



abrdn Capital Offshore Strategy Fund Limited

(formerly Aberdeen Standard Capital Offshore Strategy
Fund Limited)

Annual Report and Audited Financial Statements
for the year ended 31 December 2022

[abrdn.com](https://www.abrdn.com)

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Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the abrdn Capital Offshore Strategy Fund Limited (“the Company”) will be held on 25 May 2023 at IFC 1, The Esplanade, St Helier, Jersey, Channel Islands, at 3 p.m. for the transaction of the following business:

- (1) To receive and adopt the Financial Statements of the Company for the year ended 31 December 2022 and the Directors' and Auditor's reports thereon.
- (2) To re-appoint KPMG Channel Islands Limited as Auditor of the Company.
- (3) To authorise the Directors to fix the Auditor's remuneration.
- (4) To re-appoint Andrew Curtin as a Director of the Company.
- (5) To re-appoint Timothy Coote as a Director of the Company.
- (6) To re-appoint Lynn Scott as a Director of the Company.
- (7) To re-appoint Aaron Le Cornu as a Director of the Company.

By Order of the Board

abrdn Capital (CI) Limited Company Secretary

1st Floor, Sir Walter Raleigh House
48-50 Esplanade
St Helier, Jersey
JE2 3QB

6 April 2023

Notes:

- (1) A Shareholder entitled to attend and vote at the Meeting convened by this Notice is entitled to appoint one or more proxies to attend and (on a poll) to vote instead of him/her. A proxy need not also be a member of the Company.
- (2) A form of proxy is enclosed. The Chairman of the Meeting would be willing to act as your proxy if desired. Please sign and complete the form and return, to reach the office of the Secretary not later than 24 hours before the time fixed for the Meeting.

Management and Administration

Directors of the Company

Aaron Le Cornu (Chairman)

Aaron Le Cornu is the founder of A2Z Consulting Ltd and is an independent Director, with 30 years experience in financial services. Aaron held a number of senior and Board positions within HSBC, latterly as Deputy CEO of HSBC International. During his 10 years with HSBC, he was involved in several acquisitions including the purchase of Marks and Spencer Money.

Aaron was the Chief Financial Officer and Chief Operating Officer for the law firm, Ogier, and was Chief Financial Officer of the team which completed a management buy out of the Ogier fiduciary business (subsequently renamed Elian) in 2014. Aaron was also the Chief Operating Officer for GLI Finance and was a Board Director of its Fintech Ventures subsidiary.

Aaron is a Chartered Accountant having qualified with Arthur Andersen in London. He has a First Class Honours degree in European Management Science from Swansea University.

Appointed to the Board on 22 February 2021.

Appointed as Chairman on 27 May 2021.

Timothy Coote

Tim Coote is Head of Governance and Oversight and a Director of abrdn Capital International Limited in Jersey, which is licenced to conduct Investment and Fund Service business. He joined abrdn in 2005.

He has over forty years experience in Corporate Banking, Investment and Fund Management. Prior to joining abrdn, Tim spent seven years as Operations Director for Insinger de Beaufort International Limited. Previous to this, Tim held a senior position with Citibank in Jersey, latterly supporting their business in Dublin.

Appointed to the Board on 11 September 2018.

Lynn Scott

Lynn Scott is the Head of Product Consultancy of abrdn. Lynn was previously Head of Product Management for abrdn, Head of Product Development for non UCITS structures for Aberdeen Standard Investments and Head of Product Management and Investment Director (Technical) for Standard Life Investments. She joined Standard Life Investments in 2006. Prior to being employed by Standard Life Investments, she was employed by Standard Life Assurance Limited in various actuarial roles between 1994 and 2006.

She has a BSc (Hons) in Actuarial Mathematics and Statistics and has been a Fellow of the Faculty of Actuaries (FFA) since 1997.

Lynn is also a Director of the Manager, abrdn Capital (CI) Limited.

Appointed to the Board on 26 January 2015.

Andrew Curtin (Senior Independent Director)

Andrew Curtin is an independent Director of a range of Irish and Jersey regulated financial service providers including other fund companies sponsored by abrdn. He has over 25 years experience as a corporate banker and capital markets professional in both developed and emerging markets. From 2009 to 2012 he was Managing Director of ANP International Finance, a specialist proprietary liquidity and asset manager. He has also held various senior positions with Citibank, Anglo Irish Bank and the Saudi Industrial Development Fund.

Andrew graduated from University College Dublin with a BA (Hons) in Economics and a Masters in International Development. He is also a Chartered Director.

Appointed to the Board on 10 May 2016.

Management and Administration

Continued

Registered Office of the Company

IFC 1
The Esplanade
St Helier, Jersey, JE1 4BP

abr dn Capital Offshore Strategy Fund Limited (formerly Aberdeen Standard Capital Offshore Strategy Fund Limited) is regulated by the Jersey Financial Services Commission.

Manager, Secretary and Registrar

abr dn Capital (CI) Limited
1st Floor, Sir Walter Raleigh House,
48-50 Esplanade,
St Helier, Jersey,
JE2 3QB

Investment Helpline
Jersey (01534) 709130

Fax Jersey (01534) 849304

Registered in Jersey No. 5769
Regulated by the Jersey Financial Services Commission.

Investor contact details

abr dn Capital (CI) Limited
BNP Paribas S.A. Jersey Branch (effective 1 October 2022 formerly BNP Paribas Securities Services S.C.A. Jersey Branch)
IFC 1
The Esplanade
St Helier, Jersey, JE1 4BP

Administrator

The Manager has also appointed the Administrator as Secretary and Registrar to the Company.

BNP Paribas S.A. Jersey Branch (effective 1 October 2022 formerly BNP Paribas Securities Services S.C.A. Jersey Branch)
IFC 1
The Esplanade
St Helier, Jersey, JE1 4BP
Regulated by the Jersey Financial Services Commission.

Directors of the Manager

Kevin Charles Mundy (Chairman)
Andrew Ian Wignall
Gary Clark
Lynn Scott
Barry Jon Hardisty

Custodian

BNP Paribas Depository
Services (Jersey) Limited
IFC 1
The Esplanade

St Helier, Jersey, JE1 4BP
Regulated by the Jersey Financial Services Commission.

Compliance Officer

Barry Jon Hardisty (resigned 01 March 2022)
Lisa Ronayne (appointed 01 March 2022)

Money Laundering Compliance Officer

Timothy Coote (resigned 01 March 2022)
Lisa Ronayne (appointed 01 March 2022)

Money Laundering Reporting Officer

Timothy Coote (resigned 01 March 2022)
Lisa Ronayne (appointed 01 March 2022)

Investment Manager

abr dn Capital Limited
1 George Street
Edinburgh, EH2 2LL
Registered in Scotland No. SC317950
Registered office as address above.
Authorised and regulated by the Financial Conduct Authority.

Principal Bankers to the Company

BNP Paribas S.A. Jersey Branch (effective 1 October 2022 formerly BNP Paribas Securities Services S.C.A. Jersey Branch)
IFC 1
The Esplanade
St Helier, Jersey, JE1 4BP
Regulated by the Jersey Financial Services Commission.

Legal Advisers

Mourant Ozannes (Jersey) LLP
22 Grenville Street
St Helier, Jersey, JE4 8PX

Auditor

KPMG Channel Islands Limited
37 Esplanade, St Helier
Jersey, JE4 8WQ

Fund Accountants

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London
EC4V 4LA

Effective 8 August 2022, The Bank of New York Mellon (International) Limited replaced BNY Mellon Fund Services (Ireland) Designated Activity Company as the Company Fund Accountants.

Chairman's Statement

Global Market Overview

2022 was a difficult period for investors, with widespread falls across investment markets. A confluence of events caused investors to pull back from multiple asset classes. These included the war in Ukraine, volatile energy prices and rising inflation. In response, many global central banks have rapidly hiked interest rates, a move which could result in slower economic growth, although the full impacts are not yet known. Towards the end of the period, many markets recovered somewhat as investors have taken some comfort in improving conditions and a more optimistic outlook. However, overall, most investments fell over the period.

Global equity markets were mostly negative over the 12 months to the end December 2022, with the UK, US, European and emerging markets all posting negative returns. UK large-cap companies performed better than small and mid-cap companies. Latin America was the best-performing region over the period.

Early in the period, markets began to recover from the spread of the Omicron variant of the coronavirus and from the resultant global supply-chain issues. However, as central banks tightened monetary policy and Russia invaded Ukraine, markets fell. While the conflict continued throughout March, global markets generally bounced back. However, fears over rising inflation and the risk of a global recession weighed on sentiment. Global equities rebounded in October and rose further in November, as US inflation data and the relaxing of China's strict Covid-19 restrictions gave investors cause for optimism. However, a tough year concluded with further stock market weakness in December amid concerns for global economic growth in 2023. Although the US Federal Reserve (Fed) raised rates by less than at previous meetings, it continued on its hiking path. At the end of the period, investor concerns focused on the slowing global economy, the possibility of a recession and rising cases of Covid-19 in China.

In fixed income, there were widespread falls in government and corporate bonds in the 12 months to December. Investors pulled back from the asset class, wary of the impact that central bank policy would have on markets and economies. Central banks acted to control inflation by reducing policy support and hiking interest rates for most of the period. As a result, investors sold government bonds, pushing yields higher. Corporate bond prices also fell, as investors feared an economic slowdown could destabilise companies. In the UK, September's mini-Budget prompted a wave of selling in bond markets, driving gilt yields higher and prompting intervention from the Bank of England (BoE). In November, corporate and sovereign bonds ended higher, as investors saw slowing US inflation data as positive for the global economy. However, US corporate bonds, Treasuries, gilts and European sovereign and corporate bonds all fell in December.

The table on page 8 shows the returns for each Fund in the Company. Unfortunately, given the challenging investment conditions, each of the Funds has delivered a negative return over the 12-month period. This performance is mainly due to

the overall performance of the associated class of investment assets, but in some cases stock selection has contributed to additional underperformance. While the Fund Manager and Board are disappointed with the negative return for the period, we remain confident that the investment philosophy of backing high-quality companies, while applying our stringent ESG standards, will produce superior returns for shareholders in the medium to long term.

Outlook

Global equity markets are expected to continue to face challenges in 2023. Despite cautious optimism from investors in November, as falling US inflation data signalled a possible deceleration in interest-rate rises, investors are now concerned that entrenched inflation and sustained rate hikes could result in a harsh economic downturn. We believe that many of the market pressures in 2022, such as high energy prices, the cost-of-living crisis and rising interest rates, will continue into 2023. In the UK and Europe, we feel that earnings forecasts have not priced in the likely slowdown in GDP growth. In the US, although growth remains positive, it is slowing, and we believe that there will need to be a rise in unemployment in order to tame core inflation.

In fixed-income markets, although the Fed, the BoE and the European Central Bank (ECB) raised rates by 50 bps rather than 75 bps at their last meetings, they stressed that further action is required. Fed chair Powell stated that "ongoing hikes will be appropriate". ECB president Lagarde confirmed that the smaller raise did not signal a policy pivot and investors could expect rate rises "at a 50-basis-point pace for a period of time". In the UK, we believe the BoE could raise rates to 4.5% in 2023 before it begins to cut rates in the second half of the year.

Chairman's Statement

Continued

Fund reports and performance (annualised %)

The Fund Reports, included in the Individual Financial Statements, provide information on the performance of each Class Fund and portfolio activity during the year.

Class	1 Year	3 years	5 years	Since Inception
Bridge	-12.26	3.41	4.35	6.00
Global Equity	-14.08	5.95	7.10	6.40
Global Fixed Interest	-16.64	-4.55	-1.70	3.73
Income	-9.65	3.52	4.72	5.97
Sterling Fixed Interest	-20.69	-5.97	-2.39	3.25
UK Equity	-7.78	-1.35	0.26	5.65

Sustainable Investing

Environmental, social and governance ("ESG") considerations have been an integral part of our decision-making process for almost 30 years. With ESG factors at the heart of our investment processes, we believe that we can generate better outcomes for our clients, society and the wider world. Please refer to the Fund Report of each Fund class for more details.

Board Changes

There have been no changes from 1 January 2022 to 31 December 2022.

Significant Events

Effective from 8 August 2022, the Company and its fund classes were renamed, as follows:

Aberdeen Standard Capital Offshore Strategy Fund Limited	abrdn Capital Offshore Strategy Fund Limited
Aberdeen Standard Capital (Offshore) Bridge Fund	abrdn Bridge Offshore Fund
Aberdeen Standard Capital (Offshore) Global Equity Fund	abrdn Global Equity Offshore Fund
Aberdeen Standard Capital (Offshore) Global Fixed Interest Fund	abrdn Global Fixed Interest Offshore Fund
Aberdeen Standard Capital (Offshore) Income Fund	abrdn Income Offshore Fund
Aberdeen Standard Capital (Offshore) Sterling Fixed Interest Fund	abrdn Sterling Fixed Interest Offshore Fund
Aberdeen Standard Capital (Offshore) UK Equity Fund	abrdn UK Equity Offshore Fund

On 24 February 2022, Russia launched a military offensive against Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats. Market disruptions associated with the geopolitical event have had a global impact, and uncertainty exists as to the implications. Such disruptions can adversely affect assets of funds and performance thereon. Only the Global Fixed Interest Fund Class had direct exposure to Ukrainian assets at 31 December 2022, totalling 0.12% of total net assets.

abrdn and abrdn Capital conduct regular reviews of the following:

- Market liquidity across each asset class and Fund;
- Asset class bid-offer spread monitoring;
- Review of Fund level dilution rate appropriateness;
- Review of daily subscriptions / redemptions to anticipate any potential concerns to meet redemption proceeds;
- Any requirement to gate or defer redemptions;
- Any requirement to suspend a Fund(s); and
- Any fair value price adjustments at a Fund level.

abrdn's Valuation and Pricing Committee (VPC) also continue to review the valuation of assets and the recoverability of income from those assets making appropriate adjustments where necessary. The VPC is made up of a wide range of specialists across abrdn with a wide range of experience in asset pricing. abrdn and abrdn Capital have also evaluated, and will continue to evaluate, the operational resilience of all service providers. Key suppliers do not have operations pertaining to abrdn in Ukraine or Russia. These are regularly presented to the board in making decisions on behalf of the Company.

On 26 February 2023, abrdn agreed the sale of abrdn Capital Limited (ACL), its discretionary fund management business, to LGT. The sale is expected to complete in the second half of 2023, following satisfaction of certain conditions including receipt of customary regulatory approvals. ACL is the sole shareholder of abrdn Capital International Limited (ACIL) and ACIL is in turn the sole shareholder of abrdn Capital (CI) Limited (the Manager), which is the manager of abrdn Capital Offshore Strategy Fund Limited (the Fund). Assuming and upon completion of the sale (i) LGT's group will therefore assume control of the Manager of the Fund and the ultimate beneficial ownership of the Fund's management shares; (ii) it is anticipated LGT's group will replace the sub-investment adviser of the Manager in respect of the Fund; (iii) there may be changes to the constitution of the boards of directors of the Fund and the Manager; and (iv) the names of the Fund, its class funds and the Manager will be changed in due course to align with LGT's group branding.

As at 6 April 2023, no funds have been suspended, nor have any redemptions been gated or deferred. Based on the Manager's assessment of the factors noted above, abrdn Capital Offshore Strategy Fund Limited (formerly Aberdeen

Chairman's Statement

Continued

Standard Capital Offshore Strategy Fund Limited) has adequate financial resources to continue in operation.

The latest prices are available on the abrdn Capital website at:

www.abrdn.com/discretionary/offshore/adviser/fund-centre/literature-page

I hope that you find this report informative and I would like to thank you for investing with us.

Aaron Le Cornu

Chairman

6 April 2023

Report of the Custodian

To the Shareholders of abrdn Capital Offshore Strategy Fund Limited

It is the opinion of BNP Paribas Depositary Services (Jersey) Limited in respect of the year ended 31 December 2022, during which time we acted as Custodian to the Company, to the best of our information, knowledge and belief, that in all material respects, the Directors and the Manager have managed the Company in that year:

- a) In accordance with the limitations imposed on the investment and borrowing powers of the Company and the Custodian by the Memorandum and Articles of Association, by Prospectuses and by all Orders for the time being in force under Article 10 of the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003; and
- b) Otherwise in accordance with the provisions of the Articles of Association, and the Management Agreement and those Orders.

**BNP Paribas Depositary Services
(Jersey) Limited**

6 April 2023

Report of the Directors

The Directors submit their Annual Report and Audited Financial Statements for abrdn Capital Offshore Strategy Fund Limited (formerly Aberdeen Standard Capital Offshore Strategy Fund Limited) (the "Company") for the year ended 31 December 2022. The Company was incorporated in Jersey on 4 April 1996 with registration number 64833. On 2 July 1996 the Company obtained Recognized Fund status under the Collective Investment Funds (Jersey) Law 1988 and under the United Kingdom Financial Services Act 1986.

The Company is an open-ended investment company whose shares are divided into a number of Fund Classes. The Company is a recognized fund in the category of an umbrella fund as defined in the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003.

As at 31 December 2022, the Company has six Fund Classes all constituting Securities Funds in which investors may subscribe for shares, as follows:

Class	Inception date
Bridge	18 October 1999
Global Equity	6 April 1998
Global Fixed Interest	22 April 2004
Income	9 March 2015
Sterling Fixed Interest	4 February 2000
UK Equity	29 May 1997

Each Fund Class has two classes of shares in issue; these being Z and Retail Participating Shares. The Z Participating Shares are only available to those investors who are clients of the Investment Manager or other relevant Group entities. The principal difference between Z Shares and Retail Shares is that the Z Shares are not subject to the periodic charge of the Manager under the relevant Fund Class rules because the clients have already agreed to pay a fee pursuant to their specific fee arrangements with the Investment Manager or other relevant Group entity.

The Directors may create additional Fund Classes by adopting fund rules approved by the Custodian and specifying the name, investment objective, base currency, initial price, and other relevant provisions for a class fund not contained in the Articles of Association of the Company.

Each Fund Class owns a pool of assets to which the proceeds of issue of shares of the Fund Class and the revenue arising from the investment of those proceeds together with related expenses are applied.

Accordingly, separate accounting records are maintained and separate Statements of Financial Position, Statements of Total Return and Statements of Movements in Shareholders' Funds have been prepared for each Fund Class.

The Company is a recognised scheme in the United Kingdom for the purposes of the Financial Services and Markets Act 2000 (FSMA) by virtue of s270 of FSMA.

Holdings in other Fund Classes of the Company

As at 31 December 2022, no Fund Class held shares in any other Fund Class of the Company.

Alternative Investment Fund Managers ('AIFM') Directive

On 17 July 2014, an amended and restated Management Agreement was signed by the Company in anticipation of the potential impact of Directive 2011/61/EU (AIFMD) on the marketing of Participating Shares in the Company to professional investors in the European Economic Area and in contemplation of the Manager having primary responsibility for the portfolio management and risk management activities of the Company as a non-EU AIFM.

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, abrdn Capital (CI) Limited, is required to be made available to investors and is provided in the Annual Report of the Company each year.

In accordance with the Directive, the AIFM's remuneration policy is available from abrdn Capital (CI) Limited on request. abrdn Capital (CI) Limited has a board of three non-executive directors and two directors who are employed by other group companies. abrdn Capital (CI) Limited has no direct staff. The directors of abrdn Capital (CI) Limited are the individuals whose activities have a material impact on the risk profile of the AIFM and they discharge their duties via regular reporting and review at board meetings. Investment Management functions are delegated to abrdn Capital Limited via an Investment Management Agreement. The directors of abrdn Capital (CI) Limited receive fixed remuneration in the form of the directors' fees, which totalled £50,000 for the year ended 31 December 2022 (2021: £50,000).

The Company's actual leverage levels at 31 December 2022 are shown below:

Class	Gross	Commitment
Bridge	97.00%	95.31%
Global Equity	96.51%	96.51%
Global Fixed Interest	200.84%	109.49%
Income	96.71%	94.92%
Sterling Fixed Interest	105.35%	99.98%
UK Equity	97.08%	97.08%

Leverage limits for the year were 300% on the gross method and 200% on the commitment method. This was consistent for all funds, there were no changes in the year.

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Company's exposure to its net asset value and is calculated on both a gross and

Report of the Directors

Continued

commitment method. Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other. The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

The Prospectus and the Fund Rules

Changes have been made to the Prospectus where deemed necessary by the Company and the Manager and which also do not materially prejudice any existing shareholders of the Company or potential shareholders.

Updated copies of the Prospectus dated 1 October 2022 are available online at <https://www.abrdn.com/discretionary/offshore/adviser/fund-centre/literature-page> or are available from the Manager upon request.

Investment Objective and Strategy

abrdn Bridge Offshore Class (formerly Aberdeen Standard Capital (Offshore) Bridge Class) ("Bridge Class"):

to provide investors with capital growth with an element of income. This Class will be primarily invested in a portfolio of international equities and fixed interest securities. Although this Class will normally be invested in securities, the Investment Manager may elect to hold cash or near cash from time to time. There will be no limits on the proportion of the Class invested in bonds or equities or in any one geographic region.

abrdn Global Equity Offshore Class (formerly Aberdeen Standard Capital (Offshore) Global Equity Class) ("Global Equity Class"):

to provide investors with long-term capital growth together with an element of income. This Class will be primarily invested in a diversified portfolio of global equities.

abrdn Global Fixed Interest Offshore Class (formerly Aberdeen Standard Capital (Offshore) Global Fixed Interest Class) ("Global Fixed Interest Class"):

to provide investors with a return from both income and capital growth. This Class will be primarily invested in global fixed interest securities. The Investment Manager may also elect to hold cash or near cash from time to time.

abrdn Income Offshore Class (formerly Aberdeen Standard Capital (Offshore) Income Class) ("Income Class"):

to provide investors with income and the potential for growth in the underlying invested capital. This Class will be invested primarily in a portfolio of international equities (including United Kingdom equities) and fixed interest securities. The Class may also hold other assets including cash, derivatives (for efficient portfolio management purposes), collective investment scheme investments, warrants, deposits and money market instruments as deemed appropriate to meet the investment objective.

abrdn Sterling Fixed Interest Offshore Class (formerly Aberdeen Standard Capital (Offshore) Sterling Fixed Interest Class) ("Sterling Fixed Interest Class"):

to provide investors with a return of both capital growth and income. This Class will be primarily invested in a portfolio of sterling denominated fixed interest securities. The Investment Manager may also elect to hold cash from time to time and up to a maximum of 20% of the Class may also consist of euro and dollar denominated fixed interest securities. All non-sterling assets will be hedged back to sterling.

abrdn UK Equity Offshore Class (formerly Aberdeen Standard Capital (Offshore) UK Equity Class) ("UK Equity Class"):

to provide investors with long-term capital growth together with an element of income. This Class will be invested primarily in a diversified range of UK equity investments.

Reporting Fund Status

The Company received confirmation from HMRC of its entry into the Reporting Fund Regime with effect from 1 January 2010.

A Word of Warning

Investors should remember that the value of shares can fluctuate and is not guaranteed. Past performance is not a guide to the future and you may not get back the full amount invested. Shares in the Company should be regarded as long-term investments and may not be suitable for money you may need at short notice. The value of overseas securities will be influenced by the rate of exchange, which is used to convert these into sterling. In the event of the Company being unable to meet liabilities attributable to any particular Fund Class out of the assets attributable to such Fund Class, the excess liabilities may have to be met out of the assets attributable to the other Fund Classes.

Distribution Policy

The amount of revenue available for distribution will be determined by the Company. For the Bridge, Global Equity and

Report of the Directors

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UK Equity Classes, dividends will normally be paid six monthly on 28 February and 31 August in sterling to Shareholders who are on the register at 31 December and 30 June immediately prior to the distribution.

For the Sterling Fixed Interest, Global Fixed Interest and Income Classes, dividends will be paid quarterly. In addition to the dividend dates stated above, dividends will also be paid on 31 May and 30 November in sterling to Shareholders who are on the register at 31 March and 30 September immediately prior to the distribution.

Included in the creation and cancellation prices of Participating Shares and therefore reflected as a capital sum in those prices, is a revenue equalisation figure representing any revenue attributable to the Participating Shares accrued since the last record date for dividends. An amount representing an average equalisation will be included in the amount of the first dividend paid after the initial investment.

At present all net revenue earned is paid out as a distribution to Shareholders of each Share Class.

Shares in Issue

The total number of Shares in issue and Net Asset Value History over the last 3 years (or since launch if shorter) of each Share Class is disclosed in the Net Asset Value History table in the Statistics section for each Share Class. These are disclosed under the heading "Statistics" just before the Portfolio Statements and not in the Directors' report as required by Part 3 of Schedule 3 of the Fund Rules, as the Directors believe the information presented within each set of Fund Class results is a more informative presentation and will aid the understanding of the figures contained therein.

Each Fund class has two classes of shares in issue; these being Z and Retail Participating Shares.

Market value per Share

The bid-market value per share of each Share Class is disclosed in the Net Asset Value History table in the Statistics for each Share Class.

Corporate Governance Report

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code) as well as setting out additional Provisions on issues that are of specific relevance to abrdn Capital Offshore Strategy Fund Limited (formerly Aberdeen Standard Capital Offshore Strategy Fund Limited).

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been supported by the Jersey Financial Services Commission, provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Management Structure

The management structure is a one-tier Board of Directors.

Board Independence

The Board currently consists of four non-executive Directors. Two of the Directors, Mrs Scott and Mr Coote have interests with related parties and are therefore not considered independent: Mrs Scott is a Director of the Company's Manager, abrdn Capital (CI) Limited. Mrs Scott is also an employee of abrdn Investment Management Limited, which is part of the same group as abrdn Capital (CI) Limited. Mr Coote is employed by abrdn Capital International Limited which is part of the same group as abrdn Capital (CI) Limited. The Directors' interests are fully disclosed to the Board and each Director abstains themselves from any matters which could be affected by any conflict of interests.

The Board and Manager operate in a supportive, co-operative and open environment.

The Directors are conscious of the need to refresh the Board whilst maintaining continuity. The Board believes that retaining and refreshing Directors with sufficient experience of both the Company and its markets is of great benefit to Shareholders and that the Directors have different qualities and areas of expertise on which they may lead where issues arise. The Board is also committed to the proper levels of diversity. The Directors' biographies, set out on page 5, demonstrate a breadth of investment, commercial and professional experience with an International perspective. The Directors' length of service is also disclosed on page 5.

Responsibilities

The Board meets at least four times each year and deals with the important aspects of the Company's affairs, including the setting and monitoring of investment strategy and the review of investment performance. The Investment Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information.

The Board's tenure and succession policy seeks to ensure that the Board is well-balanced and refreshed by the appointment of new Directors with the skills and experience necessary, in particular, to replace those lost by Directors' retirements. Directors must be able to demonstrate their commitment to the

Report of the Directors

Continued

Company. The Board seeks to encompass relevant past and current experience of various areas relevant to the Company's business.

Board Committees

The Board has not established separate Audit, Management Engagement and Nominations committees with defined terms of reference and duties. All members of the Board consider and make decisions on matters of Audit, Management Engagement and Nominations. The Board believes that the Company is of insufficient size and complexity to warrant the additional cost associated with the engagement of separate committees to consider these matters.

The Board does ensure that at least one of its members is a qualified accountant and that the accountant(s) leads on all matters in relation to Financial Statements preparation and audit.

The Board is responsible for the review and monitoring of the internal financial control systems and risk management systems on which the Company is reliant:

- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half year and annual Financial Statements and the going concern statement of the Company by reviewing and challenging, where necessary, the actions and judgements of the Manager and the Administrator;
- to meet with the Company's auditor to review their proposed audit programme of work and the findings of its audit (the Board also uses this as an opportunity to assess the effectiveness of the audit process);
- to make recommendations in relation to the appointment of the Company's auditor and to approve the remuneration and terms of engagement of the Company's auditor; and to monitor and review annually the Company's auditor independence, objectivity, effectiveness, resources and qualifications.

Auditor

The Board has satisfied itself that KPMG Channel Islands Limited, the Company's current auditor, is independent.

Audit fees of £54,978 and non-audit fees of £Nil were paid to KPMG Channel Islands Limited during the year.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements as the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he/she has paid the purchase price of the shares.

Board of Directors

During the year ended 31 December 2022, the Board of Directors held four regular quarterly meetings and four ad-hoc meetings (for approval of the Financial Statements, prospectus, dividends and other matters), additionally, a committee was appointed to finalise the financial statements which Mr Le Cornu & Mr Coote attended. Attendance at each of these is noted below with the exception of the committee as the board had approved the statements in principle.

Number of meetings attended in year	Regular Quarterly Board meetings (4)	Ad-Hoc Meetings (4)
Aaron Le Cornu (Chairman)	4	4
Lynn Scott	4	4
Andrew Curtin	4	4
Timothy Coote	4	4

The first mandate of each Director ends at the Shareholders' Annual General Meeting following the date of appointment. The articles of the Company do not require retirement on a rotational basis, however from September 2019 the Board of Directors have agreed that each Director will be submitted for re-election on a voluntary basis every year.

Directors' Interests

The Directors at the date of this report are listed on page 5 and no Director has a service contract with the Company.

The Directors of the Company and their families had no interests in the Share Capital of the Company on 6 April 2023 or during the year, apart from Mr Coote who has a family interest of 289,005 Z class shares held within a discretionary portfolio managed by abrdn Capital International Limited (holding at 1 January 2022: 289,005).

There have been no changes in the interests of the Directors from the period end to the date of signing this report.

Directors' Professional Development

When a new Director is appointed, he or she is offered an induction programme which includes site visits to the main abrdn Capital's operation centres including Edinburgh and London as well as to the Administrator, based in Jersey.

Directors are also provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Directors also participate in relevant training and industry seminars as opportunities arise. In particular anti-money laundering training is undertaken by each Director annually.

Report of the Directors

Continued

Remuneration Report

The Board consists of non-executive Directors who meet regularly to deal with the important aspects of the Company's affairs. Directors are appointed on a yearly basis, with the expectation that they will initially serve for a period of three years. Each of the Directors has a letter of appointment and a Director may resign by giving notice in writing to the Board at any time; there are no set notice periods. The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. Mrs Scott is employed by abrDN Investment Management Limited and has waived her right to receive any fees from the Company. Mr Coote is employed by abrDN Capital International Limited and has waived his right to receive any fees from the Company. There are no long-term incentive schemes provided by the Company and the fees are not specifically related to the Directors' performance, or the share price. Each Director will stand for re-election each year.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited. Remuneration is reviewed on an annual basis. Directors' fees increased on 16 May 2012 to the current levels with a total aggregate fees cap of £100,000 as agreed at the 2012 AGM.

The Directors' fees paid for the year ended 31 December 2022 were: Mr Le Cornu £20,000 (2021: £17,111) and Mr Curtin £15,000 (2021: £15,000).

The Company has in place Directors' and Officers' Insurance cover to the sum of £10m in the aggregate in respect of the members of the Board of Directors, the costs of which are borne by the Company.

Senior Independent Director

Mr Curtin has been identified as the Senior Independent Director.

The role of Chief Executive

Since all Directors act in a non-executive capacity and day-to-day management responsibilities are subcontracted to the Manager, the Company does not have a chief executive.

Board Performance evaluation

An annual evaluation of the performance of the Board takes place utilising a questionnaire completed by each Board member. The results are compiled by the Company Secretary and circulated to the Board for review and consideration. This seeks to identify whether the Board demonstrates sufficient collective, skill, expertise and knowledge and that each Director exhibits the commitment required. The Board is satisfied with the outcome of the evaluation carried out in 2022.

Committees of the Board of Directors

The Directors may delegate any of their powers to committees consisting of a Director or Directors or such other persons as they think fit. Currently, no such committees have been established.

Bank facilities and gearing

At 31 December 2022, the Company had 3 short term overdrafts totalling £3k (2021: nil) and held cash of £11,767k (2021: £15,970k) which meant the Company was ungeared.

Related party transactions

The contracts with abrDN Capital (CI) Limited and abrDN Capital Limited are the only related party arrangements currently in place. Mrs Scott is a Director of the Manager, abrDN Capital (CI) Limited. Other than fees payable in the ordinary course of business, there have been no material transactions with these related parties which have affected the financial position or performance of the Company in the financial year.

Delegated functions

The Board has delegated contractually to external third parties, including the Manager, the Custodian and the Administrator, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting, company secretarial compliance and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

Internal audit function

As the Company delegates its day-to-day operations to third parties and has no employees, the Board has, therefore, determined that there is no requirement for an internal audit function. The Directors periodically consider whether a function equivalent to internal audit is needed and will continue to monitor its systems of internal controls in order to provide assurance that they operate as intended.

Relationship with the Manager

The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required.

The Investment Manager takes decisions as to the purchase and sale of individual investments. The Manager and the Administrator also ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information.

Report of the Directors

Continued

Representatives of the Manager and of the Administrator attend each Board meeting enabling the Directors to probe further on matters of concern. A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company within certain parameters. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative and the Fund Compliance Officer who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board, the Manager and the Administrator operate in a supportive, co-operative and open environment.

The Board reviews the performance of the Investment Manager at each Board meeting. It is the opinion of the Directors that the continued appointment of the current Investment Manager on the terms agreed is in the interests of the Company's Shareholders as a whole. The Investment Manager has extensive investment management resources and wide experience in managing and administering global investment companies.

Substantial share interests

At 31 December 2022, 527,877,853 (75.4%) shares were held by nominee company Platform Securities Nominees Limited, 158,063,527 (22.6%) shares by nominee company Allfunds Bank SA representing holdings on behalf of abrdn Capital's clients. Other corporate and nominee holdings represented 1.6% of shares. The remaining 0.4% of shares were held by 86 individual Shareholders.

Relations with Shareholders are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with Shareholders is through the Half Year and Annual Reports.

It is the intention of the Board that the year end items and Notice of the AGM be issued to Shareholders so as to provide at least twenty one days' notice of the AGM.

Shareholders wishing to contact the Company are invited to do so by writing to the Company Secretary at the registered office address. The Chairman can also be contacted at this address on page 6 of the report.

Corporate Responsibility

Responsible Investment

The Board has delegated all responsible investment activities for the Fund Classes to the Investment Manager. It is believed that the Investment Manager is best placed to undertake such activities and to ensure that these activities are integrated within the investment process. The Investment Manager has a well established approach to responsible investment. This approach encapsulates the exercise of

voting rights, engaging with investee companies and influencing the debate on certain environmental, social and governance (ESG) matters.

In a rapidly changing world on a path to net zero, we believe that the consideration of ESG factors is essential to more constructive engagement and better informed investment decisions which help our clients to achieve their financial objectives. Thinking about the future desired by our customers is a priority and we are relentlessly curious, seeking to identify those technologies, companies and sectors that will thrive in the economy, environment and society of tomorrow. Our investment decision-making incorporates ESG factors to improve client outcomes and drive positive change.

Voting policy

The Investment Manager's voting policies and procedures have been formulated by the Investment Directors of the Investment Manager. The Investment Manager seeks to support or enhance its investment rationale for a company through appropriate levels of engagement or activism and through the subsequent exercise of voting rights.

The Investment Manager endeavours to exercise voting rights in all markets. However, this may be hindered by various practical considerations, such as share blocking or the requirement for a physical presence at the meeting.

Annual General Meeting ("AGM")

The AGM will be held at the Company's registered office in Jersey on 25 May 2023 at 3 p.m. The Notice of Meeting is contained on page 4 and a proxy form is enclosed for each shareholding. Separate resolutions will be proposed for each substantive issue, including the approval of the report and Financial Statements, appointment of Directors and appointment of KPMG Channel Islands Limited as independent auditor for the ensuing year, and to authorise the Directors to determine their remuneration.

Other Information

At the reporting date, the Manager, abrdn Capital (CI) Limited, was a subsidiary of abrdn plc.

Other Matters

There are no changes to report for the year ended 31 December 2022.

Website

The Prospectus, Financial Statements, quarterly factsheets and daily fund prices are available on the website of the Investment Manager.

www.abrdn.com

Report of the Directors

Continued

Notice of annual general meetings and results of all Shareholders' meetings are available on request.

Helpline no. (01534) 709130

By Order of the Board

abrdrn Capital (CI) Limited Manager and Company Secretary

6 April 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Law, regulations and United Kingdom Accounting Standards including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102").

The Companies (Jersey) Law 1991, Alternative Investment Funds (Jersey) Regulations 2012 and Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (together the "Laws") require the Directors to prepare Financial Statements for each financial period in accordance with any generally accepted accounting principles. The Financial Statements of the Company are required by the Laws to give a true and fair view of the financial position of the Company at the period end and of the net revenue and the net gains of the Company for that period. In preparing these Financial Statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; assess the Company's ability to continue as a going concern to disclosing as applicable, matters related to going concern; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm they have complied with all the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Company's transactions and are to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements prepared by the Company comply with the Laws. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Investment Manager's website. Legislation in Jersey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Aaron Le Cornu

Chairman

6 April 2023

Independent Auditor's Report to the members of abrdn Capital Offshore Strategy Fund Limited

Our opinion is unmodified

We have audited the financial statements ("the financial statements") of abrdn Capital Offshore Strategy Fund Limited (the "Company"), which comprise the Statements of Financial Position of the Company on an aggregated basis and on separate share class bases (the "Classes") as at 31 December 2022, the Statements of Total Return, Statements of Movement in Shareholders' Funds for the year then ended, and notes, comprising significant accounting policies and other explanatory information of the Company on an aggregated basis and on a Classes bases on page 22 to 160 of the annual report.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company and its Classes as at 31 December 2022, and of their financial return for the year then ended;
- are prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and its Classes in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's and Classes' revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Independent Auditor's Report to the members of abrdn Capital Offshore Strategy Fund Limited

Continued

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company and its Classes' ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. 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.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 or the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- the report of the directors is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 18, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its Classes' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its Classes or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the members of abrdrn Capital Offshore Strategy Fund Limited

Continued

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members 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.

