

Brooks Macdonald International Investment Funds Limited

Annual Report and Audited
Financial Statements

For the year ended 30 September 2021



BROOKS MACDONALD

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Company Information

The Company

Brooks Macdonald International
Investment Funds Limited (formerly Lloyds Investment
Funds Limited)

Directors:

Ross Davey Willcox (Independent Director
and Chairman)
Michael Peter Farley (Independent Director)
Brian Charles James
Richard John Hughes
Nigel Le Quesne (resigned 31 December 2021)

Registered Office

28 Esplanade, St. Helier, Jersey
Channel Islands JE2 3QA

Company Secretary

JTC Fund Solutions (Jersey) Limited (from 1 December 2020)
28 Esplanade, St. Helier, Jersey
Channel Islands JE2 3QA

Previously Lloyds Corporate Services (Jersey) Limited
PO Box 160, 11-12 Esplanade, St. Helier, Jersey
Channel Islands JE2 3QA

Manager

Brooks Macdonald International Fund Managers Limited
(from 1 December 2020)
5 Anley Street, St. Helier, Jersey
Channel Islands JE2 3QE

Previously Lloyds Investment Fund Managers Limited
11-12 Esplanade, St. Helier, Jersey
Channel Islands JE2 3QA

Administrator and Registrar

JTC Fund Solutions (Jersey) Limited (from 1 December 2020)
28 Esplanade, St. Helier, Jersey
Channel Islands JE2 3QA

Lloyds Investment Fund Managers Limited (Previous
Registrar)
11-12 Esplanade, St. Helier, Jersey
Channel Islands JE2 3QA

Custodian

Apex Financial Services (Corporate) Limited
12 Castle Street, St. Helier, Jersey
Channel Islands JE2 3RT

Investment Manager

Brooks Macdonald Asset Management (International)
Limited (from 1 December 2020)
Jersey Branch
5 Anley Street, St. Helier, Jersey
Channel Islands JE2 3QE

Previously Schroder Investment Management Limited
1 London Wall Place, London
United Kingdom EC2Y 5AU

Independent Auditor

PricewaterhouseCoopers CI LLP
37 Esplanade, St. Helier, Jersey
Channel Islands JE1 4XA

Legal Advisers

Mourant Ozannes (Jersey) LLP
PO Box 87, 22 Grenville Street, St. Helier, Jersey
Channel Islands JE4 8PX

International Stock Exchange Sponsor

JTC Listing Services Limited
28 Esplanade, St. Helier, Jersey
Channel Islands JE2 3QA

Principal Bankers

Lloyds Bank Corporate Markets plc, Jersey Branch, trading as
Lloyds Bank International
11-12 Esplanade, St. Helier, Jersey
Channel Islands JE2 3QA

Investment Objectives and Policy

Brooks Macdonald International Investment Funds Limited ('the Company') is an open-ended investment company registered in Jersey which as at the year end has three classes, each being an individual 'Fund'.

The Company is known as an 'Umbrella' Fund because it provides its shareholders with a variety of investment options under the umbrella of a single Company.

The overall objective of the Company is to provide investors with a managed investment designed to meet the specific objectives laid down for each Fund. The investment objectives and policy of each Fund is set out below:

[Euro High Income Fund](#)

Objective

To maintain a high income through investment in a spread of fixed interest securities denominated predominately in Euro.

Investment Policy

To support the payment of dividends above the level of short term euro interest rates. This policy may result in a gradual reduction in the capital value of the shares. The Fund will normally hold a relatively wide range of securities in order to keep a low level of exposure to individual bond issues other than government securities. The Fund may also hold a substantial part of its assets in bank deposits from time to time. The Fund is permitted to invest in securities denominated in currencies other than euro. The current policy of the Directors is that investments in non-euro denominated securities should be fully hedged against euro with the aim of eliminating the effects of any exchange rate movements.

[High Income Fund](#)

Objective

To seek a high income from a spread of fixed interest securities.

Investment Policy

To support the payment of dividends above the level of short term sterling interest rates. This policy may result in a gradual reduction in the capital value of the shares. The Fund will normally hold a relatively wide range of securities in order to keep a low level of exposure to individual bond issues other than government securities. The Fund may also hold a substantial part of its assets in bank deposits from time to time. The Fund may invest in securities denominated in currencies other than Sterling. The current policy of the Directors is that investments in non-Sterling denominated securities should be fully hedged against Sterling with the aim of eliminating the effects of any exchange rate movements.

[Sterling Bond Fund](#)

Objective

To provide a regular income from a managed portfolio of Sterling fixed interest securities with a particular emphasis on those securities on which interest is paid gross to non-residents of the United Kingdom.

Investment Policy

The assets of the Fund are generally invested in a managed portfolio of sterling fixed interest securities which have been issued by governments, local authorities, public utilities and corporations. If it is desirable to hold assets with a short-term maturity, then the Fund may also place money on bank deposit (subject to certain limitations). Similarly, derivative instruments such as traded options and financial futures may be used to reduce risk. Futures and options are contracts which give the buyer the right, or obligation, to purchase or sell an asset at a predetermined price on or before a future date.

Directors' Profiles

Ross Davey Willcox (Independent Director and Chairman)

Joined the Lloyds Banking Group in 1977 and held a number of managerial positions in the UK and Internationally. He was appointed as Chairman of Lloyds International Fund Managers Limited (now Brooks Macdonald International Fund Managers Limited) in 1999 and as Chairman of the Company in 2004. Ross resigned as a Director of the Manager on 30 November 2020. Previous responsibilities included the value proposition of all investment products for International Wealth. A qualified Banker, a Fellow of the Securities & Investment Institute, a Chartered Director and Fellow of the Institute of Directors. Aged 62.

Michael Peter Farley (Independent Director)

Joined Brooks Macdonald International Investment Funds Limited in 2020. Michael is a Director of Altair Partners Limited which provides independent director services to funds and regulated entities, together with consultancy services to the fiduciary industry. He has over 20 years' experience in managing assets for private clients and is a Fellow of the Chartered Institute of Securities and Investments, holding qualifications in both investments and trusts. Michael has comprehensive experience in senior leadership as a board director, having sat on a variety of regulated boards, including Investment Business, Trust Companies Business and Fund Services Business licensed entities. Aged 55.

Brian Charles James

Joined the Lloyds Banking Group in 1988 and held a number of managerial positions primarily in Financial Control and Risk Management roles before being appointed as a Director of Lloyds International Fund Managers Limited (now Brooks Macdonald International Fund Managers Limited) in 1999 and as a Director of the Company in 2004. Brian resigned as a Director of the Manager on 30 November 2020. In January 2021 Brian joined JTC as Client Director. Previous responsibilities included leading a team of specialists delivering operational support for a range of offshore investment products and services. A Chartered Director, Fellow of the Institute of Directors, holder of the International Diploma in Governance, Risk & Compliance and is a member of the International Compliance Association. Aged 60.

Richard John Hughes

Richard joined Brooks Macdonald in 2013 and oversaw the firm's international marketing, distribution and business development strategy, including management of key distribution partner relationships across the UK, Europe, Africa and Middle East. In 2019, Richard assumed the role of Deputy Chief Executive Officer, International and during 2020 took responsibility for business management and change with oversight of operations, technology, HR and finance functions. In 2021, Richard took over as Chief Executive Officer, International. Richard is a member of the International Management Committee and Risk Committee and a Director of Brooks Macdonald Asset Management (International) Limited, Brooks Macdonald Retirement Services (International) Limited and Brooks Macdonald International Fund Managers Limited. Richard is a Chartered Member of the Chartered Institute for Securities & Investment (CISI) and Member of the Institute of Directors (IoD) having completed the Certificate in the Company Direction in 2017. Aged 37.

Nigel Le Quesne

Joined Brooks Macdonald International Investment Funds Limited in 2020. Nigel is currently the Chief Executive Officer of the JTC PLC. Nigel is a Fellow of the Institute of Chartered Secretaries and Administrators and the Chartered Management Institute. He is also a member of the Society of Trust Estate Practitioners, the Jersey Taxation Society, the Institute of Directors and the Jersey Funds Association. Nigel currently holds and has held a number of directorships across several business sectors in both private and quoted companies. Nigel has resigned from the Board with effect from 31 December 2021. Aged 60.

Report of the Directors

The Directors have pleasure in submitting their Annual Report together with the Audited Financial Statements for the year ended 30 September 2021. The Company is domiciled and incorporated as a Limited Company in Jersey, Channel Islands under the Companies (Jersey) Law 1991 and is listed on The International Stock Exchange and has a secondary listing on the Malta Stock Exchange. Full details of the Company, Investment Objectives and Policy and Report of the Directors are stated on pages 2 to 8.

Results

The results for the year ended 30 September 2021 are detailed within the relevant Fund section in respect of each Fund.

Distributions

Distributions for the year are detailed in Note 5 to the financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Mr G. Cook (resigned 30 November 2020)

Mr I.M.J. Hardy (resigned 30 November 2020)

Mr C.J. Howland (resigned 30 November 2020)

Mr B.C. James

Mr B. Lysiak (resigned 30 November 2020)

Mr R.D. Willcox

Mr M.P. Farley (appointed 30 November 2020)

Mr R.J. Hughes (appointed 30 November 2020)

Mr N. Le Quesne (appointed 30 November 2020 ; resigned 31 December 2021)

As at 30 September 2021, no Director had a beneficial interest in the shares of the Company.

No Director has a service contract with the Company and no Director is, or was, materially interested in any service or other contract entered into by the Company other than those disclosed below.

Mr M. Hucker, Mr R. Hughes, Mr M. O'Connor, Mr L. Bateman and Mr D. Forbes are Directors of Brooks Macdonald International Fund Managers Limited (the 'Manager') which has a management contract with the Company. The Manager acts as the Company's non-EU Alternative Investment Fund Manager for the purpose of the Alternative Investment Fund Managers Directive (AIFMD). Fees earned by the Manager are disclosed in these Financial Statements in Note 9.

Directors Remuneration

Director remuneration of each of the Directors is set at the maximum of £12,500 per annum as disclosed in the Report and Accounts to 30 September 2021 (2020: £12,500 per annum). It will be proposed at the Annual General Meeting to be held on 1 March 2022 to fix the remuneration of each of the Directors at a maximum of £25,000 per annum.

Investment Activities

The Report of the Investment Manager is set out on pages 9 to 12.

Going Concern

The Financial Statements of the Company, Euro High Income, High Income and Sterling Bond Funds have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis. The Directors are confident that sufficient measures have been put in place to ensure the continuation of the business.

Following the initial shock to the market of Covid-19 in Q1 2020, bond yields compressed to all time low levels as global GDP shrank, risk appetite decreased and interest rate expectations dramatically readjusted. The remainder of 2020 saw yields remain around these levels until Q4 when a number of vaccines were announced and vaccine distribution began. Yields began to rise back from their lows, which saw 10 years gilt yields rise from around 0.20% to 0.90% in the 12 months to end of September 2021. This equated to 10 yearsr gilt prices falling by over 8% in the same period. Trailing 12 month default rates continued to move lower over this period. The outlook for 2022 is one of lower default rates but higher yields, driven by a recovering global economy and subsequent inflation expectations. Portfolios are monitored on a daily basis to ensure that they are within mandate constraints, risks flagged and price moves monitored.

Report of the Directors continued

Changes to the Investment Manager

As notified to Shareholders in June and October 2020 the ownership of Brooks Macdonald International Fund Managers Limited (formerly Lloyds Investment Fund Managers Limited) has transferred to Brooks Macdonald Asset Management (International) Limited ('BMI') from 1 December 2020. This means the management of the Company has been transferred to BMI and the Shareholders will continue to receive all benefits from the service and remain invested in their chosen fund. From 1 December 2020 Lloyds Investment Funds Limited has changed its name to Brooks Macdonald International Investment Funds Limited. BMI were chosen because the interests of the Company and Shareholders are best served by an entity that is focused on this sector and has plans to further invest in its business, products and services. You can find out more information about Brooks Macdonald at www.brooksmacdonald.com. The Lloyds Banking Group is no longer be involved in the day to day management after 30 November 2020. As a consequence of the transfer of ownership BMI was appointed as the Investment Manager to the Company, to replace Schroder Investment Management Limited.

Assessment of Value

The Company has conducted an assessment of value and it confirms that the payments out of scheme property set out in the prospectus are justified in the context of the overall value delivered to unitholders.

Prospectus

Copies of the Prospectus dated August 2021 together with any subsequent addenda are available, free of charge, on application to the Manager. Alternatively it can be accessed on our website at

<https://www.brooksmacdonald.com/international-funds>

Management and Administration Providers

The names and addresses of management and administration providers are stated on page 2.

Comparatives Tables

The Performance Records and Change in Net Asset Value per Share Tables are stated on pages 77 to 84.

Financial Risk Management

The Directors have taken into consideration the financial risk management of the Company, this has been disclosed in Note 19 of the financial statements.

Information Exchange

Jersey has entered into a number of Information Exchange Agreements with the authorities of other jurisdictions.

Shareholders should be aware that information on their investment may be shared with the relevant authorities, and may be passed to the tax authorities in their country of residence, citizenship or residence for tax purposes. For the avoidance of doubt this information may include (but not be limited to) details of shareholder names, addresses, unique identifiers (such as tax or national insurance numbers), amount of investment, redemption or sale proceeds and dividend payments.

Reporting Funds Regime

HM Revenue & Customs have accepted the entry of the Company into the Reporting Funds Regime for the purposes of regulation 51 of the Offshore Funds (Tax) Regulations 2009. The UK offshore funds rules apply in relation to each Fund within the Company. The following Funds have been approved by HM Revenue & Customs in the UK as "Reporting Funds" for the purposes of the UK offshore fund rules: Euro High Income Fund, High Income Fund and Sterling Bond Fund.

Directors' Responsibilities

The Directors are responsible for preparing the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRS).

The Directors have also chosen to adopt areas of the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued in May 2014 by the IMA (Investment Management Association) where this does not conflict with other reporting requirements.

The Directors are required by the Companies (Jersey) Law 1991 to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company for that period and are in accordance with applicable laws. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and

Report of the Directors continued

Directors' Responsibilities (continued)

- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended).

They are also responsible for the safeguarding of the assets of the Company which includes the appointment of a duly qualified Custodian. The Directors must also ensure that they or their duly appointed agents take reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Market Conditions

Assets held within certain Funds can be affected by market conditions and this may affect the share price of those Funds. The Directors would like to remind shareholders that investment in the Funds should be considered as a long term commitment, as the price of shares may rise and fall in the short term in response to changing market conditions.

Following the initial shock to the market of Covid-19 in Q1 2020, bond yields compressed to all time low levels as global GDP shrank, risk appetite decreased and interest rate expectations dramatically readjusted. The remainder of 2020 saw yields remain around these levels until Q4 when a number of vaccines were announced and vaccine distribution began. Yields began to rise back from their lows, which saw 10yr gilt yields rise from around 0.20% to 0.90% in the 12 months to end of September 2021. This equated to 10yr gilt prices falling by over 8% in the same period. During the same period, German bunds experienced a similar rise in yield. Its 10-year benchmark yield increase from -0.52% to -0.20% which is equivalent to an approx. 5.5% drop in price.

Trailing 12 month default rates continued to move lower over this period. The outlook for 2022 is one of lower default rates but higher yields, driven by a recovering global economy and subsequent inflation expectations. Portfolios are monitored on a daily basis to ensure that they are within mandate constraints, risks flagged and price moves monitored.

General Information

The Company is an open-ended investment company with variable capital and shareholders are not liable for the debts of the Company.

The Company holds a certificate as a recognized Securities Fund under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended), and holds a permit under Article 7 of the Collective Investment Funds (Jersey) Law, 1988.

The Manager has professional indemnity and directors' and officers' liabilities insurance coverage. The Manager also maintains an appropriate level of 'own funds' to cover the equivalent professional liability risks set out in AIFMD.

Whilst these Funds are not ESG focused nor sustainable finance funds, we do incorporate ESG issues into investment analysis and decision making processes. Environmental, government and social factors as well as the industry sector are all incorporated in order to facilitate a judgement of whether to invest in or divest a security.

The spread on the statement of financial position date is representative of the typical spread throughout the year.

Report of the Directors continued

General Information (continued)

The Company is listed on The International Stock Exchange and has a secondary listing on the Malta Stock Exchange.

The published share price of the assets of each Fund was as follows:

Sterling Denominated Funds	30 September 2021 pence	1 October 2020 pence
High Income Fund	83.49	87.47
Sterling Bond Fund	155.83	160.80

Euro Denominated Funds	Euro cents	Euro cents
Euro High Income Fund	151.07	154.10

The latest prices can be viewed on our website.

<https://www.brooksmacdonald.com/international-funds>

Average Portfolio Dealing Spread

The average portfolio dealing spread percentage, including the effect of foreign exchange, as at the statement of financial position date is as follows::

	30 September 2021 %	1 October 2020 %
Euro High Income Fund	0.45	0.59
High Income Fund	0.85	0.88
Sterling Bond Fund	0.57	0.76

Remuneration

As per the requirement for AIFMD disclosure of remuneration, the Alternative Investment Fund Manager (AIFM) had no direct employees. Fixed and variable costs (including any bonuses) were recharged by fellow Group Companies of Lloyds Banking Group until ownership transferred to Brooks Macdonald Asset Management (International) Limited from 1 December 2020, as set out in the financial statements of Brooks Macdonald International Fund Managers Limited (formerly Lloyds Investment Fund Managers Limited). Total staff costs and numbers have been allocated to the AIFM of Brooks Macdonald International Investment Funds Limited by the Lloyds Banking Group based on the value of the assets under management for the period 1 January 2020 to 30 November 2020 is £1,246,000.

There were no costs reallocated for the period 1 December 2020 to 30 September 2021 to Brooks Macdonald International Fund Managers Limited by the Brooks Macdonald International Group.

Website

The Company's financial statements can be found on <https://www.brooksmacdonald.com/international-investment-management/funds/international-investment-funds/international-investment-funds-factsheets-and-reports>. The work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

Information published on the internet is accessible in many countries. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board of Directors

B. C. James

27 January 2022

Report of the Investment Manager

General commentary

Last year proved to be a tumultuous year for global investment markets, with the coronavirus pandemic and the subsequent central bank and government policy responses leading to major swings in global indices. 2020 marked the end of the longest bull market and the shortest-lived bear market ever. Progress was not linear and markets reflected this with volatility in fixed income markets and bonds rallying before softening again.

At the start of this year, the successful distribution of COVID-19 vaccines raised hopes for a return to a new “normal” of economic and social activity. Yields moved higher and became a focus for the markets. Although, the rise of global inflation expectations has put upward pressure on bond yields, we still see the higher inflation as transitory, although acknowledge that there is still a large degree of uncertainty. The larger-than-expected US Consumer Price Index (CPI) rise in April was the sharpest year-on-year rise since September 2008 and inflation remained elevated, standing at 5.4% in September whilst it is 3.1% in the UK. After CPI data moved sharply higher, there was a reassessment of government and central bank policy accommodation, including their impact for inflation and interest rates which financial markets responded to with a swift recalibration.

There is always a difficulty in protecting assets that provide a fixed income when inflation and potentially interest rates are rising. One way we can do this is by our financial sector exposure which benefits from a steeper yield curve environment and the other is to manage the average duration of the funds. Since taking over the management of the funds, we have reduced duration making the Funds less sensitive to yield rises.

We believe one of the big risks for investors in the near future is how policy makers globally (both central banks and governments), transition from a pandemic state of unprecedented support to a post-pandemic state of relative moderation and prudence.

Our central case continues to echo the Bank of England (BoE) in their September monetary policy report that while inflation is expected to rise further in the near term the ‘Committee’s central expectation continues to be that current elevated global cost pressures will prove transitory.’ Playing to a broader theme of slightly less monetary policy accommodation, the BoE continued to note that some ‘modest tightening’ was likely to be necessary over the Bank’s forecast period.

At the US Federal Reserve’s (Fed) monetary policy meeting in late September, Fed Chair Powell gave his strongest guidance yet that a taper of their latest quantitative easing programme could start by the end of the year, though he reassured investors that the pace of unwinding monetary accommodation would not be premature. Indeed, separating any perceived linkage between tapering and interest rates, Powell reiterated that the tests for any interest rate lift-off would follow ‘a different and substantially more stringent test’.

The steepness of the yield curve changed along with the rising yields and we are now facing much steeper yield curves compared to September 2020. It is important to note that despite the steeper yield curves, the European investment grade credit spread has actually decreased and trades near its 5-year low level. A steeper yield curve can offer opportunities for bond investors as they can benefit from the rolldown effect and they don’t need to take on unnecessary bond duration to achieve higher yields. The 3 to 7 year part of the GBP and EUR yield curves are now steep enough to provide attractive investment opportunities for fixed income investors. Furthermore, a steeper yield curve is beneficial for financial institutions (we prefer them in our strategies) because they can benefit from the larger spread between long- and short-term rates which improves their margins.

Given the way that government bond yields are in something of a holding pattern currently suggests that central banks have done a very good job in convincing markets that inflation is likely to be ‘transitory’. Nonetheless, transition risks remain. How quickly fiscal accommodation in general unwinds, or whether central banks become boxed-in by inflation pressures which last longer than expected, carry the risk of unintended policy consequences which markets will remain highly sensitive to.

Report of the Investment Manager continued

With a signaled reduction in the pace of monetary and fiscal support in the third quarter, markets appeared to recalibrate their outlook to reflect the risks of a more muted level of economic growth, a transitory inflation narrative prevailing, and interest rates remaining relatively low in absolute terms along investors' time-horizons. 2021 continues to be a year of transition for both economies and markets.

