

Investment Fund Services

# IFSL Trade Union Unit Trust

Annual Report and Audited  
Financial Statements

for the year ended 15 August 2024

## IFSL TRADE UNION UNIT TRUST

### CONTACT INFORMATION

#### Authorised Fund Manager (AFM)

Investment Fund Services Limited (IFSL)  
Marlborough House  
59 Chorley New Road  
Bolton  
BL1 4QP

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

#### Directors of IFSL

Andrew Staley (Non-Executive)  
Allan Hamer  
Dom Clarke  
Helen Redmond  
Helen Derbyshire - resigned, 11 December 2023  
Sally Helston  
Guy Sears (Independent Non-Executive) - resigned, 25 March 2024  
Katherine Damsell (Independent Non-Executive) - appointed, 25 March 2024  
Sarah Peaston (Independent Non-Executive)

#### Investment Manager (from 28 October 2024)

Marlborough Investment Management Limited  
PO Box 1852  
Lichfield  
Staffordshire  
WS13 8XU

Authorised and regulated by the Financial Conduct Authority.

#### Investment Manager (to 28 October 2024)

abrln Investments Limited  
280 Bishopsgate  
London  
EC2M 4AG

Authorised and regulated by the Financial Conduct Authority.

#### Sub-Investment Manager (from 28 October 2024)

abrln Investments Limited  
280 Bishopsgate  
London  
EC2M 4AG

Authorised and regulated by the Financial Conduct Authority.

#### Administrator and Registrar (from 1 June 2024)

SS&C Financial Services International Limited  
New Marlborough House  
55-57 Chorley New Road  
Bolton  
BL1 4QR

#### Depository (in its capacity as Trustee)

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

#### Administrator and Registrar (to 1 June 2024)

Investment Fund Services Limited (IFSL)  
Marlborough House  
59 Chorley New Road  
Bolton  
BL1 4QP

#### Auditor

Shipleys LLP  
10 Orange Street  
London  
WC2H 7DQ

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## IFSL TRADE UNION UNIT TRUST

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2024

#### Performance to 15 August 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Trade Union Unit Trust	3.74%	11.98%	4.67%	35.84%
Composite Benchmark <sup>A</sup>	9.35%	16.07%	19.10%	48.41%

<sup>A</sup> 60% FTSE All Share Index / 40% MSCI Europe ex. UK Index, +1%.

External Source of Economic Data: Morningstar (A Income - quoted price to quoted price, net income reinvested).

The performance figures above are based on quoted prices and will, therefore, differ from the performance in the Comparative Table.

Capital at risk. Past performance is not a reliable indicator of future performance; the value of your investment and any income from it can go down as well as up. Performance returns are based on the net asset value with distributable income reinvested and take account of all ongoing charges, but not entry charges (if applicable). The past performance of this unit class is calculated in sterling.

#### Investment commentary

##### Performance statement

For the year from 16 August 2023 to 15 August 2024, IFSL Trade Union Unit Trust (the Fund) A Income units returned 11.98%, compared with a return of 16.07% for the benchmark\*.

##### Market review

European equities made significant gains over the period as inflation continued to fall and hopes grew that central banks would start to reduce interest rates. The period began on a volatile note, with losses in August and September 2023 caused by fears that better-than-expected economic performance could force central banks in Europe and the United States (US) to continue raising interest rates. Rising energy prices and the start of conflict between Israel and Hamas in October 2023 led to further market turbulence. However, the year ended on a more positive note as interest-rate fears receded. Weaker economic data and falling inflation led investors to believe that the likes of the European Central Bank (ECB) and the US Federal Reserve would be likely to cut borrowing costs early in 2024.

European and other major equity markets started 2024 strongly and a number of indexes recorded all-time highs. Gains were underpinned by solid earnings statements from companies in a wide range of sectors, most notably technology and healthcare. However, there were losses in April due to concerns of a potential escalation of the conflict in the Middle East, while signs that inflation levels were remaining stubbornly above central-bank targets added to fears that interest rates would not be cut until the second half of the year. European equities fell in June after France's President Macron called a surprise early parliamentary election. There were sharp falls in global markets in early August due to fears that the US economy could be slowing faster than previously expected, but share prices recovered by the middle of the month.

In the eurozone, annual inflation fell from 5.2% in August 2023 to 2.2% in August 2024, marginally above the ECB's 2% target. The ECB raised interest rates in September 2023 and then left them unchanged until June 2024, when the main borrowing rates were reduced by 0.25%. Investors expected further cuts to be made before the end of the year. The eurozone economy stagnated in the second half of 2023 but recovered in the first six months of 2024.

The United Kingdom (UK) stock market also advanced over the period as inflation fell and the Bank of England (BoE) signalled its willingness to relax monetary policy. The share prices of the major energy and mining companies listed in London were supported by rises in oil and commodity prices, while investors also welcomed the news in early 2024 that the UK economy had emerged from a shallow recession. In July the general election result had a modest impact with markets generally welcoming a sizeable Labour majority, potentially signalling a new period of stability for policy making and a focus on supply side driven growth. Annual inflation in Britain fell from 6.7% in August 2023 to 2.2% at the end of the period. The BoE cut interest rates for the first time since the start of the Covid-19 pandemic at the start of August 2024. Financial markets expected one or two more reductions by the end of the year.

