,917	(305)
Unobservable data*	8,556	-
	<u>235,760</u>	<u>(1,120)</u>

\* Structured product holdings in the Portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

No securities in the portfolio of investments are valued using valuation techniques.



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 142.44% (2023: 147.56%).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

At the balance sheet date, the global exposure is as follows:

	Gross exposure value	% of the total net asset value
2024	£000s	
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	4,292	2.00
JPMorgan Structured Products 0% 12/10/2026	5,204	2.42
Futures		
CBT - 10 year US Treasury Note June 2024	8,206	3.82
CBT - Ultra US Treasury Bond September 2024	5,240	2.44
EUREX - USA ESG Screened June 2024	3,813	1.77
EUX - Euro-Bund Future June 2024	4,294	2.00
EUX - MSCI Europe ex UK June 2024	10,287	4.78
ICF - FTSE 100 Index June 2024	14,616	6.80
ICF - MSCI Health Care December 2024	7,913	3.68
NYF - MSCI Emerging Market June 2024	6,073	2.82
Forward Currency Contracts		
Value of long position - Euro	11,053	5.14
Value of long position - Japanese yen	10,246	4.77
Value of short position - US dollar	38,010	17.68
	Gross exposure value	% of the total net asset value
2023	£000s	
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	8,556	4.10
Futures		
CBT - 10 year US Treasury Note September 2023	10,621	4.04
CBT - Ultra US Treasury Bond September 2023	5,301	2.02
EUX - Euro-Bund June 2023	5,617	2.14
EUREX - USA ESG Screened June 2023	2,895	1.10
EUX - MSCI Europe ex UK June 2023	8,147	3.10
ICF - FTSE 100 Index June 2023	20,120	7.66
ICF - MSCI Health Care December 2023	8,783	3.34
ICF - Long Gilt Future September 2023	3,872	1.47
NYF - MSCI Emerging Market June 2023	7,102	2.70
OSX - Topix Index June 2023	9,208	3.51

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

	Gross exposure value £000s	% of the total net asset value
Forward Currency Contracts		
Value of long position - Euro	7,144	2.72
Value of long position - Japanese yen	25,375	9.66
Value of short position - US dollar	51,913	19.76

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Citigroup Global Markets Limited	Cash	£nil	£3,390,449

## True Potential 7IM Balanced

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide a total return of capital and income, substantially by way of income. The majority of the portfolio of the Sub-Fund will be invested in fixed income and equity instruments (including collective investment schemes which, at times, may form a substantial part of the Sub-Fund) using predominantly actively allocated, but, passively implemented strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-Fund may be invested in other asset classes such as property (indirectly), commodities (indirectly), hedge funds (indirectly, for example via listed securities) and private equities (indirectly, for example via listed securities). Exposure to the above asset classes will be gained through direct holdings of securities, collective investment schemes, exchange traded funds or derivatives with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The Sub-Fund may also be invested in deposits, cash and near cash and money market instruments.

There are no geographic restrictions on the investments of the Sub-Fund.

Derivatives may be used for investment purposes and Efficient Portfolio Management. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The Sub-Fund returned 7.16% during the reporting period, underperforming the benchmark for the same period which returned 8.35% (Source: Fefundinfo).

#### Investment Background

##### 12 months

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock market indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The FED and ECB raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines for sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the Fed, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the US Federal Reserve and the European Central Bank have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the Fed about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check - with the Federal Reserve making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row - a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February - stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as Federal Reserve officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign - with the S&P 500 in particular finding its way to new highs.

## Portfolio Review

In July 2023, we replaced our holding in Berkshire Hathaway with US Equal Weight Index. We no longer have as strong a conviction in Berkshire due to the changes in the macro backdrop since its addition and the significant weight of mega-cap technology stocks which could turn into a significant negative contributor against our recessionary base case outlook. We have made significant profits on Berkshire since purchasing in mid 2020. We have shifted into a more diversified approach to US Equity, which still dilutes the mega-cap tech names.

We have also increased our exposure to Global Healthcare and FTSE 100 during July 2023. The defensive Healthcare earnings should weather the profits downturn better than most sectors. And while the energy and materials exposure in the FTSE 100 will not be immune to a slowdown, the operating leverage these companies should have coming out of a slowdown means these are among the most attractive equities around.

In August 2023, we refreshed our SAA (Strategic Asset Allocation) in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure, with a small reduction as well as maintaining the duration and credit exposure.

In October 2023, we slightly reduced our position in Climate Transition Leaders (Ninety One Global Environment Fund) and re-allocated to US equal weight (Xtrackers S&P 500 Equal Weight ETF). We continue to have strong conviction in this investment. However, in an uncertain macro-economic environment, with a reasonable risk of recession, companies within this space tend to be mid-cap low-quality growth and these factors may be more challenged.

We have also increased the duration of our portfolios through the adding of US and UK bonds during October 2023. The rise in yields offers us an opportunity. Our view is that a sluggish and sideways world is likely to persist. This means bond yields are unlikely to come down tomorrow. Across US and UK bonds, yields are well over 4% and in some cases around 5%. If central banks are successful at reigning in inflation (hitting their targets of 2%), the bonds offer attractive inflation-beating returns over the long-run.

We trimmed our position in Alternatives in October 2023. The Alternatives allocation remains a key pillar of diversification to the rest of the portfolio. We have taken some profits here to rotate into bonds. We also took the opportunity to trim our fixed income exposure a little, following a change in our quantitative duration models - taking some profits from the addition made in the previous quarter.

Following a small positive change to our quantitative beta models in March, we added a small portion to our overall equity allocation, taking it closer to neutral.

As credit spreads of high yield bonds continued to narrow (under 100bps), we took the chance to rotate out of AT1's, back into our Strategic Asset Allocation, reflecting the fact that the excess reward is reducing.

In May 2024, we made tactical changes to AT1's and FTSE 250.

Further narrowing of AT1 credit spreads of high yield bonds (under 50bps) meant we continued to trim our AT1's position in May; now at 2% across all portfolios.

Our tilt towards UK Large Caps delivered outperformance over time since mid-2022, with defensive qualities coming into play multiple times. Given relative valuations of FTSE 250 and FTSE 100 had become equivalent, we removed the underweight to FTSE 250 completely.

### Investment Strategy and Outlook

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios.

Over the next 12 months, we think that the global economy will slow down - prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we consider that:

- **Inflation is coming down:** Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled, and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices - so the cost-of-living pain isn't going away quickly.
- **Interest rates are high:** We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same - although time-to-effect changes in every cycle.
- **The economy is slowing:** For consumers and companies, day-to-day life is getting harder - whether it's rising costs or increased debt, there's less money left at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into a 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways... In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. And we think our portfolios are set up to do just that.

There's no one answer... When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook that calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities - both to protect capital and to grow it.

Seven Investment Management LLP - a sub-delegate of True Potential Investments LLP

17 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	65,042
Amundi MSCI Japan UCITS ETF	20,616
Xtrackers S&P 500 Equal Weight UCITS ETF	15,736
JPMorgan Structured Products 0% 12/10/2026	10,768
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	10,077
Xtrackers USD High Yield Corporate Bond UCITS ETF GBP	9,307
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	9,010
Legal & General UK MID Cap Index Fund	6,611
SG Issuer 0% 25/11/2025	4,965
Vanguard Investments Funds ICVC - Vanguard UK Long Duration Gilt Index Fund	4,106
Subtotal	<u>156,238</u>
Total cost of purchases, including the above, for the year	<u>156,383</u>
	Proceeds
	£000s
Sales:	
Northern Trust Global Funds PLC - Sterling Fund	50,000
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	20,000
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	15,000
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	15,000
Berkshire Hathaway 'B'	13,169
JPMorgan FX Value Warrants 10/09/2024	10,701
Legal & General Short Dated Sterling Corporate Bond Index Fund	10,083
Invesco AT1 Capital Bond UCITS ETF	8,640
Ninety One Funds Series iii - Global Environment Fund	5,777
BlackRock Strategic Funds - Global Event Driven Fund	5,441
Subtotal	<u>153,811</u>
Total proceeds from sales, including the above, for the year	<u>197,040</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 5.62% (10.34%)			
Corporate Bonds - 5.35% (10.09%)			
Commonwealth Bank of Australia FRN 16/01/2025**	£1,160,000	1,162	0.32
Leeds Building Society FRN 15/01/2025**	£1,000,000	1,002	0.27
Royal Bank of Canada FRN 30/01/2025**	£3,000,000	2,999	0.82
SG Issuer 0% 22/12/2023	\$4,296,000	3,573	0.97
SG Issuer 0% 18/11/2025	\$4,236,000	3,557	0.97
UBS London 0% 20/10/2027	\$77,224	7,341	2.00
Total Corporate Bonds		19,634	5.35
Public Authorities - 0.27% (0.25%)			
NRW Bank FRN 09/10/2024**	£1,000,000	1,002	0.27
Total Public Authorities		1,002	0.27
Total Debt Securities		20,636	5.62
Equities - 0.00% (3.20%)			
Collective Investment Schemes - 82.40% (76.43%)			
UK Authorised Collective Investment Schemes - 19.95% (19.35%)			
iShares Environment & Low Carbon Tilt Real Estate Index Fund	5,197,781	11,284	3.08
iShares ESG Overseas Corporate Bond Index Fund	12,941,305	14,400	3.93
Legal & General Emerging Markets - Government Bond Local Currency Index Fund	16,262,871	10,716	2.92
Legal & General Short Dated Sterling Corporate Bond Index Fund	18,089,401	10,892	2.97
Legal & General UK MID Cap Index Fund	19,060,115	12,766	3.48
Ninety One Funds Series iii - Global Environment Fund	6,180,138	9,692	2.64
Vanguard Investments Funds ICVC - Vanguard UK Long Duration Gilt Index Fund	38,661	3,419	0.93
Total UK Authorised Collective Investment Schemes		73,169	19.95
Offshore Collective Investment Schemes - 62.45% (57.08%)			
Amundi MSCI Japan UCITS ETF	1,656,382	17,302	4.71
Amundi UK Government Bond UCITS ETF	41,548	4,229	1.15
BlackRock Strategic Funds - Global Event Driven Fund	44,132	5,384	1.47
Candriam Absolute Return Equity Market Neutral Fund	4,458	7,544	2.06
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	45,042,709	45,043	12.27
Fulcrum UCITS SICAV - Fulcrum Equity Dispersion Fund	26,986	3,692	1.01



**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Collective Investment Schemes - 82.40% (76.43%) (continued)			
Offshore Collective Investment Schemes - 62.45% (57.08%) (continued)			
HSBC Global Funds ICAV - Global Government Bond Index Fund	1,439,472	10,503	2.86
Invesco AT1 Capital Bond UCITS ETF	217,996	7,346	2.00
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	43,765,495	43,765	11.93
Legal & General Emerging Markets - Government Bond Local Currency Index Fund	11,049,831	10,889	2.97
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	45,067,361	45,067	12.28
VanEck Global Mining UCITS ETF	203,700	5,541	1.51
Xtrackers S&P 500 Equal Weight UCITS ETF	196,865	13,657	3.72
Xtrackers USD High Yield Corporate Bond UCITS ETF GBP	1,210,806	9,225	2.51
Total Offshore Collective Investment Schemes		229,187	62.45
Total Collective Investment Schemes		302,356	82.40
Warrants - 4.04% (2.65%)			
Goldman Sachs International Warrants 31/12/2049	17,266	14,811	4.04
Total Warrants		14,811	4.04
Structured Products - 4.39% (2.04%)			
JPMorgan Structured Products 0% 08/07/2025	\$8,360,000	7,177	1.96
JPMorgan Structured Products 0% 12/10/2026	\$10,760,000	8,903	2.43
Total Structured Products		16,080	4.39
Futures - 1.41% (0.16%)			
CBT - 10 year US Treasury Note September 2024	132	(26)	(0.01)
CBT - Ultra US Treasury Bond September 2024	73	(78)	(0.02)
EUREX - USA ESG Screened June 2024	500	(104)	(0.03)
EUX - Euro-Bund Future June 2024	32	(90)	(0.02)
EUX - MSCI Europe ex UK June 2024	610	505	0.14
ICF - FTSE 100 Index June 2024	598	3,788	1.03
ICF - Long Gilt June 2024	55	(39)	(0.01)
ICF - MSCI Health Care December 2024	403	1,095	0.30
NYF - MSCI Emerging Market June 2024	243	93	0.03
Total Futures		5,144	1.41
Forward Currency Contracts - -0.22% (-0.07%)			
Sell US dollar	(\$41,100,000)	(32,210)	
Buy UK sterling	£32,309,568	32,310	
Expiry date 12 July 2024		100	0.03

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Forward Currency Contracts - -0.22% (-0.07%) (continued)			
Sell Japanese yen	(¥700,000,000)	(3,586)	
Buy UK sterling	£3,675,891	3,676	
Expiry date 12 July 2024		90	0.02
Sell UK sterling	(£7,687,875)	(7,688)	
Buy US dollar	\$9,500,000	7,445	
Expiry date 12 July 2024		(243)	(0.07)
Sell UK sterling	(£15,899,844)	(15,900)	
Buy Euro	€18,500,000	15,851	
Expiry date 18 October 2024		(49)	(0.02)
Sell UK sterling	(£27,516,673)	(27,517)	
Buy Japanese yen	¥5,240,000,000	26,844	
Expiry date 15 November 2024		(673)	(0.18)
Total Forward Currency Contracts		(775)	(0.22)
Portfolio of investments		358,252	97.64
Other net assets		8,617	2.36
Total net assets		366,869	100.00

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*\*Variable interest security

## Summary of portfolio investments

as at 31 May 2024

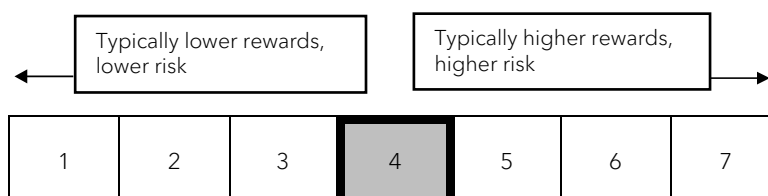
	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	6,165	1.56	9,463	2.39
Unrated bonds	14,471	4.06	31,349	7.95
Total bonds	20,636	5.62	40,812	10.34
Structured Products	16,080	4.39	8,062	2.04
Forward currency contracts - assets	190	0.05	500	0.13
Collective Investment Schemes	302,356	82.40	301,559	76.43
Warrants	14,811	4.04	10,465	2.65
Futures - assets	5,481	1.50	2,853	0.72
Equities	-	-	12,632	3.20
Investments as shown in the balance sheet	359,554	98.00	376,883	95.51
Forward currency contracts - liabilities	(965)	(0.27)	(793)	(0.20)
Futures - liabilities	(337)	(0.09)	(2,219)	(0.56)
Total value of investments	358,252	97.64	373,871	94.75

\* Ratings supplied by S&amp;P, followed by Moody's.

## Risk and reward profile

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Sub-Fund.

Investment trusts and closed ended funds may borrow to purchase additional investments. This can increase returns when stock markets rise but will magnify losses when markets fall. The value of an investment trust or a closed-ended fund moves in line with stock market demand and its share price may be less than or more than the net value of the investments it holds.

Where the Sub-Fund invests in structured products, there may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Sub-Fund. The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund. The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

Zeros and synthetic zeros may not deliver their specified capital return if the assets fail to grow sufficiently during their lifetime and may be unable to pay the amount promised at the maturity date. Zeros and synthetic zeros may leverage their assets, which may lead to more volatile results than assets that do not use leverage. The share prices of zeros and synthetic zeros may stand at a discount to their net asset value per share for prolonged periods.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

### Task Force on Climate-Related Financial Disclosures (unaudited)

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	119.49	124.56	129.43
Return before operating charges*	9.40	(2.20)	(2.83)
Operating charges	(0.82)	(0.84)	(0.98)
Return after operating charges*	8.58	(3.04)	(3.81)
Distributions+	(3.12)	(2.03)	(1.06)
Closing net asset value per share	124.95	119.49	124.56
*after direct transaction costs of:	-	0.04	0.04
Performance			
Return after charges	7.18%	(2.44%)	(2.94%)
Other information			
Closing net asset value (£000s)	1,511	2,335	2,995
Closing number of shares	1,209,088	1,954,298	2,404,388
Operating charges++	0.67%	0.69%	0.75%
Direct transaction costs	0.00%	0.03%	0.03%
Prices			
Highest share price (p)	128.62	127.50	133.80
Lowest share price (p)	116.50	117.40	122.80

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	130.97	134.26	138.34
Return before operating charges*	10.41	(2.38)	(3.04)
Operating charges	(0.90)	(0.91)	(1.04)
Return after operating charges*	9.51	(3.29)	(4.08)
Distributions+	(3.44)	(2.20)	(1.14)
Retained distribution on accumulation shares+	3.44	2.20	1.14
Closing net asset value per share	140.48	130.97	134.26
 *after direct transaction costs of:	 -	 0.04	 0.04
 Performance			
Return after charges	7.26%	(2.45%)	(2.95%)
 Other information			
Closing net asset value (£000s)	365,358	392,234	429,746
Closing number of shares	260,075,238	299,481,375	320,077,636
Operating charges++	0.67%	0.69%	0.75%
Direct transaction costs	0.00%	0.03%	0.03%
 Prices			
Highest share price (p)	142.73	138.40	142.80
Lowest share price (p)	127.70	126.50	131.60

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables**

for the year ended 31 May 2024

**Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.474	-	1.474	0.879
31.01.24	group 2	interim	0.643	0.831	1.474	0.879
31.07.24	group 1	final	1.648	-	1.648	1.151
31.07.24	group 2	final	0.999	0.649	1.648	1.151

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Interim distributions:**

- Group 1                Shares purchased before 1 June 2023  
Group 2                Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1                Shares purchased before 1 December 2023  
Group 2                Shares purchased 1 December 2023 to 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.613	-	1.613	0.942
31.01.24	group 2	interim	0.901	0.712	1.613	0.942
31.07.24	group 1	final	1.828	-	1.828	1.257
31.07.24	group 2	final	0.973	0.855	1.828	1.257

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1                Shares purchased before 1 June 2023  
Group 2                Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1                Shares purchased before 1 December 2023  
Group 2                Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential 7IM Balanced

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		18,793		(16,749)
Revenue	3	13,788		10,530	
Expenses	4	(2,152)		(2,457)	
Interest payable and similar charges		(14)		(1)	
Net revenue before taxation		11,622		8,072	
Taxation	5	(2,296)		(1,467)	
Net revenue after taxation			9,326		6,605
Total return/(deficit) before distributions			28,119		(10,144)
Distributions	6		(10,193)		(7,613)
Change in net assets attributable to shareholders from investment activities			17,926		(17,757)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			394,569		432,741
Amounts receivable on issue of shares		60,357		131,147	
Amounts payable on cancellation of shares		(115,780)		(158,604)	
			(55,423)		(27,457)
Change in net assets attributable to shareholders from investment activities			17,926		(17,757)
Retained distribution on accumulation shares			9,797		7,042
Closing net assets attributable to shareholders			366,869		394,569



**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		359,554	376,883
Current assets:			
Debtors	7	846	11,953
Cash and bank balances and amounts held at futures clearing houses and brokers	8	9,508	15,552
Total assets		<u>369,908</u>	<u>404,388</u>
Liabilities:			
Investment liabilities		(1,302)	(3,012)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(2)	-
Distribution payable	6	(20)	(22)
Other creditors	9	(1,715)	(6,785)
Total liabilities		<u>(3,039)</u>	<u>(9,819)</u>
Net assets attributable to shareholders		<u><u>366,869</u></u>	<u><u>394,569</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2.	Net capital gains/(losses)	2024	2023
		£000s	£000s
	Non-derivative securities - gains/(losses)	10,850	(8,716)
	Derivative contracts - gains/(losses)	10,608	(2,334)
	Currency losses	(50)	(1,368)
	Forward currency contracts	(2,611)	(4,315)
	Rebates from collective investment schemes	44	115
	Commission on futures	-	(131)
	CSDR penalty	(48)	-
	Net capital gains/(losses)	<u>18,793</u>	<u>(16,749)</u>

3.	Revenue	2024	2023
		£000s	£000s
	Non-interest distributions from overseas funds	68	527
	Distributions from UK regulated collective investment schemes:		
	Franked investment income	186	324
	Unfranked investment income	2,124	152
	Interest distributions	-	1,324
	Interest distributions from overseas collective investment schemes	9,968	6,777
	Interest on debt securities	297	657
	Bank interest	1,009	580
	Deposit interest	-	88
	Rebates from collective investment schemes	136	101
	Total revenue	<u>13,788</u>	<u>10,530</u>

4.	Expenses	2024	2023
		£000s	£000s
	Payable to the ACD and associates		
	Annual management charge	2,152	2,457
	Total expenses	<u>2,152</u>	<u>2,457</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £9,310 inclusive of VAT (2023: £8,952 inclusive of VAT).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	2,296	1,467
Total taxation (note 5b)	<u>2,296</u>	<u>1,467</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	11,622	8,072
Corporation tax @ 20%	<u>2,324</u>	<u>1,614</u>
Effects of:		
UK revenue	(37)	(65)
Overseas revenue	-	(105)
Capital rebates from collective investment schemes	9	23
Total taxation (note 5a)	<u>2,296</u>	<u>1,467</u>

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim income distribution	22	19
Interim accumulation distribution	5,042	3,278
Final income distribution	20	22
Final accumulation distribution	<u>4,755</u>	<u>3,764</u>
	9,839	7,083
Equalisation:		
Amounts deducted on cancellation of shares	686	1,078
Amounts added on issue of shares	(332)	(548)
Total net distributions	<u>10,193</u>	<u>7,613</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 6. Distributions (continued)

	2024	2023
	£000s	£000s
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	9,326	6,605
Undistributed revenue brought forward	1	3
Expenses paid from capital	1,073	1,229
Marginal tax relief	(206)	(223)
Undistributed revenue carried forward	(1)	(1)
Distributions	<u>10,193</u>	<u>7,613</u>

Details of the distribution per share are disclosed in the Distribution tables.

	2024	2023
	£000s	£000s
7. Debtors		
Amounts receivable on issue of shares	175	1,511
Sales awaiting settlement	-	5,083
Currency trades outstanding	-	5,077
Accrued revenue	403	101
Accrued rebates from collective investment schemes	153	181
Recoverable income tax	115	-
Total debtors	<u>846</u>	<u>11,953</u>

	2024	2023
	£000s	£000s
8. Cash and bank balances and bank overdrafts		
Cash and bank balances and amounts held at futures clearing houses and brokers	9,508	15,552
Bank overdrafts (including futures overdraft)	(2)	-
Total cash and bank balances and bank overdrafts	<u>9,506</u>	<u>15,552</u>

	2024	2023
	£000s	£000s
9. Other creditors		
Amounts payable on cancellation of shares	117	716
Currency trades outstanding	-	5,083
Purchases awaiting settlement	285	-
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	169	204
Total accrued expenses	<u>169</u>	<u>204</u>
Corporation tax payable	<u>1,144</u>	<u>782</u>
Total other creditors	<u>1,715</u>	<u>6,785</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	1,954,298
Total shares issued in the year	44,480
Total shares cancelled in the year	<u>(789,690)</u>
Closing shares in issue	<u><u>1,209,088</u></u>

	A Accumulation
Opening shares in issue	299,481,375
Total shares issued in the year	45,669,676
Total shares cancelled in the year	<u>(85,075,813)</u>
Closing shares in issue	<u><u>260,075,238</u></u>

For the year ended 31 May 2024, the annual management charge is 0.54%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 124.95p to 128.98p and the A Accumulation share has increased from 140.48p to 145.01p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commissions		Taxes	Other Expenses	Purchases after transaction costs		
2024	£000s	£000s	%	£000s	%	£000s	%	£000s
Bonds*	15,757	-	-	-	-	-	-	15,757
Collective Investment Schemes*	140,626	-	-	-	-	-	-	140,626
<b>Total</b>	<b>156,383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,383</b>

	Purchases before transaction costs	Commissions		Taxes	Other Expenses	Purchases after transaction costs		
2023	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	9,597	1	0.01	-	-	-	-	9,598
Bonds*	47,640	-	-	-	-	-	-	47,640
Collective Investment Schemes*	139,307	-	-	-	-	-	-	139,307
<b>Total</b>	<b>196,544</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196,545</b>

Capital events amount of £nil (2023: £67,000) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs	Commissions		Taxes	Other Expenses	Sales after transaction costs		
2024	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	31,293	(2)	(0.01)	-	-	-	-	31,291
Bonds*	12,377	-	-	-	-	-	-	12,377
Collective Investment Schemes*	153,372	-	-	-	-	-	-	153,372
<b>Total</b>	<b>197,042</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,040</b>

	Sales before transaction costs	Commissions		Taxes	Other Expenses	Sales after transaction costs		
2023	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities*	11,323	-	-	-	-	-	-	11,323
Bonds*	59,797	-	-	-	-	-	-	59,797
Collective Investment Schemes*	147,017	-	-	-	-	-	-	147,017
<b>Total</b>	<b>218,137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218,137</b>

\*No direct transaction costs were incurred in these transactions.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

## Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

2024	£000s	% of average net asset value
Commission	2	0.00

2023	£000s	% of average net asset value
Commission	1	0.00

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

Summary of direct transaction costs	2024		2023	
	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	-	-	131	0.03

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.05% (2023: 0.05%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notional of the derivatives used).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential 7IM Balanced	4.22	6.07	5.08	14.20	158.00	205.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £17,913,000 (2023: £18,662,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Euro	417
US dollar	56,843
Total net foreign currency exposure	<u>57,260</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk (continued)

	Total net foreign currency exposure*
2023	£000s
Euro	577
Japanese yen	1,420
US dollar	75,289
Total net foreign currency exposure	<u>77,286</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £3,580,000 (2023: £3,800,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £39,000 (2023: £63,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets £000s	Variable rate financial liabilities £000s	Fixed rate financial assets £000s	Non-interest bearing financial assets £000s	Non-interest bearing financial liabilities £000s	Total £000s
2024						
Euro	4	(2)	-	505	(90)	417
UK sterling	15,669	-	-	296,678	(2,738)	309,609
US dollar	-	-	14,471	42,581	(209)	56,843
	<u>15,673</u>	<u>(2)</u>	<u>14,471</u>	<u>339,764</u>	<u>(3,037)</u>	<u>366,869</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Euro	33	-	-	544	-	577
Japanese yen	113	-	-	1,307	-	1,420
UK sterling	24,749	-	-	296,501	(3,967)	317,283
US dollar	119	-	31,349	49,673	(5,852)	75,289
	25,014	-	31,349	348,025	(9,819)	394,569

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are unrated bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of portfolio investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk (continued)

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	62,781	(337)
Observable market data	296,773	(965)
Unobservable data	-	-
	<u>359,554</u>	<u>(1,302)</u>

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	54,229	(2,219)
Observable market data	314,592	(793)
Unobservable data*	8,062	-
	<u>376,883</u>	<u>(3,012)</u>

\* Structured product holdings in the Portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 152.42% (2023: 162.54%).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value £000s	% of the total net asset value
2024		
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	7,177	1.96
JPMorgan Structured Products 0% 12/10/2026	8,903	2.43
Futures		
CBT - 10 year US Treasury Note September 2024	11,283	3.08
CBT - Ultra US Treasury Bond September 2024	7,084	1.93
EUREX - USA ESG Screened June 2024	19,257	5.25
EUX - Euro-Bund Future June 2024	3,616	0.99
EUX - MSCI Europe ex UK June 2024	18,401	5.02
ICF - FTSE 100 Index June 2024	45,762	12.47
ICF - Long Gilt June 2024	5,337	1.45
ICF - MSCI Health Care December 2024	16,354	4.46
NYF - MSCI Emerging Market June 2024	9,969	2.72
Forward Currency Contracts		
Value of long position - Euro	15,851	4.32
Value of long position - Japanese yen	23,258	6.34
Value of short position - US dollar	24,765	6.75

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

	Gross exposure value	% of the total net asset value
	£000s	
2023		
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	8,062	2.63
Futures		
CBT - US 10 year Note September 2023	12,191	3.09
CBT - US Ultra Bond September 2023	6,184	1.57
EUX - EURO Bund June 2023	4,447	1.13
EUX - MSCI Europe ex UK June 2023	14,436	3.66
EUX - USA ESG Scr NTR June 2023	14,996	3.80
ICF - FTSE 100 Index June 2023	64,832	16.43
ICF - Long Gilt Future September 2023	6,388	1.62
ICF - MSCI Health Care December 2023	19,385	4.91
NYF - MSCI Emerging Market June 2023	8,916	2.26
OSE - Topix Index June 2023	17,802	4.51
Forward Currency Contracts		
Value of long position - Euro	16,011	4.06
Value of long position - Japanese yen	50,769	12.87
Value of short position - US dollar	37,886	9.60

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Citigroup Global Markets Limited	Cash	£nil	£7,521,175

## True Potential 7IM Growth

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide a total return of capital and income with a focus on capital growth. The majority of the portfolio of the Sub-Fund will be invested in equity instruments using predominantly actively allocated, but, passively implemented strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-Fund may also be invested in other asset classes such as fixed income (directly and indirectly), property (indirectly), commodities (indirectly), hedge funds (indirectly, for example via listed securities) and private equities (indirectly, for example via listed securities). Exposure to the above asset classes will be gained through direct holdings of securities, collective investment schemes, exchange traded funds or derivatives with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The Sub-Fund may also be invested in deposits, cash and near cash and money market instruments.