Brian Bethell

For and on behalf of KPMG
Channel Islands Limited
Chartered Accountants,
37 Esplanade, St Helier
Jersey, JE4 8WQ

6 April 2023

Aggregated Financial Statements

Aggregated Statement of Total Return

for the year ended 31 December 2022

	Notes	31 December 2022		31 December 2021	
		£000's	£000's	£000's	£000's
Income					
Net capital (losses)/gains					
Net capital (losses)/gains on investments	3	(80,694)		13,905	
Other gains/(losses)	3	669		(393)	
			(80,025)		13,512
Revenue	4	15,214		14,460	
Expenses	5	(391)		(449)	
Interest payable and similar charges	7	(56)		(36)	
Net revenue before taxation		14,767		13,975	
Taxation	6	(654)		(562)	
Net revenue after taxation			14,113		13,413
Total return before distributions			(65,912)		26,925
Distributions	8		(14,409)		(13,763)
Net (decrease)/increase in Shareholders' funds from Investment activities			(80,321)		13,162

Aggregated Statement of Movement in Shareholders' Funds

for the year ended 31 December 2022

	31 December 2022		31 December 2021	
	£000's	£000's	£000's	£000's
Opening net assets attributable to Shareholders		469,518		436,631
Amounts receivable on creation of Shares	37,334		81,936	
Amounts payable on cancellation of Shares	(62,945)		(62,223)	
		(25,611)		19,713
Dilution levy		3		12
Net (decrease)/increase in Shareholders' funds from investment activities (see above)		(80,321)		13,162
Closing net assets attributable to Shareholders		363,589		469,518

All results above are derived from continuing activities for both the current and prior year.

Aggregated Financial Statements

Continued

Aggregated Statement of Financial Position

as at 31 December 2022

	Notes	31 December 2022		31 December 2021	
		£000's	£000's	£000's	£000's
Assets					
Fixed assets					
Investment assets at fair value through profit or loss*			352,812		453,622
Current assets					
Debtors	10	4,284		5,519	
Cash and bank balances	11	11,767		15,970	
Total current assets			16,051		21,489
Total assets			368,863		475,111
Liabilities					
Investment liabilities at fair value through profit or loss*		(1,035)		(1,368)	
Creditors					
Amounts due to future clearing houses and brokers		(9)		(4)	
Bank overdrafts		(3)		–	
Distribution payable	12	(3,488)		(3,602)	
Other creditors	12	(739)		(619)	
Total current liabilities			(4,239)		(4,225)
Total liabilities			(5,274)		(5,593)
Net assets attributable to Shareholders			363,589		469,518

*The net investment assets and investment liabilities equal the total net aggregated value of the Portfolio Statements within each Fund Class. The notes on pages 24 to 34 form part of the Financial Statements.

The Financial Statements were approved by the Board of Directors on 6 April 2023 and signed on their behalf by:

Aaron Le Cornu

The Company has not prepared a cash flow statement as required by making use of the exemption detailed in Section 7.1 A of Financial Reporting Standard (FRS) 102 which stipulates that one is not required for investment entities that meet all of the following conditions:

- i) Substantially all of the entity's investments are highly liquid;
- ii) Substantially all of the entity's investments are carried at market value; and
- iii) The entity provides a Statement of Changes in Net Assets.

(The Directors believe that the information required by a Statement of Changes in Net Assets is provided in the Statement of Movement in Shareholders' Funds on page 22).

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022

1 Accounting policies

(a) Accounting Convention

Notes specific to individual Fund Classes are shown following the Financial Statements for each Fund Class.

(b) Accounting Principles

The Financial Statements have been prepared on a going concern basis in accordance with the Companies (Jersey) Law 1991, Alternative Investment Funds (Jersey) Regulations 2012, the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003, and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

The Directors have also chosen to prepare the Financial Statements in compliance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the IMA (now known as the Investment Association) in May 2014 and amended in June 2017 (the "SORP"). The comparative table has been prepared in accordance with Jersey Law.

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss.

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. In the opinion of the Directors there are no areas involving a high degree of judgement or complexity.

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

(c) Financial Assets

Basic financial assets, including cash and bank balances and other receivables, are initially recognised at transaction price. Such assets are subsequently carried at cost and at the end of each reporting year assessed for objective evidence of impairment. The impairment loss is recognised in the Statement of Total Return.

Other financial assets, including investments in securities, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Total Return. Securities listed on a Stock Exchange or actively traded on any other regulated market are valued on the last business day of the year at bid market value on such exchange or market.

Collective Investment Scheme investments held by the Company are valued at the last sales price available at the valuation point. Certain of these Collective Investment Schemes have limited dealing frequencies and thus are not as liquid as securities listed on a Stock Exchange. No liquidity discount is applied to the valuation prices; accordingly, the carrying value based on the latest available price may not represent the proceeds which would be realised upon sale in due course.

Cash collateral provided by the Funds is identified on the Statement of Financial Position as pledged cash collateral and is not included as a component of cash and cash equivalents.

Securities not listed on any Stock Exchange or traded on any regulated market are valued at their last available market price. Securities for which no listed price is available, or for which the price referred to in the previous paragraphs is not considered to represent fair value, will be valued prudently and in good faith by the Directors based on the most recent available information at the year end. The recorded fair value may not represent the proceeds which would be realised upon sale in due course.

Financial assets are derecognised when

- i) the contractual rights to the cash flows from the asset expire or are settled, or
- ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

- iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(d) Financial Liabilities

Basic financial liabilities, including bank overdrafts and other payables, that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at cost.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(e) Bank Deposit Interest and Investment Revenue

Dividends on equities, and revenue from shares held in underlying funds are recognised when the security is quoted ex-dividend. Interest on deposits is accounted for on an accruals basis. Revenue on debt securities is recognised on the effective interest rate basis. Accrued interest purchased or sold is excluded from the cost of the security and is dealt with as revenue. Distributions from Offshore Collective Investment Schemes are recorded on an ex-dividend date and additional revenue is recorded when reported.

(f) Foreign Exchange

All transactions in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates at close of business on the last business day of the year.

Foreign exchange gains and losses arising from translation are included in the Statement of Total Return and are included in net capital gains/(losses) on investments.

(g) Derivatives

The Company also enters into derivative transactions in the form of forward foreign currency contracts, futures and option contracts.

For over the counter derivatives, market value is determined, based on valuation pricing models, which take into account relevant market inputs as well as the time values, liquidity and volatility factors underlying the positions. Amounts due to and from an individual counterparty which falls under a legally enforceable master netting agreement are netted.

Exchange traded products have been valued at the bid price at close of business on the last business day of the year.

Both realised and unrealised gains/(losses) on derivatives are taken to the Statement of Total Return and are included in net capital gains/(losses) on investments.

Returns from derivative securities are taken to capital and/or revenue depending on the motive and circumstances surrounding the particular transaction. The net revenue/expense on derivative positions are recognised as revenue and form part of the Fund's distribution.

(h) Tax

The tax charge relates to irrecoverable withholding tax on interest on debt securities and overseas dividends.

(i) Special dividends

Special dividends are reviewed on a case by case basis in determining whether the amount is capital or revenue in nature.

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

(j) Underwriting commission

Underwriting and sub-underwriting contracts and placings may also be entered into. Commissions earned on these transactions are accounted for when the issue underwritten takes place and, to the extent that the shares are taken up, a proportion of the commission is accounted for as capital, otherwise the commission is treated as revenue.

(k) Functional and presentation currency

The Company's base and functional currency is the British Pound Sterling ("Sterling") which is the currency of the primary economic environment in which it operates.

The Financial Statements are presented in Sterling, which is the currency in which the Company's performance is evaluated and its liquidity managed. Therefore Sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The figures in the Financial Statements have been rounded to the nearest thousand.

(l) Offsetting

Financial assets and liabilities are offset and the net amounts are presented in the Financial Statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2 Distribution policies

(a) Basis of distribution

If, at the end of each accounting period, revenue exceeds expenses, the net revenue of the Share Class is available to be distributed to Shareholders of the Share Class.

(b) Special Dividends

Amounts recognised as revenue form part of the relevant Share Class distribution.

(c) Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital.

(d) Expenses

For all Fund Classes, except the Sterling Fixed Interest, Global Fixed Interest and Income, the following fees and expenses solely for the purpose of calculating the amount that is distributable are charged to capital rather than revenue in line with the Manager's expectation of the split between capital and revenue growth:

Manager's periodic charge	75%
Custody charges	100%

For the Sterling Fixed Interest, Global Fixed Interest and Income Classes, all fees and expenses are charged to capital, (with the exception of collection charges) for the purpose of calculating the amount to be distributed.

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

3 Net capital (losses)/gains

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

	31 December 2022 £000's	31 December 2021 £000's
Non-derivative securities	(66,771)	13,000
Derivative securities	(1,555)	(131)
Forward currency contracts	(12,308)	1,106
Other gains/(losses) – currency gains/(losses)	669	(393)
Custodial transaction fees	(60)	(70)
Net capital (losses)/gains	(80,025)	13,512

4 Revenue

	31 December 2022 £000's	31 December 2021 £000's
Bank interest	6	1
Collateral interest	12	2
Derivative income	171	102
Franked distributions from authorised funds	272	184
Interest on debt securities	8,888	9,269
Money market deposit	205	6
Overseas dividends	3,332	2,374
UK dividends	2,095	2,353
UK REIT dividends	128	76
US REIT dividends	105	93
Total revenue	15,214	14,460

5 Expenses

	31 December 2022 £000's	31 December 2021 £000's
Payable to the Manager or Associate of the Manager:		
Manager's periodic charge	73	117
Registrar's fees	1	1
	74	118
Other expenses:		
Audit fees	58	71
Custodian fees	102	115
Directors' fees	45	48
Other expenses	112	97
	317	331
Total expenses	391	449

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

6 Taxation

	31 December 2022 £000's	31 December 2021 £000's
Withholding tax on interest debt securities	25	35
Withholding tax on overseas dividends	629	527
Total taxation	654	562

7 Interest payable and similar charges

	31 December 2022 £000's	31 December 2021 £000's
Derivative expense	43	32
Interest payable	13	4
Total interest payable and similar charges	56	36

8 Distributions

The distributions take account of equalisation amounts added on the creation of shares and equalisation amounts deducted on the cancellation of shares. They comprise:

	31 December 2022 £000's	31 December 2021 £000's
Interim distribution 31 March	3,346	3,146
Interim distribution 30 June	4,293	3,781
Interim distribution 30 September	3,126	3,333
Final distribution 31 December	3,487	3,602
	14,252	13,862
Amounts added on creation of shares	(195)	(357)
Amounts deducted on cancellation of shares	352	258
Gross distributions for the year	14,409	13,763

9 Net movement between revenue after taxation and distributions

	31 December 2022 £000's	31 December 2021 £000's
Net revenue after taxation	14,113	13,413
Expenses paid from capital	296	350
Gross distributions for the year	14,409	13,763

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

10 Debtors

	31 December 2022 £000's	31 December 2021 £000's
Accrued revenue	3,019	3,435
Amount receivable for creation of shares	71	389
Amounts receivable from counterparties in respect of collateral on derivatives	1,147	1,680
Foreign currency contracts awaiting settlement	3	–
Overseas tax recoverable	9	8
Prepaid expenses	6	7
Sales awaiting settlement	29	–
Total debtors	4,284	5,519

11 Cash and bank balances

	31 December 2022 £000's	31 December 2021 £000's
Amount held at futures clearing houses and brokers	529	193
Cash held at bank	945	340
Term deposits	10,293	15,437
Total cash and bank balances	11,767	15,970

12 Creditors

	31 December 2022 £000's	31 December 2021 £000's
a) Distribution payable		
Gross distribution payable	3,488	3,602
Total distribution payable	3,488	3,602
b) Other creditors		
Accrued expenses	129	115
Amount payable for cancellation of shares	79	137
Amounts payable to counterparties in respect of collateral on derivatives	528	340
Foreign currency contracts awaiting settlement	3	–
Purchases awaiting settlement	–	27
Total other creditors	739	619

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

13 Share capital

(a) Authorised

(b) Issued and fully paid

	31 December 2022	31 December 2021
Management Shares £1 each	100	100
Participating Shares of US\$ 0.01 each		
Bridge Class – Retail Shares	2,853,126	2,909,420
Bridge Class – Z Shares	77,649,536	76,439,905
Global Equity Class – Retail Shares	693,037	698,822
Global Equity Class – Z Shares	14,998,990	15,098,150
Global Fixed Interest Class – Retail Shares	673,806	1,173,522
Global Fixed Interest Class – Z Shares	192,613,963	241,355,051
Income Class – Retail Shares	465,974	544,008
Income Class – Z Shares	177,652,256	180,587,747
Sterling Fixed Interest Class – Retail Shares	760,727	1,139,046
Sterling Fixed Interest Class – Z Shares	213,064,584	221,997,945
UK Equity Class – Retail Shares	396,668	489,237
UK Equity Class – Z Shares	17,988,243	18,567,185
	699,810,910	761,000,038

There were no nominal shares in issue at either 31 December 2022 or 31 December 2021.

Under section 22.3 of FRS 102, the participating shares of each Class fall under the definition of a "financial liability" as Shares can be redeemed at the direction of the Participating Shareholders. Whilst Participating Shares are not within the definition of "equity", they hold in substance the equity interest of Shareholders.

(c) Principal Rights

The principal rights attaching to the three types of shares available for issue are as follows:

(i) Management Shares

The Management Shares were created to comply with the Collective Investment Funds (Jersey) Law 1988, under which there must be a class of non-redeemable shares in issue in order that the Participating Shares of US\$0.01 par value and the Nominal Shares of US\$0.01 par value may be redeemable.

The Management Shares of £1 par value are not redeemable, and in accordance with the Articles of Association, are owned by the Manager or their nominees. At both a General Meeting and a Class Meeting every holder of Management Shares is entitled, on a show of hands, to one vote and, on a poll, to one vote in respect of each Management Share held.

(ii) Participating Shares

The Participating Shares, having a par value of US\$0.01 each, may be issued in Share Classes designated in any currency. The Participating Shares are the only shares which will be issued to the public.

Currently each Fund Class of the Company issues two classes of Participating Shares: Retail Participating Shares and Z Participating Shares (the "Retail Shares" and the "Z Shares" respectively).

At both a General Meeting or at a Class Meeting every holder of Participating Shares of the relevant Fund Class is entitled, on a show of hands, to one vote and, on a poll, to one vote in respect of each whole Participating Share held.

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

(iii) Nominal Shares

The Nominal Shares of US\$0.01 par value are nonparticipating Redeemable Preference Shares and are issued for the purpose of providing funds for the redemption of the nominal value of Participating Shares. They can only be issued at par and, in practice, only to the Manager. In a winding-up, they rank for return of their paid-up par value after the Participating Shares and in priority to the Management Shares, but have no rights to any further participation in the surplus assets of the Company and no recourse to assets of any Share Class. A holder is entitled, on a show of hands and on a poll, to one vote in respect of all Nominal Shares held by him/her, irrespective of the number held.

The Manager has undertaken to subscribe for Nominal Shares to provide for the redemption of the nominal value of the Participating Shares.

Holders of Nominal Shares are entitled to convert any Nominal Shares held into Participating Shares of any Share Class by paying to the Company on a Dealing Day, an amount equal to the creation price of a Participating Share on that day less its nominal value. No such conversions may take place on a day when the repurchase of Participating Shares of the Share Class in question has been suspended or if any creation or cancellation application by the Manager in connection with the conversion is refused.

Where the repurchase of Participating Shares has been suspended and/or any creation or cancellation application made by the Manager refused, conversion of the Nominal Shares will be made on the Dealing Day next following the end of such suspension or refusal as the case may be.

The Company may from time to time on any Dealing Day redeem all or any Nominal Shares in issue out of the monies which may lawfully be applied for this purpose.

No transfer of Management Shares and Nominal Shares may be carried out without the prior written consent of the Directors.

(d) Winding-up

In a winding-up of the Company the Participating Shares of any Share Class rank:

- i) in priority to the Nominal Shares and the Management Shares, for the return of their paid-up US\$0.01 par value as to which recourse will be had in the following manner:
 - (1) to the assets attributable to the relevant Share Class of Participating Shares;
 - (2) to the assets of the Company not comprised in any Share Class; and
 - (3) to the assets attributable to any other Share Classes, after payment of the par value of the Participating Shares of those Share Classes, pro rata to the total value of the assets comprised in those Share Classes.
- ii) pari passu with all other Participating Shares of the same Share Class for the balance of the surplus assets of the corresponding Share Class remaining after the payment of the par value on each Participating Share as described above.
- iii) pari passu with all other Participating Shares of all Share Classes for surplus assets of the Company remaining following (i) and (ii) above and the payment of the par value on the Management Shares and Nominal Shares.

The liquidator has power to transfer assets to and from Share Classes in the course of the winding-up of the Company in order to share the effective burden of creditors' claims against the Company on an equitable basis.

14 Financial Instruments and Related Risks

The Fund Classes' assets and liabilities comprise of financial instruments held in accordance with their respective investment objectives and policies. Set out below is a description of the principle risks inherent in the Fund Classes' activities along with the actions taken to manage these risks.

Market price risk

Market price risk is the risk that the value of the Fund Classes' investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund Class might hold. It represents the potential loss the Fund

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

Class might suffer through holding market positions in the face of price movements. The Fund Classes' investment portfolios are exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Prospectus mitigates the risk of excessive exposure to any particular type of security or issuer.

Foreign currency risk

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

A proportion of the Fund Classes' investment portfolio is invested in overseas securities and the Statement of Financial Position can be affected by movements in foreign exchange rates. The Investment Manager may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt. The foreign currency risk profile for the relevant Fund Classes is shown in their Notes to the Financial Statements.

Interest rate risk

Interest rate risk is the risk that the value of the Fund Classes' investment holdings will fluctuate as a result of changes in interest rates. Some of the Fund Classes invest in fixed and floating rate securities.

The revenue of these Fund Classes may be affected by changes to interest rates relevant to particular securities or as a result of the Investment Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The benchmark rate is the Bank of England base rate. Sterling denominated credit bank balances currently bear interest at 2.68%, and Sterling overdraft bank balances at the benchmark rate plus 100bps. The interest rate profile of the relevant Fund Classes is shown in their Notes to the Financial Statements.

Interest rate risk is measured in terms of duration (sensitivity to rising or falling yields). The Investment Manager determines how much duration to assume, based on assessment of the likely future direction of interest rates, and taking account of the objectives and risk tolerance of the Fund Classes.

Liquidity risk

The assets of the Fund Classes comprise mainly of readily realisable securities. The main liquidity risk to the Fund Classes is the redemption of any shares that investors wish to sell. Assets of the Fund Classes may need to be sold if insufficient cash is available to finance such redemptions. Since the Fund Classes' accounting year end, there have been sufficient cash resources available to finance any such redemptions.

From time to time market liquidity may be affected by economic events. To manage these risks, the Investment Manager undertakes research of investment opportunities to select opportunities congruent with the Fund Classes' investment objective. All stocks are valued daily and are reviewed for pricing accuracy as the need arises. The Investment Manager has considered the liquidity of the stocks in the portfolio, however the risk of low market liquidity, through reduced trading volumes, may affect the future ability of the Fund Classes to trade financial instruments at values previously indicated by financial brokers.

Counterparty risk

Certain transactions in securities that the Fund Classes enter into expose them to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund Classes have fulfilled their responsibilities. The Fund Classes only buy and sell investments through brokers which have been approved by the Investment Manager as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed. This counterparty risk is reduced by the Manager, through the use of collateral management.

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

Credit risk

At the Statement of Financial Position date the table below shows the percentage of the Fund Classes' assets that were held in corporate bonds. Corporate bonds involve the risk that the bond issuer will be unable to meet its liability to pay interest or redeem the bond. The Manager selects bonds taking into account the credit rating. Carrying amount is believed to best reflect exposure to credit risk.

	31.12.2022	31.12.2021
Bridge Class	8.08%	7.85%
Global Equity Class	0.00%	0.00%
Global Fixed Interest Class	68.24%	69.33%
Income Class	5.92%	6.79%
Sterling Fixed Interest Class	95.85%	97.15%
UK Equity Class	0.00%	0.00%

Derivative and other financial instrument risk

The Fund Classes also enter into derivative transactions in the form of forward foreign currency contracts, futures contracts and options contracts. The purpose of these financial instruments is Efficient Portfolio Management. Forward foreign currency contracts are used to manage currency risk arising from holdings of overseas securities.

Futures may be used to manage market price risk. The Fund Classes may use traded options to hedge stock which is owned. The purpose of undertaking these contracts is to protect the portfolio as far as possible from a downturn in the markets.

The Fund Classes use the commitment method to calculate global exposure. Leverage is not significant in this context.

Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying value of financial assets and liabilities, as shown in the Statement of Financial Position, and their fair value. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement of its entirety. The fair value hierarchy has the following levels:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Valuation of financial investments are disclosed within the Notes to the Financial Statements of each Fund Class.

The Financial Risk Management profiles for each Fund Class is shown in their Notes to the Financial Statements.

15 Dilution Levy

The need to charge a dilution levy will depend on the volume of sales or repurchases. The Manager may charge a discretionary dilution levy on the sale and repurchase of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for repurchases) might otherwise be materially adversely affected. A dilution levy must be imposed only in a manner which, so far as practicable, is fair to all shareholders or potential shareholders.

In particular, the dilution levy may be charged in the following circumstances: on a Fund Class experiencing large levels of net sales relative to its size, on "large deals" (being a deal with a total value of 1% or more of the total value of the relevant Fund Class), where a Fund Class is in continual decline, and in any other case where the Manager is of the opinion that the interests of existing/remaining shareholders and any potential shareholders require the imposition of a dilution levy.

In order to reduce the volatility in the rate of any dilution levy, the Manager may take account of the trend of the Fund Class in question to expand or to contract, and the transactions in shares at a particular valuation point. As dilution is directly related to the inflows and outflows of monies from the scheme it is not possible to accurately predict whether dilution will

Notes to the Aggregated Financial Statements

for the year ended 31 December 2022 continued

occur at any point in time. If charged, the dilution levy will be shown in addition to (not as part of) the price of shares when they are sold by the Manager or as a deduction when they are repurchased by the Manager.

The Manager has no entitlement to the dilution levy, which will either be paid into the relevant Fund Class, in the case of a sale of shares, or retained in the Fund Class, in the case of a repurchase of shares.

16 Jersey Taxation

Profits arising in the Company for the 2022 year of assessment was subject to Jersey Income Tax at a rate of 0% (2021: 0%).

The States of Jersey introduced a Goods and Services Tax ("GST") with effect from 6 May 2008. The Company does not suffer any irrecoverable GST, as it has applied to the Comptroller of Income Tax for inclusion on the list of International Services Entities of its administrator BNP Paribas S.A. Jersey Branch (effective 1 October 2022 formerly BNP Paribas Securities Services S.C.A. Jersey Branch).

17 Audit

The provision for the audit fee is £57,396 (2021: £53,900).

18 Contingent Liabilities/Assets and Commitments

Neither the Company nor any of the Fund Classes have contingent liabilities, assets or commitments at 31 December 2022 (2021: £Nil).

19 Significant control and related parties

abrtn Capital Offshore Strategy Fund Limited is a joint arrangement governed by the regulations, the board and initial offer documentation. This framework means there are no controlling parties of the arrangement. abrtn Capital (CI) Limited, as Manager, is a related party by virtue of providing key management personnel to the arrangement and acts as principal in respect of all transactions in the shares of the Company.

The Related Party transactions for each Fund is shown in their Notes to the Financial Statements.

20 Post Statement of Financial Position Events

On 26 February 2023, abrtn agreed the sale of abrtn Capital Limited (ACL), its discretionary fund management business, to LGT. The sale is expected to complete in the second half of 2023, following satisfaction of certain conditions including receipt of customary regulatory approvals. ACL is the sole shareholder of abrtn Capital International Limited (ACIL) and ACIL is in turn the sole shareholder of abrtn Capital (CI) Limited (the Manager), which is the manager of abrtn Capital Offshore Strategy Fund Limited (the Fund). Assuming and upon completion of the sale (i) LGT's group will therefore assume control of the Manager of the Fund and the ultimate beneficial ownership of the Fund's management shares; (ii) it is anticipated LGT's group will replace the sub-investment adviser of the Manager in respect of the Fund; (iii) there may be changes to the constitution of the boards of directors of the Fund and the Manager; and (iv) the names of the Fund, its class funds and the Manager will be changed in due course to align with LGT's group branding.

Bridge Class Fund Report

Environment

Global stock markets fell after an extremely challenging year for financial markets and the global economy. Initial optimism surrounding the reopening of the global economy after the Covid-19 pandemic was replaced by worries over soaring prices around the world. These inflationary pressures were made far worse by Russia's invasion of Ukraine in February. The conflict and resulting sanctions against Russia caused energy and food prices to spiral higher, leading to cost-of-living crises in many countries. Central banks responded to multi-decade-high inflation levels in Western economies by raising interest rates faster and further than previously anticipated. Stock markets fell sharply in the face of mounting gloom over the prospects for the global economy, with a little respite in November prompted by better-than-expected US inflation data. This raised hopes that US inflation may have peaked and that an end to the current cycle of interest-rate rises might be in sight. However, a tough year concluded with further stock market weakness in December amid concerns for global economic growth in 2023.

The UK stock market, with its hefty weighting to defensive, energy and mining stocks, had an altogether better year. The FTSE All-Share Index finished marginally higher over the year, making it one of the best-performing developed markets in 2022. The annual inflation rate climbed steadily higher to hit a 41-year high of 11.1% in October before beginning to recede. The Bank of England (BoE) reacted to surging inflation with successive interest rate rises, taking the base rate from 0.25% at the start of 2022 to 3.5% by the year end. A badly received mini-budget from the short-lived Truss government led to turbulence in the UK bond market in September. Calm was restored in October after the package of tax cuts was swiftly reversed. Shortly afterwards, former Chancellor Rishi Sunak replaced Liz Truss as Prime Minister, pledging to stabilise the country's finances.

Global government bonds recorded a highly disappointing 12-month performance. After years of record-low interest rates, many central banks raised rates, often faster and further than expected, as they tried to contain soaring inflation. Coupled with an end to bond-buying stimulus programmes, this caused a major sell-off in government bonds.

Corporate bond prices also fell substantially in a tough year for investors in the asset class. A backdrop of rising interest rates and stubbornly high inflation, accompanied by a worsening economic outlook, created challenging market conditions. Credit spreads rose over the year as the economic environment deteriorated. However, November was a strong month for corporate bond markets worldwide amid growing expectations that global inflation pressures may be peaking, leading to hopes that the current cycle of interest-rate rises may be nearing its end. In December, though, a difficult year ended with falls in UK and European investment-grade corporate bond prices.

Performance

The Fund returned -12.26% (net of fees), behind the benchmark return of -7.59% and the ARC Steady Growth peer group estimate of -9.76%.

Over the period asset allocation decisions added to performance. The Fund benefited from being materially underweight fixed income, which suffered heavy losses. Equities fell but not as much as fixed income so being underweight also added to performance. The Fund was overweight both cash and alternatives, both of which outperformed, adding to relative performance. We continue to hold an elevated cash balance as we believe that global recessionary and inflationary risks could lead to volatility.

Stock selection within equities drove the underperformance of the Fund. Noteworthy, costly sectors were industrials, financials and healthcare. The Fund benefited from its holdings in energy, basic materials and telecommunications.

Within industrials, Generac Holdings was costly. Generac makes power solutions, which include backup generators (historically its core business) and clean tech solutions. The company suffered from the insolvency of one of its key distributors, Pink Energy, which highlighted reliability issues in its clean tech solutions and caused reputational damage to this business line. Meanwhile in recent results, the company conceded that while demand for home standby generators remains high, the outlook is subject to significant uncertainty given the deteriorating consumer outlook and arguably discretionary nature of the purchase. The stock lost 68% and regrettably we took the hard decision to exit the holding. Another costly industrial holding was Alstom whose acquisition of Bombardier added leverage to the company and reduced its quality. Again, we exited the holding.

One of the main losers during the falls at the start of 2020, the financials sector unsurprisingly was a large beneficiary of the reversal of that. Benefiting from higher interest rates, banks rallied towards the end of 2021 in the US, early 2022 in the UK and towards the end of the year in Europe, leading the sub-sector to a positive return for the year. The outlook, however, remains challenged. While terminal base rates will likely be higher than previously anticipated, the economic downturn is also likely to be deeper than anticipated. First Republic Bank had a challenging year as complications in its management succession planning compounded its lower interest rate exposure. Despite continuing excellent loan growth, this caused the stock to derate. We reduced our underweight to banks by initiating a position in Singapore's DBS Group, which has been beneficial for performance. The Singapore dollar is pegged to the US dollar and the bank's interest rates exposure also led to good results.

Bridge Class Fund Report

Continued

The healthcare, real estate and consumer discretionary sectors also acted as a performance drag. Weaker-than-expected results and inflationary pressures on margins adversely affected pharmaceutical holding West Pharmaceutical Services. Looking ahead, we believe the healthcare sector's strong pricing power, non-discretionary demand and robust cash flows should continue to provide resilience in the face of sustained inflation or a more stagflationary backdrop. We have also chosen companies with defensive, quality growth characteristics that have rich pipelines of new drugs.

The Fund's overweight allocation to equities within the energy sector was beneficial. Gas markets in Europe continued to be subject to volatile pricing due to sanctions and concerns about the potential sabotage of gas infrastructure. This environment is attractive for trading businesses. Fundamentals are no longer as strong as they were before June, as high prices and interest-rate hikes have softened demand. However, there is still a constructive longer-term outlook and valuations are close to all-time lows, which has encouraged us to remain overweight to the sector. Holdings in Shell and BP were notable drivers of positive relative performance. Our miners BHP and Rio Tinto also benefited from the inflationary environment, while the Fund benefited from the strong performance of telecoms holding KPN.

Our allocation to listed alternatives, specifically social and renewable energy infrastructure, was largely positive. The Fund benefited from exposure to renewable infrastructure assets (wind, solar and energy storage), which have exposure to the power price, and social infrastructure assets (roads, schools and hospitals), which have inflation protection written into their contracts.

The last 12 months have seen the market move on from worrying about the short-term impact of Covid-19 and onto how economies will be able to unravel their support packages, how inflationary they will be and what the impact will be on central bank policy rates. Inflation has proven to be a bigger issue with the Russian crisis proving to be an inflationary event.

At the start of the year, the market had priced that the BoE would deliver four rate rises in 2022 with the rate as high as 1.25% by the end of 2022. In the end, this was delivered in the first half of the year and by the end of the year it had delivered a rate rise at every meeting of the year with a 75 basis points rise in November being the largest ever. While being underweight fixed income was positive for relative performance, it was also a big detractor from absolute returns.

With the year seeing such a harsh stock market rotation against a deteriorating backdrop, it could be argued that it makes more sense than ever to have a well-diversified portfolio to weather the storm. We continue to diversify risk with exposure to listed alternatives, specifically economic and renewable infrastructure, and fixed-income assets, which are becoming more attractive as yields rise.

Activity

The equity market falls in January provided an opportunity to add stocks that have been on our watchlist for some time. In addition, as the outlook deteriorated, our investment decisions were shaped by reducing exposure to high-growth areas of the market and increasing exposure to inflation resilience and defensive characteristics.

We increased exposure to defensives in the telecommunications and consumer staples sectors, as well as sectors that are economically sensitive, generate strong free cash flow and are trading at low valuations, such as the energy and basic materials sectors. We added a position in KPN, a Dutch telecom company with a strong market position. The company is very cash flow generative, pays an attractive dividend and has the scope to benefit from rolling out the next generation of wireless data, 5G. In the energy sector, we added to positions in Shell and BP, increasing the overweight allocation to this area of the market ahead of the surge following Russia's invasion of Ukraine.

These moves were designed to increase the resilience to an inflationary backdrop in what is otherwise a portfolio designed to benefit from long-term growth trends. We consider the pricing power of a company as a fundamental part of our process. However, if that company's share price is highly valued, it remains vulnerable to short-term derating, as inflation affects the valuation of long-term assets. This was felt most acutely in the January and April selloffs this year.

In the second quarter, we added a position in Gresham House Energy Storage, an owner of UK batteries, which enhances its returns by storing power when the price is low and selling it when it is high. This provided further diversification to our alternatives holdings. We also initiated a position in Segro after its weakness. As a logistics real estate owner, the company was weak after Amazon announced it would take less space this year. We believe that long-term demand for these warehouses remains very strong and we used this weakness to add to the company.

In the third quarter, we took the opportunity to buy shorter-dated government bonds, as the available near-4% yield was attractive. However, given the volatility in central bank interest-rate expectations and the large UK government-bond issuance due, we remain conservatively positioned within the asset class. We funded this addition by selling the Fund's exposure to emerging-market debt, as we believe the asset class remains challenged by the potential of a global recession, with the strong US dollar creating a further headwind (as the countries have US dollar liabilities).

Bridge Class Fund Report

Continued

Within alternatives, we initiated a position in HICL Infrastructure at an equity raise, as the company has a successful history of asset disposals and reinvesting back into value-accretive assets. We sold Sequoia Economic Infrastructure, as we had concerns that the challenging economic outlook would increase defaults. We also trimmed back some of the renewable infrastructure investments after strong performance.

In the final quarter of the year, we initiated new positions in Apple and Coca-Cola. As economic conditions become more difficult and company earnings come under increasing pressure, we believe that businesses with the strongest product and service propositions, highest barriers to entry and most robust balance sheets will not only be best placed to weather tougher times but will also be best positioned to prosper when conditions start to improve.

We exited Activision Blizzard, which is being acquired by Microsoft. While there is still upside to the purchase price, we felt the proceeds would be better served by investing in a longer-term investment. We also exited another company that is being acquired – Countryside Partnerships, which is being bought by another UK housebuilder. This deal is being funded partly in shares and we felt there were better opportunities beyond the UK property sector. As mentioned above, we also sold Generac and Digital 9 Infrastructure.

Outlook

Being cautiously optimistic, the stars have aligned somewhat to produce a multitude of positive news. Some semblance of political and economic stability restored in the UK, the hope that the worst of the inflationary pressures we have experienced are behind us and the reopening of the Chinese economy all act as something of a constellation prize after what has been a difficult year for investors.

However, with a difficult few months ahead, especially for the UK and Europe, we expect most western economies to slip into recession in 2023 as the hot labour market we witnessed for much of 2022 begins to cool and central bank rate hikes serve to stymie the global economy.

Although central banks appear to be reducing the extent to which they are pushing up borrowing costs, it is possible that stubbornly high inflation will result in many having to raise rates more than expected, subsequently sitting at elevated levels for longer, before even considering a pivot and loosening policy.

Our quality, sustainable growth approach maintains our focus on companies underpinned by long-term structural growth themes. We seek to identify businesses that will benefit from shifting trends while avoiding those where change will be detrimental. Experience has taught us that companies that have strong balance sheets and can create value by generating cash flow exceeding their operational requirements tend to generate stronger and more sustainable returns. They are also usually better positioned to reinvest in their businesses and distribute earnings to shareholders. We believe these types of companies merit long-term positions in portfolios regardless of shorter-term sentiment.

