

SVS Heritage Investment Fund

Annual Report

for the year ended 31 December 2023

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SVS Heritage Investment Fund Report of the Authorised Corporate Director ('ACD')

Evelyn Partners Fund Solutions Limited, as ACD, presents herewith the Annual Report for SVS Heritage Investment Fund for the year ended 31 December 2023.

SVS Heritage Investment Fund ('the Company') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 14 November 2016. The Company is incorporated under registration number IC001076. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

The Company has been set up as an umbrella company. Provision exists for an unlimited number of sub-funds to be included within the umbrella and additional sub-funds may be established by the ACD with the agreement of the Depositary and the approval of the FCA. The sub-funds represent segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and shall not be available for any such purpose.

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

On 24 February 2022, Russian troops invaded Ukraine. In response, multiple jurisdictions have imposed economic sanctions on Russia and Belarus. In addition, a growing number of public and private companies have announced voluntary actions to curtail business activities with Russia and Belarus. In particular, SVS Heritage Investment Fund does not have direct exposure to the Russian and Belarusian markets.

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

The Company has no Directors other than the ACD.

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

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

Sub-funds

The Company currently has one sub-fund available for investment, SVS Heritage Balanced Portfolio Fund ('the sub-fund').

Investment objective and policy

The objective of the SVS Heritage Balanced Portfolio Fund is to achieve a total investment return (comprising of a balance of capital growth and income) over the long term (at least 5 years).

The SVS Heritage Balanced Portfolio Fund is a multi-asset fund, meaning that it will have exposure to a range of different asset classes. At any one time, the sub-fund will be invested in any combination of the following: equities, preference shares (including zero-dividend preference shares), cash, investment trusts, real estate investment trusts and fixed interest securities including corporate, government and convertible bonds. The sub-fund may also hold near cash instruments, money market instruments, warrants, exchange traded funds and other collective investment schemes.

The allocation between the assets in which the sub-fund invests will be actively managed, with the allocation to shares dependant on market conditions but always remaining within a 20%-80% range. The Investment Manager is not constrained by any particular asset allocation in respect of geography, industry or sector.

Report of the Authorised Corporate Director (continued)

Changes affecting the Company in the year

There were no fundamental or significant changes to the Company in the year.

Further information in relation to the Company is illustrated on page 43.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the Annual Report on behalf of the ACD, Evelyn Partners Fund Solutions Limited.

Neil Coxhead
Director
Evelyn Partners Fund Solutions Limited
16 April 2024

Statement of the Authorised Corporate Director's responsibilities

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

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for the Financial Statements of UK Authorised Funds ('the SORP') issued by The Investment Association in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Company's information on the ACD's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.









COLL also requires the ACD to carry out an Assessment of Value on the Company and publish this assessment within the Annual Report.

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




Assessment of Value - SVS Heritage Balanced Portfolio Fund

In line with the provisions contained within COLL 6.6.20R, the Board of Evelyn Partners Fund Solutions Limited ('EPFL') as Authorised Corporate Director ('ACD'), has carried out an Assessment of Value for SVS Heritage Balanced Portfolio Fund ('the sub-fund'). Furthermore, the rules require that EPFL publishes these assessments.

A high-level summary of the outcome of EPFL's rigorous review of the sub-fund, for the year ended 31 December 2023 using the seven criteria set by the FCA is set out below:

1. Quality of Service	
2. Performance	
3. ACD Costs	
4. Economies of Scale	
5. Comparable Market Rates	
6. Comparable Services	
7. Classes of Shares	
Overall Rating	

EPFL has adopted a traffic light system to show how it rated the sub-fund:

-  On balance, the Board believes the sub-fund has delivered value to shareholders, with no material issues noted.
-  On balance, the Board believes the sub-fund has delivered value to shareholders, but may require some action.
-  On balance, the Board believes the sub-fund has not delivered value to shareholders and significant remedial action is now planned by the Board.

How EPFL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

EPFL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all funds' Assessments of Value. Ultimately the assessments will be subject to scrutiny by the Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the Board prior to communicating to investors if the sub-fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the EPFL AVC has separately considered, the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

EPFL believes the Assessment of Value can make it easier for investors to both evaluate whether the sub-fund is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

- (1) Quality of service – the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance – how the sub-fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs – the fairness and value of the sub-fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale – how costs have been or can be reduced as a result of increased assets-under-management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates – how the costs of the sub-fund compare with others in the marketplace;
- (6) Comparable services – how the charges applied to the sub-fund compare with those of other funds administered by EPFL;
- (7) Classes of shares – the appropriateness of the classes of shares in the sub-fund for investors.

Assessment of Value - SVS Heritage Balanced Portfolio Fund (continued)

1. Quality of Service

What was assessed in this section?

Internal Factors

EPFL, as ACD, has overall responsibility for the sub-fund. The Board assessed, amongst other things: the day-to-day administration of the sub-fund; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of shares; the calculation of income and distribution payments; the maintenance of accounting and other records; the preparation of annual audited and half-yearly Report & Accounts; the review of tax provisions and submission of tax computations to HMRC; the maintenance of the register of shareholders; the dealing and settlement arrangements; and the quality of marketing material sent to shareholders. EPFL delegates the Investment Management of the sub-fund to two delegated Investment Management firms.

The Board reviewed information provided by EPFL's control functions on the adequacy of its internal services, including governance, operations and monitoring. Elements important to the investor experience such as the timely payment of settlement and distribution monies were also reviewed. Over the past year, EPFL has been audited by internal and external auditors, the sub-fund's Depositary and various EPFL delegated Investment Managers.

External Factors

The Board assessed the delegate's skills, processes and experience. Also considered were any results from service review meetings as well as the annual due diligence performed by EPFL on the delegated Investment Manager, Heritage Capital Management Limited ('Heritage'), where consideration was given to, amongst other things, the delegate's controls around the sub-fund's liquidity management.

The Board also considered the nature, extent and quality of administrative and shareholder services performed under separate agreements covering depositary services, custodians, as well as services provided with regard to both audit and legal functions.

What was the outcome of the assessment?

Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on EPFL during the year. In addition, EPFL has performed its own independent analysis, using automated systems, of the sub-fund's liquidity. The Board concluded that EPFL had carried out its duties diligently.

External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefitted and should continue to benefit the sub-fund and its shareholders.

Were there any follow up actions?

There were no follow-up actions required.

2. Performance

What was assessed in this section?

The Board reviewed the performance of the sub-fund, after the deduction of all payments out of the scheme property as set out in the Prospectus. Performance, against its benchmark, was considered over appropriate timescales having regard to the sub-fund's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk had been taken.