We don't expect the Federal Reserve to raise rates until at least late 2022 which is in line with what the Federal Open Market Committee's "Dot Plot" projection is showing. The same expectation is valid (or maybe only raising rates even later than the US) for the European Central Bank. Based on the market implied probabilities, the Bank of England is likely to raise rates at their December meeting with multiple hikes priced in for 2022 although we do not believe that path of interest rate hikes will be sharp. The European Central Bank (ECB) announced to slow its €1.85tn emergency bond purchases program later in the year but highlighted that they are not reducing their balance sheet yet. The ECB's action is more to calibrate the pace of its purchases and continue delivering favourable financing conditions in the eurozone by keeping credit cheap. With regard to wage pressures, they remain modest and supply market issues started to ease. The market is not pricing in any interest rate hikes for the ECB in the next one year.

Overall, we believe inflation will be elevated short-term, but our view is that this move will be transitory, and we expect inflation to move back in line with the central banks' targets. There are clearly risks for bond investors and the threat of a more permanent rising inflation could be one of them. However, as long as central banks are communicating clearly their interest rate projections and potential asset purchase tapering, bond investors should find some support.

Sterling Bond Fund

The Fund's return between 30th September 2020 and 30th September 2021 was -0.95% whilst the benchmark (Bloomberg Sterling Non-Gilts Index) decreased by -0.41%.

10-year gilts experienced a significant sell-off in the past 12-month period which saw the yield rising 70bps from a near-record low to 1.00%. There was a recovery in gilt yields between May and August but September saw another month described as a sell off.

In the fund, the relative outperforming sectors during our management the period (from 1st December 2020) were financials, materials and healthcare. Utilities and government-related exposure were the main detractors from performance, followed by real estate but there were multiple factors other than sectors influencing bond returns. For instance, BBB bonds outperformed whilst AA underperformed partly due to government bonds being in this category.

There were over 80 market transactions in this period as well as a number of corporate actions. We brought down duration, reduced the number of holdings from 266 to 202, reduced utility exposure, exited some illiquid names, exited some low yielding names and initiated or increased exposure to names such as BUPA Finance, Close Brothers, Glencore, HSBC, Next Group, Northern Electric, Pension Insurance Corp, Phoenix Group and Royal London.

Our largest holdings by issuer are Pension Insurance Corp, UK gilts, EDF, Cooperative Rabobank and European Investment Bank with the number of holdings reduced and continued reduction planned. In terms of sector allocation, corporate bond exposure stood at 84.7%, government-related bonds at 7.4%, securitised bonds at 4.2% and government bonds at 2.6%.

In the 10 months since we took over the management of the Fund, we reduced the average duration from a longer position of 8.8 years to a shorter of 6.7 years. The benchmark reduced slightly to around 7.7 years over this period. We further reduced exposure to utilities although this is still a little above the benchmark, whilst we have increased exposure to financials, many of which should benefit from increasing rates and a recovering economy.

Report of the Investment Manager continued

High Income Fund

The Fund's return between 30th September 2020 and 30th September 2021 was -0.78% whilst the benchmark (Bloomberg Sterling Non-Gilts Index) decreased by -0.41%.

10-year gilts experienced a significant sell-off in the past 12-month period which saw the yield rising 70bps from a near-record low to 1.00%. There was a recovery in gilt yields between May and August but September saw another month described as a sell off.

In the fund, the relative outperforming sectors during our management the period (from 1st December 2020) were financials, consumer discretionary and industrials. Utilities and government-related exposure were the main detractors from performance, followed by communications and healthcare but there were multiple factors other than sectors influencing bond returns. For instance, high yield bonds outperformed, followed by BBB whilst AA underperformed partly due to government bonds being in this category.

There were nearly 60 market transactions in this period as well as a number of corporate actions. We brought down duration, reduced the number of holdings from 163 to 126, reduced utility exposure, exited some illiquid names, exited some low yielding names and initiated or increased exposure to names such as BUPA Finance, Burford, Bank of America, Close Brothers, Glencore, HSBC, London and Quadrant, Pension Insurance Corp, Phoenix Group, Royal London and Virgin Media.

Our largest holdings by issuer are KFW, UK gilts, EDF, Eastern Power Network and Bank of America, with the number of holdings reduced and continued reduction planned. In terms of sector allocation, the corporate bond exposure stood at 78.0%, government-related bonds at 13.0%, securitised bonds at 4.6% and government bonds at 3.1%.

In the 10 months since we took over the management of the Fund, we reduced the average duration slightly from 7.67 to 7.3 years to remain shorter than the index. The benchmark remained at around 7.8 years over this period. We further reduced exposure to utilities although this is also still above the benchmark, whilst we have increased exposure to financials, many of which should benefit from increasing rates and a recovering economy.

Euro High Income Fund

The Fund's return between 30th September 2020 and 30th September 2021 was 0.50% while the benchmark (Bloomberg Euro-Aggregate Corporate Bond Index) increased by 1.66%.

Yield on the 10-year German bund increased significantly by 23bps to reach -0.20% at the end of September. Similar to other key government bond yields, there was a recovery period between May and August but September was again a negative month in which yields were increasing again.

In the fund, the relative outperforming sectors during our management the period (from 1st December 2020) were financials and industrials whilst basic materials related exposure was the main detractor from performance. However, it is difficult to generalise given the relatively low number of issues in the fund. High yield bonds outperformed, followed by BBB whilst AA underperformed partly due to government bonds being in this category.

There were over 30 market transactions in this period as well as several corporate actions. We brought down duration, reduced the number of holdings from 66 to 60, reduced positions in negative and low yielding names and increased exposure to names such as Allianz, Bank of America, BFCM, Bayer, BNP, Credit Agricole, GlaxoSmithKline, HSBC, Kennedy Wilson, Lloyds, NN Group, Petroleos Mexicanos and Vattenfall.

Report of the Investment Manager continued

Our largest holdings by issuer are BFCM, BNP, Deutsche Telekom, Veolia Environment and Eni SpA, with the number of holdings reduced and continued reduction planned. In terms of sector allocation, the corporate bond exposure stood at 90.3%, government-related bonds at 7.3%, securitised bonds at 1.1% and government bond exposure was zero.

In the 10 months since we are managing the Fund, we reduced the average duration from 6.4 to 5.5 years which is sits only slightly above the benchmark. During this time, the benchmark's duration moved marginally lower to 5.1 years. We sold out of German bund and KFW positions, preferring some credit spread exposure and seeing many other names as liquid enough for the fund's needs. We increased exposure to financials, many of which should benefit from increasing rates and a recovering economy.

The size of the Fund (just over €9m) creates challenges for the investment manager, and creates a more concentrated portfolio of holdings (60 bonds) due to the minimum trading bond denominations. Furthermore, the lower asset base has a negative effect on the total expense ratio because the operating costs are spread on a smaller fund size.

Report of the Custodian to the Members Brooks Macdonald International Funds Limited

Statement of Custodian's Responsibilities

The Custodian is required under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) (the 'Rules') to ensure that, inter alia, it:

- satisfies itself that the sale, issue, redemption, cancellation and valuation of shares in the Company are carried out in accordance with the Rules; and
- takes into its custody all the assets of the Company and holds them in trust for the shareholders in accordance with the Rules; and
- enquires into the conduct of the Company in each annual accounting year and reports thereon to shareholders in a report, which shall contain the matters prescribed by the Rules. The Custodian's Report is included in this Annual Report.

Report of the Custodian to the Members of the Brooks Macdonald International Investment Funds Limited

In accordance with Article 2.06 of the Rules, Apex Financial Services (Corporate) Limited, has acted throughout the year as independent Custodian to the Company.

In accordance with Article 7.08 of the Rules we confirm, in our capacity as the Custodian, that we have enquired into the conduct of the Company for the year ended 30 September 2021 and in our opinion, to the best of our knowledge having made such enquiry, the affairs of the Company have been conducted in all material respects for the year then ended: .

- in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association, by prospectuses and by all Orders for the time being in force under Article 11 of the Collective Investment Funds (Jersey) Law 1988 (as amended) ('the Law'); and
- otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Law.

Paul Horton
Andy Crawford
Apex Financial Services (Corporate) Limited
Custodian,
12 Castle Street, St Helier
Jersey, JE2 3RT
Channel Islands

27 January 2022

Independent auditor's report to the members of Brooks Macdonald International Investment Funds Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Brooks Macdonald International Investment Funds Limited (the "company") and the separate financial statements of each fund listed below (the "funds"), (together "the financial statements") as at 30 September 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003.

What we have audited

The financial statements include those of the company and the funds listed below:

- Euro High Income Fund;
- High Income Fund; and
- Sterling Bond Fund.

The financial statements comprise:

- the statements of financial position as at 30 September 2021;
- the statements of comprehensive income for the year then ended;
- the statements of changes in net assets attributable to holders of participating redeemable preference shares for the year then ended;
- the cash flow statements for the year then ended;
- the investment portfolios of the funds as at 30 September 2021; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company and the funds in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent auditor's report to the members of Brooks Macdonald International Investment Funds Limited continued

Our audit approach

Overview

Audit scope

- Our audit work was performed solely in Jersey which is where the company is incorporated.
- We have audited the financial statements which have been prepared by Brooks Macdonald International Fund Manager Limited (the "Manager").
- We tailored the scope of our audit considering the types of investments within the company in addition to the accounting processes and controls.

Key audit matters

- Valuation of financial assets at fair value through profit or loss
- Impact of Covid-19 on the company and funds

Materiality

- Overall materiality represents 1% of net assets attributable to holders of participating redeemable preference shares of the company and funds respectively. The overall materiality for the company and each fund is presented in the materiality section presented below within this audit report.
- Performance materiality represents a 25% haircut of the overall materiality. The performance materiality for the company and each fund is presented in the materiality section presented below within this audit report.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the Key audit matter

Valuation of financial assets at fair value through profit or loss

The company's financial assets are valued at £268,112,121 and represent the majority of the net assets attributable to holders of participating redeemable preference shares as at 30 September 2021.

Our audit procedures included understanding and evaluating the key controls around the valuation performed by the Manager.

Refer to further information on the investment portfolios included in the financial statements on pages 26 - 45 and Note 19 (Financial Risk Management).

Independent auditor's report to the members of Brooks Macdonald International Investment Funds Limited continued

The fair value of the company and funds' financial assets is based on quoted market prices as at the statement of financial position date. The quoted market price used for these financial assets held by the company and funds are the current mid-market price at the close of business on the last business day of the accounting year, in line with International Financial Reporting Standards ("IFRS") 13 (Fair Value Measurement).

Whilst the valuation of these financial assets is not considered complex, and does not involve significant judgements or estimates to be made by the directors, the market value is material to the company and funds. A material misstatement due to fraud or error would be material to the financial statements as a whole.

As a result, whilst we do not consider it to be a significant audit risk, we consider the valuation of financial assets at fair value through profit or loss to be an area of focus in our audit and accordingly a key audit matter.

We assessed the accounting policy for the valuation of financial assets at fair value through profit or loss for compliance with IFRS; performed testing to ensure that the investment valuation had been accounted for in accordance with the stated accounting policy and determined that the accounting policy complied with accounting standards and had been consistently applied.

In addition to this, we compared all investment prices used by the Manager at year end to the prices obtained from an independent pricing source for reasonableness.

No misstatements were identified by our testing which required reporting to the directors.

Impact of Covid-19 on the company and funds

Covid-19 emerged as a global pandemic in 2020, and has continued to have a significant adverse impact on the global economy. Governments and central banks continue to monitor the situation and have announced significant and broad measures designed to reduce the long term impact of the pandemic on economies and markets.

The directors have considered the impact of the pandemic on the current and future operations of the company and fund. In doing so, the directors have made some assumptions, included in the financial risk management disclosures in Note 19 and their going concern assessment, and believe that the company and funds remain a going concern, and sufficient and appropriate disclosure is provided to explain the financial risks resulting from the financial assets at fair value through profit or loss.

Our audit procedures in this respect included:

- Holding meetings with senior management to discuss the directors' assessment of going concern and to challenge matters arising from the review of the assessment;
- Reviewing the most recent Board minutes and regulatory correspondence to identify items of interest;
- Obtaining the latest assessment that supports the board's assessment and their conclusion with respect to the going concern of the company and funds;
- Evaluating management's business continuity plans and subsequent changes to those plans as a consequence of a prolonged impact from the Covid-19 pandemic; and
- Reviewing the disclosures presented in the annual report in relation to Covid-19 by reading the other information, including the response to Covid-19, and assessing their consistency with the financial statements and the evidence we obtained in our audit.

Based on the work performed, having taken account of the assumptions and other matters disclosed in the going concern statement made by the directors and elsewhere in the financial statements, we concurred with the directors' conclusion that the significant economic disruption associated with the Covid-19 pandemic does not give rise to a material uncertainty over the company and funds' ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

Independent auditor's report to the members of Brooks Macdonald International Investment Funds Limited continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall materiality</i>	
Company	£2,741,900 (2020: £3,185,000)
Euro High Income Fund	€90,800 (2020: €98,000)
High Income Fund	£1,765,900 (2020: £2,130,000)
Sterling Bond Fund	£897,900 (2020: £1,083,000)
<i>How we determined it</i>	1% of net assets attributable to holders of participating redeemable preference shares.
<i>Rationale for the materiality benchmark</i>	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to investors. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, we determined the performance materiality for the financial statements as a whole as follows:

<i>Performance materiality</i>	
Company	£2,056,400 (2020: £2,388,000)
Euro High Income Fund	€68,100 (2020: €73,500)
High Income Fund	£1,324,400 (2020: £1,558,500)
Sterling Bond Fund	£673,400 (2020: £762,700)

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the board of directors that we would report to them misstatements identified during our audit above 10% of overall materiality, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report to the members of Brooks Macdonald International Investment Funds Limited continued

Reporting on other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Audited Financial Statements (the "Annual Report") but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Jersey law and for such internal control as the directors determine 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 directors are responsible for assessing the company and each 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 directors either intend to liquidate the company and funds or to cease operations, 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and funds' internal control.

Independent auditor's report to the members of Brooks Macdonald International Investment Funds Limited continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company and each fund's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Ian Ross

For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants

Jersey, Channel Islands

27 January 2022

Statements of Financial Position

As at 30 September 2021

	Notes	Company* £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Current Assets					
Cash and cash equivalents		3,425,111	115,555	2,333,335	992,501
Margin accounts		—	—	—	—
Financial assets at fair value through profit or loss		268,112,121	8,915,747	172,380,300	88,072,206
Other accrued income and other debtors	4	4,997,055	154,182	3,069,915	1,514,469
Total Assets		276,534,287	9,185,484	177,783,550	90,579,176
Equity					
Ordinary share capital		1,000	—	—	—
Total Equity		1,000	—	—	—
Current Liabilities					
Cancellation payable		313,817	11,777	277,749	25,950
Distribution payable	5	1,188,172	63,975	591,015	542,196
Accrued expenses and other creditors	6	553,339	19,986	319,562	216,606
Nominal shares	14	279,212	-	-	-
Total Liabilities**		2,334,540	95,738	1,188,326	784,752
Net assets attributable to holders of participating redeemable preference shares	17	274,198,747	9,089,746	176,595,224	89,794,424
Total Liabilities and Equity		276,534,287	9,185,484	177,783,550	90,579,176

* See note 1 for details of the Company

** Excluding net assets attributable to holders of participating redeemable preference shares

The financial statements on pages 20 to 76 were approved by the Board of Directors on 27 January 2022 and are signed on their behalf by:

B. C. James
R. D. Willcox } Directors

The notes on pages 46 to 76 form an integral part of these financial statements.

Statements of Financial Position continued

As at 30 September 2020

	Notes	Company* £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Current Assets					
Cash and cash equivalents		6,358,038	258,584	4,498,792	1,624,692
Margin accounts		14,250	—	—	14,250
Financial assets at fair value through profit or loss		309,001,933	9,465,579	200,826,033	99,589,951
Other accrued income and other debtors	4	5,500,954	165,049	3,474,262	1,491,890
Total Assets		320,875,561	9,889,212	208,799,087	102,721,169
Equity					
Ordinary share capital		1,000	—	—	—
Total Equity		1,000	—	—	—
Current Liabilities					
Cancellation payable		66,210	—	59,698	6,512
Investment purchases payable		187,000	—	—	187,000
Distribution payable		1,233,314	58,263	644,826	535,639
Accrued expenses and other creditors	6	484,110	25,072	258,806	202,562
Nominal shares	14	384,091	—	—	—
Total Liabilities**		2,354,725	83,335	963,330	931,713
Net assets attributable to holders of participating redeemable preference shares	17	318,519,836	9,805,877	207,835,757	101,789,456
Total Liabilities and Equity		320,875,561	9,889,212	208,799,087	102,721,169

* See note 1 for details of the Company

** Excluding net assets attributable to holders of participating redeemable preference shares

The notes on pages 46 to 76 form an integral part of these financial statements.

Statements of Comprehensive Income

For the year ended 30 September 2021

	Notes	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Operating Profit					
Net (loss) / gain on financial assets at fair value through profit or loss	7	(6,642,074)	7,781	(4,634,968)	(2,013,892)
Investment income		8,097,877	169,886	5,497,774	2,451,987
Other income	8	30,161	—	—	30,161
Total operating expenses	9	(3,438,569)	(128,458)	(2,118,631)	(1,207,940)
Operating (loss) / profit		(1,952,605)	49,210	(1,255,825)	(739,683)
Finance Costs					
Distributions to holders of participating redeemable preference shares	5	(9,909,619)	(246,658)	(7,538,506)	(2,157,347)
Total finance costs		(9,909,619)	(246,658)	(7,538,506)	(2,157,347)
Loss before tax		(11,862,224)	(197,448)	(8,794,331)	(2,897,030)
Withholding tax on dividends and other investment income	18	(43,166)	(1,180)	(42,137)	—
Decrease in net assets attributable to holders of participating redeemable preference shares from operations		(11,905,390)	(198,628)	(8,836,468)	(2,897,030)

For the year ended 30 September 2020

	Notes	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Operating Profit					
Net gain / (loss) on financial assets at fair value through profit or loss	7	2,177,633	(157,552)	711,880	1,603,840
Investment income		10,682,265	180,491	7,634,613	2,889,460
Other income	8	56,933	1,293	9,324	46,476
Total operating expenses	9	(3,487,065)	(141,102)	(2,146,492)	(1,216,904)
Operating profit / (loss)		9,429,766	(116,870)	6,209,325	3,322,872
Finance Costs					
Distributions to holders of participating redeemable preference shares	5	(10,777,969)	(267,854)	(8,200,508)	(2,340,385)
Total finance costs		(10,777,969)	(267,854)	(8,200,508)	(2,340,385)
Profit before tax		(1,348,203)	(384,724)	(1,991,183)	982,487
Withholding tax on dividends and other investment income		(1,652)	(1,885)	—	—
(Decrease) / increase in net assets attributable to holders of participating redeemable preference shares from operations		(1,349,855)	(386,609)	(1,991,183)	982,487

The notes on pages 46 to 76 form an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 30 September 2021

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Net assets attributable to holders of participating redeemable preference shares at the beginning of the year	318,519,836	9,805,877	207,835,757	101,789,456
Creation of participating redeemable preference shares issued	4,429,256	357,071	3,429,499	688,444
Redemption of participating redeemable preference shares	(36,750,753)	(874,574)	(25,833,564)	(9,772,196)
Initial margin deposits held at broker	(14,250)	—	—	(14,250)
Net decrease from share transactions	(32,335,747)	(517,503)	(22,404,065)	(9,098,002)
Decrease in net assets attributable to holders of participating redeemable preference shares	(11,905,390)	(198,628)	(8,836,468)	(2,897,030)
Movement in currency translation	(79,954)	—	—	—
Net assets attributable to holders of participating redeemable preference shares as at 30 September 2021	274,198,746	9,089,746	176,595,224	89,794,424

For the year ended 30 September 2020

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Net assets attributable to holders of participating redeemable preference shares at the beginning of the period	331,340,095	11,283,208	213,055,208	108,302,840
Creation of participating redeemable preference shares issued	14,158,682	240,912	12,962,830	984,704
Redemption of participating redeemable preference shares	(25,830,914)	(1,331,634)	(16,191,098)	(8,494,825)
Initial margin deposits held at broker	14,250	—	—	14,250
Net decrease from share transactions	(11,657,982)	(1,090,722)	(3,228,268)	(7,495,871)
(Decrease) / increase in net assets attributable to holders of participating redeemable preference shares from operations	(1,349,855)	(386,609)	(1,991,183)	982,487
Movement in currency translation	187,578	—	—	—
Net assets attributable to holders of participating redeemable preference shares as at 30 September 2020	318,519,836	9,805,877	207,835,757	101,789,456

The notes on pages 46 to 76 form an integral part of these financial statements.