##### Fund performance review

In the year to 15 August 2024, the Fund lagged its benchmark. This shortfall was driven primarily by the Fund's stock selection within the industrials and financials sectors, and by region, by selection effects in the UK and France.

In terms of regional performance, the UK was the largest detractor from the Fund's returns. In the UK, the larger-than-benchmark exposures to Diageo, Genus and Prudential proved costly, offsetting the strong returns from companies such as RELX and Intermediate Capital Group. Diageo underperformed due to continued weakness in the US spirits market which has resulted in prolonged destocking and increased promotional activity. Genus' stock came under pressure after the company issued a profit warning highlighting weakness in its China operations in both the porcine and bovine markets. Prudential's shares underperformed despite some positive financial results due to tougher market conditions and negative perception of their exposure to China.

On a positive note, RELX was among the top contributors after it reported solid full year results and a higher level of share buyback than had been expected. The firm continues to be seen as defensive with long-term growth drivers from the adoption of analytical tools that can be augmented by artificial intelligence (AI). Intermediate Capital Group added to returns too after reporting strong results, a rise in assets under management and new medium-term fundraising guidance.

## IFSL TRADE UNION UNIT TRUST

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2024

#### Investment commentary (continued)

#### Fund performance review (continued)

The Fund's allocation in Europe ex UK also detracted, but to a lesser extent, driven by stock selection in France. The negative effect from the exposures to Edenred, LVMH and Ubisoft Entertainment outweighed the contributions from Novo Nordisk and ASML Holding, both of which delivered impressive gains. Novo Nordisk's share price continued to rise in response to excitement about the size of the obesity market, where the company has a very strong competitive advantage. ASML Holding advanced on growing market confidence in the strength of the company's order book, and recognition that the company will be a significant beneficiary of AI.

Whereas Edenred's shares fell due to ongoing adverse regulatory developments and the wider June sell-off in French equities following France's snap elections. LVMH reported weak results for the first half of 2024 as the luxury sector continued to face margin pressure, foreign-currency headwinds and weakness in China. French computer games designer Ubisoft Entertainment was another detractor, which had been a longstanding holding but had recently experienced a series of significant governance and execution challenges that led the company's quality to deteriorate below the level we expect. We subsequently exited the stock over the review period.

Sector-wise, technology was a standout performer, bolstered by the strong performance of stocks like Schibsted and ASML Holding, while healthcare stocks, such as Novo Nordisk, did well too. On the downside, industrials and financials detracted. Among industrial stocks, the overweight to Edenred detracted, while the lack of exposure to Rolls-Royce Holdings lagged since its shares outperformed. Among financial stocks, while the exposures to Intermediate Capital Group and the London Stock Exchange were additive, the higher-than-benchmark exposure to Prudential proved a drag.

#### Portfolio activity

Throughout the year, we implemented several strategic adjustments to our portfolio holdings. Notably, we welcomed the inclusion of new entities that align with our investment criteria and future growth perspectives.

#### *New additions*

- Schneider Electric: A premier French electrical engineering firm, Schneider Electric specializes in low voltage equipment, software, and services pivotal for electrification. The company stands to gain from the significant growth in its end markets, propelled by the global shift towards decarbonization and the burgeoning expansion of data centers.
- Haleon: Emerging from a spin-off from GSK, Haleon is a consumer health-focused entity with a robust portfolio of brands and a global presence. Characterized by its exposure to relatively inelastic demand, Haleon not only demonstrates solid organic revenue growth but also possesses potential for internal operational enhancements and further industry consolidation.
- Convatec: A UK-listed entity specializing in healthcare products for chronic condition management and wound treatment systems. Convatec is poised for structural growth in demand, attributed to an aging global population. This demand is further augmented by the company's commitment to innovation, strategic acquisitions, and margin expansion through internal efficiencies.
- DSM Firmenich: A Dutch specialty chemicals company arising from the merger between DSM and Firmenich, DSM Firmenich is focused on the nutrition, flavors, and fragrance sectors. The company exhibits attractive organic growth rates, ongoing margin improvements, and stands to benefit from substantial strategic and financial synergies post-merger.

#### *Divestments*

To facilitate the inclusion of these new entities, we divested from several holdings:

- Croda: This specialty chemical manufacturer was divested due to concerns over its cyclical nature, decreased market demand visibility, and reliance on a limited range of critical products, combined with a valuation that offered minimal margin for error.
- Dechra Pharmaceuticals: Following a takeover offer from EQT, we exited our position in Dechra Pharmaceuticals in alignment with the board's acceptance of the offer.
- Prosus: Our holding in Prosus was liquidated owing to the diminishing quality of governance and underlying assets, which no longer met our rigorous investment criteria.

## IFSL TRADE UNION UNIT TRUST

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2024

#### Investment commentary (continued)

##### Portfolio activity (continued)

- Ubisoft: We made the challenging decision to exit Ubisoft due to ongoing issues with poor execution and weak governance, underscored by significant underperformance as the company struggled to deliver high-quality games on

##### *Portfolio optimizations*

In addition to these changes, we made several other noteworthy portfolio adjustments:

- We increased our stake in Adyen, a Dutch payments company, following a period of weak results in the summer of 2023 which led to a substantial price drop. Believing this to be an overreaction, and after thorough due diligence, we significantly augmented our position. The stock has since experienced a notable recovery as it overcame temporary challenges.
- We also added to our investment in Orsted, a Danish wind turbine operator, following a reduction in guidance and several exceptional write-downs. The company's shares have since shown signs of recovery as temporary challenges have abated, highlighting the enduring strengths of the business.