Investment Objective

The objective of the sub-fund is to achieve a total investment return (comprising of a balance of capital growth and income) over the long term (at least 5 years).

Benchmark

As ACD, EPFL is required to explain in a fund's scheme documentation why a benchmark is being used or alternatively explain how investors should assess performance of a fund in the absence of a benchmark.

Assessment of Value - SVS Heritage Balanced Portfolio Fund (continued)

2. Performance (continued)

Benchmark (continued)

The benchmark for the sub-fund is the UK Consumer Price Index, which is a comparator. A 'comparator' benchmark is an index or similar factor against which an Investment Manager invites investors to compare a fund's performance. Details of how the sub-fund had performed against its comparator benchmark over various timescales can be found below.

Cumulative Performance as at 30 November 2023(%)

	Currency	1 year	3 year	5 year
SVS Heritage Balanced Portfolio Fund Class A Income	GBP	1.51	10.26	24.14
UK Consumer Price Index	GBX	3.95	21.21	23.36

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but FE fundinfo neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

Performance is calculated net of fees. Past performance is not a guide to future performance.

What was the outcome of the assessment?

The Board assessed the performance of the sub-fund over its minimum recommended holding period of five years and observed that it has outperformed its comparator benchmark, the UK Consumer Price Index.

Consideration was given to the risk metrics associated with the sub-fund which focused on, amongst other things, volatility and risk adjusted returns where EPFL were comfortable that the outcomes were in line with expectations.

The Board found that the sub-fund is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months.

Were there any follow up actions?

There were no follow-up actions required.

3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflected the services provided. This included the Investment Manager's fees, ACD's periodic charge, Depositary/Custodian fees and audit fees.

The charges should be transparent and understandable to the investor, with no hidden costs.

What was the outcome of the assessment?

The Board received and considered information about each of the sub-fund's costs, and concluded that they were fair, reasonable and provided on a competitive basis.

Were there any follow up actions?

There were no follow-up actions required.

4. Economies of Scale

What was assessed in this section?

The Board reviewed each separate fee structure and the AUM of the sub-fund to examine the effect on the sub-fund to potential and existing investors should it increase or decrease in value.

What was the outcome of the assessment?

Both the Investment Manager's fee and ACD periodic charge are on a fixed percentage charge meaning there are no opportunities for savings going forward should the sub-fund grow in size.

The ancillary charges of the sub-fund represent 10 basis points¹. Some of these costs are fixed and as the sub-fund grows in size may result in a small reduction in the basis point cost of these services.

Were there any follow up actions?

There were no follow-up actions required.

¹ One basis point is equal to 1/100th of 1%, or 0.01%. Figure calculated at interim report, 30 June 2023.

Assessment of Value - SVS Heritage Balanced Portfolio Fund (continued)

5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges figure ('OCF') of the sub-fund and how those charges affect its returns. The OCF of the sub-fund was compared against the 'market rate' of similar external funds.

What was the outcome of the assessment?

The OCF of 1.65%² was found to be more expensive than those of similar externally managed funds.

Note that EPFL has not charged an entry fee, exit fee or any other event-based fees on this sub-fund.

Were there any follow up actions?

There was no further action required as the Board were of the opinion that the investment philosophy of investing in other collective schemes was adversely impacting the sub-fund's OCF.

6. Comparable Services

What was assessed in this section?

The Board compared the Investment Manager's fee with those of other funds administered by EPFL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

The Investment Manager's fee was found to be more expensive than other EPFL administered funds displaying similar characteristics.

Were there any follow up actions?

There was no further action required as the Board were of the opinion that the Investment Management fee gave no cause for concern.

7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there are multiple share classes shareholders were in the correct share class given the size of their holding.

What was the outcome of the assessment?

There is only one share class in the sub-fund, therefore this part of the assessment does not apply.

Were there any follow up actions?

There were no follow-up actions required.

Overall Assessment of Value

Notwithstanding the matters discussed in Sections 5 and 6, the Board were of the opinion that SVS Heritage Balanced Portfolio Fund had delivered value to shareholders.

Dean Buckley

Chairman of the Board of Evelyn Partners Fund Solutions Limited

26 February 2024

Consumer Feedback

On reviewing this Assessment of Value report, we would welcome invaluable feedback from investors via our short questionnaire which can be found online:

<https://www.evelyn.com/services/fund-solutions/assessment-of-value/>

Investors views are invaluable to the development and delivery of this report.

Should you be unable to access the questionnaire online please contact us directly on 0141 222 1151 and we will provide you with a paper copy of the questionnaire.

² Figure calculated at interim report, 30 June 2023.

Report of the Depositary to the shareholders of SVS Heritage Investment Fund

Depositary's responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

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

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

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

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

NatWest Trustee and Depositary Services Limited
16 April 2024

Independent Auditor's report to the shareholders of SVS Heritage Investment Fund

Opinion

We have audited the financial statements of SVS Heritage Investment Fund (the 'Company') for the year ended 31 December 2023 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the financial position of the Company as at 31 December 2023 and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the Investment Association of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes sourcebook (COLL Rules) of the Financial Conduct Authority and the Instrument of Incorporation.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

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

Other Information

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

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the COLL Rules

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

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

Independent Auditor's report to the shareholders of SVS Heritage Investment Fund (continued)

Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's responsibilities set out on page 4, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Independent Auditor's report to the shareholders of SVS Heritage Investment Fund (continued)

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

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

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

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

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

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

Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL
16 April 2024

Accounting policies of SVS Heritage Investment Fund

for the year ended 31 December 2023

a Basis of accounting

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

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

b Valuation of investments

The purchases and sales of investments are included up to close of business on the last business day of the accounting year.

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

The quoted investments of the sub-fund have been valued at the global closing bid-market prices excluding any accrued interest in the case of debt securities ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year.

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

c Foreign exchange

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

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

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

d Revenue

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

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

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

Zero dividend preference shares carry no entitlement to dividends but give a preferential right to receive a repayment of capital and a premium from the capital reserves of an investment company. Accordingly, the returns are recognised as capital and do not form part of the sub-fund's distribution.

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

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

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. The effective yield is a calculation that amortises any discount or premium on the purchase of an investment over its remaining life based on estimated cash flows. The amortised amounts form part of the distributable revenue and are calculated at each month end.

Accounting policies of SVS Heritage Investment Fund (continued)

for the year ended 31 December 2023

e Expenses

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accrual basis.