Cash Flow Statements

For the year ended 30 September 2021

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Cash flows from operating activities				
Purchases of financial assets and settlement of financial liabilities	(43,715,176)	(2,730,295)	(24,326,586)	(17,008,176)
Due to brokers	(187,000)	—	—	(187,000)
Receipts from sale of investments	74,112,956	3,167,907	45,723,760	25,627,249
Investment income received	11,897,172	300,902	8,318,761	3,316,069
Prepayments	(4,674)	(147)	(3,054)	(1,494)
Unclaimed distributions over 10 years old	30,161	—	—	30,161
Overdraft interest paid	(363)	(416)	—	—
Operating expenses paid	(3,367,842)	(133,130)	(2,057,875)	(1,193,897)
Net cash inflow from operating activities	38,765,232	604,821	27,655,006	10,582,912
Cash flows from financing activities				
Distributions paid to holders of participating redeemable preference shares issued	(9,953,176)	(240,946)	(7,592,317)	(2,150,790)
Proceeds received from issue of participating redeemable preference shares	4,429,256	357,071	3,429,499	688,444
Payments on redemption of participating redeemable preference shares	(36,120,500)	(862,795)	(25,615,513)	(9,752,757)
Foreign tax paid on income	(43,166)	(1,180)	(42,137)	—
Net cash outflow from financing activities	(41,687,586)	(747,850)	(29,820,468)	(11,215,103)
Net decrease in cash and cash equivalents	(2,922,354)	(143,029)	(2,165,462)	(632,191)
Cash and cash equivalents at the beginning of the year	6,358,038	258,584	4,498,792	1,624,692
Exchange gains on cash and cash equivalents	5	—	5	—
Movement in currency translation	(10,578)	—	—	—
Cash and cash equivalents as at 30 September 2021	3,425,111	115,555	2,333,335	992,501

The notes on pages 46 to 76 form an integral part of these financial statements.

Cash Flow Statements continued

For the year ended 30 September 2020

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Cash flows from operating activities				
Purchases of financial assets and settlement of financial liabilities	(93,503,317)	(1,815,342)	(60,372,791)	(31,539,464)
Receipts from sale of investments	102,941,745	2,747,175	61,694,220	38,839,755
Investment income received	11,958,709	347,839	8,032,296	3,621,548
Unclaimed distributions over 10 years old	50,282	1,293	3,961	45,188
Bank interest received	6,651	—	5,363	1,288
Overdraft interest paid	(266)	(172)	(99)	(16)
Operating expenses paid	(3,520,593)	(138,923)	(2,170,385)	(1,228,449)
Net cash inflow from operating activities	17,933,211	1,141,870	7,192,565	9,739,850
Cash flows from financing activities				
Distributions paid to holders of participating redeemable preference shares issued	(11,066,001)	(294,872)	(8,283,431)	(2,524,129)
Proceeds received from issue of participating redeemable preference shares	14,158,682	240,912	12,962,830	984,704
Payments on redemptions of participating redeemable preference shares	(25,891,160)	(1,331,634)	(16,178,369)	(8,545,676)
Foreign tax paid in income	(1,652)	(1,885)	—	—
Net cash outflow from financing activities	(22,800,131)	(1,387,479)	(11,498,970)	(10,085,101)
Net decrease in cash and cash equivalents	(4,866,920)	(245,609)	(4,306,405)	(345,251)
Cash and cash equivalents at the beginning of the year	11,221,190	504,193	8,805,197	1,969,943
Movement in currency translation	3,768	—	—	—
Cash and cash equivalents as at 30 September 2020	6,358,038	258,584	4,498,792	1,624,692

The notes on pages 46 to 76 form an integral part of these financial statements.

Investment Portfolios of the Funds

Euro High Income Fund

For the year ended
30 September 2021

	Holding 30.09.21	Market Value 30.09.21 €	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 €	% of Total Net Assets
Asia and Middle East 1.18% (1.03%)						
DP World Ltd 2.375% 2026	100,000	107,204	1.18	100,000	100,919	1.03
Australia and New Zealand 5.07% (4.70%)						
APT Pipelines 2% 2027	100,000	108,964	1.20	100,000	108,009	1.10
BHP Billiton Finance 3.125% 2033	200,000	248,902	2.74	100,000	129,790	1.32
BHP Billiton Finance 5.625% 2079	—	—	—	100,000	117,216	1.20
Telstra 3.75% 2022	100,000	102,569	1.13	100,000	106,248	1.08
Central America 1.74% (1.10%)						
America Movil 4.75% 2022	—	—	—	100,000	108,126	1.10
Petroleos Mexicano 5.125% 2023	150,000	157,907	1.74	—	—	—
Europe 59.55% (65.87%)						
ABN Amro Bank 2.88% 2028	100,000	103,703	1.14	100,000	104,714	1.07
ABN Amro Bank 4.125% 2022	—	—	—	130,000	138,430	1.41
Allianz Financial 2.241% 2045	200,000	213,100	2.34	—	—	—
Allianz Financial 5.75% 2041	—	—	—	100,000	103,956	1.06
Anheuser Busch 2.75% 2036	200,000	239,856	2.64	200,000	234,445	2.39
AXA 3.875% FRN (Perp)	100,000	113,013	1.24	100,000	110,637	1.13
Banque Federative Credit Mutuel 1.75% 2029	200,000	217,296	2.39	—	—	—
Banque Federative Credit Mutuel 3% 2024	100,000	108,211	1.19	100,000	109,037	1.11
Bayer Capital 2.125% 2029	100,000	111,073	1.22	100,000	111,028	1.13
Bayer Capital 2.375% 2079	100,000	100,865	1.11	—	—	—
BNP Paribas 1.5% 2028	150,000	163,832	1.80	250,000	278,225	2.84
BNP Paribas 2.63% 2027	100,000	102,709	1.13	100,000	103,443	1.05
BNP Paribas 4.032% FRN (Perp)	200,000	226,222	2.49	100,000	110,127	1.12
Bundesrepublik Deutschland 5.5% 2031	—	—	—	100,000	163,958	1.67
CNP Assurances 4.25% 2045	100,000	113,899	1.25	100,000	112,840	1.15
Commerzbank AG 4% 2030	100,000	110,441	1.21	—	—	—
Cooperatieve Rabobank 4.75% 2022	—	—	—	200,000	216,959	2.21
Credit Agricole 1.75% 2029	200,000	217,228	2.39	—	—	—
Credit Agricole 4.5% 2049	100,000	114,024	1.25	100,000	110,892	1.13
Danone 1.75% FRN	—	—	—	100,000	100,329	1.02
Deutsche Telekom Intl Finance 7.5% 2033	150,000	259,011	2.85	150,000	268,153	2.73
EDF 4.5% 2040	100,000	153,887	1.69	100,000	154,129	1.57
EDF 6.25% 2021	—	—	—	100,000	102,030	1.04
Enel Finance International 1.125% 2034	—	—	—	100,000	104,992	1.07
Engie 5.95% 2111	—	—	—	60,000	125,365	1.28
Engie 6.375% 2021	—	—	—	100,000	101,975	1.04
ENI SPA 3.625% 2029	200,000	247,458	2.72	200,000	251,476	2.56
GE Capital European Funding 6.025% 2038	100,000	165,354	1.82	100,000	135,338	1.38
Groupe BPCE 2.75% 2026	—	—	—	100,000	101,777	1.04

Investment Portfolios of the Funds continued

Euro High Income Fund continued

For the year ended
30 September 2021

	Holding 30.09.21	Market Value 30.09.21 €	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 €	% of Total Net Assets
Iberdrola 3.25% FRN (Perp)	100,000	108,298	1.19	100,000	107,125	1.09
Innogy Finance 5.75% 2033	100,000	152,804	1.68	100,000	160,095	1.63
KfW Bankengruppe 0.375% 2030	—	—	—	300,000	320,960	3.27
KfW Bankengruppe 4.675% 2023	—	—	—	270,000	302,387	3.08
Medtronic 2.25% 2039	—	—	—	200,000	234,725	2.39
NN Group 4.375 (Perp)	200,000	219,922	2.42	100,000	108,681	1.11
Nordea Bank 3.25% 2022	—	—	—	200,000	212,264	2.16
Orange 8.125% 2033	125,000	225,889	2.48	150,000	278,973	2.84
Orsted AS 6.25% FRN 3013	25,000	27,629	0.30	25,000	28,395	0.29
RTE 3.875% 2022	—	—	—	100,000	107,014	1.09
Société Générale 2.625% 2025	100,000	108,448	1.19	100,000	107,390	1.10
Telefonica 3% FRN	100,000	103,449	1.14	100,000	100,125	1.02
Total Capital International 2.625% FRN (Perp)	159,000	167,783	1.85	159,000	165,678	1.69
Total Capital International 5.125% 2024	200,000	227,090	2.50	200,000	237,089	2.42
Unibail Rodamco 2% 2036	200,000	217,264	2.39	200,000	206,807	2.11
Valeo 3.25% 2024	100,000	107,428	1.18	100,000	106,380	1.08
Vattenfall AB 3% 2077	200,000	216,134	2.38	—	—	—
Veolia Environment 4.625% 2027	200,000	249,800	2.75	200,000	256,312	2.61
Vesteda Finance 2.5% 2022	100,000	102,219	1.12	100,000	103,960	1.06
Vonovia Finance 4% FRN	100,000	100,809	1.11	100,000	104,003	1.06
United Kingdom 16.36% (9.00%)						
Aviva 3.375% FRN 2045	100,000	111,219	1.22	100,000	107,829	1.10
Aviva 6.125% FRN 2043	100,000	110,699	1.22	100,000	113,822	1.16
Barclays Bank 6.625% 2022	100,000	103,333	1.14	100,000	109,180	1.11
Channel Link Enterprises Inc 2.706% 2050	100,000	102,622	1.13	100,000	103,109	1.05
GlaxoSmithKline 1.75% 2030	200,000	222,592	2.45	—	—	—
HBOS 4.5% FRN 2030	100,000	113,691	1.25	100,000	110,781	1.13
HSBC Holdings 2.5% 2027	200,000	223,204	2.46	—	—	—
Kennedy-Wilson Holdings 3.25% 2025	200,000	215,438	2.37	—	—	—
Lloyds Bank 2.375% 2026	150,000	165,348	1.82	—	—	—
Phoenix Group Holdings 4.375% 2029	100,000	118,397	1.30	—	—	—
SSE Plc 2.375% FRN (Perp)	—	—	—	100,000	100,549	1.03
United States 14.157% (14.76%)						
AT&T 3.15% 2036	—	—	—	100,000	118,682	1.21
AT&T 3.375% 2034	100,000	124,233	1.37	100,000	123,159	1.26
Bank Of America Corporation 3.648% 2029	150,000	180,171	1.98	—	—	—
Goldman Sachs 2% 2023	100,000	104,053	1.14	100,000	105,433	1.08
JP Morgan Chase 2.875% 2028	150,000	176,223	1.94	150,000	178,570	1.82
Microsoft 3.125% 2028	100,000	122,263	1.34	100,000	126,461	1.29
Thermo Fisher Scientific 1.5% 2039	—	—	—	200,000	200,571	2.05

Investment Portfolios of the Funds continued

Euro High Income Fund continued

For the year ended
30 September 2021

United States continued

Verizon Communications 3.25% 2026

Vodafone Group 2.875% 2037

Wal-Mart Stores 2.55% 2026

Wal-Mart Stores 4.875% 2029

Total value of investments

Other assets

Total assets

Liabilities

Total Net Assets

	Holding 30.09.21	Market Value 30.09.21 €	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 €	% of Total Net Assets
Verizon Communications 3.25% 2026	185,000	211,244	2.32	185,000	215,485	2.20
Vodafone Group 2.875% 2037	100,000	122,083	1.34	100,000	121,218	1.24
Wal-Mart Stores 2.55% 2026	100,000	111,499	1.23	100,000	114,742	1.17
Wal-Mart Stores 4.875% 2029	100,000	135,742	1.49	100,000	143,062	1.46
		8,915,747	98.0		9,465,579	96.49
		269,737	2.97		423,633	4.32
		9,185,484	101.04		9,889,212	100.81
		(94,112)	(1.04)		(83,335)	(0.81)
		9,091,372	100.00		9,805,877	100.00

	For the year ended 30.09.21
Cost of investments purchased	€2,730,295
Proceeds from investments sold	€3,167,907

For the year ended 30.09.20
€1,815,342
€2,747,175

Investment Portfolios of the Funds continued

High Income Fund

For the year ended
30 September 2021

UK Government Bonds 3.09% (2.85%)

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
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Treasury 6% 2028	4,000,000	5,462,440	3.09	4,000,000	5,913,200	2.85
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UK Corporate Bonds 57.12% (54.91%)

Accent Capital 2.625% 2049	—	—	—	267,000	322,523	0.16
Anglian Water (Osprey) Financing 4.5% 2026	1,000,000	1,140,930	0.65	1,000,000	1,106,615	0.53
Annington Finance 3.685% 2034	690,000	781,115	0.44	690,000	804,913	0.39
Annington Finance 3.935% 2047	—	—	—	750,000	932,933	0.45
Assura Financing 3% 2028	335,000	367,003	0.21	335,000	376,059	0.18
Autolink Concessionaires 8.39% 2022	—	—	—	1,500,000	340,549	0.16
Aviva 4.375% FRN 2049	317,000	354,888	0.20	317,000	352,376	0.17
Aviva 5.125% FRN 2050	1,200,000	1,407,576	0.80	1,200,000	1,387,495	0.67
Aviva 6.125% FRN (Perp)	—	—	—	1,760,000	1,900,397	0.91
Aviva 6.875% FRN 2058	200,000	312,266	0.18	200,000	295,348	0.14
Barclays Bank 2.375% 2023	—	—	—	794,000	811,667	0.39
Barclays Bank 3.25% 2033	600,000	651,738	0.37	600,000	640,092	0.31
Barclays Bank 9.5% 2021	—	—	—	1,697,000	1,816,808	0.87
Barclays Bank 10% 2021	—	—	—	1,610,000	1,698,824	0.82
BHP Billiton Finance 4.3% 2042	500,000	662,460	0.38	500,000	732,983	0.35
BHP Billiton Finance 6.5% 2077	—	—	—	1,400,000	1,534,952	0.74
BP Capital Markets 1.827% 2025	—	—	—	459,000	483,722	0.23
BP Capital Markets 2.274% 2026	—	—	—	1,290,000	1,397,850	0.67
British American Tobacco 6% 2022	—	—	—	700,000	763,168	0.37
Broadgate Financing 4.821% 2036	1,340,000	1,727,327	0.98	1,340,000	1,812,866	0.87
Bromford Housing 3.125% 2048	550,000	656,761	0.37	550,000	713,174	0.34
BUPA Finance 5% 2026	1,500,000	1,742,445	0.99	—	—	—
Burford Capital 5% 2026	1,500,000	1,565,040	0.89	—	—	—
Canary Wharf II 6.455% 2030	1,510,000	309,685	0.18	1,510,000	351,396	0.17
Catalyst Housing 3.125% 2047	532,000	618,657	0.35	532,000	658,603	0.32
Channel Link Enterprises Inc 3.043% 2050	600,000	602,388	0.34	600,000	616,032	0.30
Circle Anglia Social Housing 7.25% 2038	1,400,000	2,436,686	1.38	1,400,000	2,612,028	1.26
Close Brothers Finance 2.75% 2026	2,000,000	2,155,600	1.22	—	—	—
Clydesdale Bank 4.625% 2026	2,050,000	2,395,958	1.36	2,050,000	2,513,169	1.21
Co-operative Group 5.625% 2020	655,000	784,801	0.44	655,000	774,413	0.37
Connect Plus M25 2.607% 2039	713,000	716,719	0.41	713,000	807,426	0.39
CRH Finance 4.125% 2029	—	—	—	430,000	522,587	0.25
DS Smith Plc 2.875% 2029	330,000	344,603	0.20	330,000	342,713	0.16
Eastern Power Networks 8.5% 2025	3,530,000	4,406,746	2.49	3,530,000	4,662,996	2.24
Electricity North Western 8.785% 2026	1,452,000	1,929,839	1.09	1,452,000	2,049,051	0.99
Eversholt Funding 3.529% 2042	490,000	544,679	0.31	490,000	545,870	0.26
First Hydro 9% 2021	—	—	—	1,550,000	1,654,873	0.80
GlaxoSmithKline 6.375% 2039	2,557,000	4,141,675	2.34	2,557,000	4,502,509	2.17
Glencore Finance 3.125% 2026	1,500,000	1,587,225	0.90	—	—	—
Great Rolling Stock 6.25% 2031	1,000,000	1,015,105	0.57	1,000,000	1,049,451	0.50

Investment Portfolios of the Funds continued

High Income Fund continued

For the year ended
30 September 2021

UK Corporate Bonds continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
Hammerson Plc 6% 2026	434,000	496,891	0.28	434,000	443,488	0.21
Hammerson Plc 7.25% 2028	400,000	502,252	0.28	400,000	426,068	0.21
HBOS 12% (Perp)	2,000,000	2,060,000	1.17	2,000,000	2,356,660	1.13
Heathrow Funding 4.625% 2048	—	—	—	1,200,000	1,500,787	0.72
Heathrow Funding 6.45% 2033	1,000,000	1,351,360	0.76	1,000,000	1,363,902	0.66
Heathrow Funding 6.75% 2028	900,000	1,117,701	0.63	900,000	1,113,577	0.54
Housing Association Funding 8.25% 2027	—	—	—	1,500,000	594,104	0.29
HSBC Bank 5.844% FRN (Perp)	660,000	918,661	0.52	660,000	943,718	0.45
HSBC Holdings 3% 2030	2,740,000	2,899,961	1.64	990,000	1,056,835	0.51
HSBC Holdings 5.875% (Perp)	—	—	—	754,000	765,333	0.37
HSBC Holdings 6% 2040	1,000,000	1,374,030	0.78	1,000,000	1,352,171	0.65
Imperial Tobacco 9% 2022	—	—	—	1,200,000	1,334,321	0.64
Informa Plc 3.125% 2026	1,068,000	1,127,958	0.64	1,068,000	1,080,966	0.52
InterContinental Hotels 3.75% 2025	—	—	—	1,050,000	1,085,898	0.52
Integrated Accommodation 6.48% 2029	1,951,000	1,048,085	0.59	1,951,000	1,231,748	0.59
L&Q Housing Trust 2.625% 2028	1,425,000	1,523,824	0.86	1,425,000	1,535,993	0.74
L&Q Housing Trust 4.625% 2033	500,000	649,975	0.37	500,000	672,511	0.32
L&Q Housing Trust 5.5% 2040	500,000	746,985	0.42	500,000	773,835	0.37
L&Q Housing Trust 5.486% 2042	750,000	1,152,105	0.65	—	—	—
Land Securities GRN 2031	—	—	—	125,000	133,522	0.06
Land Securities 1.974% 2026	—	—	—	400,000	410,968	0.20
LCR Finance 4.5% 2028	2,000,000	2,477,080	1.40	2,000,000	2,639,832	1.27
Livewest TRS 2.25% 2043	351,000	361,642	0.20	351,000	383,406	0.18
Lloyds Banking Group PLC 2.707% 2035	1,407,000	1,422,252	0.81	—	—	—
Lloyds Bank 1.75% 2024	894,000	913,391	0.52	894,000	914,169	0.44
Lloyds Bank 9.625% 2023	—	—	—	2,000,000	2,401,628	1.16
Longstone Finance 4.896% 2036	—	—	—	65,000	77,546	0.04
NGG Finance 5.625% FRN 2073	1,590,000	1,764,630	1.00	1,590,000	1,797,153	0.86
NIE Finance 6.375% 2026	1,500,000	1,849,695	1.05	1,500,000	1,951,839	0.94
Northumberland Services 6.875% 2023	—	—	—	2,250,000	2,572,202	1.24
Notting Hill 2.875% 2029	—	—	—	258,000	280,958	0.14
Notting Hill 5.25% 2042	1,500,000	2,225,175	1.26	1,500,000	2,239,826	1.08
Paragon Banking Group 4.375% 2031	1,500,000	1,596,540	0.90	—	—	—
Paragon Treasury 3.625% 2047	—	—	—	600,000	760,247	0.37
Pension Insurance Corporation 4.625% 2031	1,000,000	1,121,040	0.63	—	—	—
Pension Insurance Corporation 5.625% 2030	865,000	1,047,307	0.59	—	—	—
Pension Insurance Corporation 8% 2026	1,400,000	1,811,306	1.03	—	—	—
Phoenix Group Holdings 5.625% 2031	750,000	901,320	0.51	—	—	—
Phoenix Group Holdings 6.625% 2025	1,500,000	1,791,945	1.01	1,500,000	1,796,487	0.86
Prudential 5% FRN 2055	1,900,000	2,250,170	1.27	1,900,000	2,169,207	1.04
QBE Insurance 6.115% 2042	787,000	811,901	0.46	787,000	832,308	0.40
Quadgas Finance 3.375% 2029	—	—	—	1,422,000	1,505,855	0.72
RL Finance Bonds 6.125% 2028	2,000,000	2,458,880	1.39	—	—	—