These decisions reflect our proactive approach to portfolio management, aiming to capitalize on growth opportunities while mitigating risks associated with market fluctuations and company-specific challenges.

##### Investment outlook

The outlook for European equities is positive, especially for our highly selective quality-first approach. Europe benefits from attractive valuations, most acutely relative to the US, and low levels of exposure among global investors. With both the ECB and the BoE having already relaxed monetary policy, interest-rate differentials are widening, and growth in the eurozone and UK is improving while the global economy cools. A stable economic backdrop alongside lower discount rates is a favourable combination for high-quality companies based in Europe, following several years of style headwinds.

In mainland Europe, we are seeing a growing level of inconsistency in performance across markets and within sectors. This means a selective approach at the company level is increasingly important, and earnings delivery is key. Meanwhile, volatility is set to remain a feature of markets given elevated geopolitical risk and data-dependent central banks, and this is likely to provide opportunities for active investors. If inflation proves to be more persistent, then companies with true pricing power will be best placed to deliver sustained margin expansion. Meanwhile, UK market valuations remain modest and are lower amongst smaller companies. Capital flows have not yet meaningfully returned to the UK, and merger & acquisition activity remains high. Such a backdrop offers a potential base for appealing investor returns.

abrdn Investments Limited  
5 September 2024

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##### Explanations of terms\*

Benchmark – used for performance comparative purposes.

#### **Distributions**

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>A Income (pence per unit)</u>			
Net income paid 15 April	0.6575	-	-
Net income paid 15 October	12.3944	8.6522	3.1167
<u>TU Income (pence per unit)</u>			
Net income paid 15 April	-	N/A	N/A
Net income paid 15 October	11.1185	-	N/A

## IFSL TRADE UNION UNIT TRUST

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2024

#### Portfolio changes

<u>Purchases</u>	<u>Cost (£)</u>
Haleon	2,294,266
Schneider Electric	1,995,674
ConvaTec Group	1,569,967
DSM-Firmenich	1,552,720
Genus	759,400
Sage Group	757,850
LVMH Moët Hennessy Louis Vuitton	671,119
Ørsted	421,786
Diageo	407,929
Adyen	352,793
Other purchases	242,264
Total purchases for the year	11,025,768
<u>Sales</u>	<u>Proceeds (£)</u>
Dechra Pharmaceuticals	2,427,518
Novo Nordisk	1,921,717
Croda International	1,537,996
Prosus	1,308,536
RELX	1,186,926
Weir Group	778,569
Ubisoft Entertainment	757,592
London Stock Exchange Group	524,019
ASML Holding	491,834
Coca-Cola HBC	395,580
Other sales	1,112,311
Total sales for the year	12,442,598

## IFSL TRADE UNION UNIT TRUST

### AUTHORISED STATUS

IFSL Trade Union Unit Trust (the Fund) is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is a UCITS scheme operating under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

### GENERAL INFORMATION

#### Investment objective

The investment objective of the Fund is to provide capital growth, that is, to increase the value of an investment, over a minimum of 5 years, together with some income, which is money paid out of an investment such as dividends from shares.

The Fund aims to outperform the benchmark (60% FTSE All Share Index and 40% MSCI Europe ex UK Index) by 1% each year over any 3 year period, with income reinvested and after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.

#### Investment policy

At least 80% of the Fund will be invested in the shares of companies listed on UK and European stock markets, with between 50-70% invested in the UK and 30-50% elsewhere in Europe.

The Fund is actively managed which means the Investment Manager decides which investments to buy or sell and when. Investment decisions are taken based on individual company research in addition to the Investment Manager's view on global economic and market conditions.

The Investment Manager uses the FTSE All Share and MSCI Europe ex UK indices as a reference point when constructing the portfolio and for risk management purposes.

From time to time the Fund may also hold other funds (which could include other funds managed by the AFM or the Investment Manager), which themselves invest in UK and European companies although this will not exceed 5%.

The Fund will typically hold a small cash balance (less than 5%) to enable the ready settlement of liabilities, for the efficient management of the Fund and in pursuit of the Fund's objectives although may occasionally exceed this figure. The Fund may also use money market funds for cash management purposes.

#### Performance target

The performance target is the level of performance the Fund aims to deliver.

The AFM believes the target is appropriate based on the investment policy of the Fund and the constituents of each index.

#### Rights and terms attaching to each unit class

A unit of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each unit in the event the Fund is wound up are on the same proportional basis.

#### Assessment of value

The AFM is required to carry out an assessment of value at least annually and publish its findings in a report to investors. The Fund is assessed and reported on, in a separate report which the AFM publishes on the website [www.ifslfunds.com](http://www.ifslfunds.com). The next report is expected to be published by 15 December 2024.

#### Task force on climate-related financial disclosures

A statement of the climate-related financial disclosures is published on the website <https://www.ifslfunds.com/tcf-reporting>.



## IFSL TRADE UNION UNIT TRUST

### GENERAL INFORMATION

#### Changes in prospectus

On 1 June 2024, SS&C Financial Services International Limited became the administrator and registrar of the Fund. Prior to this date the administrator and registrar was IFSL.