Statistics

Price and Revenue Record by Share Class (Calendar Year)

Retail Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	195.92	169.72	3.9138
2019	207.76	169.73	3.9914
2020	225.14	168.95	3.1960
2021	252.92	233.59	3.6924
2022	248.98	204.41	4.6029

Z Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	61.49	53.47	1.3302
2019	66.00	53.46	1.4144
2020	72.07	53.73	1.1815
2021	81.45	75.17	1.3570
2022	80.18	66.10	1.6031

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

Retail Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	7,184,306	221.97	3,236,554
31 December 2021	7,202,986	247.57	2,909,420
31 December 2022	6,064,804	212.57	2,853,126

Z Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	51,382,916	70.98	72,391,873
31 December 2021	60,935,829	79.72	76,439,905
31 December 2022	53,404,154	68.78	77,649,536

Statistics

Continued

Top Ten Purchases and Sales

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the year:

Purchases	£000's
United Kingdom Gilt 0.625% 31/7/2035	2,268
United Kingdom Gilt 1% 22/4/2024	1,287
DBS	976
Koninklijke KPN	866
Segro	781
Apple	779
Coca-Cola	762
Adyen	679
HICL Infrastructure	623
AstraZeneca	436

Sales	£000's
Visa	1,068
Activision Blizzard	967
Comcast	762
United Kingdom Gilt 1.5% 22/7/2047	724
First Republic Bank	617
Abcam	610
Tencent	513
YETI	443
Alstom	434
Sequoia Economic Infrastructure Income Fund	419

Portfolio Statement

as at 31 December 2022

Investments	Holding	Market Value £000's	Total Net Assets %
UK Government Stocks 5.57% (1.77%)			
United Kingdom Gilt 0.625% 31/7/2035	GBP 3,008,200	2,027	3.41
United Kingdom Gilt 1% 22/4/2024	GBP 1,327,700	1,285	2.16
Sterling Denominated Corporate Bonds 6.40% (5.59%)			
America Movil 5% 27/10/2026	GBP 200,000	197	0.33
AT&T 4.375% 14/9/2029	GBP 134,000	126	0.21
Aviva 6.125% 14/11/2036	GBP 140,000	140	0.24
Barclays 3.25% 17/1/2033	GBP 170,000	133	0.22
Bellis Acquisition 3.25% 16/2/2026	GBP 130,000	105	0.18
BP Capital Markets 4.25% Perpetual	GBP 300,000	263	0.44
Centrica 7% 19/9/2033	GBP 150,000	161	0.27
Close Brothers 2.75% 26/4/2023	GBP 100,000	99	0.17
Digital Stout 4.25% 17/1/2025	GBP 100,000	97	0.16
Eastern Power Networks 5.75% 08/3/2024	GBP 154,000	155	0.26
Experian Finance 3.25% 07/4/2032	GBP 200,000	175	0.29
Garfunkelux Holdco 3 7.75% 01/11/2025	GBP 130,000	101	0.17
General Motors Financial 2.35% 03/9/2025	GBP 161,000	149	0.25
GlaxoSmithKline Capital 5.25% 19/12/2033	GBP 80,000	83	0.14
HSBC 5.75% 20/12/2027	GBP 109,000	107	0.18
Legal & General 5.375% 27/10/2045	GBP 100,000	97	0.16
Lloyds Banking 2.25% 16/10/2024	GBP 100,000	95	0.16
National Express 4.25% Perpetual	GBP 150,000	122	0.21
Nationwide Building Society 3.25% 20/1/2028	GBP 200,000	181	0.30
NatWest Markets 6.375% 08/11/2027	GBP 200,000	205	0.34
Premier Foods Finance 3.5% 15/10/2026	GBP 130,000	113	0.19
RI Finance Bonds No 3 6.125% 13/11/2028	GBP 100,000	96	0.16
Segro 5.125% 06/12/2041	GBP 208,000	194	0.33
Tesco Corporate Treasury Services 2.75% 27/4/2030	GBP 250,000	205	0.35
Thames Water Kemble Finance 4.625% 19/5/2026	GBP 150,000	126	0.21
Virgin Media Secured Finance 4.25% 15/1/2030	GBP 150,000	117	0.20
Vodafone 5.125% 02/12/2052	GBP 185,000	167	0.28
Non-Sterling Denominated Corporate Bonds 1.68% (2.26%)			
ABN AMRO Bank 2.875% 18/1/2028	EUR 200,000	177	0.30
Activision Blizzard 3.4% 15/9/2026	USD 290,000	230	0.39
Broadcom 3.187% 15/11/2036	USD 8,000	5	0.01
Broadcom 4.15% 15/11/2030	USD 66,000	49	0.08
Broadcom 4.926% 15/5/2037	USD 204,000	148	0.25
Carrier Global 2.242% 15/2/2025	USD 195,000	153	0.26
Schaeffler 2.875% 26/3/2027	EUR 150,000	122	0.20
Verisure 3.25% 15/2/2027	EUR 150,000	115	0.19

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Australia 1.76% (1.20%)			
BHP	40,657	1,045	1.76
China 0.00% (1.37%)			
Denmark 1.34% (1.28%)			
Ørsted	10,564	796	1.34
France 2.74% (4.90%)			
Hermes International	735	941	1.58
Schneider Electric	5,951	690	1.16
Germany 1.31% (1.22%)			
Mercedes-Benz	14,283	778	1.31
Hong Kong 1.64% (1.11%)			
AIA	105,600	976	1.64
Israel 1.41% (0.99%)			
SolarEdge Technologies	3,566	839	1.41
Italy 1.13% (1.34%)			
Enel	150,598	672	1.13
Japan 1.02% (1.33%)			
Shimano	4,600	606	1.02
Netherlands 4.28% (4.97%)			
Adyen	443	506	0.85
ASML	2,521	1,127	1.90
Koninklijke KPN	355,484	912	1.53
Republic of Ireland 5.38% (5.71%)			
Accenture	4,792	1,063	1.79
CRH	24,854	818	1.37
Greencoat Renewables	561,005	565	0.95
Keywords Studios	27,745	755	1.27
Singapore 1.75% (0.00%)			
DBS	49,400	1,039	1.75
Switzerland 3.32% (3.13%)			
Nestle	12,086	1,164	1.96
Roche	3,109	811	1.36
Taiwan 1.60% (2.03%)			
Taiwan Semiconductor Manufacturing	15,355	951	1.60
United Kingdom 20.28% (15.12%)			
AstraZeneca	16,559	1,858	3.13
BP	294,750	1,400	2.35
Dechra Pharmaceuticals	22,373	585	0.98
DS Smith	208,551	668	1.12
Prudential	53,603	604	1.02

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
United Kingdom (Continued)			
RELX	52,553	1,202	2.02
Rio Tinto	17,480	1,013	1.70
Segro	66,876	511	0.86
Shell	118,871	2,765	4.65
Tritax Big Box REIT	294,851	409	0.69
VH Global Sustainable Energy Opportunities	339,685	343	0.58
Watches of Switzerland	85,668	703	1.18
United States of America 25.39% (33.89%)			
Alphabet	10,091	740	1.24
Amazon.com	8,513	594	1.00
Ameresco	11,975	569	0.96
American Tower	3,985	702	1.18
Apple	6,447	696	1.17
Autodesk	4,367	678	1.14
Boston Scientific	18,984	730	1.23
Coca-Cola	14,562	770	1.29
Eli Lilly	3,987	1,212	2.04
Equinix	1,123	612	1.03
Estee Lauder Cos	3,321	685	1.15
First Republic Bank	5,306	538	0.90
Intuit	2,476	801	1.35
Mastercard	4,564	1,319	2.22
Microsoft	7,507	1,497	2.52
NextEra Energy	18,015	1,252	2.10
Procter & Gamble	9,539	1,202	2.02
West Pharmaceutical Services	2,584	506	0.85
Investment Trusts 8.26% (7.16%)			
3i Infrastructure	204,967	680	1.14
BBGI Global Infrastructure	366,344	574	0.97
Bluefield Solar Income Fund	483,332	657	1.11
Greencoat UK Wind	375,387	570	0.96
Gresham House Energy Storage Fund	276,163	446	0.75
HICL Infrastructure	368,686	597	1.00
International Public Partnerships	392,190	594	1.00
Renewables Infrastructure	491,285	639	1.07
Schiehallion Fund	388,116	152	0.26

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Derivatives 0.00% (0.02%)			
EUR Forward Foreign Currency Contracts -0.02% (0.02%)			
Forward Foreign Currency Contracts 17/1/2023	EUR (462,716)		
Forward Foreign Currency Contracts 17/1/2023	GBP 400,035	(11)	(0.02)
Forward Foreign Currency Contracts 17/1/2023	EUR (17,498)		
Forward Foreign Currency Contracts 17/1/2023	GBP 15,348	–	–
USD Forward Foreign Currency Contracts 0.02% (0.00%)			
Forward Foreign Currency Contracts 17/1/2023	USD (411,966)		
Forward Foreign Currency Contracts 17/1/2023	GBP 356,405	14	0.02
Forward Foreign Currency Contracts 17/1/2023	USD (13,823)		
Forward Foreign Currency Contracts 17/1/2023	GBP 11,249	–	–
Forward Foreign Currency Contracts 17/1/2023	USD (105,442)		
Forward Foreign Currency Contracts 17/1/2023	GBP 86,009	(2)	–
Forward Foreign Currency Contracts 17/1/2023	USD (186,493)		
Forward Foreign Currency Contracts 17/1/2023	GBP 153,542	(1)	–
Portfolio of investments		57,247	96.26
Net current assets		2,222	3.74
Total net assets		59,469	100.00

Total unapproved and unquoted securities 0.00%.

Comparative figures in brackets refer to 31 December 2021.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers, which are listed on an eligible securities market.

Portfolio Statement by asset class

	Market value 31 December 2022 £000's	Percentage of total net assets 31 December 2022 %	Market value 31 December 2021 £000's	Percentage of total net assets 31 December 2021 %
Bonds	8,120	13.65	6,556	9.62
Equities	49,127	82.61	59,113	86.75
Derivatives	–	–	12	0.02
Portfolio of investments	57,247	96.26	65,681	96.39
Net current assets	2,222	3.74	2,458	3.61
Total net assets	59,469	100.00	68,139	100.00

Financial Statements

Statement of Total Return

for the year ended 31 December 2022

	Notes	31 December 2022		31 December 2021	
		£000's	£000's	£000's	£000's
Income					
Net capital (losses)/gains					
Net capital (losses)/gains on investments	1	(9,479)		7,283	
Other gains	1	30		3	
			(9,449)		7,286
Revenue	2	1,598		1,328	
Expenses	3	(95)		(113)	
Interest payable and similar charges	5	(1)		(1)	
Net revenue before taxation		1,502		1,214	
Taxation	4	(140)		(130)	
Net revenue after taxation			1,362		1,084
Total return before distributions			(8,087)		8,370
Distributions	6		(1,393)		(1,133)
Net (decrease)/increase in Shareholders' funds from Investment activities			(9,480)		7,237

Statement of Movement in Shareholders' Funds

for the year ended 31 December 2022

	31 December 2022		31 December 2021	
	£000's	£000's	£000's	£000's
Opening net assets attributable to Shareholders		68,139		58,567
Amounts receivable on creation of shares	4,768		8,267	
Amounts payable on cancellation of shares	(3,958)		(5,940)	
		810		2,327
Dilution levy		–		8
Net (decrease)/increase in Shareholders' funds from investment activities (see above)		(9,480)		7,237
Closing net assets attributable to Shareholders		59,469		68,139

All results above are derived from continuing activities for both the current and prior years.

Financial Statements

Continued

Statement of Financial Position

as at 31 December 2022

		31 December 2022		31 December 2021	
	Notes	£000's	£000's	£000's	£000's
Assets					
Fixed assets					
Investment assets at fair value through profit or loss			57,261		65,684
Current assets					
Debtors	8	128		113	
Cash and bank balances	9	2,774		2,916	
Total current assets			2,902		3,029
Total assets			60,163		68,713
Liabilities					
Investment liabilities at fair value through profit or loss			(14)		(3)
Creditors					
Distribution payable	10	(653)		(540)	
Other creditors	10	(27)		(31)	
Total current liabilities			(680)		(571)
Total liabilities			(694)		(574)
Net assets attributable to Shareholders			59,469		68,139

All liabilities are current.

The notes on pages 24 to 34 and pages 46 to 51 form part of the Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2022

1 Net capital (losses)/gains

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

	31 December 2022 £000's	31 December 2021 £000's
Non-derivative securities*	(9,388)	7,237
Forward currency contracts*	(84)	53
Other gains – currency gains*	30	3
Custodial transaction fees	(7)	(7)
Net capital (losses)/gains	(9,449)	7,286

**Net losses (excluding custodial transaction fees) listed above of £(9,442,451) comprise net realised losses of £(466,506) and net unrealised losses of £(8,975,945) (2021: net gains of £7,293,154 comprise net realised gains of £3,041,300 and net unrealised gains of £4,251,854). £3,104,722 of the net realised gains in the current year had been shown as net unrealised gains in previous years (2021: £2,889,383 net realised gains).

2 Revenue

	31 December 2022 £000's	31 December 2021 £000's
Bank interest	2	–
Franked distributions from authorised funds	81	53
Interest on debt securities	226	204
Money market deposit	48	1
Overseas dividends	798	597
UK dividends	391	437
UK REIT dividends	17	4
US REIT dividends	35	32
Total revenue	1,598	1,328

3 Expenses

	31 December 2022 £000's	31 December 2021 £000's
Payable to the Manager or Associate of the Manager:		
Manager's periodic charge	42	65
Registrar's fees	1	1
	43	66
Other expenses:		
Audit fees	9	10
Custodian fees	16	16
Directors' fees	7	8
Other expenses	20	13
	52	47
Total expenses	95	113

Notes to the Financial Statements

Continued

4 Taxation

	31 December 2022 £000's	31 December 2021 £000's
Withholding tax on overseas dividends	140	130
Total taxation	140	130

5 Interest payable and similar charges

	31 December 2022 £000's	31 December 2021 £000's
Interest payable	1	1
Total interest payable and similar charges	1	1

6 Distributions

The distributions take account of equalisation amounts added on the creation of shares and equalisation amounts deducted on the cancellation of shares. They comprise:

	31 December 2022 £000's	31 December 2021 £000's
Interim distribution 30 June	738	591
Final distribution 31 December	653	540
	1,391	1,131
Amounts added on creation of shares	(19)	(34)
Amounts deducted on cancellation of shares	21	36
Gross distributions for the year	1,393	1,133

Details of the distribution per share are set out on the statements on page 52.

7 Net movement between revenue after taxation and distributions

	31 December 2022 £000's	31 December 2021 £000's
Net revenue after taxation	1,362	1,084
Expenses paid from capital	31	49
Gross distributions for the year	1,393	1,133

8 Debtors

	31 December 2022 £000's	31 December 2021 £000's
Accrued revenue	125	110
Overseas tax recoverable	2	2
Prepaid expenses	1	1
Total debtors	128	113

Notes to the Financial Statements

Continued

9 Cash and bank balances

	31 December 2022 £000's	31 December 2021 £000's
Cash held at bank	30	160
Term deposits	2,744	2,756
Total cash and bank balances	2,774	2,916

10 Creditors

	31 December 2022 £000's	31 December 2021 £000's
a) Distribution payable		
Gross distribution payable	653	540
Total distribution payable	653	540
b) Other creditors		
Accrued expenses	22	19
Amount payable for cancellation of shares	5	12
Total other creditors	27	31

11 Related party transactions

Manager's periodic charge and Registrar's fees payable to abrdn Capital (CI) Limited are shown in Note 3. The aggregate monies received through creation and paid through cancellation of shares are disclosed in the Statement of Movement in Shareholders' Funds and Note 6. Any amounts due to or from the Manager at the year end are included in Notes 8 and 10. The total balance due to the Manager in respect of Manager's periodic charge and Registrar's fees at 31 December 2022 is £3,575 (2021: £4,207).

Directors' fees payable to the Board of Directors are shown in Note 3.

12 Financial Instruments

(a) Interest rate risk

The table that follows details the interest rate risk profile of the Bridge Class assets at 31 December 2022.

	Floating Rate Investment £000's	Fixed Rate Investments £000's	Non-Interest Bearing Investments £000's	Total £000's
Investment assets	–	8,120	49,141	57,261
Investment liabilities	–	–	(14)	(14)

The table that follows details the interest rate risk profile of the Bridge Class assets at 31 December 2021.

	Floating Rate Investment £000's	Fixed Rate Investments £000's	Non-Interest Bearing Investments £000's	Total £000's
Investment assets	71	6,485	59,128	65,684
Investment liabilities	–	–	(3)	(3)

Notes to the Financial Statements

Continued

At 31 December 2022, if the value of interest rate increased or decreased by 1%, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £81,000 (2021: £66,000).

(b) Foreign currency risk

The table that follows details the foreign currency risk profile of the Bridge Class assets at the Statement of Financial Position date.

	31 December 2022 Investments £000's	31 December 2022 Net Current Assets £000's	31 December 2022 Total £000's	31 December 2021 Total £000's
Danish Krone	796	–	796	871
Euro	6,179	39	6,218	7,483
Hong Kong Dollar	976	–	976	1,288
Japanese Yen	606	3	609	907
Singapore Dollar	1,039	–	1,039	–
Swiss Franc	1,975	–	1,975	2,133
US Dollar	18,096	15	18,111	27,698
Total	29,667	57	29,724	40,380

At 31 December 2022, if the value of Sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £1,486,000 (2021: £2,019,000).

(c) Credit risk

Counterparty Details of OTC Financial Derivative Transactions

The counterparty exposure is shown below:

Broker	31 December 2022 Forwards £000's	31 December 2022 Total Exposure £000's	31 December 2021 Forwards £000's	31 December 2021 Total Exposure £000's
Barclays	3	3	–	–
Deutsche Bank	(1)	(1)	12	12
Royal Bank of Canada	(2)	(2)	–	–
	–	–	12	12

Credit quality

The credit quality of the Fund's investments in debt securities is shown below:

Credit quality	31 December 2022 % of Net Assets	31 December 2021 % of Net Assets
Investment grade	12.10	6.98
Non-investment grade	1.55	2.64
Total bonds	13.65	9.62

(d) Other price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

Notes to the Financial Statements

Continued

As at 31 December 2022, if the prices of investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to the shareholders would increase or decrease by approximately £2,862,000 (2021: £3,284,000).

(e) Valuation of financial investments

The following table analyses within the fair value hierarchy the assets and liabilities (by class of financial instrument) measured at fair value.

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
31 December 2022				
Bonds	3,312	4,808	–	8,120
Equities	49,127	–	–	49,127
	52,439	4,808	–	57,247
31 December 2021				
Bonds	1,207	5,349	–	6,556
Equities	59,113	–	–	59,113
Derivatives	–	12	–	12
	60,320	5,361	–	65,681

The different levels of the fair value hierarchy are defined on page 33.

13 Portfolio transaction costs

For the year 1 January 2022 to 31 December 2022

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Equity Instruments	7,688	2	0.03	11	0.14
Debt Instruments	4,906	–	–	–	–
Collective Investment Schemes	1,532	1	0.07	2	0.13
Total purchases	14,126	3		13	
Total purchases including transaction costs	14,142				
Sales					
Equity Instruments	10,519	4	0.04	1	0.01
Debt Instruments	1,709	–	–	–	–
Collective Investment Schemes	957	2	0.21	–	–
Total sales	13,185	6		1	
Total sales net of transaction costs	13,178				
Total transaction costs		9		14	
Total transaction costs as a % of average net assets		0.01%		0.02%	

Notes to the Financial Statements

Continued

For the year 1 January 2021 to 31 December 2021

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Equity Instruments	10,622	5	0.05	15	0.14
Debt Instruments	1,548	–	–	–	–
Collective Investment Schemes	1,194	–	–	–	–
Total purchases	13,364	5		15	
Total purchases including transaction costs	13,384				
Sales					
Equity Instruments	10,317	4	0.04	1	0.01
Debt Instruments	1,906	–	–	–	–
Collective Investment Schemes	121	–	–	–	–
Total sales	12,344	4		1	
Total sales net of transaction costs	12,339				
Total transaction costs		9		16	
Total transaction costs as a % of average net assets		0.01%		0.03%	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Statement of Financial Position date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.26% (2021: 0.14%).

14 Share movement

For the year 1 January 2022 to 31 December 2022

	Retail Shares	Z Shares
Opening shares	2,909,420	76,439,905
Shares issued	59,379	6,288,418
Shares redeemed	(115,673)	(5,078,787)
Closing shares	2,853,126	77,649,536

Distribution Statements

for the year ended 31 December 2022

Final Distribution

For the six months ended 31 December 2022

Group 1: Shares purchased prior to 1 July 2022

Group 2: Shares purchased 1 July 2022 to 31 December 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Payable
Retail Shares			
Group 1	2.1747	–	2.1747
Group 2	1.4619	0.7128	2.1747
Z Shares			
Group 1	0.7605	–	0.7605
Group 2	0.4126	0.3479	0.7605

The final distribution for the period ended 31 December 2021 was 1.7360 pence per Retail share and 0.6397 pence per Z share.

Interim Distribution

For the six months ended 30 June 2022

Group 1: Shares purchased prior to 1 January 2022

Group 2: Shares purchased 1 January 2022 to 30 June 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	2.4281	–	2.4281
Group 2	2.0821	0.3460	2.4281
Z Shares			
Group 1	0.8424	–	0.8424
Group 2	0.5536	0.2888	0.8424

The interim distribution for the six months ended 30 June 2021 was 1.9564 pence per Retail share and 0.7173 pence per Z share.

*Equalisation applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital.

Global Equity Class Fund Report

Environment

Global equities suffered a torrid first half of 2022 and share prices entered bear-market territory – defined as a fall of at least 20% in US dollar terms from the peak. Volatility increased after Russia invaded Ukraine on 24 February, which led to further surges in energy and food costs. The oil price hit a multi-year high and natural gas costs also soared. Central banks reacted to the sharp increase in inflation across the world, particularly in the US, UK and Europe, with a series of interest-rate rises. The US Federal Reserve (Fed) began to raise its key interest rate in March but faced with inflation figures for May at their highest level since December 1981, opted for a more aggressive 75 basis point (bps) rise in June, the largest monthly increase since 1994.

This backdrop exacerbated investor fears about the outlook for global economic growth and corporate earnings, especially as consumer budgets came under increasing pressure from the rising cost of necessities. US and European equities fared the worst, while UK and Asian markets also struggled. In the US, the technology-heavy Nasdaq Index was particularly weak. However, Chinese markets recovered some ground in the second quarter after an easing of Covid-19 restrictions in a number of major cities and policy moves by the central government to stimulate growth.

The third quarter of 2022 was one of two halves. The start of the quarter offered some respite for investors, as they took comfort in an earnings season that saw Microsoft, Google, Apple and Amazon beat analysts' expectations and oil majors Exxon, Shell and Chevron set new revenue records. The Nasdaq led the way, rising more than 12% in July. In the UK, the domestically orientated small and mid-cap FTSE 250 Index outperformed its blue-chip FTSE 100 Index counterpart. But storm clouds started to form when the European Central Bank (ECB) raised its rates by 50 bps, its first move in over a decade. ECB President Christine Lagarde noted that inflation was "undesirably high", flagging food and fuel costs and rising wages. Inflation in the Eurozone reached 8.9% in July. With other central banks signalling that they would be forced to raise rates more quickly in the face of record inflation, it was clear that markets would need to anticipate the faster pace and greater scale of possible rate rises.

In the fourth quarter, sterling staged a recovery. After hitting a record low of \$1.0327 on 28 September, the pound recovered to \$1.14 by the end of the first week of October, following a U-turn from then Chancellor Kwasi Kwarteng. With the embarrassment of the Bank of England (BoE) having to step in and buy gilts to stabilise government borrowing costs and worries over contagion for pension funds, Kwarteng was relieved of his position shortly afterwards. "We will reverse almost all the tax measures announced in the Growth Plan three weeks ago that had not started parliamentary legislation," announced new Chancellor Jeremy Hunt, in a stellar reversal that was enough to calm investor worries in the short term. Following his announcement, effectively scrapping all of his predecessor's headline measures, yields on 30-year gilts fell by more than 50 bps, marking one of the biggest daily drops on record. The pound soared by as much as 140 bps against the US dollar and 80 bps against the euro. Then Prime Minister Liz Truss was forced to resign on 20 October, paving the way for Rishi Sunak to take the reins of power. UK markets rallied in response.

During October, international bourses were strong as a slew of weak US labour and manufacturing data gave investors hope that the Fed's rate-hiking policy was finally starting to cool the economy. American investors seemed to be particularly cheered, with the Dow Jones posting its best monthly gain since 1987.

Weaker-than-expected US inflation data eclipsed most other news during November as markets carried on their late-year rally. Rising on an annual basis by 7.7%, US inflation fell to its lowest level since the beginning of the year. The S&P 500 rocketed 5.5% and the Nasdaq soared 7.35% in a single day. Slightly weaker data was not enough to stop the Fed from raising rates by 75 bps in early November as widely predicted, but a slightly softer tone emerged from central bank officials. Fed Vice Chair Lael Brainard said it would be appropriate to moderate interest rate increases going forwards, while Chairman Jerome Powell said smaller hikes could begin in December. A persistently robust labour market still left doubt in the central bank's mind that inflation would fizzle out. True to its word, the Fed adjusted the trajectory of its hikes, raising borrowing costs by just 50 bps in December. When releasing the minutes from its last meeting, only two of the 19 Fed officials saw interest rates staying below 5% in 2023, so with the rate now sitting at 4.25-4.5%, it is likely there will be more hikes to come.

The BoE also raised rates by 75 bps in early November, its biggest hike in 33 years. Unlike the US, UK inflation showed no signs of abating, rising to 11.1%. Much like its American counterpart, the BoE raised interest rates by 50 bps during its final meeting of the year to 3.5%, a level not seen in 14 years. Despite this, the bank commented that "further increases" may still be required. The news was enough to keep sterling above \$1.20, with the pound now having made its way back to levels seen before the Truss administration took power.

With a great deal of manufacturers' profits orbiting around the Chinese economy, the final months of the year were characterised by a large increase in Covid-19 cases and subsequent lockdowns in the country. Despite such disruption, the Chinese government seemed cautiously optimistic on quelling the outbreaks and rolling back various facets of its zero-Covid policy, much to the fanfare of Chinese mainland stocks and those companies with strong exposure to the world's second-largest economy.

Global Equity Class Fund Report

Continued

Performance

The Fund ended the year down 14.08% (net of fees), behind the benchmark which fell 7.15%.

During the first quarter, negative relative performance was driven by industrials, financials and consumer discretionary stocks. Within industrials, weakness was widespread. Construction and materials holdings Trex Company and CRH, electronic and electrical equipment holdings Alstom, Schneider Electric and Generac, and industrial support services holding Accenture all weighed on relative returns. The lack of exposure to the aerospace and defence sectors was also a relative performance drag. The negative contribution from financials was driven by holdings in First Republic Bank and Ashmore Group. The negative stock selection effect within consumer discretionary was a result of personal goods holdings Estée Lauder and Watches of Switzerland, as well as weakness from leisure goods holdings Yeti, Pool Corporation, Shimano, Garmin and Keywords Studios.

On the other hand, holdings in energy and basic materials were the main contributors to positive relative performance. Within energy, our overweight allocation was the main source of positive performance, driven by alternative energy holdings Ameresco and SolarEdge Technologies as well as integrated oil and gas companies Shell and TotalEnergies. Mining giant BHP Group also boosted relative returns.

In the second quarter, the consumer staples, industrials and healthcare sectors drove negative relative performance. In consumer staples, the negative asset allocation effect was driven by voids in the beverages and tobacco subsectors. The negative contribution from industrials came from electronic and electrical equipment holdings Generac and Schneider Electric, as well as the void in aerospace and defence. The underweight allocation to the healthcare sector drove the negative relative performance due to the void in the healthcare providers subsector, as well as negative performance from West Pharmaceutical Services and Dechra Pharmaceuticals.

The largest positive relative performance in the quarter came from our overweight cash position. Holdings in real estate, financials and technology sectors also had a relatively positive impact. In real estate, the positive stock selection effect was driven by real estate investment trust American Tower Corporation. In financials, the Fund benefited from life-insurance group AIA, as well a lack of exposure to the investment banking and brokerage services subsector. Furthermore, the underweight allocation to technology was positive for relative performance, as was stock-selection in the sector, primarily due to avoiding a number of underperforming stocks in software and computer services.

During the third quarter, the overweight position in the energy sector was a notable positive contributor thanks to the significant gain in Ameresco, which rose 58%. To a lesser extent, the holdings in BP and Shell also contributed to positive relative performance. Stock selection within technology was positive due to gains in software holdings Autodesk and Intuit. Negative relative performance was driven by consumer discretionary, industrials and utilities. Within consumer discretionary, the largest performance drag came from losses in Watches of Switzerland, Yeti and Garmin as well as the void in Tesla as the latter rose by almost 30%.

In the fourth quarter, the Fund's holdings in the consumer discretionary sector performed strongly. Key to this outperformance were gains in Mercedes-Benz and Watches of Switzerland, which offset the decline in Amazon. In leisure goods, Keywords Studios also gained strongly while in the technology sector, the Fund's hardware stocks outperformed thanks to the gain in ASML. In contrast, in software, Alphabet's decline detracted from performance. Other strongly performing stocks were Procter and Gamble and Enel and the integrated oil companies BP, Shell and TotalEnergies, though in alternative energy Ameresco fell 20%. Industrials were the biggest drag on performance owing to the fall in Generac (since sold), the void in aerospace and defence and the underperformance of Accenture, offset somewhat by gains in Mastercard, Schneider Electric and CRH. In the healthcare sector both AstraZeneca and Eli Lilly were strong but West Pharmaceutical Services fell 11%. Within financials, being underweight banks detracted from performance but insurance names linked to Hong Kong were strong with AIA group rising 24%.

Activity

In the first quarter, we initiated positions in Adyen, Ameresco and BP. We also increased holdings in Shell, Generac, Garmin, Trex Company, Keywords Studios and Mercedes-Benz. Positions in Schneider Electric, ASML and Infineon were reduced. We sold holdings in Visa, Abcam, Tencent, Comcast, Biotech Growth Trust, Novartis, Alstom, Ashmore Group, First Republic Bank, Alibaba and JD.com.

Activity in the second quarter included initiating positions in DBS Group and KPN. We reduced holdings in TMSC, Estée Lauder, Accenture, American Tower Corporation, Alphabet, Mastercard and AIA Group. Small positions in Woodside Energy Group and Daimler Truck were sold.

In the third quarter, we initiated position in Prologis, as well as increasing Watches of Switzerland, Mercedes-Benz and RELX. Holdings in Nestle, Ørsted, ASML, Schneider Electric, TotalEnergies, Yeti and Garmin were reduced.

Global Equity Class Fund Report

Continued

In the fourth quarter we sold a number of the small and mid-cap names including Pool Corp, Garmin, Yeti Holdings, Generac and Trex Company, as well as the Schiehallion Fund. We also reduced positions in Activision Blizzard, Shell, CRH, Ørsted and DS Smith. We introduced a new position in Coca-Cola and added to AIA group, Apple, DBS Group Holdings, Mastercard, Prologis, Microsoft, NextEra Energy, Autodesk and Procter & Gamble. Boston Scientific was also reintroduced after a review.

Outlook

As the year drew to a close, some semblance of political and economic stability was restored in the UK, with the hope that the worst of the inflationary pressures we have experienced are behind us. The reopening of the Chinese economy also buoyed markets at the end of a difficult year for investors.

However, with a challenging few months ahead, especially for the UK and Europe, we expect most western economies to slip into recession in 2023 as the hot labour market we witnessed for much of 2022 begins to cool and central bank rate hikes serve to stymie the global economy.

Although central banks appear to be reducing the extent to which they are pushing up borrowing costs, it is possible that stubbornly high inflation will result in many having to raise rates more than expected, subsequently sitting at elevated levels for longer, before even considering a pivot and loosening policy.

Our quality, sustainable growth approach maintains our focus on companies underpinned by long-term structural growth themes. We seek to identify businesses that will benefit from shifting trends while avoiding those where change will be detrimental. Experience has taught us that companies that have strong balance sheets and can create value by generating cash flow exceeding their operational requirements tend to generate stronger and more sustainable returns. They are also usually better positioned to reinvest in their businesses and distribute earnings to shareholders. We believe these types of companies merit long-term positions in portfolios regardless of shorter-term sentiment.

Statistics

Price and Revenue Record by Share Class (Calendar Year)

Retail Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	256.82	215.78	2.9250
2019	282.15	216.87	3.3227
2020	320.40	224.83	2.8343
2021	379.19	344.38	3.1993
2022	375.43	305.10	4.6236

Z Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	70.42	59.35	0.9645
2019	78.18	59.58	1.0936
2020	89.47	62.37	0.9858
2021	106.58	96.43	1.1145
2022	105.47	86.00	1.4536

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

Retail Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	2,269,446	317.04	715,815
31 December 2021	2,609,734	373.45	698,822
31 December 2022	2,193,318	316.48	693,037

Z Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	18,608,311	88.44	21,041,030
31 December 2021	15,837,996	104.90	15,098,150
31 December 2022	13,398,304	89.33	14,998,990

Statistics

Continued

Top Ten Purchases and Sales

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the year:

Purchases	£000's
Prologis	344
BP	333
Boston Scientific	321
Coca-Cola	321
Koninklijke KPN	311
DBS	284
Ameresco	185
Mastercard	178
Adyen	176
Procter & Gamble	173

Sales	£000's
Visa	371
First Republic Bank	285
Comcast	269
Abcam	229
Tencent	222
Garmin	199
Novartis	190
Ashmore	154
Biotech Growth Trust	145
Trex	140

Portfolio Statement

as at 31 December 2022

Investments	Holding	Market Value £000's	Total Net Assets %
Australia 2.28% (1.65%)			
BHP	13,830	355	2.28
China 0.00% (1.96%)			
Denmark 1.66% (1.85%)			
Ørsted	3,443	259	1.66
France 3.40% (4.56%)			
Schneider Electric	1,950	226	1.45
TotalEnergies	5,837	304	1.95
Germany 2.95% (3.07%)			
Infineon Technologies	8,053	203	1.30
Mercedes-Benz	4,710	257	1.65
Hong Kong 2.42% (1.88%)			
AIA	40,809	377	2.42
Israel 1.85% (1.22%)			
SolarEdge Technologies	1,229	289	1.85
Italy 1.36% (1.52%)			
Enel	47,544	212	1.36
Japan 1.19% (1.49%)			
Shimano	1,400	185	1.19
Netherlands 5.32% (5.01%)			
Adyen	112	128	0.82
ASML	948	424	2.72
Koninklijke KPN	108,341	278	1.78
Republic of Ireland 5.87% (6.52%)			
Accenture	1,995	443	2.84
CRH	6,066	199	1.27
Keywords Studios	10,072	274	1.76
Singapore 1.92% (0.00%)			
DBS	14,200	299	1.92
Switzerland 3.21% (5.65%)			
Nestle	2,918	281	1.80
Roche	840	219	1.41
Taiwan 3.56% (4.27%)			
Taiwan Semiconductor Manufacturing	5,877	364	2.33
Voltronic Power Technology	4,599	192	1.23
United Kingdom 14.19% (11.66%)			
AstraZeneca	3,303	371	2.38
BP	87,021	413	2.65
Dechra Pharmaceuticals	6,595	172	1.10
DS Smith	65,229	209	1.34

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
United Kingdom (Continued)			
RELX	14,153	324	2.08
Shell	20,512	477	3.06
Watches of Switzerland	29,975	246	1.58
United States of America 46.15% (46.27%)			
Activision Blizzard	3,174	202	1.30
Alphabet	5,080	373	2.39
Amazon.com	4,440	310	1.99
Ameresco	4,537	216	1.39
American Tower	1,693	298	1.91
Apple	5,983	646	4.14
Autodesk	1,816	282	1.81
Boston Scientific	8,404	323	2.07
Coca-Cola	6,143	325	2.08
Eli Lilly	2,038	620	3.98
Equinix	527	287	1.84
Estee Lauder Cos	1,528	315	2.02
Intuit	711	230	1.47
Mastercard	1,959	566	3.63
Microsoft	3,787	755	4.84
NextEra Energy	6,780	471	3.02
Procter & Gamble	3,884	489	3.14
Prologis	3,249	305	1.96
West Pharmaceutical Services	934	183	1.17
Investment Trusts 0.00% (1.50%)			
Portfolio of investments		15,176	97.33
Net current assets		416	2.67
Total net assets		15,592	100.00

Total unapproved and unquoted securities 0.00%.

Comparative figures in brackets refer to 31 December 2021.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers, which are listed on an eligible securities market.

Financial Statements

Statement of Total Return

for the year ended 31 December 2022

	Notes	31 December 2022		31 December 2021	
		£000's	£000's	£000's	£000's
Income					
Net capital (losses)/gains					
Net capital (losses)/gains on investments	1	(2,755)		3,119	
Other gains	1	20		9	
			(2,735)		3,128
Revenue	2	323		287	
Expenses	3	(33)		(39)	
Net revenue before taxation		290		248	
Taxation	4	(51)		(51)	
Net revenue after taxation			239		197
Total return before distributions			(2,496)		3,325
Distributions	5		(250)		(213)
Net (decrease)/increase in Shareholders' funds from Investment activities			(2,746)		3,112

Statement of Movement in Shareholders' Funds

for the year ended 31 December 2022

	31 December 2022		31 December 2021	
	£000's	£000's	£000's	£000's
Opening net assets attributable to Shareholders		18,448		20,878
Amounts receivable on creation of shares	555		551	
Amounts payable on cancellation of shares	(665)		(6,096)	
		(110)		(5,545)
Dilution levy		-		3
Net (decrease)/increase in Shareholders' funds from investment activities (see above)		(2,746)		3,112
Closing net assets attributable to Shareholders		15,592		18,448

All results above are derived from continuing activities for both the current and prior years.

Financial Statements

Continued

Statement of Financial Position

as at 31 December 2022

		31 December 2022		31 December 2021	
	Notes	£000's	£000's	£000's	£000's
Assets					
Fixed assets					
Investment assets at fair value through profit or loss			15,176		18,463
Current assets					
Debtors	7	10		5	
Cash and bank balances	8	530		70	
Total current assets			540		75
Total assets			15,716		18,538
Liabilities					
Creditors					
Distribution payable	9	(114)		(83)	
Other creditors	9	(10)		(7)	
Total liabilities			(124)		(90)
Net assets attributable to Shareholders			15,592		18,448

All liabilities are current.

The notes on pages 24 to 34 and pages 62 to 66 form part of the Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2022

1 Net capital (losses)/gains

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

	31 December 2022 £000's	31 December 2021 £000's
Non-derivative securities*	(2,752)	3,124
Other gains – currency gains*	20	9
Custodial transaction fees	(3)	(5)
Net capital (losses)/gains	(2,735)	3,128

*Net losses (excluding custodial transaction fees) listed above of £(2,732,088) comprise net realised gains of £119,953 and net unrealised losses of £(2,852,041) (2021: net gains of £3,133,164 comprise net realised gains of £3,822,299 and net unrealised losses of £(689,135)). £1,112,213 of the net realised gains in the current year had been shown as net unrealised losses in previous years (2021: £3,318,215 net realised gains).

2 Revenue

	31 December 2022 £000's	31 December 2021 £000's
Money market deposit	13	–
Overseas dividends	225	186
UK dividends	67	88
US REIT dividends	18	13
Total revenue	323	287

3 Expenses

	31 December 2022 £000's	31 December 2021 £000's
Payable to the Manager or Associate of the Manager:		
Manager's periodic charge	15	23
	15	23
Other expenses:		
Audit fees	2	3
Custodian fees	4	5
Directors' fees	2	2
Other expenses	10	6
	18	16
Total expenses	33	39

4 Taxation

	31 December 2022 £000's	31 December 2021 £000's
Withholding tax on overseas dividends	51	51
Total taxation	51	51

Notes to the Financial Statements

Continued

5 Distributions

The distributions take account of equalisation amounts added on the creation of shares and equalisation amounts deducted on the cancellation of shares. They comprise:

	31 December 2022 £000's	31 December 2021 £000's
Interim distribution 30 June	136	119
Final distribution 31 December	114	83
	250	202
Amounts added on creation of shares	(2)	(2)
Amounts deducted on cancellation of shares	2	13
Gross distributions for the year	250	213

Details of the distribution per share are set out on the statements on page 67.

6 Net movement between revenue after taxation and distributions

	31 December 2022 £000's	31 December 2021 £000's
Net revenue after taxation	239	197
Expenses paid from capital	11	16
Gross distributions for the year	250	213

7 Debtors

	31 December 2022 £000's	31 December 2021 £000's
Accrued revenue	9	4
Overseas tax recoverable	1	1
Total debtors	10	5

8 Cash and bank balances

	31 December 2022 £000's	31 December 2021 £000's
Cash held at bank	6	16
Term deposits	524	54
Total cash and bank balances	530	70

Notes to the Financial Statements

Continued

9 Creditors

	31 December 2022 £000's	31 December 2021 £000's
a) Distribution payable		
Gross distribution payable	114	83
Total distribution payable	114	83
b) Other creditors		
Accrued expenses	10	7
Total other creditors	10	7

10 Related party transactions

Manager's periodic charge and Registrar's fees payable to abrdn Capital (CI) Limited are shown in Note 3. The aggregate monies received through creation and paid through cancellation of shares are disclosed in the Statement of Movement in Shareholders' Funds and Note 5. Any amounts due to or from the Manager at the year end are included in Notes 7 and 9. The total balance due to the Manager in respect of Manager's periodic charge and Registrar's fees at 31 December 2022 is £1,263 (2021: £1,493).

Directors' fees payable to the Board of Directors are shown in Note 3.