Investment Portfolios of the Funds continued

High Income Fund continued

For the year ended
30 September 2021

UK Corporate Bonds continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
Royal Bank of Scotland 3.125% 2027	1,133,000	1,206,362	0.68	1,133,000	1,210,197	0.58
Sanctuary Capital 2.375% 2050	—	—	—	297,000	338,409	0.16
Santander UK 10.0625% (Perp)	500,000	893,800	0.51	500,000	803,725	0.39
Scottish Power 6.5% FRN 2041	500,000	793,305	0.45	500,000	823,055	0.40
Segro Plc 2.875% 2037	850,000	950,377	0.54	850,000	1,000,106	0.48
Severn Trent 6.25% 2029	1,550,000	2,066,011	1.17	1,550,000	2,208,541	1.06
Shaftesbury Carnaby 2.487% 2031	—	—	—	1,000,000	968,420	0.47
Southern Gas Networks 4.875% 2029	2,550,000	3,128,876	1.77	2,550,000	3,321,778	1.60
Southern Gas Networks 6.375% 2040	300,000	469,116	0.27	300,000	526,971	0.25
SP Distribution Plc 5.875% 2026	—	—	—	305,000	387,038	0.19
SP Transmission 2% 2031	—	—	—	331,000	353,657	0.17
Standard Chartered 5.125% 2034	762,000	947,410	0.54	762,000	887,840	0.43
Telereal Securitisation 5.3887% 2033	—	—	—	13,000	8,153	—
Tesco Property Finance 2039	279,000	338,535	0.19	279,000	357,244	0.17
Tesco Property Finance 5.6611% 2041	390,000	500,213	0.28	390,000	509,357	0.25
Tesco Property Finance 5.744% 2040	641,000	796,134	0.45	641,000	828,591	0.40
Tesco Property Finance 5.8006% 2040	290,000	364,745	0.21	290,000	377,636	0.18
Total Capital International 1.75% 2025	1,054,000	1,083,997	0.61	1,054,000	1,111,749	0.53
Unite Group 3.374% 2028	—	—	—	425,000	440,970	0.21
Unite Group 3.5% 2028	837,000	922,809	0.52	837,000	871,095	0.42
Unite (USAF) 3.921% 2030	1,516,000	1,660,566	0.94	1,516,000	1,651,596	0.79
University of Cambridge 2.35% 2078	—	—	—	273,000	423,599	0.20
Verizon Communications 3.375% 2036	560,000	634,833	0.36	560,000	688,022	0.33
Vicinity Centres 3.375% 2026	520,000	563,545	0.32	520,000	547,287	0.26
Virgin Media 4.5% 2031	1,500,000	1,533,720	0.87	—	—	—
Virgin Media 5% 2027	680,000	705,622	0.40	680,000	710,804	0.34
Wessex Water Financial Services 1.5% 2029	—	—	—	983,000	999,141	0.48
Western Power 5.75% 2032	1,500,000	2,021,400	1.14	1,500,000	2,178,381	1.05
Yorkshire Power 7.25% 2028	1,000,000	1,348,440	0.76	1,000,000	1,426,776	0.69
Yorkshire Water Services 6.5876% 2023	—	—	—	842,000	958,160	0.46
Zurich Finance 6.625% FRN (Perp)	800,000	845,160	0.48	800,000	881,234	0.42

Overseas Borrowers 37.37% (38.85%)

America Movil 4.375% 2041	1,170,000	1,487,187	0.84	1,170,000	1,544,811	0.74
America Movil 5.75% 2030	500,000	648,605	0.37	500,000	675,946	0.33
Anheuser Busch 2.85% 2037	1,471,000	1,561,187	0.88	1,471,000	1,610,399	0.77
APT Pipelines 3.125% 2031	443,000	471,352	0.27	443,000	490,098	0.24
APT Pipelines 3.5% 2030	—	—	—	1,270,000	1,434,993	0.69
AT&T 4.25% 2043	777,000	949,401	0.54	777,000	958,657	0.46
AT&T 4.375% 2029	786,000	922,945	0.52	786,000	949,547	0.46
AT&T 4.875% 2044	600,000	798,228	0.45	600,000	808,593	0.39
AXA 5.453% FRN (Perp)	2,123,000	2,464,251	1.39	2,123,000	2,418,127	1.16
Bank of America 7% 2028	3,250,000	4,384,543	2.48	2,500,000	3,555,928	1.71

Investment Portfolios of the Funds continued

High Income Fund continued

For the year ended
30 September 2021

Overseas Borrowers continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
Berkshire Hathaway 2.375% 2039	449,000	472,025	0.27	449,000	505,814	0.24
Berkshire Hathaway 2.625% 2059	—	—	—	352,000	429,651	0.21
Citigroup 5.15% 2026	500,000	585,530	0.33	500,000	607,933	0.29
Citigroup 6.8% 2038	1,200,000	2,009,328	1.14	1,200,000	2,103,882	1.01
Comcast Corporation 5.5% 2029	3,000,000	3,865,260	2.19	3,000,000	4,115,403	1.98
Commonwealth Bank of Australia 1.125% 2021	—	—	—	1,370,000	1,382,933	0.67
Cooperatieve Rabobank 4.625% 2029	1,500,000	1,759,965	1.00	1,500,000	1,846,190	0.89
Cooperatieve Rabobank 5.375% 2060	—	—	—	500,000	1,052,779	0.51
CPPIB Capital Inc 1.125% 2029	3,000,000	2,982,990	1.69	3,000,000	3,084,030	1.48
CPUK Finance Ltd 3.69% 2028	840,000	932,081	0.53	840,000	861,303	0.41
Deutsche Telekom Intl Finance GRN 2030	1,250,000	1,824,538	1.03	1,250,000	1,937,708	0.93
Digital Stout Holding 3.75% 2030	1,000,000	1,130,950	0.64	1,000,000	1,182,785	0.57
E.ON International Finance 5.875% 2037	800,000	1,155,480	0.65	800,000	1,252,929	0.60
EDF 5.5% 2037	—	—	—	100,000	145,132	0.07
EDF 5.5% 2041	1,000,000	1,441,370	0.82	1,000,000	1,480,831	0.71
EDF 5.875% 2031	1,368,000	1,831,478	1.04	1,368,000	1,928,773	0.93
EDF 6.125% 2034	600,000	848,508	0.48	600,000	894,394	0.43
EDF 6.25% 2028	400,000	512,708	0.29	400,000	536,312	0.26
Enel SPA 5.75% 2037	1,300,000	1,852,760	1.05	1,300,000	1,963,026	0.94
Equinor ASA 6.875% 2031	1,250,000	1,811,925	1.03	1,250,000	1,943,135	0.93
European Investment Bank 6% 2028	1,250,000	1,684,275	0.95	1,250,000	1,811,069	0.87
Fidelity National Info Services 3.36% 2031	1,250,000	1,389,013	0.79	1,250,000	1,453,744	0.70
Fiserv Inc 2.25% 2025	—	—	—	257,000	273,875	0.13
Fiserv Inc 3% 2031	—	—	—	196,000	221,190	0.11
GE Capital UK Funding 6.25% 2038	—	—	—	150,000	191,490	0.09
General Motors Financial 2.25% 2024	850,000	872,287	0.49	850,000	846,481	0.41
Goldman Sachs 7.125% 2025	850,000	1,035,368	0.59	850,000	1,092,399	0.53
Goldman Sachs 7.25% 2028	1,077,000	1,442,275	0.82	1,077,000	1,527,553	0.73
KFW Bankengruppe 6% 2028	5,000,000	6,743,300	3.82	5,000,000	7,223,625	3.48
MetLife Global Funding 2.625% 2022	—	—	—	1,250,000	1,301,290	0.63
MetLife Incorporated 5.375% 2024	1,000,000	1,138,710	0.64	1,000,000	1,179,875	0.57
Orange 5.625% 2034	1,000,000	1,384,870	0.78	1,000,000	1,466,385	0.71
Orange 5.875% FRN (Perp)	—	—	—	1,002,000	1,054,074	0.51
Orange 8.125% 2028	700,000	1,005,774	0.57	700,000	1,070,115	0.51
Orsted AS 2.125% 2027	—	—	—	1,027,000	1,108,662	0.53
Innogy Finance 6.125% 2039	250,000	391,713	0.22	250,000	421,812	0.20
Orsted AS 5.75% 2040	1,450,000	2,182,990	1.24	1,450,000	2,368,982	1.14
Société Générale 1.875% 2024	1,100,000	1,120,361	0.63	1,100,000	1,125,201	0.54
Swedbank AB 1.25% 2021	—	—	—	880,000	889,390	0.43
Total Capital International 1.405% 2031	600,000	581,652	0.33	600,000	619,626	0.30
Total Capital International 1.66% 2026	1,200,000	1,229,064	0.70	1,200,000	1,267,800	0.61
Time Warner Cable 5.25% 2042	600,000	786,084	0.44	600,000	776,225	0.37
Verizon Communications 1.875% 2030	—	—	—	874,000	910,074	0.44

Investment Portfolios of the Funds continued

High Income Fund continued

For the year ended
30 September 2021

Overseas Borrowers continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
Verizon Communications 2.5% 2031	300,000	312,630	0.18	300,000	330,768	0.16
Vinci SA 2.75% 2034	300,000	331,152	0.19	300,000	345,572	0.17
Vodafone Group 3% 2056	—	—	—	700,000	738,976	0.36
Vodafone Group 3.375% 2049	—	—	—	362,000	413,393	0.20
VW Financial Services 2.125% 2024	—	—	—	500,000	514,940	0.25
VW Financial Services 3.375% 2026	—	—	—	300,000	331,086	0.16
Wal-Mart Stores 5.25% 2035	1,411,000	2,020,524	1.14	811,000	1,280,472	0.62
Welltower Incorporated 4.8% 2028	850,000	1,013,642	0.57	850,000	997,352	0.48
Wells Fargo & Co 4.875% 2035	500,000	638,628	0.36	500,000	659,028	0.32
Westpac Bank 1% 2022	—	—	—	1,200,000	1,211,250	0.58

Total value of investments

172,380,300 97.58

200,826,033 96.62

Other assets

5,403,250 3.06

7,973,054 3.84

Total assets

177,783,550 100.64

208,799,087 100.46

Liabilities

(1,188,327) (0.64)

(963,330) (0.46)

Total Net Assets

176,595,223 100.00

207,835,757 100.00

For the year
ended
30.09.21

For the year
ended
30.09.20

Cost of investments purchased

£24,353,288

£56,012,286

Proceeds from investments sold

£45,750,464

£61,694,220

Investment Portfolios of the Funds continued

Sterling Bond Fund

For the year ended
30 September 2021

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
Futures 0% (0.66%)						
Liffe-Long Gilt December 2020	—	—	—	5	680,550	0.66
Futures Liability	—	—	—	—	(680,936)	(0.66)
UK Government Bonds 2.63% (2.34%)						
Treasury 1.25% 2027	328,803.27	339,923	0.38	428,803	464,394	0.45
Treasury 4.25% 2039	—	—	—	179,000	294,008	0.29
Treasury 4.25% 2049	—	—	—	564,094	1,080,466	1.05
Treasury 4.5% 2034	—	—	—	347,897	537,727	0.52
Treasury 5% 2025	1,750,000	2,020,148	2.25	—	—	—
UK Corporate Bonds 57.54% (53.64%)						
3i Group 3.75% 2040	—	—	—	316,000	336,559	0.33
Accent Capital 2.625% 2049	—	—	—	134,000	161,865	0.16
Annington Finance 2.646% 2025	100,000	104,600	0.12	100,000	106,908	0.10
Annington Finance 3.935% 2047	—	—	—	414,000	514,979	0.50
Annington Funding 3.184% 2029	826,000	892,146	0.99	826,000	914,089	0.89
Aspire Defence Finance B 4.674% 2040	693,000	756,891	0.84	693,000	834,950	0.81
Assura Financing 3% 2028	297,000	325,372	0.36	297,000	333,402	0.33
Aviva 4.375% FRN 2049	948,000	1,061,305	1.18	948,000	1,053,792	1.03
Aviva 6.125% 2036	200,000	240,304	0.27	200,000	242,050	0.24
Aviva 6.125% FRN (Perp)	340,000	356,487	0.40	340,000	367,122	0.36
Aviva 6.625% FRN 2041	—	—	—	500,000	517,215	0.50
Barclays Bank 2.375% 2023	—	—	—	888,000	907,758	0.89
Barclays Bank 3% 2026	389,000	412,892	0.46	389,000	409,247	0.40
Barclays Bank 3.125% 2024	842,000	878,341	0.98	842,000	885,153	0.86
Barclays Bank 3.25% 2033	217,000	235,712	0.26	217,000	231,500	0.23
BAT International Finance 2.25% 2028	402,000	398,193	0.44	402,000	404,235	0.39
BAT International Finance 2.25% 2052	—	—	—	100,000	78,847	0.08
BAT International Finance 4% 2026	170,000	186,643	0.21	170,000	191,455	0.19
BAT International Finance 6% 2034	291,000	370,213	0.41	291,000	388,689	0.38
BG Energy Capital 5.00% 2036	197,000	266,819	0.30	197,000	295,122	0.29
BG Energy Capital 5.125% 2025	500,000	582,195	0.65	500,000	618,922	0.60
BP Capital Markets 1.827% 2025	—	—	—	231,000	243,442	0.24
BP Capital Markets 2.274% 2026	—	—	—	310,000	335,918	0.33
BP Capital Markets 4.25% (Perp)	113,000	120,377	0.13	113,000	118,701	0.12
British Telecom 3.125% 2031	100,000	103,951	0.12	100,000	110,962	0.11
British Telecom 3.625% 2047	—	—	—	100,000	115,799	0.11
British Telecom 5.75% 2028	80,000	98,712	0.11	80,000	104,776	0.10
British Telecom 6.375% 2037	66,000	91,590	0.10	66,000	100,676	0.10
Bromford Housing 3.125% 2048	635,000	758,260	0.84	635,000	823,392	0.80
BUPA Finance 5% 2023	100,000	106,461	0.12	200,000	216,554	0.21
BUPA Finance 5% 2026	1,100,000	1,277,793	1.42	100,000	114,341	0.11
Canary Wharf Finance 5.952% 2035	150,000	208,991	0.23	150,000	215,075	0.21

Investment Portfolios of the Funds continued

Sterling Bond Fund continued

For the year ended
30 September 2021

UK Corporate Bonds continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
Catalyst Housing 3.125% 2047	100,000	116,289	0.13	100,000	123,798	0.12
Channel Link Enterprises Inc 3.043% 2050	100,000	100,398	0.11	100,000	102,672	0.10
Circle Anglia Social Housing 7.25% 2038	179,000	311,548	0.35	179,000	333,966	0.33
Clarion Funding 3.125% 2048	380,000	448,617	0.50	380,000	478,067	0.47
Close Brothers Finance 2.75% 2026	1,000,000	1,077,800	1.20	—	—	—
Clydesdale Bank 4.625% 2026	100,000	116,876	0.13	100,000	122,594	0.12
Connect Plus M25 2.607% 2039	451,000	453,353	0.50	451,000	510,728	0.50
Coventry Building Society 1.5% 2023	—	—	—	515,000	521,824	0.51
CYBG Plc 3.375% 2026	500,000	529,775	0.59	500,000	502,315	0.49
CYBG Plc 4% 2026	600,000	653,508	0.73	600,000	620,424	0.61
DS Smith Plc 2.875% 2029	293,000	305,965	0.34	293,000	304,288	0.30
Dwr Cymru Finance 1.375% 2033	—	—	—	822,000	836,775	0.82
Eastern Power Networks 1.875% 2035	—	—	—	457,000	478,084	0.47
Eastern Power Networks 5.75% 2024	169,000	188,864	0.21	169,000	198,258	0.19
Eastern Power Networks 6.25% 2036	240,000	369,050	0.41	240,000	398,314	0.39
Eversholt Funding 2.742% 2040	177,000	178,920	0.20	177,000	184,039	0.18
Eversholt Funding 6.697% 2035	224,000	278,137	0.31	224,000	294,672	0.29
Experian Finance FRN 2028	142,000	158,926	0.18	142,000	167,455	0.16
Experian Finance 0.739% 2025	—	—	—	187,000	187,000	0.18
First Group 8.75% 2021	—	—	—	556,000	569,814	0.56
Futures Treasury 3.375% 2044	100,000	120,914	0.13	100,000	132,245	0.13
Gatwick Funding 2.625% 2048	—	—	—	207,000	172,710	0.17
Gatwick Funding 3.125% 2039	205,000	206,941	0.23	205,000	193,277	0.19
Gatwick Funding 6.125% 2026	100,000	118,215	0.13	100,000	116,302	0.11
Gatwick Funding 6.5% 2043	186,000	273,039	0.30	186,000	258,501	0.25
GlaxoSmithKline 4.25% 2045	—	—	—	365,000	555,790	0.54
Glencore Finance 3.125% 2026	1,500,000	1,587,225	1.77	—	—	—
Grainger Plc 3% 2030	100,000	104,708	0.12	100,000	103,810	0.10
Great Rolling Stock 6.25% 2031	575,000	583,685	0.65	575,000	603,435	0.59
Heathrow Funding 2.75% 2049	—	—	—	355,000	323,384	0.32
Heathrow Funding 4.625% 2048	—	—	—	282,000	352,685	0.35
Heathrow Funding 5.875% 2043	115,000	164,871	0.18	115,000	159,212	0.16
Heathrow Funding 6.45% 2033	467,000	631,085	0.70	467,000	636,942	0.62
Heathrow Funding 7.075% 2028	132,000	172,528	0.19	132,000	171,731	0.17
Heathrow Funding 7.125% 2024	240,000	270,898	0.30	240,000	267,127	0.26
HSBC Bank 4.75% 2046	—	—	—	458,000	566,164	0.55
HSBC Bank 5.375% 2030	295,000	339,103	0.38	295,000	347,937	0.34
HSBC Bank 5.375% 2033	150,000	195,876	0.22	150,000	197,796	0.19
HSBC Holdings 2.175% 2023	—	—	—	462,000	469,240	0.46
HSBC Holdings 2.26% 2026	371,000	380,646	0.42	371,000	382,100	0.37
HSBC Holdings 3% 2030	1,000,000	1,058,380	1.18	—	—	—
HSBC Holdings 5.75% 2027	170,000	203,692	0.23	170,000	208,763	0.20
HSBC Holdings 6% 2040	140,000	192,364	0.21	140,000	189,304	0.18
Hutchison Whampoa Finance UK 5.625% 2026	500,000	607,075	0.68	500,000	635,398	0.62

Investment Portfolios of the Funds continued

Sterling Bond Fund continued

For the year ended
30 September 2021

UK Corporate Bonds continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
Imperial Brands 5.5% 2026	100,000	116,935	0.13	100,000	120,982	0.12
Imperial Tobacco 9% 2022	—	—	—	137,000	152,335	0.15
Incommunities Treasury 3.25% 2049	—	—	—	100,000	133,105	0.13
L&Q Housing Trust 2.625% 2028	387,000	413,838	0.46	387,000	417,143	0.41
L&Q Housing Trust 2.75% 2057	100,000	110,569	0.12	100,000	114,797	0.11
L&Q Housing Trust 4.625% 2033	596,000	774,770	0.86	596,000	801,633	0.78
L&Q Housing Trust 5.5% 2040	92,000	137,445	0.15	92,000	142,386	0.14
Libra Longhurst 2 3.25% 2043	112,000	129,177	0.14	112,000	134,021	0.13
Livewest TRS 2.25% 2043	280,000	288,490	0.32	280,000	305,851	0.30
Lloyds Bank 1.5% 2023	—	—	—	327,000	331,779	0.32
Lloyds Bank 1.75% 2024	454,000	463,847	0.52	454,000	464,242	0.45
Lloyds Bank 2.25% 2024	628,000	649,641	0.72	628,000	649,810	0.63
Lloyds Bank 6% 2029	100,000	133,702	0.15	100,000	142,122	0.14
Lloyds Bank 6.5% 2040	207,000	347,437	0.39	207,000	365,187	0.36
Lloyds Bank 7.625% 2025	631,000	769,984	0.86	631,000	801,511	0.78
Lloyds of London 4.75% 2024	231,000	253,231	0.28	231,000	249,845	0.24
London & Quadrant 3.75% 2049	100,000	130,042	0.14	100,000	135,696	0.13
Manchester Airport 4.75% 2034	100,000	122,196	0.14	100,000	116,911	0.11
Meadowhall 4.988% 2037	300,000	220,796	0.25	300,000	243,545	0.24
Morhomes Plc 3.4% 2038	496,000	549,613	0.61	496,000	572,466	0.56
National Grid Electricity Transmission 2% 2038	—	—	—	200,000	213,347	0.21
National Grid Electricity Transmission 2.75% 2035	—	—	—	100,000	117,162	0.11
National Grid Gas 2.625% 2038	100,000	101,301	0.11	100,000	109,387	0.11
National Grid Gas 2.75% 2046	—	—	—	584,000	647,942	0.63
Next Group 3.625% 2028	1,500,000	1,644,360	1.83	—	—	—
NGG Finance 5.625% FRN 2073	—	—	—	120,000	135,634	0.13
NIE Finance 6.375% 2026	567,000	699,185	0.78	567,000	737,795	0.72
Northern Electric Finance PLC 5.125% 2035	250,000	333,640	0.37	—	—	—
Northern Gas Network 4.875% 2027	529,000	629,949	0.70	529,000	655,262	0.64
Northumbrian Water 2.375% 2027	363,000	380,805	0.42	363,000	393,850	0.38
Northumbrian Water 5.625% 2033	209,000	288,750	0.32	209,000	309,651	0.30
Notting Hill 2.875% 2029	480,000	516,878	0.58	480,000	522,713	0.51
Notting Hill 3.25% 2048	—	—	—	313,000	370,428	0.36
Paragon Treasury 3.625% 2047	—	—	—	100,000	126,708	0.12
Pension Insurance Corp 5.625% 2030	800,000	968,608	1.08	—	—	—
Pension Insurance Corp 6.5% 2024	100,000	113,011	0.15	—	—	—
Pension Insurance Corp 8% 2026	1,000,000	1,293,790	1.44	—	—	—
Phoenix Group Holdings 5.625% 2031	100,000	120,176	0.13	100,000	114,423	0.11
Phoenix Group Holdings 6.625% 2025	1,073,000	1,281,838	1.43	—	—	—
Prudential 5% FRN 2055	467,000	553,068	0.62	467,000	533,168	0.52
Prudential 5.625% 2051	362,000	428,738	0.48	362,000	421,714	0.41
Prudential 5.7% 2063	273,000	351,725	0.39	273,000	333,401	0.33
Quadgas Finance 3.375% 2029	700,000	747,649	0.83	700,000	741,279	0.72
RL Finance Bonds 6.125% 2028	1,250,000	1,536,800	1.71	—	—	—