On 28 October 2024, Marlborough Investment Management Limited became the Investment Manager of the Fund. Prior to this date the Investment Manager was abrdn Investments Limited. On the same date abrdn Investments Limited became the Sub-Investment Manager of the Fund.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the AFM's range, can be requested by the investor at any time.

#### Remuneration policy

In line with the requirements of UCITS V, Investment Fund Services Limited (the AFM) is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2023 (the AFM's year end) are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
<b>Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund</b>				
Senior management	8	908,018	768,628	139,390
Risk takers and other identified staff	4	411,040	375,277	35,763
<b>Allocation of total remuneration of the employees of the AFM to the Fund</b>				
Senior management	0.06	6,284	5,319	965
Risk takers and other identified staff	0.03	2,844	2,597	247

The total number of staff employed by the AFM was 238 as at 30 September 2023. The total remuneration paid to those staff was £12,464,744 of which £4,346,942 is attributable to the AFM.

The allocation of remuneration to the Fund is based on Assets Under Management (AUM) and the figures disclosed only include remuneration paid to individuals directly employed by the AFM's group. The way these disclosures are calculated may change in the future.

## IFSL TRADE UNION UNIT TRUST

### DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.



Sally Helston  
Director



Helen Redmond  
Director

Investment Fund Services Limited  
15 November 2024

### STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Fund Manager (AFM) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Fund and of the net revenue and net capital gains on the property of the Fund for the year.

In preparing those financial statements the AFM is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The AFM is required to keep proper accounting records and to manage the Fund in accordance with the COLL rules, the Trust Deed and the Prospectus. The AFM is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The AFM is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the AFM to take all necessary steps to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

## IFSL TRADE UNION UNIT TRUST

### STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

#### Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the IFSL Trade Union Unit Trust ("the Trust") for the Period Ended 15 August 2024

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

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

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

The Depositary must ensure that:

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

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

HSBC Bank plc

15 November 2024

## IFSL TRADE UNION UNIT TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL TRADE UNION UNIT TRUST

#### Opinion

We have audited the financial statements of the IFSL Trade Union Unit Trust ('the Fund'), for the year ending 15 August 2024 which comprise the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Statement of Total Return, the related notes and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association (the 'Statement of Recommended Practice for Authorised Funds').

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 15 August 2024 and of the net revenue and net capital gains on the property of the Fund for the year then ended;
- have been properly prepared in accordance with the Prospectus, the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund 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 Fund Manager's (AFM'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 fund'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 AFM 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 AFM is responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Companies Act 2006

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

- the information given in the AFM's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the AFM's report have been prepared in accordance with applicable legal requirements.

## IFSL TRADE UNION UNIT TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL TRADE UNION UNIT TRUST

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified material misstatements in the AFM's report.

We have nothing to report in respect of the following matters to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of AFM remuneration specified by law are not made; or
- we have not received all the information and explanations required for our audit.

#### Responsibilities of the AFM

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities, the AFM 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 AFM 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 AFM is responsible for assessing the Fund'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 AFM either intends to liquidate the Fund or to cease activity, or have 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 for the audit of the financial statements is located on the FRC's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the IMA SORP 2014) and the relevant tax and other compliance regulations in the jurisdictions in which the Fund operates.
- We understood how the Fund is complying with those frameworks by making enquiries of management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of relevant correspondence received from regulatory and legal bodies.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur through enquiring with management during the planning and execution phase of our audit. We also considered the programs and controls that the AFM has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the finance team and management; and focused testing.

## **IFSL TRADE UNION UNIT TRUST**

### **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL TRADE UNION UNIT TRUST**

#### **Use of our report**

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes Sourcebook (COLL) of the Financial Conduct Authority (FCA). Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Robert Wood**

Senior Statutory Auditor

For and on behalf of Shipleys LLP  
Chartered Accountant and Statutory Auditor  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

15 November 2024

## IFSL TRADE UNION UNIT TRUST

### COMPARATIVE TABLE

#### A Income units

Change in net assets per unit	Year to 15.08.2024 pence	Year to 15.08.2023 pence	Year to 15.08.2022 pence
Opening net asset value per unit	908.44	899.47	984.50
Return before operating charges*	116.37	25.01	(72.17)
Operating charges	(7.69)	(7.39)	(9.74)
Return after operating charges*	108.68	17.62	(81.91)
Distributions on income units	(13.05)	(8.65)	(3.12)
Closing net asset value per unit	1,004.07	908.44	899.47

\* after direct transaction costs of: 0.53 0.48 0.70

#### Performance

Return after charges<sup>A</sup> 11.96% 1.96% (8.32)%

#### Other information

Closing net asset value (£)	37,985,866	57,769,193	75,186,341
Closing number of units	3,783,191	6,359,190	8,358,968
Operating charges	0.81% <sup>C</sup>	0.82%	1.07%
Direct transaction costs	0.06%	0.05%	0.08%

#### Prices (pence per unit)

Highest unit price	1,048.00	972.40	1,011.00
Lowest unit price	845.40	792.60	780.10

#### TU Income units

Change in net assets per unit	Year to 15.08.2024 pence	Period to 15.08.2023 <sup>B</sup> pence
Opening net asset value per unit	917.45	927.90
Return before operating charges*	118.92	(10.45)
Operating charges	(10.33)	-
Return after operating charges*	108.59	(10.45)
Distributions on income units	(11.12)	-
Closing net asset value per unit	1,014.92	917.45

\* after direct transaction costs of: 0.54 -

#### Performance

Return after charges<sup>A</sup> 11.84% (1.13)%

#### Other information

Closing net asset value (£)	40,427,384	15,234,542
Closing number of units	3,983,304	1,660,530
Operating charges	1.06% <sup>C</sup>	1.07% <sup>D</sup>
Direct transaction costs	0.06%	0.00%

#### Prices (pence per unit)

Highest unit price	1,058.00	927.90
Lowest unit price	853.80	917.50

<sup>A</sup> The return after charges is calculated using the underlying investments bid prices.