11 Financial Instruments

(a) Interest rate risk

The Fund does not currently invest in either fixed or floating rate securities and interest rate exposure is restricted to interest on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

(b) Foreign currency risk

The table that follows details the foreign currency risk profile of the Global Equity Class assets at the Statement of Financial Position date.

	31 December 2022 Investments £000's	31 December 2022 Net Current Assets £000's	31 December 2022 Total £000's	31 December 2021 Total £000's
Danish Krone	259	–	259	342
Euro	2,231	1	2,232	2,551
Hong Kong Dollar	377	–	377	562
Japanese Yen	184	1	185	276
Singapore Dollar	299	–	299	–
Swiss Franc	500	–	500	822
Taiwanese Dollar	192	–	192	201
US Dollar	8,291	5	8,296	10,517
Total	12,333	7	12,340	15,271

At 31 December 2022, if the value of Sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £617,000 (2021: £764,000).

Notes to the Financial Statements

Continued

(c) Credit risk

The Fund did not enter into any derivative contracts during the year and therefore has no counterparty exposure.

(d) Other price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

As at 31 December 2022, if the prices of investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to the shareholders would increase or decrease by approximately £759,000 (2021: £923,000).

(e) Valuation of financial investments

The following table analyses within the fair value hierarchy the assets and liabilities (by class of financial instrument) measured at fair value.

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
31 December 2022				
Equities	15,176	–	–	15,176
	15,176	–	–	15,176
31 December 2021				
Equities	18,463	–	–	18,463
	18,463	–	–	18,463

The different levels of the fair value hierarchy are defined on page 33.

12 Portfolio transaction costs

For the year 1 January 2022 to 31 December 2022

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Equity Instruments	3,621	1	0.03	3	0.08
Total purchases	3,621	1		3	
Total purchases including transaction costs	3,625				
Sales					
Equity Instruments	3,972	1	0.03	–	–
Collective Investment Schemes	189	–	–	–	–
Total sales	4,161	1		–	
Total sales net of transaction costs	4,160				
Total transaction costs		2		3	
Total transaction costs as a % of average net assets		0.01%		0.02%	

Notes to the Financial Statements

Continued

For the year 1 January 2021 to 31 December 2021

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Equity Instruments	2,865	1	0.03	4	0.14
Collective Investment Schemes	79	–	–	–	–
Total purchases	2,944	1		4	
Total purchases including transaction costs	2,949				
Sales					
Equity Instruments	8,273	3	0.04	2	0.02
Collective Investment Schemes	136	–	–	–	–
Total sales	8,409	3		2	
Total sales net of transaction costs	8,404				
Total transaction costs		4		6	
Total transaction costs as a % of average net assets		0.02%		0.03%	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Statement of Financial Position date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.08% (2021: 0.11%).

13 Share movement

For the year 1 January 2022 to 31 December 2022

	Retail Shares	Z Shares
Opening shares	698,822	15,098,150
Shares issued	952	581,499
Shares redeemed	(6,737)	(680,659)
Closing shares	693,037	14,998,990

Distribution Statements

for the year ended 31 December 2022

Final Distribution

For the six months ended 31 December 2022

Group 1: Shares purchased prior to 1 July 2022

Group 2: Shares purchased 1 July 2022 to 31 December 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Payable
Retail Shares			
Group 1	2.0810	–	2.0810
Group 2	1.4108	0.6702	2.0810
Z Shares			
Group 1	0.6619	–	0.6619
Group 2	0.0728	0.5891	0.6619

The final distribution for the period ended 31 December 2021 was 1.3682 pence per Retail share and 0.4890 pence per Z share.

Interim Distribution

For the six months ended 30 June 2022

Group 1: Shares purchased prior to 1 January 2022

Group 2: Shares purchased 1 January 2022 to 30 June 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	2.5425	–	2.5425
Group 2	1.9064	0.6361	2.5425
Z Shares			
Group 1	0.7916	–	0.7916
Group 2	0.4469	0.3447	0.7916

The interim distribution for the six months ended 30 June 2021 was 1.8311 pence per Retail share and 0.6255 pence per Z share.

*Equalisation applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital.

Global Fixed Interest Class Fund Report

Environment

Corporate bond prices fell substantially in a tough year for investors in the asset class. A backdrop of rising interest rates and stubbornly high inflation, accompanied by a worsening economic outlook, created challenging market conditions. Credit spreads rose over the year as the economic environment deteriorated. However, November was a strong month for corporate bond markets worldwide amid growing expectations that global inflation pressures may be peaking, leading to hopes that the current cycle of interest-rate rises may be nearing its end. In December, though, a tough year ended with falls in UK and European investment-grade (IG) corporate bond prices.

Increasingly hawkish rhetoric from central banks sent government bond yields higher at the beginning of the period. This weighed on returns across various markets, and while high yield (HY) fared better than most, it was of little consolation to HY investors. Concerns about inflation also increased, while the Russian invasion of Ukraine added geopolitical concerns to the mix. Surging inflation, hawkish central banks and recessionary fears were once again prevalent in the second half of the period, driving continued volatility across global financial markets. In August, US Federal Reserve (Fed) Chair Jerome Powell spoke at the Jackson Hole conference and reinforced the Fed's hawkish stance, ending hopes of an earlier Fed pivot toward looser policy. The HY market performed well towards the end of 2022, as a coinciding rally in government bond markets propelled yields lower.

Emerging market (EM) bonds fell over the reporting period. The Russia-Ukraine war, surging inflation, and a hawkish Fed weighed on EMs at the start of 2022. The Federal Open Market Committee hiked rates by 25 basis points (bps) to a range of 0.25–0.5% in March 2022, which pushed yields higher. The Fed also hiked its policy rate by 50 bps in May and 75 bps in June and September, as inflation continued to negatively affect EMs in the second half of the period. In October, another stronger-than-expected US consumer price index print caused markets to price in another 75bp hike at the Fed meeting in November and yields on two-year US Treasuries rose to their highest level since 2007. Risk assets rallied in November at the prospect of a Fed pivot, which caused US Treasury yields to markedly decline. China ended the year by reversing its zero-Covid policy and easing quarantine restrictions for international travel.

Performance

The Fund returned -16.64% (net of fees) over the 12 months to the end of December 2022. This compares with the -15.44% return of the benchmark (33.33% Bloomberg Global Agg Corporates (Hedged to sterling), 33.33% Bloomberg Global HY Corporate 2% Capped (Hedged to sterling), 33.34% JP Morgan EMBI Global Diversified).

The IG portfolio underperformed the benchmark over the period, due to negative stock selection and credit selection among BBB rated bonds. The portfolio's exposure to the Chinese property sector detracted from performance. Shimao Group, Country Garden Holdings (which we sold), Sunac and Zhenro Properties weighed on returns. Additionally, the overweight to Viatris and AXA also dragged on performance.

On the other side, the portfolio's lack of exposure to the Russian oil company Lukoil and Russian mining company Norilsk Nickel contributed positively to returns following the Russian invasion of Ukraine. There was also a strong contribution from the overweight exposure to shorter-dated bonds from BPCE, while the off-benchmark positioning in Pemex also helped performance.

The HY bond portfolio slightly underperformed its benchmark in 2022. Credit selection among B rated bonds hurt performance, while credit selection in CCC rated bonds added to returns. The weakest performers included our overweight positions in US cryptocurrency exchange Coinbase, Ukrainian metals company Metinvest and Ukrainian protein company MHP. Chinese property weighed on returns, with Zhenro, Sunac and Kaisa struggling over the period. Overweight exposure to Cornerstone Building Brands, Cimpress and Shutterstock also weighed on returns.

More positively, our lack of exposure to names directly linked to Russia's invasion of Ukraine contributed to performance, including VEON and the Credit Bank of Moscow. Our overweight positioning in Six Flags added value, as did the overweights in First Quantum and EnQuest. Our overweight exposure to tyre manufacturer Goodyear Tire and Israel-based Teva Pharmaceuticals also aided returns.

The EM debt portfolio underperformed the benchmark over the period, due to negative security selection and credit exposure. In terms of individual countries, Pakistan was one of the weakest performers as even though the country avoided default by paying its US\$1 billion sukuk maturity in December, it continues to suffer from a severe liquidity crisis as its reserves have been eroded. The portfolio's overweight positioning in Ukraine and Belarus, both of which suffered in the Russian conflict, also weighed on returns. Elsewhere, the lack of exposure to China hurt performance. Some African issuers struggled over the period, as overweight positions in Egypt, Morocco, the Ivory Coast and Zambia detracted from performance.

The biggest contribution was from the underweight exposure to Russia. Russian bonds have fallen considerably since the invasion of Ukraine, leading to sanctions and fears of a Russian default. We sold our small position. We were underweight

Global Fixed Interest Class Fund Report

Continued

Chile, which contributed as its bonds underperformed the wider index. Rising oil prices were positive for our overweight holdings in Iraq and Trinidad and Tobago. Lastly, our lack of exposure to Sri Lanka helped performance as the country faced economic and political unrest throughout the period.

Activity

In the investment-grade (IG) credit portfolio and in the primary market, we bought the attractively priced 2052 bonds of the home improvements company Lowe's, the 2031 bonds of Experian and the new US dollar 2027 bonds of Harley Davidson. We bought the 2052 issues from Qualcomm and NSTAR Electric and the 2024 bonds of Eversource Energy. Elsewhere, we bought the attractive new 2027 euro bonds from Coloplast, the Danish medical product manufacturer. In the second half of the period, we purchased the 2032 euro bonds of Anglo American and Ørsted's 2042 pound bond. We also bought selective new issue bank bonds, including the 2025 issue of Mitsubishi UFJ Financial Group and the 2024 bonds of TD Bank. Towards the end of the period, we bought attractive new euro bank bonds, including the 2029 issue from TD Bank and the senior non-preferred 2030 bonds of Société Générale. In the secondary market, we topped up our holding in Western Midstream and bought a long-dated bond from Amgen, which had been weak following news of its acquisition of Horizon Therapeutics.

Conversely, we looked to reduce exposure to credits with greater exposure to Russia, such as the aircraft leasing company AerCap. We took profits in the 2031 bonds of General Mills, which had performed well. We looked to selectively sell some higher risk holdings, such as the corporate hybrids of Iberdrola. In the second half of the period, we reduced our exposure to UK banks, including Lloyds and NatWest. We also reduced our holding in Anglo American and exited casino owner Vici Properties, taking profits after strong performance.

In the HY portfolio, we participated in new attractive deals, including from Zip Recruiter (online recruiter), MI Windows & Doors (building materials producer), Charter Communications (cable operator), Bausch Healthcare (pharmaceutical manufacturer), Rogers Communications (Canadian cable company), McAfee (cyber security software provider), Ford Motor, Macy's (clothing retailer), Novolex (packaging manufacturer), Frontier Communications (wireline operator), Darling Ingredients (food and beverages) and Advanced Drainage Systems (plastic pipe producer). In the second half of the period, we took part in new issues from Celanese (chemical and materials company), Univision (Spanish language network), CNX Resources (natural gas company), Enerflex (Canadian oilfield services), Sabre Holdings (air travel technology company) and Chart Industries (manufacturer of industrial gas equipment).

In the secondary market, we added packaging company Graphic Packaging, environmental services company GFL Environmental, environmental waste company Clean Harbors, pharmaceutical manufacturer Perrigo and footwear producer Wolverine Worldwide. In April, we initiated a position in Hess Midstream and added to our position in Sealed Air. We found value within investment-grade names, including protein producer JBS Foods and General Motors Financial. In the second half of the period, we added the IG rated bonds of packaged food company Kraft Heinz and independent energy provider Viper Energy Partners.

We took profits from oil and gas producer Colgate Energy and telecommunications company Lumen, and moved on from French food retailer Casino Guichard Perracho. We also offloaded our holdings in wireline operator Consolidated Communications, Chilean cable operator VTR and the healthcare-focused software provider Athena and Ukrainian protein company MHP. Towards the end of the period, we exited our positions in technology consulting company Virtusa, disposable bag producer Novolex, mobility software provider Verra Mobility and golf cart company Club Car.

In EM debt, we added Chile's new 2027 sustainable bond and a 2029 issue from the Dominican Republic. We also bought Pakistan's 2029 sukuk bond. Elsewhere, we made several purchases in oil-rich countries, including the 2027 bond of Oman and the 2030 bond of Mexico. We made selective purchases in areas where we see value, including Tunisia's 2025 issue and the 2032 bond of the Philippines. In the second half of the period, we bought bonds in Ecuador, while in Eastern Europe we purchased bonds in Romania and Hungary. We also took part in Bulgaria's 2029 issue. Towards the end of the period, we started a new position in Costa Rica by buying its 2044 bonds.

On the sell side, we sold longer-dated positions in the first half of the period, including Qatar, Brazil and Indonesia. We also switched out of Morocco's 2030 bond for the 2032 issue, which offered better value. In the second half of the period, we offloaded several of our Latin American and African holdings, including Nigeria, South Africa, Senegal, Argentina, the Dominican Republic and Colombia. Lastly, we reduced our holding in Kazakhstan's state-owned energy company KazMunayGas.

Outlook

We remain positive on global IG credit. Credit yields are now at attractive levels, not seen in years, particularly when compared to other more macro-sensitive assets, like equities. We expect the inflows to credit, seen in the last quarter of 2022, to continue. Spreads were resilient in December, despite global central banks' more hawkish tone and some renewed rates weakness into

Global Fixed Interest Class Fund Report

Continued

year-end. Both the European Central Bank and the Fed hiked rates by 50bps in December, broadly as expected, but the broader guidance and forecasts were notably hawkish. Overall, we think fundamentals in both the US and Europe, which include solid balance sheets for corporates, stable banking systems and access to liquidity, should support valuations at current levels even if economies in the US and Europe enter recession during 2023.

We expect 2023 to be a far better environment for HY investors than 2022, even in the face of a looming recession across developed markets. Last year, total returns were negatively affected by the combination of higher government bond yields and wider corporate credit spreads. While it is our expectation that credit spreads will trend wider over the coming months as the market grapples with slowing economic growth and weaker corporate earnings, the offset of lower government bond yields in combination with an elevated running yield should support total returns for HY investors.

The rally in EMs towards the end of the year has reduced some of the value we have seen opening up in certain areas of EM debt. However, we remain cautiously optimistic on aspects of the asset class, despite the challenging outlook. It is likely that, given low levels of primary issuance in 2022, we will begin to see more primary market activity in January, which provides a negative technical and could present a more attractive entry level to add risk. Despite the technical headwind of likely increased primary issuance, EM remains an underweight for global investors, which should provide some support to the asset class as sentiment improves and flows return.

Statistics

Price and Revenue Record by Share Class (Calendar Year)

Retail Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	101.68	92.25	4.3688
2019	99.32	91.74	4.1916
2020	100.07	81.60	4.0412
2021	98.05	93.36	4.3348
2022	93.15	69.12	4.4160

Z Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	49.91	45.68	2.1554
2019	49.57	45.47	2.0879
2020	50.55	40.95	2.0347
2021	49.93	47.62	2.2026
2022	47.55	35.46	2.2607

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

Retail Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	959,957	98.70	972,634
31 December 2021	1,093,596	93.19	1,173,522
31 December 2022	493,017	73.17	673,806

Z Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	106,262,524	49.91	212,910,725
31 December 2021	114,788,981	47.56	241,355,051
31 December 2022	72,392,037	37.58	192,613,963

Statistics

Continued

Top Ten Purchases and Sales

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the year:

Purchases	£000's
US Treasury 0% 09/2/2023	1,250
Oman Government International Bond 6.75% 28/10/2027	544
Mongolia Government International Bond 8.75% 09/3/2024	484
Mexico Government International Bond 4.75% 08/3/2044	465
Zambia Government International Bond 8.97% 30/7/2027	449
Morocco Government International Bond 3% 15/12/2032	442
Hungary Government International Bond 5.5% 16/6/2034	437
Saudi Government International Bond 4.625% 04/10/2047	413
Kazakhstan Government International Bond 6.5% 21/7/2045	385
Condor Merger Sub 7.375% 15/2/2030	375

Sales	£000's
US Treasury 0% 09/2/2023	1,322
Mexico Government International Bond 3.75% 11/1/2028	766
Angolan Government International Bond 9.375% 08/5/2048	535
Senegal Government International Bond 4.75% 13/3/2028	524
Indonesia Government International Bond 5.25% 17/1/2042	507
KazMunayGas National JSC 6.375% 24/10/2048 0%	505
Argentine Republic Government International Bond 0.5% 09/7/2030	502
Iraq International Bond 6.752% 09/3/2023	501
Gabon Government International Bond 6.95% 16/6/2025	494
SoftBank 6% Perpetual	477

Portfolio Statement

as at 31 December 2022

Investments	Holding	Market Value £000's	Total Net Assets %
Overseas Government Bonds 28.68% (25.68%)			
Angolan Government International Bond 9.375% 08/5/2048	USD 495,000	325	0.45
Argentine Republic Government International Bond 1.5% 09/7/2046	USD 321,540	68	0.09
Argentine Republic Government International Bond 3.875% 09/1/2038	USD 1,329,800	350	0.48
Bahamas Government International Bond 6% 21/11/2028	USD 410,000	260	0.36
Bahrain Government International Bond 7% 26/1/2026	USD 500,000	427	0.59
Benin Government International Bond 4.875% 19/1/2032	EUR 300,000	206	0.28
Brazilian Government International Bond 3.875% 12/6/2030	USD 278,000	200	0.27
Brazilian Government International Bond 5% 27/1/2045	USD 300,000	185	0.25
Bulgaria Government International Bond 4.125% 23/9/2029	EUR 309,000	268	0.37
Chile Government International Bond 1.3% 26/7/2036	EUR 100,000	62	0.09
Chile Government International Bond 2.55% 27/7/2033	USD 521,000	339	0.47
Chile Government International Bond 3.1% 07/5/2041	USD 229,000	136	0.19
Chile Government International Bond 4.34% 07/3/2042	USD 200,000	141	0.19
Colombia Government International Bond 3% 30/1/2030	USD 200,000	127	0.17
Colombia Government International Bond 5.2% 15/5/2049	USD 320,000	181	0.25
Colombia Government International Bond 7.375% 18/9/2037	USD 139,000	109	0.15
Costa Rica Government International Bond 7% 04/4/2044	USD 310,000	243	0.33
Dominican Republic International Bond 5.875% 30/1/2060	USD 600,000	365	0.50
Dominican Republic International Bond 6% 22/2/2033	USD 186,000	139	0.19
Dominican Republic International Bond 6.4% 05/6/2049	USD 346,000	232	0.32
Dominican Republic International Bond 7.45% 30/4/2044	USD 350,000	271	0.37
Ecuador Government International Bond 2.5% 31/7/2035	USD 454,771	174	0.24
Ecuador Government International Bond 5.5% 31/7/2030	USD 748,360	400	0.55
Egypt Government International Bond 5.625% 16/4/2030	EUR 100,000	61	0.08
Egypt Government International Bond 5.8% 30/9/2027	USD 319,000	219	0.30
Egypt Government International Bond 8.5% 31/1/2047	USD 290,000	160	0.22
Egypt Government International Bond 8.7002% 01/3/2049	USD 350,000	194	0.27
Egypt Government International Bond 8.875% 29/5/2050	USD 260,000	146	0.20
Export-Import Bank of India 2.25% 13/1/2031	USD 292,000	191	0.26
Export-Import Bank of India 3.25% 15/1/2030	USD 370,000	266	0.37
Gabon Government International Bond 6.625% 06/2/2031	USD 498,000	338	0.46
Ghana Government International Bond 7.75% 07/4/2029	USD 200,000	61	0.08
Ghana Government International Bond 8.125% 26/3/2032	USD 290,000	86	0.12
Ghana Government International Bond 8.627% 16/6/2049	USD 386,000	111	0.15
Guatemala Government Bond 4.375% 05/6/2027	USD 367,000	289	0.40
Guatemala Government Bond 5.25% 10/8/2029	USD 232,000	185	0.25
Hungary Government International Bond 4.25% 16/6/2031	EUR 175,000	139	0.19
Hungary Government International Bond 5% 22/2/2027	EUR 53,000	47	0.06
Hungary Government International Bond 5.5% 16/6/2034	USD 527,000	410	0.56

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Overseas Government Bonds (Continued)			
Hungary Government International Bond 7.625% 29/3/2041	USD 112,000	102	0.14
Indonesia Government International Bond 5.25% 17/1/2042	USD 449,000	365	0.50
Iraq International Bond 5.8% 15/1/2028	USD 211,062	161	0.22
Iraq International Bond 6.752% 09/3/2023	USD 633,000	519	0.71
Ivory Coast Government International Bond 6.625% 22/3/2048	EUR 554,000	342	0.47
Jordan Government International Bond 4.95% 07/7/2025	USD 337,000	268	0.37
Jordan Government International Bond 7.375% 10/10/2047	USD 200,000	142	0.19
Kazakhstan Government International Bond 6.5% 21/7/2045	USD 438,000	378	0.52
Mexico Government International Bond 4.75% 08/3/2044	USD 878,000	588	0.81
Mongolia Government International Bond 3.5% 07/7/2027	USD 255,000	169	0.23
Mongolia Government International Bond 8.75% 09/3/2024	USD 249,000	199	0.27
Morocco Government International Bond 3% 15/12/2032	USD 523,000	346	0.47
Morocco Government International Bond 5.5% 11/12/2042	USD 456,000	326	0.45
Mozambique International Bond 5% 15/9/2031	USD 335,000	212	0.29
Nigeria Government International Bond 7.143% 23/2/2030	USD 550,000	350	0.48
Nigeria Government International Bond 8.747% 21/1/2031	USD 454,000	308	0.42
Oman Government International Bond 6% 01/8/2029	USD 252,000	210	0.29
Oman Government International Bond 6.75% 28/10/2027	USD 440,000	378	0.52
Pakistan Government International Bond 6.875% 05/12/2027	USD 794,000	254	0.35
Pakistan Government International Bond 7.375% 08/4/2031	USD 329,000	96	0.13
Pakistan Government International Bond 8.875% 08/4/2051	USD 211,000	61	0.08
Panama Government International Bond 6.7% 26/1/2036	USD 276,000	241	0.33
Peruvian Government International Bond 2.783% 23/1/2031	USD 980,000	676	0.93
Philippine Government International Bond 3.95% 20/1/2040	USD 200,000	140	0.19
Qatar Government International Bond 4.817% 14/3/2049	USD 400,000	323	0.44
Qatar Government International Bond 5.103% 23/4/2048	USD 357,000	299	0.41
Republic of Armenia International Bond 3.6% 02/2/2031	USD 200,000	132	0.18
Republic of Armenia International Bond 3.95% 26/9/2029	USD 344,000	237	0.33
Republic of Azerbaijan International Bond 3.5% 01/9/2032	USD 205,000	142	0.20
Republic of Cameroon International Bond 5.95% 07/7/2032	EUR 420,000	273	0.37
Republic of Kenya Government International Bond 7% 22/5/2027	USD 433,000	321	0.44
Republic of South Africa Government International Bond 5.65% 27/9/2047	USD 269,000	164	0.23
Republic of South Africa Government International Bond 5.875% 20/4/2032	USD 262,000	196	0.27
Republic of Uzbekistan International Bond 4.75% 20/2/2024	USD 395,000	322	0.44
Romanian Government International Bond 2.625% 02/12/2040	EUR 236,000	116	0.16
Romanian Government International Bond 2.75% 14/4/2041	EUR 215,000	106	0.15
Romanian Government International Bond 3.624% 26/5/2030	EUR 200,000	144	0.20
Romanian Government International Bond 5% 27/9/2026	EUR 96,000	85	0.12
Rwanda International Government Bond 5.5% 09/8/2031	USD 493,000	311	0.43

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Overseas Government Bonds (Continued)			
Saudi Government International Bond 3.75% 21/1/2055	USD 503,000	329	0.45
Saudi Government International Bond 4.5% 26/10/2046	USD 523,000	386	0.53
Saudi Government International Bond 4.625% 04/10/2047	USD 556,000	415	0.57
Saudi Government International Bond 5% 17/4/2049	USD 200,000	157	0.22
Serbia International Bond 1.65% 03/3/2033	EUR 427,000	228	0.31
Serbia International Bond 3.125% 15/5/2027	EUR 150,000	114	0.16
Tunisian Republic 5.625% 17/2/2024	EUR 261,000	180	0.25
Tunisian Republic 5.75% 30/1/2025	USD 355,000	203	0.28
Tunisian Republic 6.375% 15/7/2026	EUR 240,000	133	0.18
Ukraine Government International Bond 7.75% 01/9/2025	USD 459,000	89	0.12
Uruguay Government International Bond 5.1% 18/6/2050	USD 171,600	140	0.19
Venezuela Government International Bond 7% 01/12/2049	USD 681,000	33	0.05
Venezuela Government International Bond 7.65% 21/4/2025	USD 458,000	30	0.04
Venezuela Government International Bond 11.75% 21/10/2026	USD 672,300	47	0.06
Zambia Government International Bond 8.5% 14/4/2024	USD 200,000	75	0.10
Zambia Government International Bond 8.97% 30/7/2027	USD 627,000	231	0.32
Sterling Denominated Corporate Bonds 5.46% (5.51%)			
Anglo American Capital 3.375% 11/3/2029	GBP 169,000	146	0.20
Aspire Defence Finance 4.674% 31/3/2040	GBP 50,787	48	0.07
BAT Capital 2.125% 15/8/2025	GBP 139,000	127	0.17
BAT International Finance 2.25% 26/6/2028	GBP 100,000	81	0.11
Bellis Acquisition 4.5% 16/2/2026	GBP 236,000	197	0.27
Cidron Aida Finco Sarl 6.25% 01/4/2028	GBP 114,000	92	0.13
CPUK Finance 3.588% 28/2/2042	GBP 155,000	144	0.20
Deutsche Bank 2.625% 16/12/2024	GBP 100,000	93	0.13
Encore Capital 4.25% 01/6/2028	GBP 125,000	96	0.13
EnQuest 7% 15/10/2023	GBP 225,000	226	0.31
Finance 6.25% 14/12/2026	GBP 100,000	102	0.14
Firstgroup 6.875% 18/9/2024	GBP 100,000	100	0.14
Ford Motor Credit 2.748% 14/6/2024	GBP 150,000	141	0.19
Ford Motor Credit 4.535% 06/3/2025	GBP 134,000	127	0.17
Garfunkelux Holdco 3 7.75% 01/11/2025	GBP 100,000	77	0.11
Gatwick Funding 6.5% 02/3/2043	GBP 100,000	101	0.14
Great Rolling Stock 6.5% 05/4/2031	GBP 76,000	77	0.10
Greene King Finance 5.32165% FRN 15/12/2034	GBP 113,000	83	0.11
Jerrold Finco 4.875% 15/1/2026	GBP 100,000	86	0.12
Jerrold Finco 5.25% 15/1/2027	GBP 120,000	99	0.14
Lloyds Banking 5.125% Perpetual	GBP 200,000	183	0.25
London & Quadrant Housing Trust 2.625% 28/2/2028	GBP 100,000	88	0.12

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Sterling Denominated Corporate Bonds (Continued)			
Mitchells & Butlers Finance 5.965% 15/12/2025	GBP 45,678	45	0.06
Morgan Stanley 5.789% 18/11/2033	GBP 100,000	100	0.14
NatWest 2.105% 28/11/2031	GBP 100,000	83	0.11
NatWest 2.875% 19/9/2026	GBP 100,000	92	0.13
NatWest 3.622% 14/8/2030	GBP 100,000	92	0.13
Pacific National Finance Pty 5% 19/9/2023	GBP 100,000	98	0.13
Pinewood Finance 3.25% 30/9/2025	GBP 100,000	92	0.13
Rolls-Royce 5.75% 15/10/2027	GBP 125,000	114	0.16
TalkTalk Telecom 3.875% 20/2/2025	GBP 100,000	78	0.11
Tesco Property Finance 4 5.8006% 13/10/2040	GBP 93,444	87	0.12
Thames Water Kemble Finance 4.625% 19/5/2026	GBP 100,000	84	0.11
Virgin Media Vendor Financing Notes III DAC 4.875% 15/7/2028	GBP 150,000	121	0.17
Virgin Money UK 5.125% 11/12/2030	GBP 100,000	93	0.13
Vodafone 5.125% 02/12/2052	GBP 100,000	90	0.12
Volkswagen Financial Services 1.625% 10/2/2024	GBP 100,000	96	0.13
Walmart 5.75% 19/12/2030	GBP 90,000	97	0.13
Non-Sterling Denominated Corporate Bonds 62.78% (63.82%)			
180 Medical 3.875% 15/10/2029	USD 249,000	178	0.24
AbbVie 4.45% 14/5/2046	USD 210,000	151	0.21
Abertis Infraestructuras Finance 3.248% Perpetual	EUR 100,000	75	0.10
ABN AMRO Bank 4.4% 27/3/2028	USD 200,000	163	0.22
Academy 6% 15/11/2027	USD 129,000	103	0.14
Adams Homes 7.5% 15/2/2025	USD 387,000	273	0.37
Adani Electricity Mumbai 3.949% 12/2/2030	USD 200,000	126	0.17
Adient Global 3.5% 15/8/2024	EUR 153,000	130	0.18
AEP Texas 3.45% 15/1/2050	USD 37,000	22	0.03
Affinity Gaming 6.875% 15/12/2027	USD 235,000	166	0.23
AIG SunAmerica Global Financing X 6.9% 15/3/2032	USD 175,000	155	0.21
Albion Financing 1 SARL / Aggreko 5.25% 15/10/2026	EUR 100,000	77	0.11
Alexandria Real Estate Equities 2.95% 15/3/2034	USD 43,000	29	0.04
alstria office REIT-AG 1.5% 15/11/2027	EUR 100,000	64	0.09
Altice Financing 5.75% 15/8/2029	USD 229,000	150	0.21
Altice Finco 4.75% 15/1/2028	EUR 100,000	66	0.09
Altice France 8% 15/5/2027	EUR 100,000	65	0.09
Altice France 5.875% 01/2/2027	EUR 100,000	77	0.11
Altria 2.45% 04/2/2032	USD 85,000	53	0.07
Amazon.com 3.6% 13/4/2032	USD 214,000	163	0.22
Amazon.com 4.7% 01/12/2032	USD 150,000	124	0.17
America Movil 6.125% 30/3/2040	USD 100,000	86	0.12

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
American International 4.75% 01/4/2048	USD 67,000	50	0.07
American Medical Systems Europe 1.875% 08/3/2034	EUR 137,000	97	0.13
American Tower 0.5% 15/1/2028	EUR 100,000	73	0.10
American Tower 3.8% 15/8/2029	USD 92,000	70	0.10
American Tower Trust #1 3.652% 15/3/2048	USD 31,000	23	0.03
Amgen 4.875% 01/3/2053	USD 48,000	35	0.05
Anheuser-Busch InBev Finance 4.32% 15/5/2047	CAD 157,000	81	0.11
Anheuser-Busch InBev Worldwide 4.7% 01/2/2036	USD 153,000	120	0.16
Anheuser-Busch InBev Worldwide 5.8% 23/1/2059	USD 84,000	73	0.10
Apple 2.4% 20/8/2050	USD 84,000	44	0.06
Apple 3.95% 08/8/2052	USD 134,000	95	0.13
ARD Finance 5% 30/6/2027	EUR 100,000	59	0.08
ASP Unifrax 5.25% 30/9/2028	USD 107,000	72	0.10
AT&T 3.55% 15/9/2055	USD 70,000	39	0.05
AT&T 3.65% 15/9/2059	USD 16,000	9	0.01
AT&T 3.8% 01/12/2057	USD 97,000	56	0.08
AT&T 5.25% 01/3/2037	USD 25,000	20	0.03
Avis Budget Car Rental 5.375% 01/3/2029	USD 140,000	100	0.14
Ball 2.875% 15/8/2030	USD 475,000	315	0.43
Ball 3.125% 15/9/2031	USD 81,000	54	0.07
Baltimore Gas and Electric 4.55% 01/6/2052	USD 28,000	21	0.03
Banco Bilbao Vizcaya Argentaria 6.5% Perpetual	USD 200,000	159	0.22
Banff Merger Sub 8.375% 01/9/2026	EUR 101,000	80	0.11
Bank of America 2.456% 22/10/2025	USD 173,000	136	0.19
Bank of America 2.496% 13/2/2031	USD 150,000	102	0.14
Bank of America 2.592% 29/4/2031	USD 65,000	44	0.06
Bank of America 2.651% 11/3/2032	USD 152,000	101	0.14
Bank of America 2.687% 22/4/2032	USD 250,000	167	0.23
Bank of America 4.827% 22/7/2026	USD 182,000	149	0.20
Bankinter 1.25% 23/12/2032	EUR 100,000	71	0.10
Banque Federative du Credit Mutuel 3.75% 01/2/2033	EUR 100,000	84	0.12
Barclays 0.577% 09/8/2029	EUR 131,000	91	0.12
Barclays 5.088% 20/6/2030	USD 200,000	153	0.21
Barclays 5.262% 29/1/2034	EUR 100,000	88	0.12
BAT International Finance 2.25% 16/1/2030	EUR 100,000	72	0.10
Bayer 2.375% 12/11/2079	EUR 100,000	79	0.11
Becton Dickinson and 3.794% 20/5/2050	USD 38,000	24	0.03
Becton Dickinson and 4.298% 22/8/2032	USD 34,000	27	0.04
Becton Dickinson and 4.669% 06/6/2047	USD 11,000	8	0.01

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
Berry Global 1.5% 15/1/2027	EUR 224,000	176	0.24
BNP Paribas 2.5% 31/3/2032	EUR 200,000	157	0.22
Boeing 2.196% 04/2/2026	USD 99,000	75	0.10
Boeing 3.2% 01/3/2029	USD 159,000	116	0.16
Boeing 5.15% 01/5/2030	USD 134,000	109	0.15
Boeing 5.93% 01/5/2060	USD 39,000	30	0.04
BOI Finance 7.5% 16/2/2027	EUR 258,000	182	0.25
Boston Gas 3.001% 01/8/2029	USD 78,000	56	0.08
BP Capital Markets 3.47% 15/5/2025	CAD 200,000	119	0.16
BPCE 4.625% 11/7/2024	USD 200,000	162	0.22
Braskem Netherlands Finance 4.5% 10/1/2028	USD 200,000	149	0.20
Broadcom 3.75% 15/2/2051	USD 92,000	54	0.07
Broadcom 4.3% 15/11/2032	USD 87,000	64	0.09
Builders FirstSource 4.25% 01/2/2032	USD 106,000	72	0.10
Burlington Northern Santa Fe 4.15% 15/12/2048	USD 77,000	55	0.08
Burlington Northern Santa Fe 5.15% 01/9/2043	USD 72,000	59	0.08
C&W Senior Financing DAC 6.875% 15/9/2027	USD 200,000	155	0.21
CAB SELAS 3.375% 01/2/2028	EUR 200,000	142	0.19
Canadian Pacific Railway 3.15% 13/3/2029	CAD 144,000	80	0.11
Carnival 6% 01/5/2029	USD 88,000	49	0.07
Carnival 10.5% 01/2/2026	USD 97,000	81	0.11
Carrier Global 2.7% 15/2/2031	USD 177,000	122	0.17
CCM Merger 6.375% 01/5/2026	USD 225,000	176	0.24
CCO 4.25% 01/2/2031	USD 176,000	117	0.16
CCO 4.25% 15/1/2034	USD 226,000	139	0.19
CCO 4.75% 01/2/2032	USD 154,000	104	0.14
CCO 5.5% 01/5/2026	USD 162,000	130	0.18
Cedar Fair LP 6.5% 01/10/2028	USD 165,000	133	0.18
Celanese US 6.05% 15/3/2025	USD 81,000	67	0.09
Celanese US 6.165% 15/7/2027	USD 108,000	89	0.12
Celanese US 6.379% 15/7/2032	USD 56,000	44	0.06
Cellnex Finance 1.5% 08/6/2028	EUR 100,000	74	0.10
Cellnex Finance 2% 15/9/2032	EUR 100,000	65	0.09
Centene 3.375% 15/2/2030	USD 272,000	191	0.26
Channel Link Enterprises Finance 2.706% 30/6/2050	EUR 100,000	79	0.11
Chart Industries 7.5% 01/1/2030	USD 31,000	26	0.04
Chart Industries 9.5% 01/1/2031	USD 25,000	21	0.03
Charter Communications Operating 3.85% 01/4/2061	USD 38,000	18	0.02
Charter Communications Operating 5.05% 30/3/2029	USD 98,000	77	0.11

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
Charter Communications Operating 6.384% 23/10/2035	USD 64,000	52	0.07
Cheniere Energy 4.625% 15/10/2028	USD 154,000	116	0.16
Cheniere Energy Partners LP 4% 01/3/2031	USD 124,000	88	0.12
Cheniere Energy Partners LP 4.5% 01/10/2029	USD 155,000	116	0.16
Chesapeake Energy 6.75% 15/4/2029	USD 163,000	132	0.18
China Evergrande 9.5% 11/4/2022	USD 200,000	12	0.02
Chrome Bidco SASU 3.5% 31/5/2028	EUR 200,000	149	0.20
Cidron Aida Finco Sarl 5% 01/4/2028	EUR 100,000	76	0.10
Cimpress 7% 15/6/2026	USD 270,000	155	0.21
Cirsa Finance International Sarl 6.25% 20/12/2023	EUR 28,959	25	0.03
Citigroup 2.572% 03/6/2031	USD 192,000	129	0.18
Citigroup 3.2% 21/10/2026	USD 104,000	80	0.11
Citigroup 3.98% 20/3/2030	USD 98,000	74	0.10
Citigroup 4.075% 23/4/2029	USD 83,000	64	0.09
Citizens Financial 2.5% 06/2/2030	USD 96,000	65	0.09
Clean Harbors 4.875% 15/7/2027	USD 148,000	117	0.16
CNH Industrial Capital 1.45% 15/7/2026	USD 69,000	51	0.07
CNH Industrial Capital 3.95% 23/5/2025	USD 103,000	83	0.11
CNX Resources 7.375% 15/1/2031	USD 103,000	82	0.11
Coinbase Global 3.625% 01/10/2031	USD 209,000	84	0.12
Colonial Enterprises 3.25% 15/5/2030	USD 183,000	132	0.18
Coloplast Finance 2.25% 19/5/2027	EUR 200,000	166	0.23
Comcast 2.887% 01/11/2051	USD 174,000	93	0.13
Comcast 2.937% 01/11/2056	USD 35,000	18	0.02
Commonwealth Edison 3.125% 15/3/2051	USD 146,000	85	0.12
Condor Merger Sub 7.375% 15/2/2030	USD 121,000	81	0.11
Consensus Cloud Solutions 6% 15/10/2026	USD 88,000	68	0.09
Consensus Cloud Solutions 6.5% 15/10/2028	USD 132,000	101	0.14
Consolidated Energy Finance 5.625% 15/10/2028	USD 200,000	141	0.19
Corebridge Financial 3.5% 04/4/2025	USD 58,000	46	0.06
Corebridge Financial 3.65% 05/4/2027	USD 34,000	26	0.04
Corebridge Financial 3.65% 05/4/2027	USD 41,000	32	0.04
Cornerstone Building Brands 6.125% 15/1/2029	USD 151,000	88	0.12
Country Garden 3.125% 22/10/2025	USD 200,000	101	0.14
Credit Suisse 1% 24/6/2027	EUR 140,000	97	0.13
Credit Suisse 7.75% 01/3/2029	EUR 100,000	88	0.12
CRH Funding 1.875% 09/1/2024	EUR 100,000	87	0.12
CSL Finance 4.625% 27/4/2042	USD 32,000	24	0.03
CSX 4.5% 15/11/2052	USD 137,000	100	0.14

