

Investment Fund Services

# IFSL Trade Union Unit Trust

Interim Report and Unaudited  
Financial Statements

for the six month period ended 15 February 2024



TU Financial Management Services Ltd

## **IFSL TRADE UNION UNIT TRUST**

### **CONTACT INFORMATION**

#### **Authorised Fund Manager (AFM) and Registrar**

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 Derbyshire - resigned, 11 December 2023  
Helen Redmond  
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**

abrln Investments Limited  
280 Bishopsgate  
London  
EC2M 4AG

Authorised and regulated by the Financial Conduct Authority.

#### **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.

#### **Auditor**

Shipleys LLP  
10 Orange Street  
London  
WC2H 7DQ

## IFSL TRADE UNION UNIT TRUST

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## IFSL TRADE UNION UNIT TRUST

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 15 February 2024

#### Performance to 15 February 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Trade Union Unit Trust	7.94%	5.80%	8.37%	45.36%
Composite Benchmark <sup>A</sup>	6.14%	2.90%	22.48%	36.93%

<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 six month period from 16 August 2023 to 15 February 2024, IFSL Trade Union Unit Trust (the Fund) A Income units returned 7.94%, compared with a return of 6.14% for the benchmark\*.

##### Market review

European equities (excluding the United Kingdom (UK)) advanced over the period as inflation continued to recede and hopes grew that central banks would soon be able to start cutting interest rates. However, the outbreak of conflict between Palestine and Israel in October led to concerns about increases in commodity prices as well as disruption of vital international shipping routes in the Red Sea. Lacklustre economic data from China and concerns about the country's real estate and financial sectors also negatively affected market sentiment. The European Central Bank raised interest rates in September before leaving them unchanged for the rest of the period. Growth in the euro area was sluggish, with weakness in the German economy in particular.

The UK stock market also rose but lagged its peers in Europe and the United States (US) due to concerns about economic growth in Britain and relative weakness in the price of oil and other commodities. (Energy and mining firms make up a significant proportion of the UK market.) The Bank of England raised the base rate to 5.25% at its August meeting but kept it on hold for the rest of the period as inflation declined. Data showed ongoing weakness in Britain's construction and manufacturing sectors, but services showed signs of a recovery around the end of 2023.

##### Fund performance review

The Fund has a higher level of holdings in the technology sector than the benchmark, and this had a particularly positive impact on relative performance. Technology stocks rose over the period due to optimism around artificial intelligence (AI) and hopes of interest-rate cuts later in 2024.

On a stock-specific basis, ASML was the biggest contributor to returns. Shares in the company, which makes equipment used in the manufacturing of microchips, rose due to expectations of strong growth in its end markets in 2024 and 2025. Novo Nordisk's share price continued to rise following the success of its GLP-1 anti-obesity drug, while trial results indicated a substantial cardiovascular risk benefit from weight loss induced by the medication. Shares in analytics company RELX increased after analysts upgraded their growth forecasts based on the potential of AI to drive sales of the firm's products.

Conversely, shares in insurer Prudential detracted from performance due to the company's high level of exposure to China, where growth was weak for much of the review period. Diageo stock declined after the alcoholic beverage firm warned its profits would be negatively affected by lower levels of consumer spending in North and South America. Finally, shares in animal genetics business Genus also fell due to the company's exposure to the Chinese market.

##### Portfolio activity

We sold what remained of the Fund's position in technology investment company Prosus, where the investment case had run its course. We also exited the holding in Dechra Pharmaceuticals after the company accepted a takeover offer. The proceeds from these sales were used to add to the holdings in LVMH, Genus and Sage Group. We also topped up the Fund's position in renewable energy business Orsted. We believe the company has a number of options to address its balance-sheet issues that have been overlooked by the market. Finally, we sold a portion of our holding in Novo Nordisk following a period of exceptional performance.