Investment Portfolios of the Funds continued

Sterling Bond Fund continued

For the year ended
30 September 2021

UK Corporate Bonds continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
RL Finance Bonds 6.125% 2043	405,000	444,548	0.49	—	—	—
RMPA Services 5.337% 2038	147,000	134,170	0.15	147,000	148,504	0.14
Royal Bank of Scotland 2.875% 2026	600,000	631,878	0.70	600,000	634,215	0.62
Royal Bank of Scotland 3.125% 2027	521,000	554,735	0.62	521,000	556,498	0.54
Royal Sun Alliance 5.125% 2045	—	—	—	100,000	114,891	0.11
Sanctuary Capital 2.375% 2050	—	—	—	228,000	259,789	0.25
Santander UK 3.875% 2029	422,000	498,416	0.55	422,000	509,681	0.50
Segro Plc 2.875% 2037	400,000	447,236	0.50	400,000	470,638	0.46
Severn Trent 6.125% 2024	256,000	287,724	0.32	256,000	302,744	0.30
Severn Trent 6.25% 2029	170,000	226,595	0.25	170,000	242,227	0.24
Severn Utilities 1.625% 2022	—	—	—	700,000	715,565	0.70
Severn Utilities 4.875% 2042	—	—	—	324,000	506,959	0.49
Sovereign Housing 5.705% 2039	124,000	192,105	0.21	124,000	208,180	0.20
SP Transmission 2% 2031	—	—	—	169,000	180,568	0.18
Stagecoach Group 4% 2025	538,000	584,596	0.65	538,000	541,686	0.53
Standard Chartered 5.125% 2034	100,000	124,332	0.14	100,000	116,514	0.11
Swan Housing Capital Plc 3.625% 2048	—	—	—	283,000	325,376	0.32
Tesco Corporate Treasury 2.75% 2030	100,000	105,082	0.12	100,000	106,371	0.10
Tesco Property Finance 5.744% 2040	908,000	1,127,753	1.26	908,000	1,173,729	1.15
Thames Water Utilities 2.625% 2032	179,000	187,234	0.21	179,000	194,555	0.19
Thames Water Utilities 4% 2025	126,000	139,248	0.16	126,000	143,269	0.14
Thames Water Utilities 6.5% 2032	100,000	140,094	0.16	100,000	148,451	0.14
Thames Water Utilities 6.75% 2028	560,000	743,120	0.83	560,000	783,405	0.76
Thames Water Utilities 7.738% 2058	—	—	—	100,000	213,750	0.21
The Wellcome Trust 2.517% 2118	—	—	—	140,000	212,365	0.21
THFC Funding No.1 5.125% 2037	387,000	524,416	0.58	387,000	563,384	0.55
THFC Funding No.2 6.35% 2041	247,000	392,772	0.44	247,000	419,827	0.41
THFC Funding No.3 5.2% 2045	—	—	—	100,000	158,544	0.15
Tritax 2.625% 2026	252,000	269,010	0.30	252,000	271,808	0.27
Unite Group 3.5% 2028	414,000	456,443	0.51	414,000	430,864	0.42
United Utilities Water 1.75% 2038	—	—	—	350,000	362,205	0.35
United Utilities Water 5% 2035	120,000	162,035	0.18	120,000	177,275	0.17
University of Oxford 2.544% 2117	—	—	—	190,000	278,640	0.27
UPP Bond Series 1 4.9023% 2040	150,000	160,019	0.18	150,000	164,316	0.16
Virgin Money UK 4% 2027	123,000	135,900	0.15	123,000	127,261	0.12
Vodafone Group 3% 2056	—	—	—	258,000	272,365	0.27
Vodafone Group 3.375% 2049	—	—	—	127,000	145,030	0.14
Wessex Water Financial Services 1.5% 2029	—	—	—	500,000	508,210	0.50
Wessex Water Financial Services 5.375% 2028	404,000	495,470	0.55	404,000	524,500	0.51
Western Power 3.625% 2023	500,000	526,230	0.59	500,000	532,411	0.52
Western Power 5.75% 2032	202,000	272,215	0.30	202,000	293,355	0.29
Western Power 5.75% 2040	150,000	224,316	0.25	150,000	244,427	0.24
Western Power 5.75% 2040	50,000	74,787	0.08	50,000	81,476	0.08
Western Power 6.25% 2040	138,000	219,039	0.24	138,000	238,934	0.23

Investment Portfolios of the Funds continued

Sterling Bond Fund continued

For the year ended
30 September 2021

UK Corporate Bonds continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
Westfield Stratford 1.642% 2026	391,000	395,774	0.44	391,000	394,009	0.38
WPP Finance 2.875% 2046	—	—	—	100,000	90,530	0.09
WPP Finance 3.75% 2032	100,000	112,596	0.13	100,000	107,808	0.11
Yorkshire Building Society 3% 2025	350,000	367,150	0.41	350,000	368,778	0.36
Yorkshire Building Society 3.5% 2026	346,000	382,690	0.43	346,000	386,518	0.38

Overseas Borrowers 37.85% (41.38%)

Abertis 3.375% 2026	400,000	430,132	0.48	400,000	424,024	0.41
ABN Amro Bank 1.375% 2022	—	—	—	400,000	406,264	0.40
America Movil 4.375% 2041	—	—	—	190,000	250,867	0.24
America Movil 4.948% 2033	405,000	520,875	0.58	405,000	544,128	0.53
America Movil 5.75% 2030	425,000	551,314	0.61	425,000	574,554	0.56
Anheuser Busch 2.85% 2037	281,000	298,228	0.33	281,000	307,629	0.30
Anheuser Busch 9.75% 2024	500,000	622,300	0.69	500,000	670,753	0.65
Apple Incorporated 3.05% 2029	100,000	113,408	0.13	100,000	120,741	0.12
Apple Incorporated 3.6% 2042	—	—	—	126,000	184,304	0.18
APT Pipelines 3.125% 2031	292,000	310,688	0.35	292,000	323,044	0.32
APT Pipelines 3.5% 2030	484,000	528,968	0.59	484,000	546,879	0.53
AT&T 4.25% 2043	—	—	—	253,000	312,150	0.30
AT&T 4.875% 2044	—	—	—	164,000	221,015	0.22
AT&T 5.2% 2033	269,000	348,089	0.39	269,000	361,750	0.35
AT&T 7% 2040	250,000	399,658	0.44	250,000	409,238	0.40
AXA 5.453% FRN (Perp)	996,000	1,156,097	1.29	996,000	1,134,458	1.11
AXA 6.686% FRN (Perp)	300,000	368,577	0.41	300,000	365,625	0.36
Bank of America 2.3% 2025	253,000	264,474	0.29	253,000	270,309	0.26
Bank of America 7% 2028	200,000	269,818	0.30	200,000	284,474	0.28
Banque Federative Credit Mutuel 1.25% 2025	500,000	502,075	0.56	500,000	511,620	0.50
Banque Federative Credit Mutuel 1.5% 2026	500,000	505,860	0.56	500,000	520,090	0.51
Berkshire Hathaway 2.375% 2039	227,000	238,641	0.27	227,000	255,723	0.25
Berkshire Hathaway 2.625% 2059	—	—	—	100,000	122,060	0.12
BHP Billiton Finance 6.5% 2077	1,208,000	1,277,774	1.42	1,208,000	1,324,444	1.29
BMW International Investments 1.375% 2024	—	—	—	160,000	163,682	0.16
Citigroup 1.75% 2026	381,000	387,012	0.43	381,000	392,542	0.38
Citigroup 4.5% 2031	170,000	202,006	0.22	170,000	208,225	0.20
Comcast Corporation 1.5% 2029	553,000	548,410	0.61	553,000	565,550	0.55
Comcast Corporation 1.875% 2036	330,000	320,404	0.36	330,000	342,154	0.33
Comcast Corporation 5.5% 2029	158,000	203,570	0.23	158,000	216,745	0.21
Commonwealth Bank of Australia 1.125% 2021	105,000	105,227	0.12	105,000	105,991	0.10
Cooperatieve Rabobank 4.625% 2029	1,857,000	2,178,837	2.43	857,000	1,054,790	1.03
CPUK Finance Ltd 3.69% 2028	420,000	466,040	0.52	420,000	430,652	0.42
Credit Agricole 7.375% 2023	400,000	454,736	0.51	400,000	475,619	0.46
Credit Suisse Group 2.25% 2028	162,000	164,843	0.18	162,000	166,490	0.16
Digital Stout Holding 3.75% 2030	340,000	384,523	0.43	340,000	402,147	0.39
Digital Stout Holding 4.25% 2025	600,000	659,593	0.73	600,000	684,762	0.67

Investment Portfolios of the Funds continued

Sterling Bond Fund continued

For the year ended
30 September 2021

Overseas Borrowers continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
E.ON International Finance 5.875% 2037	150,000	216,651	0.24	150,000	234,924	0.23
E.ON International Finance 6.375% 2032	492,000	685,951	0.76	492,000	737,046	0.72
E.ON International Finance 6.75% 2039	150,000	237,501	0.26	150,000	259,002	0.25
EDF 5.125% 2050	—	—	—	300,000	455,491	0.44
EDF 5.5% 2037	200,000	276,784	0.31	200,000	290,264	0.28
EDF 5.5% 2041	300,000	432,411	0.48	300,000	444,249	0.43
EDF 5.875% 2031	845,000	1,131,286	1.26	845,000	1,191,384	1.16
EDF 6% 2014	—	—	—	400,000	683,752	0.67
EDF 6.25% 2028	300,000	384,531	0.43	300,000	402,234	0.39
EDF 6.875% 2022	—	—	—	250,000	284,468	0.28
Enel Finance International 5.625% 2024	847,000	960,346	1.07	847,000	1,007,981	0.98
Enel Finance International 5.75% 2040	461,000	684,115	0.76	461,000	711,685	0.69
Engie 5% 2060	—	—	—	250,000	476,754	0.47
European Investment Bank 5% 2039	1,294,000	2,008,366	2.24	1,294,000	2,204,744	2.16
Fidelity National Info Services 3.36% 2031	630,000	700,062	0.78	630,000	732,687	0.71
First Abu Dhabi Bank 1.375% 2023	—	—	—	317,000	319,882	0.31
Fiserv Inc 2.25% 2025	—	—	—	130,000	138,536	0.14
Fiserv Inc 3% 2031	100,000	108,292	0.12	100,000	112,852	0.11
Gatwick Funding 4.625% FRN 2036	312,000	367,152	0.41	312,000	354,197	0.35
GE Capital UK Funding 6.25% 2038	65,000	96,556	0.11	65,000	82,979	0.08
GE Capital UK Funding 8% 2039	120,000	207,344	0.23	120,000	175,557	0.17
General Motors Financial 2.25% 2024	857,000	879,471	0.98	857,000	853,452	0.83
Groupe BPCE 5.25% 2029	100,000	121,557	0.14	100,000	126,246	0.12
Home Group Ltd 3.125% 2043	—	—	—	100,000	118,862	0.12
Innogy Finance 5.625% 2023	123,000	135,787	0.15	123,000	141,880	0.14
Innogy Finance 6.125% 2039	350,000	526,929	0.58	350,000	571,823	0.56
Intercontinental Hotels 3.375% 2028	125,000	133,253	0.15	—	—	—
Landesbank Baden-Württemberg 1.5% 2025	500,000	505,715	0.56	500,000	511,263	0.50
Logicor Financing 2.75% 2030	150,000	155,937	0.17	150,000	151,968	0.15
LVMH 1% 2023	—	—	—	500,000	502,718	0.49
Morgan Stanley 2.625% 2027	205,000	217,212	0.24	205,000	224,066	0.22
New York Life 1.625% 2023	317,000	323,895	0.36	317,000	327,347	0.32
New York Life 1.75% 2022	—	—	—	100,000	102,635	0.10
Orange 3.25% 2032	300,000	334,473	0.37	300,000	350,469	0.34
Orange 8.125% 2028	417,000	599,154	0.67	417,000	637,483	0.62
Orsted AS 2.125% 2027	—	—	—	310,000	334,650	0.33
Orsted AS 4.875% 2032	400,000	517,384	0.58	400,000	554,468	0.54
Orsted AS 5.75% 2040	400,000	626,740	0.70	400,000	674,899	0.66
QBE Insurance 6.115% 2042	112,000	115,544	0.13	112,000	118,448	0.12
Scentre Management 3.875% 2026	230,000	255,870	0.28	230,000	249,985	0.24
SGSP Assets 5.125% 2021	—	—	—	520,000	527,831	0.52
Siemens 1% 2025	—	—	—	700,000	717,969	0.70
SLM Student Loan 5.45% 2038	—	—	—	190,000	134,251	0.13

Investment Portfolios of the Funds continued

Sterling Bond Fund continued

For the year ended
30 September 2021

Overseas Borrowers continued

	Holding 30.09.21	Market Value 30.09.21 £	% of Total Net Assets	Holding 30.09.20	Market Value 30.09.20 £	% of Total Net Assets
Société Générale 1.875% 2024	600,000	611,106	0.65	600,000	613,746	0.60
Southern Water Services 2.375% 2028	407,000	421,229	0.47	407,000	418,673	0.41
Telefonica Emision 5.289% 2022	—	—	—	150,000	164,760	0.16
Telefonica Emision 5.445% 2029	550,000	691,317	0.77	550,000	726,032	0.71
Total Capital International 1.25% 2024	—	—	—	1,050,000	1,084,902	1.06
Total Capital International 1.66% 2026	600,000	614,532	0.68	600,000	633,900	0.62
Trafford Centre Finance 6.5% 2033	200,000	179,442	0.20	200,000	201,859	0.20
Vattenfall 6.875% 2039	—	—	—	91,000	167,039	0.16
Veolia Environment 6.125% 2037	150,000	228,419	0.25	150,000	250,412	0.24
Verizon Communications 3.125% 2035	400,000	441,884	0.49	400,000	477,788	0.47
Verizon Communications 3.375% 2036	482,000	546,410	0.61	482,000	592,190	0.58
Vicinity Centres 3.375% 2026	468,000	507,190	0.56	468,000	492,558	0.48
Vinci SA 2.25% 2027	200,000	210,502	0.23	200,000	215,332	0.21
Vinci SA 2.75% 2034	200,000	220,768	0.25	200,000	230,381	0.22
VW Financial Services 2.125% 2024	200,000	205,248	0.23	200,000	205,976	0.20
VW Financial Services 2.25% 2025	319,000	329,817	0.37	319,000	331,125	0.33
VW Financial Services 2.75% 2023	—	—	—	200,000	209,282	0.21
Westpac Bank 1% 2022	100,000	100,594	0.11	100,000	100,938	0.10
Westpac Bank 2.625% 2022	—	—	—	100,000	104,301	0.10

Total value of investments

88,072,206	98.06	99,590,337	97.11
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Other assets

2,506,970	2.79	3,130,832	3.08
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Total assets

90,579,176	100.85	102,721,169	100.19
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Liabilities

(784,752)	(0.85)	(931,713)	(0.19)
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Total Net Assets

89,794,424	100.00	101,789,456	100.00
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	For the year ended 30.09.21	For the year ended 30.09.20
Cost of investments purchased	£17,022,744	£30,283,632
Proceeds from investments sold	£25,633,136	£38,839,755

Investment Portfolios of the Funds continued

Investments Purchased and Sold for year ended 30 September 2021

There were no investments that were both purchased and sold during the year.

Investment Portfolios of the Funds continued

Investment Dealing for the year ended 30 September 2021

During the year transactions representing more than 10% of the aggregate value of the transactions in the property of the Funds were carried out with the following counter-parties:

Euro High Income Fund

Bridport
Goldman Sachs
HSBC Holdings plc.
JP Morgan
Lloyds Banking Group plc.
Morgan Stanley
Oppenheimer

High Income Fund

Bridport
Goldman Sachs
JP Morgan
Lloyds Banking Group plc.
Mitsubishi UFJ Financial Group, Inc.
Morgan Stanley
Oppenheimer
Stifel Financial Corp.

Sterling Bond Fund

Bridport
Goldman Sachs
HSBC Holdings plc.
JP Morgan
Lloyds Banking Group plc.
Mitsubishi UFJ Financial Group, Inc.
Morgan Stanley
Oppenheimer
Stifel Financial Corp.

Investment Portfolios of the Funds continued

Summary of Material Portfolio Changes for the year ended 30 September 2021

This schedule refers to securities purchased and sold during the year which had a value of greater than 2% of the net asset value of each Fund. The Directors consider that where applicable the disclosure of the 20 largest purchases and sales is sufficient to reflect the nature of the operating activity of the Funds.

Euro High Income Fund

Purchases	Cost €	Sales	Proceeds €
GlaxoSmithKline 1.75% 2030	225,476	KFW Bankengruppe 0.375% 2030	311,430
HSBC Holdings 2.5% 2027	224,960	KFW Bankengruppe 4.675% 2023	288,600
Banque Federative Credit Mutuel 1.75% 2029	220,000	Medtronic 2.25% 2039	233,800
Credit Agricole 1.75% 2029	219,384	Cooperatieve Rabobank 4.75% 2022	207,600
Vattenfall AB 3% 2077	217,140	Nordea Bank 3.25% 2022	206,000
Kennedy-Wilson Holdings 3.25% 2025	216,440	Thermo Fisher Scientific 1.5% 2039	204,492
Allianz Financial 2.241% 2045	214,300	Bundesrepublik Deutschland 5.5% 2031	156,762
Bank Of America Corporation 3.648% 2029	182,330	ABN Amro Bank 4.125% 2022	133,185
Lloyds Bank 2.375% 2026	166,410	AT&T 3.15% 2036	121,487
Petroleos Mexicano 5.125% 2023	157,860	BHP Billiton Finance 5.625% 2079	118,211
BHP Billiton Finance 3.125% 2033	133,250	Engie 5.95% 2111	116,010
Phoenix Group Holdings 4.375% 2029	116,650	BNP Paribas 1.5% 2028	109,464
BNP Paribas 4.032% FRN (Perp)	113,830	Enel Finance International 1.125% 2034	104,100
NN Group 4.375 (Perp)	110,450	America Movil 4.75% 2022	103,827
Commerzbank 4% 2030	110,125	RTE 3.875% 2022	103,350
Bayer Capital 2.375% 2079	101,690	Danone 1.75% FRN	103,118
		Engie 6.375% 2021	100,000
		EDF 6.25% 2021	100,000
		Allianz Financial 5.75% 2041	100,000
		Groupe BPCE 2.75% 2026	100,000

Investment Portfolios of the Funds continued

Summary of Material Portfolio Changes for the year ended 30 September 2021 continued

High Income Fund

Purchases	Cost £	Sales	Proceeds £
RL Finance Bonds 6.125% 2028	2,495,000	Northumberland Services 6.875% 2023	2,478,600
Close Brothers Finance 2.75% 2026	2,176,840	Aviva 6.125% FRN (Perp)	1,850,358
HSBC Holdings 3% 2030	1,885,800	Barclays Bank 9.5% 2021	1,697,000
Pension Insurance Corporation 8% 2026	1,838,424	Barclays Bank 10% 2021	1,610,000
BUPA Finance 5% 2026	1,765,500	First Hydro 9% 2021	1,607,815
Glencore Finance 3.125% 2026	1,603,500	Lloyds Banking Group 2.707% 2035	1,589,581
Paragon Banking Group 4.375% 2031	1,593,750	Heathrow Funding 4.625% 2048	1,587,600
Lloyds Banking Group 2.707% 2035	1,589,581	Quadgas Finance 3.375% 2029	1,516,051
Burford Capital 5% 2026	1,531,875	BHP Billiton Finance 6.5% 2077	1,480,990
Virgin Media 4.5% 2031	1,507,350	APT Pipelines 3.5% 2030	1,403,223
London & Quadrant Housing Trust 5.486% 2042	1,208,220	Commonwealth Bank of Australia 1.125% 2021	1,378,494
Pension Insurance Corporation 4.625% 2031	1,160,400	BP Capital Markets 2.274% 2026	1,371,528
Bank of America 7% 2028	1,080,645	MetLife Global Funding 2.625% 2022	1,293,500
Pension Insurance Corporation 5.625% 2030	1,063,249	Imperial Tobacco 9% 2022	1,254,468
Wal-Mart Stores 5.25% 2035	926,904	Westpac Bank 1% 2022	1,210,860
Phoenix Group Holdings 5.625% 2031	926,250	InterContinental Hotels 3.75% 2025	1,128,320
		Orsted AS 2.125% 2027	1,081,123
		Orange 5.875% FRN (Perp)	1,002,000
		Lloyds Bank 9.625% 2023	1,000,000
		Shaftesbury Carnaby 2.487% 2031	992,000

Investment Portfolios of the Funds continued

Summary of Material Portfolio Changes for the year end 30 September 2021 continued

Sterling Bond Fund

Purchases	Cost £	Sales	Proceeds £
Treasury 5% 2025	2,075,413	Total Capital International 1.25% 2024	1,084,566
Next Group 3.625% 2028	1,660,830	Treasury 4.25% 2049	973,400
Glencore Finance 3.125% 2026	1,603,500	Barclays Bank 2.375% 2023	911,266
RL Finance Bonds 6.125% 2028	1,559,375	Dwr Cymru Finance 1.375% 2033	798,984
Pension Insurance Corp 8% 2026	1,313,160	Siemens 1% 2025	717,556
Phoenix Group Holdings 6.625% 2025	1,301,570	Severn Utilities 1.625% 2022	716,261
Cooperatieve Rabobank 4.625% 2029	1,185,600	EDF 6% 2014	716,200
BUPA Finance 5% 2026	1,177,000	HSBC Bank 4.75% 2046	638,131
Close Brothers Finance 2.75% 2026	1,088,420	National Grid Gas 2.75% 2046	603,523
HSBC Holdings 3% 2030	1,077,600	First Group 8.75% 2021	556,000
Pension Insurance Corp 5.625% 2030	983,352	GlaxoSmithKline 4.25% 2045	523,498
RL Finance Bonds 6.125% 301143	454,997	Annington Finance 3.935% 2047	522,323
Treasury 1.5% 2047	404,849	Coventry Building Society 1.5% 2023	521,484
Northern Electric Finance 5.125% 2035	358,575	SGSP Assets 5.125% 2021	520,000
Treasury 4.75% 2038	226,431	LVMH 1% 2023	504,275
Treasury 1.25% 2041	200,996	Treasury 4.5% 2034	501,417
Intercontinental Hotels Group 3.375% 2028	123,708	Aviva 6.625% FRN 2041	500,000
Pension Insurance Corp 6.5% 2024	116,591	Wessex Water Financial Services 1.5% 2029	491,250
Orbit Capital 2% 2038	110,777	Severn Utilities 4.875% 2042	470,124
		EDF 5.125% 2050	468,135

Notes to the Financial Statements

For the year ended 30 September 2021

1. The Company

The Company is domiciled and incorporated as a limited company in Jersey, Channel Islands under the Companies (Jersey) Law 1991 and is listed on The International Stock Exchange and a secondary listing on the Malta Stock Exchange. Full details of the Company, Investment Objectives and Policy and Report of the Directors are stated on pages 2 to 8.