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
CT Investment 5.5% 15/4/2026	EUR 116,000	90	0.12
CTP 0.75% 18/2/2027	EUR 106,000	70	0.10
Cullinan Holdco Scsp 4.625% 15/10/2026	EUR 200,000	155	0.21
CVS Health 4.78% 25/3/2038	USD 52,000	40	0.05
CVS Health 5.125% 20/7/2045	USD 171,000	129	0.18
CVS Pass-Through Trust 6.036% 10/12/2028	USD 122,176	100	0.14
Danske Bank 1% 15/5/2031	EUR 100,000	77	0.11
Danske Bank 1.375% 12/2/2030	EUR 200,000	162	0.22
Darling Ingredients 6% 15/6/2030	USD 193,000	157	0.22
Darling Ingredients 6% 15/6/2030	USD 36,000	29	0.04
Deutsche Bank 1.75% 19/11/2030	EUR 100,000	69	0.09
Deutsche Bank 2.129% 24/11/2026	USD 150,000	110	0.15
Deutsche Bank 5% 05/9/2030	EUR 100,000	86	0.12
Deutsche Bank 5.625% 19/5/2031	EUR 100,000	86	0.12
Diamondback Energy 6.25% 15/3/2033	USD 67,000	57	0.08
DTE Electric 4.05% 15/5/2048	USD 77,000	53	0.07
Dufry One 3.375% 15/4/2028	EUR 131,000	96	0.13
Duke Energy Carolinas 3.45% 15/4/2051	USD 64,000	39	0.05
Duke Energy Carolinas 3.7% 01/12/2047	USD 26,000	17	0.02
Duke Energy Florida 2.5% 01/12/2029	USD 95,000	68	0.09
Duke Energy Florida 5.95% 15/11/2052	USD 50,000	44	0.06
Duke Energy Progress 3.7% 15/10/2046	USD 67,000	42	0.06
East Ohio Gas 3% 15/6/2050	USD 56,000	30	0.04
Eastern Gas Transmission & Storage 3.6% 15/12/2024	USD 16,000	13	0.02
Eastern Gas Transmission & Storage 3.9% 15/11/2049	USD 75,000	44	0.06
EDP Finance 1.71% 24/1/2028	USD 391,000	269	0.37
eG Global Finance 6.25% 30/10/2025	EUR 125,000	97	0.13
Electricite de France 2.875% Perpetual	EUR 200,000	145	0.20
Electricite de France 5.25% Perpetual	USD 100,000	83	0.11
Empresa Nacional del Petroleo 3.45% 16/9/2031	USD 264,000	185	0.25
Enbridge 2.5% 01/8/2033	USD 158,000	102	0.14
EnBW International Finance 4.049% 22/11/2029	EUR 19,000	17	0.02
Encompass Health 4.625% 01/4/2031	USD 160,000	114	0.16
Enerflex 9% 15/10/2027	USD 166,000	138	0.19
Energy Transfer LP 2.9% 15/5/2025	USD 91,000	71	0.10
Energy Transfer LP 5.75% 15/2/2033	USD 72,000	59	0.08
Energy Transfer LP 6.125% 15/12/2045	USD 49,000	38	0.05
Energy Transfer LP 6.5% 01/2/2042	USD 58,000	48	0.07
EnLink Midstream 6.5% 01/9/2030	USD 187,000	154	0.21

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
Entergy Texas 1.75% 15/3/2031	USD 127,000	83	0.11
Enterprise Products Operating 4.8% 01/2/2049	USD 36,000	26	0.04
Enterprise Products Operating 4.9% 15/5/2046	USD 48,000	35	0.05
Equifax 3.1% 15/5/2030	USD 59,000	41	0.06
Equinix 2.5% 15/5/2031	USD 114,000	76	0.10
Equinix 3.2% 18/11/2029	USD 41,000	30	0.04
ERAC USA Finance 3.8% 01/11/2025	USD 75,000	60	0.08
Erste Bank 0.875% 15/11/2032	EUR 200,000	141	0.19
Eskom SOC 7.125% 11/2/2025	USD 569,000	429	0.59
Essity Capital 3% 21/9/2026	EUR 118,000	102	0.14
Experian Finance 4.25% 01/2/2029	USD 200,000	154	0.21
Faurecia 7.25% 15/6/2026	EUR 100,000	89	0.12
Firmenich Productions Participations SAS 1.75% 30/4/2030	EUR 100,000	77	0.11
First Quantum Minerals 6.875% 01/3/2026	USD 200,000	157	0.22
First Quantum Minerals 6.875% 15/10/2027	USD 200,000	156	0.21
Florida Power & Light 2.45% 03/2/2032	USD 136,000	94	0.13
Ford Motor 9.625% 22/4/2030	USD 73,000	69	0.09
Ford Motor Credit 2.386% 17/2/2026	EUR 141,000	114	0.16
Ford Motor Credit 7.35% 04/11/2027	USD 289,000	246	0.34
Fox 5.476% 25/1/2039	USD 66,000	50	0.07
Fresenius & 1.875% 24/5/2025	EUR 64,000	54	0.07
Fresenius & 4.25% 28/5/2026	EUR 100,000	87	0.12
Frontier Communications 6% 15/1/2030	USD 145,000	95	0.13
Frontier Communications 8.75% 15/5/2030	USD 100,000	85	0.12
Galaxy Pipeline Assets Bidco 1.75% 30/9/2027	USD 214,365	165	0.23
General Electric 4.125% 19/9/2035	EUR 123,000	107	0.15
General Motors 5.4% 15/10/2029	USD 101,000	80	0.11
General Motors 5.6% 15/10/2032	USD 44,000	34	0.05
General Motors Financial 0.6% 20/5/2027	EUR 126,000	94	0.13
General Motors Financial 0.65% 07/9/2028	EUR 123,000	86	0.12
Georgia Power 5.125% 15/5/2052	USD 90,000	70	0.10
Georgian Railway JSC 4% 17/6/2028	USD 600,000	436	0.60
GFL Environmental 4.75% 15/6/2029	USD 191,000	139	0.19
GLP Capital LP 5.75% 01/6/2028	USD 139,000	113	0.16
Goldman Sachs 1.757% 24/1/2025	USD 142,000	113	0.16
Goodyear Europe 2.75% 15/8/2028	EUR 150,000	106	0.15
Goodyear Tire & Rubber 5% 15/7/2029	USD 141,000	98	0.13
Goodyear Tire & Rubber 9.5% 31/5/2025	USD 220,000	188	0.26
GoTo 5.5% 01/9/2027	USD 126,000	56	0.08

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
Graphic Packaging International 3.5% 01/3/2029	USD 196,000	139	0.19
Graphic Packaging International 3.75% 01/2/2030	USD 499,000	353	0.48
Gruenthal 3.625% 15/11/2026	EUR 111,000	90	0.12
Gruenthal 4.125% 15/5/2028	EUR 100,000	80	0.11
GSK Capital 3.125% 28/11/2032	EUR 100,000	84	0.12
GSK Consumer Healthcare Capital US 4% 24/3/2052	USD 250,000	163	0.22
Halliburton 2.92% 01/3/2030	USD 115,000	82	0.11
Halliburton 5% 15/11/2045	USD 95,000	70	0.10
Hartford Financial Services 3.6% 19/8/2049	USD 48,000	29	0.04
Hartford Financial Services 6.1% 01/10/2041	USD 37,000	31	0.04
HCA 5% 15/3/2024	USD 35,000	29	0.04
HCA 5.5% 15/6/2047	USD 81,000	60	0.08
HCA 5.875% 01/2/2029	USD 214,000	178	0.24
Heathrow Funding 1.5% 11/2/2030	EUR 239,000	172	0.24
Heathrow Funding 1.875% 14/3/2036	EUR 100,000	64	0.09
Hellas Telecommunications Finance 8.011% 15/7/2015	EUR 512,999	–	–
Heritage Petroleum 9% 12/8/2029	USD 363,000	314	0.43
Hess Midstream Operations LP 4.25% 15/2/2030	USD 103,000	73	0.10
Hess Midstream Operations LP 5.625% 15/2/2026	USD 56,000	45	0.06
Hilcorp Energy 5.75% 01/2/2029	USD 213,000	158	0.22
Holcim Finance Luxembourg 0.5% 03/9/2030	EUR 117,000	78	0.11
Home Depot 3.25% 15/4/2032	USD 80,000	59	0.08
Howmet Aerospace 3% 15/1/2029	USD 112,000	79	0.11
Howmet Aerospace 5.95% 01/2/2037	USD 307,000	248	0.34
HSBC 2.251% 22/11/2027	USD 329,000	237	0.33
HT Troplast 9.25% 15/7/2025	EUR 250,000	201	0.28
Hyundai Capital America 3.4% 20/6/2024	USD 28,000	22	0.03
ICD Sukuk 5% 01/2/2027	USD 200,000	164	0.23
IHS Netherlands Holdco 8% 18/9/2027	USD 200,000	146	0.20
ING Groep 0.875% 09/6/2032	EUR 100,000	75	0.10
ING Groep 2.125% 26/5/2031	EUR 100,000	80	0.11
ING Groep 4.7% 22/3/2028	USD 200,000	162	0.22
ING Groep 4.875% 14/11/2027	EUR 100,000	90	0.12
Intel 4.9% 05/8/2052	USD 66,000	49	0.07
International Game Technology 3.5% 15/6/2026	EUR 200,000	168	0.23
IQVIA 1.75% 15/3/2026	EUR 125,000	101	0.14
Iron Mountain 5% 15/7/2028	USD 31,000	23	0.03
Iron Mountain 5.25% 15/7/2030	USD 277,000	200	0.27
ITT 6.5% 01/8/2029	USD 141,000	99	0.14

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
JAB 1.75% 25/6/2026	EUR 100,000	82	0.11
JBS USA LUX Finance 5.125% 01/2/2028	USD 129,000	102	0.14
JDE Peet's 0.625% 09/2/2028	EUR 101,000	75	0.10
JDE Peet's 1.375% 15/1/2027	USD 175,000	123	0.17
Jersey Central Power & Light 4.3% 15/1/2026	USD 83,000	67	0.09
JP Morgan Mortgage Trust 2018-9 4% 25/2/2049	USD 1,924	1	–
JPMorgan Chase & 2.522% 22/4/2031	USD 306,000	209	0.29
JPMorgan Chase & 2.58% 22/4/2032	USD 242,000	162	0.22
JPMorgan Chase & 4.203% 23/7/2029	USD 215,000	167	0.23
JPMorgan Chase & 6.4% 15/5/2038	USD 105,000	95	0.13
Kaisa 9.375% 30/6/2024	USD 200,000	23	0.03
Kaisa 9.75% 28/9/2023	USD 200,000	23	0.03
Keurig Dr Pepper 4.05% 15/4/2032	USD 83,000	63	0.09
Kilroy Realty LP 4.25% 15/8/2029	USD 90,000	66	0.09
Landsbankinn HF 0.375% 23/5/2025	EUR 205,000	155	0.21
Liquid Telecommunications Financing 5.5% 04/9/2026	USD 200,000	119	0.16
Lockheed Martin 4.15% 15/6/2053	USD 85,000	60	0.08
Lockheed Martin 5.25% 15/1/2033	USD 67,000	58	0.08
Lockheed Martin 5.9% 15/11/2063	USD 49,000	44	0.06
Lorca Telecom Bondco 4% 18/9/2027	EUR 100,000	79	0.11
Lowe's Cos 2.8% 15/9/2041	USD 106,000	60	0.08
Lowe's Cos 4.25% 01/4/2052	USD 46,000	31	0.04
Lowe's Cos 5.625% 15/4/2053	USD 119,000	94	0.13
Macy's Retail 5.875% 01/4/2029	USD 158,000	116	0.16
MajorDrive IV 6.375% 01/6/2029	USD 243,000	151	0.21
Marsh & McLennan Cos 6.25% 01/11/2052	USD 99,000	92	0.13
Mass General Brigham 3.192% 01/7/2049	USD 113,000	65	0.09
Massachusetts Mutual Life Insurance 5.672% 01/12/2052	USD 32,000	27	0.04
Matterhorn Telecom 3.125% 15/9/2026	EUR 200,000	160	0.22
MEGlobal Canada ULC 5% 18/5/2025	USD 200,000	163	0.22
Metropolitan Life Global Funding I 3.75% 05/12/2030	EUR 100,000	87	0.12
MGM Resorts International 4.625% 01/9/2026	USD 178,000	136	0.19
Michaels Cos 5.25% 01/5/2028	USD 151,000	101	0.14
Microsoft 2.921% 17/3/2052	USD 173,000	103	0.14
Mitsubishi UFJ Financial 2.264% 14/6/2025	EUR 200,000	172	0.24
Mitsubishi UFJ Financial 3.273% 19/9/2025	EUR 200,000	175	0.24
MIWD Holdco II Finance 5.5% 01/2/2030	USD 152,000	101	0.14
Moody's 4.875% 17/12/2048	USD 73,000	55	0.08
Morgan Stanley 1.794% 13/2/2032	USD 363,000	228	0.31

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
Morgan Stanley 3.622% 01/4/2031	USD 136,000	99	0.14
Nassa Topco 2.875% 06/4/2024	EUR 100,000	85	0.12
National Australia Bank 3.933% 02/8/2034	USD 250,000	175	0.24
National Rural Utilities Cooperative Finance 4.3% 15/3/2049	USD 32,000	22	0.03
National Rural Utilities Cooperative Finance 4.4% 01/11/2048	USD 63,000	44	0.06
NBCUniversal Media 4.45% 15/1/2043	USD 45,000	33	0.05
NCL 5.875% 15/2/2027	USD 124,000	89	0.12
NCL Finance 6.125% 15/3/2028	USD 38,000	23	0.03
Netflix 4.625% 15/5/2029	EUR 276,000	238	0.33
Netflix 5.875% 15/11/2028	USD 85,000	72	0.10
Netflix 6.375% 15/5/2029	USD 80,000	68	0.09
New Enterprise Stone & Lime 5.25% 15/7/2028	USD 204,000	151	0.21
Newell Brands 4.875% 01/6/2025	USD 74,000	60	0.08
Nobel Bidco 3.125% 15/6/2028	EUR 212,000	126	0.17
Northern States Power Co/MN 4.5% 01/6/2052	USD 49,000	37	0.05
NOVA Chemicals 4.25% 15/5/2029	USD 228,000	155	0.21
Novelis 3.25% 15/11/2026	USD 112,000	83	0.11
Novelis 3.25% 15/11/2026	USD 97,000	72	0.10
NPC Ukrenerg 6.875% 09/11/2028	USD 599,000	86	0.12
NRG Energy 3.375% 15/2/2029	USD 85,000	57	0.08
NRG Energy 3.625% 15/2/2031	USD 60,000	38	0.05
NRG Energy 3.875% 15/2/2032	USD 104,000	65	0.09
NRG Energy 5.25% 15/6/2029	USD 118,000	86	0.12
NSTAR Electric 4.55% 01/6/2052	USD 58,000	44	0.06
Nucor 3.125% 01/4/2032	USD 226,000	160	0.22
Nykredit Realkredit 0.375% 17/1/2028	EUR 128,000	91	0.12
Occidental Petroleum 6.375% 01/9/2028	USD 133,000	112	0.15
Occidental Petroleum 6.45% 15/9/2036	USD 243,000	206	0.28
Occidental Petroleum 6.625% 01/9/2030	USD 67,000	58	0.08
OCI 3.625% 15/10/2025	EUR 180,000	158	0.22
Oncor Electric Delivery 3.75% 01/4/2045	USD 100,000	67	0.09
Oracle 3.65% 25/3/2041	USD 162,000	100	0.14
Oracle 6.15% 09/11/2029	USD 49,000	42	0.06
Oracle 6.5% 15/4/2038	USD 81,000	70	0.10
Orbia Advance 4% 04/10/2027	USD 200,000	153	0.21
Organon Foreign Debt Co-Issuer 2.875% 30/4/2028	EUR 240,000	186	0.26
Pacific Gas and Electric 4.5% 01/7/2040	USD 118,984	78	0.11
Pacific Gas and Electric 5.9% 15/6/2032	USD 81,000	66	0.09
Park Intermediate 4.875% 15/5/2029	USD 166,000	117	0.16

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
Parker-Hannifin 4% 14/6/2049	USD 85,000	56	0.08
Parker-Hannifin 4.25% 15/9/2027	USD 42,000	34	0.05
Penske Truck Leasing 4.4% 01/7/2027	USD 128,000	101	0.14
Pernod Ricard 3.25% 02/11/2028	EUR 100,000	87	0.12
Perrigo Finance Unlimited 4.4% 15/6/2030	USD 253,000	179	0.25
Perusahaan Penerbit SBSN Indonesia III 4.55% 29/3/2026	USD 643,000	533	0.73
Perusahaan Perseroan Persero Perusahaan Listrik Negara 4.375% 05/2/2050	USD 245,000	152	0.21
Petroleos de Venezuela 5.5% 12/4/2037	USD 764,200	29	0.04
Petroleos Mexicanos 3.75% 21/2/2024	EUR 119,000	103	0.14
Petroleos Mexicanos 4.875% 21/2/2028	EUR 125,000	90	0.12
Petroleos Mexicanos 5.125% 15/3/2023	EUR 300,000	266	0.36
Petroleos Mexicanos 6.35% 12/2/2048	USD 659,000	335	0.46
Petroleos Mexicanos 6.5% 13/3/2027	USD 200,000	152	0.21
Petroleos Mexicanos 6.75% 21/9/2047	USD 462,000	245	0.34
Petroleos Mexicanos 6.95% 28/1/2060	USD 348,000	183	0.25
Philip Morris International 5% 17/11/2025	USD 64,000	53	0.07
Philip Morris International 5.625% 17/11/2029	USD 27,000	23	0.03
Phillips 66 3.75% 01/3/2028	USD 117,000	90	0.12
Photo Merger Sub 8.5% 01/10/2026	USD 214,000	103	0.14
Plains All American Pipeline 3.8% 15/9/2030	USD 88,000	64	0.09
Prudential Financial 3.7% 13/3/2051	USD 151,000	97	0.13
Raytheon Technologies 4.125% 16/11/2028	USD 130,000	104	0.14
Rede D'or Finance Sarl 4.95% 17/1/2028	USD 200,000	154	0.21
RELX Capital 4% 18/3/2029	USD 68,000	52	0.07
Rogers Communications 5.25% 15/3/2082	USD 300,000	220	0.30
Rogers Communications 6.11% 25/8/2040	CAD 90,000	55	0.08
Royal Caribbean Cruises 11.5% 01/6/2025	USD 52,000	46	0.06
Royalty Pharma 3.3% 02/9/2040	USD 96,000	56	0.08
Sabine Pass Liquefaction 5% 15/3/2027	USD 152,000	124	0.17
Sabre GLBL 7.375% 01/9/2025	USD 92,000	73	0.10
Sabre GLBL 11.25% 15/12/2027	USD 20,000	17	0.02
Salesforce 3.05% 15/7/2061	USD 79,000	42	0.06
Santos Finance 4.125% 14/9/2027	USD 200,000	150	0.21
SBA Tower Trust 2.836% 15/1/2050	USD 92,000	72	0.10
Schaeffler 2.875% 26/3/2027	EUR 120,000	98	0.13
Schaeffler 3.375% 12/10/2028	EUR 100,000	77	0.11
Schlumberger 3.9% 17/5/2028	USD 88,000	68	0.09
Sealed Air 5% 15/4/2029	USD 162,000	127	0.17
Shimao 5.2% 16/1/2027	USD 200,000	30	0.04

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
Siemens Financieringsmaatschappij 6.125% 17/8/2026	USD 100,000	86	0.12
Sirius Real Estate 1.75% 24/11/2028	EUR 100,000	60	0.08
Six Flags Theme Parks 7% 01/7/2025	USD 2,000	2	–
Six Flags Theme Parks 7% 01/7/2025	USD 135,000	113	0.16
Sixsigma Networks Mexico de 7.5% 02/5/2025	USD 200,000	151	0.21
Societe Generale 4.25% 06/12/2030	EUR 100,000	85	0.12
Southern Gas Capital 1.75% 15/1/2031	USD 149,000	95	0.13
Southern California Edison 5.85% 01/11/2027	USD 57,000	49	0.07
Southwestern Electric Power 3.85% 01/2/2048	USD 63,000	38	0.05
Southwestern Energy 4.75% 01/2/2032	USD 191,000	136	0.19
Standard Chartered 4.866% 15/3/2033	USD 200,000	146	0.20
Staples 7.5% 15/4/2026	USD 160,000	114	0.16
Starwood Property Trust 3.625% 15/7/2026	USD 175,000	127	0.17
Stichting AK Rabobank Certificaten 6.5% Perpetual	EUR 141,300	120	0.16
Summer BC Bidco B 5.5% 31/10/2026	USD 200,000	135	0.19
Summer BidCo 9% 15/11/2025	EUR 259,537	166	0.23
SunCoke Energy 4.875% 30/6/2029	USD 267,000	191	0.26
Suzano Austria 6% 15/1/2029	USD 200,000	165	0.23
Symrise 1.375% 01/7/2027	EUR 43,000	34	0.05
Sysco Canada 3.65% 25/4/2025	CAD 115,000	68	0.09
Target 4.5% 15/9/2032	USD 75,000	61	0.08
Techem Verwaltungsgesellschaft 674 mbH 6% 30/7/2026	EUR 100,229	83	0.11
Telecom Italia Capital 6.375% 15/11/2033	USD 170,000	116	0.16
Tempur Sealy International 3.875% 15/10/2031	USD 292,000	190	0.26
Tenet Healthcare 4.625% 15/7/2024	USD 177,000	143	0.20
Tenet Healthcare 6.125% 01/10/2028	USD 62,000	46	0.06
Tenet Healthcare 6.125% 15/6/2030	USD 108,000	86	0.12
TenneT 3.875% 28/10/2028	EUR 143,000	127	0.17
Terega 0.875% 17/9/2030	EUR 100,000	67	0.09
Tesco Corporate Treasury Services 0.875% 29/5/2026	EUR 105,000	84	0.12
Teva Pharmaceutical Finance Netherlands II 3.75% 09/5/2027	EUR 100,000	76	0.10
Teva Pharmaceutical Finance Netherlands III 6% 15/4/2024	USD 84,000	68	0.09
Teva Pharmaceutical Finance Netherlands III 6.75% 01/3/2028	USD 55,000	45	0.06
Teva Pharmaceutical Finance Netherlands III 7.125% 31/1/2025	USD 328,000	271	0.37
Thames Water Utilities Finance 0.875% 31/1/2028	EUR 100,000	75	0.10
Thermo Fisher Scientific 1.75% 15/10/2028	USD 110,000	78	0.11
Thermo Fisher Scientific 3.65% 21/11/2034	EUR 100,000	86	0.12
Titan Acquisition / Titan Co-Borrower 7.75% 15/4/2026	USD 155,000	116	0.16
TK Elevator Holdco 6.625% 15/7/2028	EUR 10,000	7	0.01

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
TK Elevator Midco 4.375% 15/7/2027	EUR 100,000	78	0.11
T-Mobile USA 3.5% 15/4/2031	USD 206,000	148	0.20
T-Mobile USA 3.6% 15/11/2060	USD 74,000	41	0.06
T-Mobile USA 3.875% 15/4/2030	USD 100,000	75	0.10
T-Mobile USA 5.65% 15/1/2053	USD 33,000	27	0.04
Toronto-Dominion Bank 3.631% 13/12/2029	EUR 100,000	85	0.12
TotalEnergies 1.75% Perpetual	EUR 117,000	98	0.13
TransCanada PipeLines 8.05% 17/2/2039	CAD 153,000	115	0.16
Travel + Leisure 4.625% 01/3/2030	USD 122,000	84	0.12
Travel + Leisure 6.625% 31/7/2026	USD 140,000	114	0.16
TSMC Arizona 2.5% 25/10/2031	USD 222,000	152	0.21
Turning Point Brands 5.625% 15/2/2026	USD 217,000	156	0.21
UniCredit 2.731% 15/1/2032	EUR 200,000	149	0.20
UnitedHealth 3.25% 15/5/2051	USD 118,000	71	0.10
UnitedHealth 3.875% 15/8/2059	USD 47,000	31	0.04
UnitedHealth 4.95% 15/5/2062	USD 71,000	55	0.08
UnitedHealth 5.25% 15/2/2028	USD 54,000	46	0.06
UnitedHealth 5.875% 15/2/2053	USD 44,000	40	0.05
UnitedHealth 6.625% 15/11/2037	USD 52,000	49	0.07
Univision Communications 7.375% 30/6/2030	USD 136,000	108	0.15
Upjohn Finance 1.908% 23/6/2032	EUR 112,000	75	0.10
Venture Global Calcasieu Pass 3.875% 01/11/2033	USD 280,000	190	0.26
Venture Global Calcasieu Pass 4.125% 15/8/2031	USD 188,000	133	0.18
Verisure 3.25% 15/2/2027	EUR 100,000	77	0.11
Verisure 3.875% 15/7/2026	EUR 100,000	80	0.11
Verizon Communications 4.05% 17/2/2025	AUD 230,000	127	0.17
Verizon Communications 4.25% 31/10/2030	EUR 100,000	90	0.12
Viatris 2.7% 22/6/2030	USD 336,000	219	0.30
Viatris 4% 22/6/2050	USD 87,000	45	0.06
Viking Cruises 13% 15/5/2025	USD 112,000	98	0.13
Virgin Money UK 0.375% 27/5/2024	EUR 100,000	87	0.12
Virginia Electric and Power 4.625% 15/5/2052	USD 105,000	77	0.11
Vistra Operations 5.625% 15/2/2027	USD 116,000	92	0.13
Vodafone 4.375% 19/2/2043	USD 102,000	68	0.09
Volkswagen International Finance 4.25% 15/2/2028	EUR 100,000	87	0.12
Vonovia 0% 01/12/2025	EUR 100,000	78	0.11
Vonovia 1% 16/6/2033	EUR 100,000	58	0.08
Vonovia 1% 16/6/2033	EUR 100,000	58	0.08
VZ Vendor Financing II 2.875% 15/1/2029	EUR 118,000	80	0.11

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
Weatherford International 8.625% 30/4/2030	USD 203,000	162	0.22
Wells Fargo & 1.338% 04/5/2025	EUR 100,000	86	0.12
Wells Fargo & 2.393% 02/6/2028	USD 145,000	107	0.15
Welltower 2.75% 15/1/2031	USD 72,000	48	0.07
Western Midstream Operating LP 3.35% 01/2/2025	USD 23,000	18	0.02
Western Midstream Operating LP 3.95% 01/6/2025	USD 124,000	98	0.13
Western Midstream Operating LP 4.65% 01/7/2026	USD 54,000	43	0.06
Westpac Banking 2.668% 15/11/2035	USD 126,000	78	0.11
Westpac Banking 4.11% 24/7/2034	USD 43,000	31	0.04
Wolverine World Wide 4% 15/8/2029	USD 270,000	170	0.23
WPC Eurobond 0.95% 01/6/2030	EUR 212,000	135	0.19
Wyeth 6.5% 01/2/2034	USD 38,000	36	0.05
ZF North America Capital 4.75% 29/4/2025	USD 120,000	94	0.13
Zhenro Properties 7.1% 10/9/2024	USD 413,000	17	0.02
Kazakhstan 0.00% (0.00%)			
Fortebank JSC*	2	–	–
Fortebank JSC GDR*	112	–	–
Derivatives -0.91% (-0.65%)			
AUD Forward Foreign Currency Contracts 0.00% (0.00%)			
Forward Foreign Currency Contracts 03/2/2023	AUD 1,503		
Forward Foreign Currency Contracts 03/2/2023	GBP (827)	–	–
Forward Foreign Currency Contracts 03/2/2023	AUD (230,458)		
Forward Foreign Currency Contracts 03/2/2023	GBP 127,028	(3)	–
CAD Forward Foreign Currency Contracts 0.00% (0.00%)			
Forward Foreign Currency Contracts 03/2/2023	CAD (864,960)		
Forward Foreign Currency Contracts 03/2/2023	GBP 532,161	2	–
Forward Foreign Currency Contracts 03/2/2023	CAD (15,563)		
Forward Foreign Currency Contracts 03/2/2023	GBP 9,436	–	–
Forward Foreign Currency Contracts 03/2/2023	CAD 13,360		
Forward Foreign Currency Contracts 03/2/2023	GBP (8,135)	–	–
EUR Forward Foreign Currency Contracts -0.50% (0.10%)			
Forward Foreign Currency Contracts 03/2/2023	EUR (4,808,196)		
Forward Foreign Currency Contracts 03/2/2023	GBP 4,162,629	(109)	(0.15)
Forward Foreign Currency Contracts 03/2/2023	EUR (6,893,501)		
Forward Foreign Currency Contracts 03/2/2023	GBP 5,967,953	(156)	(0.21)
Forward Foreign Currency Contracts 03/2/2023	EUR (2,148,642)		
Forward Foreign Currency Contracts 03/2/2023	GBP 1,860,157	(49)	(0.07)
Forward Foreign Currency Contracts 03/2/2023	EUR (205,815)		
Forward Foreign Currency Contracts 03/2/2023	GBP 178,257	(5)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	EUR (785,863)		
Forward Foreign Currency Contracts 03/2/2023	USD 824,000	(14)	(0.02)

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
EUR Forward Foreign Currency Contracts (Continued)			
Forward Foreign Currency Contracts 03/2/2023	EUR (99,525)		
Forward Foreign Currency Contracts 03/2/2023	GBP 86,169	(2)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (59,380)		
Forward Foreign Currency Contracts 03/2/2023	GBP 51,413	(1)	–
Forward Foreign Currency Contracts 03/2/2023	EUR 85,107		
Forward Foreign Currency Contracts 03/2/2023	GBP (73,798)	2	–
Forward Foreign Currency Contracts 03/2/2023	EUR (49,836)		
Forward Foreign Currency Contracts 03/2/2023	GBP 43,232	(1)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (147,668)		
Forward Foreign Currency Contracts 03/2/2023	GBP 127,133	(4)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	EUR (93,936)		
Forward Foreign Currency Contracts 03/2/2023	GBP 80,834	(3)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	EUR (99,526)		
Forward Foreign Currency Contracts 03/2/2023	GBP 85,644	(3)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	EUR (80,397)		
Forward Foreign Currency Contracts 03/2/2023	GBP 69,464	(2)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (113,496)		
Forward Foreign Currency Contracts 03/2/2023	GBP 98,062	(3)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	EUR (73,481)		
Forward Foreign Currency Contracts 03/2/2023	GBP 63,596	(2)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (100,000)		
Forward Foreign Currency Contracts 03/2/2023	GBP 86,548	(2)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (51,249)		
Forward Foreign Currency Contracts 03/2/2023	GBP 44,215	(1)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (118,893)		
Forward Foreign Currency Contracts 03/2/2023	GBP 102,576	(3)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (119,284)		
Forward Foreign Currency Contracts 03/2/2023	GBP 102,823	(3)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (112,150)		
Forward Foreign Currency Contracts 03/2/2023	GBP 96,674	(3)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (94,367)		
Forward Foreign Currency Contracts 03/2/2023	GBP 82,276	(2)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (165,875)		
Forward Foreign Currency Contracts 03/2/2023	GBP 145,180	(2)	–
Forward Foreign Currency Contracts 03/2/2023	EUR (84,666)		
Forward Foreign Currency Contracts 03/2/2023	GBP 74,106	(1)	–
Forward Foreign Currency Contracts 03/2/2023	EUR 62,777		
Forward Foreign Currency Contracts 03/2/2023	GBP (55,041)	1	–
Forward Foreign Currency Contracts 03/2/2023	EUR 25,330		
Forward Foreign Currency Contracts 03/2/2023	GBP (22,313)	–	–
Forward Foreign Currency Contracts 03/2/2023	EUR 130,348		
Forward Foreign Currency Contracts 03/2/2023	GBP (114,861)	1	–
USD Forward Foreign Currency Contracts -0.50% (-0.84%)			
Forward Foreign Currency Contracts 03/2/2023	USD (460,005)		
Forward Foreign Currency Contracts 03/2/2023	GBP 379,844	(2)	–

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
USD Forward Foreign Currency Contracts (Continued)			
Forward Foreign Currency Contracts 03/2/2023	USD (25,233,693)		
Forward Foreign Currency Contracts 03/2/2023	GBP 20,830,596	(128)	(0.18)
Forward Foreign Currency Contracts 03/2/2023	USD (18,202,263)		
Forward Foreign Currency Contracts 03/2/2023	GBP 15,026,100	(93)	(0.13)
Forward Foreign Currency Contracts 03/2/2023	USD (18,204,652)		
Forward Foreign Currency Contracts 03/2/2023	GBP 15,028,073	(93)	(0.13)
Forward Foreign Currency Contracts 03/2/2023	USD (37,180)		
Forward Foreign Currency Contracts 03/2/2023	GBP 30,659	–	–
Forward Foreign Currency Contracts 03/2/2023	USD (186,088)		
Forward Foreign Currency Contracts 03/2/2023	GBP 154,512	–	–
Forward Foreign Currency Contracts 03/2/2023	USD (32,000)		
Forward Foreign Currency Contracts 03/2/2023	GBP 26,617	–	–
Forward Foreign Currency Contracts 03/2/2023	USD (29,245)		
Forward Foreign Currency Contracts 03/2/2023	GBP 24,321	–	–
Forward Foreign Currency Contracts 03/2/2023	USD 60,460		
Forward Foreign Currency Contracts 03/2/2023	GBP (50,278)	–	–
Forward Foreign Currency Contracts 03/2/2023	USD 505,707		
Forward Foreign Currency Contracts 03/2/2023	GBP (420,534)	–	–
Forward Foreign Currency Contracts 03/2/2023	USD (21,583)		
Forward Foreign Currency Contracts 03/2/2023	GBP 17,759	–	–
Forward Foreign Currency Contracts 03/2/2023	USD 119,244		
Forward Foreign Currency Contracts 03/2/2023	GBP (98,112)	1	–
Forward Foreign Currency Contracts 03/2/2023	USD (427,621)		
Forward Foreign Currency Contracts 03/2/2023	GBP 347,830	(7)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	USD (365,468)		
Forward Foreign Currency Contracts 03/2/2023	GBP 297,273	(6)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	USD (642,584)		
Forward Foreign Currency Contracts 03/2/2023	GBP 522,638	(11)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	USD (7,062)		
Forward Foreign Currency Contracts 03/2/2023	GBP 5,750	–	–
Forward Foreign Currency Contracts 03/2/2023	USD 26,814		
Forward Foreign Currency Contracts 03/2/2023	GBP (21,799)	–	–
Forward Foreign Currency Contracts 03/2/2023	USD 36,703		
Forward Foreign Currency Contracts 03/2/2023	GBP (29,857)	1	–
Forward Foreign Currency Contracts 03/2/2023	USD (203,588)		
Forward Foreign Currency Contracts 03/2/2023	GBP 166,906	(2)	–
Forward Foreign Currency Contracts 03/2/2023	USD (71,921)		
Forward Foreign Currency Contracts 03/2/2023	GBP 58,962	(1)	–
Forward Foreign Currency Contracts 03/2/2023	USD (128,590)		
Forward Foreign Currency Contracts 03/2/2023	GBP 105,769	(1)	–
Forward Foreign Currency Contracts 03/2/2023	USD (1,336,817)		
Forward Foreign Currency Contracts 03/2/2023	GBP 1,099,563	(11)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	USD 93,965		
Forward Foreign Currency Contracts 03/2/2023	GBP (77,032)	1	–
Forward Foreign Currency Contracts 03/2/2023	USD 202,448		
Forward Foreign Currency Contracts 03/2/2023	GBP (165,966)	2	–

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
USD Forward Foreign Currency Contracts (Continued)			
Forward Foreign Currency Contracts 03/2/2023	USD (33,977)		
Forward Foreign Currency Contracts 03/2/2023	GBP 27,866	–	–
Forward Foreign Currency Contracts 03/2/2023	USD 205,187		
Forward Foreign Currency Contracts 03/2/2023	GBP (168,257)	2	–
Forward Foreign Currency Contracts 03/2/2023	USD 100,684		
Forward Foreign Currency Contracts 03/2/2023	GBP (82,562)	1	–
Forward Foreign Currency Contracts 03/2/2023	USD (78,435)		
Forward Foreign Currency Contracts 03/2/2023	GBP 63,937	(1)	–
Forward Foreign Currency Contracts 03/2/2023	USD (55,072)		
Forward Foreign Currency Contracts 03/2/2023	GBP 44,888	(1)	–
Forward Foreign Currency Contracts 03/2/2023	USD 95,974		
Forward Foreign Currency Contracts 03/2/2023	GBP (78,225)	2	–
Forward Foreign Currency Contracts 03/2/2023	USD (94,910)		
Forward Foreign Currency Contracts 03/2/2023	GBP 77,228	(2)	–
Forward Foreign Currency Contracts 03/2/2023	USD (274,171)		
Forward Foreign Currency Contracts 03/2/2023	GBP 223,085	(5)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	USD (40,522)		
Forward Foreign Currency Contracts 03/2/2023	GBP 32,997	(1)	–
Forward Foreign Currency Contracts 03/2/2023	USD 20,997		
Forward Foreign Currency Contracts 03/2/2023	GBP (17,098)	–	–
Forward Foreign Currency Contracts 03/2/2023	USD (29,371)		
Forward Foreign Currency Contracts 03/2/2023	GBP 23,704	(1)	–
Forward Foreign Currency Contracts 03/2/2023	USD 53,702		
Forward Foreign Currency Contracts 03/2/2023	GBP (43,341)	1	–
Forward Foreign Currency Contracts 03/2/2023	USD (133,629)		
Forward Foreign Currency Contracts 03/2/2023	GBP 108,348	(3)	–
Forward Foreign Currency Contracts 03/2/2023	USD 34,131		
Forward Foreign Currency Contracts 03/2/2023	GBP (27,673)	1	–
Forward Foreign Currency Contracts 03/2/2023	USD (301,346)		
Forward Foreign Currency Contracts 03/2/2023	GBP 248,020	(2)	–
Forward Foreign Currency Contracts 03/2/2023	USD (442,880)		
Forward Foreign Currency Contracts 03/2/2023	GBP 363,440	(4)	(0.01)
Forward Foreign Currency Contracts 03/2/2023	USD 41,919		
Forward Foreign Currency Contracts 03/2/2023	GBP (34,461)	–	–
Forward Foreign Currency Contracts 03/2/2023	USD (116,146)		
Forward Foreign Currency Contracts 03/2/2023	GBP 96,518	–	–
Forward Foreign Currency Contracts 03/2/2023	USD 347,427		
Forward Foreign Currency Contracts 03/2/2023	GBP (288,729)	–	–
Forward Foreign Currency Contracts 03/2/2023	USD (175,638)		
Forward Foreign Currency Contracts 03/2/2023	GBP 145,790	–	–
Futures 0.09% (0.09%)			
Euro-Bobl March 2023 Futures	(13)	49	0.07
Euro-Bund March 2023 Futures	(11)	7	0.01
Euro-Buxl March 2023 Futures	(1)	24	0.03
Long Gilt March 2023 Futures	(4)	28	0.04

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Futures (Continued)			
US 10 Year Note (CBT) March 2023 Futures	(8)	1	–
US 10 Year Ultra March 2023 Futures	(5)	10	0.01
US 2 Year Note (CBT) March 2023 Futures	20	(1)	–
US 5 Year Note (CBT) March 2023 Futures	14	(2)	–
US Long Bond (CBT) March 2023 Futures	15	(24)	(0.03)
US Ultra Bond (CBT) March 2023 Futures	12	(25)	(0.04)
Portfolio of investments		69,975	96.01
Net current assets		2,910	3.99
Total net assets		72,885	100.00

* In default.