Bank interest paid is charged to revenue.

f Allocation of revenue and expenses to multiple share types

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

g Taxation

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

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

Deferred taxation is provided in full on timing differences that result in an obligation at 31 December 2023 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

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

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

h Efficient Portfolio Management

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

i Dilution adjustment

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

j Distribution policies

i Basis of distribution

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

ii Unclaimed distributions

Distributions to shareholders outstanding after 6 years are taken to the capital property of the sub-fund.

iii Revenue

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

Accounting policies of SVS Heritage Investment Fund (continued)
for the year ended 31 December 2023

j Distribution policies (continued)

iv Expenses

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

v Equalisation

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

SVS Heritage Balanced Portfolio Fund

Investment Manager's report

Investment performance*

Total Return to 31 December 2023	1 Year	3 Year	Since Inception (01.12.2016)
SVS Heritage Balanced Portfolio Fund (Class A Accumulation)	5.43%	11.21%	43.80%
UK Consumer Price Index	3.93%	21.06%	30.37%

Investment activities**

SVS Heritage Balanced Portfolio Fund seeks to generate long-term capital growth at a lower risk than that associated with pure equity market investment through active management of a well diversified multi-asset portfolio. The sub-fund launched on 1 December 2016 and the portfolio structure and strategy is broadly in line with the existing larger offshore version of the sub-fund (the Guernsey regulated Heritage Managed Portfolio Fund that has a successful track record of over 20 years).

Helped by better than expected inflation figures and expectations that interest rates may now have peaked, the sub-fund had a strong end to the year with a gain of 3.90% in December resulting in a reasonable return of 5.43% for 2023 overall.

Within our portfolio of individual shares the best contributions this year came from System1 Group, BP Marsh & Partners, Associated British Foods, Intermediate Capital Group, Computacenter, RELX, Bellway, Young & Co's Brewery, Ocean Wilson Holdings and HSBC Holdings which all gained over 20%, and our largest percentage gain came from a small holding in Gulf Marine Services which was up over 200%. There were also strong performances from private equity funds HgCapital Trust and Oakley Capital Investments, whilst negative performers this year included Unilever, Diageo, Beazley and Close Brothers Group.

Our property holdings had a strong final quarter but overall it was another difficult year with Picton Property Income, Supermarket Income REIT, CLS Holdings and Regional REIT all ending 2023 in negative territory and the only positive contributions coming from TR Property Investment Trust and Target Healthcare REIT. Our bond portfolio currently has an attractive running income yield of over 7% and yield to redemption of over 9%, and with the interest rates cuts now expected in 2024 there is the potential for some decent returns in the year ahead.

Investment strategy and outlook

Although the current outlook remains uncertain, we believe that our portfolio of well diversified investments is well positioned to generate attractive returns for long-term investors.

Heritage Capital Management Limited

4 January 2024

* Source: FE fundinfo based on 10pm mid-prices.

** Source: Refinitiv and Heritage Capital Management Limited.

Summary of portfolio changes

for the year ended 31 December 2023

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

	Cost
	£
Purchases:	
NB Private Equity Partners Zero Dividend Preference Shares	358,160
Society of Lloyd's 4.75% 30/10/2024	295,940
Whitbread Group 3.375% 16/10/2025	281,375
UIL Finance Zero Dividend Preference Shares 31/10/2026	280,785
PHP Finance Jersey 2.875% 15/07/2025	276,300
Rolls-Royce 3.375% 18/06/2026	273,980
Burberry Group 1.125% 21/09/2025	271,650
Lloyds Bank 7.625% 22/04/2025	204,500
Barclays 8.875% Perpetual	185,250
Marks & Spencer 4.5% 10/07/2027	181,940
Investec 6.75% Perpetual	175,480
Vodafone Group 8% 30/08/2086	150,375
UTB Partners 12.95% 31/03/2034	150,000
TClarke	122,000
Regional REIT 4.5% 06/08/2024	104,058
Jupiter Fund Management 8.875% 27/07/2030	101,625
REA Trading 13.5% 30/09/2027	100,000
Conygar Zero Dividend Preference Shares	100,000
esure Group 6.75% 19/12/2024	98,750
Lancashire Holdings	95,770
	Proceeds
	£
Sales:	
Direct Line Insurance Group	182,067
Intermediate Capital Group 5% 24/03/2023	175,000
Land Securities Group	160,927
Marks & Spencer 4.5% 10/07/2027	146,462
Asia Dragon Trust	143,455
BHP Group	140,070
Phoenix Group Holdings 6.625% 18/12/2025	101,539
Liverpool Victoria Friendly Society 6.5% 22/05/2043	100,000
esure Group 6.75% 19/12/2024	100,000
Marks & Spencer 4.25% 08/12/2023	100,000
Schroders	78,059
Rathbone Group	68,960
Bellway	55,426
Oakley Capital Investments	48,791
Lloyds Banking Group	41,800
Vodafone Group	22,712
Hotel Chocolat Group	22,116

Portfolio statement
as at 31 December 2023

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* 18.17% (12.46%)			
Baa1 to Baa2 2.50% (1.04%)			
abrdrn 5.25% Perpetual**	£200,000	168,126	0.51
Burberry Group 1.125% 21/09/2025	£300,000	280,668	0.85
Legal & General Group 5.625% Perpetual**	£200,000	169,696	0.52
Lloyds Bank 7.625% 22/04/2025	£200,000	204,527	0.62
		<u>823,017</u>	<u>2.50</u>
Baa3 and below 15.67% (11.42%)			
Aggregated Micro Power Infrastructure 2.8% 17/10/2036	£150,000	138,000	0.42
Barclays 8.875% Perpetual**	£200,000	199,218	0.61
Brit Insurance Holdings 3.6757% 09/12/2030**	£200,000	146,140	0.44
Co-Operative Group 11% 22/12/2025	£175,000	183,635	0.56
Co-operative Group Holdings 7.5% 08/07/2026	£150,000	147,294	0.45
Coventry Building Society 12.125% Perpetual	£125,000	201,875	0.61
Coventry Building Society 6.875% Perpetual**	£200,000	196,036	0.60
Direct Line Insurance Group 4.75% Perpetual**	£400,000	311,096	0.95
esure Group 6.75% 19/12/2024	£200,000	197,000	0.60
Hiscox 6.125% 24/11/2045**	£200,000	196,337	0.60
International Personal Finance 12% 12/12/2027	£212,500	214,166	0.65
Investec 6.75% Perpetual**	£200,000	182,344	0.55
Jupiter Fund Management 8.875% 27/07/2030**	£300,000	298,875	0.91
Just Group 8.125% 26/10/2029	£150,000	151,611	0.46
Marks & Spencer 4.5% 10/07/2027	£200,000	192,576	0.59
Phoenix Group Holdings 5.75% Perpetual**	£200,000	169,244	0.51
REA Finance 8.75% 31/08/2025	£270,000	234,900	0.71
REA Trading 13.5% 30/09/2027	£200,000	198,000	0.60
Regional REIT 4.5% 06/08/2024	£230,000	212,230	0.64
Rolls-Royce 3.375% 18/06/2026	£300,000	284,277	0.86
Society of Lloyd's 4.75% 30/10/2024	£300,000	296,865	0.90
UTB Partners 12.95% 31/03/2034	£150,000	151,500	0.46
Virgin Money UK 9.25% Perpetual**	£200,000	199,892	0.61
Vodafone Group 8% 30/08/2086**	£150,000	159,933	0.49
Wasps Finance 6.5% 13/05/2022^	£100,000	4,000	0.01
Whitbread Group 3.375% 16/10/2025	£300,000	290,270	0.88
		<u>5,157,314</u>	<u>15.67</u>
Total debt securities		<u>5,980,331</u>	<u>18.17</u>
Convertible bonds 1.35% (0.50%)			
abrdrn Asia Focus 2.25% 31/05/2025	£161,892	152,679	0.46
PHP Finance Jersey 2.875% 15/07/2025	£300,000	291,198	0.89
Total convertible bonds		<u>443,877</u>	<u>1.35</u>