There are no geographic restrictions on the investments of the Sub-Fund.

Derivatives may be used for investment purposes and Efficient Portfolio Management. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The Sub-Fund returned 7.88% during the reporting period, underperforming the benchmark for the same period which returned 10.61% (Source:FEfundinfo).

#### Investment Background

##### 12 months

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock market indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The FED and ECB raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines for sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the Fed, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the US Federal Reserve and the European Central Bank have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the Fed about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check - with the Federal Reserve making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row - a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February - stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as Federal Reserve officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign - with the S&P 500 in particular finding it's way to new highs.

## Portfolio Review

In July 2023, we replaced our holding in Berkshire Hathaway with US Equal Weight Index. We no longer have as strong a conviction in Berkshire due to the changes in the macro backdrop since its addition and the significant weight of mega-cap technology stocks which could turn into a significant negative contributor against our recessionary base case outlook. We have made significant profits on Berkshire since purchase in mid 2020. We have shifted into a more diversified approach to US Equity, which still dilutes the mega-cap tech names.

We have also increased our exposure to Global Healthcare and FTSE 100 during July 2023. The defensive Healthcare earnings should weather the profits downturn better than most sectors. And while the energy and materials exposure in the FTSE 100 will not be immune to a slowdown, the operating leverage these companies should have coming out of a slowdown means these are among the most attractive equities around.

In August 2023, we refreshed our SAA (Strategic Asset Allocation) in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in increase in equity exposure, with a small reduction as well as maintain the duration and credit exposure.

In October 2023, we slightly reduced our position in Climate Transition Leaders (Ninety One Global Environment Fund) and re-allocated to US equal weight (Xtrackers S&P 500 Equal Weight ETF). We continue to have strong conviction in this investment. However, in an uncertain macro-economic environment, with a reasonable risk of recession, companies within this space tend to be mid-cap low-quality growth and these factors may be more challenged.

We trimmed our position in Alternatives in October 2023. The Alternatives allocation remains a key pillar of diversification to the rest of the portfolio. We have taken some profits here to rotate into bonds.

In January 2024, we trimmed our allocation to Healthcare Innovations by 20%. The position had been underperforming for some time, and we used a period of strong performance to reduce our active risk to both the theme, and the fund manager.

Following a small positive change to our quantitative beta models in March, we added a small portion to our overall equity allocation, taking it closer to neutral.

As credit spreads to high yield bonds continued to narrow (under 100bps), we took the chance to rotate out of AT1's, back into our Strategic Asset Allocation, reflecting the fact that the excess reward is reducing.

In May 2024, we made tactical changes to AT1's, Healthcare Innovation and FTSE 250.

Further narrowing of AT1 credit spreads to high yield bonds (under 50bps) meant we continued to trim our AT1's position in May; now at 2% across all portfolios.

Our tilt towards UK Large Caps delivered outperformance over time since mid-2022, with defensive qualities coming into play multiple times. Given relative valuations of FTSE 250 and FTSE 100 had become equivalent, we removed the underweight to FTSE 250 completely.

Finally in May 2024, we removed our allocation to Healthcare Innovations from portfolios. Although we continue to like the long-term theme of innovation in healthcare, we consider that in the short-term, the smaller, idiosyncratic nature of the companies are less likely to perform in an environment of higher rates and higher volatility.

### Investment Strategy and Outlook

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios.

Over the next 12 months, we think that the global economy will slow down - prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we consider that:

- **Inflation is coming down:** Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled, and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices - so the cost-of-living pain isn't going away quickly.
- **Interest rates are high:** We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same - although time-to-effect changes in every cycle.
- **The economy is slowing:** For consumers and companies, day-to-day life is getting harder - whether it's rising costs or increased debt, there's less money left at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into a 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways... In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. And we think our portfolios are set up to do just that.

There's no one answer... When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook that calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities - both to protect capital and to grow it.

Seven Investment Management LLP - a sub-delegate of True Potential Investments LLP

17 June 2024



**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
Amundi MSCI Japan UCITS ETF	33,466
Xtrackers S&P 500 Equal Weight UCITS ETF	27,084
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	25,009
Legal & General Short Dated Sterling Corporate Bond Index Fund	23,068
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	15,037
Xtrackers USD High Yield Corporate Bond UCITS ETF GBP	14,921
JPMorgan Structured Products 0% 12/10/2026	14,384
Legal & General UK MID Cap Index Fund	10,199
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	10,063
SG Issuer SA 0% 25/11/2025	5,533
Subtotal	<u>178,764</u>
Total cost of purchases, including the above, for the year	<u><u>189,517</u></u>
	Proceeds
	£000s
Sales:	
Berkshire Hathaway 'B'	18,111
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	15,000
Northern Trust Global Funds PLC - Sterling Fund	15,000
JPMorgan FX Value Warrants 10/09/2024	13,566
Ninety One Funds Series iii - Global Environment Fund	9,799
Invesco AT1 Capital Bond UCITS ETF	9,566
Baillie Gifford WW Health Innovation Fund	7,636
WisdomTree AT1 CoCo Bond UCITS ETF	7,064
BlackRock Strategic Funds - Global Event Driven Fund	5,024
UBS AG London 0% 20/10/2027	3,408
Subtotal	<u>104,174</u>
Total proceeds from sales, including the above, for the year	<u><u>121,247</u></u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 5.08% (10.12%)			
Corporate Bonds - 4.88% (9.89%)			
Commonwealth Bank of Australia FRN 16/01/2025**	£580,000	581	0.12
Leeds Building Society FRN 15/01/2025**	£1,200,000	1,202	0.24
Royal Bank of Canada FRN 30/01/2025**	£1,500,000	1,502	0.31
SG Issuer 0% 22/12/2025	\$6,751,000	5,615	1.14
SG Issuer 0% 18/11/2025	\$6,678,000	5,608	1.14
UBS AG London 0% 20/10/2027	\$100,131	9,518	1.93
Total Corporate Bonds		24,026	4.88
Public Authorities - 0.20% (0.23%)			
NRW Bank FRN 09/10/2024**	£1,000,000	1,001	0.20
Total Debt Securities		25,027	5.08
Equities - 0.00% (3.95%)			
Collective Investment Schemes - 81.35% (65.45%)			
UK Authorised Collective Investment Schemes - 16.83% (10.85%)			
iShares Environment & Low Carbon Tilt Real Estate Index Fund	5,609,710	12,178	2.48
Legal & General Emerging Markets Government Bond Local Currency Index Fund	18,133,525	11,948	2.43
Legal & General Short Dated Sterling Corporate Bond Index Fund	36,304,509	21,859	4.44
Legal & General UK MID Cap Index Fund	30,204,637	20,231	4.11
Ninety One Funds Series iii - Global Environment Fund	10,563,815	16,567	3.37
Total UK Authorised Collective Investment Schemes		82,783	16.83
Offshore Collective Investment Schemes - 64.52% (54.60%)			
Amundi MSCI Japan UCITS ETF	3,362,855	35,128	7.14
BlackRock Strategic Funds - Global Event Driven Fund	59,397	7,246	1.47
Candriam Absolute Return Equity Market Neutral Fund	5,367	9,082	1.85
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	55,041,608	55,042	11.19
Invesco AT1 Capital Bond UCITS ETF	291,556	9,825	2.00
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	50,141,862	50,142	10.19
Legal & General Emerging Markets - Government Bond Local Currency Index Fund	12,040,008	11,864	2.41
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	50,815,151	50,815	10.33
Northern Trust Global Funds PLC - Sterling Fund	35,000,000	35,000	7.11
VanEck Global Mining UCITS ETF	355,406	9,667	1.96
Xtrackers S&P 500 Equal Weight UCITS ETF	415,984	28,857	5.86

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Offshore Collective Investment Schemes - 64.52% (54.60%) (continued)			
Xtrackers USD High Yield Corporate Bond UCITS ETF GBP	1,943,256	14,806	3.01
Total Offshore Collective Investment Schemes		317,474	64.52
Total Collective Investment Schemes		400,257	81.35
Warrants - 3.85% (3.03%)			
Goldman Sachs International Warrants 31/12/2049	22,107	18,963	3.85
Total Warrants		18,963	3.85
Structured Products - 4.23% (2.18%)			
JPMorgan Structured Products 0% 08/07/2025	\$10,780,000	9,254	1.88
JPMorgan Structured Products 0% 12/10/2026	\$13,950,000	11,541	2.35
Total Structured Products		20,795	4.23
Futures - 1.82% (0.31%)			
EUX - MSCI Europe Ex UK March 2024	1,182	978	0.20
EUX - USA ESG SCR NTR June 2024	26	28	0.01
ICF - FTSE 100 Index March 2024	947	5,999	1.22
ICF - MSCI Health Care December 2024	1,286	106	0.02
NYF - MSCI Emerging Markets June 2024	669	1,817	0.37
Total Futures		8,928	1.82
Forward Currency Contracts - -0.20% (-0.22%)			
Sell US dollar	(\$25,000,000)	(19,592)	
Buy UK sterling	£19,653,022	19,653	
Expiry date 12 July 2024		61	0.01
Sell UK sterling	(£9,983,735)	(9,984)	
Buy US dollar	\$12,700,000	9,953	
Expiry date 12 July 2024		(31)	(0.01)
Sell UK sterling	(£4,203,337)	(4,204)	
Buy US dollar	\$5,300,000	4,154	
Expiry date 12 July 2024		(50)	(0.01)

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Forward Currency Contracts - -0.20% (-0.22%) (continued)			
Sell UK sterling	(£10,789,670)	(10,790)	
Buy US dollar	\$13,700,000	10,737	
Expiry date 12 July 2024		(53)	(0.01)
Sell UK sterling	(£35,237,491)	(35,237)	
Buy Euro	€41,000,000	35,128	
Expiry date 18 October 2024		(109)	(0.02)
Sell UK sterling	(£32,557,895)	(32,558)	
Buy Japanese yen	¥6,200,000,000	31,762	
Expiry date 15 November 2024		(796)	(0.16)
Total Forward Currency Contracts		(978)	(0.20)
Portfolio of investments		472,992	96.13
Other net assets		19,041	3.87
Total net assets		492,033	100.00

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*\*Variable interest security

## Summary of portfolio investments

as at 31 May 2024

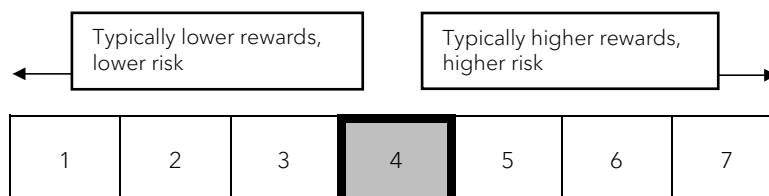
	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	4,286	0.87	9,578	2.18
Unrated bonds	20,741	4.21	35,006	7.94
Total bonds	25,027	5.08	44,584	10.12
Collective Investment Schemes	400,257	81.35	288,425	65.45
Forward currency contracts - assets	61	0.01	380	0.09
Futures - assets	8,928	1.82	4,067	0.92
Equities	-	-	17,398	3.95
Warrants	18,963	3.85	13,352	3.03
Structured Products	20,795	4.23	9,607	2.18
Investments as shown in the balance sheet	474,031	96.34	377,813	85.74
Forward currency contracts - liabilities	(1,039)	(0.21)	(1,359)	(0.31)
Futures - liabilities	-	-	(2,684)	(0.61)
Total value of investments	472,992	96.13	373,770	84.82

\* Ratings supplied by S&amp;P, followed by Moody's.

## Risk and reward profile

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Investments in emerging markets may involve greater risks due to political and economic instability and underdeveloped markets and systems. This means your money may be at greater risk of loss. Where this Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of this Sub-Fund.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

### Task Force on Climate-Related Financial Disclosures (unaudited)

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	144.44	146.90	148.25
Return before operating charges*	12.50	0.33	(0.03)
Operating charges	(1.05)	(1.06)	(1.08)
Return after operating charges*	11.45	(0.73)	(1.11)
Distributions+	(3.22)	(1.73)	(0.24)
Closing net asset value per share	152.67	144.44	146.90
*after direct transaction costs of:	0.02	0.05	0.06
Performance			
Return after charges	7.93%	(0.50%)	(0.75%)
Other information			
Closing net asset value (£000s)	437	528	589
Closing number of shares	285,988	365,643	400,486
Operating charges++	0.71%	0.72%	0.72%
Direct transaction costs	0.01%	0.03%	0.04%
Prices			
Highest share price (p)	156.96	153.40	155.90
Lowest share price (p)	140.60	139.00	142.70

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	153.99	154.78	155.94
Return before operating charges*	13.46	0.33	(0.02)
Operating charges	(1.13)	(1.12)	(1.14)
Return after operating charges*	12.33	(0.79)	(1.16)
Distributions+	(3.45)	(1.82)	(0.26)
	3.45	1.82	0.26
Closing net asset value per share	166.32	153.99	154.78
*after direct transaction costs of:	0.02	0.05	0.07
Performance			
Return after charges	8.01%	(0.51%)	(0.74%)
Other information			
Closing net asset value (£000s)	491,596	440,119	364,527
Closing number of shares	295,568,330	285,811,284	235,519,752
Operating charges++	0.71%	0.72%	0.72%
Direct transaction costs	0.01%	0.03%	0.04%
Prices			
Highest share price (p)	169.17	162.30	163.70
Lowest share price (p)	149.90	146.20	150.20

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.



**Distribution tables**

for the year ended 31 May 2024

**Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.567	-	1.567	0.572
31.01.24	group 2	interim	0.909	0.658	1.567	0.572
31.07.24	group 1	final	1.650	-	1.650	1.156
31.07.24	group 2	final	0.748	0.902	1.650	1.156

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Interim distributions:**

- Group 1 Shares purchased before 1 June 2023  
Group 2 Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1 Shares purchased before 1 December 2023  
Group 2 Shares purchased 1 December 2023 to 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.671	-	1.671	0.597
31.01.24	group 2	interim	0.931	0.740	1.671	0.597
31.07.24	group 1	final	1.778	-	1.778	1.225
31.07.24	group 2	final	0.924	0.854	1.778	1.225

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

- Group 1 Shares purchased before 1 June 2023  
Group 2 Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

- Group 1 Shares purchased before 1 December 2023  
Group 2 Shares purchased 1 December 2023 to 31 May 2024

## Financial statements - True Potential 7IM Growth

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		24,379		(7,199)
Revenue	3	14,374		8,446	
Expenses	4	(2,501)		(2,365)	
Interest payable and similar charges		(11)		-	
Net revenue before taxation		11,862		6,081	
Taxation	5	(2,356)		(1,077)	
Net revenue after taxation			9,506		5,004
Total return/(deficit) before distributions			33,885		(2,195)
Distributions	6		(9,520)		(5,015)
Change in net assets attributable to shareholders from investment activities			24,365		(7,210)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			440,647		365,116
Amounts receivable on issue of shares		125,996		169,484	
Amounts payable on cancellation of shares		(108,723)		(91,854)	
			17,273		77,630
Change in net assets attributable to shareholders from investment activities			24,365		(7,210)
Retained distribution on accumulation shares			9,748		5,111
Closing net assets attributable to shareholders			492,033		440,647

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		474,031	377,813
Current assets:			
Debtors	7	1,794	13,320
Cash and bank balances and amounts held at futures clearing houses and brokers	8	19,028	60,822
Total assets		<u>494,853</u>	<u>451,955</u>
Liabilities:			
Investment liabilities		(1,039)	(4,043)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(1)	(1)
Distribution payable	6	(5)	(4)
Other creditors	9	(1,775)	(7,260)
Total liabilities		<u>(2,820)</u>	<u>(11,308)</u>
Net assets attributable to shareholders		<u><u>492,033</u></u>	<u><u>440,647</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	11,589	(4,086)
Derivative contracts – gains	14,826	1,203
Currency losses	(42)	(913)
Forward currency contracts	(2,013)	(3,310)
Rebates from collective investment schemes	74	45
Commission on futures	(55)	(138)
Net capital gains/(losses)	24,379	(7,199)

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	12	441
Distributions from UK regulated collective investment schemes:		
Franked investment income	154	298
Unfranked investment income	1,669	186
Interest distributions	-	539
Interest distributions from overseas collective investment schemes	10,637	5,470
Interest on debt securities	427	672
Bank interest	1,381	636
Deposit interest	-	105
Rebates from collective investment schemes	94	99
Total revenue	14,374	8,446

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	2,501	2,365
Total expenses	2,501	2,365

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £9,310 inclusive of VAT (2023: £8,952 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	2,356	1,077
Total taxation (note 5b)	2,356	1,077

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	11,862	6,081
Corporation tax @ 20%	2,372	1,216
Effects of:		
UK revenue	(31)	(60)
Overseas revenue	-	(88)
Capital rebates from collective investment schemes	15	9
Total taxation (note 5a)	2,356	1,077

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Interim income distribution	5	2
Interim accumulation distribution	4,494	1,609
Final income distribution	5	4
Final accumulation distribution	5,254	3,502
	9,758	5,117
Equalisation:		
Amounts deducted on cancellation of shares	383	367
Amounts added on issue of shares	(621)	(469)
Total net distributions	9,520	5,015
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	9,505	5,004
Undistributed revenue brought forward	-	2
Tax effect of Capital rebates from collective investment schemes	15	9
Distributions	9,520	5,015

Details of the distribution per share are disclosed in the Distribution tables.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

7. Debtors	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	939	1,940
Sales awaiting settlement	-	5,569
Currency trades outstanding	-	5,562
Accrued revenue	624	149
Accrued rebates from collective investment schemes	125	100
Recoverable income tax	106	-
Total debtors	<u>1,794</u>	<u>13,320</u>
8. Cash and bank balances and bank overdrafts	2024	2023
	£000s	£000s
Cash and bank balances and amounts held at futures clearing houses and brokers	19,028	60,822
Bank overdrafts (including futures overdraft)	(1)	(1)
Total cash and bank balances and bank overdrafts	<u>19,027</u>	<u>60,821</u>
9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	-	423
Currency trades outstanding	-	5,569
Purchases awaiting settlement	324	-
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	237	228
Total accrued expenses	237	228
Corporation tax payable	1,214	1,040
Total other creditors	<u>1,775</u>	<u>7,260</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	365,643
Total shares issued in the year	18,848
Total shares cancelled in the year	<u>(98,503)</u>
Closing shares in issue	<u>285,988</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 11. Share classes (continued)

	A Accumulation
Opening shares in issue	285,811,284
Total shares issued in the year	80,598,800
Total shares cancelled in the year	<u>(70,841,754)</u>
Closing shares in issue	<u><u>295,568,330</u></u>

For the year ended 31 May 2024, the annual management charge is 0.57%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 152.67p to 156.42p and the A Accumulation share has increased from 166.32p to 170.41p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs		Commissions		Purchases after transaction costs
	£000s	£000s	%		£000s
2024					
Bonds*	21,523	-	-		21,523
Collective Investment Schemes*	167,994	-	-		167,994
Total	<u>189,517</u>	<u>-</u>			<u>189,517</u>

\*No direct transaction costs were incurred in these transactions.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

	Purchases before transaction costs		Commissions	Purchases after transaction costs
2023	£000s	£000s	%	£000s
Equities	14,947	1	0.01	14,948
Bonds*	56,456	-	-	56,456
Collective Investment Schemes*	101,825	-	-	101,825
<b>Total</b>	<b>173,228</b>	<b>1</b>		<b>173,229</b>

Capital events amount of £nil (2023: £39,000) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs		Commissions	Sales after transaction costs
2024	£000s	£000s	%	£000s
Equities	35,426	(2)	(0.01)	35,424
Bonds*	14,076	-	-	14,076
Collective Investment Schemes*	71,747	-	-	71,747
<b>Total</b>	<b>121,249</b>	<b>(2)</b>		<b>121,247</b>

	Sales before transaction costs		Commissions	Sales after transaction costs
2023	£000s	£000s	%	£000s
Equities*	3,401	-	-	3,401
Bonds*	55,629	-	-	55,629
Collective Investment Schemes*	65,854	-	-	65,854
<b>Total</b>	<b>124,884</b>	<b>-</b>		<b>124,884</b>

\*No direct transaction costs were incurred in these transactions.

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year :

2024	£000s	% of average net asset value
Commission	2	0.00
2023	£000s	% of average net asset value
Commission	1	0.00



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year :

Summary of direct transaction costs	2024		2023	
	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	55	0.01	138	0.03

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.05% (2023: 0.06%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential 7IM Growth	4.92	6.98	5.93	17.50	157.00	217.50

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities, structured products and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk (continued)

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £23,650,000 (2023: £18,688,000).

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Euro	985
US dollar	62,481
Total net foreign currency exposure	<u>63,466</u>

	Total net foreign currency exposure*
2023	£000s
Euro	984
Japanese yen	2,156
US dollar	75,824
Total net foreign currency exposure	<u>78,964</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £6,780,000 (2023: £8,137,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £58,000 (2023: £176,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
	£000s	£000s	£000s	£000s	£000s	£000s
2024						
Euro	8	(1)	-	978	-	985
UK sterling	23,275	-	-	408,111	(2,819)	428,567
US dollar	31	-	20,741	41,709	-	62,481
	<u>23,314</u>	<u>(1)</u>	<u>20,741</u>	<u>450,798</u>	<u>(2,819)</u>	<u>492,033</u>
2023						
Euro	4	-	-	980	-	984
Japanese yen	-	(1)	-	2,157	-	2,156
UK sterling	70,384	-	-	296,178	(4,879)	361,683
US dollar	10	-	18,356	63,886	(6,428)	75,824
	<u>70,398</u>	<u>(1)</u>	<u>18,356</u>	<u>363,201</u>	<u>(11,307)</u>	<u>440,647</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are unrated bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of Portfolio Investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	126,174	-
Observable market data	347,857	(1,039)
Unobservable data	-	-
	<u>474,031</u>	<u>(1,039)</u>

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	65,238	(2,684)
Observable market data	302,968	(1,359)
Unobservable data*	9,607	-
	<u>377,813</u>	<u>(4,043)</u>

\* Structured product holdings in the Portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

No securities in the portfolio of investments are valued using valuation techniques.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 157.01% (2023: 166.68%).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

At the balance sheet date, the global exposure is as follows:

	Gross exposure value	% of the total net asset value
2024	£000s	
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	9,254	1.88
JPMorgan Structured Products 0% 12/10/2026	11,541	2.35
Futures		
EUX - MSCI Europe Ex UK March 2024	35,656	7.25
EUX - USA ESG Scr NTR June 2024	1,097	0.22
ICF - FTSE 100 Index March 2024	72,469	14.73
ICF - MSCI Health Care December 2024	51,122	10.39
NYF - MSCI Emerging Markets June 2024	27,148	5.52
Forward Currency Contracts		
Value of long position - Euro	35,128	7.14
Value of long position - Japanese yen	31,762	6.46
Value of long position - US dollar	5,252	1.07
	Gross exposure value	% of the total net asset value
2023	£000s	
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	9,901	2.25
Futures		
EUX - MSCI Europe Ex UK June 2023	24,838	5.64
EUX - USA ESG Scr NTR June 2023	15,735	3.57
ICF - FTSE 100 Index June 2023	85,624	19.43
ICF - MSCI Health Care December 2023	20,691	4.70
NYF - MSCI Emerging Market June 2023	20,844	4.73
OSE - Topix Index June 2023	29,834	6.77
Forward Currency Contracts		
Value of long position - Euro	28,781	6.53
Value of long position - Japanese yen	57,555	13.06
Value of short position - US dollar	2,176	0.49

**Notes to the financial statements (continued)***for the year ended 31 May 2024*

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Citigroup Global Markets Limited	Cash	£nil	£8,435,320

## True Potential 7IM Aggressive

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide capital growth. The majority of the portfolio of the Sub-Fund will be invested in equity instruments using predominantly actively allocated, but, passively implemented strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-Fund may also be invested in other asset classes such as fixed income (directly and indirectly), property (indirectly), commodities (indirectly), hedge funds (indirectly, for example via listed securities) and private equities (indirectly, for example via listed securities). Exposure to the above asset classes will be gained through direct holdings of securities, collective investment schemes, exchange traded funds or derivatives with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The Sub-Fund may be also invested in deposits, cash and near cash and money market instruments.