<sup>B</sup> This unit class launched on 14 August 2023 at 927.90 pence and commenced pricing on 14 August 2023.

<sup>C</sup> On 30 November 2023, The Investment Association amended the disclosure of fund charges and costs originally issued on the 2 July 2020. Consequently, we have excluded, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

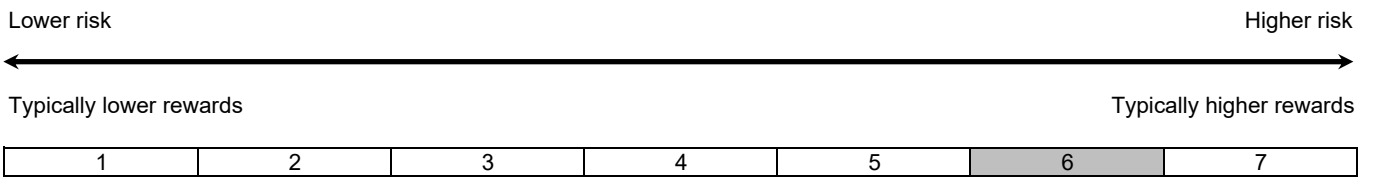
<sup>D</sup> These figures have been annualised.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each unit class in the year. Where it is considered unsuitable to use the total expenses paid by each unit class in the year to calculate the OCF because of material changes to the Fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, [www.ifslfunds.com](http://www.ifslfunds.com)) give an estimate of future costs.

Direct transaction costs are the total charges for the year, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the average net asset value over the year and the average units in issue for the pence per unit figures.

**IFSL TRADE UNION UNIT TRUST**

**SYNTHETIC RISK AND REWARD INDICATOR** (for all unit classes)



This indicator aims to give you a measure of the price movement of the Fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio is used.

The Fund has been measured as 6 because its investments have experienced high volatility in the past. During the year the synthetic risk and reward indicator has remained unchanged.



IFSL TRADE UNION UNIT TRUST

PORTFOLIO STATEMENT

as at 15 August 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>BELGIUM</b> (15 August 2023 - 1.91%)		
83,695 Azelis Group	1,231,716	1.57
Total Belgium	<u>1,231,716</u>	<u>1.57</u>
<b>DENMARK</b> (15 August 2023 - 7.43%)		
44,120 Novo Nordisk	4,627,993	5.90
22,060 Ørsted	993,413	1.27
Total Denmark	<u>5,621,406</u>	<u>7.17</u>
<b>FRANCE</b> (15 August 2023 - 10.09%)		
43,761 Edenred	1,389,625	1.77
7,197 L'Oréal	2,344,275	2.99
3,842 LVMH Moët Hennessy Louis Vuitton	2,116,855	2.70
10,756 Schneider Electric	2,003,079	2.55
Total France	<u>7,853,834</u>	<u>10.01</u>
<b>GERMANY</b> (15 August 2023 - 4.30%)		
9,892 Hannover Rück	2,026,903	2.58
27,039 Nemetschek	2,044,057	2.61
Total Germany	<u>4,070,960</u>	<u>5.19</u>
<b>ITALY</b> (15 August 2023 - 1.98%)		
55,389 Amplifon	1,346,554	1.72
Total Italy	<u>1,346,554</u>	<u>1.72</u>
<b>JERSEY</b> (15 August 2023 - 3.20%)		
<b>NETHERLANDS</b> (15 August 2023 - 8.95%)		
1,813 Adyen	1,913,048	2.44
6,139 ASML Holding	4,221,226	5.38
Total Netherlands	<u>6,134,274</u>	<u>7.82</u>
<b>NORWAY</b> (15 August 2023 - 1.81%)		
87,901 Schibsted 'B'	1,831,633	2.34
Total Norway	<u>1,831,633</u>	<u>2.34</u>
<b>SWITZERLAND</b> (15 August 2023 - 7.43%)		
62,149 Coca-Cola HBC	1,709,097	2.18
17,430 DSM-Firmenich	1,731,234	2.21
4,437 Lonza Group	2,187,500	2.79
7,317 Sika	1,657,160	2.11
Total Switzerland	<u>7,284,991</u>	<u>9.29</u>
<b>UNITED KINGDOM</b> (15 August 2023 - 52.43%)		
48,965 AstraZeneca	6,386,995	8.14
673,762 ConvaTec Group	1,561,780	1.99
128,633 Diageo	3,199,103	4.08
83,093 Experian	2,958,942	3.77
94,963 Genus	1,656,155	2.11
680,775 Haleon	2,549,502	3.25
80,458 Halma	2,019,496	2.58
194,891 Hiscox	2,325,050	2.97
114,438 Intermediate Capital Group	2,375,733	3.03
44,386 London Stock Exchange Group	4,411,968	5.63
273,364 Prudential	1,757,731	2.24
131,491 RELX	4,663,986	5.95
208,220 Sage Group	2,109,269	2.69
78,462 Unilever	3,737,145	4.77
80,704 Weir Group	1,534,990	1.96
Total United Kingdom	<u>43,247,845</u>	<u>55.16</u>