2. Basis of Preparation

2.1 Basis of preparation

The Financial Statements of the Company and the Funds have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Within the Financial Statements the Company represents the total value of the Funds combined, with the exception of the Statements of Financial Position which also includes the Nominal Share values. The financial statements of the Company and the following Funds are prepared on the going concern basis:

- Euro High Income Fund
- High Income Fund
- Sterling Bond Fund

The Directors have also chosen to adopt areas of the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued in May 2014 by the IMA (Investment Management Association) where this does not conflict with other reporting requirements.

The policies set out below have been consistently applied to all years presented (unless otherwise stated).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, held at fair value through the profit or loss and in accordance with the Companies (Jersey) Law 1991 and with the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended). Jersey is not part of the United Kingdom ('UK') and the Company is not regulated by the Financial Conduct Authority ('FCA') or the Prudential Regulation Authority ('PRA') of the UK.

The capital of the Company comprises various classes of Shares each relating to a separate Fund consisting of securities, cash, other assets and liabilities. This financial statements presents the statements of financial position, statements of comprehensive income, statements of changes in net assets attributable to holders of participating redeemable preference shares, cash flow statements, investment portfolios and notes to the financial statements, change in net asset value per share, distribution tables and performance records. At the statement of financial position date the following funds were in existence: Euro High Income Fund, High Income Fund, and Sterling Bond Fund. The Directors may from time to time create further classes (Funds).

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the Capital of the Company is only represented by the Founders' Shares. Details of the Founders' Shares are disclosed in Notes 3 and 14.

Where assets of an individual Fund are insufficient to meet the Funds liabilities, then any liabilities that remain undischarged will revert to the Company as a whole and be allocated amongst the other Funds.

2.2 Significant accounting estimates and judgements

The Company makes assumptions and estimates that affect the reported amounts of assets and liabilities at the statement of financial position date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting policies deemed significant to the Company's results and financial position, are discussed in the following notes. There are no significant estimates and judgements that have a material effect on the financial statements.

2.3 Going concern

The Financial Statements of the Company and Funds have been prepared in accordance with IFRS on a going concern basis. The Directors have a reasonable expectation that the Brooks Macdonald International Investment Funds Limited will continue as a going concern for the foreseeable future.

Notes to the Financial Statements continued

For the year ended 30 September 2021

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated in the following text:

The Directors also monitor new standards and ensure that they are applied where relevant.

3.1 Standards, amendments and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 October 2021 that have had a material impact on the Company.

3.2 The following new and revised standards, amendments and interpretations have been published but are not yet effective:

- IAS 1, 'Presentation of financial statements on classification of liabilities' (effective periods commencing on or after 1 January 2022).
- IFRS 17, 'Insurance contracts' (effective periods commencing on or after 1 January 2023).

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

Functional currency and presentational currency

Items included in the Company's Financial Statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). The Directors have adopted Sterling as the functional and presentational currency which reflects the Company's primary economic environment in which financial assets are invested and the regulatory environment of the majority of investors, being UK based.

The Company has adopted Sterling as its presentational and functional currency for High Income Fund and Sterling Bond Fund as the majority of shares in each Fund have been subscribed for in Sterling and all non dealing related fees and expenses are paid in Sterling.

The Company has adopted Euro as its presentational and functional currency for the Euro High Income Fund as the shares in the Fund have been subscribed for in Euros and the majority of non dealing related fees and expenses are paid in Euro.

Share premium and share capital currency translation

Share premium and share capital transactions are translated into Sterling at the exchange rate ruling at the time of the transaction.

The aggregated balance of net assets attributable to holders of participating redeemable preference shares is translated at the appropriate month end exchange rate.

Segmental reporting

The Company, at the statement of financial position date is organised into three business segments or Funds, each focusing on achieving returns by investing in a range of investments as described in the Investment Objectives and Policy on page 3.

The Company issues Shares which are allocated to the Fund selected by the investor. A separate account is maintained for each Fund, to which proceeds of issue, the income arising from those proceeds and expenses are allocated. Upon redemption shareholders are entitled to their proportion of the net assets held in the Fund in which their Shares have been designated. A statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to holders of participating redeemable preference shares and cash flow statement have been prepared for each Fund as well as for the Company as a whole.

Notes to the Financial Statements continued

For the year ended 30 September 2021

3. Summary of Significant Accounting Policies continued

Foreign currency translation

Assets and liabilities denominated in currencies other than the functional currency of the Fund are translated at the rate of exchange ruling at the statement of financial position date. The currency profits or losses arising on translation, together with currency profits or losses realised during the year, are recognized in the statement of comprehensive income.

The rate of exchange to Sterling from Euro ruling at 30 September 2021 used for the conversion of statement of financial position items was 1.1640 (2020: 1.1025) and the average rate for the year used for the conversion of the statement of comprehensive income was 1.1470 (2020: 1.1410).

Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis.

The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Company's debt securities are solely principal and interest and are held in order to collect principal plus interest resulting in the business model "hold to collect and sell". The Company values the debt instruments at fair value through profit and loss. Under the business model derivatives are also measured at fair value through profit or loss.

(b) Recognition

Purchases and sales are recognized on the trade date (the date on which the Company commits to purchase or sell the asset).

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income as incurred. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are recognized in the statement of comprehensive income in the period in which they arise.

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Derivative assets and liabilities are offset as they meet the requirements of IAS 32.42, being that Sterling Bond Fund currently has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Creations receivable and Redemptions payable

Creations receivable represent the amount due from investors for the issue of participating shares. Redemptions payable represent the amount payable to investors following a cancellation of participating shares. These are recognized at fair value.

Investment sales receivable and Investment purchases payable

Investment sales receivable represent securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date.

Investment purchases payable represent securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date.

These amounts are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment.

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

Notes to the Financial Statements continued

For the year ended 30 September 2021

3. Summary of Significant Accounting Policies continued

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

A provision for impairment of amounts due on investment sales receivable is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from the broker is impaired.

Revenue recognition

Investment income is recognized in the statement of comprehensive income on a time proportionate basis for all debt instruments using the Effective Interest Rate method ('EIR'). This is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

Bank interest is recognized in the statement of comprehensive income on a time proportionate basis using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial asset or liability, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Transaction costs

The purchase and sale of financial assets at fair value through profit and loss are subject to transaction costs, which include broker commission, dealing charges and stamp duty. All transaction costs are expensed at the point of purchase or sale.

Transaction costs for the period are set out in Note 9.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the statement of financial position date.

The quoted market price used for financial assets and financial liabilities held by the Fund is the current mid-market price in line with IFRS 13 financial assets and financial liabilities at fair value at close of business on the last business day of the accounting period.

A sinking factor adjustment is applied on certain securities and fair valued based on quoted market prices.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks which are subject to an insignificant risk of changes in value, and also include bank overdrafts.

Overdraft facility

An overdraft facility of £5,000,000 was in place with Lloyds Bank Corporate Markets Jersey Branch, covering the maximum aggregated amount outstanding on all Funds managed by Brooks Macdonald International Investment Funds Limited at any time. The overdraft facility was closed on 31 December 2020. The closure of the overdraft facility was initiated by the Bank as the Company is no longer owned by Lloyds Banking Group. A revised overdraft facility was offered to the Company but it was not deemed necessary due to the redemption payments being 4 business days after the redemption dealing date from previously 1 business day.

Margin account

Margin accounts represent margin deposits held in respect of open exchange-traded derivatives.

Share capital

- (i) The Founders' Shares have been subscribed for by the Manager and are 'non-participating'. The holders thereof are entitled only to income arising on the assets represented by the Founders Shares. These Shares are classified as Ordinary Share capital in the statement of financial position.
- (ii) Unclassified Shares may be issued as either participating redeemable preference shares ('Participating Shares') or Nominal Shares. Participating Shares are redeemable at the shareholder's option and are classified as financial liabilities. Participating Shares are carried at the redemption amount that is payable if the holder exercises the right to redeem Shares at the statement of financial position date.

Notes to the Financial Statements continued

For the year ended 30 September 2021

3. Summary of Significant Accounting Policies continued

Participating Shares are issued and redeemed at the holder's option at prices based on each Fund's net asset value per Share at the time of issue or redemption. Each Fund's net asset value per Share is calculated by dividing the net assets attributable to the holders of participating redeemable preference shares with the total number of Participating Shares in issue.

In accordance with the provisions of the Company's regulations, investments are valued based on the latest traded market price for the purpose of determining the net asset value per Share for subscriptions and redemptions.

The Shares are divided into Funds according to the type of investment in which the proceeds of the issue of Shares in each Fund are invested. A separate portfolio of investments is maintained for each Fund.

Each holder of a Participating Share is entitled on a poll, to one vote for each Participating Share held. Participating Shares have a right to dividends declared. If any dividends are paid, different amounts of dividends may be payable in respect of different Funds.

(iii) Nominal Shares have been accounted for in accordance with the Companies (Jersey) Law 1991 and corresponding amounts have been included in debtors and financial liabilities. A Nominal Share will be created when a Participating Share is cancelled. A Nominal Share will be cancelled when a Participating Share is created until the number of Nominal Shares falls to zero.

(iv) Both issued Nominal and Participating Shares have a nominal value of £ 0.01 per Share.

Share premium

The premium on issues and redemptions of Participating Shares is accounted for within the Share premium account which forms part of the net assets attributable to holders of participating redeemable preference Shares. Details are shown in Notes 15 and 17.

Distributions payable to holders of participating redeemable preference shares

Distributions to holders of Participating Shares are recognized as finance costs when they are ratified by the Directors.

Fixed Interest Funds Distributions

In respect of High Income Fund distributions are calculated on a monthly basis and in respect of Euro High Income Fund and Sterling Bond Fund distributions are calculated on a quarterly basis. A distributable amount includes both investment income and bank interest received. Revenue expenses deducted include management fees, custodian fees, registrar fee and management expenses. Transaction charges are in the first instance charged against revenue but then fully offset against capital and therefore do not form part of the distributable amount. In respect of High Income Fund and Euro High Income Fund the management fees and registrar fees are fully offset against capital. This charge against capital effectively reduces the capital reserves of the fund. All expenses are set out in note 9.

Accrued income and expenses

Accrued income and expenses are recognized initially at fair value and subsequently stated at amortised cost using the EIR.

As at 30 September 2021 the Fund held no commitments in respect of an obligation resulting from the occurrence of one or more future events not wholly within the Fund's control.

Notes to the Financial Statements continued

For the year ended 30 September 2021

4. Other Accrued Income and Other Debtors

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2021				
Accrued income	4,712,169	154,035	3,066,861	1,512,975
Founders shares	1,000	—	—	—
Nominal shares	279,212	—	—	—
Prepayments	4,674	147	3,054	1,494
Total other accrued income and other debtors	4,997,055	154,182	3,069,915	1,514,469
Year ended 30 September 2020				
Accrued income	5,115,863	165,049	3,474,262	1,491,890
Founders shares	1,000	—	—	—
Nominal shares	384,091	—	—	—
Total other accrued income and other debtors	5,500,954	165,049	3,474,262	1,491,890

Notes to the Financial Statements continued

For the year ended 30 September 2021

5. Distributions

The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares, and comprise:

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2021				
31 October 2020	661,582	—	661,582	—
30 November 2020	669,929	—	669,929	—
31 December 2020	1,284,007	60,232	665,977	563,880
31 January 2021	666,474	—	666,474	—
28 February 2021	614,167	—	614,167	—
31 March 2021	1,219,764	61,445	639,605	527,794
30 April 2021	630,823	—	630,823	—
31 May 2021	607,032	—	607,032	—
30 June 2021	1,177,010	61,006	601,243	523,477
31 July 2021	595,905	—	595,905	—
31 August 2021	594,753	—	594,753	—
30 September 2021	1,188,172	63,975	591,015	542,196
Total distributions	9,909,619	246,658	7,538,506	2,157,347
Income paid on cancellation of shares	58,597	4,017	29,611	25,484
Income received on creation of shares	(10,367)	(1,099)	(7,328)	(2,081)
Net distributions for the year	9,957,849	249,576	7,560,789	2,180,750
Fees charged to capital*	(1,842,602)	(92,738)	(1,763,330)	1,582
Net distributions after taxation	8,115,247	156,838	5,797,459	2,182,332

* Details can be found in Notes 9 and 10.

Notes to the Financial Statements continued

For the year ended 30 September 2021

5. Distributions continued

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2020				
31 October 2019	699,646	—	699,646	—
30 November 2019	673,462	—	673,462	—
31 December 2019	1,338,426	74,236	669,069	606,456
31 January 2020	701,925	—	701,925	—
28 February 2020	697,818	—	697,818	—
31 March 2020	1,386,360	71,088	695,686	627,767
30 April 2020	693,992	—	693,992	—
31 May 2020	705,736	—	705,736	—
30 June 2020	1,322,767	64,267	693,825	570,523
31 July 2020	668,231	—	668,231	—
31 August 2020	656,292	—	656,292	—
30 September 2020	1,233,314	58,263	644,826	535,639
Total distributions	10,777,969	267,854	8,200,508	2,340,385
Income paid on cancellation of shares	57,667	4,173	31,253	22,757
Income received on creation of shares	(26,449)	(398)	(23,649)	(2,451)
Net distributions for the year	10,809,187	271,629	8,208,112	2,360,691
Fees charged to capital*	(1,977,654)	(98,661)	(1,885,062)	(6,120)
Net distributions after taxation	8,831,533	172,968	6,323,050	2,354,571

* Details can be found in Notes 9 and 10.

Notes to the Financial Statements continued

For the year ended 30 September 2021

6. Accrued Expenses and Other Creditors

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2021				
Due to Manager	289,084	10,481	159,509	120,571
Due to Custodian	13,307	768	8,149	4,498
Other Creditors	250,948	8,737	151,904	91,537
Total accrued expenses and other creditors	553,339	19,986	319,562	216,606
Year ended 30 September 2020				
Due to Manager	334,993	—	194,801	140,192
Due to Custodian	15,686	—	10,230	5,456
Other Creditors	133,431	25,072	53,775	56,914
Total accrued expenses and other creditors	484,110	25,072	258,806	202,562

Notes to the Financial Statements continued

For the year ended 30 September 2021

7. Net gain/(loss) on financial assets at fair value through profit or loss

The net gain/(loss) on investments during the year comprise:

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2021				
Proceeds from sales of investments during the year	74,112,956	3,167,907	45,723,760	25,627,249
Original cost of investments sold during the year	(69,975,295)	(3,085,037)	(43,041,072)	(24,244,526)
Gains realised during the year	4,137,661	82,870	2,682,688	1,382,723
Realised gains on investments sold during the year	9,715,459	279,930	7,517,086	1,954,315
Realised losses on investments sold during the year	(5,577,796)	(197,060)	(4,834,398)	(571,592)
Movement in unrealised gains for the year	(8,590,145)	(61,037)	(5,586,345)	(2,950,585)
Movement in unrealised losses for the year	(2,189,592)	(14,052)	(1,731,311)	(446,030)
Net (losses)/gains on investments	(6,642,076)	7,781	(4,634,968)	(2,013,892)
Year ended 30 September 2020				
Proceeds from sales of investments during the year	102,941,745	2,747,175	61,694,220	38,839,755
Original cost of investments sold during the year	(95,925,148)	(2,963,245)	(56,482,057)	(36,845,946)
Gains/(losses) realised during the year	7,016,597	(216,070)	5,212,163	1,993,809
Realised gains on investments sold during the year	9,217,542	139,579	6,596,324	2,498,884
Realised losses on investments sold during the year	(2,200,947)	(355,649)	(1,384,161)	(505,076)
Movement in unrealised gains for the year	(3,088,013)	(98,840)	(2,777,524)	(223,860)
Movement in unrealised (losses)/gains for the year	(1,750,951)	157,358	(1,722,759)	(166,109)
Net gains/(losses) on investments	2,177,633	(157,552)	711,880	1,603,840

Notes to the Financial Statements continued

For the year ended 30 September 2021

8. Other Income

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2021				
Bank interest	—	—	—	—
Unclaimed distributions over 10 years old	30,161	—	—	30,161
Total other income	30,161	—	—	30,161
Year ended 30 September 2020				
Bank interest	6,651	—	5363	1288
Unclaimed distributions over 10 years old	50,282	1293	3961	45,188
Total other income	56,933	1,293	9,324	46,476

Notes to the Financial Statements continued

For the year ended 30 September 2021

9. Operating Expenses

	Notes	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2021					
Payable to the Manager:					
Annual management fees	10	2,625,043	84,759	1,702,392	848,753
Registrar fees	10	176,886	7,556	60,143	110,155
Payable to the Custodian:					
Custodian fees	11	171,277	9,172	106,030	57,250
Safe custody fees	11	59,195	5,452	35,278	19,164
Other expenses:					
Administration expenses		329,713	18,726	166,371	147,015
Audit fee		39,133	1,249	25,207	12,838
Broker commission, dealing charges and stamp duty		2,747	423	795	1,583
Directors fee		31,237	1,016	20,235	10,116
Directors insurance		3,338	105	2,180	1,066
Total expenses		3,438,569	128,458	2,118,631	1,207,940
Total Expense Ratio *			1.32%	1.09%	1.24%
Total Cost Ratio **			0.00%	0.00%	0.00%

* The Total Expense Ratio, represents the management fee and total operating expenses less the dealing and broker charges, expressed as an annualised percentage of the average daily net asset values during the year.

** The Total Cost Ratio represents the dealing and broker charges only, expressed as an annualised percentage of the average daily net asset values during the year.

Notes to the Financial Statements continued

For the year ended 30 September 2021

9. Operating Expenses continued

A detailed view of transaction costs is shown below.

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2021				
Purchase Transaction costs by asset class				
Treasury Gilts				
Deal charges	60	—	—	60
As a percentage of purchase cost	0.00%	0.00%	0.00%	0.00%
Bonds				
Deal charges	453	116	160	193
As a percentage of purchase cost	0.00%	0.00%	0.00%	0.00%
Cost of investments purchased before transaction costs	43,756,446	2,730,295	24,353,288	17,022,744
Cost of investments purchased after transaction costs	43,756,900	2,730,410	24,353,448	17,022,937
Sale Transaction costs by asset class				
Treasury Gilts				
Deal charges	60	—	—	60
As a percentage of purchase cost	0.00%	0.00%	0.00%	0.00%
Bonds				
Deal charges	1,365	93	440	845
As a percentage of purchase cost	0.00%	0.00%	0.00%	0.00%
Cost of investments purchased before transaction costs	74,145,547	3,167,907	45,750,464	25,633,136
Cost of investments purchased after transaction costs	74,146,912	3,168,000	45,750,904	25,633,981

Notes to the Financial Statements continued

For the year ended 30 September 2021

9. Operating Expenses continued

	Notes	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2020					
Payable to the Manager:					
Annual management fees	10	2,815,497	89,419	1,821,116	916,008
Registrar fees	10	182,824	6,246	60,265	117,085
Payable to the Custodian:					
Custodian fees	11	182,911	10,219	112,838	61,117
Safe custody fees	11	61,464	5,470	34,935	21,735
Other expenses:					
Administration expenses *		194,785	25,600	89,425	82,923
Broker commission, dealing charges and stamp duty		12,427	2,996	3,681	6,120
Audit fee		37,157	1,152	24,232	11,916
Total expenses		3,487,065	141,102	2,146,492	1,216,904
Total Expense Ratio **			1.35%	1.03%	1.16%
Total Cost Ratio ***			0.01%	0.00%	0.00%

* The Administration expenses includes £8,098 of Director fees (see note 10).

** The Total Expense Ratio, represents the management fee and total operating expenses less the dealing and broker charges, expressed as an annualised percentage of the average daily net asset values during the year.

*** The Total Cost Ratio represents the dealing and broker charges only, expressed as an annualised percentage of the average daily net asset values during the year.

Notes to the Financial Statements continued

For the year ended 30 September 2021

9. Operating Expenses continued

A detailed view of transaction costs is shown below.