There are no geographic restrictions on the investments of the Sub-Fund.

Derivatives may be used for investment purposes and Efficient Portfolio Management. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The Sub-Fund returned 8.09% during the reporting period, underperforming the benchmark for the same period which returned 10.64% (Source:FEfundinfo).

#### Investment Background

##### 12 months

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock market indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The FED and ECB raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines for sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the Fed, Bank of England, and the ECB all maintained unchanged rates.



In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the US Federal Reserve and the European Central Bank have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the Fed about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check - with the Federal Reserve making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row - a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February - stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as Federal Reserve officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign - with the S&P 500 in particular finding it's way to new highs.

## Portfolio Review

In July 2023, we replaced our holding in Berkshire Hathaway with US Equal Weight Index. We no longer have as strong a conviction in Berkshire due to the changes in the macro backdrop since its addition and the significant weight of mega-cap technology stocks which could turn into a significant negative contributor against our recessionary base case outlook. We have made significant profits on Berkshire since purchase in mid 2020. We have shifted into a more diversified approach to US Equity, which still dilutes the mega-cap tech names.

In July 2023, we lowered our exposure to alternatives. This was a relatively minor change. The Alternatives group decided to reduce exposure to BlackRock Event Driven, a discretionary merger arbitrage strategy that monetises corporate activity. Corporate activity can be exposed to growth/broader risk sentiment/macro-economic outlook and the strategy is largely composed of equities securities. As a result, the Sub-Fund holds a higher beta in comparison to the other strategies within the alts basket. It therefore makes sense to tactically trim this exposure with the 7iM strategic outlook bearish and US recession expectant.

We have also increased our exposure to Global Healthcare and FTSE 100 during July 2023. The defensive Healthcare earnings should weather the profits downturn better than most sectors. And while the energy and materials exposure in the FTSE 100 will not be immune to a slowdown, the operating leverage these companies should have coming out of a slowdown means these are among the most attractive equities around.

In August 2023, we refreshed our SAA (Strategic Asset Allocation) in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in increase in equity exposure, with a small reduction as well as maintain the duration and credit exposure.

In October 2023, we slightly reduced our position in Climate Transition Leaders (Ninety One Global Environment Fund) and re-allocated to US equal weight (Xtrackers S&P 500 Equal Weight ETF). We continue to have strong conviction in this investment. However, in an uncertain macro-economic environment, with a reasonable risk of recession, companies within this space tend to be mid-cap low-quality growth and these factors may be more challenged.

We trimmed our position in Alternatives in October 2023. The Alternatives allocation remains a key pillar of diversification to the rest of the portfolio. We took some profits here to rotate into the SAA.

In January 2024, we trimmed our allocation to Healthcare Innovations by 20%. The position had been underperforming for some time, and we used a period of strong performance to reduce our active risk to both the theme, and the fund manager.

Following a small positive change to our quantitative beta models in March, we added a small portion to our overall equity allocation, taking it closer to neutral.

As credit spreads to high yield bonds continued to narrow (under 100bps), we took the chance to rotate out of AT1's, back into our Strategic Asset Allocation, reflecting the fact that the excess reward is reducing.

In May 2024, we made tactical changes to AT1's, Healthcare Innovation and FTSE 250.

Further narrowing of AT1 credit spreads to high yield bonds (under 50bps) meant we continued to trim our AT1's position in May; now at 2% across all portfolios.

Our tilt towards UK Large Caps delivered outperformance over time since mid-2022, with defensive qualities coming into play multiple times. Given relative valuations of FTSE 250 and FTSE 100 had become equivalent, we removed the underweight to FTSE 250 completely.

Finally in May 2024, we removed our allocation to Healthcare Innovations from portfolios. Although we continue to like the long-term theme of innovation in healthcare, we consider that in the short-term, the smaller, idiosyncratic nature of the companies are less likely to perform in an environment of higher rates and higher volatility.

## Investment Strategy and Outlook

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios.

Over the next 12 months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we consider that:

- **Inflation is coming down:** Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled, and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost-of-living pain isn't going away quickly.
- **Interest rates are high:** We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- **The economy is slowing:** For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into a 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways... In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. And we think our portfolios are set up to do just that.

There's no one answer... When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook that calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities – both to protect capital and to grow it.

Seven Investment Management LLP - a sub-delegate of True Potential Investments LLP

17 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
Morgan Stanley Liquidity Funds – Sterling Liquidity Fund	25,003
Amundi MSCI Japan UCITS ETF	19,086
Xtrackers S&P 500 Equal Weight UCITS ETF	17,872
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	10,022
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	9,738
JPMorgan Structured Products 0% 12/10/2026	4,249
Legal & General UK MID Cap Index Fund	4,023
SG Issuer SA 0% 25/11/2025	2,247
Ninety One Funds Series iii - Global Environment Fund	1,316
iShares Environment & Low Carbon Tilt Real Estate Index Fund	848
Subtotal	<u>94,404</u>
Total cost of purchases, including the above, for the year	<u>95,787</u>
	Proceeds
	£000s
Sales:	
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	22,000
Northern Trust Global Funds PLC - Sterling Fund	19,000
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	12,000
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	12,000
Berkshire Hathaway 'B'	11,865
Ninety One Funds Series iii - Global Environment Fund	9,637
Baillie Gifford WW Health Innovation Fund	8,858
Invesco AT1 Capital Bond UCITS ETF	6,123
BlackRock Strategic Funds - Global Event Driven Fund	5,666
Xtrackers S&P 500 Equal Weight UCITS ETF	5,412
Subtotal	<u>112,561</u>
Total proceeds from sales, including the above, for the year	<u>145,780</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Debt Securities - 5.33% (9.51%)			
Corporate Bonds - 4.69% (9.06%)			
Commonwealth Bank of Australia FRN 16/01/2025**	£400,000	401	0.26
Royal Bank of Canada FRN 03/10/2024**	£500,000	501	0.32
SG Issuer 0% 22/12/2025	\$1,914,000	1,592	1.02
SG Issuer 0% 18/11/2025	\$1,891,000	1,588	1.02
UBS AG London 0% 20/10/2027	\$33,994	3,231	2.07
Total Corporate Bonds		<u>7,313</u>	<u>4.69</u>
Public Authorities - 0.64% (0.45%)			
NRW Bank FRN 09/10/2024**	£1,000,000	1,000	0.64
Total Debt Securities		<u>8,313</u>	<u>5.33</u>
Equities - 0.00% (5.09%)			
Collective Investment Schemes - 82.74% (66.20%)			
UK Authorised Collective Investment Schemes - 13.56% (11.34%)			
iShares Environment & Low Carbon Tilt Real Estate Index Fund	3,173,447	6,889	4.42
Legal & General UK MID Cap Index Fund	10,728,876	7,186	4.61
Ninety One Funds Series iii - Global Environment Fund	4,506,373	7,068	4.53
Total UK Authorised Collective Investment Schemes		<u>21,143</u>	<u>13.56</u>
Offshore Collective Investment Schemes - 69.18% (54.86%)			
Amundi MSCI Japan UCITS ETF	1,483,160	15,493	9.94
Candriam Absolute Return Equity Market Neutral Fund	937	1,586	1.02
Deutsche Global Liquidity Series PLC - Managed Sterling Fund Platinum	23,023,366	23,023	14.77
Invesco AT1 Capital Bond UCITS ETF	92,772	3,126	2.01
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	23,000,000	23,000	14.75
Morgan Stanley Liquidity Funds - Sterling Liquidity Fund	23,159,523	23,160	14.86
Northern Trust Global Funds PLC - Sterling Fund	1,000,000	1,000	0.64
VanEck Global Mining UCITS ETF	140,183	3,813	2.45
Xtrackers S&P 500 Equal Weight UCITS ETF	196,339	13,620	8.74
Total Offshore Collective Investment Schemes		<u>107,821</u>	<u>69.18</u>
Total Collective Investment Schemes		<u>128,964</u>	<u>82.74</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
<b>Warrants - 4.05% (2.03%)</b>			
Goldman Sachs International Warrants 31/12/2049	7,364	6,317	4.05
Total Warrants		6,317	4.05
<b>Structured Products - 3.55% (1.50%)</b>			
JPMorgan Structured Products 0% 08/07/2025	\$2,750,000	2,361	1.52
JPMorgan Structured Products 0% 12/10/2026	\$3,830,000	3,168	2.03
Total Structured Products		5,529	3.55
<b>Futures - 2.05% (0.37%)</b>			
EUX - MSCI Europe Ex UK June 2024	454	347	0.22
EUX - USA ESG SCR NTR June 2024	221	(58)	(0.04)
ICF - FTSE 100 Index June 2024	345	2,185	1.40
ICF - MSCI Health Care December 2024	225	611	0.39
NYF - MSCI Emerging Markets June 2024	314	120	0.08
Total Futures		3,205	2.05
<b>Forward Currency Contracts - -0.28% (-0.35%)</b>			
Sell US dollar	(\$26,700,000)	(20,925)	
Buy UK sterling	£21,000,184	20,990	
Expiry date 12 July 2024		65	0.05
Sell UK sterling	(£30,311,210)	(30,311)	
Buy US dollar	\$38,500,000	30,172	
Expiry date 12 July 2024		(139)	(0.09)
Sell Euro	(€2,700,000)	(2,313)	
Buy UK sterling	£2,314,275	2,314	
Expiry date 18 October 2024		1	0.00
Sell UK sterling	(£16,931,185)	(16,931)	
Buy Euro	€19,700,000	16,879	
Expiry date 18 October 2024		(52)	(0.03)
Sell UK sterling	(£12,918,133)	(12,918)	
Buy Japanese yen	¥2,460,000,000	12,602	
Expiry date 15 November 2024		(316)	(0.21)
Total Forward Currency Contracts		(441)	(0.28)

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Portfolio of investments		151,887	97.44
Other net assets		3,996	2.56
Total net assets		155,883	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*\*Variable interest security

## Summary of portfolio investments

as at 31 May 2024

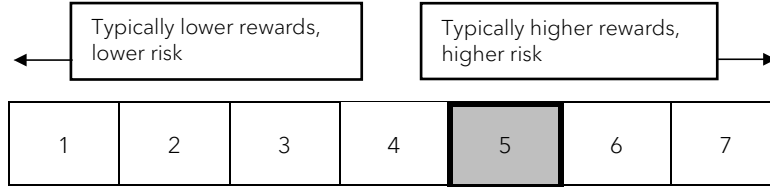
	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	1,902	1.22	3,977	1.77
Unrated bonds	6,411	4.11	17,369	7.74
<b>Total bonds</b>	<b>8,313</b>	<b>5.33</b>	<b>21,346</b>	<b>9.51</b>
Structured products	5,529	3.55	3,375	1.50
Warrants	6,317	4.05	4,555	2.03
Collective Investment Schemes	128,964	82.74	148,646	66.20
Equities	-	-	11,423	5.09
Futures - assets	3,263	2.09	2,219	0.98
Forward currency contracts - assets	66	0.05	291	0.13
<b>Investments as shown in the balance sheet</b>	<b>152,452</b>	<b>97.81</b>	<b>191,855</b>	<b>85.44</b>
Futures - liabilities	(58)	(0.04)	(1,377)	(0.61)
Forward currency contracts - liabilities	(507)	(0.33)	(1,086)	(0.48)
<b>Total value of investments</b>	<b>151,887</b>	<b>97.44</b>	<b>189,392</b>	<b>84.35</b>

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund’s ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

Investments in emerging markets may involve greater risks due to political and economic instability and underdeveloped markets and systems. This means your money may be at greater risk of loss.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond’s market value.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.



## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	155.83	156.66	156.87
Return before operating charges*	13.69	2.51	0.95
Operating charges	(1.10)	(1.12)	(1.13)
Return after operating charges*	12.59	1.39	(0.18)
Distributions+	(3.57)	(2.22)	(0.03)
Closing net asset value per share	164.85	155.83	156.66
*after direct transaction costs of:	0.03	0.06	0.07
Performance			
Return after charges	8.08%	0.89%	(0.11%)
Other information			
Closing net asset value (£000s)	33	62	144
Closing number of shares	20,133	40,067	92,196
Operating charges++	0.69%	0.71%	0.70%
Direct transaction costs	0.02%	0.04%	0.04%
Prices			
Highest share price (p)	170.17	166.60	167.00
Lowest share price (p)	150.10	147.30	151.20

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	165.24	164.10	164.24
Return before operating charges*	14.68	2.32	1.04
Operating charges	(1.17)	(1.18)	(1.18)
Return after operating charges*	13.51	1.14	(0.14)
Distributions+	(3.88)	(2.02)	(0.03)
Retained distribution on accumulation shares+	3.88	2.02	0.03
Closing net asset value per share	178.75	165.24	164.10
*after direct transaction costs of:	0.03	0.07	0.07
Performance			
Return after charges	8.18%	0.69%	(0.09%)
Other information			
Closing net asset value (£000s)	155,850	224,474	173,838
Closing number of shares	87,189,593	135,844,624	105,935,845
Operating charges++	0.69%	0.71%	0.70%
Direct transaction costs	0.02%	0.04%	0.04%
Prices			
Highest share price (p)	182.56	175.00	174.50
Lowest share price (p)	159.10	154.30	158.40

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables**

for the year ended 31 May 2024

**Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.797	-	1.797	0.683
31.01.24	group 2	interim	1.797	0.000	1.797	0.683
31.07.24	group 1	final	1.771	-	1.771	1.535
31.07.24	group 2	final	0.814	0.957	1.771	1.535

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Interim distributions:**

Group 1 Shares purchased before 1 June 2023  
 Group 2 Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

Group 1 Shares purchased before 1 December 2023  
 Group 2 Shares purchased 1 December 2023 to 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.01.24	group 1	interim	1.898	-	1.898	0.718
31.01.24	group 2	interim	1.097	0.801	1.898	0.718
31.07.24	group 1	final	1.981	-	1.981	1.305
31.07.24	group 2	final	1.028	0.953	1.981	1.305

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Interim distributions:**

Group 1 Shares purchased before 1 June 2023  
 Group 2 Shares purchased 1 June 2023 to 30 November 2023

**Final distributions:**

Group 1 Shares purchased before 1 December 2023  
 Group 2 Shares purchased 1 December 2023 to 31 May 2024

## Financial statements – True Potential 7IM Aggressive

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		10,584		(1,483)
Revenue	3	6,444		3,920	
Expenses	4	(1,057)		(1,107)	
Interest payable and similar charges		(9)		-	
Net revenue before taxation		<u>5,378</u>		<u>2,813</u>	
Taxation	5	(1,041)		(321)	
Net revenue after taxation			<u>4,337</u>		<u>2,492</u>
Total return before distributions			<u>14,921</u>		<u>1,009</u>
Distributions	6		<u>(4,344)</u>		<u>(2,494)</u>
Change in net assets attributable to shareholders from investment activities			<u><u>10,577</u></u>		<u><u>(1,485)</u></u>

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

		2024		2023	
		£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders			224,536		173,982
Amounts receivable on issue of shares		55,494		85,610	
Amounts payable on cancellation of shares		<u>(138,582)</u>		<u>(36,213)</u>	
			<u>(83,088)</u>		<u>49,397</u>
Change in net assets attributable to shareholders from investment activities			10,577		(1,485)
Retained distribution on accumulation shares			<u>3,858</u>		<u>2,642</u>
Closing net assets attributable to shareholders			<u><u>155,883</u></u>		<u><u>224,536</u></u>

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		152,452	191,855
Current assets:			
Debtors	7	442	6,446
Cash and bank balances and amounts held at futures clearing houses and brokers	8	4,244	31,980
Total assets		<u>157,138</u>	<u>230,281</u>
Liabilities:			
Investment liabilities		(565)	(2,463)
Creditors:			
Distribution payable	6	-	(1)
Other creditors	9	(690)	(3,281)
Total liabilities		<u>(1,255)</u>	<u>(5,745)</u>
Net assets attributable to shareholders		<u><u>155,883</u></u>	<u><u>224,536</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities - gains/(losses)	1,940	(547)
Derivative contracts - gains	8,634	463
Currency gains/(losses)	37	(456)
Forward currency contracts	(28)	(869)
Rebates from collective investment schemes	32	5
Commission on futures	(31)	(79)
Net capital gains/(losses)	10,584	(1,483)

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	64	283
Distributions from UK regulated collective investment schemes:		
Franked investment income	147	309
Unfranked investment income	255	90
Interest distributions from overseas collective investment schemes	5,014	2,412
Interest on debt securities	213	420
Bank interest	705	297
Deposit interest	-	54
Rebates from collective investment schemes	46	55
Total revenue	6,444	3,920

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	1,057	1,107
Total expenses	1,057	1,107

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £9,310 inclusive of VAT (2023: £8,952 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	1,041	321
Total taxation (note 5b)	1,041	321

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024 £000s	2023 £000s
Net revenue before taxation	5,378	2,813
Corporation tax @ 20%	<u>1,076</u>	<u>563</u>
Effects of:		
UK revenue	(30)	(62)
Overseas revenue	(12)	(57)
Capital rebates from collective investment schemes	7	1
Excess management expenses utilised	-	(124)
Total taxation (note 5a)	<u>1,041</u>	<u>321</u>

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024 £000s	2023 £000s
Interim income distribution	1	-
Interim accumulation distribution	2,130	869
Final income distribution	-	1
Final accumulation distribution	<u>1,728</u>	<u>1,773</u>
	3,859	2,643
Equalisation:		
Amounts deducted on cancellation of shares	764	144
Amounts added on issue of shares	<u>(279)</u>	<u>(293)</u>
Total net distributions	<u>4,344</u>	<u>2,494</u>
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	4,337	2,492
Tax effect of Capital rebates from collective investment schemes	7	2
Distributions	<u>4,344</u>	<u>2,494</u>

Details of the distribution per share are disclosed in the Distribution tables.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

7. Debtors	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	217	1,479
Sales awaiting settlement	-	2,415
Currency trades outstanding	-	2,412
Accrued revenue	97	74
Accrued rebates from collective investment schemes	54	37
Recoverable overseas withholding tax	1	1
Recoverable income tax	73	28
Total debtors	<u>442</u>	<u>6,446</u>
8. Cash and bank balances	2024	2023
	£000s	£000s
Cash and bank balances and amounts held at futures clearing houses and brokers	<u>4,244</u>	<u>31,980</u>
Total cash and bank balances	<u>4,244</u>	<u>31,980</u>
9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	7	511
Purchases awaiting settlement	66	-
Currency trades outstanding	-	2,415
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	81	112
Total accrued expenses	<u>81</u>	<u>112</u>
Corporation tax payable	<u>536</u>	<u>243</u>
Total other creditors	<u>690</u>	<u>3,281</u>

10. Commitments and contingent liabilities  
At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	40,067
Total shares issued in the year	3,289
Total shares cancelled in the year	<u>(23,223)</u>
Closing shares in issue	<u>20,133</u>
	A Accumulation
Opening shares in issue	135,844,624
Total shares issued in the year	33,149,165
Total shares cancelled in the year	<u>(81,804,196)</u>
Closing shares in issue	<u>87,189,593</u>



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 11. Share classes (continued)

For the year ended 31 May 2024, the annual management charge is 0.55%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 164.85p to 169.09p and the A Accumulation share has increased from 178.75p to 183.35p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
2024	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities*	417	-	-	-	-	-	-	417
Bonds*	6,495	-	-	-	-	-	-	6,495
Collective Investment Schemes*	88,875	-	-	-	-	-	-	88,875
<b>Total</b>	<b>95,787</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,787</b>

\*No direct transaction costs were incurred in these transactions.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

	Purchases before transaction costs		Commission		Taxes		Other Expenses		Purchases after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s	
2023									
Equities	11,454	1	0.01	-	-	-	-	-	11,455
Bonds*	26,569	-	-	-	-	-	-	-	26,569
Collective Investment Schemes*	49,052	-	-	-	-	-	-	-	49,052
<b>Total</b>	<b>87,075</b>	<b>1</b>		<b>-</b>				<b>-</b>	<b>87,076</b>

Capital events amount of £nil (2023: £19,000) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs		Commission		Taxes		Other Expenses		Sales after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	%	
2024									
Equities	18,555	(2)	(0.01)	-	-	-	-	-	18,553
Bonds*	10,704	-	-	-	-	-	-	-	10,704
Collective Investment Schemes*	116,523	-	-	-	-	-	-	-	116,523
<b>Total</b>	<b>145,782</b>	<b>(2)</b>		<b>-</b>				<b>-</b>	<b>145,780</b>

	Sales before transaction costs		Commission		Taxes		Other Expenses		Sales after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	%	
2023									
Equities*	1,014	-	-	-	-	-	-	-	1,014
Bonds*	31,019	-	-	-	-	-	-	-	31,019
Collective Investment Schemes*	14,845	-	-	-	-	-	-	-	14,845
<b>Total</b>	<b>46,878</b>	<b>-</b>		<b>-</b>				<b>-</b>	<b>46,878</b>

\* No direct transaction costs were incurred in these transactions.

## Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

2024	£000s	% of average net asset value
Commission	2	0.00
2023	£000s	% of average net asset value
Commission	1	0.00

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

Summary of direct transaction costs	2024		2023	
	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	31	0.02	79	0.04

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.05% (2023: 0.06%).

## 15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential 7IM Aggressive	5.05	8.30	6.99	20.00	170.00	230.00

## (i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are debt securities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £7,594,000 (2023: £9,470,000).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Euro	352
US dollar	18,930
Total net foreign currency exposure	<u>19,282</u>

	Total net foreign currency exposure*
2023	£000s
Euro	501
Japanese yen	1,412
US dollar	36,964
Total net foreign currency exposure	<u>38,877</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £2,785,000 (2023: £5,357,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £15,000 (2023: £90,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
	£000s	£000s	£000s	£000s	£000s	£000s
2024						
Euro	5	-	-	347	-	352
UK sterling	6,141	-	-	131,657	(1,197)	136,601
US dollar	-	-	6,411	12,577	(58)	18,930
	<u>6,146</u>	<u>-</u>	<u>6,411</u>	<u>144,581</u>	<u>(1,255)</u>	<u>155,883</u>
2023						
Euro	1	-	-	500	-	501
Japanese yen	-	-	-	1,412	-	1,412
UK sterling	35,951	-	-	152,676	(2,968)	185,659
US dollar	5	-	17,369	22,367	(2,777)	36,964
	<u>35,957</u>	<u>-</u>	<u>17,369</u>	<u>176,955</u>	<u>(5,745)</u>	<u>224,536</u>

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are unrated bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of portfolio investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## c Liquidity risk (continued)

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	45,632	(58)
Observable market data	106,820	(507)
Unobservable data	-	-
	<u>152,452</u>	<u>(565)</u>
	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	32,497	(1,377)
Observable market data	155,983	(1,086)
Unobservable data*	3,375	-
	<u>191,855</u>	<u>(2,463)</u>

\* Structured product holdings in the Portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

No securities in the portfolio of investments are valued using valuation techniques.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 172.25% (2023: 184.50%).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

At the balance sheet date, the global exposure is as follows:

	Gross exposure value	% of the total net asset value
2024	£000s	
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	2,361	1.52
JPMorgan Structured Products 0% 12/10/2026	3,168	2.03
Futures		
EUX - MSCI Europe ex UK June 2024	13,724	8.80
EUX - USA ESG SCR NTR June 2024	8,524	5.47
ICF - FTSE 100 Index June 2024	26,401	16.94
ICF - MSCI Health Care December 2024	9,131	5.86
NYF - MSCI Emerging Market June 2024	12,882	8.26
Forward Currency Contracts		
Value of long position - Euro	14,566	9.35
Value of long position - Japanese yen	12,602	8.08
Value of long position - US dollar	9,247	5.94
	Gross exposure value	% of the total net asset value
2023	£000s	
Investment		
Structured Products		
JPMorgan Structured Products 0% 08/07/2025	3,459	1.54
Futures		
EUX - MSCI Europe Ex UK June 2023	14,197	6.32
EUX - USA ESG SCR NTR June 2023	6,774	3.02
ICF - FTSE 100 Index June 2023	49,556	22.07
ICF - MSCI Health Care December 2023	9,693	4.32
NYF - MSCI Emerging Market June 2023	17,485	7.79
OSE - Topix Index June 2023	20,012	8.91
Forward Currency Contracts		
Value of long position - Euro	17,050	7.59
Value of long position - Japanese yen	37,068	16.51
Value of long position - US dollar	14,429	6.43



**Notes to the financial statements (continued)***for the year ended 31 May 2024*

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Citigroup Global Markets Limited	Cash	£nil	£4,774,030

## True Potential Goldman Sachs Income Builder

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to provide a regular income (paid monthly), some capital appreciation and lower volatility than the MSCI World Index by investing globally, either directly or indirectly (for example, via collective investment schemes or derivatives), in equity and fixed income securities. The Sub-Fund can invest in money market instruments, warrants and transferable securities. Derivatives and forward transactions can be used for investment purposes.

Derivatives and forward transactions may be used for investment purposes and Efficient Portfolio Management. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

Please be aware that there is no guarantee that capital will be preserved.

#### Sub-Investment Activities

The True Potential Goldman Sachs Income Builder Portfolio A Income share returned 9.14% (net) in the twelve-month period ending May 31, 2024, bringing total since inception performance to 3.59% (net, p.a.) (Source: Morningstar).