## IFSL TRADE UNION UNIT TRUST

### PORTFOLIO STATEMENT

as at 15 August 2024

	<b>Bid value £</b>	<b>Percentage of total net assets %</b>
<b>Portfolio of investments</b>	78,623,213	100.27
<b>Net other assets</b>	(209,963)	(0.27)
<b>Total net assets</b>	<u>78,413,250</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

**IFSL TRADE UNION UNIT TRUST**

**STATEMENT OF TOTAL RETURN**

for the year ended 15 August 2024

	Notes	15 August 2024		15 August 2023	
		£	£	£	£
Income:					
Net capital gains	4		7,639,611		1,034,113
Revenue	6	1,686,706		1,250,089	
Expenses	7	<u>(697,270)</u>		<u>(785,613)</u>	
Net revenue before taxation		989,436		464,476	
Taxation	8	<u>(78,722)</u>		<u>(31,119)</u>	
Net revenue after taxation			<u>910,714</u>		<u>433,357</u>
Total return before distributions			8,550,325		1,467,470
Distributions	9		(937,320)		(550,210)
Change in net assets attributable to unitholders from investment activities			<u>7,613,005</u>		<u>917,260</u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

for the year ended 15 August 2024

	15 August 2024		15 August 2023	
	£	£	£	£
Opening net assets attributable to unitholders		73,003,735		75,186,341
Amounts receivable on issue of units	484,066		231,487	
Amounts payable on cancellation of units	<u>(2,688,581)</u>		<u>(3,332,491)</u>	
		(2,204,515)		(3,101,004)
Change in net assets attributable to unitholders from investment activities		7,613,005		917,260
Unclaimed distributions		1,025		1,138
Closing net assets attributable to unitholders		<u>78,413,250</u>		<u>73,003,735</u>

**IFSL TRADE UNION UNIT TRUST****BALANCE SHEET**

as at 15 August 2024

	Notes	15 August 2024 £	15 August 2023 £
<b>Assets:</b>			
<b>Fixed Assets:</b>			
Investments	16	78,623,213	72,661,422
<b>Current Assets:</b>			
Debtors	10	402,603	291,458
Cash and bank balances		751,079	683,709
Total assets		<u>79,776,895</u>	<u>73,636,589</u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		911,789	550,214
Bank overdrafts		404,255	7,199
Other creditors	11	47,601	75,441
Total liabilities		<u>1,363,645</u>	<u>632,854</u>
<b>Net assets attributable to unitholders</b>		<u>78,413,250</u>	<u>73,003,735</u>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 15 August 2024

**1 ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 ("FRS 102") and in accordance with the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest thousand pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

There are no material events that have been identified that may cast significant doubt on the Fund's ability to continue as a going concern for the next twelve months from the date when the financial statements are authorised for issue. The Authorised Fund Manager (AFM) believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

**Revenue**

Dividends from quoted ordinary securities are recognised when the security is quoted ex-dividend.

Dividends from non-quoted securities are recognised when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

**Expenses**

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

**Valuation**

The valuation point was 12:00 on 15 August 2024 being the last valuation point of the accounting year.

Listed investments are valued at fair value which is the bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the AFM's best estimate of the amount that would be received from the immediate transfer at arm's length in a manner designed to show fair value. This modelling takes into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

**Taxation**

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

**Exchange rates**

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 15 August 2024 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

**Dilution adjustment**

The Fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the Fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing unitholders' interest in the Fund. In order to counter this and to protect unitholders' interests, the AFM will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the Fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. Any dilution adjustment will be applied consistently and, in the usual course of business, automatically.

**2 DISTRIBUTION POLICIES**

The distribution policy of the Fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 15 August 2024

**DISTRIBUTION POLICIES** (continued)

**Equalisation**

Equalisation applies only to units purchased during the distribution period. It is the average amount of income included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the units for UK capital gains tax purposes.

**Stock and special dividends**

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue of the Fund. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

**3 RISK MANAGEMENT POLICIES**

In pursuing its investment objective the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities held in accordance with the investment objectives and policies together with cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

The Fund is managed according to COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) the authorised funds are required to comply with a number of investment rules that require the spreading of risk.

**Market price risk**

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

**Foreign currency risk**

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as a significant proportion of the Fund's assets and income are denominated in currencies other than sterling which is the Fund's functional currency.

The AFM has identified three principal areas where foreign currency risk could impact the Fund. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally movements in exchange rates affecting income received by the Fund. The Fund converts all receipts of income received in currency into sterling on the day of receipt.

**Credit and counterparty risk**

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the AFM as an acceptable counterparty.

**Interest rate risk**

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

## IFSL TRADE UNION UNIT TRUST

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2024

#### RISK MANAGEMENT POLICIES (continued)

##### Liquidity risk

The Fund's assets comprise mainly of readily realisable securities. The main liability of the Fund is the redemption of any units that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Fund's assets is regularly reviewed by the AFM.