## IFSL TRADE UNION UNIT TRUST

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 15 February 2024

#### Investment commentary (continued)

##### Investment outlook

Stock markets remain volatile as we come to the end of the recent interest rate-hiking cycle, with the impact of higher borrowing costs on the real economy still unclear, and perhaps yet to be fully felt. Investors are now focusing on the timing and size of future interest rate cuts in light of conflicting economic datapoints: the US economy continues to defy expectations with its resilience, while Europe and China grapple with a more challenging environment. We therefore believe the outlook for the global economy and for corporate earnings remains fragile. In this context, although estimates for the European market have come down, expectations for 2024 earnings growth of between 5% and 10% look overly optimistic, with the full impact of higher rates still to come. As such, the likelihood of a downward revision of corporate earnings estimates in the next few quarters is still high, as we do expect a slowdown in economic growth among economies in Europe and elsewhere in the world even if these economies manage to avoid a technical recession.

abrdn Investments Limited  
7 March 2024

\* Benchmark – used for performance comparative purposes.

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#### Distributions

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>A Income (pence per unit)</u>				
Net income paid 15 April	0.6575	-	-	-
Net income paid 15 October		8.6522	3.1167	3.8192
<u>TU Income (pence per unit)</u>				
Net income paid 15 April	-	N/A	N/A	N/A
Net income paid 15 October		-	N/A	N/A

#### Portfolio changes

<u>Purchases</u>	<u>Cost (£)</u>
LVMH Moët Hennessy Louis Vuitton	671,119
Ørsted	421,786
Genus	358,269
Sage Group	356,380
Adyen	352,793
Total purchases for the period	2,160,347
<u>Sales</u>	<u>Proceeds (£)</u>
Dechra Pharmaceuticals	2,427,518
Prosus	1,308,536
Novo Nordisk	721,353
Total sales for the period	4,457,407

## **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 Authorised Fund Manager (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.

#### **Changes in prospectus**

There have been no significant changes since the last annual report.

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.

**IFSL TRADE UNION UNIT TRUST**

**DIRECTORS' 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.



Allan Hamer  
Director



Helen Redmond  
Director

Investment Fund Services Limited  
3 April 2024

## IFSL TRADE UNION UNIT TRUST

### COMPARATIVE TABLE

<b><u>A Income units</u></b>	<b>Period to 15.02.2024</b>	<b>Year to 15.08.2023</b>	<b>Year to 15.08.2022</b>	<b>Year to 15.08.2021</b>
<b>Change in net assets per unit</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	908.44	899.47	984.50	827.96
Return before operating charges*	75.67	25.01	(72.17)	170.04
Operating charges	(3.70)	(7.39)	(9.74)	(9.68)
Return after operating charges*	71.97	17.62	(81.91)	160.36
Distributions on income units	(0.66)	(8.65)	(3.12)	(3.82)
Closing net asset value per unit	979.75	908.44	899.47	984.50

\* after direct transaction costs of: 0.10 0.48 0.70 0.96

#### Performance

Return after charges<sup>A</sup> 7.92% 1.96% (8.32)% 19.37%

#### Other information

Closing net asset value (£)	38,051,064	57,769,193	75,186,341	83,928,028
Closing number of units	3,883,760	6,359,190	8,358,968	8,524,918
Operating charges	0.81% <sup>C,D</sup>	0.82%	1.07%	1.09%
Direct transaction costs	0.02% <sup>D</sup>	0.05%	0.08%	0.11%

#### Prices (pence per unit)

Highest unit price	981.00	972.40	1,011.00	988.80
Lowest unit price	845.40	792.60	780.10	816.80

#### **TU Income units**

<b>Change in net assets per unit</b>	<b>Period to 15.02.2024</b>	<b>Period to 15.08.2023<sup>B</sup></b>
	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	917.45	927.90
Return before operating charges*	77.66	(10.45)
Operating charges	(4.93)	-
Return after operating charges*	72.73	(10.45)
Distributions on income units	-	-
Closing net asset value per unit	990.18	917.45

\* after direct transaction costs of: 0.10 -

#### Performance

Return after charges<sup>A</sup> 7.93% (1.13)%

#### Other information

Closing net asset value (£)	39,579,652	15,234,542
Closing number of units	3,997,204	1,660,530
Operating charges	1.06% <sup>C,D</sup>	1.07% <sup>D</sup>
Direct transaction costs	0.02% <sup>D</sup>	0.00%

#### Prices (pence per unit)

Highest unit price	990.20	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.