Despite a widely held fear that rapid increases in interest rates, aimed at curbing stubbornly high inflation, would trigger a recession, economic growth remained robust. Geopolitical tensions, Fitch's downgrade of the US credit rating, weakness in the Chinese property sector and concerns around smaller US and European banks, drove volatility. These risks however failed to derail the otherwise very positive backdrop for Equity markets, which benefitted from optimism around the adoption of Artificial Intelligence and its potential to drive earnings growth. Equity markets rallied strongly in November, after selling off in prior months, due to a moderation in inflation without any signs of extreme weakness in the labor markets, which increased bets on interest cuts and a higher likelihood of an economic 'soft landing'. Equities started 2024 on a strong footing with significant gains in Q1 '24 following a strong end to 2023, with several equity indices reaching all-time highs. Continued signs of improvement in global manufacturing, a healthy labor market, resilient US economy, and expectations of policy easing by major central banks supported risk appetite. While the growth outlook remained benign, inflation, especially in the US, did raise some concerns. On the monetary policy side, Swiss National Bank (SNB) cut policy rate by 25bps when market participants were expecting it to keep rates unchanged. In Asia, Bank of Japan (BoJ) finally exited negative interest rate policy (NIRP) as they hiked policy rate by 10bps, however, the hike came with emphasis on maintaining accommodative policy stance at the time. In the US, monetary policy outlook is further complicated by the timing of the US election as some market observers argue that the FOMC may not cut rate in September meeting, which would be just a month before the election, as it could raise questions on their independence. Several data points in the US looking more resilient, and inflation prints coming in stronger than expected cemented the "higher for longer" narrative on interest rates, and markets moved to price in a much more gradual cycle of rate cuts. Going forward, the US monetary policy and the upcoming Presidential election could create market volatility and are likely to be the key focus area of investors and policymakers.

Turning more constructive on the macro backdrop, we added exposure to equities through the second half of the year resulting in a moderate overweight to Equities. One of our core views, is that the narrow earnings growth, driven by just a few sectors and stocks, would likely broaden out through the rest of 2024. We further added a Commodities position in April 2024 as global PMIs pointed to a modest pickup in the manufacturing cycle as well as improved synchronization across regions, expected to be supportive of commodities.

At the stock level, we increased our exposure to the Energy and Financials sectors and decreased our exposure to the Information Technology and Real Estate sectors. From a regional perspective, we increased our exposure to North American equities at the expense of Japanese equities. Over the period we initiated a position in United Parcel Service. United Parcel Service, Inc. (UPS) delivers packages and documents. The Company provides global supply chain services and less-than-truckload transportation, primarily in business consists of integrated air and ground pick-up and delivery network. Over the past three years, UPS has thrived by concentrating on enhancing pricing across its operations and experiencing robust growth in the US domestic business. Despite facing challenges such as rising costs, primarily in labor, and weaknesses in key international markets over the last nine months, the company effectively mitigated these headwinds through its strategic focus on pricing. UPS's management has consistently demonstrated a successful track record in aligning network capacity with underlying demand. We funded this position by eliminating our position International Paper Company, another Industrials name. We preferred United Parcel Service (UPS) and its ability to navigate the complexities of the challenging macro environment, supported by its resilient business model and strategic focus on adapting to market dynamics.

Within fixed income, based on our expectation of default rates and downgrades rising as we entered the late stages of the business cycle, we initiated an underweight to High Yield exposure and moved into Investment Grade Credit in June. We continued to be overweight US Government Bonds, especially at the belly of the curve.

The majority of our exposure continues to have a selective down-in-quality bias with exposure to BBB-rated investment grade and high yield corporate credit. US and European Investment grade (IG) and high yield (HY) corporate balance sheets corporate fundamentals remain resilient given solid fundamentals and attractive carry and roll but moderated our position throughout the past months as spreads narrowed. We consider that spreads can remain tighter for longer given healthy credit fundamentals and slower but positive economic growth. We view absolute yield levels above 5% as attractive for the asset class to benefit from strong income generation. In aggregate, corporate fundamentals remain healthy. Balance sheets entered the current cycle from a position of relative strength. Earnings (EBITDA) and balance sheet liquidity remain above year-end 2019 levels and equity cushions have recovered from the 2022 lows. Given the possibility of a more challenged economic environment, we are defensive in our overall portfolio positioning. We prefer companies in sectors that can withstand a potential growth slowdown such as large banks. Banks offer attractive carry as capital levels provide protection against normalizing asset quality and net interest margin compression. We are watching asset quality. We remain cautious on US Utilities as financing for the energy transition is costly and could lead to a deterioration in credit quality in the near-term and rating pressure over the medium-term.

## Investment Attribution

### Contributors

Over the investment period, allocations to equity, fixed income, listed infrastructure and real estate (via REITS) all broadly contributed to overall performance.

Within equities, our positioning in Financials and Information Technology contributed most to performance during the period. At the stock level, UniCredit, a well-diversified commercial bank which operates in Italy, Germany, Austria and Central and Eastern Europe, was the top contributor to performance during the period. Over the period, the company raised \$1.1 billion in Tier 2 debt, benefitting from strong demand given consensus that rates have peaked. The company has been a beneficiary of this rising rate environment as it has seen strong growth in its Net Interest Income and has continued to post strong earnings. Moving forward, we remain confident in the company's strong capital levels and attractive organic capital generation, believing it provides UniCredit the potential to withstand near-term macroeconomic headwinds.

Within fixed income, our corporate selection strategy was the most significant contributor to performance during the reporting period, notably as a result of our exposure to companies rated BBB and above, namely Charter Communications and Broadcom Inc. Exposure to euro and USD investment grade bonds also significantly added to returns. Our Cross-Sector strategy also aided relative returns, particularly due to overweight exposure to HY and IG securities.

### Detractors

Within equities, our positioning in Health Care and Utilities detracted from returns during the period. At the stock level, Bristol Myers Squibb was the top detractor from absolute returns. Bristol Myers Squibb focuses on products and experimental therapies that address cancer, heart disease, HIV and AIDS, diabetes, rheumatoid arthritis, hepatitis, organ transplant rejection, and psychiatric disorders. During the period, the company reported weak results due to charges related to its acquisitions of Karuna Therapeutics, RayzeBio and Mirati Therapeutics offset by a small increase in revenue. Following their earnings, the company announced plans to save ~\$1.5 billion in costs by the end of 2025 by cutting 2,200 jobs and reducing third-party spending, amongst other things. Looking ahead, despite the short-term setbacks, we remain confident in the company's ability to absorb the costs associated with its Karuna Therapeutics, RayzeBio and Mirati Therapeutics deals and maintain its position as a dominant player at the forefront of discovering, developing and delivering innovative medicines in the areas of oncology and immunology.

Within fixed income, our corporate selection was the most significant detractor from performance for the period. This was driven by our selection with High Yield industrial issuers, namely ARD Holdings. ARD reported poor 3Q23 earnings with EBITDA coming in lower than our estimates and most street estimates driven by destocking, weak NA beer sales tied to the Bud Lite controversy, and some softening of end consumer demand across all regions. High Yield financial issuers also led to the underperformance during the period.

## Investment Strategy and Outlook

The strategy looks to generate strong risk-adjusted returns by investing globally across a broad range of asset classes. With this objective in mind, we look beyond Equities to generate returns and incorporate a range of risk-mitigating assets alongside Government Bonds.

Macro and Policy Outlook:

- Global: US growth expected to moderate from strong pace but remain healthy. Europe more signs of improving growth momentum. China needs more stimulus for an economic turnaround. Disinflation should continue with some near-term volatility. Increased monetary policy uncertainty, especially in the US due to recent strength in inflation.
- US: Domestic demand remained strong in Q1 and inflation accelerated. Elevated level of immigration should support growth in the near-term. Soft landing as base case but recession risk remains above average though moderating, we expect disinflation to restart from Q2 onwards. Easing cycle delayed due to higher inflation in Q1; we expect the Fed to start cutting in H2 2024 on the back of lower inflation and further labor market rebalancing.
- Europe: Growth momentum improving. The ECB cut rates by 25bps in June, as expected, with little forward guidance. We expect the ECB to cut by more than the Fed this year.
- UK: Stagflation risk has reduced noticeably since last year with continued signs of growth improvement and slow but further progress on disinflation. BoE expected to start easing in H2 '24 but medium term scope for cuts is bigger compared to the US.
- China: The real estate crisis and the low confidence in the private sector remain a drag on growth. The recent modest recovery in global trade is helping China to offset part of domestic growth headwinds. Policy stimulus remains modest on the monetary side and more pronounced on the fiscal side.

Key Views:

- Equities: Constructive on equities given supportive macro, accelerating earnings growth and expected central bank rate cuts. Earnings of Big Tech and the rest of the market are expected to converge over the next few quarters which may in turn lead to a broadening of market performance.
- Government Bonds: Rates continue to look moderately attractive given our expectation of disinflation, delayed but potential start of Fed easing cycle and high levels of real yield. European rates are also attractive with below trend growth and moderating inflation.
- Credit: Resilient US growth, expected disinflation and delayed but upcoming easing cycle support credit with a soft landing scenario more likely. Strong credit inflows match supply. However, spread levels are tight and timing of rate cuts can cause volatility.
- Commodities: Strong services and China stimulus to support prices. OPEC+ to start phasing out the 2.2 mb/d extra voluntary cuts in Q4 2024, leading to downside risks to the \$75-90 Brent oil price range we have had so far this year.

Risks:

- Change in monetary policy guidance: Major central banks signaling easing cycle to begin in H2 '24, however, pace of easing remains uncertain. This is a potential source of volatility.
- Inflation shocks: While we expect disinflation to restart from Q2 onwards, a tight labor market, stickier shelter inflation, higher medical service prices, and higher commodity prices could lead to more persistent inflation.
- Chinese economy: China faces a mix of structural and cyclical challenges. Biggest risks currently stem from the real estate market.
- Israel-Hamas conflict: We estimate ongoing shipping disruptions to lead to 10-20 bps higher core inflation across major economies with highest impact on European economies. For now, this has limited impact on our global macro outlook.

Goldman Sachs Asset Management International - a sub-delegate of True Potential Investments LLP

25 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
Goldman Sachs - Sterling Liquid Reserves Fund	526,389
US Treasury Note 3.875% 31/12/2029	11,567
United Parcel Service	8,516
US Treasury Bill 0% 26/03/2024	7,833
iShares S&P 500 Industrials Sector UCITS ETF	7,541
Goldman Sachs Emerging Markets Debt Local Portfolio	7,360
LVMH	7,111
Coca-Cola	6,649
Danaher	6,596
US Treasury Bill 0% 27/02/2024	6,279
Subtotal	<u>595,841</u>
Total cost of purchases, including the above, for the year	<u><u>875,089</u></u>
	Proceeds
	£000s
Sales:	
Goldman Sachs - Sterling Liquid Reserves Fund	526,613
Microsoft	15,014
US Treasury Bill 0% 26/03/2024	7,915
Tokyo Electron	6,554
US Treasury Bill 0% 27/02/2024	6,313
US Treasury Bill 0% 05/03/2024	6,286
Eaton	5,450
Roche Holding	5,398
Nordea Bank	4,890
Gilead Sciences	4,872
Subtotal	<u>589,305</u>
Total proceeds from sales, including the above, for the year	<u><u>736,495</u></u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%)			
Corporate Bonds - 40.12% (41.15%)			
888 Acquisitions 10.75% 15/05/2030	£251,000	256	0.02
Acrisure Finance 4.25% 15/02/2029	\$2,083,000	1,481	0.14
Acrisure Finance 6% 01/08/2029	\$835,000	597	0.06
Acrisure Finance 8.25% 01/02/2029	\$385,000	302	0.03
Acushnet 7.375% 15/10/2028	\$120,000	97	0.01
AdaptHealth 4.625% 01/08/2029	\$210,000	140	0.01
AdaptHealth 5.125% 01/03/2030	\$340,000	233	0.02
AdaptHealth 6.125% 01/08/2028	\$425,000	318	0.03
Adient Global Holdings 7% 15/04/2028	\$700,000	561	0.05
ADT Security 4.125% 01/08/2029	\$1,460,000	1,037	0.10
AerCap Holdings 5.875% VRN 10/10/2079**	\$825,000	642	0.06
AerCap Ireland Capital DAC 3% 29/10/2028	\$1,250,000	885	0.09
AerCap Ireland Capital DAC 4.625% 15/10/2027	\$600,000	457	0.04
AG Issuer 6.25% 01/03/2028	\$1,112,000	848	0.08
AG TTMT Escrow Issuer LLC 8.625% 30/09/2027	\$1,951,000	1,589	0.15
Air Lease 2.875% 15/01/2026	\$2,150,000	1,610	0.16
Air Lease 3.75% 01/06/2026	\$850,000	642	0.06
Albertsons 4.625% 15/01/2027	\$865,000	653	0.06
Albertsons 4.875% 15/02/2030	\$961,000	704	0.07
Albertsons 5.875% 15/02/2028	\$220,000	169	0.02
Albertsons 7.50% 15/03/2026	\$360,000	286	0.03
Allegiant Travel 7.25% 15/08/2027	\$295,000	218	0.02
Alliant Holdings 6.75% 15/04/2028	\$1,910,000	1,496	0.15
Alliant Holdings 6.75% 15/10/2027	\$495,000	380	0.04
Ally Financial 4.7% VRN Perpetual**	\$1,256,000	786	0.08
Ally Financial 8% 01/11/2031	\$1,000,000	857	0.08
Altice Financing 5% 15/01/2028	\$2,122,000	1,297	0.13
Altice France 5.5% 15/10/2029	\$2,470,000	1,287	0.13
AMC Networks 10.25% 15/01/2029	\$460,000	359	0.03
American Airlines 5.50% 20/04/2026	\$115,333	89	0.01
American Airlines 5.75% 20/04/2029	\$870,000	657	0.06
American Builders & Contractors Supply 3.875% 15/11/2029	\$1,400,000	970	0.09
American International Group 3.4% 30/06/2030	\$650,000	460	0.04
American Tower 3.95% 15/03/2029	\$625,000	459	0.04
Amgen 4.2% 01/03/2033	\$2,425,000	1,750	0.17
Amgen 5.25% 02/03/2033	\$1,624,000	1,262	0.12
Amkor Technology 6.625% 15/09/2027	\$250,000	196	0.02
ANGI Group 3.875% 15/08/2028	\$1,443,000	969	0.09

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
Anglo American Capital 4.75% 10/04/2027	\$1,000,000	768	0.07
Antero Midstream Partners 6.62% 01/02/2032	\$845,000	661	0.06
APi Escrow 4.75% 15/10/2029	\$190,000	137	0.01
APi Group DE 4.125% 15/07/2029	\$1,756,000	1,238	0.12
APX Group 5.75% 15/07/2029	\$1,505,000	1,117	0.11
ARD Finance 5% 30/06/2027	€861,027	161	0.02
ARD Finance 6.50% 30/06/2027	\$1,355,000	250	0.02
Ardagh Metal Packaging Finance 3.00% 01/09/2029	€780,000	536	0.05
Ardagh Metal Packaging Finance 4.00% 01/09/2029	\$395,000	256	0.02
Ardagh Metal Packaging Finance 6.00% 15/06/2027	\$565,000	433	0.04
Ardagh Packaging Finance 5.25% 15/08/2027	\$1,145,000	527	0.05
Aretec Escrow Issuer 7.5% 01/04/2029	\$560,000	424	0.04
Asbury Automotive Group 4.625% 15/11/2029	\$1,133,000	810	0.08
Asbury Automotive Group 5% 15/02/2032	\$272,000	191	0.02
Ashland 3.375% 01/09/2031	\$1,080,000	710	0.07
Ashland Services 2% 30/01/2028	€250,000	196	0.02
AssuredPartners 5.625% 15/01/2029	\$215,000	157	0.02
AT&T 2.25% 01/02/2032	\$1,225,000	773	0.08
AT&T 2.75% 01/06/2031	\$2,325,000	1,549	0.15
AT&T 4.35% 01/03/2029	\$325,000	245	0.02
Austin BidCo 7.125% 15/12/2028	\$871,000	618	0.06
Avantor Funding 3.875% 01/11/2029	\$3,030,000	2,129	0.21
Aviation Capital Group 1.95% 30/01/2026	\$250,000	184	0.02
Avient 7.125% 01/08/2030	\$665,000	528	0.05
Avolon Holdings Funding 2.528% 18/11/2027	\$480,000	336	0.03
Avolon Holdings Funding 3.25% 15/02/2027	\$1,114,000	813	0.08
Axalta Coating Systems 3.375% 15/02/2029	\$2,220,000	1,556	0.15
Ball 6% 15/06/2029	\$1,500,000	1,174	0.11
Bank of America 5.202% VRN 25/04/2029**	\$955,000	744	0.07
Bank of America 5.468% VRN 23/01/2035**	\$1,899,000	1,480	0.14
Bank of America 6.1% VRN Perpetual**	\$375,000	294	0.03
Bank of America 6.25% VRN Perpetual**	\$775,000	605	0.06
Barclays 4.836% 09/05/2028	\$400,000	302	0.03
Barclays 8% VRN Perpetual**	\$1,025,000	802	0.08
BAT Capital 2.259% 25/03/2028	\$1,700,000	1,188	0.12
BAT Capital 4.39% 15/08/2037	\$1,100,000	726	0.07
Bausch Health Cos Inc 6.125% 01/02/2027	\$808,000	523	0.05
BCPE Empire Holdings 7.625% 01/05/2027	\$991,000	751	0.07

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
Beacon Roofing Supply 4.125% 15/05/2029	\$870,000	617	0.06
Berry Global 5.625% 15/07/2027	\$1,245,000	962	0.09
Blackstone Private Credit Fund 2.7% 15/01/2025	\$1,675,000	1,285	0.13
Blue Racer 7.00% 15/07/2029	\$325,000	257	0.02
Blue Racer 7.25% 15/07/2032	\$325,000	259	0.03
BNP Paribas 4.375% 12/05/2026	\$825,000	629	0.06
Bombardier 7.0% 01/06/2032	\$985,000	773	0.08
Bonanza Creek Energy 5% 15/10/2026	\$440,000	336	0.03
Booz Allen Hamilton 3.875% 01/09/2028	\$1,500,000	1,101	0.11
Boyne USA 4.75% 15/05/2029	\$1,803,000	1,302	0.13
BPCE 3.116% VRN 19/10/2032**	\$2,362,000	1,518	0.15
BPCE 4.625% 11/07/2024	\$500,000	391	0.04
Broadcom 3.137% 15/11/2035	\$473,000	294	0.03
Broadcom 3.187% 15/11/2036	\$2,277,000	1,399	0.14
Broadcom 3.469% 15/04/2034	\$527,000	348	0.03
Broadcom 4.15% 15/04/2032	\$1,550,000	1,110	0.11
BroadStreet Partners 5.875% 15/04/2029	\$2,393,000	1,716	0.17
Brookfield Property 5.75% 15/05/2026	\$950,000	729	0.07
Brookfield Residential Properties 4.875% 15/02/2030	\$554,000	380	0.04
Brunello Bidco 3.5% 15/02/2028	€1,025,000	827	0.08
Buckeye Partners 3.95% 01/12/2026	\$1,101,000	818	0.08
Buckeye Partners 4.125% 01/12/2027	\$732,000	532	0.05
Buckeye Partners 4.5% 01/03/2028	\$1,685,000	1,233	0.12
Builders FirstSource 5% 01/03/2030	\$2,015,000	1,486	0.14
BWX Technologies 4.125% 30/06/2028	\$305,000	221	0.02
CAB SELAS 3.375% 01/02/2028	€450,000	345	0.03
Cablevision Lightpath 5.625% 15/09/2028	\$405,000	249	0.02
Caesars Entertainment 7% 15/02/2030	\$1,430,000	1,133	0.11
California Resources 7.125% 01/02/2026	\$695,000	546	0.05
Calpine 3.75% 01/03/2031	\$1,750,000	1,197	0.12
Cargo Aircraft Management 4.75% 01/02/2028	\$260,000	187	0.02
Carnival 7% 15/08/2029	\$688,000	553	0.05
Castle US Holding 9.5% 15/02/2028	\$1,226,000	459	0.04
Castlelake Aviation Finance DAC 5% 15/04/2027	\$800,000	602	0.06
Catalent Pharma Solutions 3.125% 15/02/2029	\$854,000	639	0.06
Catalent Pharma Solutions 3.5% 01/04/2030	\$671,000	502	0.05
CCO Holdings 4.25% 01/02/2031	\$3,080,000	1,940	0.19
CCO Holdings 4.75% 01/03/2030	\$2,233,000	1,488	0.15



**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
CCO Holdings 4.75% 01/02/2032	\$1,710,000	1,077	0.11
Central Garden & Pet 4.125% 15/10/2030	\$600,000	417	0.04
Charles Schwab 4% VRN Perpetual**	\$950,000	693	0.07
Chart Industries 7.5% 01/01/2030	\$590,000	476	0.05
Charter Communications Operating Capital 6.384% 23/10/2035	\$1,913,000	1,464	0.14
Chemours 4% 15/05/2026	€1,250,000	1,035	0.10
Chemours 4.625% 15/11/2029	\$833,000	558	0.05
Chemours 5.375% 15/05/2027	\$575,000	427	0.04
Cheniere Energy Partners 4.5% 01/10/2029	\$550,000	410	0.04
Chesapeake Energy 5.5% 15/09/2026	\$500,000	8	0.00
Chrome Holdco 5% 31/05/2029	€486,000	286	0.03
Cigna 2.4% 15/03/2030	\$4,447,000	2,989	0.29
Cinemark USA 5.25% 15/07/2028	\$1,352,000	989	0.10
Cirsa Finance International 6.50% 15/03/2029	€228,000	200	0.02
Citigroup 3.057% VRN 25/01/2033**	\$1,650,000	1,093	0.11
Citigroup 6.25% VRN Perpetual**	\$619,000	485	0.05
Civitas Resources 8.375% 01/07/2028	\$515,000	422	0.04
Clarios Global 6.75% 15/05/2025	\$219,000	172	0.02
Clarios US Finance 8.5% 15/05/2027	\$837,000	658	0.06
Clarivate Science Holdings Corp 3.875% 01/07/2028	\$1,900,000	1,362	0.13
Clarivate Science Holdings Corp 4.875% 01/07/2029	\$826,000	591	0.06
Clear Channel Outdoor Holdings 7.87% 01/04/2030	\$1,460,000	1,138	0.11
Cleveland-Cliffs 4.875% 01/03/2031	\$2,044,000	1,401	0.14
Cleveland-Cliffs 5.875% 01/06/2027	\$750,000	583	0.06
Cloud Software Group 8.25% 30/06/2032	\$755,000	597	0.06
CNX Midstream Partners 4.75% 15/04/2030	\$1,110,000	778	0.08
CNX Resources 7.25% 01/03/2032	\$2,250,000	1,785	0.17
Constellation Brands 2.875% 01/05/2030	\$675,000	462	0.04
Constellium 3.75% 15/04/2029	\$865,000	608	0.06
Constellium 5.875% 15/02/2026	\$464,000	361	0.04
Continental Resources 5.75% 15/01/2031	\$815,000	629	0.06
Cornerstone Building Brands 6.125% 15/01/2029	\$613,000	392	0.04
Cougar JV Subsidiary 8.0% 15/05/2032	\$1,324,000	1,069	0.10
CP Atlas Buyer 7% 01/12/2028	\$690,000	482	0.05
CQP Holdco LP BIPV Chinook Holdco 5.5% 15/06/2031	\$2,446,000	1,796	0.17
Cumulus Media New Holdings 8.00% 01/07/2029	\$602,000	234	0.02
CVS Health 2.125% 15/09/2031	\$2,425,000	1,514	0.15
CVS Health 3.75% 01/04/2030	\$675,000	483	0.05

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
CVS Health 4.78% 25/03/2038	\$525,000	366	0.04
Dana 4.25% 01/09/2030	\$935,000	636	0.06
DaVita 3.75% 15/02/2031	\$1,585,000	1,041	0.10
DCP Midstream Operating 6.75% 15/09/2037	\$1,500,000	1,251	0.12
Dealer Tire 8.00% 01/02/2028	\$1,157,000	890	0.09
Dell International 6.10% 15/07/2027	\$275,000	221	0.02
Dell International 6.20% 15/07/2030	\$925,000	757	0.07
Dell International 8.10% 15/07/2036	\$810,000	758	0.07
Delta Air Lines 7.375% 15/01/2026	\$1,265,000	1,014	0.10
Deutsche Bank 3.729% VRN 14/01/2032**	\$705,000	465	0.05
DIRECTV Holdings 5.875% 15/08/2027	\$2,325,000	1,713	0.17
Discover Financial Services 4.10% 09/02/2027	\$2,849,000	2,147	0.21
DISH DBS 5.25% 01/12/2026	\$575,000	359	0.03
DISH DBS 7.75% 01/07/2026	\$440,000	221	0.02
DT Midstream 4.375% 15/06/2031	\$1,670,000	1,177	0.11
Dycom Industries 4.5% 15/04/2029	\$2,317,000	1,687	0.16
Elastic 4.125% 15/07/2029	\$625,000	437	0.04
Electricite de France 5% VRN Perpetual**	€300,000	255	0.02
Endure Digital 6% 15/02/2029	\$402,000	227	0.02
Energy Transfer LP 5.25% 15/04/2029	\$1,725,000	1,344	0.13
Energy Transfer Partners 6.625% 15/10/2036	\$1,376,000	1,125	0.11
EnLink Midstream Partners 9.70088% VRN Perpetual**	\$1,166,000	904	0.09
EQM Midstream Partners LP 7.5% 01/06/2027	\$1,345,000	1,076	0.10
Expedia Group 2.95% 15/03/2031	\$1,450,000	979	0.10
Expedia Group 3.25% 15/02/2030	\$1,750,000	1,224	0.12
Expedia Group 4.625% 01/08/2027	\$404,000	310	0.03
Fidelity & Guaranty Life Holdings 5.5% 01/05/2025	\$1,000,000	779	0.08
FMG Resources August 2006 Pty 5.875% 15/04/2030	\$1,625,000	1,232	0.12
Ford Motor 3.25% 12/02/2032	\$3,372,000	2,171	0.21
Ford Motor Credit 3.375% 13/11/2025	\$1,440,000	1,090	0.11
Ford Motor Credit 3.815% 02/11/2027	\$611,000	447	0.04
Ford Motor Credit 4.125% 17/08/2027	\$1,075,000	798	0.08
Ford Motor Credit 4.687% 09/06/2025	\$200,000	155	0.02
Ford Motor Credit 4.95% 28/05/2027	\$442,000	338	0.03
Fortress Transportation and Infrastructure 5.5% 01/05/2028	\$1,460,000	1,104	0.11
Foundation Building Materials 6% 01/03/2029	\$275,000	190	0.02
Freedom Mortgage 6.625% 15/01/2027	\$1,448,000	1,095	0.11
Freedom Mortgage 7.625% 01/05/2026	\$382,000	298	0.03