* Grouped by credit rating - source: Interactive Data and Bloomberg.

** Variable interest security.

^ Wasps Finance 6.5% 13/05/2022: The Fair Value Pricing committee determined a share price of £0.04 was appropriate for this unquoted security (2022: £0.35).

Portfolio statement (continued)

as at 31 December 2023

Investment	Nominal value or holding	Market value £	% of total net assets
Core Capital Deferred Shares 0.43% (0.43%)			
Nationwide Building Society 10.25% Perpetual**	1,091	140,194	0.43
Preference Shares 13.51% (12.43%)			
Aviva 8.375% Cumulative Preference Shares	126,250	155,287	0.47
Aviva 8.75% Cumulative Preference Shares	140,000	180,600	0.55
Conygar Zero Dividend Preference Shares	100,000	97,800	0.30
Doric Nimrod Air Two Ordinary Preference Shares	35,715	41,429	0.13
Ecclesiastical Insurance Office 8.625% Non-cumulative Preference Shares	50,000	64,000	0.19
EPE Special Opportunities Zero Dividend Preference Shares	350,000	350,000	1.06
General Accident 7.875% Cumulative Preference Shares	200,000	230,000	0.70
General Accident 8.875% Cumulative Preference Shares	250,000	323,750	0.98
Inland Zero Dividend Preference Shares 10/04/2024^	133,500	72,223	0.22
Lloyds Banking Group 9.25% Non-cumulative Preference Shares	200,000	264,000	0.80
NB Private Equity Partners Zero Dividend Preference Shares	600,000	726,000	2.21
REA Holdings 9% Cumulative Preference Shares	500,000	372,500	1.13
Sancus Lending Zero Dividend Preference Shares	119,532	127,899	0.39
Santander UK 10.375% Non-cumulative Preference Shares	230,250	320,048	0.97
SDV 2025 Zero Dividend Preference Shares	72,902	82,379	0.25
Standard Chartered 8.25% Non-cumulative Preference Shares	150,000	171,000	0.52
UIL Finance Zero Dividend Preference Shares 31/10/2024	171,000	212,040	0.64
UIL Finance Zero Dividend Preference Shares 31/10/2026	400,000	420,000	1.28
UIL Finance Zero Dividend Preference Shares 31/10/2028	200,000	174,000	0.53
West Bromwich Building Society 4.5% Preference Shares	1,500	61,919	0.19
Total preference shares		4,446,874	13.51
Equities 32.06% (33.21%)			
Equities - United Kingdom 32.06% (32.72%)			
Equities - incorporated in the United Kingdom 27.66% (28.09%)			
Energy 0.71% (0.41%)			
Gulf Marine Services	1,000,000	145,000	0.44
Orcadian Energy	200,000	24,000	0.07
Shell	2,500	64,238	0.20
		233,238	0.71
Materials 0.37% (0.41%)			
Victrex	8,000	121,760	0.37
Industrials 2.53% (1.79%)			
RELX	11,000	341,990	1.04
TClarke	360,000	489,600	1.49
		831,590	2.53

** Variable interest security.

^ Inland Zero Dividend Preference Shares 10/04/2024: The Fair Value Pricing committee determined that it is appropriate to include the security in the portfolio of investments with a value of £0.54, as the asset is suspended.

Portfolio statement (continued)

as at 31 December 2023

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - United Kingdom (continued)			
Equities - incorporated in the United Kingdom (continued)			
Consumer Discretionary 1.93% (1.80%)			
Bellway	9,000	230,400	0.70
Compass Group	7,000	150,220	0.46
Greggs	4,500	117,000	0.36
Young & Co's Brewery	17,000	134,980	0.41
		632,600	1.93
Consumer Staples 2.60% (2.79%)			
Associated British Foods	11,000	259,490	0.79
Diageo	5,000	142,800	0.43
Haleon	22,500	72,371	0.22
Unilever	10,000	379,950	1.16
		854,611	2.60
Health Care 2.09% (2.23%)			
Alliance Pharma	120,000	45,600	0.14
Animalcare Group	20,000	33,000	0.10
AstraZeneca	3,000	317,940	0.97
GSK	20,000	290,040	0.88
		686,580	2.09
Financials 8.12% (9.13%)			
Aviva	34,200	148,359	0.45
Beazley	100,000	521,500	1.58
BP Marsh & Partners	106,750	480,375	1.46
Close Brothers Group	15,500	123,070	0.37
HSBC Holdings	37,500	238,275	0.72
Intermediate Capital Group	20,000	336,000	1.02
Legal & General Group	110,000	276,210	0.84
Lloyds Banking Group	225,000	107,325	0.33
Prudential	7,000	62,090	0.19
Rathbone Group	4,500	77,850	0.24
Schroders	20,000	85,980	0.26
Standard Chartered	32,500	216,515	0.66
		2,673,549	8.12
Information Technology 3.30% (2.37%)			
Computacenter	39,000	1,085,760	3.30
Communication Services 1.59% (1.57%)			
Bloomsbury Publishing	100,000	468,000	1.42
System1 Group	20,000	56,000	0.17
		524,000	1.59