	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Year ended 30 September 2020				
Purchase Transaction costs by asset class				
Treasury Gilts				
Deal charges	780	—	40	740
As a percentage of purchase cost	0.01%	0.00%	0.00%	0.01%
Bonds				
Deal charges	2,175	200	640	1,360
As a percentage of purchase cost	0.02%	0.01%	0.00%	0.01%
Cost of investments purchased before transaction costs	87,886,980	1,815,342	56,012,286	30,283,632
Cost of investments purchased after transaction costs	87,889,935	1,815,542	56,012,966	30,285,732
Sale Transaction costs by asset class				
Treasury Gilts				
Deal charges	720	—	20	700
As a percentage of purchase cost	0.00%	—	0.00%	0.00%
Bonds				
Deal charges	3,811	400	1,420	2,040
As a percentage of purchase cost	0.02%	0.01%	0.00%	0.01%
Cost of investments purchased before transaction costs	102,941,745	2,747,175	61,694,220	38,839,755
Cost of investments purchased after transaction costs	102,937,214	2,746,775	61,692,780	38,837,015

Notes to the Financial Statements continued

For the year ended 30 September 2021

10. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial or operating decisions. The following are considered by the Directors of the Company to be related parties:

- The Manager, Brooks Macdonald International Fund Managers Limited.
- The Investment Manager, Brooks Macdonald Asset Management (International) Limited.
- Key management personnel.

The fees received by the Manager are set out in Note 9. The Investment Manager is paid by the Manager. Details of amounts due to the Manager at the end of the year are shown in Note 6.

All investor share transactions in the Company are facilitated through the Manager, the aggregate values of which are set out in the statement of changes in net assets attributable to holders of participating redeemable preference shares on page 23.

At the year end the Manager held Participating Shares in the Company as follows:

	30 September 2021	30 September 2020
Euro High Income Fund	—	7,992
High Income Fund	—	6,998
Sterling Bond Fund	—	5,011
	—	20,001

(a) Management and Registrar fees

The Manager of the Company, Brooks Macdonald International Fund Managers Limited, is part of the Brooks Macdonald Group of companies. The Manager is entitled to a daily fee equal to the annual rate set out below by reference to the net assets of each Fund calculated daily and paid monthly by the Company.

Euro High Income Fund	0.875%
High Income Fund	0.875%
Sterling Bond Fund	0.875%

The Directors and the Manager may agree a higher fee for any Fund subject to a maximum annual rate of 1.5% of the mid market value of net assets of the Fund. If such a higher fee is agreed, shareholders of the relevant Fund will be given at least three months written notice before it comes into effect.

The Manager, in its capacity as Registrar, is entitled to a fee payable by the Company of £12.00 for each shareholding which appears on the Share Register on the last business day of each annual and half yearly accounting period. The Manager and the Company may agree a higher fee.

Details of amounts due to the Manager at the year end are shown in Note 6.

(b) Fees charged to capital

In order to maximise the income available for distribution to shareholders, per the prospectus the Management and Registrar fees for the High Income and the Euro Income Fund is charged to the capital of these Funds.

(c) Key management personnel

As at 30 September 2021 N. Le Quesne was a Director of JTC PLC and B.C. James is an employee of JTC Fund Solutions (Jersey) Limited. Nigel has resigned from the Board with effect from 31 December 2021.

R. Hughes is a Director of the Manager, Brooks Macdonald International Fund Managers Limited and Chief Executive Office of Brooks Macdonald Asset Management (International) Limited.

(d) Directors' fees

Directors who are employees of the Brooks Macdonald Group of companies do not receive Directors' fees. All other Directors receive a fee of £12,500 per annum (30 September 2020: £12,500). Total fees paid to Directors for the year ended 30 September 2021 was £31,237 (2020: £14,042). It will be proposed at the Annual General Meeting to be held on 1 March 2022 to fix the remuneration of each of the Directors at a maximum of £25,000 per annum.

Notes to the Financial Statements continued

For the year ended 30 September 2021

11. Custodian

The fees received by the Custodian are set out in Note 9. Details of amounts due to the Custodian at the year end are shown in Note 6.

The Custodian is entitled to an annual fee payable monthly by the Company, in respect of each Fund, at the rates set out in the table below by reference to the net asset value of each Fund calculated on a mid-market basis and subject to a minimum overall fee of £20,000 per annum for the Company as a whole.

The Custodian is entitled to reimbursement by each Fund of its expenses in connection with its duties as Custodian and to make transaction charges to cover the cost of effecting settlement of stock and cash.

Custodian Fee Rates

	NAV of each Fund		
	Up to £10M	£10M to £25M	£25M Plus
High Income Fund	0.100%	0.075%	0.050%
Sterling Bond Fund	0.100%	0.075%	0.050%

	NAV of each Fund		
	Up to €15M	€15M to €40M	€40M Plus
Euro High Income Fund	0.100%	0.075%	0.050%

12. Controlling Party

In the opinion of the Directors, there is no ultimate controlling party of the Company as defined by International Accounting Standards (IAS) 24 Related Party Disclosures.

13. Equalisation

The price of a participating share includes an equalisation payment calculated by dividing the net undistributed income of the Fund by the number of Shares in issue at the time when the prices are calculated. The payment of the first distribution after the issue of a Share includes an amount of equalisation calculated by averaging the amounts received by way of equalisation during the period to which the distribution relates.

Notes to the Financial Statements continued

For the year ended 30 September 2021

14. Share Capital

Company	30 September 2021 £	30 September 2020 £
Authorised Share Capital:		
1,000 Founders Shares of £1	1,000	1,000
750,000,000 Unclassified Shares of 1p	7,500,000	7,500,000
	7,501,000	7,501,000
Issued Ordinary Share Capital:		
Founders Shares	1,000	1,000
Nominal Shares:		
Balance brought forward	384,091	292,003
Creations	369,096	249,903
Redemptions	(473,975)	(157,815)
Balance carried forward	279,212	384,091
Participating Shares:		
Balance brought forward	3,089,963	3,182,051
Creations	46,241	157,815
Redemptions	(369,096)	(249,903)
Balance carried forward	2,767,107	3,089,963

Fund	Shares	£	Shares	£
High Income Fund	212,595,362	2,125,953	238,826,674	2,388,267
Sterling Bond Fund	58,050,962	580,510	63,766,649	637,666
Total Sterling Funds	270,646,324	2,706,463	302,593,323	3,025,933

Fund	Shares	€	Shares	€
Euro High Income Fund	6,063,964	104,900	6,402,514	108,285

	Shares	£	Shares	£
Total Company (Sterling equivalent)	276,710,288	2,767,107	308,995,837	3,089,963

Notes to the Financial Statements continued

For the year ended 30 September 2021

15. Share Premium

Fund	30 September 2021 £	30 September 2020 £
High Income Fund	235,698,773	257,818,243
Sterling Bond Fund	83,876,044	92,879,235
Total Sterling Funds	319,574,817	350,697,478
	€	€
Euro High Income Fund	10,915,785	11,426,985
Total Company (Sterling equivalent)	325,727,534	357,786,153
Balance brought forward	357,786,153	369,347,546
Premium on creations	4,273,636	13,974,212
Premium on redemptions	(36,332,255)	(25,535,605)
Balance carried forward	325,727,534	357,786,153

Notes to the Financial Statements continued

For the year ended 30 September 2021

16. Capital Reserves

	Notes	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Net realised gains on investments b/fwd		12,653,524	47,276	7,885,022	4,797,617
Net realised gains for the year	7	4,137,661	82,870	2,682,688	1,382,723
Net realised gains on investments c/fwd		16,791,185	130,146	10,567,710	6,180,340
Net unrealised movement on investment b/fwd		20,664,454	1,120,059	13,133,061	6,594,822
Net unrealised movement in the year	7	(10,779,737)	(75,089)	(7,317,656)	(3,396,615)
Net unrealised movement on investment c/fwd		9,884,717	1,044,970	5,815,405	3,198,207
Total realised / unrealised movement		26,675,902	1,175,116	16,383,115	9,378,547
Distributions unclaimed over 10 years old b/fwd		71,079	1,957	18,581	50,800
Net movement in the year		30,161	—	—	30,161
Distributions unclaimed over 10 years old c/fwd		101,240	1,957	18,581	80,961
Deposits held at broker b/fw		14,250	—	—	14,250
Deposit movement in the year		(14,250)	—	—	(14,250)
Deposits held at broker c/fw		—	—	—	—
Fees charged to Capital b/fwd*		(47,849,005)	(1,854,375)	(46,291,226)	(28,216)
Net movement in the year		(1,845,766)	(92,738)	(1,763,330)	(1,582)
Fees charged to Capital c/fwd*		(49,694,771)	(1,947,113)	(48,054,556)	(29,798)
As at 30 September 2021		(22,917,629)	(770,040)	(31,652,860)	9,429,710

* Details of the fees can be found in Note 10.

Under the Reporting Fund Regime, broker commission, dealing charges and stamp duty are not allowable expenses. The Directors have therefore, transferred these expenses from the Net undistributed income reserve to a separate broker charges reserve.

Notes to the Financial Statements continued

For the year ended 30 September 2021

17. Net assets attributable to holders of participating redeemable preference shares

Year ended 30 September 2021	Notes	Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
Share capital	14	2,767,107	104,900	2,125,954	580,510
Share premium	15	325,727,534	10,915,785	235,698,773	83,876,044
Capital reserves	16	(22,917,629)	(770,040)	(31,652,860)	9,429,710
Dilution levies		315,984	30,7732	218,071	71,475
Undistributed income*		(34,981,808)	(1,191,671)	(29,794,714)	(4,163,315)
Movement in currency translation		3,287,559	—	—	—
As at 30 September 2021		274,198,747	9,089,746	176,595,224	89,794,424

Year ended 30 September 2020					
Share capital	14	3,089,963	108,285	2,388,267	637,666
Share premium	15	357,786,153	11,426,985	257,818,243	92,879,235
Capital reserves	16	(14,445,698)	(685,083)	(25,254,562)	11,429,273
Dilution levies		317,460	30,772	218,072	71,476
Undistributed income*		(31,537,632)	(1,075,082)	(27,334,263)	(3,228,194)
Movement in currency translation		3,309,590	—	—	—
As at 30 September 2020		318,519,836	9,805,877	207,835,757	101,789,456

*The distributions detailed in Note 5 have been declared by the Directors using a dividend policy based on the accruals method of accounting for income on debt instruments, as opposed to the EIR method of accounting for investment income which is the basis used for recognition of income on debt instruments as explained in the accounting policies. Future distributions will continue to be made on the basis of the existing distribution policy.

Undistributed income under the accruals method as at 30 September 2021 amounts to (£12,964) (30 September 2020 amounts to £26,070).

Notes to the Financial Statements continued

For the year ended 30 September 2021

18. Taxation

In accordance with International Accounting Standard (IAS) 12 Income Taxes, investment income is shown gross of withholding tax. The withholding tax suffered is recorded on the taxation line as set out below:

	30 September 2021	30 September 2020
Foreign tax on income for the year	£43,166	£1,652

The Company is liable to be charged at a tax rate of 0% under Schedule D under the Income Tax (Jersey) Law 1961, as amended (the 'Income Tax Law') in respect of:

- (i) the income or profits of any trade carried on by the Company in Jersey or elsewhere,
- (ii) any interest of money, whether yearly or otherwise, or other annual payment paid to the Company, whether such payment is made within or outside of Jersey,
- (iii) dividends and other distributions of a company regarded as resident in Jersey paid to the Company,
- (iv) income arising to the Company from securities outside of Jersey and
- (v) any other income of the Company that is not derived from the ownership or disposal of land in Jersey.

It is not expected that the Company will be in receipt of income charged to tax under any Schedule under Income Tax Law other than Schedule D. As such the Company is no longer subject to the payment of tax in Jersey.

The Funds are required to submit an income tax return annually under Article 16 of the Income Tax (Jersey) Law 1961. The income tax return for the year of assessment 2020 is required to be delivered by 31 December 2021. Jersey resident individuals should note that any income received from the Fund(s) will be paid gross and will be taxable under Schedule D Case III (D3) of the Income Tax (Jersey) Law 1961, as amended.

19. Financial risk management

Strategy in using financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk, counter-party risk, capital risk and certain other risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Each Fund is able to use derivative financial instruments to moderate certain risk exposures.

Each Fund's investment objectives and policy are stated on page 3. To achieve these objectives the Company's assets and liabilities comprise financial instruments held in accordance with each Fund's investment objectives and policy.

These may include:

- Investments including equity and non-equity Shares, bonds and floating rate securities
- Cash, liquid resources and short term debtors and creditors that arise directly from the investment activities
- Hedging instruments, such as forward exchange contracts and traded options, which a Fund may enter into for the purpose of managing the risks arising from the Fund's investment activities

Impact of Brexit

Following the UK formally leaving the EU on 31 January 2020 there was a period of negotiation ("the implementation period") in which the UK and EU discussed trade deals. During this 11 month period to 31 December 2020 the UK continued to follow all the EU's rules and its trading relationship remained the same. Subsequent to 31 December 2020, the Manager's status as the Company's non-EU Alternative Investment Fund Manager for the purpose of the Alternative Investment Fund Managers Directive has not been significantly impacted. The directors will review impact to the Company on a regular basis.

Market risk

All securities investments present a risk of loss of capital. The Manager moderates this risk through a careful selection of investments within specified limits. The maximum risk resulting from investments is determined by the fair value of those investments. The overall market position and therefore the risk exposure for each Fund are governed by the Prospectus, the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) and the investment objectives for each Fund. These positions are monitored on a daily basis by the Manager and are reviewed on a quarterly basis by the Board of Directors.

Notes to the Financial Statements continued

For the year ended 30 September 2021

19. Financial risk management continued

The investments are principally bonds, derivatives and cash, dependent on each Fund's investment policy. The Fund is exposed to bond price risk and derivative price risk. The value of these is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual stock or be caused by general market factors (such as interest rates, government policy or the health of the underlying economy) which could affect the entire portfolio of a Fund. The year end portfolios of each Fund are detailed on pages 26 to 40.

The Manager controls this risk on a Fund by Fund basis and monitors the movements in the bonds and interest rates against the relevant bond indices and market interest rates respectively.

Due to the effects of the Covid-19 pandemic on the economic climate the market values of the funds have experienced volatility.

Price Risk

The price risk of the funds are best measured by the average duration of each Fund, which expresses the sensitivity of bond prices if interest rates change. The Manager considers that a reasonably possible movement in the market risk components would be equivalent to a 7% movement in bond indices and a 1% movement in market interest rates.

The table below summarises, for each of the Funds, the impact of increases / (decreases) in the bond indices, and market interest rates on the net asset value as at 30 September 2021. The analysis is based on the assumption that the bond indices increase / (decrease) by 7%, and market interest rates increase / (decrease) by 1%, with all other variables held constant. The analysis also assumes that the movement in the portfolios of each Fund has perfect positive correlation with the equity and bond indices and market interest rates.

	Value (base currency)	Bonds 7% Movement in bond index	Cash 1% Movement in interest rate
As at 30 September 2021			
Euro High Income Fund	9,089,746	624,102	1,156
High Income Fund	176,595,224	12,066,621	23,333
Sterling Bond Fund	89,794,391	6,165,054	9,925
As at 30 September 2020			
Euro High Income Fund	9,805,877	662,591	2,586
High Income Fund	207,835,757	14,057,822	44,988
Sterling Bond Fund	101,789,756	6,971,324	16,247

The Fund is exposed to debt securities price risk and derivative price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments - for example, where debt securities - are denominated in currencies other than base currency of the Fund, the price initially expressed in foreign currency and then converted into the base currency of the Fund will also fluctuate because of changes in foreign exchange rates. Refer to Foreign currency risk below.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Board of Directors. The majority of the net assets attributable to holders of redeemable shares is expected to be invested in debt securities and related derivatives.

The Fund's policy also limits individual bond securities to no more than 5% of net assets attributable to holders of redeemable shares. The maximum that can be held in any individual Government or Public security is 35% of net assets attributable to holders of redeemable shares.

The majority of the Fund's debt securities and derivatives are publicly traded and are included on regulated securities and regulated derivatives markets. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund's Investment Manager and is reviewed on a quarterly basis by the Board of Directors.

Notes to the Financial Statements continued

For the year ended 30 September 2021

19. Financial risk management continued

At 30 September 2021, the fair value of bonds and related derivatives exposed to price risk were as follows:

	30 September 2021	30 September 2020
Bonds market value	275,479,631	309,002,705
Derivative assets market value	—	680,550
Derivative liabilities market value	—	(680,936)
Total market value	275,479,631	309,002,319

The Fund also manages its exposure to price risk by benchmarking the portfolio to that of the IBOXX Sterling Corporate and Collateralised Index. Changes in duration within the benchmark are matched within the portfolio at each month end with the use of Gilt futures.

Foreign currency risk

The Euro High Income Fund is denominated in Euro. All of the other Funds are denominated in Sterling. A portion of the underlying financial assets of the Funds may be denominated in currencies other than the base currency with the effect that the statement of financial position and each Fund's total return can be significantly affected by currency movements.

An investment in a currency other than the shareholders' own base currency will be subject to the movement of foreign exchange rates, which may cause additional favourable or unfavourable changes in value. In respect of foreign currency exposure, derivative instruments will only be utilised where a forward exchange or currency option is used for the purpose of reduction of foreign currency risk, in order to hedge this exposure back to the base currency of the Fund. With the exceptions of the Sterling Bond Fund, each Fund may purchase securities denominated in a currency other than its base currency, and hence take a position in other currencies.

The Company currently holds no currency hedging instruments and has no foreign currency exposure. In accordance with the Company's policy, the Manager monitors each Fund's currency position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

Interest rate risk

Each Fund receives income from its various investments. For the Sterling Bond Fund, Euro High Income Fund and High Income Fund, the income is received from investments in bonds and loan stock.

In accordance with the Funds policy, the Manager monitors the Fund's overall interest rate sensitivity on a daily basis, and the Board of Directors reviews it on a quarterly basis.

The interest bearing financial assets and liabilities held in the Funds expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The table overleaf summarises the effect of interest rate risks on each Fund. It includes the Fund's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates. The table provides the interest rate profile of each Fund's asset and liabilities.

The income received by each Fund is primarily fixed in nature and shown in the table on the next page. Income is derived from the securities held in the portfolio of each Fund which may be varied from time to time in accordance with its investment objectives and policy.

Notes to the Financial Statements continued

For the year ended 30 September 2021

19. Financial risk management continued

The interest rate profile of each Fund's financial assets at 30 September 2021 was:

Fund	Currency	Total 000's	Fixed rate interest securities 000's	Floating rate interest securities 000's	Interest Free Assets 000's	Interest Free Liabilities 000's
Euro High Income	Euro	9,090	7,322	1,593	270	96
High Income	Sterling	176,595	160,019	12,361	5,403	1,188
Sterling Bond	Sterling	89,794	80,989	7,083	2,507	785

Fund	Currency	Weighted average coupon rate %	Weighted average effective interest rate %	Weighted average year for which the rate is fixed (years)
Euro High Income	Euro	3.61	1.39	16.07
High Income	Sterling	5.36	2.25	11.47
Sterling Bond	Sterling	4.56	2.11	10.68

The interest rate profile of each Fund's financial assets at 30 September 2020 was:

Fund	Currency	Total 000's	Fixed rate interest securities 000's	Floating rate interest securities 000's	Interest Free Assets 000's	Interest Free Liabilities 000's
Euro High Income	Euro	9,806	8,206	1,259	424	83
High Income	Sterling	207,836	186,804	14,022	7,973	963
Sterling Bond	Sterling	101,790	94,962	4,629	3,131	932

Fund	Currency	Weighted average coupon rate %	Weighted average effective interest rate %	Weighted average year for which the rate is fixed (years)
Euro High Income	Euro	3.79	1.15	19.84
High Income	Sterling	5.36	1.99	15.29
Sterling Bond	Sterling	4.18	1.88	15.08

Notes to the Financial Statements continued

For the year ended 30 September 2021

19. Financial risk management continued

Credit risk

The Fund is exposed to credit risk, which 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. The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on trading derivative products, cash and cash equivalents, amounts due from brokers and other receivable balances. Impairment provisions would be provided for losses that have been incurred by the statement of financial position date. As at 30 September 2021 no impairment provisions were required and there was no money overdue.

If any of the Funds hold any interest bearing instruments, at least 90% of these instruments must have a credit rating of 'Investment Grade' as provided by Moodys Investor Services Limited, Standard and Poors or Fitch Ratings Limited. These instruments could include inter alia money market instruments, bonds, gilts, corporate bonds etc.

The Fund also restricts its exposure to credit losses on trading derivative instruments it holds by entering into these transactions solely through the Investment Manager Brooks Macdonald Asset Management (International) Limited. Gilt futures are centrally cleared and traded on an exchange. The exchange and clearing house therefore act as an intermediary for both sides entering into the contract and the payment of the initial margin and variation margin. There is therefore a negligible counterparty risk. All of the derivative assets and liabilities of the Fund are held with this counterparty and the margin balance maintained by the Fund is for the purpose of providing collateral on derivative positions. The value of the margin balance at 30 September 2021 is £nil (30 September 2020: £14,250). The derivative asset is £nil (30 September 2020: £680,550) and the liability is £nil (£680,936).

At the Statement of Financial Position date the Funds held the following percentages in non investment grade assets:

	30 September 2021	30 September 2020
Euro High Income Fund	3.61%	2.43%
High Income Fund	2.11%	2.37%
Sterling Bond Fund	0.00%	0.00%

In accordance with each Fund's policy, the Manager monitors the Fund's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

Certain transactions that the Funds enter into expose them to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities. It is the policy of the Manager to buy and sell investments only through approved brokers. Credit risk exposure is balanced by the regulatory obligation of the counter parties.