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
Freedom Mortgage 9.25% 01/02/2029	\$1,605,000	1,271	0.12
Garda World Security 7.75% 15/02/2028	\$1,792,000	1,422	0.14
Gartner 3.75% 01/10/2030	\$740,000	511	0.05
Gen Digital 5% 15/04/2025	\$350,000	272	0.03
General Motors 5% 01/10/2028	\$1,175,000	909	0.09
General Motors 6.6% 01/04/2036	\$1,000,000	820	0.08
General Motors Financial 2.35% 08/01/2031	\$2,275,000	1,453	0.14
Genesis Energy 7.75% 01/02/2028	\$971,000	763	0.07
Genesis Energy 7.87% 15/05/2032	\$1,290,000	1,011	0.10
Getty Images 9.75% 01/03/2027	\$1,683,000	1,317	0.13
GFL Environmental 3.75% 01/08/2025	\$1,000,000	765	0.07
GFL Environmental 4% 01/08/2028	\$2,468,000	1,769	0.17
GFL Environmental 5.125% 15/12/2026	\$270,000	208	0.02
Glencore Finance Canada 6.9% 15/11/2037	\$500,000	420	0.04
Glencore Funding 2.85% 27/04/2031	\$2,228,000	1,470	0.14
Glencore Funding 4.875% 12/03/2029	\$1,575,000	1,208	0.12
Global Infrastructure Solutions 5.625% 01/06/2029	\$1,904,000	1,382	0.13
Global Infrastructure Solutions 7.5% 15/04/2032	\$806,000	614	0.06
Global Partners 6.875% 15/01/2029	\$600,000	462	0.04
Global Partners 7.00% 01/08/2027	\$1,085,000	849	0.08
Go Daddy Operating 3.50% 01/03/2029	\$1,151,000	803	0.08
Go Daddy Operating 5.25% 01/12/2027	\$500,000	379	0.04
GrubHub Holdings 5.5% 01/07/2027	\$951,000	673	0.07
GYP Holdings III 4.625% 01/05/2029	\$2,031,000	1,469	0.14
H&E Equipment Services 3.875% 15/12/2028	\$1,725,000	1,211	0.12
Hawaiian Brand Intellectual Property 5.75% 20/01/2026	\$716,000	518	0.05
HealthEquity Inc 4.5% 01/10/2029	\$1,356,000	968	0.09
Heathrow Finance 6.625% 01/03/2031	£1,750,000	1,719	0.17
Hewlett Packard Enterprise 6.2% 15/10/2035	\$324,000	268	0.03
Hillenbrand 3.75% 01/03/2031	\$468,000	316	0.03
Hillenbrand 6.25% 15/02/2029	\$502,000	391	0.04
Hilton Grand Vacations Borrower 4.875% 01/07/2031	\$945,000	652	0.06
Hilton Grand Vacations Borrower 5.00% 01/06/2029	\$2,420,000	1,750	0.17
Hilton Grand Vacations Borrower 6.62% 15/01/2032	\$530,000	413	0.04
Howard Hughes 4.125% 01/02/2029	\$240,000	167	0.02
Howard Midstream Energy Partners 6.75% 15/01/2027	\$1,135,000	890	0.09
Howard Midstream Energy Partners 8.875% 15/07/2028	\$635,000	521	0.05
Howmet Aerospace 5.125% 01/10/2024	\$196,000	154	0.01

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
HUB International 7.375% 31/01/2032	\$625,000	491	0.05
Hughes Satellite Systems 6.625% 01/08/2026	\$820,000	324	0.03
Husky Injection Molding Systems L 9.0% 15/02/2029	\$1,370,000	1,100	0.11
Hyundai Capital America 5.7% 26/06/2030	\$1,575,000	1,241	0.12
Icahn Enterprises Finance 4.375% 01/02/2029	\$1,590,000	1,038	0.10
Icahn Enterprises Finance 4.75% 15/09/2024	\$1,001,000	783	0.08
Icahn Enterprises Finance 9.75% 15/01/2029	\$1,635,000	1,312	0.13
iHeartCommunications 8.375% 01/05/2027	\$1,545,000	427	0.04
Imola Merger 4.75% 15/05/2029	\$2,500,000	1,826	0.18
Indigo 2.875% 15/07/2026	\$305,000	226	0.02
INEOS Quattro Finance 2 2.5% 15/01/2026	€250,000	206	0.02
ING Groep 6.5% VRN Perpetual**	\$1,000,000	779	0.08
Ingevity 3.875% 01/11/2028	\$1,370,000	964	0.09
Installed Building Products 5.75% 01/02/2028	\$250,000	190	0.02
Intelligent Packaging 6.00% 15/09/2028	\$1,121,000	842	0.08
Intesa Sanpaolo 5.017% 26/06/2024	\$760,000	595	0.06
ION Trading Technologies 5.75% 15/05/2028	\$507,000	361	0.04
Iron Mountain Information Management 5% 15/07/2032	\$2,435,000	1,717	0.17
ITT Holdings 6.5% 01/08/2029	\$1,184,000	848	0.08
J M Smucker 6.2% 15/11/2033	\$3,555,000	2,910	0.28
J2 Global 4.625% 15/10/2030	\$870,000	608	0.06
Jazz Securities DAC 4.375% 15/01/2029	\$1,958,000	1,411	0.14
JBS USA Finance 5.5% 15/01/2030	\$600,000	459	0.04
Jefferies Finance 5.00% 15/08/2028	\$1,287,000	927	0.09
JPMorgan Chase & Co 2.956% VRN 13/05/2031**	\$3,875,000	2,640	0.26
JPMorgan Chase & Co 6.1% VRN Perpetual**	\$375,000	295	0.03
JPMorgan Chase & Co 6.875% VRN Perpetual**	\$3,345,000	2,701	0.26
KB Home 4% 15/06/2031	\$835,000	579	0.06
KB Home 7.25% 15/07/2030	\$540,000	434	0.04
KBR 4.75% 30/09/2028	\$344,000	251	0.02
Ken Garff Automotive LLC 4.875% 15/09/2028	\$2,500,000	1,806	0.18
Keurig Dr Pepper 3.8% 01/05/2050	\$91,000	53	0.01
Keurig Dr Pepper 4.05% 15/04/2032	\$2,150,000	1,554	0.15
Kinder Morgan 7.75% 15/01/2032	\$1,725,000	1,519	0.15
Kinder Morgan Energy Partners 7.3% 15/08/2033	\$1,102,000	960	0.09
Kinetik Holdings 5.875% 15/06/2030	\$1,345,000	1,027	0.10
Kodiak Gas Services 7.25% 15/02/2029	\$1,700,000	1,353	0.13
Kraft Heinz Foods 4.375% 01/06/2046	\$840,000	540	0.05

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
Kraft Heinz Foods 5% 15/07/2035	\$1,750,000	1,329	0.13
Kraft Heinz Foods 5.5% 01/06/2050	\$345,000	259	0.03
LABL Escrow Issuer 6.75% 15/07/2026	\$550,000	426	0.04
Laboratoire Eimer Selas 5% 01/02/2029	€175,000	127	0.01
LCM Investments Holdings II 4.875% 01/05/2029	\$2,220,000	1,614	0.16
LCM Investments Holdings II 8.25% 01/08/2031	\$410,000	332	0.03
Level 3 Financing 10.5% 15/05/2030	\$438,000	340	0.03
Lifepoint Health 11% 15/10/2030	\$1,005,000	866	0.08
Lifepoint Health 5.375% 15/01/2029	\$2,100,000	1,387	0.13
Lions Gate Capital Holdings 5.5% 15/04/2029	\$851,000	468	0.05
Live Nation Entertainment 3.75% 15/01/2028	\$310,000	223	0.02
Live Nation Entertainment 6.5% 15/05/2027	\$400,000	315	0.03
Lorca Telecom Bondco 4% 18/09/2027	€510,000	424	0.04
Lowe's 3.75% 01/04/2032	\$2,175,000	1,540	0.15
Lowe's 5.00% 15/04/2033	\$1,375,000	1,056	0.10
Loxam 3.75% 15/07/2026	€125,000	105	0.01
LPL Holdings 4% 15/03/2029	\$1,095,000	793	0.08
LPL Holdings 4.625% 15/11/2027	\$450,000	340	0.03
M/I Homes 4.95% 01/02/2028	\$487,000	363	0.04
Macquarie Airfinance 6.4% 26/03/2029	\$160,000	127	0.01
Macquarie Airfinance 8.125% 30/03/2029	\$725,000	597	0.06
Madison IAQ 4.125% 30/06/2028	\$1,476,000	1,069	0.10
Madison IAQ 5.875% 30/06/2029	\$167,000	121	0.01
MajorDrive Holdings IV 6.375% 01/06/2029	\$1,510,000	1,117	0.11
Marriott International 4.9% 15/04/2029	\$625,000	481	0.05
Marriott Ownership Resorts 4.5% 15/06/2029	\$2,460,000	1,743	0.17
Matador Resources 6.50% 15/04/2032	\$630,000	492	0.05
Matador Resources 6.875% 15/04/2028	\$1,035,000	818	0.08
Match Group Holdings II 3.625% 01/10/2031	\$155,000	101	0.01
Match Group Holdings II 4.125% 01/08/2030	\$968,000	658	0.06
Match Group Holdings II 4.625% 01/06/2028	\$689,000	500	0.05
Match Group Holdings II 5.625% 15/02/2029	\$205,000	152	0.01
Mattel 3.375% 01/04/2026	\$300,000	225	0.02
Mattel 3.75% 01/04/2029	\$1,332,000	956	0.09
Matterhorn Finance 8.5% 01/06/2026	\$951,000	35	0.00
McAfee 7.375% 15/02/2030	\$2,200,000	1,588	0.15
Medline Borrower 3.875% 01/04/2029	\$2,431,000	1,733	0.17
Medline Borrower 5.25% 01/10/2029	\$1,085,000	799	0.08

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
MEG Energy 5.875% 01/02/2029	\$600,000	454	0.04
Melco Resorts Finance 7.62% 17/04/2032	\$605,000	468	0.05
Merlin Entertainments Group US Holdings 7.37% 15/02/2031	\$555,000	441	0.04
Metis Merger 6.5% 15/05/2029	\$2,612,000	1,877	0.18
MGM Resorts International 4.75% 15/10/2028	\$2,054,000	1,506	0.15
Midcap Financial Issuer Trust 5.625% 15/01/2030	\$275,000	184	0.02
Midcap Financial Issuer Trust 6.5% 01/05/2028	\$2,652,000	1,936	0.19
Minerals Technologies 5% 01/07/2028	\$496,000	367	0.04
Minerva Merger Sub Inc 6.5% 15/02/2030	\$2,482,000	1,759	0.17
Molina Healthcare 3.875% 15/05/2032	\$639,000	424	0.04
Molina Healthcare 3.875% 15/11/2030	\$265,000	182	0.02
Mooney Group 3.875% FRN 17/12/2026**	€225,000	191	0.02
Morgan Stanley 2.511% VRN 20/10/2032**	\$990,000	637	0.06
Morgan Stanley 2.943% VRN 21/01/2033**	\$2,175,000	1,436	0.14
Morgan Stanley 4.889% VRN 20/07/2033**	\$1,275,000	958	0.09
Motion Bondco 6.625% 15/11/2027	\$1,984,000	1,514	0.15
MPLX LP 2.65% 15/08/2030	\$3,483,000	2,328	0.23
MPT Finance 3.375% 24/04/2030	£625,000	403	0.04
MPT Finance 3.5% 15/03/2031	\$825,000	418	0.04
MPT Finance 4.625% 01/08/2029	\$1,190,000	677	0.07
MSCI 3.625% 01/09/2030	\$1,150,000	796	0.08
MSCI 3.625% 01/11/2031	\$2,273,000	1,551	0.15
MSCI 3.875% 15/02/2031	\$1,217,000	850	0.08
Murphy Oil USA 3.75% 15/02/2031	\$2,622,000	1,776	0.17
Nabors Industries 7.375% 15/05/2027	\$1,875,000	1,464	0.14
Nationstar Mortgage Holdings 5.5% 15/08/2028	\$1,517,000	1,133	0.11
Navient 5.5% 15/03/2029	\$1,110,000	789	0.08
Navient 9.375% 25/07/2030	\$1,823,000	1,492	0.15
NESCO Holdings II 5.5% 15/04/2029	\$1,864,000	1,343	0.13
New Red Finance 4% 15/10/2030	\$3,382,000	2,303	0.22
Newell Brands 5.75% 01/04/2046	\$477,000	307	0.03
News 3.875% 15/05/2029	\$1,567,000	1,119	0.11
Noble Finance II LLC 8% 15/04/2030	\$580,000	471	0.05
Nokia of America 6.45% 15/03/2029	\$1,000,000	753	0.07
Novelis 4.75% 30/01/2030	\$2,180,000	1,581	0.15
NRG Energy 3.375% 15/02/2029	\$136,000	94	0.01
NRG Energy 3.625% 15/02/2031	\$362,000	243	0.02
NRG Energy 3.75% 15/06/2024	\$850,000	666	0.06

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
NuStar Logistics 6.375% 01/10/2030	\$2,555,000	1,994	0.19
Occidental Petroleum 6.625% 01/09/2030	\$775,000	632	0.06
Olympus Water US Holding 9.75% 15/11/2028	\$940,000	784	0.08
OneMain Finance 4% 15/09/2030	\$517,000	344	0.03
OneMain Finance 5.375% 15/11/2029	\$825,000	601	0.06
OneMain Finance 7.125% 15/03/2026	\$550,000	436	0.04
OneMain Finance 7.5% 15/05/2031	\$1,300,000	1,016	0.10
Open Text 3.875% 01/12/2029	\$3,157,000	2,177	0.21
Oracle 3.6% 01/04/2050	\$196,000	107	0.01
Oracle 6.25% 09/11/2032	\$3,600,000	2,973	0.29
Organon Finance 1 4.125% 30/04/2028	\$240,000	174	0.02
Organon Finance 1 5.125% 30/04/2031	\$670,000	464	0.05
Outfront Media Capital 4.25% 15/01/2029	\$250,000	176	0.02
Outfront Media Capital 5.00% 15/08/2027	\$412,000	310	0.03
Owens Corning 3.50% 15/02/2030	\$1,885,000	1,337	0.13
Oxford Finance 6.375% 01/02/2027	\$480,000	358	0.03
Pacific Gas and Electric 3.5% 01/08/2050	\$431,000	223	0.02
Penn National Gaming 4.125% 01/07/2029	\$2,862,000	1,868	0.18
Penske Automotive Group 3.75% 15/06/2029	\$754,000	524	0.05
Performance Food Group 5.5% 15/10/2027	\$400,000	304	0.03
Permian Resources Operating 5.875% 01/07/2029	\$611,000	467	0.05
Permian Resources Operating 7% 15/01/2032	\$576,000	461	0.04
Phinia 6.75% 15/04/2029	\$605,000	478	0.05
Pike 5.5% 01/09/2028	\$1,610,000	1,203	0.12
Pike 8.625% 31/01/2031	\$100,000	83	0.01
Pinewood Finco 6.00% 27/03/2030	£1,750,000	1,716	0.17
Playtika Holding 4.25% 15/03/2029	\$1,075,000	735	0.07
PNC Financial Services Group 6.2% VRN Perpetual**	\$1,990,000	1,529	0.15
Post Holdings 4.625% 15/04/2030	\$1,030,000	734	0.07
Post Holdings 5.625% 15/01/2028	\$750,000	572	0.06
Prairie Acquiror 9.0% 01/08/2029	\$1,575,000	1,268	0.12
Prestige Brands 3.75% 01/04/2031	\$540,000	362	0.04
Prime Security Services Borrower 3.375% 31/08/2027	\$450,000	323	0.03
Pulte Homes 7.875% 15/06/2032	\$1,000,000	895	0.09
Rand Parent LLC 8.5% 15/02/2030	\$1,030,000	790	0.08
Regal Rexnord 6.3% 15/02/2030	\$680,000	545	0.05
Reynolds Group Issuer 4% 15/10/2027	\$423,000	309	0.03
Roblox 3.875% 01/05/2030	\$2,250,000	1,536	0.15

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
Rocket Mortgage 2.875% 15/10/2026	\$770,000	560	0.05
Rocket Mortgage 3.875% 01/03/2031	\$737,000	499	0.05
Rocket Mortgage 4.00% 15/10/2033	\$800,000	518	0.05
Rockies Express Pipeline LLC 4.8% 15/05/2030	\$1,500,000	1,073	0.10
Royal Caribbean Cruises 6.25% 15/03/2032	\$410,000	319	0.03
Sabine Pass Liquefaction 4.2% 15/03/2028	\$675,000	510	0.05
SBA Communications 3.875% 15/02/2027	\$899,000	665	0.06
Scotts MiracleGro CoThe 4% 01/04/2031	\$1,273,000	850	0.08
Sealed Air 4% 01/12/2027	\$450,000	330	0.03
Sealed Air 6.125% 01/02/2028	\$1,855,000	1,442	0.14
SeaWorld Parks & Entertainment 5.25% 15/08/2029	\$3,036,000	2,219	0.22
Select Medical 6.25% 15/08/2026	\$650,000	510	0.05
Sensata Technologies 3.75% 15/02/2031	\$1,628,000	1,099	0.11
Service Corp International 4.00% 15/05/2031	\$1,950,000	1,336	0.13
Sinclair Television Group Inc 5.125% 15/02/2027	\$378,000	264	0.03
Sirius XM Radio 3.125% 01/09/2026	\$590,000	432	0.04
Sirius XM Radio 3.875% 01/09/2031	\$2,095,000	1,311	0.13
Sirius XM Radio 4% 15/07/2028	\$2,092,000	1,461	0.14
Sitio Royalties Operating 7.875% 01/11/2028	\$2,126,000	1,730	0.17
Six Flags Entertainment 5.5% 15/04/2027	\$1,100,000	845	0.08
SNF Group 3.375% 15/03/2030	\$290,000	195	0.02
Sonic Automotive 4.625% 15/11/2029	\$729,000	512	0.05
Sonic Automotive 4.875% 15/11/2031	\$839,000	576	0.06
Southwestern Energy 5.375% 15/03/2030	\$1,665,000	1,254	0.12
SPCM SA 3.125% 15/03/2027	\$200,000	144	0.01
Specialty Building Products Holdings 6.375% 30/09/2026	\$1,025,000	786	0.08
Spectrum Brands 3.875% 15/03/2031	\$895,000	646	0.06
Spectrum Brands 4% 01/10/2026	€250,000	211	0.02
Spirit AeroSystems 9.375% 30/11/2029	\$745,000	626	0.06
Spirit AeroSystems 9.75% 15/11/2030	\$1,115,000	953	0.09
Sprint Capital 8.75% 15/03/2032	\$770,000	720	0.07
SRS Distribution 4.625% 01/07/2028	\$2,075,000	1,617	0.16
SRS Distribution 6.125% 01/07/2029	\$1,142,000	909	0.09
SS&C Technologies 6.50% 01/06/2032	\$1,680,000	1,319	0.13
Standard Chartered 4.75% VRN Perpetual**	\$1,375,000	882	0.09
Standard Industries 3.375% 15/01/2031	\$1,363,000	890	0.09
Standard Industries IncNJ 4.375% 15/07/2030	\$1,165,000	813	0.08
Starwood Property Trust 4.75% 15/03/2025	\$1,000,000	770	0.07



**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
StoneX Group 7.875% 01/03/2031	\$785,000	629	0.06
Suburban Energy Finance 5% 01/06/2031	\$750,000	528	0.05
Summit Midstream Holdings 12.00% 15/10/2026	\$915,000	725	0.07
Sunoco 4.50% 15/05/2029	\$2,735,000	1,966	0.19
Sunoco 7% 01/05/2029	\$10,000	8	0.00
Sunoco 7.25% 01/05/2032	\$10,000	8	0.00
Tallgrass Energy Partners 6.00% 31/12/2030	\$165,000	122	0.01
Tallgrass Energy Partners 6.00% 01/09/2031	\$1,900,000	1,392	0.14
Tallgrass Energy Partners 7.37% 15/02/2029	\$765,000	600	0.06
Targa Resources Partners 4.00% 15/01/2032	\$1,220,000	851	0.08
Targa Resources Partners 4.875% 01/02/2031	\$575,000	428	0.04
Taylor Morrison Communities 5.125% 01/08/2030	\$1,018,000	755	0.07
TechnipFMC 6.5% 01/02/2026	\$1,040,000	813	0.08
Teck Resources 6% 15/08/2040	\$575,000	447	0.04
Tegna 4.625% 15/03/2028	\$800,000	566	0.06
Tempur Sealy International 3.875% 15/10/2031	\$1,010,000	664	0.06
Tenet Healthcare 6.125% 15/06/2030	\$1,410,000	1,093	0.11
TK Elevator 7.625% 15/07/2028	\$1,556,000	1,204	0.12
T-Mobile USA 2.875% 15/02/2031	\$485,000	326	0.03
T-Mobile USA 3.50% 15/04/2031	\$2,250,000	1,568	0.15
T-Mobile USA 3.875% 15/04/2030	\$1,100,000	801	0.08
T-Mobile USA 4.5% 15/04/2050	\$570,000	372	0.04
TransDigm 4.625% 15/01/2029	\$2,331,000	1,682	0.16
TransDigm 4.875% 01/05/2029	\$4,321,000	3,139	0.31
TransDigm 6.75% 15/08/2028	\$805,000	636	0.06
TransDigm 7.125% 01/12/2031	\$40,000	32	0.00
Transocean 8.25% 15/05/2029	\$590,000	463	0.05
Transocean 8.50% 15/05/2031	\$595,000	466	0.05
Transocean 8.75% 15/02/2030	\$112,500	92	0.01
Transocean Poseidon 6.875% 01/02/2027	\$208,575	163	0.02
Transocean Titan Financing 8.375% 01/02/2028	\$275,000	223	0.02
Tri Pointe Homes 5.25% 01/06/2027	\$1,000,000	759	0.07
Tri Pointe Homes 5.7% 15/06/2028	\$121,000	93	0.01
Truist Financial 6.047% VRN 08/06/2027**	\$520,000	410	0.04
TTM Technologies 4% 01/03/2029	\$276,000	196	0.02
TUI Cruises 6.5% 15/05/2026	€831,225	717	0.07
Uber Technologies 4.5% 15/08/2029	\$1,902,000	1,405	0.14
Uber Technologies 6.25% 15/01/2028	\$530,000	415	0.04

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
UBS Group 3.875% VRN Perpetual**	\$3,035,000	2,198	0.21
UBS Group 9.016% VRN 15/11/2033**	\$2,109,000	2,001	0.19
UBS Group 9.25% VRN 31/12/2049**	\$715,000	598	0.06
UBS Group 9.25% VRN Perpetual**	\$653,000	546	0.05
United Airlines 4.625% 15/04/2029	\$680,000	492	0.05
United Group 3.125% 15/02/2026	€725,000	600	0.06
United Wholesale Mortgage 5.5% 15/04/2029	\$1,045,000	767	0.07
US Foods 4.625% 01/06/2030	\$1,130,000	814	0.08
US Foods 4.75% 15/02/2029	\$889,000	653	0.06
USA Compression Partners 7.12% 15/03/2029	\$1,045,000	821	0.08
USI 7.50% 15/01/2032	\$475,000	373	0.04
Valvoline 3.625% 15/06/2031	\$1,795,000	1,187	0.12
Venture Global Calcasieu Pass 4.125% 15/08/2031	\$2,733,000	1,885	0.18
Venture Global LNG 8.125% 01/06/2028	\$2,185,000	1,751	0.17
Venture Global LNG N 9.5% 01/02/2029	\$930,000	790	0.08
Verisure Holding 5.5% 15/05/2030	€960,000	826	0.08
Verisure Midholding 5.25% 15/02/2029	€525,000	434	0.04
Verizon Communications 3.15% 22/03/2030	\$1,075,000	754	0.07
Vertiv Group 4.125% 15/11/2028	\$999,000	724	0.07
VICI Properties LP 4.75% 15/02/2028	\$770,000	585	0.06
VICI Properties LP VICI Note 4.625% 15/06/2025	\$378,000	292	0.03
Videotron 5.375% 15/06/2024	\$1,500,000	1,174	0.11
Virgin Media Secured Finance 5.5% 15/05/2029	\$200,000	142	0.01
Virgin Media Vendor Financing Notes III 4.875% 15/07/2028	£475,000	421	0.04
VistaJet Malta Finance 7.875% 01/05/2027	\$1,255,000	895	0.09
VistaJet Malta Finance 9.50% 01/06/2028	\$785,000	558	0.05
Vistra Operations 4.375% 01/05/2029	\$1,890,000	1,372	0.13
Vmed O2 UK Financing I 4.25% 31/01/2031	\$1,544,000	996	0.10
VOC Escrow 5% 15/02/2028	\$914,000	688	0.07
VT Topco 8.5% 15/08/2030	\$2,407,000	1,971	0.19
VZ Secured Financing BV 5% 15/01/2032	\$2,415,000	1,610	0.16
W.P. Carey Inc 2.4% 01/02/2031	\$2,300,000	1,497	0.15
Wand NewCo 3 7.62% 30/01/2032	\$1,853,000	1,485	0.14
Warnermedia Holdings 4.054% 15/03/2029	\$350,000	252	0.02
Warnermedia Holdings 4.279% 15/03/2032	\$2,146,000	1,471	0.14
Warnermedia Holdings 5.05% 15/03/2042	\$2,000,000	1,293	0.13
Waste Pro USA 5.5% 15/02/2026	\$1,493,000	1,151	0.11
Wells Fargo 7.625% VRN Perpetual**	\$825,000	680	0.07