Total unapproved and unquoted securities 0.00%.

Comparative figures in brackets refer to 31 December 2021.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers, which are listed on an eligible securities market.

Portfolio Statement by asset class

	Market value 31 December 2022 £000's	Percentage of total net assets 31 December 2022 %	Market value 31 December 2021 £000's	Percentage of total net assets 31 December 2021 %
Bonds	70,639	96.92	110,098	95.01
Derivatives	(664)	(0.91)	(749)	(0.65)
Portfolio of investments	69,975	96.01	109,349	94.36
Net current assets	2,910	3.99	6,534	5.64
Total net assets	72,885	100.00	115,883	100.00

Financial Statements

Statement of Total Return

for the year ended 31 December 2022

	Notes	31 December 2022		31 December 2021	
		£000's	£000's	£000's	£000's
Income					
Net capital losses					
Net capital losses on investments	1	(24,151)		(4,972)	
Other gains/(losses)	1	595		(401)	
			(23,556)		(5,373)
Revenue	2	5,094		5,080	
Expenses	3	(71)		(86)	
Interest payable and similar charges	5	(36)		(12)	
Net revenue before taxation		4,987		4,982	
Taxation	4	(9)		(25)	
Net revenue after taxation			4,978		4,957
Total return before distributions			(18,578)		(416)
Distributions	6		(5,049)		(5,043)
Net decrease in Shareholders' funds from Investment activities			(23,627)		(5,459)

Statement of Movement in Shareholders' Funds

for the year ended 31 December 2022

	31 December 2022		31 December 2021	
	£000's	£000's	£000's	£000's
Opening net assets attributable to Shareholders		115,883		107,222
Amounts receivable on creation of shares	8,530		23,711	
Amounts payable on cancellation of shares	(27,901)		(9,591)	
		(19,371)		14,120
Net decrease in Shareholders' funds from investment activities (see above)		(23,627)		(5,459)
Closing net assets attributable to Shareholders		72,885		115,883

All results above are derived from continuing activities for both the current and prior years.

Financial Statements

Continued

Statement of Financial Position

as at 31 December 2022

		31 December 2022		31 December 2021	
	Notes	£000's	£000's	£000's	£000's
Assets					
Fixed assets					
Investment assets at fair value through profit or loss			70,776		110,694
Current assets					
Debtors	8	2,388		3,342	
Cash and bank balances	9	2,111		4,953	
Total current assets			4,499		8,295
Total assets			75,275		118,989
Liabilities					
Investment liabilities at fair value through profit or loss			(801)		(1,345)
Creditors					
Amounts due to futures clearing houses and brokers				(3)	
Bank overdrafts		(3)			
Distribution payable	10	(1,014)		(1,360)	
Other creditors	10	(572)		(398)	
Total current liabilities			(1,589)		(1,761)
Total liabilities			(2,390)		(3,106)
Net assets attributable to Shareholders			72,885		115,883

All liabilities are current.

The notes on pages 24 to 34 and pages 95 to 101 form part of the Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2022

1 Net capital losses

The net capital losses on investments during the year comprise:

	31 December 2022 £000's	31 December 2021 £000's
Non-derivative securities*	(11,237)	(5,505)
Derivative securities*	(1,287)	(105)
Forward currency contracts*	(11,604)	663
Other gains/(losses) – currency gains/(losses)*	595	(401)
Custodial transaction fees	(23)	(25)
Net capital losses	(23,556)	(5,373)

*Net losses (excluding custodial transaction fees) listed above of £(23,533,192) comprise net realised losses of £(18,415,150) and net unrealised losses of £(5,118,042) (2021: net losses of £(5,348,670) comprise net realised gains of £2,211,654 and net unrealised losses of £(7,560,324)). £(1,305,045) of the net realised losses in the current year had been shown as net unrealised losses in previous years (2021: £564,275 net realised gains).

2 Revenue

	31 December 2022 £000's	31 December 2021 £000's
Bank interest	4	1
Collateral interest	12	2
Derivative income	132	74
Interest on debt securities	4,907	5,003
Money market deposit	39	–
Total revenue	5,094	5,080

3 Expenses

	31 December 2022 £000's	31 December 2021 £000's
Payable to the Manager or Associate of the Manager:		
Manager's periodic charge	3	9
	3	9
Other expenses:		
Audit fees	13	17
Custodian fees	23	28
Directors' fees	10	10
Other expenses	22	22
	68	77
Total expenses	71	86

4 Taxation

	31 December 2022 £000's	31 December 2021 £000's
Withholding tax on interest debt securities	9	25
Total taxation	9	25

Notes to the Financial Statements

Continued

5 Interest payable and similar charges

	31 December 2022 £000's	31 December 2021 £000's
Derivative expense	27	10
Interest payable	9	2
Total interest payable and similar charges	36	12

6 Distributions

The distributions take account of equalisation amounts added on the creation of shares and equalisation amounts deducted on the cancellation of shares. They comprise:

	31 December 2022 £000's	31 December 2021 £000's
Interim distribution 31 March	1,308	1,172
Interim distribution 30 June	1,289	1,209
Interim distribution 30 September	1,306	1,373
Final distribution 31 December	1,014	1,360
	4,917	5,114
Amounts added on creation of shares	(54)	(126)
Amounts deducted on cancellation of shares	186	55
Gross distributions for the year	5,049	5,043

Details of the distribution per share are set out on the statements on pages 102 to 103.

7 Net movement between revenue after taxation and distributions

	31 December 2022 £000's	31 December 2021 £000's
Net revenue after taxation	4,978	4,957
Expenses paid from capital	71	86
Gross distributions for the year	5,049	5,043

8 Debtors

	31 December 2022 £000's	31 December 2021 £000's
Accrued revenue	1,186	1,534
Amounts receivable from counterparties in respect of collateral on derivatives	1,147	1,680
Amounts receivable on creation of shares	51	126
Foreign currency contracts awaiting settlement	3	–
Prepaid expenses	1	2
Total debtors	2,388	3,342

Notes to the Financial Statements

Continued

9 Cash and bank balances

	31 December 2022 £000's	31 December 2021 £000's
Amount held at futures clearing houses and brokers	197	55
Cash held at bank	7	111
Term deposits	1,907	4,787
Total cash and bank balances	2,111	4,953

10 Creditors

	31 December 2022 £000's	31 December 2021 £000's
a) Distribution payable		
Gross distribution payable	1,014	1,360
Total distribution payable	1,014	1,360
b) Other creditors		
Accrued expenses	28	28
Amount payable for cancellation of shares	13	3
Amounts payable to counterparties in respect of collateral on derivatives	528	340
Foreign currency contracts awaiting settlement	3	–
Purchases awaiting settlement	–	27
Total other creditors	572	398

11 Related party transactions

Manager's periodic charge and Registrar's fees payable to abrdn Capital (CI) Limited are shown in Note 3. The aggregate monies received through creation and paid through cancellation of shares are disclosed in the Statement of Movement in Shareholders' Funds and Note 6. Any amounts due to or from the Manager at the year end are included in Notes 8 and 10. The total balance due to the Manager in respect of Manager's periodic charge and Registrar's fees at 31 December 2022 is £315 (2021: £662).

Directors' fees payable to the Board of Directors are shown in Note 3.

12 Financial Instruments

(a) Interest rate risk

The table that follows details the interest rate risk profile of the Global Fixed Interest Class assets at 31 December 2022.

	Floating Rate Investment £000's	Fixed Rate Investments £000's	Non-Interest Bearing Investments £000's	Total £000's
Investment assets	84	70,555	137	70,776
Investment liabilities	–	–	(801)	(801)

Notes to the Financial Statements

Continued

The table that follows details the interest rate risk profile of the Global Fixed Interest Class assets at 31 December 2021.

	Floating Rate Investment £000's	Fixed Rate Investments £000's	Non-Interest Bearing Investments £000's	Total £000's
Investment assets	1,117	108,981	596	110,694
Investment liabilities	–	–	(1,345)	(1,345)

At 31 December 2022, if the value of interest rate increased or decreased by 1%, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £706,000 (2021: £1,101,000).

(b) Foreign currency risk

The table that follows details the foreign currency risk profile of the Global Fixed Interest Class assets at the Statement of Financial Position date.

	31 December 2022 Investments £000's	31 December 2022 Net Current Assets £000's	31 December 2022 Total £000's	31 December 2021 Total £000's
Australian Dollar	(2)	2	–	(1)
Canadian Dollar	(13)	6	(7)	1
Euro	(342)	413	71	(131)
US Dollar	(1,651)	868	(783)	(81)
Total	(2,008)	1,289	(719)	(212)

At 31 December 2022, if the value of Sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £36,000 (2021: £11,000).

(c) Credit risk

Counterparty Details of OTC Financial Derivative Transactions

The counterparty exposure is shown below:

Broker	31 December 2022 Forwards £000's	31 December 2022 Total Exposure £000's	31 December 2021 Forwards £000's	31 December 2021 Total Exposure £000's
Bank of America	(33)	(33)	–	–
Barclays	(8)	(8)	12	12
Calyon Securities	–	–	(215)	(215)
Citigroup	(351)	(351)	(7)	(7)
Deutsche Bank	(339)	(339)	(9)	(9)
Merrill Lynch International	–	–	(641)	(641)
	(731)	(731)	(860)	(860)

Counterparty exposure has not been disclosed for exchange traded derivatives as the exchange requirements in respect of collateral mean that, in the opinion of the Manager, the counterparty risk is mitigated.

Notes to the Financial Statements

Continued

Credit quality

The credit quality of the Fund's investments in debt securities is shown below:

Credit quality	31 December 2022 % of Net Assets	31 December 2021 % of Net Assets
Investment grade	46.87	32.22
Non-investment grade	49.31	61.41
Not rated	0.74	1.38
Total bonds	96.92	95.01

(d) Other price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

As at 31 December 2022, if the prices of investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to the shareholders would increase or decrease by approximately £3,499,000 (2021: £5,467,000).

(e) Valuation of financial investments

The following table analyses within the fair value hierarchy the assets and liabilities (by class of financial instrument) measured at fair value.

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
31 December 2022				
Bonds	–	70,639	–	70,639
Derivatives	67	(731)	–	(664)
	67	69,908	–	69,975
31 December 2021				
Bonds	–	110,098	–	110,098
Derivatives	111	(860)	–	(749)
	111	109,238	–	109,349

The different levels of the fair value hierarchy are defined on page 33.

Notes to the Financial Statements

Continued

13 Portfolio transaction costs

For the year 1 January 2022 to 31 December 2022

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Debt Instruments	47,798	–	–	–	–
Total purchases	47,798	–		–	
Total purchases including transaction costs	47,798				
Sales					
Debt Instruments	76,207	–	–	–	–
Total sales	76,207	–		–	
Total sales net of transaction costs	76,207				
Derivative transaction costs		1		–	
Total transaction costs		1		–	
Total transaction costs as a % of average net assets		0.00%		0.00%	

For the year 1 January 2021 to 31 December 2021

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Debt Instruments	81,561	–	–	–	–
Total purchases	81,561	–		–	
Total purchases including transaction costs	81,561				
Sales					
Debt Instruments	68,066	–	–	–	–
Total sales	68,066	–		–	
Total sales net of transaction costs	68,066				
Derivative transaction costs		1		–	
Total transaction costs		1		–	
Total transaction costs as a % of average net assets		0.00%		0.00%	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Statement of Financial Position date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.85% (2021: 0.54%).

Notes to the Financial Statements

Continued

14 Share movement

For the year 1 January 2022 to 31 December 2022

	Retail Shares	Z Shares
Opening shares	1,173,522	241,355,051
Shares issued	3,053	20,291,381
Shares redeemed	(1,158,130)	(67,752,888)
Shares converted	654,361	(1,279,581)
Closing shares	672,806	192,613,963

Distribution Statements

for the year ended 31 December 2022

Final Distribution

For the three months ended 31 December 2022

Group 1: Shares purchased prior to 1 October 2022

Group 2: Shares purchased 1 October 2022 to 31 December 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Payable
Retail Shares			
Group 1	1.0188	–	1.0188
Group 2	0.3848	0.6340	1.0188
Z Shares			
Group 1	0.5229	–	0.5229
Group 2	0.2848	0.2381	0.5229

The final distribution for the period ended 31 December 2021 was 1.0953 pence per Retail share and 0.5582 pence per Z share.

Third Quarter Distribution

For the three months ended 30 September 2022

Group 1: Shares purchased prior to 1 July 2022

Group 2: Shares purchased 1 July 2022 to 30 September 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	1.1778	–	1.1778
Group 2	0.4177	0.7601	1.1778
Z Shares			
Group 1	0.6035	–	0.6035
Group 2	0.3573	0.2462	0.6035

The interim distribution for the period ended 30 September 2021 was 1.1240 pence per Retail share and 0.5720 pence per Z share.

Second Quarter Distribution

For the three months ended 30 June 2022

Group 1: Shares purchased prior to 1 April 2022

Group 2: Shares purchased 1 April 2022 to 30 June 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	1.1009	–	1.1009
Group 2	0.3867	0.7142	1.1009
Z Shares			
Group 1	0.5632	–	0.5632
Group 2	0.3009	0.2623	0.5632

The interim distribution for the period ended 30 June 2021 was 1.0576 pence per Retail share and 0.5368 pence per Z share.

Distribution Statements

Continued

First Quarter Distribution

For the three months ended 31 March 2022

Group 1: Shares purchased prior to 1 January 2022

Group 2: Shares purchased 1 January 2022 to 31 March 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	1.1182	–	1.1182
Group 2	0.4205	0.6977	1.1182
Z Shares			
Group 1	0.5711	–	0.5711
Group 2	0.2882	0.2829	0.5711

The interim distribution for the period ended 31 March 2021 was 1.0579 pence per Retail share and 0.5356 pence per Z share.

*Equalisation applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital.

Income Class Fund Report

Environment

Global stock markets fell after an extremely challenging year for financial markets and the global economy. Initial optimism surrounding the reopening of the global economy after the Covid-19 pandemic was replaced by worries over soaring prices around the world. These inflationary pressures were made far worse by Russia's invasion of Ukraine in February. The conflict and resulting sanctions against Russia caused energy and food prices to spiral higher, leading to a cost-of-living crises in many countries. Central banks responded to multi-decade-high inflation levels in Western economies by raising interest rates faster and further than previously anticipated. Stock markets fell sharply in the face of mounting gloom over the prospects for the global economy, with some small respite in November prompted by better-than-expected US inflation data. This raised hopes that US inflation may have peaked and that an end to the current cycle of interest-rate rises might be in sight. However, a tough year concluded with further stock market weakness in December amid concerns for global economic growth in 2023.

The UK stock market, with its hefty weighting to defensive, energy and mining stocks, had an altogether better year. The FTSE All-Share Index finished marginally higher over the year, making it one of the best-performing developed markets in 2022. The annual inflation rate climbed steadily higher to hit a 41-year high of 11.1% in October before beginning to recede. The Bank of England reacted to surging inflation with successive interest rate rises, taking the base rate from 0.25% at the start of 2022 to 3.5% by the year end. A badly received mini-budget from the short-lived Truss government led to turbulence in the UK bond market in September. Calm was restored in October after the package of tax cuts was swiftly reversed. Shortly afterwards, former Chancellor Rishi Sunak replaced Liz Truss as Prime Minister, pledging to stabilise the country's finances.

Global government bonds recorded a highly disappointing 12-month performance. After years of record-low interest rates, many central banks raised rates, often faster and further than expected, as they tried to contain soaring inflation. Coupled with an end to bond-buying stimulus programmes, this caused a major sell-off in government bonds.

Corporate bond prices also fell substantially in a tough year for investors in the asset class. A backdrop of rising interest rates and stubbornly high inflation, accompanied by a worsening economic outlook, created challenging market conditions. Credit spreads rose over the year as the economic environment deteriorated. However, November was a strong month for corporate bond markets worldwide amid growing expectations that global inflation pressures may be peaking, leading to hopes that the current cycle of interest-rate rises may be nearing its end. In December, though, a difficult year ended with falls in UK and European investment-grade corporate bond prices.

Performance

The Fund returned -9.65% (net of fees), which was behind the benchmark return of -7.02% but ahead of the ARC Steady Growth peer group estimate of -9.76%.

Positive performance drivers included an underweight allocation to both government and corporate bonds in addition to positive stock selection of holdings; positive stock selection in basic materials and telecommunications; an overweight allocation to the energy sector; and positive stock selection in alternatives. Unfortunately, these positives were more than offset by the negative effects of stock selection in the healthcare sector; our underweight to consumer staples; and both overweight allocations to and negative stock selection in the industrials and real estate sectors.

Following a bumper first quarter for energy and mining stocks, driven by supply constraints, pricing in the main commodities (iron ore, copper and aluminium) fell heavily in the second quarter as the outlook deteriorated and China remained in lockdown. These recovered somewhat in the second half with positive sentiment surrounding the reopening of the Chinese economy near the end of the year buoying the Fund's holdings in mining companies Rio Tinto and BHP. The Fund's overweight exposure to the energy sector and stock selection of Shell and BP were also positive.

The telecommunications sector fared well due to its defensive characteristics, reasonable valuation multiples, high dividend yields and robust fundamentals. The stock selection of KPN was positive: its performance during the growth derating in April reflected its value and defensive properties. In terms of its inflation resilience, 80% of the company's revenues are linked to inflation and most of its capex is based on multi-year fixed-price contracts.

The relative strength of energy and materials and more defensive sectors such as telecommunications contrasted with the sharply negative returns of most other sectors, highlighting the importance of a diversified portfolio.

Industrials had a difficult year, triggered by the derating of growth stocks. The faster pace of interest rate rises, to a higher level than previously expected, translated into a higher discount rate by which long-term stocks are valued. This resulted in a sharp devaluation of companies generating growth over a long-term period. Generac fared particularly badly after it was punished following downgrades to the 2023 outlook, and we exited the stock in the fourth quarter.

Income Class Fund Report

Continued

The real estate sector also underperformed because of rising interest rates, which pushed down capital values. There are also concerns about rising debt costs and the prospects for rental growth in a recessionary environment. On a medium-term view, we were reassured by the portfolio's exposure to holdings with robust balance sheets, reliable cash flows and more stable, often contracted, rent rolls.

In consumer staples, our holdings in Nestlé, Procter and Gamble and Reckitt Benckiser held up relatively well versus the wider market, but we were underweight the sector with no exposure to some of the more defensive beverages and tobacco names, which were strong over the year.

Healthcare detracted overall but there was mixed performance across our pharmaceutical and medtech holdings. AstraZeneca benefited from the market's perception of it as a defensive safe-haven combined with its attractive pipeline and excellent long-term growth potential, while West Pharmaceutical Services performed negatively due to a cut in its Covid-19-related sales guidance. Looking ahead, we believe the sector's strong pricing power, non-discretionary demand and robust cash flows should continue to provide resilience in the face of sustained inflation or a more stagflationary backdrop. We have also chosen companies with defensive, quality growth characteristics that have exposure to growing disease areas and have rich pipelines of new drugs.

With the year seeing such a harsh stock market rotation against a deteriorating backdrop, it could be argued that it makes more sense than ever to have a well-diversified portfolio to weather the storm. We continued to diversify risk with exposure to listed alternatives, specifically economic and renewable infrastructure, and fixed-income assets, which are becoming more attractive as yields rise. Our allocation to listed alternatives, specifically social and renewable energy infrastructure, was largely positive. The Fund benefited from exposure to renewable infrastructure assets (wind, solar and energy storage), which have exposure to the power price, and social infrastructure assets (roads, schools and hospitals), which have inflation protection written into their contracts. Digital 9 Infrastructure, however, was weak after its investment management team decided to leave the company for another opportunity and we sold the holding in the fourth quarter.

Activity

The equity market falls in January provided an opportunity to add stocks that have been on our watchlist for some time. In addition, as the outlook deteriorated, our investment decisions were shaped by reducing exposure to high-growth areas of the market and increasing exposure to inflation resilience and defensive characteristics.

In the first quarter, we added Watches of Switzerland, the luxury retailer, on the basis that the high-end luxury market is typically very resilient to the economic cycle and wider market weakness provided a good opportunity to add the stock to the Fund. We also built positions in Autodesk and Mercedes-Benz early in the year, added to the positions in BP, Shell and TotalEnergies before Russia invaded Ukraine in February, and increased our position in the 2035 gilt as yields rose, marginally reducing the underweight allocation and increasing the Fund's safe-haven exposure.

These purchases were funded by the sale of low-conviction holdings Johnson Matthey, Abcam, Alstom and Alibaba. In addition, we reduced mass-consumer exposure by selling Visa, and switched into Reckitt from Unilever. Reckitt has a high-quality portfolio, a balanced growth profile and a strong management team. Following risk-analysis of the Fund in the wake of Russia's invasion, we decided to exit Alstom due to its exposure to Eastern European markets and a disappointing period of execution following its acquisition of Bombardier.

In the second quarter, we added a one-year UK government bond to invest cash at a more attractive yield. This will be held until maturity and is therefore less vulnerable to further rate rises. We also reduced our position in Estée Lauder to manage the exposure to consumer discretionary spending and cut our holding in Accenture as we believe the valuation remains vulnerable to further inflationary pressures and a short-term deterioration in end-market demand. First Republic was reduced as we expect higher yields to negatively affect the demand for mortgages and lending in the company's end markets.

In the third quarter, we increased the holding in Watches of Switzerland, as the company's quarterly results and management meetings reiterated the resilience of its growth and the high visibility of its profitability. We topped up the position in Mercedes-Benz to reflect confidence in its revised corporate strategy. We reduced holdings in American Tower Corporation and Alphabet following their strong performance and sold Yeti and Ferguson because of their deteriorating fundamentals and as part of our aim to reduce the overall equities exposure.

Within alternatives, we increased the holding in HICL Infrastructure at an equity raise, as the company has a successful history of asset disposals and reinvesting back into value-accretive assets. We sold Sequoia Economic Infrastructure, as its net asset value was not pricing in the increase in its yield and the challenging economic outlook raised concerns about increasing defaults.

Income Class Fund Report

Continued

Within fixed-income assets, we reduced the duration concentration along the curve by reducing the 25-year UK gilt holding and adding exposure to the 9-year UK gilt holding. We also put some cash to work at the short end of the curve, with the intention of picking up some yield. Overall, these trades were duration neutral.

Finally, in the fourth quarter, we concentrated our efforts on reducing exposure to areas of the portfolio with the greatest earnings risk and those business models most susceptible to forthcoming recessionary pressures. We sold Aberforth Smaller Companies given the desire to dial back our overall equity exposure and because the 'value led' investment philosophy of the fund managers was inconsistent with our quality, sustainable growth approach.

Digital 9 Infrastructure and Generac were other outright sales. In the case of Generac the decision was made following a management earnings call, which highlighted a more uncertain picture for generator demand given the deteriorating consumer outlook and arguably discretionary nature of the purchase. There are also inflationary risks to margins from higher fixed costs and the insolvency of one of its key distributors, Pink Energy, was another cause for concern with management highlighting an over-reliance on a small number of distributors and confirming that there were issues surrounding product quality. The Digital 9 sale was precipitated by the departure of the senior leadership team (to start their own private venture) from the investment manager (Triple Point). This left Digital 9 under-resourced at the portfolio management level.

We added Asian financial services group DBS. It is well placed to benefit from structural growth in SMEs, transaction banking and wealth management, all of which will be driven by a rising middle class and higher income levels as regional Asian economies continue their development. Furthermore, fundamentals should improve as Asia begins to move beyond the Covid-19 pandemic. DBS has a healthy dividend yield, thus is helpful for income generation in the Fund too.

In fixed income, we gently increased our investment grade credit holdings, taking advantage of attractively priced new issues and topping up existing holdings on attractive spreads. Elsewhere, in gilts, we shifted duration from the 20 to 30-year area of the curve (which is subject to greater technical pressure from new issuance) to the middle of the curve where we could achieve comparative yields with lower duration risk. We also increased the position in the short-dated 2023 gilt with the purpose of increasing the yield on cash by owning it to maturity.

Outlook

Towards the year end, some semblance of political and economic stability returned to the UK. Hopes that the worst of the inflationary pressures we have experienced are behind us and the reopening of the Chinese economy also provided some positive news during a difficult year for investors.

However, the economic outlook remains highly uncertain and our expectation is that most western economies will slip into recession in 2023 as the hot labour market we witnessed for much of 2022 begins to cool and central bank rate hikes serve to stymie growth in the global economy. Although central banks appear to be reducing the extent to which they are pushing up borrowing costs, it is possible that stubbornly high inflation will result in many having to raise rates more than expected, subsequently sitting at elevated levels for longer, before we see a pivot and loosening in policy.

Our quality, sustainable growth approach maintains our focus on companies underpinned by long-term structural growth themes. We seek to identify businesses that will benefit from shifting trends while avoiding those where change will be detrimental. Experience has taught us that companies that have strong balance sheets and can create value by generating cash flow exceeding their operational requirements tend to generate stronger and more sustainable returns. They are also usually better positioned to reinvest in their businesses and distribute earnings to shareholders. We believe these types of companies merit long-term positions in portfolios regardless of shorter-term sentiment.

Statistics

Price and Revenue Record by Share Class (Calendar Year)

Retail Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	59.50	53.10	1.7956
2019	62.10	53.20	1.8149
2020	65.38	50.00	1.5187
2021	71.55	66.45	1.8284
2022	71.24	58.81	2.0884

Z Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	61.25	54.88	1.8457
2019	64.83	54.99	1.8840
2020	68.95	52.31	1.5926
2021	76.15	70.62	1.9371
2022	75.81	62.91	2.2293

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

Retail Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	247,420	64.17	385,587
31 December 2021	385,470	70.86	544,008
31 December 2022	288,228	61.86	465,974

Z Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	101,238,290	67.67	149,596,320
31 December 2021	136,193,818	75.42	180,587,747
31 December 2022	117,722,506	66.27	177,652,256

Statistics

Continued

Top Ten Purchases and Sales

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the year:

Purchases	£000's
United Kingdom Gilt 0.75% 22/7/2023	5,934
United Kingdom Gilt 0.25% 31/7/2031	3,739
United Kingdom Gilt 0.625% 31/7/2035	2,513
Reckitt Benckiser	1,671
Watches of Switzerland	1,569
Adyen	1,210
DBS	1,210
HICL Infrastructure	931
Shell	862
Mercedes-Benz	696

Sales	£000's
Unilever	2,131
Ferguson	1,789
United Kingdom Gilt 1.5% 22/7/2047	1,336
AbbVie	1,278
Novartis	1,213
Aberforth Smaller Companies Trust	1,208
Abcam	1,096
Visa	1,085
American Tower	1,040
Johnson Matthey	954

Portfolio Statement

as at 31 December 2022

Investments	Holding	Market Value £000's	Total Net Assets %
UK Government Stocks 9.82% (1.88%)			
United Kingdom Gilt 0.25% 31/7/2031	GBP 4,936,600	3,701	3.13
United Kingdom Gilt 0.625% 31/7/2035	GBP 2,869,900	1,934	1.64
United Kingdom Gilt 0.75% 22/7/2023	GBP 6,040,800	5,957	5.05
Sterling Denominated Corporate Bonds 4.10% (4.81%)			
Admiral 5.5% 25/7/2024	GBP 153,000	151	0.13
Arqiva Financing 4.882% 31/12/2032	GBP 133,333	126	0.11
Assura Financing 1.5% 15/9/2030	GBP 100,000	74	0.06
AT&T 4.25% 01/6/2043	GBP 244,000	198	0.17
Aviva 6.125% 14/11/2036	GBP 250,000	249	0.21
Bank of America 7% 31/7/2028	GBP 100,000	107	0.09
Barclays 3.25% 17/1/2033	GBP 280,000	218	0.18
Bellis Acquisition 3.25% 16/2/2026	GBP 252,000	204	0.17
BG Energy Capital 5.125% 01/12/2025	GBP 61,000	61	0.05
BP Capital Markets 4.25% Perpetual	GBP 234,000	206	0.17
Centrica 7% 19/9/2033	GBP 100,000	107	0.09
Citigroup 2.75% 24/1/2024	GBP 159,000	156	0.13
Close Brothers 2.75% 26/4/2023	GBP 160,000	159	0.14
Credit Agricole 7.5% Perpetual	GBP 146,000	141	0.12
Eastern Power Networks 5.75% 08/3/2024	GBP 141,000	142	0.12
Electricite de France 5.875% 18/7/2031	GBP 144,000	143	0.12
Experian Finance 3.25% 07/4/2032	GBP 121,000	106	0.09
GlaxoSmithKline Capital 5.25% 19/12/2033	GBP 84,000	87	0.07
HSBC 5.75% 20/12/2027	GBP 254,000	250	0.21
Legal & General 5.375% 27/10/2045	GBP 300,000	292	0.25
Lloyds Bank 7.625% 22/4/2025	GBP 131,000	138	0.12
Nationwide Building Society 3.25% 20/1/2028	GBP 135,000	122	0.10
NatWest Markets 6.375% 08/11/2027	GBP 144,000	147	0.12
NGG Finance 5.625% 18/6/2073	GBP 284,000	268	0.23
Orsted 5.75% 09/4/2040	GBP 120,000	124	0.11
Premier Foods Finance 3.5% 15/10/2026	GBP 253,000	220	0.19
RI Finance Bonds No 3 6.125% 13/11/2028	GBP 100,000	97	0.08
Santander UK 3.625% 14/1/2026	GBP 156,000	145	0.12
Severn Trent Utilities Finance 6.25% 07/6/2029	GBP 62,000	65	0.06
Tesco Property Finance 3 5.744% 13/4/2040	GBP 159,298	148	0.13
Vodafone 3% 12/8/2056	GBP 166,000	100	0.09
Yorkshire Building Society 3.375% 13/9/2028	GBP 100,000	85	0.07
Non-Sterling Denominated Corporate Bonds 1.82% (1.98%)			
ABN AMRO Bank 2.875% 18/1/2028	EUR 200,000	177	0.15
Activision Blizzard 3.4% 15/9/2026	USD 556,000	440	0.37

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Non-Sterling Denominated Corporate Bonds (Continued)			
Altice France 5.875% 01/2/2027	EUR 281,000	217	0.18
AstraZeneca 4% 17/1/2029	USD 209,000	167	0.14
Charter Communications Operating Capital 3.75% 15/2/2028	USD 226,000	170	0.15
Cigna 3.05% 15/10/2027	USD 227,000	173	0.15
Country Garden 8% 27/1/2024	USD 200,000	129	0.11
EOG Resources 4.375% 15/4/2030	USD 47,000	38	0.03
Matterhorn Telecom 3.125% 15/9/2026	EUR 309,000	247	0.21
Morgan Stanley 4.431% 23/1/2030	USD 205,000	160	0.14
Schaeffler 2.875% 26/3/2027	EUR 276,000	225	0.19
Australia 3.11% (2.30%)			
BHP	142,673	3,667	3.11
Denmark 1.12% (1.21%)			
Ørsted	17,478	1,317	1.12
France 3.86% (3.23%)			
Schneider Electric	10,620	1,232	1.04
TotalEnergies	63,922	3,326	2.82
Germany 1.62% (1.08%)			
Mercedes-Benz	35,087	1,911	1.62
Italy 1.14% (1.31%)			
Enel	302,944	1,352	1.14
Netherlands 5.28% (6.33%)			
Adyen	856	979	0.83
ASML	6,077	2,716	2.30
Koninklijke KPN	987,958	2,533	2.15
Republic of Ireland 3.70% (4.66%)			
Accenture	8,726	1,935	1.64
CRH	41,465	1,365	1.16
Greencoat Renewables	1,057,939	1,065	0.90
Singapore 0.99% (0.00%)			
DBS	55,700	1,171	0.99
Switzerland 5.69% (6.13%)			
Nestle	23,378	2,251	1.91
Roche	7,135	1,862	1.58
Zurich Insurance	6,550	2,603	2.20
Taiwan 1.82% (2.49%)			
Taiwan Semiconductor Manufacturing	34,689	2,148	1.82
United Kingdom 24.22% (23.36%)			
Assura	929,909	507	0.43
AstraZeneca	31,845	3,572	3.03

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
United Kingdom (Continued)			
BP	666,687	3,166	2.68
Dechra Pharmaceuticals	53,465	1,399	1.18
DS Smith	628,087	2,013	1.70
National Grid	180,422	1,799	1.52
Persimmon	87,505	1,065	0.90
Primary Health Properties	757,350	839	0.71
Reckitt Benckiser	26,188	1,507	1.28
RELX	86,628	1,982	1.68
Rio Tinto	51,449	2,983	2.53
Shell	201,267	4,681	3.97
Supermarket Income Reit	555,999	562	0.48
Tritax Big Box REIT	845,341	1,172	0.99
Watches of Switzerland	163,449	1,341	1.14
United States of America 18.29% (23.89%)			
AbbVie	19,266	2,589	2.19
Alphabet	23,505	1,724	1.46
Amazon.com	21,320	1,488	1.26
American Tower	7,768	1,368	1.16
Autodesk	7,282	1,131	0.96
Estee Lauder Cos	7,053	1,455	1.23
Mastercard	5,910	1,708	1.45
Microsoft	14,859	2,962	2.51
NextEra Energy	36,686	2,549	2.16
Procter & Gamble	11,018	1,389	1.18
Verizon Communications	52,894	1,733	1.47
West Pharmaceutical Services	7,594	1,486	1.26
Investment Trusts 9.64% (10.40%)			
3i Infrastructure	387,358	1,286	1.09
Apax Global Alpha	428,515	802	0.68
BB Biotech	23,524	1,167	0.99
BBGI Global Infrastructure	843,755	1,321	1.12
Bluefield Solar Income Fund	883,867	1,202	1.02
Greencoat UK Wind	944,610	1,436	1.22
Gresham House Energy Storage Fund	434,498	702	0.59
HICL Infrastructure	550,833	892	0.75
International Public Partnerships	698,902	1,058	0.90
Renewables Infrastructure	940,346	1,223	1.04
Schiehallion Fund	733,109	287	0.24

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Derivatives 0.04% (0.01%)			
EUR Forward Foreign Currency Contracts -0.01% (0.01%)			
Forward Foreign Currency Contracts 18/1/2023	EUR (966,486)		
Forward Foreign Currency Contracts 18/1/2023	GBP 849,027	(9)	(0.01)
Forward Foreign Currency Contracts 18/1/2023	EUR (36,269)		
Forward Foreign Currency Contracts 18/1/2023	GBP 31,550	(1)	–
USD Forward Foreign Currency Contracts 0.05% (0.00%)			
Forward Foreign Currency Contracts 18/1/2023	USD (1,408,004)		
Forward Foreign Currency Contracts 18/1/2023	GBP 1,232,515	62	0.05
Forward Foreign Currency Contracts 18/1/2023	USD (74,971)		
Forward Foreign Currency Contracts 18/1/2023	GBP 63,017	1	–
Forward Foreign Currency Contracts 18/1/2023	USD (47,169)		
Forward Foreign Currency Contracts 18/1/2023	GBP 38,942	–	–
Portfolio of investments		113,603	96.26
Net current assets		4,408	3.74
Total net assets		118,011	100.00

Total unapproved and unquoted securities 0.00%.

Comparative figures in brackets refer to 31 December 2021.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers, which are listed on an eligible securities market.