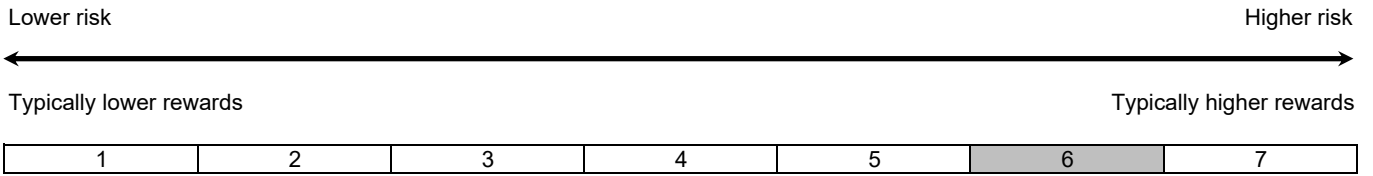
Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each unit class in the period. Where it is considered unsuitable to use the total expenses paid by each unit class in the period to calculate the OCF because of material changes to the Fund's 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 period, 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 period 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 period the synthetic risk and reward indicator has remained unchanged.

IFSL TRADE UNION UNIT TRUST

PORTFOLIO STATEMENT

as at 15 February 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>BELGIUM</b> (15 August 2023 - 1.91%)		
83,695 Azelis Group	1,327,424	1.71
Total Belgium	<u>1,327,424</u>	<u>1.71</u>
<b>DENMARK</b> (15 August 2023 - 7.43%)		
22,060 Ørsted	1,015,607	1.31
55,710 Novo Nordisk	5,421,111	6.98
Total Denmark	<u>6,436,718</u>	<u>8.29</u>
<b>FRANCE</b> (15 August 2023 - 10.09%)		
37,011 Edenred	1,756,579	2.26
7,197 L'Oréal	2,691,117	3.47
3,842 LVMH Moët Hennessy Louis Vuitton	2,671,087	3.44
46,232 Ubisoft Entertainment	959,871	1.24
Total France	<u>8,078,654</u>	<u>10.41</u>
<b>GERMANY</b> (15 August 2023 - 4.30%)		
9,892 Hannover Rück	1,955,620	2.52
27,039 Nemetschek	1,996,190	2.57
Total Germany	<u>3,951,810</u>	<u>5.09</u>
<b>ITALY</b> (15 August 2023 - 1.98%)		
55,389 Amplifon	1,501,572	1.93
Total Italy	<u>1,501,572</u>	<u>1.93</u>
<b>JERSEY</b> (15 August 2023 - 3.20%)		
83,093 Experian	2,805,220	3.61
Total Jersey	<u>2,805,220</u>	<u>3.61</u>
<b>NETHERLANDS</b> (15 August 2023 - 8.95%)		
1,813 Adyen	2,276,486	2.93
6,789 ASML Holding	5,052,141	6.51
Total Netherlands	<u>7,328,627</u>	<u>9.44</u>
<b>NORWAY</b> (15 August 2023 - 1.81%)		
87,901 Schibsted 'B'	2,058,695	2.65
Total Norway	<u>2,058,695</u>	<u>2.65</u>
<b>SWITZERLAND</b> (15 August 2023 - 7.43%)		
76,772 Coca-Cola HBC	1,870,934	2.41
4,437 Lonza Group	1,839,007	2.37
7,317 Sika	1,632,221	2.10
Total Switzerland	<u>5,342,162</u>	<u>6.88</u>
<b>UNITED KINGDOM</b> (15 August 2023 - 52.43%)		
51,608 AstraZeneca	4,999,783	6.44
31,809 Croda International	1,583,134	2.04
114,806 Diageo	3,336,836	4.30
72,092 Genus	1,226,285	1.58
96,045 Halma	2,109,148	2.72
194,891 Hiscox	2,046,356	2.64
134,238 Intermediate Capital Group	2,424,338	3.12
50,107 London Stock Exchange Group	4,468,542	5.76
273,364 Prudential	2,200,033	2.83
165,445 RELX	5,482,847	7.06
176,195 Sage Group	2,057,958	2.65
78,462 Unilever	3,124,749	4.03
119,389 Weir Group	2,174,074	2.80
Total United Kingdom	<u>37,234,083</u>	<u>47.97</u>