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Debt Securities - 41.27% (41.21%) (continued)			
Corporate Bonds - 40.12% (41.15%) (continued)			
WESCO Distribution 6.375% 15/03/2029	\$655,000	515	0.05
WESCO Distribution 6.625% 15/03/2032	\$495,000	389	0.04
WESCO Distribution 7.25% 15/06/2028	\$425,000	339	0.03
Williams 7.5% 15/01/2031	\$1,500,000	1,294	0.13
Williams Cos 5.65% 15/03/2033	\$1,450,000	1,143	0.11
WR Grace Holdings 4.875% 15/06/2027	\$1,993,000	1,500	0.15
WR Grace Holdings 5.625% 15/08/2029	\$1,131,000	814	0.08
Xerox Holdings 5% 15/08/2025	\$209,000	160	0.02
XPO Escrow Sub LLC 7.5% 15/11/2027	\$1,148,000	924	0.09
Yum! Brands 3.625% 15/03/2031	\$401,000	273	0.03
Yum! Brands 4.75% 15/01/2030	\$1,200,000	886	0.09
Ziggo 4.875% 15/01/2030	\$621,000	434	0.04
ZoomInfo Finance 3.875% 01/02/2029	\$480,000	335	0.03
Total Corporate Bonds		412,738	40.12
Corporate Convertibles - 0.03% (0.04%)			
Alarm.com Holdings 0% 15/01/2026	\$455,000	325	0.03
Total Corporate Convertibles		325	0.03
Public Authorities - 1.12% (0.02%)			
CoBank 6.25% VRN Perpetual**	\$225,000	175	0.02
US Treasury Note 3.875% 31/12/2029	\$15,000,000	11,378	1.10
Total Public Authorities		11,553	1.12
Total Debt Securities		424,616	41.27
Corporate Preference - 0.03% (0.05%)			
Delphi Financial Group 8.7586% VRN 15/05/2037**	\$13,300	251	0.02
Qwest 6.50% 01/09/2056	\$2,888	23	0.01
Total Corporate Preference		274	0.03
Equities - 44.70% (43.77%)			
United Kingdom - 6.43% (5.06%)			
Basic Materials - 0.96% (0.58%)			
Rio Tinto	180,214	9,901	0.96
Financials - 1.24% (1.12%)			
HSBC Holdings	1,835,327	12,711	1.24

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Equities - 44.70% (43.77%) (continued)			
United Kingdom - 6.43% (5.06%) (continued)			
Healthcare - 1.31% (1.10%)			
AstraZeneca	110,733	13,427	1.31
Oil & Gas - 2.32% (1.51%)			
BP	1,989,188	9,703	0.94
Shell	503,048	14,161	1.38
Total Oil & Gas		23,864	2.32
Utilities - 0.60% (0.75%)			
National Grid	658,529	5,798	0.56
National Grid Rights	192,070	374	0.04
Total Utilities		6,172	0.60
Total United Kingdom		66,075	6.43
Australia - 0.79% (0.83%)			
Transurban	1,247,831	8,130	0.79
Finland - 0.00% (0.46%)			
France - 4.16% (3.73%)			
BNP Paribas	157,154	9,044	0.88
Gecina	47,312	3,990	0.39
LVMH	10,638	6,657	0.65
Sanofi	67,941	5,153	0.50
Schneider Electric	38,047	7,400	0.72
Vinci	108,195	10,554	1.02
Total France		42,798	4.16
Ireland - 2.23% (2.53%)			
Accenture	37,040	8,228	0.80
Eaton	27,895	7,266	0.71
Linde	22,001	7,397	0.72
Total Ireland		22,891	2.23
Italy - 1.06% (0.92%)			
Enel	682,695	3,836	0.37
UniCredit	227,870	7,029	0.69
Total Italy		10,865	1.06

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Equities - 44.70% (43.77%) (continued)			
Japan - 0.99% (1.41%)			
Takeda Pharmaceutical	250,800	5,227	0.51
Tokyo Electron	29,300	4,929	0.48
Total Japan		<u>10,156</u>	<u>0.99</u>
Jersey - 0.00% (0.50%)			
Luxembourg - 0.03% (0.03%)			
Intelsat Emergence	12,183	336	0.03
Netherlands - 1.44% (1.70%)			
Koninklijke Ahold Delhaize	292,943	7,128	0.69
Koninklijke KPN	2,618,775	7,719	0.75
Total Netherlands		<u>14,847</u>	<u>1.44</u>
Singapore - 0.46% (0.49%)			
Singapore Exchange	859,940	4,773	0.46
Spain - 0.84% (0.85%)			
Iberdrola	845,242	8,652	0.84
Switzerland - 2.18% (3.02%)			
Nestlé	68,997	5,734	0.56
Swiss Re	70,809	7,026	0.68
Zurich Insurance Group	23,670	9,715	0.94
Total Switzerland		<u>22,475</u>	<u>2.18</u>
Taiwan - 0.86% (0.77%)			
Taiwan Semiconductor Manufacturing ADR	74,213	8,834	0.86
United States - 23.23% (21.47%)			
Ameren	111,837	6,356	0.62
American Tower	65,610	9,965	0.97
Amgen	25,854	6,092	0.59
AT&T	603,013	8,385	0.82
AvalonBay Communities	32,220	4,826	0.47
BlackStone Group	63,915	6,011	0.58
Bristol-Myers Squibb	221,389	7,002	0.68
Chesapeake Energy	622	44	0.01

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Equities - 44.70% (43.77%) (continued)			
United States - 23.23% (21.47%) (continued)			
Chevron	95,488	11,921	1.16
Cisco Systems	233,539	8,467	0.82
Coca-Cola	245,269	11,908	1.16
CVS Health	128,838	5,697	0.55
Danaher	36,190	7,229	0.70
Fidelity National Information Services	118,476	6,932	0.67
Home Depot	18,268	4,716	0.46
Honeywell International	66,982	10,519	1.02
Illinois Tool Works	35,556	6,632	0.64
Johnson & Johnson	81,730	9,325	0.91
JPMorgan Chase	89,990	14,077	1.37
KLA	7,420	4,449	0.43
McDonald's	35,932	7,147	0.69
Microsoft	48,887	15,796	1.55
Morgan Stanley	5,550	110	0.01
Northern Trust	87,997	5,792	0.56
Procter & Gamble	73,217	9,299	0.90
Prologis	82,890	7,033	0.68
Texas Instruments	69,944	10,733	1.04
United Parcel Service	72,309	7,732	0.75
Walmart	159,438	8,025	0.78
Waste Man	56,369	9,104	0.89
Xcel Energy	176,488	7,602	0.75
Total United States		238,926	23.23
Total Equities		459,758	44.70
Collective Investment Schemes - 9.87% (9.06%)			
Offshore Collective Investment Schemes - 9.87% (9.06%)			
Goldman Sachs - Sterling Liquid Reserves Fund	2,487	27,060	2.63
Goldman Sachs Funds SICAV - Emerging Markets Debt Local Portfolio	5,070,514	30,485	2.96
Goldman Sachs Funds SICAV - Emerging Markets Debt Portfolio	4,840,252	29,897	2.91
Invesco Bloomberg Commodity UCITS ETF	213,577	3,955	0.38
iShares S&P 500 Energy Sector UCITS ETF	397,227	2,832	0.28
iShares S&P 500 Industrials Sector UCITS ETF	928,207	7,334	0.71
Total Offshore Collective Investment Schemes		101,563	9.87
Total Collective Investment Schemes		101,563	9.87

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Futures - -0.04% (0.02%)			
CBT - 2 year US Treasury Note September 2024	178	13	0.00
CBT - 5 year US Treasury Note September 2024	(403)	26	0.00
CBT - 10 year US Treasury Note September 2024	1,777	(290)	(0.03)
CBT - Long US Treasury Bond September 2024	51	(36)	(0.00)
CBT - Ultra 10 year Treasury Note September 2024	(119)	39	0.00
CBT - Ultra US Treasury Bond September 2024	128	(167)	(0.02)
CBT - US 10 Year Note September 2024	(400)	73	0.01
CME - E Mini S&P 500 Index June 2024	26	80	0.01
EUREX - 30 year Euro Buxl June 2024	2	(12)	(0.00)
EUREX - Euro Bobl June 2024	102	5	0.00
EUREX - Euro Schatz September 2024	29	1	0.00
EUREX - Euro Stoxx 50 June 2024	53	(2)	(0.00)
EUX - Euro-Bund Future June 2024	69	(178)	(0.02)
ICF - Long Gilt September 2024	28	(28)	(0.00)
OSE - Topix Index June 2024	32	69	0.01
Total Futures		<u>(407)</u>	<u>(0.04)</u>
Forward Currency Contracts - 0.85% (-0.19%)			
Sell US dollar	(\$56,450,000)	(44,245)	
Buy UK sterling	£44,557,888	44,558	
Expiry date 20 June 2024		<u>313</u>	<u>0.03</u>
Sell US dollar	(\$995,981,964)	(780,590)	
Buy UK sterling	£788,737,069	788,737	
Expiry date 02 July 2024		<u>8,147</u>	<u>0.78</u>
Sell UK sterling	(£47,412,657)	(47,413)	
Buy US dollar	\$59,656,723	46,755	
Expiry date 02 July 2024		<u>(658)</u>	<u>(0.06)</u>
Sell Singapore dollar	(SGD8,073,468)	(4,694)	
Buy UK sterling	£4,749,426	4,749	
Expiry date 05 July 2024		<u>55</u>	<u>0.01</u>
Sell New Taiwan dollar	(TWD340,690,891)	(8,228)	
Buy US dollar	\$10,598,038	8,306	
Expiry date 15 July 2024		<u>78</u>	<u>0.01</u>

**Portfolio statement (continued)**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% total net assets
Forward Currency Contracts - 0.85% (-0.19%) (continued)			
Sell Australian dollar	(AUD32,734,131)	(17,124)	
Buy UK sterling	£17,132,279	17,132	
Expiry date 25 July 2024		8	0.00
Sell Japanese yen	(¥2,104,871,031)	(10,618)	
Buy UK sterling	£10,812,375	10,812	
Expiry date 29 July 2024		194	0.02
Sell Euro	(€87,784,093)	(74,960)	
Buy UK sterling	£75,547,589	75,548	
Expiry date 30 July 2024		588	0.06
Sell UK sterling	(£1,416,865)	(1,417)	
Buy Euro	€1,659,763	1,417	
Expiry date 30 July 2024		-	0.00
Sell Swiss franc	(CHF11,274,235)	(9,879)	
Buy UK sterling	£9,843,596	9,844	
Expiry date 19 August 2024		(35)	(0.00)
Total Forward Currency Contracts		8,690	0.85
<hr/>			
Portfolio of investments		994,494	96.68
Other net assets		34,175	3.32
Total net assets		1,028,669	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

\*\*Variable interest security.



## Summary of portfolio investments

as at 31 May 2024

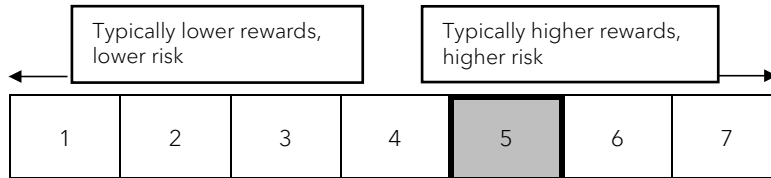
	31 May 2024		31 May 2023	
	Bid-Market value £000s	Total net assets %	Bid-Market value £000s	Total net assets %
Credit breakdown*				
Investments of investment grade	128,281	12.46	94,388	11.03
Investments of below investment grade*	285,643	27.77	245,879	28.73
Unrated bonds	10,692	1.04	12,388	1.45
Total bonds	424,616	41.27	352,655	41.21
Forward currency contracts - assets	9,383	0.91	4,365	0.50
Collective Investment Schemes	101,563	9.87	77,543	9.06
Corporate preference shares	274	0.03	390	0.05
Futures - assets	306	0.03	537	0.06
Equities	459,758	44.70	374,563	43.77
Investments as shown in the balance sheet	995,900	96.81	810,053	94.65
Forward currency contracts - liabilities	(693)	(0.06)	(5,980)	(0.69)
Futures - liabilities	(713)	(0.07)	(337)	(0.04)
Total value of investments	994,494	96.68	803,736	93.92

\* Ratings supplied by S&amp;P, followed by Moody's.

**Risk and reward profile**

The risk and reward profile relates to both share classes in the Sub-Fund.

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

During the year, the risk and reward indicator changed from 4 to 5.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.

## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	94.47	101.06	107.67
Return before operating charges*	9.13	(2.37)	(1.93)
Operating charges	(0.82)	(0.85)	(0.97)
Return after operating charges*	8.31	(3.22)	(2.90)
Distributions+	(3.77)	(3.37)	(3.71)
Closing net asset value per share	99.01	94.47	101.06
*after direct transaction costs of:	0.02	0.03	0.04
Performance			
Return after charges	8.80%	(3.19%)	(2.69%)
Other information			
Closing net asset value (£000s)	142,880	136,717	104,995
Closing number of shares	144,302,574	144,721,099	103,891,413
Operating charges++	0.84%	0.90%	0.91%
Direct transaction costs	0.02%	0.03%	0.03%
Prices			
Highest share price (p)	101.00	100.90	111.00
Lowest share price (p)	90.77	88.72	98.43

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

## Comparative tables (continued)

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	118.14	121.98	125.49
Return before operating charges*	11.60	(2.79)	(2.36)
Operating charges	(1.04)	(1.05)	(1.15)
Return after operating charges*	10.56	(3.84)	(3.51)
Distributions+	(4.77)	(4.16)	(4.39)
Retained distribution on accumulation shares+	4.77	4.16	4.39
Closing net asset value per share	128.70	118.14	121.98
*after direct transaction costs of:	0.03	0.03	0.04
Performance			
Return after charges	8.94%	(3.15%)	(2.80%)
Other information			
Closing net asset value (£000s)	885,789	719,073	622,292
Closing number of shares	688,248,592	608,652,214	510,177,460
Operating charges++	0.84%	0.90%	0.91%
Direct transaction costs	0.02%	0.03%	0.03%
Prices			
Highest share price (p)	130.60	121.70	131.60
Lowest share price (p)	115.10	108.40	118.30

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution tables**

for the year ended 31 May 2024

**Distributions on A Income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.23	group 1	month 1	0.480	-	0.480	0.343
31.07.23	group 2	month 1	0.241	0.239	0.480	0.343
31.08.23	group 1	month 2	0.316	-	0.316	0.287
31.08.23	group 2	month 2	0.179	0.137	0.316	0.287
29.09.23	group 1	month 3	0.294	-	0.294	0.306
29.09.23	group 2	month 3	0.139	0.155	0.294	0.306
31.10.23	group 1	month 4	0.235	-	0.235	0.242
31.10.23	group 2	month 4	0.143	0.092	0.235	0.242
30.11.23	group 1	month 5	0.252	-	0.252	0.206
30.11.23	group 2	month 5	0.110	0.142	0.252	0.206
29.12.23	group 1	interim	0.255	-	0.255	0.190
29.12.23	group 2	interim	0.109	0.146	0.255	0.190
31.01.24	group 1	month 7	0.247	-	0.247	0.247
31.01.24	group 2	month 7	0.125	0.122	0.247	0.247
29.02.24	group 1	month 8	0.284	-	0.284	0.223
29.02.24	group 2	month 8	0.123	0.161	0.284	0.223
29.03.24	group 1	month 9	0.277	-	0.277	0.273
29.03.24	group 2	month 9	0.109	0.168	0.277	0.273
30.04.24	group 1	month 10	0.358	-	0.358	0.368
30.04.24	group 2	month 10	0.146	0.212	0.358	0.368
31.05.24	group 1	month 11	0.445	-	0.445	0.379
31.05.24	group 2	month 11	0.201	0.244	0.445	0.379
28.06.24	group 1	final	0.324	-	0.324	0.310
28.06.24	group 2	final	0.123	0.201	0.324	0.310

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Month 1 distribution:**

Group 1	Shares purchased before 1 June 2023
Group 2	Shares purchased 1 June 2023 to 30 June 2023

**Month 2 distribution:**

Group 1	Shares purchased before 1 July 2023
Group 2	Shares purchased 1 July 2023 to 31 July 2023

**Month 3 distribution:**

Group 1	Shares purchased before 1 August 2023
Group 2	Shares purchased 1 August 2023 to 31 August 2024

**Distribution tables (continued)***for the year ended 31 May 2024***Month 4 distribution:**

Group 1	Shares purchased before 1 September 2023
Group 2	Shares purchased 1 September 2023 to 30 September 2023

**Month 5 distribution:**

Group 1	Shares purchased before 1 October 2023
Group 2	Shares purchased 1 October 2023 to 31 October 2023

**Interim distribution:**

Group 1	Shares purchased before 1 November 2023
Group 2	Shares purchased 1 November 2023 to 30 November 2023

**Month 7 distribution:**

Group 1	Shares purchased before 1 December 2023
Group 2	Shares purchased 1 December 2023 to 31 December 2023

**Month 8 distribution:**

Group 1	Shares purchased before 1 January 2024
Group 2	Shares purchased 1 January 2024 to 31 January 2024

**Month 9 distribution:**

Group 1	Shares purchased before 1 February 2024
Group 2	Shares purchased 1 February 2024 to 29 February 2024

**Month 10 distribution:**

Group 1	Shares purchased before 1 March 2024
Group 2	Shares purchased 1 March 2024 to 31 March 2024

**Month 11 distribution:**

Group 1	Shares purchased before 1 April 2024
Group 2	Shares purchased 1 April 2024 to 30 April 2024

**Final distribution:**

Group 1	Shares purchased before 1 May 2024
Group 2	Shares purchased 1 May 2024 to 31 May 2024

**Distribution tables (continued)**

for the year ended 31 May 2024

**Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.23	group 1	month 1	0.600	-	0.600	0.415
31.07.23	group 2	month 1	0.314	0.286	0.600	0.415
31.08.23	group 1	month 2	0.397	-	0.397	0.347
31.08.23	group 2	month 2	0.235	0.162	0.397	0.347
29.09.23	group 1	month 3	0.370	-	0.370	0.371
29.09.23	group 2	month 3	0.188	0.182	0.370	0.371
31.10.23	group 1	month 4	0.298	-	0.298	0.295
31.10.23	group 2	month 4	0.173	0.125	0.298	0.295
30.11.23	group 1	month 5	0.319	-	0.319	0.253
30.11.23	group 2	month 5	0.126	0.193	0.319	0.253
29.12.23	group 1	interim	0.330	-	0.330	0.233
29.12.23	group 2	interim	0.156	0.174	0.330	0.233
31.01.24	group 1	month 7	0.290	-	0.290	0.303
31.01.24	group 2	month 7	0.239	0.051	0.290	0.303
29.02.24	group 1	month 8	0.356	-	0.356	0.274
29.02.24	group 2	month 8	0.149	0.207	0.356	0.274
29.03.24	group 1	month 9	0.355	-	0.355	0.337
29.03.24	group 2	month 9	0.139	0.216	0.355	0.337
30.04.24	group 1	month 10	0.460	-	0.460	0.469
30.04.24	group 2	month 10	0.187	0.273	0.460	0.469
31.05.24	group 1	month 11	0.574	-	0.574	0.470
31.05.24	group 2	month 11	0.259	0.315	0.574	0.470
28.06.24	group 1	final	0.419	-	0.419	0.388
28.06.24	group 2	final	0.147	0.272	0.419	0.388

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Month 1 distribution:**

- Group 1                      Shares purchased before 1 June 2023  
Group 2                      Shares purchased 1 June 2023 to 30 June 2023

**Month 2 distribution:**

- Group 1                      Shares purchased before 1 July 2023  
Group 2                      Shares purchased 1 July 2023 to 31 July 2023

**Distribution tables (continued)***for the year ended 31 May 2024***Month 3 distribution:**

Group 1	Shares purchased before 1 August 2023
Group 2	Shares purchased 1 August 2023 to 31 August 2023

**Month 4 distribution:**

Group 1	Shares purchased before 1 September 2023
Group 2	Shares purchased 1 September 2023 to 30 September 2023

**Month 5 distribution:**

Group 1	Shares purchased before 1 October 2023
Group 2	Shares purchased 1 October 2023 to 31 October 2023

**Interim distribution:**

Group 1	Shares purchased before 1 November 2023
Group 2	Shares purchased 1 November 2023 to 30 November 2023

**Month 7 distribution:**

Group 1	Shares purchased before 1 December 2023
Group 2	Shares purchased 1 December 2023 to 31 December 2023

**Month 8 distribution:**

Group 1	Shares purchased before 1 January 2024
Group 2	Shares purchased 1 January 2024 to 31 January 2024

**Month 9 distribution:**

Group 1	Shares purchased before 1 February 2024
Group 2	Shares purchased 1 February 2024 to 29 February 2024

**Month 10 distribution:**

Group 1	Shares purchased before 1 March 2024
Group 2	Shares purchased 1 March 2024 to 31 March 2024

**Month 11 distribution:**

Group 1	Shares purchased before 1 April 2024
Group 2	Shares purchased 1 April 2024 to 30 April 2024

**Final distribution:**

Group 1	Shares purchased before 1 May 2024
Group 2	Shares purchased 1 May 2024 to 31 May 2024



## Financial statements - True Potential Goldman Sachs Income Builder

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		50,516		(44,132)
Revenue	3	41,806		36,663	
Expenses	4	(7,507)		(6,993)	
Interest payable and similar charges		(579)		(421)	
Net revenue before taxation		33,720		29,249	
Taxation	5	(6,450)		(4,867)	
Net revenue after taxation			27,270		24,382
Total return/(deficit) before distributions			77,786		(19,750)
Distributions	6		(35,276)		(27,981)
Change in net assets attributable to shareholders from investment activities			42,510		(47,731)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		855,790		727,287
Amounts receivable on issue of shares	240,046		267,860	
Amounts payable on cancellation of shares	(139,918)		(115,568)	
		100,128		152,292
Change in net assets attributable to shareholders from investment activities		42,510		(47,731)
Retained distribution on accumulation shares		30,241		23,942
Closing net assets attributable to shareholders		1,028,669		855,790

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investments		995,900	810,053
Current assets:			
Debtors	7	10,655	13,051
Cash and bank balances and amounts held at futures clearing houses and brokers	8	27,268	44,688
Total assets		<u>1,033,823</u>	<u>867,792</u>
Liabilities:			
Investment liabilities		(1,406)	(6,317)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(141)	(1,524)
Distribution payable	6	(467)	(449)
Other creditors	9	(3,140)	(3,712)
Total liabilities		<u>(5,154)</u>	<u>(12,002)</u>
Net assets attributable to shareholders		<u><u>1,028,669</u></u>	<u><u>855,790</u></u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities - gains/(losses)	20,886	(22,574)
Derivative contracts - losses	(1,874)	(7,165)
Currency gains	350	4,252
Forward currency contracts	31,153	(18,603)
Commission on futures	-	(42)
CSDR Penalty	1	-
Net capital gains/(losses)	50,516	(44,132)

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	-	513
Interest distributions from overseas collective investment schemes	3,913	2,582
UK revenue	2,745	1,900
Overseas revenue	11,181	9,859
Interest on debt securities	23,206	20,950
Bank interest	761	787
Interest received on amounts held with brokers	-	72
Total revenue	41,806	36,663

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	7,507	6,993
Total expenses	7,507	6,993

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £9,310 inclusive of VAT (2023: £8,952 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
Corporation tax	4,118	3,557
Double tax relief	(97)	(105)
Overseas tax withheld	2,429	1,261
Reclaimable tax written off	-	154
Total taxation (note 5b)	6,450	4,867

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	33,720	29,249
Corporation tax @ 20%	6,744	5,850
Effects of:		
UK revenue	(549)	(380)
Overseas revenue	(2,077)	(1,913)
Overseas tax withheld	2,429	1,261
Reclaimable tax written off	-	154
Double taxation relief expensed	(97)	(105)
Total taxation (note 5a)	6,450	4,867

## c Provision for deferred tax

At the year end, there is no potential deferred tax asset (2023: £nil) in relation to surplus management expenses.

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Month 1 income distribution	689	371
Month 1 accumulation distribution	3,575	2,184
Month 2 income distribution	463	322
Month 2 accumulation distribution	2,372	1,858
Month 3 income distribution	374	358
Month 3 accumulation distribution	2,176	2,040
Month 4 income distribution	304	291
Month 4 accumulation distribution	1,761	1,672
Month 5 income distribution	333	257
Month 5 accumulation distribution	1,919	1,449
Interim income distribution	346	243
Interim accumulation distribution	1,990	1,348
Month 7 income distribution	340	321
Month 7 accumulation distribution	1,749	1,757
Month 8 income distribution	390	293
Month 8 accumulation distribution	2,359	1,605

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

6. Distributions (continued)	2024	2023
	£000s	£000s
Month 9 income distribution	386	368
Month 9 accumulation distribution	2,395	1,997
Month 10 income distribution	500	511
Month 10 accumulation distribution	3,116	2,832
Month 11 income distribution	639	531
Month 11 accumulation distribution	3,944	2,838
Final income distribution	467	449
Final accumulation distribution	2,885	2,362
	<u>35,472</u>	<u>28,257</u>
Equalisation:		
Amounts deducted on cancellation of shares	285	180
Amounts added on issue of shares	(481)	(456)
Total net distributions	<u>35,276</u>	<u>27,981</u>
Reconciliation between net revenue and distributions:	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	27,270	24,382
Undistributed revenue brought forward	2,000	4
Expenses paid from capital	7,507	6,993
Marginal tax relief	(1,501)	(1,398)
Undistributed revenue carried forward	-	(2,000)
Distributions	<u>35,276</u>	<u>27,981</u>
Details of the distribution per share are disclosed in the Distribution tables.		
7. Debtors	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	1,278	4,604
Sales awaiting settlement	1,617	572
Currency trades outstanding	1	386
Accrued revenue	6,847	6,892
Recoverable overseas withholding tax	343	597
Prepaid corporation tax	569	-
Total debtors	<u>10,655</u>	<u>13,051</u>
8. Cash and bank balances and bank overdrafts	2024	2023
	£000s	£000s
Cash and bank balances and amounts held at futures clearing houses and brokers	27,268	44,688
Bank overdrafts (including futures overdrafts)	(141)	(1,524)
Total cash and bank balances and bank overdrafts	<u>27,127</u>	<u>43,164</u>

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

9.	Other creditors	2024	2023
		£000s	£000s
	Amounts payable on cancellation of shares	66	1,336
	Purchases awaiting settlement	2,375	758
	Currency trades outstanding	-	386
	Accrued expenses:		
	Payable to the ACD and associates		
	Annual management charge	699	690
	Other expenses:		
	Overdraft interest	-	4
	Total accrued expenses	699	694
	Corporation tax payable	-	538
	Total other creditors	3,140	3,712

10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Income
Opening shares in issue	144,721,099
Total shares issued in the year	41,350,847
Total shares cancelled in the year	(41,769,372)
Closing shares in issue	144,302,574

	A Accumulation
Opening shares in issue	608,652,214
Total shares issued in the year	163,301,297
Total shares cancelled in the year	(83,704,919)
Closing shares in issue	688,248,592

For the year ended 31 May 2024, the annual management charge is 0.83%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative tables.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 12. Related party transactions (continued)

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 99.01p to 104.22p and the A Accumulation share has increased from 128.70p to 136.71p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

Two excess reportable income amounts totalling £1,564,765 have not been included in the current distribution due to the timing of the rate announcement becoming available. This income will be included in the subsequent distribution which will form part of the dividend payable in October 2024.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
2024	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	159,575	4	0.00	132	0.08	-	-	159,711
Bonds*	162,968	-	-	-	-	-	-	162,968
Collective Investment Schemes	552,407	-	-	3	0.00	-	-	552,410
<b>Total</b>	<b>874,950</b>	<b>4</b>		<b>135</b>		<b>-</b>		<b>875,089</b>

	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
2023	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	153,352	45	0.03	97	0.06	-	-	153,494
Bonds*	157,243	-	-	-	-	-	-	157,243
Collective Investment Schemes*	470,835	-	-	-	-	-	-	470,835
<b>Total</b>	<b>781,430</b>	<b>45</b>		<b>97</b>		<b>-</b>		<b>781,572</b>

\* No direct transaction costs were incurred in these transactions.