Portfolio statement (continued)

as at 31 December 2023

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - United Kingdom (continued)			
Equities - incorporated in the United Kingdom (continued)			
Real Estate 4.42% (5.59%)			
Assura	475,000	228,475	0.69
CLS Holdings	97,117	98,671	0.30
Conygar Investment	200,000	176,000	0.54
LXI REIT	265,600	277,021	0.84
Primary Health Properties	325,000	337,350	1.03
Supermarket Income REIT	301,509	261,710	0.80
Target Healthcare REIT	84,135	72,356	0.22
		<u>1,451,583</u>	<u>4.42</u>
Total equities - incorporated in the United Kingdom		<u>9,095,271</u>	<u>27.66</u>
Equities - incorporated outwith the United Kingdom 4.40% (4.63%)			
Industrials 0.46% (0.35%)			
Ocean Wilsons Holdings	12,500	<u>150,000</u>	<u>0.46</u>
Financials 3.00% (2.28%)			
Conduit Holdings	70,000	327,950	1.00
Hiscox	15,000	158,100	0.48
Lancashire Holdings	80,000	<u>498,800</u>	<u>1.52</u>
		<u>984,850</u>	<u>3.00</u>
Real Estate 0.94% (2.00%)			
Picton Property Income	300,000	204,300	0.62
Regional REIT	300,000	<u>105,600</u>	<u>0.32</u>
		<u>309,900</u>	<u>0.94</u>
Total equities - incorporated outwith the United Kingdom		<u>1,444,750</u>	<u>4.40</u>
Total equities - United Kingdom		<u>10,540,021</u>	<u>32.06</u>
Equities - Australia 0.00% (0.49%)		-	-
Total equities		<u>10,540,021</u>	<u>32.06</u>

Portfolio statement (continued)

as at 31 December 2023

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds 29.87% (30.16%)			
Closed-Ended Funds - incorporated in the United Kingdom 21.09% (20.94%)			
Aberforth Smaller Companies Trust	27,017	372,294	1.13
abrdn Asia Focus	139,855	367,819	1.12
Alliance Trust	20,000	221,200	0.67
Avi Global Trust	325,000	713,375	2.17
Baillie Gifford Japan Trust	30,000	212,100	0.64
Caledonia Investments	19,000	665,000	2.02
Dunedin Enterprise Investment Trust	6,288	31,188	0.09
HgCapital Trust	150,000	642,000	1.95
HICL Infrastructure	250,000	346,500	1.05
ICG Enterprise Trust	60,000	732,000	2.22
Mobius Investment Trust	150,000	204,750	0.62
Murray Income Trust	50,000	429,500	1.31
Nippon Active Value Fund	25,289	40,968	0.12
North Atlantic Smaller Companies Investment Trust	11,000	424,600	1.29
Polar Capital Global Healthcare Trust	120,000	396,000	1.20
Premier Miton Global Renewables Trust	70,000	75,600	0.23
Templeton Emerging Markets Investment Trust	75,000	113,550	0.35
TR Property Investment Trust	85,000	291,125	0.88
Utilico Emerging Markets Trust	176,402	403,961	1.23
Worldwide Healthcare Trust	85,000	263,500	0.80
Total closed-ended funds - incorporated in the United Kingdom		<u>6,947,030</u>	<u>21.09</u>
Closed-Ended Funds - incorporated outwith the United Kingdom 5.50% (9.22%)			
Aberdeen Asian Income Fund	200,000	416,000	1.26
Henderson Far East Income	115,000	247,250	0.75
Hipgnosis Songs Fund	150,000	108,000	0.33
Real Estate Credit Investments	125,000	159,375	0.48
Renewables Infrastructure Group	323,507	367,504	1.12
TwentyFour Income Fund	300,000	315,600	0.96
TwentyFour Select Monthly Income Fund	250,000	197,500	0.60
Total closed-ended funds - incorporated outwith the United Kingdom		<u>1,811,229</u>	<u>5.50</u>
Overseas Closed-Ended Funds 3.28% (0.00%)			
Oakley Capital Investments	219,000	<u>1,079,670</u>	<u>3.28</u>
Total closed-ended funds		<u>9,837,929</u>	<u>29.87</u>

Portfolio statement (continued)

as at 31 December 2023

	Nominal value or holding	Market value £	% of total net assets
Investment			
Warrants 0.00% (0.00%)			
R.E.A. Holdings Subscription Warrants 15/07/2025 [^]	19,500	-	-
Portfolio of investments		31,389,226	95.39
Other net assets		1,517,705	4.61
Total net assets		32,906,931	100.00

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 December 2022.

United Kingdom equities are grouped in accordance with Global Industry Classification Standard ('GICS').

GICS was developed by and is the exclusive property and a service mark of MSCI Inc. ('MSCI') and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ('S&P') and is licensed for use by Evelyn Partners Services Limited. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

[^] R.E.A. Holdings Subscription Warrants 15/07/2025 is included in the portfolio of investments with a value of £nil, due to the ordinary share price being lower than the warrant exercise price of £1.26.

Risk and reward profile

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

←	Typically lower rewards, lower risk	→	Typically higher rewards, higher risk	→		
1	2	3	4	5	6	7

The sub-fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

For full details on risk factors for the sub-fund, please refer to the Prospectus.

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

Comparative table

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

	2023	2022	2021 [^]
	p	p	p
Class A Income			
Change in net assets per share			
Opening net asset value per share	125.81	141.09	124.94
Return before operating charges	8.35	(9.69)	21.14
Operating charges	(1.57)	(2.12)	(2.28)
Return after operating charges *	6.78	(11.81)	18.86
Distributions ^{^^}	(3.98)	(3.47)	(2.71)
Closing net asset value per share	128.61	125.81	141.09
* after direct transaction costs of:	0.02	0.01	0.10
Performance			
Return after charges	5.39%	(8.37%)	15.10%
Other information			
Closing net asset value (£)	1,114,744	1,091,975	672,451
Closing number of shares	866,769	867,978	476,610
Operating charges ^{^^^}	1.24%	1.62%	1.68%
Direct transaction costs	0.01%	0.01%	0.07%
Published prices			
Highest share price	131.9	143.0	143.5
Lowest share price	120.3	119.1	125.2

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

[^] On 10 December 2021 the objective and policy of the sub-fund was changed.

^{^^} Rounded to 2 decimal places.

^{^^^} The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which may occur in a year as it is calculated on historical data.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the sub-fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

Comparative table (continued)

	2023	2022	2021 [^]
	p	p	p
Class A Accumulation			
Change in net assets per			
Opening net asset value per	135.43	147.78	128.33
Return before operating charges	9.11	(10.10)	21.80
Operating charges	(1.70)	(2.25)	(2.35)
Return after operating charges *	7.41	(12.35)	19.45
Distributions ^{^^}	(4.32)	(3.71)	(2.81)
Retained distributions on accumulation shares ^{^^}	4.32	3.71	2.81
Closing net asset value per	142.84	135.43	147.78
* after direct transaction costs of:	0.02	0.01	0.10
Performance			
Return after charges	5.47%	(8.36%)	15.16%
Other information			
Closing net asset value (£)	31,792,187	30,336,746	34,400,499
Closing number of shares	22,256,621	22,400,733	23,278,794
Operating charges ^{^^^}	1.24%	1.62%	1.68%
Direct transaction costs	0.01%	0.01%	0.07%
Published prices			
Highest share price	143.8	149.8	148.8
Lowest share price	131.6	126.5	128.6

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

[^] On 10 December 2021 the objective and policy of the sub-fund was changed.