Portfolio Statement by asset class

	Market value 31 December 2022 £000's	Percentage of total net assets 31 December 2022 %	Market value 31 December 2021 £000's	Percentage of total net assets 31 December 2021 %
Bonds	18,571	15.74	11,834	8.67
Equities	94,979	80.48	117,996	86.39
Derivatives	53	0.04	16	0.01
Portfolio of investments	113,603	96.26	129,846	95.07
Net current assets	4,408	3.74	6,733	4.93
Total net assets	118,011	100.00	136,579	100.00

Financial Statements

Statement of Total Return

for the year ended 31 December 2022

	Notes	31 December 2022		31 December 2021	
		£000's	£000's	£000's	£000's
Income					
Net capital (losses)/gains					
Net capital (losses)/gains on investments	1	(16,418)		13,412	
Other gains	1	17		7	
			(16,401)		13,419
Revenue	2	4,453		3,624	
Expenses	3	(103)		(93)	
Interest payable and similar charges	5	(1)		–	
Net revenue before taxation		4,349		3,531	
Taxation	4	(437)		(346)	
Net revenue after taxation			3,912		3,185
Total return before distributions			(12,489)		16,604
Distributions	6		(4,015)		(3,278)
Net (decrease)/increase in Shareholders' funds from Investment activities			(16,504)		13,326

Statement of Movement in Shareholders' Funds

for the year ended 31 December 2022

	31 December 2022		31 December 2021	
	£000's	£000's	£000's	£000's
Opening net assets attributable to Shareholders		136,579		101,486
Amounts receivable on creation of shares	8,925		33,062	
Amounts payable on cancellation of shares	(10,989)		(11,295)	
		(2,064)		21,767
Net (decrease)/increase in Shareholders' funds from investment activities (see above)		(16,504)		13,326
Closing net assets attributable to Shareholders		118,011		136,579

All results above are derived from continuing activities for both the current and prior years.

Financial Statements

Continued

Statement of Financial Position

as at 31 December 2022

		31 December 2022		31 December 2021	
	Notes	£000's	£000's	£000's	£000's
Assets					
Fixed assets					
Investment assets at fair value through profit or loss			113,613		129,846
Current assets					
Debtors	8	302		260	
Cash and bank balances	9	4,858		7,088	
Total current assets			5,160		7,348
Total assets			118,773		137,194
Liabilities					
Investment liabilities at fair value through profit or loss			(10)		–
Creditors					
Distribution payable	10	(715)		(564)	
Other creditors	10	(37)		(51)	
Total current liabilities			(752)		(615)
Total liabilities			(762)		(615)
Net assets attributable to Shareholders			118,011		136,579

All liabilities are current.

The notes on pages 24 to 34 and pages 115 to 121 form part of the Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2022

1 Net capital (losses)/gains

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

	31 December 2022 £000's	31 December 2021 £000's
Non-derivative securities*	(16,198)	13,363
Forward currency contracts*	(211)	59
Other gains – currency gains*	17	7
Custodial transaction fees	(9)	(10)
Net capital (losses)/gains	(16,401)	13,419

*Net losses (excluding custodial transaction fees) listed above of £(16,391,920) comprise net realised losses of £(242,061) and net unrealised losses of £(16,149,859) (2021: net gains of £13,428,964 comprise net realised losses of £(163,203) and net unrealised gains of £13,592,167). £5,256,775 of the net realised gains in the current year had been shown as net unrealised gains in previous years (2021: £308,441 net realised gains).

2 Revenue

	31 December 2022 £000's	31 December 2021 £000's
Franked distributions from authorised funds	191	131
Interest on debt securities	461	336
Money market deposit	80	4
Overseas dividends	2,293	1,587
UK dividends	1,270	1,447
UK REIT dividends	106	71
US REIT dividends	52	48
Total revenue	4,453	3,624

3 Expenses

	31 December 2022 £000's	31 December 2021 £000's
Payable to the Manager or Associate of the Manager:		
Manager's periodic charge	2	3
	2	3
Other expenses:		
Audit fees	21	17
Custodian fees	31	30
Directors' fees	14	15
Other expenses	35	28
	101	90
Total expenses	103	93

Notes to the Financial Statements

Continued

4 Taxation

	31 December 2022 £000's	31 December 2021 £000's
Withholding tax on interest debt securities	(1)	–
Withholding tax on overseas dividends	438	346
Total taxation	437	346

5 Interest payable and similar charges

	31 December 2022 £000's	31 December 2021 £000's
Interest payable	1	–
Total interest payable and similar charges	1	–

6 Distributions

The distributions take account of equalisation amounts added on the creation of shares and equalisation amounts deducted on the cancellation of shares. They comprise:

	31 December 2022 £000's	31 December 2021 £000's
Interim distribution 31 March	1,186	1,009
Interim distribution 30 June	1,090	718
Interim distribution 30 September	1,016	1,075
Final distribution 31 December	715	564
	4,007	3,366
Amounts added on creation of shares	(39)	(122)
Amounts deducted on cancellation of shares	47	34
Gross distributions for the year	4,015	3,278

Details of the distribution per share are set out on the statements on pages 122 to 123.

7 Net movement between revenue after taxation and distributions

	31 December 2022 £000's	31 December 2021 £000's
Net revenue after taxation	3,912	3,185
Expenses paid from capital	103	93
Gross distributions for the year	4,015	3,278

Notes to the Financial Statements

Continued

8 Debtors

	31 December 2022 £000's	31 December 2021 £000's
Accrued revenue	278	244
Amounts receivable on creation of shares	9	9
Overseas tax recoverable	6	5
Prepaid expenses	2	2
Sales awaiting settlement	7	–
Total debtors	302	260

9 Cash and bank balances

	31 December 2022 £000's	31 December 2021 £000's
Cash held at bank	11	4
Term deposits	4,847	7,084
Total cash and bank balances	4,858	7,088

10 Creditors

	31 December 2022 £000's	31 December 2021 £000's
a) Distribution payable		
Gross distribution payable	715	564
Total distribution payable	715	564
b) Other creditors		
Accrued expenses	34	25
Amount payable for cancellation of shares	3	26
Total other creditors	37	51

11 Related party transactions

Manager's periodic charge and Registrar's fees payable to abrdn Capital (CI) Limited are shown in Note 3. The aggregate monies received through creation and paid through cancellation of shares are disclosed in the Statement of Movement in Shareholders' Funds and Note 6. Any amounts due to or from the Manager at the year end are included in Notes 8 and 10. The total balance due to the Manager in respect of Manager's periodic charge and Registrar's fees at 31 December 2022 is £182 (2021: £235).

Directors' fees payable to the Board of Directors are shown in Note 3.

Notes to the Financial Statements

Continued

12 Financial Instruments

(a) Interest rate risk

The table that follows details the interest rate risk profile of the Income Class assets at 31 December 2022.

	Floating Rate Investment £000's	Fixed Rate Investments £000's	Non-Interest Bearing Investments £000's	Total £000's
Investment assets	–	18,571	95,042	113,613
Investment liabilities	–	–	(10)	(10)

The table that follows details the interest rate risk profile of the Income Class assets at 31 December 2021.

	Floating Rate Investment £000's	Fixed Rate Investments £000's	Non-Interest Bearing Investments £000's	Total £000's
Investment assets	–	11,834	118,012	129,846
Investment liabilities	–	–	–	–

At 31 December 2022, if the value of interest rate increased or decreased by 1%, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £186,000 (2021: £118,000).

(b) Foreign currency risk

The table that follows details the foreign currency risk profile of the Income Class assets at the Statement of Financial Position date.

	31 December 2022 Investments £000's	31 December 2022 Net Current Assets £000's	31 December 2022 Total £000's	31 December 2021 Total £000's
Danish Krone	1,317	–	1,317	1,648
Euro	15,091	22	15,113	14,797
Singapore Dollar	1,171	–	1,171	–
Swiss Franc	7,883	–	7,883	9,846
US Dollar	25,957	39	25,996	40,498
Total	51,419	61	51,480	66,789

At 31 December 2022, if the value of Sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £2,574,000 (2021: £3,339,000).

Notes to the Financial Statements

Continued

(c) Credit risk

Counterparty Details of OTC Financial Derivative Transactions

The counterparty exposure is shown below:

Broker	31 December 2022 Forwards £000's	31 December 2022 Total Exposure £000's	31 December 2021 Forwards £000's	31 December 2021 Total Exposure £000's
Barclays	1	1	7	7
Citigroup	–	–	9	9
UBS	52	52	–	–
	53	53	16	16

Credit quality

The credit quality of the Fund's investments in debt securities is shown below:

Credit quality	31 December 2022 % of Net Assets	31 December 2021 % of Net Assets
Investment grade	14.43	7.06
Non-investment grade	1.01	1.31
Not rated	0.30	0.30
Total bonds	15.74	8.67

(d) Other price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

As at 31 December 2022, if the prices of investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to the shareholders would increase or decrease by approximately £5,680,000 (2021: £6,492,000).

(e) Valuation of financial investments

The following table analyses within the fair value hierarchy the assets and liabilities (by class of financial instrument) measured at fair value.

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
31 December 2022				
Bonds	11,592	6,979	–	18,571
Equities	94,979	–	–	94,979
Derivatives	–	53	–	53
	106,571	7,032	–	113,603
31 December 2021				
Bonds	2,563	9,271	–	11,834
Equities	117,996	–	–	117,996
Derivatives	–	16	–	16
	120,559	9,287	–	129,846

The different levels of the fair value hierarchy are defined on page 33.

Notes to the Financial Statements

Continued

13 Portfolio transaction costs

For the year 1 January 2022 to 31 December 2022

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Equity Instruments	8,488	3	0.04	23	0.27
Debt Instruments	12,330	–	–	–	–
Collective Investment Schemes	1,667	1	0.06	3	0.18
Total purchases	22,485	4		26	
Total purchases including transaction costs	22,515				
Sales					
Equity Instruments	17,329	7	0.04	–	–
Debt Instruments	2,655	–	–	–	–
Collective Investment Schemes	2,648	4	0.15	–	–
Total sales	22,632	11		–	
Total sales net of transaction costs	22,621				
Total transaction costs		15		26	
Total transaction costs as a % of average net assets		0.01%		0.02%	

For the year 1 January 2021 to 31 December 2021

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Equity Instruments	21,039	7	0.03	40	0.19
Debt Instruments	2,079	–	–	–	–
Collective Investment Schemes	3,259	1	0.03	2	0.06
Total purchases	26,377	8		42	
Total purchases including transaction costs	26,427				
Sales					
Equity Instruments	4,930	3	0.06	1	0.02
Debt Instruments	850	–	–	–	–
Total sales	5,780	3		1	
Total sales net of transaction costs	5,776				
Total transaction costs		11		43	
Total transaction costs as a % of average net assets		0.01%		0.04%	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

Notes to the Financial Statements

Continued

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Statement of Financial Position date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.24% (2021: 0.15%).

14 Share movement

For the year 1 January 2022 to 31 December 2022

	Retail Shares	Z Shares
Opening shares	544,008	180,587,747
Shares issued	–	12,791,688
Shares redeemed	(78,034)	(15,727,179)
Closing shares	465,974	177,652,256

Distribution Statements

for the year ended 31 December 2022

Final Distribution

For the three months ended 31 December 2022

Group 1: Shares purchased prior to 1 October 2022

Group 2: Shares purchased 1 October 2022 to 31 December 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Payable
Retail Shares			
Group 1	0.3751	–	0.3751
Group 2	0.3751	0.0000	0.3751
Z Shares			
Group 1	0.4014	–	0.4014
Group 2	0.1339	0.2675	0.4014

The final distribution for the period ended 31 December 2021 was 0.2929 pence per Retail share and 0.3116 pence per Z share.

Third Quarter Distribution

For the three months ended 30 September 2022

Group 1: Shares purchased prior to 1 July 2022

Group 2: Shares purchased 1 July 2022 to 30 September 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	0.5313	–	0.5313
Group 2	0.5313	0.0000	0.5313
Z Shares			
Group 1	0.5678	–	0.5678
Group 2	0.2695	0.2983	0.5678

The interim distribution for the period ended 30 September 2021 was 0.5774 pence per Retail share and 0.6127 pence per Z share.

Second Quarter Distribution

For the three months ended 30 June 2022

Group 1: Shares purchased prior to 1 April 2022

Group 2: Shares purchased 1 April 2022 to 30 June 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	0.5681	–	0.5681
Group 2	0.5681	0.0000	0.5681
Z Shares			
Group 1	0.6061	–	0.6061
Group 2	0.3343	0.2718	0.6061

The interim distribution for the period ended 30 June 2021 was 0.3961 pence per Retail share and 0.4192 pence per Z share.

Distribution Statements

Continued

First Quarter Distribution

For the three months ended 31 March 2022

Group 1: Shares purchased prior to 1 January 2022

Group 2: Shares purchased 1 January 2022 to 31 March 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	0.6137	–	0.6137
Group 2	0.6137	0.0000	0.6137
Z Shares			
Group 1	0.6538	–	0.6538
Group 2	0.2740	0.3798	0.6538

The interim distribution for the period ended 31 March 2021 was 0.5620 pence per Retail share and 0.5936 pence per Z share.

*Equalisation applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital.

Sterling Fixed Interest Class Fund Report

Environment

Corporate bond prices fell substantially over the 12-month period in a tough year for investors in the asset class. A backdrop of rising interest rates and stubbornly high inflation, accompanied by a worsening economic outlook, created challenging market conditions. Credit spreads — the yield premium received by investors for lending to companies rather than governments — rose over the year as the economic environment deteriorated.

In September, UK corporate bonds suffered a particularly difficult month amid unprecedented turbulence in UK financial markets. This was after a badly received mini-Budget from the new Truss cabinet. In October, the speedy reversal of the mini-Budget and Rishi Sunak's subsequent appointment as prime minister created calmer bond market conditions and eased fears about the country's public finances. Prices of UK corporate bonds rose significantly.

November was a strong month for corporate bond markets worldwide amid growing expectations that global inflation pressures may be peaking, leading to hopes that the current cycle of interest-rate rises may be nearing its end. However, a tough year ended with falls in UK and European investment-grade corporate bond prices.

Performance

The Fund returned -20.69% (net of fees) over the 12 month period, underperforming the benchmark return of -19.29%. Much of this was due to stock selection, particularly in BBB rated bonds.

French state-owned utility EDF struggled over the period, in particular the corporate hybrids. The company was nationalised in 2022, contending with gas shortages resulting from the Ukrainian war. Bank sector holdings weighed on returns, including antipodean bank ANZ, Standard Chartered, Deutsche Bank and Caixabank. Credit Suisse also detracted, the bank has restructured and is spinning off part of its investment banking arm.

On the upside, the Fund has no exposure to Russian energy company Gazprom, which was hit by sanctions in light of the Ukrainian war. We also lack exposure to Aroundtown, which has been one of the worst performers in the property sector. Amid a generally risk-off period, our off-benchmark gilt position performed well. Thames Water also gained.

Activity

It was a very quiet year in the new issues market due to market volatility. However, for a four-week period late in the period, there was a brief flurry of attractive new issuance, which also coincided with inflows into the Fund. We partook in deals from Northumbrian Water and Severn Trent in the UK water sector, Northern Ireland's Electricity Supply Board, Barclays Tier 2, Morgan Stanley, Nationwide and Santander UK senior debt, and logistics and warehouse property specialist Segro.

On the secondary market, we recently bought National Grid corporate hybrids in sterling, Lloyds Additional Tier 1 bonds and Virgin Money (Tier 2). All of these were added at attractive valuations.

Among sells, we moved underweight HSBC and reduced Blackstone Property Partners Europe sterling bonds as we believed headlines on outflows from its US property funds would affect sentiment in its European portfolio. We exited Nestlé 10-year bonds on valuation grounds and trimmed exposure to Royal London after a strong rally.

Outlook

Going into 2023, demand for investment grade credit remains strong and there is cash to be deployed from many different investor pools. Retail investors are finding the asset class far more attractive after the significant rise in all-in yields during 2022, while insurance companies and pension schemes show continued demand, some of this having been postponed due to the heightened volatility of last year. Add to this a number of companies tendering for their existing debt during the fourth quarter and returning further cash to investors, and the market appears to be well supported for now. Credit spreads over gilts could continue to squeeze lower in the short term.

The market is, however, walking something of a tightrope. The idea that central banks are close to finishing rate hikes and inflation has peaked, while good news for fixed income, can only remain positive for credit markets if there is a soft landing for the global economy. The probability of recession is very high and while credit valuations are relatively attractive on a historical basis, they are certainly not fully pricing in a US recession. There is also the possibility that central banks continue to be more aggressive than expectations in fighting inflation, which would necessitate a further mover higher in government bond yields towards the levels reached in October.

Sterling Fixed Interest Class Fund Report

Continued

Despite this, investment grade credit appears attractive on a longer-term view. Going back to 1997, there are only three negative years for sterling investment grade credit. We have had two of them back-to-back in 2021 and 2022. The medium-term projected return profile for the assets class should, therefore, be positive.

Strategy

If spreads continue to tighten, we will look to bolster cash, gilts and higher quality credits as we believe there will be further volatility ahead. In terms of duration, we are currently neutral compared to the benchmark but favour US dollar duration through credit and Treasuries over UK gilts where the net supply outlook is extremely challenging. We are looking for the right point to add duration in the coming months.

Statistics

Price and Revenue Record by Share Class (Calendar Year)

Retail Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	88.72	82.80	2.8923
2019	90.95	82.76	2.7537
2020	93.33	79.35	2.6632
2021	91.06	86.19	2.5655
2022	86.98	60.63	2.4706

Z Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	52.06	49.02	1.7080
2019	54.25	49.04	1.6396
2020	56.42	47.59	1.6019
2021	55.37	52.50	1.5560
2022	53.07	37.18	1.5123

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

Retail Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	517,462	92.24	561,009
31 December 2021	991,618	87.06	1,139,046
31 December 2022	507,495	66.71	760,727

Z Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	137,092,743	55.76	245,871,848
31 December 2021	117,910,117	53.11	221,997,945
31 December 2022	87,290,600	40.97	213,064,584

Statistics

Continued

Top Ten Purchases and Sales

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the year:

Purchases	£000's
United Kingdom Gilt 6% 07/12/2028	1,914
United Kingdom Gilt 4.5% 07/9/2034	1,275
Credit Suisse 2.25% 09/6/2028	785
BP Capital Markets 4.25% Perpetual	618
Volkswagen Financial Services 5.5% 07/12/2026	598
Nestle 2.5% 04/4/2032	571
Banco Santander 2.25% 04/10/2032	558
United Kingdom Gilt 4.25% 07/12/2055	545
Santander UK 7.098% 16/11/2027	542
Enel Finance International 2.875% 11/4/2029	533

Sales	£000's
United Kingdom Gilt 6% 07/12/2028	1,431
United Kingdom Gilt 4.5% 07/12/2042	864
JPMorgan Chase 0.991% 28/4/2026	845
Credit Suisse 2.125% 12/9/2025	809
United Kingdom Gilt 4.75% 07/12/2030	791
Banco Santander 2.75% 12/9/2023	700
HSBC Bank 5.375% 22/8/2033	679
Thames Water Utilities Finance 0%	600
Vmed O2 UK Financing I 4% 31/1/2029	564
AT&T 4.375% 14/9/2029	544

Portfolio Statement

as at 31 December 2022

Investments	Holding	Market Value £000's	Total Net Assets %
UK Government Stocks 1.86% (1.24%)			
United Kingdom Gilt 4.25% 07/12/2055	GBP 495,700	530	0.60
United Kingdom Gilt 4.5% 07/9/2034	GBP 724,000	767	0.87
United Kingdom Gilt 6% 07/12/2028	GBP 302,000	339	0.39
Overseas Government Bonds 0.18% (0.18%)			
SNCF Reseau 5.25% 31/1/2035	GBP 150,000	154	0.18
Sterling Denominated Corporate Bonds 90.70% (91.71%)			
AA Bond 6.269% 02/7/2043	GBP 100,000	95	0.11
Accent Capital 2.625% 18/7/2049	GBP 139,000	87	0.10
America Movil 4.375% 07/8/2041	GBP 300,000	252	0.29
America Movil 5% 27/10/2026	GBP 255,000	251	0.29
Anglian Water Osprey Financing 2% 31/7/2028	GBP 218,000	166	0.19
Anglian Water Osprey Financing 4% 08/3/2026	GBP 300,000	276	0.31
Anglian Water Services Financing 2.625% 15/6/2027	GBP 340,000	306	0.35
Annington Funding 2.308% 06/10/2032	GBP 387,000	278	0.32
Annington Funding 3.184% 12/7/2029	GBP 680,000	564	0.64
Arqiva Financing 4.882% 31/12/2032	GBP 440,000	415	0.47
Arqiva Financing 5.34% 30/12/2037	GBP 110,000	104	0.12
Aspire Defence Finance 4.674% 31/3/2040	GBP 409,575	386	0.44
Assicurazioni Generali 6.269% Perpetual	GBP 300,000	294	0.33
Assura Financing 1.5% 15/9/2030	GBP 192,000	141	0.16
Assura Financing 1.625% 30/6/2033	GBP 302,000	201	0.23
Aster Treasury 4.5% 18/12/2043	GBP 100,000	91	0.10
AT&T 4.25% 01/6/2043	GBP 200,000	162	0.18
AT&T 4.875% 01/6/2044	GBP 600,000	529	0.60
AT&T 7% 30/4/2040	GBP 300,000	336	0.38
Athene Global Funding 1.75% 24/11/2027	GBP 904,000	739	0.84
Aviva 4% 03/6/2055	GBP 212,000	162	0.18
Aviva 4.375% 12/9/2049	GBP 300,000	264	0.30
Aviva 5.125% 04/6/2050	GBP 610,000	551	0.63
AXA 5.625% 16/1/2054	GBP 200,000	187	0.21
Banco Santander 1.5% 14/4/2026	GBP 800,000	698	0.79
Banco Santander 2.25% 04/10/2032	GBP 600,000	483	0.55
Bank of America 7% 31/7/2028	GBP 750,000	804	0.92
Barclays 1.7% 03/11/2026	GBP 263,000	233	0.27
Barclays 3.125% 17/1/2024	GBP 700,000	684	0.78
Barclays 3.25% 12/2/2027	GBP 200,000	179	0.20
Barclays 3.75% 22/11/2030	GBP 753,000	686	0.78
Barclays 5.875% Perpetual	GBP 530,000	483	0.55
Barclays 7.125% Perpetual	GBP 350,000	330	0.38

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Sterling Denominated Corporate Bonds (Continued)			
Barclays 8.407% 14/11/2032	GBP 200,000	206	0.23
BAT International Finance 2.25% 26/6/2028	GBP 400,000	322	0.37
BAT International Finance 4% 04/9/2026	GBP 380,000	354	0.40
BAT International Finance 4% 23/11/2055	GBP 180,000	105	0.12
BAT International Finance 6% 24/11/2034	GBP 82,000	73	0.08
Bazalgette Finance 2.375% 29/11/2027	GBP 415,000	364	0.41
Bazalgette Finance 2.75% 10/3/2034	GBP 216,000	168	0.19
Bellis Acquisition 3.25% 16/2/2026	GBP 213,000	172	0.20
Bellis Acquisition 4.5% 16/2/2026	GBP 419,000	350	0.40
Berkeley 2.5% 11/8/2031	GBP 344,000	228	0.26
Berkshire Hathaway Finance 2.375% 19/6/2039	GBP 350,000	248	0.28
Berkshire Hathaway Finance 2.625% 19/6/2059	GBP 277,000	175	0.20
Blackstone Property Partners Europe Sarl 4.875% 29/4/2032	GBP 205,000	159	0.18
Blend Funding 2.922% 05/4/2056	GBP 100,000	63	0.07
Blend Funding 3.459% 21/9/2049	GBP 543,000	402	0.46
BNP Paribas 1.25% 13/7/2031	GBP 400,000	282	0.32
BNP Paribas 1.875% 14/12/2027	GBP 400,000	335	0.38
BNP Paribas 2% 24/5/2031	GBP 500,000	425	0.48
BP Capital Markets 4.25% Perpetual	GBP 907,000	797	0.91
BPCE 2.5% 30/11/2032	GBP 400,000	322	0.37
BPCE 5.25% 16/4/2029	GBP 200,000	187	0.21
Broadgate Financing 4.821% 05/7/2036	GBP 340,000	338	0.38
Broadgate Financing 5.098% 05/4/2035	GBP 376,833	346	0.39
Bromford Housing 3.125% 03/5/2048	GBP 338,000	235	0.27
Cadent Finance 2.75% 22/9/2046	GBP 200,000	122	0.14
CaixaBank 1.5% 03/12/2026	GBP 700,000	611	0.70
Canary Wharf Finance II 0% 22/10/2033	GBP 18,195	19	0.02
Centrica 7% 19/9/2033	GBP 200,000	214	0.24
Chancellor Masters & Scholars of The University of Cambridge 2.35% 27/6/2078	GBP 221,000	131	0.15
Channel Link Enterprises Finance 3.043% 30/6/2050	GBP 250,000	207	0.24
Channel Link Enterprises Finance 6.341% 30/6/2046	GBP 199,263	194	0.22
Circle Anglia Social Housing 7.25% 12/11/2038	GBP 220,000	256	0.29
Citigroup 1.75% 23/10/2026	GBP 403,000	354	0.40
Citigroup 6.8% 25/6/2038	GBP 420,000	496	0.56
CK Hutchison Telecom Finance 2% 17/10/2027	GBP 241,000	205	0.23
Comcast 5.5% 23/11/2029	GBP 295,000	305	0.35
Connect Plus M25 Issuer 2.607% 31/3/2039	GBP 473,312	383	0.44
Cooperatieve Rabobank UA 4.625% 23/5/2029	GBP 525,000	478	0.54
CPUK Finance 4.875% 28/2/2047	GBP 200,000	184	0.21

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Sterling Denominated Corporate Bonds (Continued)			
Credit Agricole 5.75% 29/11/2027	GBP 300,000	298	0.34
Credit Suisse 2.125% 15/11/2029	GBP 294,000	208	0.24
Credit Suisse 2.25% 09/6/2028	GBP 1,306,000	1,001	1.14
Danske Bank 2.25% 14/1/2028	GBP 700,000	598	0.68
Deutsche Bank 1.875% 22/12/2028	GBP 500,000	397	0.45
Deutsche Bank 2.625% 16/12/2024	GBP 900,000	836	0.95
Digital Stout 3.3% 19/7/2029	GBP 200,000	167	0.19
Dignity Finance 4.6956% 31/12/2049	GBP 350,000	235	0.27
DWR Cymru Financing UK 2.375% 31/3/2034	GBP 364,000	262	0.30
E.ON International Finance 4.75% 31/1/2034	GBP 400,000	367	0.42
E.ON International Finance 5.875% 30/10/2037	GBP 250,000	249	0.28
E.ON International Finance 6.375% 07/6/2032	GBP 350,000	370	0.42
E.ON International Finance 6.75% 27/1/2039	GBP 200,000	218	0.25
Electricite de France 5.5% 27/3/2037	GBP 100,000	94	0.11
Electricite de France 5.5% 17/10/2041	GBP 700,000	649	0.74
Electricite de France 5.875% Perpetual	GBP 300,000	245	0.28
Electricite de France 6% 23/1/2114	GBP 400,000	370	0.42
Electricite de France 6% Perpetual	GBP 200,000	178	0.20
Enel Finance International 2.875% 11/4/2029	GBP 200,000	171	0.19
Enel Finance International 5.75% 14/9/2040	GBP 500,000	485	0.55
Eversholt Funding 2.742% 30/6/2040	GBP 533,077	418	0.48
Eversholt Funding 3.529% 07/8/2042	GBP 406,000	290	0.33
Eversholt Funding 6.697% 22/2/2035	GBP 227,679	234	0.27
Finance 6.25% 14/12/2026	GBP 375,000	381	0.43
Firstgroup 6.875% 18/9/2024	GBP 321,000	320	0.36
Ford Motor Credit 2.748% 14/6/2024	GBP 700,000	660	0.75
Ford Motor Credit 4.535% 06/3/2025	GBP 200,000	190	0.22
Futures Treasury 3.375% 08/2/2044	GBP 300,000	225	0.26
Gatwick Funding 2.5% 15/4/2032	GBP 100,000	80	0.09
Gatwick Funding 2.875% 05/7/2051	GBP 366,000	217	0.25
Gatwick Funding 4.625% 27/3/2036	GBP 700,000	615	0.70
Gatwick Funding 6.125% 02/3/2028	GBP 600,000	605	0.69
GE Capital UK Funding Unlimited 5.875% 18/1/2033	GBP 163,000	165	0.19
General Motors Financial 1.55% 30/7/2027	GBP 403,000	332	0.38
GlaxoSmithKline Capital 1.625% 12/5/2035	GBP 544,000	381	0.43
GlaxoSmithKline Capital 6.375% 09/3/2039	GBP 536,000	614	0.70
Grainger 3% 03/7/2030	GBP 398,000	298	0.34
Great Rolling Stock 6.5% 05/4/2031	GBP 228,000	231	0.26
Gwynt y Mor OFTO 2.778% 17/2/2034	GBP 143,330	122	0.14

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Sterling Denominated Corporate Bonds (Continued)			
Hammerson 3.5% 27/10/2025	GBP 900,000	776	0.88
Hammerson 7.25% 21/4/2028	GBP 200,000	183	0.21
Heathrow Funding 2.625% 16/3/2028	GBP 871,000	699	0.80
Heathrow Funding 2.75% 09/8/2051	GBP 120,000	70	0.08
Heathrow Funding 5.875% 13/5/2043	GBP 250,000	242	0.28
Heathrow Funding 6.45% 10/12/2031	GBP 800,000	820	0.93
Hexagon Housing Association 3.625% 22/4/2048	GBP 450,000	323	0.37
Home 3.125% 27/3/2043	GBP 194,000	136	0.15
HSBC 1.75% 24/7/2027	GBP 546,000	469	0.53
HSBC 2.625% 16/8/2028	GBP 350,000	296	0.34
HSBC 3% 29/5/2030	GBP 384,000	318	0.36
HSBC 6% 29/3/2040	GBP 500,000	456	0.52
Hyde Housing Association 1.75% 18/8/2055	GBP 396,000	189	0.22
Imperial Brands Finance 8.125% 15/3/2024	GBP 500,000	513	0.58
Income Contingent Student Loans 2 2007-2009 2.5% 24/7/2058	GBP 279,620	201	0.23
Incommunities Treasury 3.25% 21/3/2049	GBP 100,000	72	0.08
ING Groep 1.125% 07/12/2028	GBP 700,000	561	0.64
KBC 5.5% 20/9/2028	GBP 400,000	393	0.45
Land Capital Markets 2.399% 08/2/2031	GBP 300,000	258	0.29
Land Capital Markets 2.625% 22/9/2039	GBP 350,000	256	0.29
Landesbank Baden-Wuerttemberg 1.125% 08/12/2025	GBP 400,000	353	0.40
Legal & General 4.5% 01/11/2050	GBP 220,000	190	0.22
Lloyds Bank Corporate Markets 1.75% 11/7/2024	GBP 376,000	358	0.41
Lloyds Banking 1.875% 15/1/2026	GBP 500,000	461	0.53
Lloyds Banking 1.985% 15/12/2031	GBP 697,000	584	0.67
Lloyds Banking 8.5% Perpetual	GBP 300,000	301	0.34
London & Quadrant Housing Trust 2.25% 20/7/2029	GBP 460,000	381	0.43
London & Quadrant Housing Trust 3.75% 27/10/2049	GBP 200,000	146	0.17
M&G 5.56% 20/7/2055	GBP 550,000	471	0.54
M&G 5.625% 20/10/2051	GBP 321,000	291	0.33
McDonald's 3.75% 31/5/2038	GBP 248,000	211	0.24
Meadowhall Finance 4.986% 12/7/2037	GBP 197,278	183	0.21
Metrocentre Finance 8.75% 06/12/2028	GBP 911,874	367	0.42
Metropolitan Housing Trust 1.875% 28/7/2036	GBP 250,000	164	0.19
Mitchells & Butlers Finance 5.965% 15/12/2025	GBP 12,084	12	0.01
Morgan Stanley 2.625% 09/3/2027	GBP 200,000	180	0.21
Morgan Stanley 5.789% 18/11/2033	GBP 411,000	410	0.47
Morhomes 3.4% 19/2/2040	GBP 644,000	498	0.57
Motability Operations 2.375% 03/7/2039	GBP 400,000	287	0.33

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Sterling Denominated Corporate Bonds (Continued)			
MPT Operating Partnership LP 3.692% 05/6/2028	GBP 646,000	470	0.54
National Australia Bank 1.699% 15/9/2031	GBP 447,000	366	0.42
National Australia Bank 3% 04/9/2026	GBP 510,000	479	0.55
National Express 2.375% 20/11/2028	GBP 200,000	164	0.19
National Express 4.25% Perpetual	GBP 207,000	168	0.19
National Grid Electricity Distribution West Midlands 6% 09/5/2025	GBP 300,000	302	0.34
Nationwide Building Society 6.178% 07/12/2027	GBP 216,000	216	0.25
NatWest 2.057% 09/11/2028	GBP 403,000	336	0.38
NatWest 2.875% 19/9/2026	GBP 503,000	462	0.53
NatWest 3.619% 29/3/2029	GBP 407,000	355	0.40
NatWest 3.622% 14/8/2030	GBP 702,000	646	0.74
NatWest 4.5% Perpetual	GBP 300,000	229	0.26
NatWest 5.125% Perpetual	GBP 230,000	192	0.22
Nestle 2.5% 04/4/2032	GBP 300,000	253	0.29
NewRiver REIT 3.5% 07/3/2028	GBP 119,000	96	0.11
Next 3.625% 18/5/2028	GBP 350,000	308	0.35
NGG Finance 5.625% 18/6/2073	GBP 925,000	873	0.99
NIE Finance 5.875% 01/12/2032	GBP 142,000	146	0.17
Northern Powergrid Northeast 1.875% 16/6/2062	GBP 277,000	139	0.16
Northern Powergrid Northeast 3.25% 01/4/2052	GBP 150,000	108	0.12
Northumbrian Water Finance 6.375% 28/10/2034	GBP 236,000	251	0.29
Optivo Finance 3.283% 22/3/2048	GBP 425,000	293	0.33
Orange 5.625% 23/1/2034	GBP 500,000	515	0.59
Ørsted 2.5% 18/2/3021	GBP 428,000	291	0.33
Ørsted 4.875% 12/1/2032	GBP 250,000	244	0.28
Pacific National Finance Pty 5% 19/9/2023	GBP 300,000	295	0.34
Paragon Treasury 2% 07/5/2036	GBP 300,000	204	0.23
Paragon Treasury 3.625% 21/1/2047	GBP 500,000	380	0.43
Peabody Capital No 2 4.625% 12/12/2053	GBP 150,000	131	0.15
Penarian Housing Finance 3.212% 07/6/2052	GBP 410,000	286	0.33
Pension Insurance 3.625% 21/10/2032	GBP 293,000	218	0.25
Pension Insurance 5.625% 20/9/2030	GBP 402,000	360	0.41
Petroleos Mexicanos 3.75% 16/11/2025	GBP 450,000	392	0.45
Porterbrook Rail Finance 4.625% 04/4/2029	GBP 250,000	231	0.26
Prologis International Funding II 2.75% 22/2/2032	GBP 150,000	120	0.14
Prologis International Funding II 3% 22/2/2042	GBP 206,000	143	0.16
Quadrant Housing Finance 7.93% 10/2/2033	GBP 89,152	100	0.11
Realty Income 1.75% 13/7/2033	GBP 490,000	338	0.38
RL Finance Bonds No. 2 6.125% 30/11/2043	GBP 160,000	160	0.18

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Sterling Denominated Corporate Bonds (Continued)			
RL Finance Bonds No. 4 4.875% 07/10/2049	GBP 401,000	309	0.35
Sanctuary Capital 5% 26/4/2047	GBP 200,000	186	0.21
Santander UK 3.625% 14/1/2026	GBP 246,000	229	0.26
Santander UK 5.25% 16/2/2029	GBP 350,000	357	0.41
Santander UK 7.098% 16/11/2027	GBP 541,000	548	0.62
Scottish Hydro Electric Transmission 2.25% 27/9/2035	GBP 701,000	494	0.56
Segro 5.125% 06/12/2041	GBP 260,000	243	0.28
Severn Trent Utilities Finance 2% 02/6/2040	GBP 212,000	132	0.15
Severn Trent Utilities Finance 2.75% 05/12/2031	GBP 120,000	99	0.11
Severn Trent Utilities Finance 4.625% 30/11/2034	GBP 122,000	114	0.13
Societe Generale 1.875% 03/10/2024	GBP 700,000	657	0.75
South Eastern Power Networks 5.625% 30/9/2030	GBP 168,000	171	0.19
Southern Gas Networks 4.875% 21/3/2029	GBP 300,000	293	0.33
Southern Housing 2.375% 08/10/2036	GBP 304,000	213	0.24
Southern Water Services Finance 1.625% 30/3/2027	GBP 351,000	299	0.34
Southern Water Services Finance 3% 28/5/2037	GBP 631,000	446	0.51
Sovereign Housing Capital 2.375% 04/11/2048	GBP 135,000	81	0.09
TC Dudgeon Ofto 3.158% 12/11/2038	GBP 405,954	342	0.39
Telereal Secured Finance 4.01% 10/12/2033	GBP 358,644	329	0.37
Telereal Securitisation 1.3657% 10/12/2033	GBP 93,288	80	0.09
Telereal Securitisation 1.9632% 10/12/2033	GBP 163,000	144	0.16
Telereal Securitisation 4.9741% 10/12/2033	GBP 66,750	66	0.08
Tesco Property Finance 3 5.744% 13/4/2040	GBP 699,805	652	0.74
Tesco Property Finance 4 5.8006% 13/10/2040	GBP 654,110	612	0.70
Thames Water Utilities Finance 4.375% 03/7/2034	GBP 650,000	570	0.65
Thames Water Utilities Finance 5.125% 28/9/2037	GBP 400,000	366	0.42
Time Warner Cable 5.75% 02/6/2031	GBP 325,000	304	0.35
Toronto-Dominion Bank 2.875% 05/4/2027	GBP 504,000	457	0.52
UBS 1.875% 03/11/2029	GBP 763,000	621	0.71
UNITE 3.5% 15/10/2028	GBP 360,000	304	0.35
United Utilities Water Finance 1.75% 10/2/2038	GBP 229,000	149	0.17
United Utilities Water Finance 1.875% 03/6/2042	GBP 459,000	277	0.32
University of Oxford 2.544% 08/12/2117	GBP 139,000	78	0.09
Vattenfall 2.5% 29/6/2083	GBP 350,000	271	0.31
Verizon Communications 1.875% 03/11/2038	GBP 603,000	381	0.43
Virgin Money UK 2.625% 19/8/2031	GBP 529,000	432	0.49
Virgin Money UK 4% 03/9/2027	GBP 450,000	407	0.46
Virgin Money UK 5.125% 11/12/2030	GBP 301,000	279	0.32
Virgin Money UK 7.875% 14/12/2028	GBP 200,000	199	0.23

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Sterling Denominated Corporate Bonds (Continued)			
Vmed O2 UK Financing I 4% 31/1/2029	GBP 330,000	257	0.29
Vodafone 3% 12/8/2056	GBP 540,000	327	0.37
Volkswagen Financial Services 1.375% 14/9/2028	GBP 800,000	618	0.70
Volkswagen Financial Services 1.875% 03/12/2024	GBP 200,000	187	0.21
Volkswagen Financial Services 5.5% 07/12/2026	GBP 600,000	586	0.67
Walmart 5.25% 28/9/2035	GBP 500,000	527	0.60
Wellcome Trust 2.517% 07/2/2118	GBP 245,000	137	0.16
Wells Fargo 2.125% 24/9/2031	GBP 250,000	191	0.22
Wells Fargo & 2% 28/7/2025	GBP 210,000	194	0.22
Welltower 4.8% 20/11/2028	GBP 510,000	472	0.54
Western Power Distribution East Midlands 1.75% 09/9/2031	GBP 200,000	149	0.17
Western Power Distribution West Midlands 5.75% 16/4/2032	GBP 550,000	554	0.63
Westfield Stratford City Finance NO 2 1.642% 04/8/2031	GBP 504,000	434	0.49
Wheatley Capital 4.375% 28/11/2044	GBP 250,000	217	0.25
Workspace 2.25% 11/3/2028	GBP 935,000	697	0.79
Yorkshire Building Society 3.511% 11/10/2030	GBP 111,000	93	0.11
Yorkshire Housing Finance 4.125% 31/10/2044	GBP 280,000	229	0.26
Yorkshire Power Finance 7.25% 04/8/2028	GBP 200,000	216	0.25
Yorkshire Water Finance 1.75% 27/10/2032	GBP 389,000	281	0.32
Yorkshire Water Finance 6.375% 19/8/2039	GBP 350,000	382	0.44
Zurich Finance Ireland Designated Activity 5.125% 23/11/2052	GBP 388,000	351	0.40
Non-Sterling Denominated Corporate Bonds 5.40% (5.71%)			
Anglo American Capital 4.75% 21/9/2032	EUR 250,000	217	0.25
Athora Netherlands 7% Perpetual	EUR 600,000	517	0.59
Australia & New Zealand Banking 5.0875% FRN Perpetual	USD 1,000,000	557	0.63
CaixaBank 5.25% Perpetual	EUR 800,000	612	0.70
Charter Communications Operating Capital 5.125% 01/7/2049	USD 300,000	190	0.22
Commerzbank 6.125% Perpetual	EUR 200,000	164	0.19
Cromwell Ereit Lux Finco Sarl 2.125% 19/11/2025	EUR 520,000	368	0.42
Deutsche Bank 4.625% Perpetual	EUR 600,000	404	0.46
Digital Intrepid 0.625% 15/7/2031	EUR 300,000	181	0.20
Omega Healthcare Investors 3.25% 15/4/2033	USD 389,000	235	0.27
Standard Chartered 7.014% Perpetual	USD 600,000	464	0.53
Telefonica Europe 2.376% Perpetual	EUR 400,000	265	0.30
Vodafone 3% 27/8/2080	EUR 450,000	318	0.36
Westpac Banking 4.31986% FRN Perpetual	USD 450,000	248	0.28

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Derivatives -0.10% (0.03%)			
EUR Forward Foreign Currency Contracts -0.04% (0.02%)			
Forward Foreign Currency Contracts 18/1/2023	EUR (3,347,082)		
Forward Foreign Currency Contracts 18/1/2023	GBP 2,940,304	(31)	(0.04)
Forward Foreign Currency Contracts 18/1/2023	EUR (72,931)		
Forward Foreign Currency Contracts 18/1/2023	GBP 64,007	(1)	–
Forward Foreign Currency Contracts 18/1/2023	EUR (83,529)		
Forward Foreign Currency Contracts 18/1/2023	GBP 73,511	–	–
Forward Foreign Currency Contracts 18/1/2023	EUR (77,235)		
Forward Foreign Currency Contracts 18/1/2023	GBP 66,579	(2)	–
USD Forward Foreign Currency Contracts 0.11% (0.01%)			
Forward Foreign Currency Contracts 17/1/2023	USD (50,068)		
Forward Foreign Currency Contracts 17/1/2023	GBP 40,948	(1)	–
Forward Foreign Currency Contracts 18/1/2023	USD (2,136,796)		
Forward Foreign Currency Contracts 18/1/2023	GBP 1,870,473	95	0.11
Forward Foreign Currency Contracts 18/1/2023	USD 42,940		
Forward Foreign Currency Contracts 18/1/2023	GBP (35,945)	–	–
Forward Foreign Currency Contracts 18/1/2023	USD 35,613		
Forward Foreign Currency Contracts 18/1/2023	GBP (30,089)	(1)	–
Forward Foreign Currency Contracts 18/1/2023	USD 7,249		
Forward Foreign Currency Contracts 18/1/2023	GBP (6,110)	–	–
Futures -0.17% (0.00%)			
Euro-Bund March 2023 Futures	(3)	24	0.03
Long Gilt March 2023 Futures	25	(174)	(0.20)
Portfolio of investments		86,076	98.04
Net current assets		1,722	1.96
Total net assets		87,798	100.00

Total unapproved and unquoted securities 0.00%.