Capital events amount of £nil (2023: £2,301,000) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

Notes to the financial statements (continued)

for the year ended 31 May 2024

14. Transaction costs (continued)

a Direct transaction costs (continued)

	Sales before transaction costs	Commission		Taxes		Other Expenses		Sales after transaction costs
2024	£000s	£000s	%	£000s	%	£000s	%	%
Equities	111,630	(27)	(0.02)	(22)	(0.02)	-	-	111,581
Bonds*	93,394	-	-	-	-	-	-	93,394
Collective Investment Schemes*	531,520	-	-	-	-	-	-	531,520
<b>Total</b>	<b>736,544</b>	<b>(27)</b>		<b>(22)</b>		<b>-</b>		<b>736,495</b>

	Sales before transaction costs	Commission		Taxes		Other Expenses		Sales after transaction costs
2023	£000s	£000s	%	£000s	%	£000s	%	%
Equities	96,590	(46)	(0.05)	-	-	(1)	(0.00)	96,543
Bonds*	82,193	-	-	-	-	-	-	82,193
Collective Investment Schemes	451,416	(3)	(0.00)	-	-	-	-	451,413
<b>Total</b>	<b>630,199</b>	<b>(49)</b>		<b>-</b>		<b>(1)</b>		<b>630,149</b>

\* No direct transaction costs were incurred in these transactions.

Capital events amount of £361,000 (2023: £102,000) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year :

2024	£000s	% of average net asset value
Commission	31	0.00
Taxes	157	0.02
2023	£000s	% of average net asset value
Commission	94	0.01
Taxes	97	0.01
Other expenses	1	0.00

	2024		2023	
Summary of direct transaction costs	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	-	0.00	42	0.01



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

14. Transaction costs (continued)

b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.16% (2023: 0.19%).

15. Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential Goldman Sachs Income Builder	3.90	7.63	4.68	14.20	211.00	200.00

(i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are equities, debt securities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £49,725,000 (2023: £40,186,000).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Australian dollar	8,650
Canadian dollar	35
Czech koruna	39
Euro	87,809
Japanese yen	10,947
Norwegian krone	2
Singapore dollar	5,289
Swedish krona	168
Swiss franc	23,419
US dollar	764,399
Total net foreign currency exposure	<u>900,757</u>

	Total net foreign currency exposure*
2023	£000s
Australian dollar	8,020
Canadian dollar	36
Czech koruna	41
Euro	75,671
Japanese yen	13,492
New Taiwanese dollar	26
Norwegian krone	2
Singapore dollar	4,529
Swedish krona	4,738
Swiss franc	29,025
US dollar	616,947
Total net foreign currency exposure	<u>752,527</u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk (continued)

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £343,000 (2023: £1,404,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

(iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2024, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £142,000 (2023: £148,000).

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£000s	£000s	£000s	£000s	£000s	£000s
Australian dollar	520	-	-	8,130	-	8,650
Canadian dollar	35	-	-	-	-	35
Czech koruna	39	-	-	-	-	39
Euro	3,332	-	7,235	77,433	(191)	87,809
Japanese yen	722	-	-	10,225	-	10,947
Norwegian krone	2	-	-	-	-	2
Singapore dollar	516	-	-	4,773	-	5,289
Swedish krona	168	-	-	-	-	168
Swiss franc	951	-	-	22,504	(36)	23,419
UK sterling	14,896	-	4,516	112,793	(4,293)	127,912
US dollar	35,760	(141)	383,466	345,807	(493)	764,399
	56,941	(141)	395,217	581,665	(5,013)	1,028,669

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£000s	£000s	£000s	£000s	£000s	£000s
Australian dollar	211	-	-	7,809	-	8,020
Canadian dollar	36	-	-	-	-	36
Czech koruna	41	-	-	-	-	41
Euro	2,572	(408)	8,409	65,098	-	75,671
Japanese yen	527	-	-	12,965	-	13,492
New Taiwanese dollar	-	-	-	26	-	26
Norwegian krone	2	-	-	-	-	2
Singapore dollar	300	-	-	4,229	-	4,529
Swedish krona	822	-	-	3,916	-	4,738
Swiss franc	3,047	-	-	25,978	-	29,025
UK sterling	25,563	-	1,888	79,005	(3,193)	103,263
US dollar	27,450	(1,116)	326,474	271,424	(7,285)	616,947
	60,571	(1,524)	336,771	470,450	(10,478)	855,790

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are below investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of Portfolio Investments.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies (continued)

c Liquidity risk (continued)

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	485,563	(713)
Observable market data	510,337	(693)
Unobservable data	-	-
	<u>995,900</u>	<u>(1,406)</u>

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	375,490	(337)
Observable market data	434,563	(5,980)
Unobservable data	-	-
	<u>810,053</u>	<u>(6,317)</u>

No securities in the portfolio of investments are valued using valuation techniques.

e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 130.19% (2023: 107.37%).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

At the balance sheet date, the global exposure is as follows:

	Gross exposure value £000s	% of the total net asset value
2024		
Investment		
Futures		
CBT - 2 year US Treasury Note September 2024	28,409	2.76
CBT - 5 year US Treasury Note September 2024	33,447	3.25
CBT - 10 year US Treasury Note September 2024	151,835	14.76
CBT - Long US Treasury Bond September 2024	4,676	0.45
CBT - Ultra 10 year Treasury Note September 2024	10,489	1.02
CBT - Ultra US Treasury Bond September 2024	12,452	1.21
CBT - US 10 Year Note September 2024	34,186	3.32
CME - E Mini S&P 500 Index June 2024	5,316	0.52
EUREX - 30 year Euro Buxl June 2024	228	0.02
EUREX - Euro Bobl June 2024	10,022	0.97
EUREX - Euro Schatz September 2024	2,598	0.25
EUREX - Euro Stoxx 50 June 2024	2,252	0.22
EUX - Euro-Bund Future June 2024	7,781	0.76
ICF - Long Gilt September 2024	2,725	0.26
OSE - Topix Index June 2024	4,369	0.42
Forward Currency Contracts		
Value of short position - Australian dollar	17,124	1.66
Value of short position - Euro	73,543	7.15
Value of short position - Japanese yen	10,618	1.03
Value of short position - New Taiwan dollar	8,228	0.80
Value of short position - Singapore dollar	4,694	0.46
Value of short position - Swiss franc	9,879	0.96
Value of short position - US dollar	769,774	74.83

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

2023	Gross exposure value £000s	% of the total net asset value
Investment		
Futures		
CBT - 2 year US Treasury Note September 2023	36,203	4.23
CBT - 5 year US Treasury Note September 2023	704	0.08
CBT - Ultra US Treasury Bond September 2023	9,498	1.11
EUREX - 30 year Euro Buxl June 2023	239	0.03
EUREX - Euro Bobl June 2023	4,776	0.56
EUREX - Euro Bund June 2023	5,266	0.61
EUREX - Euro Schatz June 2023	5,179	0.60
ICF- Long Gilt September 2023	1,258	0.15
Forward Currency Contracts		
Value of short position - Australian dollar	12,259	1.43
Value of short position - Euro	72,357	8.45
Value of short position - Japanese yen	12,611	1.47
Value of short position - New Taiwanese dollar	5,518	0.64
Value of short position - Singapore dollar	4,292	0.50
Value of short position - Swiss franc	9,646	1.13
Value of short position - US dollar	614,888	71.81

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.



**Notes to the financial statements (continued)***for the year ended 31 May 2024*

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

The counterparty, collateral amount and type held by the Sub-Fund as at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Royal Bank of Scotland	Cash	-	£1,452,256
Standard Chartered Bank	Cash	(£562,000)	£40,290
JPMorgan Chase Bank, National Association	Cash	(£1,758,129)	£784,624
Merrill Lynch International	Cash	-	£2,025,815
UBS AG	Cash	£173,053	£568,139
Royal Bank of Canada	Cash	-	£1,469,570
HSBC Bank PLC	Cash	(£83,522)	£1,362,974
Morgan Stanley & Co. LLC	Cash	(£1,907,018)	£822,793
State Street	Cash	£46,959	-
Bank of America	Cash	(£214,283)	-
BNP Paribas	Cash	(£1,410,000)	-
Citibank	Cash	(£23,718)	-
Deutsche	Cash	(£1,739,013)	-

## True Potential Goldman Sachs Balanced

### Sub-investment Manager's report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

#### Investment Objective and Policy

The investment objective of the Sub-Fund is to deliver capital growth to investors while at the same time managing portfolio risks.

The aim is to implement a dynamic and diversified multi asset class investment strategy through investment mainly via permitted collective investment schemes (which themselves gain exposure to equities, bonds, currencies and commodities indirectly via derivatives or where permitted invest directly in these asset classes). The Sub-Fund may also invest in a range of asset classes including global developed market equities, emerging market equities, global fixed income and cash, both directly and indirectly through the use of derivatives to provide broad exposure for investment purposes.

The collective investment schemes invested in may be collective investment schemes managed by the sub-investment manager or an associate of the sub-investment manager.

Derivatives and forward transactions may be used for investment purposes and Efficient Portfolio Management. The use of derivatives for investment purposes may increase the volatility and risk profile of the Sub-Fund.

#### Sub-Investment Activities

True Potential Goldman Sachs Balanced returned 10.35% (net) in the twelve-month period from June 1, 2023, to May 31, 2024, bringing total since inception performance to 2.99% (net annualised) (Source: Morningstar).

Despite a widely held fear that rapid increases in interest rates, aimed at curbing stubbornly high inflation, would trigger a recession, economic growth remained robust. Geopolitical tensions, Fitch's downgrade of the US credit rating, weakness in the Chinese property sector and concerns around smaller US and European banks, drove volatility. These risks however failed to derail the otherwise very positive backdrop for Equity markets, which benefitted from optimism around the adoption of Artificial Intelligence and its potential to drive earnings growth. Equity markets rallied strongly in November, after selling off in prior months, due to a moderation in inflation without any signs of extreme weakness in the labour markets, which increased bets on interest cuts and a higher likelihood of an economic 'soft landing'. Equities started 2024 on a strong footing with significant gains in Q1 '24 following a strong end to 2023, with several equity indices reaching all-time highs. Continued signs of improvement in global manufacturing, a healthy labour market, resilient US economy, and expectations of policy easing by major central banks supported risk appetite. While the growth outlook remained benign, inflation, especially in the US, did raise some concerns. On the monetary policy side, Swiss National Bank (SNB) cut policy rate by 25bps when market participants were expecting it to keep rates unchanged. In Asia, Bank of Japan (BoJ) finally exited negative interest rate policy (NIRP) as they hiked policy rate by 10bps, however, the hike came with emphasis on maintaining accommodative policy stance at the time. In the US, monetary policy outlook is further complicated by the timing of the US election as some market observers argue that the FOMC may not cut rate in September meeting, which would be just a month before the election, as it could raise questions on their independence. Several data points in the US looking more resilient, and inflation prints coming in stronger than expected cemented the "higher for longer" narrative on interest rates, and markets moved to price in a much more gradual cycle of rate cuts. Going forward, the US monetary policy and the upcoming Presidential election could create market volatility and are likely to be the key focus area of investors and policymakers.

Turning more constructive on the macro backdrop, we added exposure to Large Cap equities through the second half of the year resulting in a moderate overweight to Equities. One of our core views, is that the narrow earnings growth, driven by just a few sectors and stocks, would likely broaden out through the rest of 2024. This was reflected by a constructive view on Japanese equities as well as the US Energy and Industrials sectors. Additionally, a Mexican equity position was added in the portfolio as attractive valuations and healthy fundamentals made offered an upside participation opportunity. We further added a Commodities position in April 2024 as global PMIs pointed to a modest pickup in the manufacturing cycle as well as improved synchronization across regions, expected to be supportive of commodities. The previously held underweight to Real Assets was removed, moving back to neutral in December as our analysis showed that earnings sentiment had improved much more sharply for Real Estate than the broader S&P 500, which reduced the valuation gap between REITs vs other Equities.

Within fixed income, we continued to be overweight US Government Bonds, especially at the 7-10 year maturity range. In August, a Long German Bond position was initiated, which was subsequently increased in October, as we considered market pricing at the time was inconsistent with the weaker growth outlook for Europe. Interest rate exposure was broadened further in September, increasing allocation to the 10-year UK Gilts, based on the view that weaker business investment and slowing growth would likely result in deeper cuts by the Bank of England. In October, we additionally increased allocation to US Treasuries, as we saw attractive stand-alone total return opportunities and increased portfolio diversification potential in the event of an unexpected growth shock that results in deeper (or earlier) Fed cuts. The underweight to High Yield was partially closed in December, driven by our decreasing probability of a recession.

## Investment Attribution

### Contributors

The biggest contributors to overall performance came from Developed Markets Equity positions, with the Active Quantitatively driven strategy contributing the most, closely followed by the Active Fundamentally driven strategy. Exposures to Small Cap, Emerging Markets and Growth-oriented equities also all added to overall performance. Within Fixed Income, the narrowing of credit spreads drove positive returns on Investment Grade Credit and High Yield, along with Emerging Markets Debt. Alternatives allocations supported portfolio returns amidst volatility in the markets as exposures to the Absolute Return strategy, Trend strategy and the Equity Volatility strategy bolstered overall portfolio returns over the horizon. Tactical positions in the Japan Equity and German Bonds added to overall performance as they were added at opportune points in time throughout the reporting period, as did the European Oil and Gas exposure.

### Detractors

The biggest detractor during the period was strategic exposure to Government Bonds via US Treasuries and UK Gilts as bond yields saw significant upward pressure during the twelve months under consideration. Exposures across the curve weighed on portfolio returns as markets priced higher rates for longer as strong activity data signaled a potential delay in commencement of rate cutting cycle. Within Equities Mexico and the US Energy Sector detracted the most.

## Investment Strategy and Outlook

The strategy looks to generate strong risk-adjusted returns by investing globally across a broad range of asset classes. With this objective in mind, we look beyond Equities to generate returns and incorporate a range of risk-mitigating assets alongside Government Bonds.

### Macro and Policy Outlook:

- Global: US growth expected to moderate from strong pace but remain healthy. Europe more signs of improving growth momentum. China needs more stimulus for an economic turnaround. Disinflation should continue with some near-term volatility. Increased monetary policy uncertainty, especially in the US due to recent strength in inflation.
- US: Domestic demand remained strong in Q1 and inflation accelerated. Elevated level of immigration should support growth in the near-term. Soft landing as base case but recession risk remains above average though moderating, we expect disinflation to restart from Q2 onwards. Easing cycle delayed due to higher inflation in Q1; we expect the Fed to start cutting in H2 2024 on the back of lower inflation and further labor market rebalancing.
- Europe: Growth momentum improving. The ECB cut rates by 25bps in June, as expected, with little forward guidance. We expect the ECB to cut by more than the Fed this year.
- UK: Stagflation risk has reduced noticeably since last year with continued signs of growth improvement and slow but further progress on disinflation. BoE expected to start easing in H2 '24 but medium term scope for cuts is bigger compared to the US.
- China: The real estate crisis and the low confidence in the private sector remain a drag on growth. The recent modest recovery in global trade is helping China to offset part of domestic growth headwinds. Policy stimulus remains modest on the monetary side and more pronounced on the fiscal side.

Key Views:

- Equities: Constructive on equities given supportive macro, accelerating earnings growth and expected central bank rate cuts. Earnings of Big Tech and the rest of the market are expected to converge over the next few quarters which may in turn lead to a broadening of market performance.
- Government Bonds: Rates continue to look moderately attractive given our expectation of disinflation, delayed but potential start of Fed easing cycle and high levels of real yield. European rates are also attractive with below trend growth and moderating inflation.
- Credit: Resilient US growth, expected disinflation and delayed but upcoming easing cycle support credit with a soft landing scenario more likely. Strong credit inflows match supply. However, spread levels are tight and timing of rate cuts can cause volatility.
- Commodities: Strong services and China stimulus to support prices. OPEC+ to start phasing out the 2.2 mb/d extra voluntary cuts in Q4 2024, leading to downside risks to the \$75-90 Brent oil price range we have had so far this year.

Risks:

- Change in monetary policy guidance: Major central banks signaling easing cycle to begin in H2 '24, however, pace of easing remains uncertain. This is a potential source of volatility.
- Inflation shocks: While we expect disinflation to restart from Q2 onwards, a tight labor market, stickier shelter inflation, higher medical service prices, and higher commodity prices could lead to more persistent inflation.
- Chinese economy: China faces a mix of structural and cyclical challenges. Biggest risks currently stem from the real estate market.
- Israel-Hamas conflict: We estimate ongoing shipping disruptions to lead to 10-20 bps higher core inflation across major economies with highest impact on European economies. For now, this has limited impact on our global macro outlook.

Goldman Sachs Asset Management International - a sub-delegate of True Potential Investments LLP

25 June 2024

**Portfolio changes***for the year ended 31 May 2024*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
Goldman Sachs - Sterling Liquid Reserves Fund	675,655
Goldman Sachs Funds SICAV - Global High Yield Portfolio	19,400
Goldman Sachs Funds SICAV - Alternative Trend Portfolio	14,977
Goldman Sachs Funds SICAV - Global Credit Hedged Portfolio	13,382
Goldman Sachs Funds SICAV - Global Strategic Macro Bond Portfolio	9,161
Goldman Sachs Funds SICAV - Global Absolute Return Portfolio	8,500
Goldman Sachs Funds SICAV - Global Core Equity Portfolio	6,697
Goldman Sachs Funds SICAV - Global Equity Partners ESG Portfolio	6,592
iShares S&P 500 Industrials Sector UCITS ETF	6,232
iShares Global Infrastructure UCITS ETF	5,006
Subtotal	<u>765,602</u>
Total cost of purchases, including the above, for the year	<u>787,048</u>
	Proceeds
	£000s
Sales:	
Goldman Sachs - Sterling Liquid Reserves Fund	686,027
Goldman Sachs Funds SICAV - Global Core Equity Portfolio	66,934
Goldman Sachs Funds SICAV - Global Absolute Return Portfolio	59,970
Goldman Sachs - Sterling Government Liquid Reserves Fund	45,500
Goldman Sachs Funds SICAV - Global Equity Partners ESG Portfolio	30,674
Goldman Sachs Funds SICAV - Alternative Trend Portfolio	30,270
Goldman Sachs Funds SICAV - Global Credit Hedged Portfolio	27,663
Goldman Sachs - GS Institutional Funds PLC - Global Equity Volatility Fund	18,537
Goldman Sachs Funds SICAV - Global Strategic Macro Bond Portfolio	18,070
Goldman Sachs Funds SICAV - Global Small Cap Core Equity Portfolio	14,497
Subtotal	<u>998,142</u>
Total proceeds from sales, including the above, for the year	<u>1,054,270</u>

**Portfolio statement**

as at 31 May 2024

Investment	Nominal value or holding	Market value £000s	% of total net assets
Collective Investment Schemes - 97.55% (95.28%)			
Offshore Collective Investment Schemes - 97.55% (95.28%)			
Goldman Sachs - GS Institutional Funds PLC - Global Equity Volatility Fund	2,776,008	38,671	5.10
Goldman Sachs - Sterling Government Liquid Reserves Fund	3,472	37,611	4.96
Goldman Sachs - Sterling Liquid Reserves Fund	4,280	46,563	6.14
Goldman Sachs Funds SICAV - Alternative Trend Portfolio	4,435,493	49,753	6.56
Goldman Sachs Funds SICAV - Emerging Markets CORE Equity Portfolio	1,570,772	14,024	1.85
Goldman Sachs Funds SICAV - Emerging Markets Debt Local Portfolio	1,200,228	24,593	3.24
Goldman Sachs Funds SICAV - Emerging Markets Debt Local Portfolio USD	3,442,440	14,193	1.87
Goldman Sachs Funds SICAV - Emerging Markets Equity Portfolio	429,060	13,125	1.73
Goldman Sachs Funds SICAV - Global Absolute Return Portfolio	1,408,560	135,644	17.88
Goldman Sachs Funds SICAV - Global Core Equity Portfolio	6,782,894	118,671	15.65
Goldman Sachs Funds SICAV - Global Credit Hedged Portfolio	6,853,323	54,472	7.18
Goldman Sachs Funds SICAV - Global Equity Partners ESG Portfolio	1,542,757	52,299	6.90
Goldman Sachs Funds SICAV - Global High Yield Portfolio	833,292	19,041	2.51
Goldman Sachs Funds SICAV - Global Millennials Equity Portfolio	2,067,345	19,171	2.53
Goldman Sachs Funds SICAV - Global Small Cap Core Equity Portfolio	2,000,977	30,601	4.03
Goldman Sachs Funds SICAV - Global Strategic Macro Bond Portfolio	418,093	30,989	4.09
Invesco Bloomberg Commodity UCITS ETF	218,912	4,053	0.53
Invesco Morningstar US Energy Infrastructure MLP UCITS ETF	17,652	695	0.09
iShares Developed Markets Property Yield UCITS ETF	672,290	11,520	1.52
iShares Global Infrastructure UCITS ETF	462,183	11,203	1.48
iShares S&P 500 Consumer Staples Sector UCITS ETF	144,363	949	0.13
iShares S&P 500 Energy Sector UCITS ETF	325,388	2,320	0.31
iShares S&P 500 Industrials Sector UCITS ETF	766,085	6,053	0.80
iShares USD Treasury Bond 7-10 year UCITS ETF	19,986	2,633	0.35
Xtrackers MSCI Mexico UCITS ETF	174,605	934	0.12
Total Offshore Collective Investment Schemes		739,781	97.55
Total Collective Investment Schemes		739,781	97.55
Futures - 0.20% (0.44%)			
CBT - 10 year US Treasury Note September 2024	984	(149)	(0.02)
CBT - Ultra US Treasury Bond September 2024	180	(213)	(0.03)
CME - E Mini S&P 500 Index June 2024	332	1,591	0.21
EOP - CAC 40 Index June 2024	51	(74)	(0.01)
EUREX - DAX Index June 2024	5	44	0.01
EUREX - Swiss Market Index June 2024	18	97	0.01
EUX - Stoxx 600 Utilities June 2024	60	(6)	(0.00)
HKG - Hang Seng Index June 2024	5	(21)	(0.00)

**Portfolio statement (continued)**

as at 31 May 2024

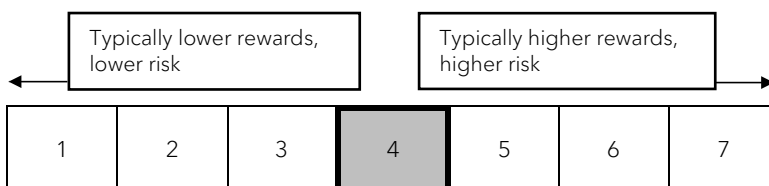
Investment	Nominal value or holding	Market value £000s	% of total net assets
Futures - 0.20% (0.44%) (continued)			
ICF - FTSE 100 Index June 2024	46	172	0.02
ICF - Long Gilt September 2024	277	(155)	(0.02)
MSE - S&P 60 Index June 2024	18	36	0.00
OSE - Topix Index June 2024	60	226	0.03
SGX - MSCI Singapore Index June 2024	14	(2)	(0.00)
SSE - OMX Index June 2024	42	(10)	(0.00)
Total Futures		<u>1,536</u>	<u>0.20</u>
Forward Currency Contracts - -0.08% (1.01%)			
Sell US dollar	(\$334,740,000)	(262,365)	
Buy UK sterling	£262,381,164	262,381	
Expiry date 20 June 2024		<u>16</u>	<u>0.00</u>
Sell UK sterling	(£26,032,942)	(26,033)	
Buy US dollar	\$32,480,000	25,457	
Expiry date 20 June 2024		<u>(576)</u>	<u>(0.08)</u>
Total Forward Currency Contracts		<u>(560)</u>	<u>(0.08)</u>
Portfolio of investments		740,757	97.67
Other net assets		17,684	2.33
Total net assets		<u>758,441</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2023.

**Risk and reward profile**

The risk and reward indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund. The shaded area in the table below shows the Sub-Fund's ranking on the risk and reward indicator.



The Sub-Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Sub-Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the Sub-Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Sub-Fund.

Investments in emerging markets may involve greater risks due to political and economic instability and underdeveloped markets and systems. This means your money may be at greater risk of loss.

The Sub-Fund is entitled to use derivative instruments for Efficient Portfolio Management and investment purposes. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Sub-Fund.

The organisation from which the Sub-Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Sub-Fund.

The Sub-Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Sub-Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

**Task Force on Climate-Related Financial Disclosures (unaudited)**

A statement on the climate related financial disclosures was published prior to 30 June 2024 at <https://www.truepotential.co.uk/fund-administration/#fund-documents>.