## IFSL TRADE UNION UNIT TRUST

### PORTFOLIO STATEMENT

as at 15 February 2024

	<b>Bid value £</b>	<b>Percentage of total net assets %</b>
<b>Portfolio of investments</b>	76,064,965	97.98
<b>Net other assets</b>	1,565,751	2.02
<b>Total net assets</b>	<u>77,630,716</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.

### PORTFOLIO TRANSACTIONS

for the six month period ended 28 February 2024

	<b>£</b>
Total purchases costs, including transaction charges	2,160,347
Total sales proceeds, net of transaction charges	4,457,407

## IFSL TRADE UNION UNIT TRUST

### STATEMENT OF TOTAL RETURN

for the six month period ended 15 February 2024

	15 February 2024		15 February 2023	
	£	£	£	£
Income:				
Net capital gains		5,696,998		3,074,531
Revenue	333,640		270,062	
Expenses	<u>(329,681)</u>		<u>(384,970)</u>	
Net expense before taxation	3,959		(114,908)	
Taxation	<u>(5,033)</u>		<u>(1,888)</u>	
Net expense after taxation		<u>(1,074)</u>		<u>(116,796)</u>
Total return before distributions		5,695,924		2,957,735
Distributions		(25,533)		4
Change in net assets attributable to unitholders from investment activities		<u>5,670,391</u>		<u>2,957,739</u>

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

for the six month period ended 15 February 2024

	15 February 2024		15 February 2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		<sup>A</sup> 73,003,735		75,186,341
Amounts receivable on issue of units	432,019		187,266	
Amounts payable on cancellation of units	<u>(1,476,405)</u>		<u>(1,956,408)</u>	
		(1,044,386)		(1,769,142)
Change in net assets attributable to unitholders from investment activities		5,670,391		2,957,739
Unclaimed distributions		976		1,077
Closing net assets attributable to unitholders		<u>77,630,716</u>		<sup>A</sup> <u>76,376,015</u>

<sup>A</sup> These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

## IFSL TRADE UNION UNIT TRUST

### BALANCE SHEET

as at 15 February 2024

	15 February 2024 £	15 August 2023 £
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	76,064,965	72,661,422
<b>Current Assets:</b>		
Debtors	174,010	291,458
Cash and bank balances	1,745,362	683,709
Total assets	<u>77,984,337</u>	<u>73,636,589</u>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Distribution payable	25,538	550,214
Bank overdrafts	219,390	7,199
Other creditors	108,693	75,441
Total liabilities	<u>353,621</u>	<u>632,854</u>
<b>Net assets attributable to unitholders</b>	<u>77,630,716</u>	<u>73,003,735</u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 15 February 2024

#### Basis for preparation

The interim 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 interim 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 pound.

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

#### Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 15 August 2023 and are described in those annual financial statements.

The investments of the Fund have been valued at their fair value at 12 noon on 15 February 2024.

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**Investment Fund Services Limited**  
Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

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