Comparative figures in brackets refer to 31 December 2021.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers, which are listed on an eligible securities market.

Portfolio Statement by asset class

	Market value 31 December 2022 £000's	Percentage of total net assets 31 December 2022 %	Market value 31 December 2021 £000's	Percentage of total net assets 31 December 2021 %
Bonds	86,167	98.14	117,521	98.84
Derivatives	(91)	(0.10)	39	0.03
Portfolio of investments	86,076	98.04	117,560	98.87
Net current assets	1,722	1.96	1,342	1.13
Total net assets	87,798	100.00	118,902	100.00

Financial Statements

Statement of Total Return

for the year ended 31 December 2022

	Notes	31 December 2022		31 December 2021	
		£000's	£000's	£000's	£000's
Income					
Net capital losses					
Net capital losses on investments	1	(26,647)		(6,088)	
Other gains/(losses)	1	7		(11)	
			(26,640)		(6,099)
Revenue	2	3,355		3,755	
Expenses	3	(76)		(98)	
Interest payable and similar charges	5	(18)		(23)	
Net revenue before taxation		3,261		3,634	
Taxation	4	(17)		(10)	
Net revenue after taxation			3,244		3,624
Total return before distributions			(23,396)		(2,475)
Distributions	6		(3,320)		(3,722)
Net decrease in Shareholders' funds from Investment activities			(26,716)		(6,197)

Statement of Movement in Shareholders' Funds

for the year ended 31 December 2022

	31 December 2022		31 December 2021	
	£000's	£000's	£000's	£000's
Opening net assets attributable to Shareholders		118,902		137,610
Amounts receivable on creation of shares	12,953		15,683	
Amounts payable on cancellation of shares	(17,341)		(28,194)	
		(4,388)		(12,511)
Net decrease in Shareholders' funds from investment activities (see above)		(26,716)		(6,197)
Closing net assets attributable to Shareholders		87,798		118,902

All results above are derived from continuing activities for both the current and prior years.

Financial Statements

Continued

Statement of Financial Position

as at 31 December 2022

		31 December 2022		31 December 2021	
	Notes	£000's	£000's	£000's	£000's
Assets					
Fixed assets					
Investment assets at fair value through profit or loss			86,286		117,580
Current assets					
Debtors	8	1,438		1,781	
Cash and bank balances	9	1,218		554	
Total current assets			2,656		2,335
Total assets			88,942		119,915
Liabilities					
Investment liabilities at fair value through profit or loss			(210)		(20)
Creditors					
Amounts due to futures clearing houses and brokers		(9)		(1)	
Distribution payable	10	(836)		(864)	
Other creditors	10	(89)		(128)	
Total current liabilities			(934)		(993)
Total liabilities			(1,144)		(1,013)
Net assets attributable to Shareholders			87,798		118,902

All liabilities are current.

The notes on pages 24 to 34 and pages 138 to 143 form part of the Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2022

1 Net capital losses

The net capital losses on investments during the year comprise:

	31 December 2022 £000's	31 December 2021 £000's
Non-derivative securities*	(25,954)	(6,372)
Derivative securities*	(268)	(26)
Forward currency contracts*	(409)	331
Other gains/(losses) – currency gains/(losses)*	7	(11)
Custodial transaction fees	(16)	(21)
Net capital losses	(26,640)	(6,099)

*Net losses (excluding custodial transaction fees) listed above of £(26,624,072) comprise net realised losses of £(2,995,855) and net unrealised losses of £(23,628,217) (2021: net losses of £(6,078,556) comprise net realised gains of £1,858,057 and net unrealised losses of £(7,936,613)). £161,034 of the net realised gains in the current year had been shown as net unrealised losses in previous years (2021: £1,385,858 net realised gains).

2 Revenue

	31 December 2022 £000's	31 December 2021 £000's
Derivative income	39	28
Interest on debt securities	3,294	3,726
Money market deposit	22	1
Total revenue	3,355	3,755

3 Expenses

	31 December 2022 £000's	31 December 2021 £000's
Payable to the Manager or Associate of the Manager:		
Manager's periodic charge	5	7
	5	7
Other expenses:		
Audit fees	12	22
Custodian fees	25	33
Directors' fees	11	11
Other expenses	23	25
	71	91
Total expenses	76	98

4 Taxation

	31 December 2022 £000's	31 December 2021 £000's
Withholding tax on interest debt securities	17	10
Total taxation	17	10

Notes to the Financial Statements

Continued

5 Interest payable and similar charges

	31 December 2022 £000's	31 December 2021 £000's
Derivative expense	16	22
Interest payable	2	1
Total interest payable and similar charges	18	23

6 Distributions

The distributions take account of equalisation amounts added on the creation of shares and equalisation amounts deducted on the cancellation of shares. They comprise:

	31 December 2022 £000's	31 December 2021 £000's
Interim distribution 31 March	852	965
Interim distribution 30 June	822	963
Interim distribution 30 September	804	885
Final distribution 31 December	835	864
	3,313	3,677
Amounts added on creation of shares	(66)	(69)
Amounts deducted on cancellation of shares	73	114
Gross distributions for the year	3,320	3,722

Details of the distribution per share are set out on the statements on pages 144 to 145.

7 Net movement between revenue after taxation and distributions

	31 December 2022 £000's	31 December 2021 £000's
Net revenue after taxation	3,244	3,624
Expenses paid from capital	76	98
Gross distributions for the year	3,320	3,722

8 Debtors

	31 December 2022 £000's	31 December 2021 £000's
Accrued revenue	1,403	1,525
Amounts receivable on creation of shares	11	254
Prepaid expenses	2	2
Sales awaiting settlement	22	–
Total debtors	1,438	1,781

Notes to the Financial Statements

Continued

9 Cash and bank balances

	31 December 2022 £000's	31 December 2021 £000's
Amount held at futures clearing houses and brokers	332	138
Cash held at bank	886	46
Term deposits	–	370
Total cash and bank balances	1,218	554

10 Creditors

	31 December 2022 £000's	31 December 2021 £000's
a) Distribution payable		
Gross distribution payable	836	864
Total distribution payable	836	864
b) Other creditors		
Accrued expenses	31	32
Amount payable for cancellation of shares	58	96
Total other creditors	89	128

11 Related party transactions

Manager's periodic charge and Registrar's fees payable to abrdn Capital (CI) Limited are shown in Note 3. The aggregate monies received through creation and paid through cancellation of shares are disclosed in the Statement of Movement in Shareholders' Funds and Note 6. Any amounts due to or from the Manager at the year end are included in Notes 8 and 10. The total balance due to the Manager in respect of Manager's periodic charge and Registrar's fees at 31 December 2022 is £712 (2021: £623).

Directors' fees payable to the Board of Directors are shown in Note 3.

12 Financial Instruments

(a) Interest rate risk

The table that follows details the interest rate risk profile of the Sterling Fixed Interest Class assets at 31 December 2022.

	Floating Rate Investment £000's	Fixed Rate Investments £000's	Non-Interest Bearing Investments £000's	Total £000's
Investment assets	805	85,362	119	86,286
Investment liabilities	–	–	(210)	(210)

The table that follows details the interest rate risk profile of the Sterling Fixed Interest Class assets at 31 December 2021.

	Floating Rate Investment £000's	Fixed Rate Investments £000's	Non-Interest Bearing Investments £000's	Total £000's
Investment assets	1,453	116,068	59	117,580
Investment liabilities	–	–	(20)	(20)

Notes to the Financial Statements

Continued

At 31 December 2022, if the value of interest rate increased or decreased by 1%, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £862,000 (2021: £1,175,000).

(b) Foreign currency risk

The table that follows details the foreign currency risk profile of the Sterling Fixed Interest Class assets at the Statement of Financial Position date.

	31 December 2022 Investments £000's	31 December 2022 Net Current Assets £000's	31 December 2022 Total £000's	31 December 2021 Total £000's
Euro	(107)	32	(75)	(12)
US Dollar	(53)	33	(20)	(27)
Total	(160)	65	(95)	(39)

At 31 December 2022, if the value of Sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £5,000 (2021: £2,000).

(c) Credit risk

Counterparty Details of OTC Financial Derivative Transactions

The counterparty exposure is shown below:

Broker	31 December 2022 Forwards £000's	31 December 2022 Total Exposure £000's	31 December 2021 Forwards £000's	31 December 2021 Total Exposure £000's
Barclays	(1)	(1)	11	11
Citigroup	–	–	29	29
HSBC	(1)	(1)	–	–
Royal Bank of Canada	(1)	(1)	–	–
Societe Generale	(2)	(2)	–	–
UBS	64	64	–	–
	59	59	40	40

Counterparty exposure has not been disclosed for exchange traded derivatives as the exchange requirements in respect of collateral mean that, in the opinion of the Manager, the counterparty risk is mitigated.

Credit quality

The credit quality of the Fund's investments in debt securities is shown below:

Credit quality	31 December 2022 % of Net Assets	31 December 2021 % of Net Assets
Investment grade	79.04	79.05
Non-investment grade	18.52	15.68
Not rated	0.58	4.11
Total bonds	98.14	98.84

(d) Other price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

Notes to the Financial Statements

Continued

As at 31 December 2022, if the prices of investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to the shareholders would increase or decrease by approximately £4,304,000 (2021: £5,878,000).

(e) Valuation of financial investments

The following table analyses within the fair value hierarchy the assets and liabilities (by class of financial instrument) measured at fair value.

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
31 December 2022				
Bonds	1,636	84,531	–	86,167
Derivatives	(150)	59	–	(91)
	1,486	84,590	–	86,076
31 December 2021				
Bonds	1,471	116,050	–	117,521
Derivatives	(1)	40	–	39
	1,470	116,090	–	117,560

The different levels of the fair value hierarchy are defined on page 33.

13 Portfolio transaction costs

For the year 1 January 2022 to 31 December 2022

	Value £000's	Commissions £000's	%	Taxes £000's	%
Purchases					
Debt Instruments	23,994	–	–	–	–
Total purchases	23,994	–		–	
Total purchases including transaction costs	23,994				
Sales					
Debt Instruments	28,842	–	–	–	–
Total sales	28,842	–		–	
Total sales net of transaction costs	28,842				
Total transaction costs		–		–	
Total transaction costs as a % of average net assets		0.00%		0.00%	

Notes to the Financial Statements

Continued

For the year 1 January 2021 to 31 December 2021

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Debt Instruments	35,475	–	–	–	–
Total purchases	35,475	–		–	
Total purchases including transaction costs	35,475				
Sales					
Debt Instruments	45,566	–	–	–	–
Total sales	45,566	–		–	
Total sales net of transaction costs	45,566				
Total transaction costs		–		–	
Total transaction costs as a % of average net assets		0.00%		0.00%	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Statement of Financial Position date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.89% (2021: 0.74%).

14 Share movement

For the year 1 January 2022 to 31 December 2022

	Retail Shares	Z Shares
Opening shares	1,139,046	221,997,945
Shares issued	5,225	28,538,301
Shares redeemed	(1,363,995)	(35,868,083)
Shares converted	980,451	(1,603,579)
Closing shares	760,727	213,064,584

Distribution Statements

for the year ended 31 December 2022

Final Distribution

For the three months ended 31 December 2022

Group 1: Shares purchased prior to 1 October 2022

Group 2: Shares purchased 1 October 2022 to 31 December 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Payable
Retail Shares			
Group 1	0.6359	–	0.6359
Group 2	0.1974	0.4385	0.6359
Z Shares			
Group 1	0.3901	–	0.3901
Group 2	0.1756	0.2145	0.3901

The final distribution for the period ended 31 December 2021 was 0.6370 pence per Retail share and 0.3860 pence per Z share.

Third Quarter Distribution

For the three months ended 30 September 2022

Group 1: Shares purchased prior to 1 July 2022

Group 2: Shares purchased 1 July 2022 to 30 September 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	0.5997	–	0.5997
Group 2	0.2037	0.3960	0.5997
Z Shares			
Group 1	0.3674	–	0.3674
Group 2	0.0997	0.2677	0.3674

The interim distribution for the period ended 30 September 2021 was 0.6369 pence per Retail share and 0.3874 pence per Z share.

Second Quarter Distribution

For the three months ended 30 June 2022

Group 1: Shares purchased prior to 1 April 2022

Group 2: Shares purchased 1 April 2022 to 30 June 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	0.6097	–	0.6097
Group 2	0.2089	0.4008	0.6097
Z Shares			
Group 1	0.3729	–	0.3729
Group 2	0.1511	0.2218	0.3729

The interim distribution for the period ended 30 June 2021 was 0.6434 pence per Retail share and 0.3903 pence per Z share.

Distribution Statements

Continued

First Quarter Distribution

For the three months ended 31 March 2022

Group 1: Shares purchased prior to 1 January 2022

Group 2: Shares purchased 1 January 2022 to 31 March 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	0.6253	–	0.6253
Group 2	0.2142	0.4111	0.6253
Z Shares			
Group 1	0.3817	–	0.3817
Group 2	0.1678	0.2139	0.3817

The interim distribution for the period ended 31 March 2021 was 0.6482 pence per Retail share and 0.3923 pence per Z share.

*Equalisation applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital.

UK Equity Class Fund Report

Environment

Towards the end of 2021, the general consensus among economists was that UK inflation may be merely transitory. That proved to be overly optimistic, with the domestic consumer price index (CPI) accelerating to 40-year highs of 11.1% in October 2022. Market volatility increased after Russia invaded Ukraine in February, which led to a surge in energy and food costs. The oil price hit a multi-year high and natural gas also soared. Central banks around the world reacted to a sharp increase in inflation by raising interest rates.

The US Federal Reserve (Fed) began to raise its key interest rate in March and went on an aggressive rate hike cycle, ending the year with a Fed funds rate of 4.25-4.5%, up from 0.25% at the beginning of the year. With substantially higher rates, headline US inflation peaked at 9.1% in June and has since decelerated to 6.5% by the year end. That was a lower level than the 7.5% recorded at the end of 2021, suggesting that higher interest rates have put downward pressure on inflation.

Like the Fed, the Bank of England (BoE) also went on an aggressive rate hiking cycle to counter elevated inflation. The base rate went from 0.25% at the beginning of 2022 to 3.5% at the end. Despite these efforts by BoE, headline inflation in UK remains persistently high at 10.5% in December, though that is lower than a peak of 11.1% in October.

Despite these challenges, UK equities were relatively resilient during the year, with the FTSE 100 Index ending the year modestly up. This relative outperformance versus other developed markets owed much to the strength of the large caps that make up the index: it is home to many energy, mining and banking stocks, which were boosted by surging commodity prices and rising interest rates respectively, and has a bias to more modestly priced 'value' stocks.

Defensive sectors such as healthcare, utilities and consumer staples outperformed. In contrast, small and mid-cap stocks experienced a much tougher year, with the more domestic-focused FTSE 250 Index falling by nearly 20%.

Performance

The Fund ended the year down 7.78% (net of fees), behind a positive benchmark return of 0.34%. Relative performance was driven by the negative contribution from stock selection.

During the year, holdings in energy and financials contributed to positive relative performance. Within energy, the overweights in BP and Shell were notable positives. Within financials, the biggest positive contributor was the void in closed-end investments, which saw a meaningful decline last year due to the underperformance of growth-oriented strategies.

Negative relative performance was driven by the consumer discretionary, healthcare and basic materials sectors. Within consumer discretionary, both the overweight allocation and stock selection detracted from performance. Holdings in housebuilders Countryside Partnerships, Bellway and Persimmon were the main detractors, although personal goods companies Dr Martens, Watches of Switzerland and Focusrite were also weak. Healthcare was a relative performance drag due to pharmaceuticals holdings Dechra Pharmaceuticals, Abcam and Biotech Growth Trust. Finally, basic materials were negative for relative performance due to our holding in Synthomer.

Activity

In the first quarter, we started a new position in Segro and increased existing holdings in Shell, BP, Petershill, Dr Martens, Bridgepoint and Alphawave. We reduced our position in BHP and sold holdings in Johnson Matthey and Abcam.

Activity in the second quarter included initiating a new position in Intermediate Capital Group and increasing our existing holdings in Segro, RELX, Unilever, Diageo, Watches of Switzerland, DS Smith, BP, Bridgepoint and Close Brothers. We also sold positions in Brewin Dolphin, Ferguson and BHP Group.

Activity in the third quarter included initiating a new position in GSK and increasing existing holdings in BP, Reckitt and Unilever. We sold positions in Alphawave, Bellway and Dr Martens, and reduced holdings in Diageo, Inchcape, NatWest and Persimmon.

Finally, in the fourth quarter, we increased the Fund's holdings in Dechra Pharmaceuticals, Diageo, Prudential, RELX and Watches of Switzerland, reduced exposure to Shell and NatWest Group and sold Countryside Partnerships.

Outlook

There are reasons to be more optimistic. The BoE has projected that inflation in the UK has already peaked at 11%, and is going to steadily decelerate towards its target of 2% over the course of 2023. On the other hand, monetary policymakers are likely to raise the base rate by at least another 75 basis points judging by current market expectations. We expect the labour market will begin to cool, as rate hikes begin to bite employers.

UK Equity Class Fund Report

Continued

The BoE is not alone in its desire to reduce inflation to lower levels, with tighter monetary policy outlined by central bank governors in the US, across Europe and as far afield as Japan. This large-scale collaborative tightening is fraught with consequences. The raising of interest rates is a blunt but very effective way for central banks to curb excess. However, the likelihood of a policy mistake in an environment of high inflation and full employment aligned with high energy costs is not insignificant. Our scenario analysis suggests that there is a not inconsequential chance that the approach currently being followed could lead to the global economy falling into recession over the next 12 months. However, there are reasons to be optimistic over the battle against the consistently strong inflation we saw last year. Two of the main contributors to rapid price increases throughout the year were high energy prices and persistent supply bottlenecks. Both these factors look to be easing. A mild winter in Europe has led to excess supply of natural gas, which has put downward pressure on energy prices. The recent reopening of the Chinese economy is expected to ease the supply bottlenecks that caused trouble for much of last year.

There are clearly multiple challenges, both economically and politically, that markets are looking to navigate. We continue to monitor these developments closely and will act proactively to take advantage of opportunities as they present themselves.

Our quality, sustainable growth approach maintains our focus on companies underpinned by long-term structural growth themes. We seek to identify businesses that will benefit from shifting trends, while avoiding those where change will be detrimental. Experience has taught us that companies that have strong balance sheets and can create value by generating cash flow exceeding their operational requirements tend to generate stronger, more sustainable returns. They are usually better positioned to reinvest in their businesses and distribute earnings to shareholders. These types of companies merit long-term positions in portfolios regardless of shorter-term sentiment.

Statistics

Price and Revenue Record by Share Class (Calendar Year)

Retail Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	234.61	197.47	7.2935
2019	225.61	196.56	7.6019
2020	220.99	139.68	4.3488
2021	225.80	207.38	6.3973
2022	218.82	174.88	7.0566

Z Shares	Highest Price (p)	Lowest Price (p)	Net Revenue per share* (p)
2018	59.83	50.60	2.0028
2019	58.25	50.31	2.0900
2020	57.00	36.10	1.2439
2021	59.01	54.13	1.7958
2022	57.27	45.96	1.9352

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

Retail Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	1,078,485	196.82	547,958
31 December 2021	1,058,180	216.29	489,237
31 December 2022	760,885	191.82	396,668

Z Shares as at	Net Asset Value (£)	Pence per share	Shares in issue
31 December 2020	9,789,199	51.15	19,139,179
31 December 2021	10,508,986	56.60	18,567,185
31 December 2022	9,073,463	50.44	17,988,243

Statistics

Continued

Top Ten Purchases and Sales

The table below shows the top ten purchases and sales (excluding any derivative transactions) for the year:

Purchases	£000's
Unilever	238
GlaxoSmithKline	216
Shell	195
Segro	170
Diageo	145
Reckitt Benckiser	133
BP	132
RELX	117
Intermediate Capital	104
Bridgepoint	54

Sales	£000's
BHP	449
Brewin Dolphin	234
Ferguson	192
Bellway	145
Abcam	143
NatWest	138
Fevertree Drinks	128
Inchcape	117
Johnson Matthey	116
Diageo	100

Portfolio Statement

as at 31 December 2022

Investments	Holding	Market Value £000's	Total Net Assets %
Australia 0.00% (3.26%)			
Mining 0.00% (3.26%)			
Netherlands 0.00% (4.39%)			
Oil & Gas Producers 0.00% (4.39%)			
Republic of Ireland 2.63% (2.42%)			
Computers 2.63% (2.42%)			
Keywords Studios	9,519	259	2.63
United Kingdom 95.14% (87.15%)			
Apparel 0.00% (0.99%)			
Banks 2.16% (2.85%)			
NatWest	79,926	212	2.16
Beverages 5.44% (6.23%)			
Diageo	14,652	535	5.44
Biotechnology 0.00% (1.65%)			
Chemicals 0.74% (2.79%)			
Synthomer	50,805	73	0.74
Commercial Services 3.94% (2.45%)			
RELX	16,906	387	3.94
Computers 1.96% (2.08%)			
Kainos	12,550	193	1.96
Cosmetics & Personal Care 6.20% (2.58%)			
Haleon	11,976	39	0.40
Unilever	13,624	570	5.80
Distribution & Wholesale 0.00% (4.55%)			
Diversified Financial Services 3.31% (4.83%)			
Ashmore	52,309	125	1.27
Close Brothers	19,227	201	2.04
Electricity 2.19% (1.98%)			
National Grid	21,594	215	2.19
Electronics 1.28% (1.42%)			
Renishaw	3,435	126	1.28
Forest Products & Paper 2.00% (2.20%)			
Mondi	13,970	197	2.00
Home Builders 0.86% (6.14%)			
Persimmon	6,972	85	0.86
Home Furnishings 1.02% (1.54%)			
Focusrite	12,375	100	1.02
Household Products 3.19% (1.78%)			
Reckitt Benckiser	5,456	314	3.19

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Insurance 4.97% (4.60%)			
Legal & General	60,038	150	1.52
Prudential	30,032	339	3.45
Investment Companies 2.58% (2.63%)			
Melrose Industries	137,361	185	1.88
Petershill Partners	40,922	69	0.70
Machinery Construction & Mining 1.88% (1.64%)			
Weir	11,125	185	1.88
Metal & Hardware 1.56% (2.02%)			
Bodycote	26,990	153	1.56
Mining 8.05% (6.03%)			
Anglo American	10,544	341	3.47
Rio Tinto	7,754	450	4.58
Oil & Gas Producers 15.51% (2.98%)			
BP	136,037	646	6.57
Shell	37,778	879	8.94
Oil & Gas Services 0.82% (0.99%)			
John Wood	59,911	81	0.82
Packaging & Containers 2.16% (1.76%)			
DS Smith	66,215	212	2.16
Pharmaceuticals 12.76% (8.85%)			
AstraZeneca	8,244	925	9.41
Dechra Pharmaceuticals	7,334	192	1.95
GSK	9,580	138	1.40
Private Equity 1.54% (0.80%)			
Bridgepoint	35,572	67	0.68
Intermediate Capital	7,444	85	0.86
Real Estate Investment Trusts 2.16% (1.72%)			
Segro	13,273	101	1.03
Tritax Big Box REIT	80,111	111	1.13
Retail 3.35% (2.78%)			
Inchcape	13,039	107	1.09
Watches of Switzerland	27,016	222	2.26
Semiconductors 0.00% (0.76%)			
Telecommunications 3.51% (3.53%)			
Spirent Communications	75,230	196	1.99
Vodafone	178,455	150	1.52

Portfolio Statement

Continued

Investments	Holding	Market Value £000's	Total Net Assets %
Investment Trusts 0.87% (0.95%)			
Biotech Growth Trust	9,239	85	0.87
Portfolio of investments		9,700	98.64
Net current assets		134	1.36
Total net assets		9,834	100.00

Total unapproved and unquoted securities 0.00%.

Comparative figures in brackets refer to 31 December 2021.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers, which are listed on an eligible securities market.

Financial Statements

Statement of Total Return

for the year ended 31 December 2022

	Notes	31 December 2022		31 December 2021	
		£000's	£000's	£000's	£000's
Income					
Net capital (losses)/gains	1		(1,244)		1,151
Revenue	2	391		386	
Expenses	3	(13)		(20)	
Net revenue			378		366
Total return before distributions			(866)		1,517
Distributions	4		(382)		(374)
Net (decrease)/increase in Shareholders' funds from Investment activities			(1,248)		1,143

Statement of Movement in Shareholders' Funds

for the year ended 31 December 2022

	31 December 2022		31 December 2021	
	£000's	£000's	£000's	£000's
Opening net assets attributable to Shareholders		11,567		10,868
Amounts receivable on creation of shares	1,603		662	
Amounts payable on cancellation of shares	(2,091)		(1,107)	
		(488)		(445)
Dilution levy		3		1
Net (decrease)/increase in Shareholders' funds from investment activities (see above)		(1,248)		1,143
Closing net assets attributable to Shareholders		9,834		11,567

All results above are derived from continuing activities for both the current and prior years.

Financial Statements

Continued

Statement of Financial Position

as at 31 December 2022

		31 December 2022		31 December 2021	
	Notes	£000's	£000's	£000's	£000's
Assets					
Fixed assets					
Investment assets at fair value through profit or loss			9,700		11,355
Current assets					
Debtors	6	18		18	
Cash and bank balances	7	276		389	
Total current assets			294		407
Total assets			9,994		11,762
Liabilities					
Creditors					
Distribution payable	8	(156)		(191)	
Other creditors	8	(4)		(4)	
Total liabilities			(160)		(195)
Net assets attributable to Shareholders			9,834		11,567

All liabilities are current.

The notes on pages 24 to 34 and pages 155 to 159 form part of the Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2022

1 Net capital (losses)/gains

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

	31 December 2022 £000's	31 December 2021 £000's
Non-derivative securities*	(1,242)	1,153
Custodial transaction fees	(2)	(2)
Net capital (losses)/gains	(1,244)	1,151

*Net losses (excluding custodial transaction fees) listed above of £(1,242,434) comprise net realised gains of £232,743 and net unrealised losses of £(1,475,177) (2021: net gains of £1,152,881 comprise net realised gains of £99,661 and net unrealised gains of £1,053,220). £294,973 of the net realised gains in the current year had been shown as net unrealised gains in previous years (2021: £(1,189) net realised losses).

2 Revenue

	31 December 2022 £000's	31 December 2021 £000's
Money market deposit	3	–
Overseas dividends	16	4
UK dividends	367	381
UK REIT dividends	5	1
Total revenue	391	386

3 Expenses

	31 December 2022 £000's	31 December 2021 £000's
Payable to the Manager or Associate of the Manager:		
Manager's periodic charge	6	10
	6	10
Other expenses:		
Audit fees	1	2
Custodian fees	3	3
Directors' fees	1	2
Other expenses	2	3
	7	10
Total expenses	13	20

Notes to the Financial Statements

Continued

4 Distributions

The distributions take account of equalisation amounts added on the creation of shares and equalisation amounts deducted on the cancellation of shares. They comprise:

	31 December 2022 £000's	31 December 2021 £000's
Interim distribution 30 June	218	181
Final distribution 31 December	156	191
	374	372
Amounts added on creation of shares	(15)	(4)
Amounts deducted on cancellation of shares	23	6
Gross distributions for the year	382	374

Details of the distribution per share are set out on the statements on page 160.

5 Net movement between revenue after taxation and distributions

	31 December 2022 £000's	31 December 2021 £000's
Net revenue after taxation	378	366
Expenses paid from capital	4	8
Gross distributions for the year	382	374

6 Debtors

	31 December 2022 £000's	31 December 2021 £000's
Accrued revenue	18	18
Total debtors	18	18

7 Cash and bank balances

	31 December 2022 £000's	31 December 2021 £000's
Cash held at bank	5	3
Term deposits	271	386
Total cash and bank balances	276	389

Notes to the Financial Statements

Continued

8 Creditors

	31 December 2022 £000's	31 December 2021 £000's
a) Distribution payable		
Gross distribution payable	156	191
Total distribution payable	156	191
b) Other creditors		
Accrued expenses	4	4
Total other creditors	4	4

9 Related party transactions

Manager's periodic charge and Registrar's fees payable to abrdn Capital (CI) Limited are shown in Note 3. The aggregate monies received through creation and paid through cancellation of shares are disclosed in the Statement of Movement in Shareholders' Funds and Note 4. Any amounts due to or from the Manager at the year end are included in Notes 6 and 8. The total balance due to the Manager in respect of Manager's periodic charge and Registrar's fees at 31 December 2022 is £457 (2021: £628).

Directors' fees payable to the Board of Directors are shown in Note 3.

10 Financial Instruments

(a) Interest rate risk

The Fund does not currently invest in either fixed or floating rate securities and interest rate exposure is restricted to interest on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

(b) Foreign currency risk

The table that follows details the foreign currency risk profile of the UK Equity Class assets at the Statement of Financial Position date.

	31 December 2022 Investments £000's	31 December 2022 Net Current Assets £000's	31 December 2022 Total £000's	31 December 2021 Total £000's
Euro	–	7	7	7
Total	–	7	7	7

At 31 December 2022, if the value of Sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the change in net assets attributable to shareholders from investment activities will increase or decrease by approximately £Nil (2021: £Nil).

(c) Credit risk

The Fund did not enter into any derivative contracts during the year and therefore has no counterparty exposure.

(d) Other price risk

An increase or decrease in market values will have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

Notes to the Financial Statements

Continued

As at 31 December 2022, if the prices of investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to the shareholders would increase or decrease by approximately £485,000 (2021: £568,000).

(e) Valuation of financial investments

The following table analyses within the fair value hierarchy the assets and liabilities (by class of financial instrument) measured at fair value.

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
31 December 2022				
Equities	9,700	–	–	9,700
	9,700	–	–	9,700
31 December 2021				
Equities	11,355	–	–	11,355
	11,355	–	–	11,355

The different levels of the fair value hierarchy are defined on page 33.

11 Portfolio transaction costs

For the year 1 January 2022 to 31 December 2022

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Equity Instruments	1,739	1	0.06	9	0.52
Total purchases	1,739	1		9	
Total purchases including transaction costs	1,749				
Sales					
Equity Instruments	2,137	1	0.05	–	–
Total sales	2,137	1		–	
Total sales net of transaction costs	2,136				
Total transaction costs		2		9	
Total transaction costs as a % of average net assets		0.02%		0.09%	

Notes to the Financial Statements

Continued

For the year 1 January 2021 to 31 December 2021

Purchases	Value £000's	Commissions £000's	%	Taxes £000's	%
Equity Instruments	1,177	1	0.08	4	0.34
Total purchases	1,177	1		4	
Total purchases including transaction costs	1,182				
Sales					
Equity Instruments	1,843	1	0.05	–	–
Collective Investment Schemes	25	–	–	–	–
Total sales	1,868	1		–	
Total sales net of transaction costs	1,867				
Total transaction costs		2		4	
Total transaction costs as a % of average net assets		0.02%		0.03%	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Statement of Financial Position date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.18% (2021: 0.24%).

12 Share movement

For the year 1 January 2022 to 31 December 2022

	Retail Shares	Z Shares
Opening shares	489,237	18,567,185
Shares issued	4,243	3,085,574
Shares redeemed	(96,812)	(3,664,516)
Closing shares	396,668	17,988,243

Distribution Statements

for the year ended 31 December 2022

Final Distribution

For the six months ended 31 December 2022

Group 1: Shares purchased prior to 1 July 2022

Group 2: Shares purchased 1 July 2022 to 31 December 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Payable
Retail Shares			
Group 1	2.9028	–	2.9028
Group 2	0.8434	2.0594	2.9028
Z Shares			
Group 1	0.8032	–	0.8032
Group 2	0.5493	0.2539	0.8032

The final distribution for the period ended 31 December 2021 was 3.3719 pence per Retail share and 0.9403 pence per Z share.

Interim Distribution

For the six months ended 30 June 2022

Group 1: Shares purchased prior to 1 January 2022

Group 2: Shares purchased 1 January 2022 to 30 June 2022

(In pence per share)	Net Revenue	Equalisation*	Amount Paid
Retail Shares			
Group 1	4.1538	–	4.1538
Group 2	3.3443	0.8095	4.1538
Z Shares			
Group 1	1.1319	–	1.1319
Group 2	0.5393	0.5926	1.1319

The interim distribution for the six months ended 30 June 2021 was 3.0254 pence per Retail share and 0.8555 pence per Z share.

*Equalisation applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital.

Find out more

If you would like more information on abr dn Capital you can:

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Visit our website

www.abrdn.com/discretionary-os/fund-literature

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abr dn Capital (CI) Limited is regulated by the Jersey Financial Services Commission.

abr dn Capital Offshore Strategy Fund Limited is registered in Jersey (number 64833) at IFC 1, The Esplanade, St. Helier, Jersey JE1 4BP.

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