^{^^} Rounded to 2 decimal places.

^{^^^} The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which may occur in a year as it is calculated on historical data.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the sub-fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

Financial statements - SVS Heritage Balanced Portfolio Fund

Statement of total return

for the year ended 31 December 2023

	Notes	2023		2022	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		721,759		(3,970,206)
Revenue	3	1,454,183		1,305,778	
Expenses	4	<u>(393,382)</u>		<u>(413,893)</u>	
Net revenue before taxation		1,060,801		891,885	
Taxation	5	<u>(60,424)</u>		<u>(10,488)</u>	
Net revenue after taxation			<u>1,000,377</u>		<u>881,397</u>
Total return before distributions			1,722,136		(3,088,809)
Distributions	6		(1,000,424)		(891,246)
Change in net assets attributable to shareholders from investment activities			<u>721,712</u>		<u>(3,980,055)</u>

Statement of change in net assets attributable to shareholders

for the year ended 31 December 2023

		2023		2022	
		£	£	£	£
Opening net assets attributable to shareholders			31,428,721		35,072,950
Amounts receivable on issue of shares		2,519,248		2,803,315	
Amounts payable on cancellation of shares		<u>(2,722,518)</u>		<u>(3,321,282)</u>	
			(203,270)		(517,967)
Change in net assets attributable to shareholders from investment activities			721,712		(3,980,055)
Retained distributions on accumulation shares			959,768		853,793
Closing net assets attributable to shareholders			<u>32,906,931</u>		<u>31,428,721</u>

Balance sheet
as at 31 December 2023

	Notes	2023 £	2022 £
Assets:			
Fixed assets:			
Investments		31,389,226	28,031,691
Current assets:			
Debtors	7	190,587	275,898
Cash and bank balances	8	1,593,025	3,177,440
Total assets		<u>33,172,838</u>	<u>31,485,029</u>
Liabilities:			
Creditors:			
Distribution payable		(16,867)	(14,244)
Other creditors	9	(249,040)	(42,064)
Total liabilities		<u>(265,907)</u>	<u>(56,308)</u>
Net assets attributable to shareholders		<u>32,906,931</u>	<u>31,428,721</u>

Notes to the financial statements

for the year ended 31 December 2023

1. Accounting policies

The accounting policies are disclosed on pages 13 to 15.

2. Net capital gains / (losses)	2023	2022
	£	£
Non-derivative securities - realised losses	(219,202)	(134,985)
Non-derivative securities		
- movement in unrealised gains / (losses)	938,540	(3,868,183)
Capital special dividend	2,968	33,250
Transaction charges	(547)	(288)
Total net capital gains / (losses)	<u>721,759</u>	<u>(3,970,206)</u>
3. Revenue	2023	2022
	£	£
UK revenue	572,755	680,925
Unfranked revenue	113,743	99,075
Overseas revenue	235,139	195,555
Interest on debt securities	416,191	303,341
Bank and deposit interest	116,355	26,882
Total revenue	<u>1,454,183</u>	<u>1,305,778</u>
4. Expenses	2023	2022
	£	£
Payable to the ACD and associates		
ACD's periodic charge*	47,575	50,292
Investment Manager's fees*	317,162	335,284
Registration fees	7,133	6,859
	<u>371,870</u>	<u>392,435</u>
Payable to the Depositary		
Depositary fees	<u>10,466</u>	<u>11,065</u>
Other expenses:		
Audit fee	7,632	7,273
Non-executive directors' fees	1,702	1,478
Safe custody fees	790	802
FCA fee	241	340
KIID production fee	458	500
Platform charges	223	-
	<u>11,046</u>	<u>10,393</u>
Total expenses	<u>393,382</u>	<u>413,893</u>

* The annual management charge is 1.15% and includes the ACD's periodic charge and the Investment Manager's fees.

Notes to the financial statements (continued)

for the year ended 31 December 2023

5. Taxation	2023	2022
	£	£
<i>a. Analysis of the tax charge for the year</i>		
UK corporation tax	60,392	499
Overseas tax withheld	32	-
Total current taxation (note 5b)	<u>60,424</u>	<u>499</u>
Deferred tax (note 5c)	-	9,989
Total taxation (note 5b)	<u><u>60,424</u></u>	<u><u>10,488</u></u>

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2022: 20%). The differences are explained below:

	2023	2022
	£	£
Net revenue before taxation	<u>1,060,801</u>	<u>891,885</u>
Corporation tax @ 20%	212,160	178,377
Effects of:		
UK revenue	(114,551)	(136,185)
Overseas revenue	(37,217)	(31,704)
Overseas tax withheld	32	-
Utilisation of excess management expenses	-	(9,989)
Deferred tax asset released	-	9,989
Total taxation (note 5a)	<u>60,424</u>	<u>10,488</u>

c. Provision for deferred taxation

	2023	2022
	£	£
Opening provision	-	(9,989)
Deferred tax charge (note 5a)	-	9,989
Closing provision	<u>-</u>	<u>-</u>

6. Distributions

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

	2023	2022
	£	£
Interim income distribution	17,689	15,901
Interim accumulation distribution	485,925	455,284
Final income distribution	16,867	14,244
Final accumulation distribution	<u>473,843</u>	<u>398,509</u>
	994,324	883,938
Equalisation:		
Amounts deducted on cancellation of shares	22,406	25,667
Amounts added on issue of shares	<u>(16,306)</u>	<u>(18,359)</u>
Total net distributions	<u><u>1,000,424</u></u>	<u><u>891,246</u></u>

Notes to the financial statements (continued)

for the year ended 31 December 2023

6. Distributions (continued)

Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	1,000,377	881,397
Undistributed revenue brought forward	165	25
Deferred tax	-	9,989
Undistributed revenue carried forward	(118)	(165)
Distributions	<u>1,000,424</u>	<u>891,246</u>

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

7. Debtors

	2023	2022
	£	£
Amounts receivable on issue of shares	-	50,184
Accrued revenue	190,493	224,327
Recoverable overseas withholding tax	-	1,065
Prepaid expenses	94	82
Recoverable income tax	-	240
Total debtors	<u>190,587</u>	<u>275,898</u>