<b>4 NET CAPITAL GAINS</b>	<b>15 August 2024</b>	<b>15 August 2023</b>
	<b>£</b>	<b>£</b>
The net gains on investments during the year comprise:		
Non-derivative securities gains	7,644,514	1,008,730
Currency (losses)/gains	(4,479)	25,948
Transaction charges	(424)	(565)
<b>Net capital gains</b>	<u>7,639,611</u>	<u>1,034,113</u>
<b>5 PURCHASES, SALES AND TRANSACTION COSTS</b>	<b>15 August 2024</b>	<b>15 August 2023</b>
	<b>£</b>	<b>£</b>
Purchases excluding transaction costs		
Equities	<u>10,990,956</u>	<u>10,094,912</u>
	10,990,956	10,094,912
Equities: Commissions	5,977	5,888
Taxes and other charges	28,835	26,429
Total purchase transaction costs	<u>34,812</u>	<u>32,317</u>
<b>Purchases including transaction costs</b>	<u>11,025,768</u>	<u>10,127,229</u>
Purchases transaction costs expressed as a percentage of the principal amount:		
Equities: Commissions	0.05%	0.06%
Taxes and other charges	0.26%	0.26%
Sales excluding transaction costs		
Equities	<u>12,449,982</u>	<u>13,157,096</u>
	12,449,982	13,157,096
Equities: Commissions	(7,384)	(7,378)
Total sale transaction costs	<u>(7,384)</u>	<u>(7,378)</u>
<b>Sales net of transaction costs</b>	<u>12,442,598</u>	<u>13,149,718</u>
Sales transaction costs expressed as a percentage of the principal amount:		
Equities: Commissions	0.06%	0.06%
Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:		
Equities: Commissions	0.02%	0.02%
Taxes and other charges	0.04%	0.04%
	<u>0.06%</u>	<u>0.06%</u>
Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the Fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.		
<b>Transaction handling charges</b>		
These are charges payable to the trustee in respect each transaction.	424	565
<b>Average portfolio dealing spread</b>		
This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.		
Average portfolio dealing spread at the balance sheet date	0.07%	0.07%

## IFSL TRADE UNION UNIT TRUST

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2024

<b>6 REVENUE</b>	<b>15 August 2024</b>	<b>15 August 2023</b>
	£	£
UK dividends	885,044	814,160
Overseas dividends	778,971	423,504
Bank credit interest	22,691	12,425
<b>Total revenue</b>	<u>1,686,706</u>	<u>1,250,089</u>
<b>7 EXPENSES</b>	<b>15 August 2024</b>	<b>15 August 2023</b>
	£	£
Payable to the AFM or associate:		
AFM's periodic charge	654,209	733,687
Registration fees	12,228	13,041
	<u>666,437</u>	<u>746,728</u>
Payable to the trustee or associate:		
Trustee's fees	19,352	26,528
Safe custody fees	3,783	4,790
	<u>23,135</u>	<u>31,318</u>
Other expenses:		
Audit fee	7,541	7,499
Financial Conduct Authority fee	77	68
Bank interest	80	-
	<u>7,698</u>	<u>7,567</u>
<b>Total expenses</b>	<u>697,270</u>	<u>785,613</u>
<b>8 TAXATION</b>	<b>15 August 2024</b>	<b>15 August 2023</b>
	£	£
a Analysis of the tax charge for the year		
Overseas tax	78,722	31,119
<b>Total tax charge for the year</b> (see note 8(b))	<u>78,722</u>	<u>31,119</u>
b Factors affecting the tax charge for the year		
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a unit trust (20%). The differences are explained below.		
Net revenue before taxation	989,435	464,476
UK corporation tax at 20% (2023: 20%)	197,887	92,895
Effects of:		
Revenue not subject to taxation	(332,803)	(247,533)
Unrelieved excess management expenses	134,916	154,638
Overseas tax	78,722	31,119
<b>Total tax charge for the year</b> (see note 8(a))	<u>78,722</u>	<u>31,119</u>
c Provision for deferred taxation		
At 15 August 2024 the Fund has deferred tax assets of £3,193,680 (2023: £3,058,765) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.		
<b>9 DISTRIBUTIONS</b>	<b>15 August 2024</b>	<b>15 August 2023</b>
	£	£
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Interim	25,536	-
Final	911,789	550,214
Revenue brought forward	(5)	(4)
<b>Distributions</b>	<u>937,320</u>	<u>550,210</u>
Net deficit of revenue for the year	(26,606)	(116,853)
<b>Net revenue after taxation for the year</b>	<u>910,714</u>	<u>433,357</u>



## IFSL TRADE UNION UNIT TRUST

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2024

#### 10 DEBTORS

	15 August 2024 £	15 August 2023 £
Amounts receivable for issue of units	5,417	-
Accrued revenue	200,297	106,826
Currency receivables	6,538	-
Taxation recoverable	190,351	184,632
<b>Total debtors</b>	<u>402,603</u>	<u>291,458</u>

#### 11 OTHER CREDITORS

	15 August 2024 £	15 August 2023 £
Amounts payable for cancellation of units	-	31,589
AFM's periodic charge and registration fees	29,249	30,391
Accrued expenses	18,352	13,461
<b>Total other creditors</b>	<u>47,601</u>	<u>75,441</u>

#### 12 RELATED PARTIES

The AFM is involved in all transactions in the units of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due from/to the AFM in respect of unit transactions at the year end are disclosed in notes 10 and 11, respectively. Amounts paid to the AFM in respect of the AFM's periodic charge and registration fees are disclosed in note 7. Amounts due from/(to) the AFM at the year end are £23,832 (2023: £61,980).