The risk to Shareholders is that one or more Funds will not have enough cash to cover redemptions. To counter this risk each Fund's cash is managed to meet its liabilities. Temporary borrowings from eligible institutions for cash management purposes are permitted and are repayable out of the property of a Fund. All sums borrowed will not exceed more than 10% of the value of the property of that Fund. The borrowing of foreign currency is permitted with the aim of reducing or eliminating risk arising by reason of fluctuations in exchange rates. There is no intention to use borrowing for the purposes of gearing. Gearing is the borrowing of money to purchase assets. Borrowings during the year did not exceed the 10% limit.

The Custodian has also entered into a sub-custodian agreement with State Street Bank and Trust Company, London Branch. Under the terms of that sub-custodian agreement, the Sub-Custodian will hold certain assets of the Company on behalf of the Custodian.

The assets of the Company will be held in compliance with applicable laws and specific provisions as agreed in the sub-custodian agreement between the Custodian and the Sub-Custodian. These will include requirements designed to protect the Company's assets in the event of the insolvency or bankruptcy, but they do not guarantee this effect.

Notes to the Financial Statements continued

For the year ended 30 September 2021

19. Financial risk management continued

Credit risk (continued)

Cash balances held with the Sub-Custodian will not be segregated from the Sub-Custodian's own accounts or held on trust for the Custodian. This exposes investors to risk if the Sub-Custodian becomes insolvent, since the Custodian (who has entered into the contract with the Sub-Custodian) will rank as an unsecured creditor along with all other deposit holders in respect of any claim. Accordingly, there is no guarantee that the Custodian would ever be able to recover monies held in such cash accounts on the Company's behalf.

The effect of the Covid-19 pandemic on credit risk is, as yet, unknown, however to date no positions have defaulted.

Capital risk

Where the objective of the underlying Fund seeks to provide high or good levels of income, the investment policy which supports this may result in a gradual reduction in the capital value of the underlying Fund's Shares, except where bond prices are generally rising.

Capital risk management

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the capital of the Company is only represented by the Founders Shares. Details of the Founders Shares are shown in notes 3 and 14.

Due to the nature and requirement of the Founders' Shares the Directors have decided that no active capital risk management is required.

Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Company is the current mid price, these are updated each morning at 10am and represented in the Fund's daily share prices; the appropriate quoted market price for financial liabilities is the current asking price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

If a significant movement in fair value occurs subsequent to the close of trading on the period end date, valuation techniques will be applied to determine the fair value.

There has been no significant movements in the fair value of any holdings since the period end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis.

IFRS 13 states the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Financial Statements continued

For the year ended 30 September 2021

19. Financial risk management continued

The fair value hierarchy table is shown below.

Financial assets at fair value through profit and loss

30 September 2021

Fund	Level 1 £	Level 2 £	Level 3 £	Totals £
High Income Fund	172,380,300	—	—	172,380,300
Sterling Bond Fund	88,072,206	—	—	88,072,206

Fund	Level 1 €	Level 2 €	Level 3 €	Totals €
Euro High Income Fund	8,915,747	—	—	8,915,747

30 September 2020

Fund	Level 1 £	Level 2 £	Level 3 £	Totals £
High Income Fund	200,826,033	—	—	200,826,033
Sterling Bond Fund	99,590,337	—	—	99,590,337

Fund	Level 1 €	Level 2 €	Level 3 €	Totals €
Euro High Income Fund	9,465,579	—	—	9,465,579

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable', requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There have been no transfers between levels. The financial assets at fair value through profit or loss of the Company, including derivatives are all quoted in active markets and therefore fall under level 1 as previously defined.

Derivatives

Derivatives will only be used where they accord with existing investment objectives and policy. They may not be used for the purpose of reducing risk independently of investment strategy in respect of the underlying physical assets or for merely speculative purposes. Derivatives will only be used for efficient portfolio management including the management of duration risk.

Derivatives may not be used for the purpose of gearing or leveraging or for purposes of producing, enhancing or generating income. No derivative can be traded on an "Over The Counter" basis, and no uncovered positions are allowed.

Notes to the Financial Statements continued

For the year ended 30 September 2021

19. Financial risk management continued

The underlying Funds may hold the following derivatives:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in the futures contracts value are settled daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market. Futures are settled on a net basis.

(b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price.

The seller receives a premium from the purchaser in consideration for the assumption of future securities prices. Where options are held by the underlying Funds, they are exchange-traded. The Funds are exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognized on the statements of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not therefore indicate the Company's exposure to credit or market price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

During the year the Company did not enter into any derivative contracts.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company is exposed to daily cash redemptions of Participating Shares which are redeemed on demand at the holder's option, and also to the settlement of margin calls on derivatives. It therefore invests all of its assets in investments that are traded in an active market and can be readily disposed of. From time to time assets held could become illiquid due to in-active trading.

At 30 September 2021 the percentage of the assets within the portfolios which are subject to special arrangements arising from their illiquid nature is Nil (2020: Nil). As such each Fund's financial assets are considered to be readily realisable for cash. The Manager manages each Fund's cash to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Participating Shares, each Fund may borrow up to 10% of its value to ensure settlement of its liabilities. Any such borrowings did not exceed the 10% limit.

In accordance with the Company's policy, the Investment Manager monitors each Fund's liquidity position on a daily basis, and the Board of Directors review it on a quarterly basis.

Cross Fund Liability

Shareholders should be aware that in the event of the Company being unable to meet liabilities attributable to any particular Fund or share class out of the assets attributable to such Fund or share class, the excess liabilities may have to be met out of the assets attributable to the other Funds or share classes.

Notes to the Financial Statements continued

For the year ended 30 September 2021

19. Financial Risk Management continued

Liquidity risk continued

Year ended 30 September 2021

Net assets attributable to Holders of Participating Redeemable Preference Shares

(less than 1 month)

Cancellation payable

(less than 1 month)

Investment purchase payable

(less than 1 month)

Proposed dividend

(less than 1 month)

(1 month to 3 months)

Accrued expenses and other payables

(less than 1 month)

(1 month to 3 months)

Total financial liabilities (excluding derivatives)

Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
274,478,927	9,089,746	176,595,224	89,794,391
313,817	11,777	277,749	25,950
—	—	—	—
591,015	—	591,015	—
597,158	63,975	—	542,196
325,956	12,966	185,018	129,799
227,414	7,020	134,544	86,840
276,534,287	9,185,484	177,783,550	90,579,176

Year ended 30 September 2020

Net assets attributable to Holders of Participating Redeemable Preference Shares

(less than 1 month)

Cancellation payable

(less than 1 month)

Investment purchase payable

(less than 1 month)

Proposed dividend

(less than 1 month)

(1 month to 3 months)

Accrued expenses and other payables

(less than 1 month)

(1 month to 3 months)

Total financial liabilities (excluding derivatives)

Company £	Euro High Income Fund €	High Income Fund £	Sterling Bond Fund £
318,904,927	9,805,877	207,835,757	101,789,456
66,210	—	59,698	6,512
187,000	—	—	187,000
644,826	—	644,826	—
588,488	58,263	—	535,639
122,868	—	52,003	70,865
361,242	25,072	206,803	131,697
320,875,561	9,889,212	208,799,087	102,721,169

None of the Alternative Investment Fund's assets are subject to special arrangements arising from their illiquid nature in accordance with Article 23(4)(a) of Directive 2011/61/EU.

The net profit / (loss) on the derivative financial instruments during the year ended 30 September 2021 was settled on a daily basis.

Notes to the Financial Statements continued

For the year ended 30 September 2021

20. Events After The Year End Date

Nigel Le Quesne resigned as a Director with effect from 31 December 2021.

There are no other events after the year end date that require adjustment to and/or disclosure in these financial statements.

Unaudited Change in Net Asset Value per Share

For the year ended 30 September 2021

Year	Net Asset Value of Fund	Number of Shares in Issue	Opening net asset value per share	Return before operating charges	Operating charges
Euro High Income Fund					
30.09.19	€11,283,208	7,106,764	153.57	9.83	(2.14)
30.09.20	€9,805,877	6,402,514	158.77	(1.85)	(2.20)
30.09.21	€9,089,746	6,063,964	153.16	0.79	(2.12)
High Income Fund					
30.09.19	£213,055,208	242,584,996	83.04	7.95	(0.94)
30.09.20	£207,835,757	238,826,674	87.83	2.60	(0.90)
30.09.21	£176,595,224	212,595,362	87.02	(0.61)	(1.00)
Sterling Bond Fund					
30.09.19	£108,302,840	68,512,761	146.94	14.39	(1.76)
30.09.20	£101,789,456	63,766,649	158.08	5.21	(1.91)
30.09.21	£89,794,424	58,050,962	159.63	(1.27)	(2.08)

Unaudited Change in Net Asset Value per Share

For the year ended 30 September 2021

Year	Return after operating charges	Distributions on shares	Appreciation / (Depreciation) on capital assets	Closing net asset value per share	Retained income per share
Euro High Income Fund					
30.09.19	7.69	(4.77)	2.28	158.77	0.03
30.09.20	(4.06)	(4.18)	2.64	153.16	0.01
30.09.21	(1.33)	(4.07)	2.14	149.90	0.06
High Income Fund					
30.09.19	7.01	(3.76)	1.54	87.83	0.03
30.09.20	1.70	(3.43)	0.93	87.02	—
30.09.21	(1.61)	(3.55)	1.20	83.07	(0.02)
Sterling Bond Fund					
30.09.19	12.63	(0.04)	(1.45)	158.08	—
30.09.20	3.30	(0.04)	(1.71)	159.63	—
30.09.21	(3.36)	(3.72)	2.13	154.68	(0.02)

Unaudited Distribution Tables

For the year ended 30 September 2021

Euro High Income Fund

	Gross income	Equalisation payable	Distribution paid current year (cents)	Distribution paid prior year (cents)
1st Quarter				
Group 1	0.943	0.439	0.943	1.100
Group 2	0.504	—	0.943	1.100
2nd Quarter				
Group 1	0.975	0.491	0.975	1.100
Group 2	0.484	—	0.975	1.100
3rd Quarter				
Group 1	0.975	0.491	0.975	1.000
Group 2	0.484	—	0.975	1.000
4th Quarter				
Group 1	0.987	0.538	0.987	0.910
Group 2	0.449	—	0.987	0.910

1st Quarter

Group 1: Shares purchased prior to 1 October 2020

Group 2: Shares purchased between 1 October 2020 and 31 December 2020

2nd Quarter

Group 1: Shares purchased prior to 1 January 2021

Group 2: Shares purchased between 1 January 2021 and 31 March 2021

3rd Quarter

Group 1: Shares purchased prior to 1 April 2021

Group 2: Shares purchased between 1 April 2021 and 30 June 2021

4th Quarter

Group 1: Shares purchased prior to 1 July 2021

Group 2: Shares purchased between 1 July 2021 and 30 September 2021

Unaudited Distribution Tables continued

For the year ended 30 September 2021

High Income Fund

	Gross income	Equalisation payable	Distribution paid current year (pence)	Distribution paid prior year (pence)
31 October 2020				
Group 1	0.280	0.165	0.280	0.290
Group 2	0.115	—	0.280	0.290
30 November 2020				
Group 1	0.285	0.195	0.285	0.280
Group 2	0.090	—	0.285	0.280
31 December 2020				
Group 1	0.285	0.144	0.285	0.280
Group 2	0.141	—	0.285	0.280
31 January 2021				
Group 1	0.285	0.271	0.285	0.290
Group 2	0.014	—	0.285	0.290
28 February 2021				
Group 1	0.265	0.265	0.265	0.290
Group 2	0.000	—	0.265	0.290
31 March 2021				
Group 1	0.278	0.104	0.278	0.295
Group 2	0.174	—	0.278	0.295
30 April 2021				
Group 1	0.278	0.104	0.278	0.295
Group 2	0.174	—	0.278	0.295
31 May 2021				
Group 1	0.278	0.098	0.278	0.295
Group 2	0.180	—	0.278	0.290
30 June 2021				
Group 1	0.278	0.160	0.278	0.290
Group 2	0.118	—	0.278	0.290
31 July 2021				
Group 1	0.278	0.09	0.278	0.280
Group 2	0.188	—	0.278	0.280
31 August 2021				
Group 1	0.278	0.116	0.278	0.275
Group 2	0.162	—	0.278	0.275
30 September 2021				
Group 1	0.278	0.159	0.278	0.270
Group 2	0.119	—	0.278	0.270

31 October 2020

Group 1: Shares purchased prior to 1 October 2020

Group 2: Shares purchased between 1 October 2020 and 31 October 2020

Unaudited Distribution Tables continued

For the year ended 30 September 2021

High Income Fund

30 November 2020

Group 1: Shares purchased prior to 1 November 2020

Group 2: Shares purchased between 1 November 2020 and 30 November 2020

31 December 2020

Group 1: Shares purchased prior to 1 December 2020

Group 2: Shares purchased between 1 December 2020 and 31 December 2020

31 January 2021

Group 1: Shares purchased prior to 1 January 2021

Group 2: Shares purchased between 1 January 2021 and 31 January 2021

28 February 2021

Group 1: Shares purchased prior to 1 February 2021

Group 2: Shares purchased between 1 February 2021 and 29 February 2021

31 March 2021

Group 1: Shares purchased prior to 1 March 2021

Group 2: Shares purchased between 1 March 2021 and 31 March 2021

30 April 2021

Group 1: Shares purchased prior to 1 April 2021

Group 2: Shares purchased between 1 April 2021 and 30 April 2021

31 May 2021

Group 1: Shares purchased prior to 1 May 2021

Group 2: Shares purchased between 1 May 2021 and 31 May 2021

31 June 2021

Group 1: Shares purchased prior to 1 June 2021

Group 2: Shares purchased between 1 June 2021 and 30 June 2021

31 July 2021

Group 1: Shares purchased prior to 1 July 2021

Group 2: Shares purchased between 1 July 2021 and 31 July 2021

31 August 2021

Group 1: Shares purchased prior to 1 August 2021

Group 2: Shares purchased between 1 August 2021 and 31 August 2021

30 September 2021

Group 1: Shares purchased prior to 1 September 2021

Group 2: Shares purchased between 1 September 2021 and 30 September 2021

Unaudited Distribution Tables continued

For the year ended 30 September 2021

Sterling Bond Fund

	Gross income	Equalisation payable	Distribution paid current year (pence)	Distribution paid prior year (pence)
1st Quarter				
Group 1	0.894	0.432	0.894	0.900
Group 2	0.462	—	0.894	0.900
2nd Quarter				
Group 1	0.866	0.228	0.866	0.950
Group 2	0.638	—	0.866	0.950
3rd Quarter				
Group 1	0.866	0.228	0.866	0.870
Group 2	0.638	—	0.866	0.870
4th Quarter				
Group 1	0.889	0.286	0.889	0.840
Group 2	0.603	—	0.889	0.840

1st Quarter

Group 1: Shares purchased prior to 1 October 2020

Group 2: Shares purchased between 1 October 2020 and 31 December 2020

2nd Quarter

Group 1: Shares purchased prior to 1 January 2021

Group 2: Shares purchased between 1 January 2021 and 31 March 2021

3rd Quarter

Group 1: Shares purchased prior to 1 April 2021

Group 2: Shares purchased between 1 April 2021 and 30 June 2021

4th Quarter

Group 1: Shares purchased prior to 1 July 2021

Group 2: Shares purchased between 1 July 2021 and 30 September 2021

Unaudited Performance Records

For the year ended 30 September 2021

Euro High Income Fund

Shares in the Fund were first offered to the public in October 2006 at an offer price of 178.90 cents per share

Calendar Year	Highest Offer Price c	Lowest Bid Price c	Income per Share c	Income per £1,000 Invested at 31/12/10 £
2011	156.60	140.60	5.73	39.06
2012	167.40	144.60	7.71	52.52
2013	169.10	161.70	7.45	50.78
2014	170.30	161.70	6.51	44.38
2015	173.50	159.70	4.94	33.67
2016	163.90	158.10	4.70	32.04
2017	163.00	159.90	4.96	33.81
2018	160.80	154.40	4.80	32.72
2019	161.30	149.30	4.50	30.67
2020	158.90	143.90	3.01	20.52
30.09.21	156.91	149.92	2.94	6.65

High Income Fund

Shares in the Fund were first offered to the public in June 1995 at an offer price of 100p per share.

Calendar Year	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/10 £
2011	85.30	79.70	3.89	47.47
2012	89.19	81.20	5.25	64.00
2013	91.66	85.23	4.82	58.82
2014	89.56	85.55	4.78	58.33
2015	92.53	85.86	4.59	55.95
2016	86.21	83.74	4.37	53.33
2017	90.65	87.58	3.13	38.19
2018	88.86	83.68	3.79	46.25
2019	88.90	82.21	3.60	43.93
2020	89.20	78.42	2.58	31.48
30.09.21	89.18	83.09	2.50	10.10

Unaudited Performance Records continued

For the year ended 30 September 2021

Sterling Bond Fund

Shares in the Fund were first offered to the public in July 2001 at an offer price of 148.6p per share.

Calendar Year	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/10 £
2011	136.80	128.60	6.41	48.05
2012	147.00	131.20	6.27	47.00
2013	151.60	140.10	5.91	44.30
2014	151.30	140.20	5.78	43.33
2015	156.80	144.70	5.40	40.48
2016	147.50	142.20	5.50	41.23
2017	158.90	150.90	4.50	33.73
2018	156.10	148.60	4.00	29.99
2019	160.60	146.20	3.85	28.86
2020	162.30	139.70	2.66	19.94
30.09.21	165.63	154.71	2.62	6.49

Unaudited Notice of Meeting

For the year ended 30 September 2021

Notice is hereby given that the 38th Annual General Meeting of Brooks Macdonald International Investment Funds Limited will be held at: 28 Esplanade, St Helier, Jersey, on Tuesday, 1 March 2022 at 10.00 a.m. for the following purposes:

Agenda

Ordinary Business

1. To appoint the Chairman of the meeting.

2. To read the convening notice.

3. RESOLUTION 1

To receive and if deemed appropriate, adopt the Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2021.

4. RESOLUTION 2

To consider, and if deemed appropriate, re-elect Ross Davey Willcox as a Director of the Company.

5. RESOLUTION 3

To consider, and if deemed appropriate, re-elect Brian Charles James as a Director of the Company.

6. RESOLUTION 4

To consider, and if deemed appropriate, re-elect Richard John Hughes as a Director of the Company.

7. RESOLUTION 5

To consider, and if deemed appropriate, re-elect Michael Peter Farley as a Director of the Company.

8. RESOLUTION 6

To re-appoint PricewaterhouseCoopers CILLP as Auditors of the Company and to authorise the Directors to agree their remuneration.

9. RESOLUTION 7

To fix the remuneration of each of the Directors at a maximum of £25,000 per annum.

NOTES:

A Member entitled to attend and vote at this Meeting may appoint one or more Proxies to attend and, on a poll, vote instead of him. A Proxy need not be a Member of the Company. To be valid, completed form of proxy or letter of authority must be deposited at the Company's registered office or emailed to BMLCOSEC@JTCGROUP.COM not less than 48 hours before the appointed time for holding the meeting, or any adjournment thereof.

In the case of joint holders the vote of the senior shall be accepted to the exclusion of the vote of the other joint holders(s).

The quorum requirements is two members present in person or by proxy. If a quorum is not present, the meeting shall stand adjourned to Tuesday, 8 March 2022 at 10.00 a.m. at the same venue and at such adjourned meeting the shareholder's present in person or by proxy shall be the quorum.

By Order of the Board

JTC Fund Solutions (Jersey) Limited
28 Esplanade
St Helier
Jersey
JE2 3QA

27 January 2022

Unaudited Brooks Macdonald International Investment Funds Limited Form of Proxy

BLOCK LETTERS PLEASE.

FULL NAME(S)

ADDRESS:

I/We being a Member of the above named company hereby appoint the Chairman of the Meeting(see note1.) as my/our proxy to attend and vote for me/us on my/our behalf at the 38th Annual General Meeting of the Company to be held on Tuesday, 1 March 2022 at 10.00 a.m. and at any adjournment thereof.

Ordinary Resolutions:

1. To receive and if deemed appropriate, adopt the Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2021.
2. To consider, and if deemed appropriate, re-elect Ross Davey Willcox as a Director of the Company.
3. To consider, and if deemed appropriate, re-elect Brian Charles James as a Director of the Company.
4. To consider, and if deemed appropriate, re-elect Richard John Hughes as a Director of the Company.
5. To consider, and if deemed appropriate, re-elect Michael Peter Farley as a Director of the Company.
6. To re-appoint PricewaterhouseCoopers CI LLP as Auditors of the Company and to authorise the Directors to agree their remuneration.
7. To fix the remuneration of each of the Directors at a maximum of £25,000 per annum.

FOR	AGAINST

NOTES:

1. If you wish to appoint another person to be your proxy instead of the Chairman of the Meeting, you should delete the words "the Chairman of the Meeting", and write the name of your proxy in the space provided and initial the alteration.
2. Except as otherwise indicated by you, the proxy vote, or abstain from voting, at the meeting or any adjournment thereof as the proxy thinks fit.
3. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
5. Due to the ongoing pandemic, shareholders are encouraged to exercise their vote by proxy rather than attending the AGM in person.
6. To be valid, forms of proxy must reach the registered office of the Company 28 Esplanade, St Helier, Jersey. JE2 3QA, not later than 48 hours before the time appointed for the meeting (or any adjourned meeting). Please note that we accept emailed scanned copies of the Form of Proxy, emailed to BMI.COSEC@JTCGROUP.COM. Any power of attorney or other authority under which the form of proxy is signed must be sent with the form of proxy.

Signature

Date