8. Cash and bank balances

	2023	2022
	£	£
Total cash and bank balances	<u>1,593,025</u>	<u>3,177,440</u>

9. Other creditors

	2023	2022
	£	£
Amounts payable on cancellation of shares	144,660	-
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	4,177	4,018
Investment Manager's fees	27,845	26,784
Registration fees	1,272	1,253
	<u>33,294</u>	<u>32,055</u>
Other expenses:		
Depositary fees	919	884
Safe custody fees	416	421
Audit fee	7,632	7,273
Non-executive directors' fees	1,498	841
Platform charges	60	-
Transaction charges	169	91
	<u>10,694</u>	<u>9,510</u>
Total accrued expenses	<u>43,988</u>	<u>41,565</u>
Corporation tax payable	60,392	499
Total other creditors	<u>249,040</u>	<u>42,064</u>

Notes to the financial statements (continued)

for the year ended 31 December 2023

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

11. Share types

The following reflects the change in shares in issue in the year:

	Class A Income
Opening shares in issue	867,978
Total shares cancelled in the year	<u>(1,209)</u>
Closing shares in issue	<u><u>866,769</u></u>
	Class A Accumulation
Opening shares in issue	22,400,733
Total shares issued in the year	1,859,935
Total shares cancelled in the year	<u>(2,004,047)</u>
Closing shares in issue	<u><u>22,256,621</u></u>

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

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

12. Related party transactions

Evelyn Partners Fund Solutions Limited, as ACD is a related party due to its ability to act in respect of the operations of the sub-fund.

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

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

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per Class A Income share has increased from 128.6p to 131.3p and the Class A Accumulation share has increased from 142.8p to 145.8p as at 2 April 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

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

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

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

Notes to the financial statements (continued)

for the year ended 31 December 2023

14. Transaction costs (continued)

a Direct transaction costs (continued)

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

	Purchases before transaction costs		Commission		Taxes		Purchases after transaction costs
	£	£	%	£	%	£	
2023							
Equities	745,346	499	0.07%	1,232	0.16%	747,077	
Closed-Ended Funds	877,715	878	0.10%	702	0.08%	879,295	
Bonds*	2,965,232	-	-	-	-	2,965,232	
Total	4,588,293	1,377	0.17%	1,934	0.24%	4,591,604	

	Purchases before transaction costs		Commission		Taxes		Purchases after transaction costs
	£	£	%	£	%	£	
2022							
Equities	420,725	274	0.06%	1,026	0.24%	422,025	
Bonds*	835,835	-	-	-	-	835,835	
Total	1,256,560	274	0.06%	1,026	0.24%	1,257,860	

	Sales before transaction costs		Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£	
2023							
Equities	821,565	(629)	0.08%	(8)	0.00%	820,928	
Closed-Ended Funds	143,600	(144)	0.10%	(1)	0.00%	143,455	
Bonds*	723,001	-	-	-	-	723,001	
Total	1,688,166	(773)	0.18%	(9)	0.00%	1,687,384	

	Sales before transaction costs		Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£	
2022							
Equities	144,142	(134)	0.09%	(5)	0.00%	144,003	
Closed-Ended Funds	6,993	(7)	0.10%	-	-	6,986	
Bonds*	281,704	-	-	-	-	281,704	
Total	432,839	(141)	0.19%	(5)	0.00%	432,693	

* No direct transaction costs were incurred in these transactions.

Capital events amount of £313,292 (2022: £1,234,403) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

Notes to the financial statements (continued)

for the year ended 31 December 2023

14. Transaction costs (continued)

a Direct transaction costs (continued)

Summary of direct transaction costs

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

	£	% of average net asset value
2023		
Commission	2,150	0.01%
Taxes	1,943	0.00%
2022		
Commission	415	0.00%
Taxes	1,031	0.01%

b Average portfolio dealing spread

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

The average portfolio dealing spread of the investments at the balance sheet date was 1.38% (2022: 1.59%).

15. Risk management policies

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

a Market risk

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

(i) Other price risk

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

The element of the portfolio of investments which is exposed to this risk are equities and closed-ended funds.

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

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

At 31 December 2023, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £1,018,898 (2022: £996,687).

Notes to the financial statements (continued)

for the year ended 31 December 2023

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk

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

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

At 31 December 2023 there is no foreign currency exposure.

(iii) Interest rate risk

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

During the year the sub-fund's direct exposure to interest rates consisted of cash and bank balances. The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 December 2023, if interest rates increased or decreased by 25 basis points, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £41,308 (2022: £33,975).

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

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

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

	Variable rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
	£	£	£	£	£
2023					
UK sterling	3,989,962	4,027,271	25,155,605	(265,907)	32,906,931
2022					
Euro	-	-	998	-	998
UK sterling	5,106,819	1,967,047	24,410,165	(56,308)	31,427,723
	5,106,819	1,967,047	24,411,163	(56,308)	31,428,721

Notes to the financial statements (continued)

for the year ended 31 December 2023

15. Risk management policies (continued)

b Credit risk

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

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

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

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

c Liquidity risk

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

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

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

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

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the sub-fund to meet large redemptions, while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

d Fair value of financial assets and financial liabilities

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

Notes to the financial statements (continued)

for the year ended 31 December 2023

15. Risk management policies (continued)

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

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

Basis of valuation	Investment assets	Investment liabilities
	2023	2023
	£	£
Quoted prices	24,752,601	-
Observable market data	6,560,402	-
Unobservable data*	76,223	-
	<u>31,389,226</u>	<u>-</u>
Basis of valuation	Investment assets	Investment liabilities
	2022	2022
	£	£
Quoted prices	23,841,091	-
Observable market data	4,155,600	-
Unobservable data*	35,000	-
	<u>28,031,691</u>	<u>-</u>

*The following securities are valued in the portfolio of investments using valuation techniques:

Inland Zero Dividend Preference Shares 10/04/2024: The Fair Value Pricing committee determined that it is appropriate to include the security in the portfolio of investments with a value of £0.54.

R.E.A. Holdings Subscription Warrants 15/07/2025 is included in the portfolio of investments with a value of £nil (2022: nil), due to the ordinary share price being lower than the warrant exercise price of £1.26.

Wasps Finance 6.5% 13/05/2022: The Fair Value Pricing committee determined that it is appropriate to include the security in the portfolio of investments with a value of £0.04 (2022: £0.35).

Unobservable data

Unobservable data has been used only where relevant observable market data is not available. Where there was no reputable price source for an investment, the ACD has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The ACD of the sub-fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other the assumptions used are under continuous review by the ACD with particular attention paid to the carrying value of the investments.