#### 13 UNIT CLASSES

The unit classes in issue for the Fund and the annual management charge for each unit class is as follows:

A Income	0.75%
TU Income	1.00%

#### 14 UNITHOLDERS' FUNDS RECONCILIATION

During the year the AFM has issued and cancelled units as set out below:

	A Income	TU Income
Opening units in issue at 16 August 2023	<u>6,359,190</u>	<u>1,660,530</u>
Unit issues	54,171	326
Unit cancellations	(250,812)	(33,837)
Unit conversions	<u>(2,379,358)</u>	<u>2,356,285</u>
Closing units in issue at 15 August 2024	<u>3,783,191</u>	<u>3,983,304</u>

#### 15 RISK DISCLOSURES

##### Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net assets by £3,931,161 (2023: £3,633,071). A five per cent decrease would have an equal and opposite effect.

##### Foreign currency risk

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

##### Foreign currency exposure at 15 August 2024

	Investments £	Net other assets £	Total £
Danish krone	5,621,406	55,970	5,677,376
Euro	22,368,572	72,121	22,440,693
Norwegian krone	1,831,633	31,371	1,863,004
US dollar	-	20,026	20,026
Swiss franc	3,844,661	73,689	3,918,350
	<u>33,666,272</u>	<u>253,177</u>	<u>33,919,449</u>

##### Foreign currency exposure at 15 August 2023

	Investments £	Net other assets £	Total £
Danish krone	5,425,756	47,075	5,472,831
Euro	19,871,838	72,966	19,944,804
Norwegian krone	1,319,748	2,676	1,322,424
Swiss franc	3,649,926	69,935	3,719,861
	<u>30,267,268</u>	<u>192,652</u>	<u>30,459,920</u>

## IFSL TRADE UNION UNIT TRUST

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2024

#### RISK DISCLOSURES (continued)

##### Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £1,695,972 (2023: £1,522,996). A five per cent increase would have an equal and opposite effect.

##### Interest rate risk

The interest rate risk profile of financial assets and liabilities for the year ended 15 August 2024 consists of the following:

	Floating Rate Financial Assets £	Floating Rate Financial Liabilities £	Non-Interest Bearing Financial Assets £	Non-Interest Bearing Financial Liabilities £	Total £
Danish krone	33,627	31,269	5,675,018	-	5,677,376
Euro	166,802	166,802	22,440,693	-	22,440,693
Norwegian krone	206,164	206,154	1,862,994	-	1,863,004
Sterling	344,444	-	45,108,746	959,390	44,493,800
Swiss franc	-	-	3,918,350	-	3,918,350
US dollar	42	30	20,015	-	20,027
	<u>751,079</u>	<u>404,255</u>	<u>79,025,816</u>	<u>959,390</u>	<u>78,413,250</u>

The interest rate risk profile of financial assets and liabilities for the year ended 15 August 2023 consists of the following:

	Floating Rate Financial Assets £	Floating Rate Financial Liabilities £	Non-Interest Bearing Financial Assets £	Non-Interest Bearing Financial Liabilities £	Total £
Danish krone	1	-	5,472,830	-	5,472,831
Euro	11,205	7,199	19,936,792	-	19,940,798
Norwegian krone	7	-	1,322,417	-	1,322,424
Sterling	672,496	-	42,500,980	625,655	42,547,821
Swiss franc	-	-	3,719,861	-	3,719,861
	<u>683,709</u>	<u>7,199</u>	<u>72,952,880</u>	<u>625,655</u>	<u>73,003,735</u>

As most of the Fund's financial assets are non-interest bearing, an interest rate sensitivity analysis has not been included.

##### Liquidity risk

The following table provides a maturity analysis of the Fund's financial liabilities:

		15 August 2024 £	15 August 2023 £
Within one year:	Distribution payable	911,789	550,214
	Bank overdrafts	404,255	7,199
	Other creditors	47,601	75,441
		<u>1,363,645</u>	<u>632,854</u>

## IFSL TRADE UNION UNIT TRUST

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2024

#### 16 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	15 August 2024		15 August 2023	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	78,623,213	-	72,661,422	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>78,623,213</u>	<u>-</u>	<u>72,661,422</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

#### 17 POST BALANCE SHEET EVENTS

Since 15 August 2024, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	15 August 2024 <sup>A</sup>	11 November 2024	Movement (%)
A Income	1,017.00	969.40	(4.68)%
TU Income	1,026.00	978.70	(4.61)%

<sup>A</sup> These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

#### DISTRIBUTION TABLE

##### Interim distribution for the period from 16 August 2023 to 15 February 2024

	Net revenue 15 February 2024 pence per unit	Distribution paid 15 April 2024 pence per unit	Distribution paid 15 April 2023 pence per unit
A Income	0.6575	0.6575	-
TU Income	-	-	-

##### Final distribution for the period from 16 February 2024 to 15 August 2024

	Net revenue 15 August 2024 pence per unit	Distribution paid 15 October 2024 pence per unit	Distribution paid 15 October 2023 pence per unit
A Income	12.3944	12.3944	8.6522
TU Income	11.1185	11.1185	-

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