## Comparative tables

The following disclosures give a shareholder an indication of the performance of a share in the Sub-Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Sub-Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Accumulation		
	2024	2023	2022
	p	p	p
Change in net assets per share			
Opening net asset value per share	108.95	111.03	116.96
Return before operating charges*	12.80	(1.02)	(4.77)
Operating charges	(1.11)	(1.06)	(1.16)
Return after operating charges*	11.69	(2.08)	(5.93)
Distributions+	(3.26)	(1.73)	(1.67)
	3.26	1.73	1.67
Closing net asset value per share	120.64	108.95	111.03
*after direct transaction costs of:	-	0.01	0.01
Performance			
Return after charges	10.73%	(1.87%)	(5.07%)
Other information			
Closing net asset value (£000s)	758,441	975,652	1,002,313
Closing number of shares	628,700,451	895,543,488	902,754,757
Operating charges++	0.97%	0.98%	0.99%
Direct transaction costs	0.00%	0.01%	0.01%
Prices			
Highest share price (p)	122.60	112.10	123.60
Lowest share price (p)	106.10	102.00	108.20

+Rounded to 2 decimal places.

++The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share class may incur in a year as it is calculated on historical data. The operating charge includes charges for the underlying funds held. Included within the OCF are synthetic costs which included the OCF of the underlying funds weighted on the basis of their investment proportion.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**Distribution table***for the year ended 31 May 2024***Distributions on A Accumulation shares in pence per share**

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.24	group 1	final	3.264	-	3.264	1.733
31.07.24	group 2	final	2.798	0.466	3.264	1.733

**Equalisation**

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

**Accumulation distributions:**

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

**Final distributions:**

Group 1	Shares purchased before 1 June 2023
Group 2	Shares purchased 1 June 2023 to 31 May 2024

## Financial statements - True Potential Goldman Sachs Balanced

## Statement of total return

for the year ended 31 May 2024

	Notes	2024		2023	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		68,119		(26,035)
Revenue	3	26,373		18,571	
Expenses	4	(6,891)		(8,304)	
Interest payable and similar charges		(87)		(49)	
Net revenue before taxation		19,395		10,218	
Taxation	5	(2,716)		(1,360)	
Net revenue after taxation			16,679		8,858
Total return/(deficit) before distributions			84,798		(17,177)
Distributions	6		(22,537)		(16,130)
Change in net assets attributable to shareholders from investment activities			62,261		(33,307)

## Statement of change in net assets attributable to shareholders

for the year ended 31 May 2024

	2024		2023	
	£000s	£000s	£000s	£000s
Opening net assets attributable to shareholders		975,652		1,002,313
Amounts receivable on issue of shares	124,793		289,120	
Amounts payable on cancellation of shares	(424,787)		(297,994)	
		(299,994)		(8,874)
Change in net assets attributable to shareholders from investment activities		62,261		(33,307)
Retained distribution on accumulation shares		20,522		15,520
Closing net assets attributable to shareholders		758,441		975,652

**Balance Sheet**

as at 31 May 2024

	Notes	2024 £000s	2023 £000s
Assets:			
Fixed assets:			
Investment assets		741,963	944,228
Current assets:			
Debtors	7	540	25,800
Cash and bank balances and amounts held at futures clearing houses and brokers	8	27,771	22,243
Total assets		<u>770,274</u>	<u>992,271</u>
Liabilities:			
Investment liabilities		(1,206)	(454)
Creditors:			
Bank overdrafts (including futures overdrafts)	8	(175)	(12,170)
Other creditors	9	(10,452)	(3,995)
Total liabilities		<u>(11,833)</u>	<u>(16,619)</u>
Net assets attributable to shareholders		<u>758,441</u>	<u>975,652</u>

**Notes to the financial statements**

for the year ended 31 May 2024

## 1. Accounting policies

The accounting policies are disclosed on pages 11 to 13.

2. Net capital gains/(losses)	2024	2023
	£000s	£000s
Non-derivative securities – gains/(losses)	63,877	(1,563)
Derivative contracts – gains/(losses)	8,539	(12,828)
Currency losses	(574)	(1,010)
Forward currency contracts	(3,725)	(10,571)
Commission on futures	-	(59)
Transaction charges	-	(4)
CSDR Penalty	2	-
Net capital gains/(losses)	<u>68,119</u>	<u>(26,035)</u>

3. Revenue	2024	2023
	£000s	£000s
Non-interest distributions from overseas funds	7,495	6,531
Interest distributions from overseas collective investment schemes	17,891	11,436
Bank interest	987	451
Deposit interest	-	153
Total revenue	<u>26,373</u>	<u>18,571</u>

4. Expenses	2024	2023
	£000s	£000s
Payable to the ACD and associates		
Annual management charge	6,891	8,304
Total expenses	<u>6,891</u>	<u>8,304</u>

The annual management charge includes the ACD's periodic charge, investment management fees and other permitted charges relating to the operation of the Sub-Fund.

The annual management charge included an audit fee of £8,405 inclusive of VAT (2023: £8,082 inclusive of VAT).

5. Taxation	2024	2023
	£000s	£000s
a Analysis of charge for the year		
UK Corporation tax	2,370	765
Deferred taxation	346	595
Total taxation (note 5b)	<u>2,716</u>	<u>1,360</u>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%).

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 5. Taxation (continued)

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

The differences are explained below:

	2024	2023
	£000s	£000s
Net revenue before taxation	19,395	10,218
Corporation tax @ 20%	<u>3,879</u>	<u>2,044</u>
Effects of:		
Overseas revenue	(1,509)	(1,306)
Realised/Unrealised gains on non-qualifying offshore fund	346	622
Total taxation (note 5a)	<u>2,716</u>	<u>1,360</u>

## c Provision for deferred tax

	2024	2023
	£000s	£000s
Opening provision	1,184	589
Deferred tax charge (note 5a)	346	595
Closing provision	<u>1,530</u>	<u>1,184</u>

## 6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares and comprise:

	2024	2023
	£000s	£000s
Final accumulation distribution	<u>20,522</u>	<u>15,520</u>
	20,522	15,520
Equalisation:		
Amounts deducted on cancellation of shares	2,459	1,976
Amounts added on issue of shares	(444)	(1,366)
Total net distributions	<u>22,537</u>	<u>16,130</u>

## Reconciliation between net revenue and distributions:

	2024	2023
	£000s	£000s
Net revenue after taxation per Statement of total return	16,679	8,858
Undistributed revenue brought forward	-	7
Expenses paid from capital	6,891	8,304
Marginal tax relief	(1,378)	(1,634)
Deferred taxation	346	595
Undistributed revenue carried forward	(1)	-
Distributions	<u>22,537</u>	<u>16,130</u>

Details of the distribution per share are disclosed in the Distribution table.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

7. Debtors	2024	2023
	£000s	£000s
Amounts receivable on issue of shares	508	3,649
Sales awaiting settlement	-	22,116
Accrued revenue	32	35
Total debtors	<u>540</u>	<u>25,800</u>
8. Cash and bank balances and bank overdrafts	2024	2023
	£000s	£000s
Cash and bank balances and amounts held at futures clearing houses and brokers	27,771	22,243
Bank overdrafts (including futures overdrafts)	(175)	(12,170)
Total cash and bank balances and bank overdrafts	<u>27,596</u>	<u>10,073</u>
9. Other creditors	2024	2023
	£000s	£000s
Amounts payable on cancellation of shares	112	1,476
Purchases awaiting settlement	6,110	-
Currency trades outstanding	9	-
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	510	760
Other expenses:		
Overdraft interest	-	1
Total accrued expenses	510	761
Corporation tax payable	2,181	574
Deferred tax	1,530	1,184
Total other creditors	<u>10,452</u>	<u>3,995</u>

## 10. Commitments and contingent liabilities

At the balance sheet date, there are no commitments or contingent liabilities (2023: same).

## 11. Share classes

The following reflects the change in shares in issue for each share class in the year:

	A Accumulation
Opening shares in issue	895,543,488
Total shares issued in the year	112,050,838
Total shares cancelled in the year	<u>(378,893,875)</u>
Closing shares in issue	<u>628,700,451</u>

For the year ended 31 May 2024, the annual management charge is 0.82%. The annual management charge includes the ACD's periodic charge, Investment Manager's fee and other permitted charges to the operation of the Sub-Fund.

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a Sub-Fund, all the assets of the Sub-Fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 12. Related party transactions

True Potential Administration LLP, as ACD, is a related party due to its ability to act in respect of the operations of the Sub-Fund.

The ACD acts as principal in respect of all transactions of shares in the Sub-Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Sub-Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Accumulation share has increased from 120.64p to 125.97p as at 20 September 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

## 14. Transaction costs

## a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
2024	£000s	£000s	%	£000s	%	£000s	%	£000s
Collective Investment Schemes	787,044	1	0.00	3	0.00	-	-	787,048
<b>Total</b>	<b>787,044</b>	<b>1</b>		<b>3</b>		<b>-</b>		<b>787,048</b>

	Purchases before transaction costs	Commission		Taxes		Other Expenses		Purchases after transaction costs
2023	£000s	£000s	%	£000s	%	£000s	%	£000s
Collective Investment Schemes	852,067	2	0.00	-	-	-	-	852,069
<b>Total</b>	<b>852,067</b>	<b>2</b>		<b>-</b>		<b>-</b>		<b>852,069</b>

Capital events amount of £nil (2023: £8,480,000) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
2024	£000s	£000s	%	£000s	%	£000s	%	£000s
Collective Investment Schemes	1,054,274	(3)	(0.00)	(1)	(0.00)	-	-	1,054,270
<b>Total</b>	<b>1,054,274</b>	<b>(3)</b>		<b>(1)</b>		<b>-</b>		<b>1,054,270</b>

\*No direct transaction costs were incurred in the purchase and sale of investments during the year (2023: same).



**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
	£000s	£000s	%	£000s	%	£000s	%	£000s
2023								
Collective Investment Schemes	909,374	(7)	(0.00)	-	-	-	-	909,367
Total	909,374	(7)		-		-		909,367

\*No direct transaction costs were incurred in the sale of investments during the year (2023: same).

## Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-Fund's average net asset value in the year:

2024	£000s	% of average net asset value
Commission	4	0.00
Taxes	4	0.00

2023	£000s	% of average net asset value
Commission	9	0.00

Summary of direct transaction costs	2024		2023	
	£000s	% of average net asset value	£000s	% of average net asset value
Derivatives	-		59	0.01

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.01% (2023: 0.01%).

## 15 Risk management policies

In pursuing the Sub-Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Sub-Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

## a Market risk

Market risk is the risk that the value of the Sub-Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

The method used to calculate the global exposure is absolute Value at risk (VaR). The calculation of the Absolute VaR is carried out in accordance with the following parameters: 99% one-sided confidence interval, 1 month (20 day) holding period, Monte Carlo simulation (10,000 simulations), 1-year (250 day) history with time decay factor (weighting recent events).

A given fund's limit is based on its Risk profile. All of the positions within the fund (direct investments and derivatives) are taken into account for the VaR calculation, not just derivatives.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

15. Risk management policies (continued)

a Market risk (continued)

The below table shows the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year, 1 June 2023 - 31 May 2024. Funds using the VaR approach disclose the level of leverage employed during the relevant period, using the gross method (sum of the notionals of the derivatives used).

	Lowest VaR %	Highest VaR %	Average VaR %	VaR Limit %	Average Level of leverage %	Typical expected Leverage %
True Potential Goldman Sachs Balanced	4.88	6.85	5.64	14.20	154.00	175.00

(i) Other price risk

The Sub-Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Sub-Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Sub-Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £37,038,000 (2023: £47,188,000).

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas currency denominated securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts are used to help the Sub-Fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk (continued)

The foreign currency risk profile of the Sub-Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2024	£000s
Canadian dollar	(25)
Euro	158
Hong Kong dollar	(8)
Japanese yen	129
Singapore dollar	27
Swedish krona	19
Swiss franc	80
US dollar	352,730
Total net foreign currency exposure	<u><u>353,110</u></u>

	Total net foreign currency exposure*
2023	£000s
Australian dollar	(52)
Canadian dollar	(123)
Euro	836
Hong Kong dollar	(65)
Japanese yen	135
Singapore dollar	(13)
Swedish krona	(8)
Swiss franc	49
US dollar	435,929
Total net foreign currency exposure	<u><u>436,688</u></u>

\* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-Fund would increase or decrease by approximately £5,810,000 (2023: £7,264,000). Forward currency contracts are used to manage the portfolio exposure to currency movements.

## (iii) Interest rate risk

Interest rate risk is the risk that the value of the Sub-Fund's investments will fluctuate as a result of interest rate changes.

During the year, the Sub-Fund's direct exposure to interest rates consisted of cash and bank balances.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-Fund has indirect exposure to interest rate risk as it invests in bond funds.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## a Market risk (continued)

## (iii) Interest rate risk (continued)

In the event of a change in interest rates, there would be no material impact upon the net assets of the Sub-Fund.

The Sub-Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

There is no significant exposure to interest bearing securities at the balance sheet date.

## b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Sub-Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Sub-Fund. The Sub-Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The Sub-Fund holds cash and cash deposits with financial institutions which potentially exposes the Sub-Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Sub-Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Sub-Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Sub-Fund may not be able to immediately sell such securities.

To reduce liquidity risk, the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Sub-Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Sub-Fund.

In addition, liquidity is subject to stress testing on an annual basis to assess the ability of the Sub-Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts, these are payable in less than one year.

## d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## d Fair value of financial assets and financial liabilities (continued)

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Sub-Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£000s	£000s
Quoted prices	42,526	(630)
Observable market data	699,437	(576)
Unobservable data	-	-
	<u>741,963</u>	<u>(1,206)</u>

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£000s	£000s
Quoted prices	35,407	(443)
Observable market data	908,821	(11)
Unobservable data	-	-
	<u>944,228</u>	<u>(454)</u>

No securities in the portfolio of investments are valued using valuation techniques.

## e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

## f Derivatives

The Sub-Fund may employ derivatives with the aim of reducing the Sub-Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Sub-Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year, there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the Absolute Value at Risk (VaR) approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Sub-Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Sub-Fund at any given time and may not exceed 100% of the net asset value of the property of the Sub-Fund.

For certain derivative transactions, cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

**Notes to the financial statements (continued)**

for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Sub-Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition, the Sub-Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Sub-Fund may transact in derivative contracts which potentially exposes the Sub-Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

## (ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the Absolute Value at Risk (VaR) approach) divided by the net asset value.

As at the balance sheet date, the leverage was 129.01% (2023:159.29%).

## (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date, the global exposure is as follows:

	Gross exposure value	% of the total net asset value
2024	£000s	
Futures		
CBT - 10 year US Treasury Note September 2024	84,066	11.08
CBT - Ultra US Treasury Bond September 2024	17,488	2.31
CME - E Mini S&P 500 Index June 2024	67,313	8.88
EOP - CAC 40 Index June 2024	3,548	0.47
EUREX - DAX Index June 2024	1,929	0.25
EUREX - Swiss Market Index June 2024	1,784	0.24
EUX - Stoxx 600 Utilities June 2024	978	0.13
HKG - Hang Seng Index June 2024	472	0.06
ICF - FTSE 100 Index June 2024	3,639	0.48
ICF - Long Gilt September 2024	26,836	3.54
MSE - S&P 60 Index June 2024	2,726	0.36
OSE - Topix Index June 2024	8,094	1.07
SGX - MSCI Singapore Index June 2024	253	0.03
SSE - OMX Index June 2024	827	0.11
Forward currency contracts		
Value of short position - US dollar	236,908	31.24

**Notes to the financial statements (continued)**  
for the year ended 31 May 2024

## 15. Risk management policies (continued)

## f Derivatives (continued)

## (iii) Global exposure (continued)

	Gross exposure value £000s	% of the total net asset value
2023		
Futures		
ICF - FTSE 100 Index June 2023	5,067	0.52
ICF - Long Gilt September 2023	31,747	3.25
EOP - CAC 40 Index June 2023	4,580	0.47
CME - E Mini S&P 500 Index June 2023	55,619	5.70
EUREX - DAX Index June 2023	1,347	0.14
MFM - IBEX 35 Index June 2023	155	0.01
MSE - S&P 60 Index June 2023	2,933	0.30
SSE - OMX Index June 2023	2,158	0.22
SGX - MSCI Singapore Index June 2023	576	0.06
OSE- Topix Index June 2023	5,770	0.59
HKG - Hang Seng Index June 2023	657	0.07
CBT - US 10 Year Note September 2023	123,113	12.62
CBT - US Ultra Bond September 2023	31,806	3.26
CBT - US 2 Year Note September 2023	31,387	3.22
Forward currency contracts		
Value of short position - Euro	1,042	0.11
Value of short position - US dollar	280,500	28.75

The Sub-Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Sub-Fund.

Collateral arrangements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Sub-Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Sub-Fund is not required to hold collateral.

The counterparty, collateral amount and type held by the Sub-Fund as at the balance sheet date is detailed in the table below.

Counterparty	Collateral classification	Collateral value	
		2024	2023
Morgan Stanley & Co. LLC	GSAM Hold	£5,576,041	£3,865,724

## Remuneration

True Potential Administration LLP (TPA) has established a Remuneration Policy in accordance with the SYSC 19E (UCITS Remuneration code) FCA rules. The policy is designed to ensure that TPA's remuneration practises are consistent and promote sound and effective risk management, do not encourage risk taking which is inconsistent with the risk profiles of the funds that TPA manages and do not impair TPA's duties to act in accordance with the interests of the funds.

The TPA board of directors is responsible for the exercise of competent and independent judgement on the remuneration policies and practices and the incentives created for managing risk.

The remuneration policy is intended to ensure the continued ability to attract and retain the most qualified employees and to provide a solid basis for succession planning, in connection with the annual assessment of the remuneration of the code staff, developments in market practice are assessed systematically.

Pay is designed to reflect success or failure against a range of competencies which are assessed annually. These competencies for staff covering both financial and non-financial metrics include specific behavioural competencies and compliance matters. When determining compensation, including variable compensation, managers and the Board will consider:

- Overall firm performance;
- Collective performance of the relevant team; and,
- Individual performance relative to role requirements (including performance against agreed financial and non-financial objectives where relevant) and with specific attention to stand out performance.

Board considerations may also include, but are not limited to:

- The appropriate balance between fixed and variable components of remuneration;
- Restrictions on guaranteed remuneration and early termination payments;
- Payment of variable remuneration in the form of units/shares in the funds managed by TPA;
- Deferral periods; and
- Performance adjustments.

Table to show the aggregate remuneration split by senior Management, other MRTs and Administrative staff for TPA	Financial Year ending 31 March 2024			
	Count	Fixed £000	Variable £000	Total £000
Senior Management	8	791	11	802
Other MRTs	4	302	41	343
Administrative staff	13	337	59	396
Total	25	1,430	111	1,541



## Further Information

### Distributions and reporting dates

Where net revenue is available it is distributed/allocated from the Sub-Funds as below. In the event of a distribution, shareholders will receive a tax voucher.

XD dates	03 June	Final	payment/ allocation dates	31 July	True Potential Close Brothers Balanced True Potential Close Brothers Growth True Potential Goldman Sachs Balanced
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XD dates	03 June	Final	payment/ allocation dates	31 July	True Potential Close Brothers Cautious
	02 December	Interim		31 January	True Potential 7IM Defensive
					True Potential 7IM Cautious
					True Potential 7IM Balanced
					True Potential 7IM Growth
					True Potential 7IM Aggressive
					True Potential UBS Defensive
					True Potential UBS Cautious
					True Potential UBS Balanced
					True Potential UBS Growth True Potential UBS Aggressive

XD dates	02 September	Quarter 1	payment/ allocation dates	31 October	True Potential Close Brothers Cautious Income
	02 December	Interim		31 January	True Potential SEI Defensive
	01 March	Quarter 3		30 April	True Potential SEI Cautious
	02 June	Final		31 July	True Potential SEI Balanced
					True Potential SEI Growth True Potential SEI Aggressive

XD dates	03 July	Month 1	payment/ allocation dates	31 July	True Potential Goldman Sachs Income Builder
	01 August	Month 2		30 August	
	02 September	Month 3		30 September	
	01 October	Month 4		31 October	
	01 November	Month 5		29 November	
	02 December	Month 6		31 December	
	02 January	Month 7		31 January	
	01 February	Month 8		29 February	
	01 March	Month 9		28 March	
	02 April	Month 10		30 April	
	01 May	Month 11		31 May	
	03 June	Final		28 June	

Reporting dates	31 May	Annual	All Sub-Funds
	30 November	Interim	All Sub-Funds

## Further Information (continued)

### Buying and selling shares

The property of the Sub-Funds was valued at 5pm on each business day (until 03 November 2023), and the prices of shares were calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order. From 06 November 2023, the daily valuation point was moved to 3pm.

The minimum initial investment and holding apply to the Sub-Funds as follows:

	Minimum initial Investment and holding
A Income shares	£1
A Accumulation shares	£1
B Income shares*	£100,000
B Accumulation shares*	£100,000

\* Share class not currently available for investment.

The minimum initial and subsequent investment amounts, minimum holding requirements and the preliminary and redemption charges may be waived by the ACD at its discretion. Further details of this can be found within the prospectus.

### Benchmark

#### *True Potential SEI Defensive, True Potential 7IM Defensive, True Potential UBS Defensive*

The Sub-Fund's performance can be assessed by comparison to the Morningstar UK Cautious Target Allocation Index (as a comparator benchmark). The benchmark may be used as a guide to compare and assess the performance of the Sub-Fund. Our aim is to help you monitor how your investment is performing. The AFM considers this is an appropriate comparator benchmark, given the multi asset nature and relative risk profile of the Sub-Fund. The Sub-Fund does not use the benchmark as a target, nor is the Sub-Fund constrained by it. The mix of assets in the Sub-Fund may vary from those of the benchmark (and its constituents). Accordingly, it should be used for reference purposes only.

#### *True Potential SEI Cautious, True Potential Close Brothers Cautious Income, True Potential Close Brothers Cautious, True Potential UBS Cautious, True Potential 7IM Cautious*

The Sub-Fund's performance can be assessed by comparison to the Morningstar UK Moderately Cautious Target Allocation Index (as a comparator benchmark). The benchmark may be used as a guide to compare and assess the performance of the Sub-Fund. Our aim is to help you monitor how your investment is performing. The AFM considers this is an appropriate comparator benchmark, given the multi asset nature and relative risk profile of the Sub-Fund. The Sub-Fund does not use the benchmark as a target, nor is the Sub-Fund constrained by it. The mix of assets in the Sub-Fund may vary from those of the benchmark (and its constituents). Accordingly, it should be used for reference purposes only.

#### *True Potential Close Brothers Balanced, True Potential SEI Balanced, True Potential Goldman Sachs Balanced, True Potential UBS Balanced, True Potential 7IM Balanced, True Potential Goldman Sachs Income Builder*

The Sub-Fund's performance can be assessed by comparison to the Morningstar UK Moderate Target Allocation Index (as a comparator benchmark). The benchmark may be used as a guide to compare and assess the performance of the Sub-Fund. Our aim is to help you monitor how your investment is performing. The AFM considers this is an appropriate comparator benchmark, given the multi asset nature and relative risk profile of the Sub-Fund. The Sub-Fund does not use the benchmark as a target, nor is the Sub-Fund constrained by it. The mix of assets in the Sub-Fund may vary from those of the benchmark (and its constituents). Accordingly, it should be used for reference purposes only.

## Further Information (continued)

### Benchmark (continued)

#### *True Potential Close Brothers Growth, True Potential SEI Growth, True Potential UBS Growth, True Potential 7IM Growth*

The Sub-Fund's performance can be assessed by comparison to the Morningstar UK Moderately Adventurous Target Allocation Index (as a comparator benchmark). The benchmark may be used as a guide to compare and assess the performance of the Sub-Fund. Our aim is to help you monitor how your investment is performing. The AFM considers this is an appropriate comparator benchmark, given the multi asset nature and relative risk profile of the Sub-Fund. The Sub-Fund does not use the benchmark as a target, nor is the Sub-Fund constrained by it. The mix of assets in the Sub-Fund may vary from those of the benchmark (and its constituents). Accordingly, it should be used for reference purposes only.

#### *True Potential 7IM Aggressive, True Potential SEI Aggressive, True Potential UBS Aggressive*

The Sub-Fund's performance can be assessed by comparison to the Morningstar UK Adventurous Target Allocation Index (as a comparator benchmark). The benchmark may be used as a guide to compare and assess the performance of the Sub-Fund. Our aim is to help you monitor how your investment is performing. The AFM considers this is an appropriate comparator benchmark, given the multi asset nature and relative risk profile of the Sub-Fund. The Sub-Fund does not use the benchmark as a target, nor is the Sub-Fund constrained by it. The mix of assets in the Sub-Fund may vary from those of the benchmark (and its constituents). Accordingly, it should be used for reference purposes only.

## Appointments

### ACD and Registered Office

True Potential Administration LLP  
Newburn House  
Gateway West  
Newcastle Upon Tyne NE15 8NX  
Telephone: 0191 500 8807  
Authorised and regulated by the Financial Conduct Authority

### Administrator and Registrar (until 04 December 2023)

True Potential Administration LLP  
Newburn House  
Gateway West  
Newcastle Upon Tyne NE15 8NX  
Telephone: 0191 500 8807  
Authorised and regulated by the Financial Conduct Authority

### Administrator and Registrar (from 04 December 2023)

The Northern Trust Company  
50 Bank Street  
London E14 5NT  
Authorised and regulated by the Financial Conduct Authority

### Partners of the ACD

Peter Coward  
Thomas Finch (departed 15 December 2023)  
Keith McDonald  
Michael Martin  
Brian Shearing  
Simon White  
Fiona Laver  
Iain Wallace (appointed 17 July 2024)  
True Potential LLP

### Independent Non-Executive Partners of the ACD

Michael Martin  
Simon White  
Fiona Laver

### Non-Executive Partner of the ACD

Peter Coward

### Investment Manager

True Potential Investments LLP  
Newburn House  
Gateway West  
Newcastle Upon Tyne NE15 8NX  
Authorised and regulated by the Financial Conduct Authority

### Depositary (until 04 December 2023)

HSBC Bank plc  
8 Canada Square  
London E14 5HQ  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

### Depositary (from 04 December 2023)

Northern Trust Investor Services Limited  
50 Bank Street  
London E14 5NT  
Authorised and regulated by the Financial Conduct Authority

## Appointments (continued)

### Auditor

Johnston Carmichael LLP  
Bishop's Court  
29 Albyn Place  
Aberdeen AB10 1YL