Notes to the financial statements (continued)

for the year ended 31 December 2023

15. Risk management policies (continued)

e Assets subject to special arrangements arising from their illiquid nature

The following assets held in the portfolio of investments are subject to special arrangements arising from their illiquid nature:

	2023	2022
	% of the total net asset value	% of the total net asset value
Inland Zero Dividend Preference Shares 10/04/2024	0.22%	-
R.E.A. Holdings Subscription Warrants 15/07/2025	0.00%	0.00%
Wasps Finance 6.5% 13/05/2022	0.01%	0.11%
Total	<u>0.23%</u>	<u>0.11%</u>

f Derivatives

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

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

In the year the sub-fund had exposure to derivatives embedded in convertible bonds. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the sub-fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in a sub-fund at any given time and may not exceed 100% of the net asset value of the property of the sub-fund.

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

(i) Counterparties

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

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

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

(ii) Leverage

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

As at the balance sheet date, the leverage was 100.70%.

Notes to the financial statements (continued)

for the year ended 31 December 2023

15. Risk management policies (continued)

f Derivatives (continued)

(iii) Global exposure

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

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

	Gross exposure value £	% of the total net asset value
Investment		
Convertible bonds		
abrdrn Asia Focus 2.25% 31/05/2025	135,501	0.41%
PHP Finance Jersey 2.875% 15/07/2025	95,181	0.29%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 December 2023

Interim distributions in pence per share

Group 1 - Shares purchased before 1 January 2023

Group 2 - Shares purchased 1 January 2023 to 30 June 2023

	Net revenue	Equalisation	Total distributions 30 August 2023	Total distributions 30 August 2022
Class A Income				
Group 1	2.038	-	2.038	1.832
Group 2	2.038	-	2.038	1.832
Class A Accumulation				
Group 1	2.193	-	2.193	1.926
Group 2	1.222	0.971	2.193	1.926

Final distributions in pence per share

Group 1 - Shares purchased before 1 July 2023

Group 2 - Shares purchased 1 July 2023 to 31 December 2023

	Net revenue	Equalisation	Total distributions 29 February 2024	Total distributions 28 February 2023
Class A Income				
Group 1	1.946	-	1.946	1.641
Group 2	1.946	-	1.946	1.641
Class A Accumulation				
Group 1	2.129	-	2.129	1.779
Group 2	1.277	0.852	2.129	1.779

Equalisation

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

Accumulation distributions

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

Remuneration

Remuneration code disclosure

The remuneration committee is responsible for setting remuneration policy for all partners, directors and employees within Evelyn Partners Group Limited including individuals designated as Material Risk Takers (MRTs) under the Remuneration Code. The remuneration policy is designed to be compliant with the Code and provides a framework to attract, retain, motivate and reward partners, directors and employees. The overall policy is designed to promote the long-term success of the group and to support prudent risk management, with particular attention to conduct risk.

Remuneration committee

The remuneration committee report contained in the Evelyn Partners Group Limited Report and Financial Statements for the year ended 31 December 2022 includes details on the remuneration policy. The remuneration committee comprises four non-executive directors¹ and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met ten times during 2022.

Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices
- to foster and support conduct and behaviours which are in line with our culture and values
- to maintain a sound risk management framework
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking
- to comply with all relevant regulatory requirements
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a "balanced scorecard" approach to variable remuneration non-financial criteria including, but not limited to, compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

Remuneration systems

The committee reviews all partners' and directors' fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a deferred option plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

¹ Please note that the data provided for the independent non-executive directors is as at 31 December 2022. The data provided is for independent non-executive directors only.

Remuneration (continued)

Aggregate quantitative information

The total amount of remuneration paid by Evelyn Partners Fund Solutions Limited ('EPFL') is nil as EPFL has no employees. However, a number of employees have remuneration costs recharged to EPFL and the annualised remuneration for these 61 employees is £2.9million of which £2.7 million is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in EPFL as at 31 December 2022. Any variable remuneration is awarded for the year ended 31 December 2022. This information excludes any senior management or other Material Risk Takers ('MRTs') whose remuneration information is detailed below.

Evelyn Partners Group Limited reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Evelyn Partners Group. It is difficult to apportion remuneration for these individuals in respect of their duties to EPFL. For this reason, the aggregate total remuneration awarded for the year 31 December 2022 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for EPFL	For the period 1 January 2022 to 31 December 2022				
	Fixed £'000	Variable		Total £'000	No. MRTs
		Cash £'000	Equity £'000		
Senior Management	3,505	1,202	-	4,707	18
Other MRTs	592	465	144	1,201	5
Total	4,097	1,667	144	5,908	23

Investment Manager

The ACD has appointed Heritage Capital Management Limited to provide investment management and related advisory services to the ACD. Heritage Capital Management Limited is paid a monthly fee out of the scheme property of SVS Heritage Investment Fund which is calculated on the total value of the portfolio of investments at the month end. Heritage Capital Management Limited are compliant with the Capital Requirements Directive regarding remuneration and therefore their staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed/allocated semi-annually on the last day in February (final) and 30 August (interim). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 January	final
	1 July	interim
Reporting dates:	31 December	annual
	30 June	interim

Buying and selling shares - SVS Heritage Balanced Portfolio Fund

The property of the sub-fund is valued at 10pm every business day, and the prices of shares are calculated as at that time with the exception of the last business day prior to any bank holiday in England and Wales where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

Prices of shares and the estimated yield of the sub-fund is published on the following website: www.trustnet.com or may be obtained by calling 0141 222 1151.

Benchmark

Shareholders may compare the performance of the sub-fund against UK Consumer Price Index. The ACD has selected this comparator benchmark to reflect expected outcomes.

The benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

Appointments

ACD and Registered office

Evelyn Partners Fund Solutions Limited
45 Gresham Street
London EC2V 7BG
Telephone 0207 131 4000
Authorised and regulated by the Financial Conduct Authority

Administrator and Registrar

Evelyn Partners Fund Solutions Limited
177 Bothwell Street
Glasgow G2 7ER
Telephone 0141 222 1151 (Registration)
0141 222 1150 (Dealing)
Authorised and regulated by the Financial Conduct Authority

Directors of the ACD

Andrew Baddeley
Brian McLean
Mayank Prakash
Neil Coxhead

Independent Non-Executive Directors of the ACD

Dean Buckley
Linda Robinson
Victoria Muir
Sally Macdonald

Non-Executive Directors of the ACD

Paul Wyse - resigned 11 July 2023
Guy Swarbreck - appointed 21 August 2023

Investment Manager

Heritage Capital Management Limited
Broadway House
Tothill Street
London SW1H 9NQ
Authorised and regulated by the Financial Conduct Authority

Depositary

NatWest Trustee and Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh EH12 1HQ
Authorised and regulated by the Financial Conduct Authority

Auditor

Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL