

**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND****Contents**

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# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Management and Administration

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- **Manager**  
Heronbridge (Jersey) Limited  
47 Esplanade  
St. Helier  
Jersey  
Channel Islands JE1 0BD
- **Investment Manager**  
Heronbridge Investment Management LLP  
24 Gay Street  
Bath BA1 2PD  
United Kingdom
- **Administrator and Trustee**  
Crestbridge Fund Administrators Limited and  
Crestbridge Corporate Trustees Limited  
47 Esplanade  
St. Helier  
Jersey  
Channel Islands JE1 0BD
- **Depository**  
Northern Trust Fiduciary Services (Ireland)  
Limited  
George's Court  
54 – 62 Townsend Street  
Dublin 2  
D02 R156  
Ireland
- **The Listing Sponsor for The International  
Stock Exchange**  
Carey Olsen Corporate Finance Limited  
47 Esplanade  
St. Helier  
Jersey  
Channel Islands JE1 0BD
- **Transfer Agent and Fund  
Accounting Service Provider**  
Northern Trust International Fund Administration  
Services (Ireland) Limited  
George's Court  
54-62 Townsend Street  
Dublin 2  
D02 R156  
Ireland
- **Directors of the Manager**  
Graeme McArthur to 09 August 2023  
Katie McMahon  
Simon Marks  
Elizabeth Dowling from 09 August 2023  
Thomas Day as an Alternate for Katie  
McMahon  
Fiona Fauvel as an Alternate for Graeme  
McArthur to 15 June 2023  
Kate Andrews as an Alternate for Simon  
Marks
- **Legal Advisers**  
*As to Jersey Law*  
Carey Olsen Jersey LLP  
47 Esplanade  
St. Helier  
Jersey  
Channel Islands JE1 0BD  
  
*As to English Law*  
Macfarlanes LLP  
20 Cursitor Street  
London EC4A 1LT  
United Kingdom
- **Former Auditor**  
Ernst & Young LLP  
Liberation House  
Castle Street  
St. Helier  
Jersey  
Channel Islands JE1 1EY
- **Auditor (Current)**  
PricewaterhouseCoopers  
Chartered Accountants and Registered  
Auditors  
One Spencer Dock  
North Wall Quay  
Dublin 1  
D01 X9R7  
Ireland

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Manager's Report

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This is the eighteenth Annual Report and Audited Financial Statements of The Heronbridge United Kingdom Equity Fund (the "Fund") covering the year to 31 December 2023.

### Investment Objective

The investment objective of the Fund is to achieve long-term growth primarily by investing in a diversified portfolio of listed equity securities of companies located in the United Kingdom.

### Results and Distributions

For the year to 31 December 2023, the Fund had a total return, gross of fees, of 9.8% (2022: 2.6%) whilst, on a net of fees basis, it was 8.7% (2022: 1.6%) for the class A units and 8.9% (2022: 1.8%) for the class B units. This compares with 7.9% (2022: 0.3%) for the FTSE All-Share Total Return Index (the "Index").

Distributions per unit of £1.257844 (2022: £1.197435) for the class A units and £1.312357 (2022: £1.250112) for the class B units with an XD date of 29 December 2023 were declared payable on 03 January 2024 to unitholders on record on 28 December 2023 and were either reinvested into the Fund effective 02 January 2024 or paid as cash on 05 January 2024. A total of £18,591,206 (2022: £16,888,023) was re-invested into the Fund and £13,754,317 (2022: £13,282,110) was paid to unitholders. These distributions represent 100% of the surplus net income. Further information on distributions is contained in Note 3 of the Notes to the Financial Statements.

### Listing

As at 31 December 2023, the Fund's permanent class A and B units continued to be listed on The International Stock Exchange ("TISE"). Further information on units in issue is contained in Note 7 of the Notes to the Financial Statements.

### Fund Reporting Status

Under Regulation 55(1) (a) of The Offshore Funds (Tax) Regulations 2009, the Fund has been accepted into the Reporting Fund regime with effect from 01 January 2011.

### European Union Alternative Investment Fund Managers Directive ("AIFMD")

Heronbridge Investment Management LLP, the Fund's Investment Manager, has been granted approval by the UK's Financial Conduct Authority ("FCA") to act as the full scope Alternative Investment Fund Manager ("AIFM") of the Fund (the Alternative Investment Fund ("AIF")) under the AIFMD.

In accordance with the requirements of the AIFMD, Northern Trust Fiduciary Services (Ireland) Limited has been appointed as the Fund's Depositary. The Depositary is responsible for exercising certain custodial functions in relation to the Fund's assets at the direction of the Manager, Trustee and Investment Manager.

## THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

### Manager's Report (Continued)

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#### Directors' and Other Interests

The Directors of the Manager are listed on page 2. Unless otherwise stated, the Directors of the Manager served throughout the year and subsequently to the date of this report.

As at 31 December 2023, Katie McMahon, a Director of the Manager, was the beneficial holder of 10,540 (2022: 7,992) class A units in the Fund valued on an ex dividend basis at £371,033 (2022: £267,998). Thomas Day, an Alternate Director of the Manager, and his family were the beneficial owners of 22,292 (2022: 18,675) class A units in the Fund valued on an ex dividend basis at £784,648 (2022: £626,210). None of the other Directors or Alternate Directors of the Manager held units in the Fund.

#### Statement of Manager's Responsibilities

The Manager, as defined on page 2, is responsible for preparing Financial Statements for each financial year in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in compliance with the Amended and Restated Trust Instrument dated 01 January 2021 and the Supplemental Trust Instrument dated 01 January 2021 (together, the "Trust Instrument"), which give a true and fair view of the state of affairs of the Fund and of the profit or loss of the Fund for that year. In preparing these Financial Statements, the Manager is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable;
- state whether applicable IFRS have been followed; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Manager confirms that, to the best of its knowledge, it has complied with the above requirements in preparing these Financial Statements.

The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and which allow its Financial Statements to be prepared in accordance with IFRS and in compliance with the Trust Instrument. The Manager is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Fund Redomiciliation Update

In the 2022 Report we explained the intentions regarding the proposed migration of the Fund to the Republic of Ireland and its authorisation as a UCITS fund in that jurisdiction. Despite considerable work, it has not yet been possible to identify a satisfactory process by which this migration could be achieved. Whilst it remains the intention to carry out this migration in due course, it is very unlikely to be completed before 2025 at the earliest. In the meantime, the Fund will continue to be invested, managed and administered in accordance with the Fund prospectus.

## THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

### Manager's Report (Continued)

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#### Going Concern

The Manager has considered the following factors in assessing whether to continue to adopt the going concern basis in preparing the Financial Statements for the Fund.

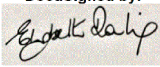
1. Investment Manager structure and ownership
2. Investment Manager key-person risk and succession planning
3. Investment process
4. Asset type and valuation approach
5. Unitholder base
6. Liquidity
7. Subscription and redemption activity
8. Fund returns
9. Operational resilience

Taking into account the Fund's circumstances outlined above, the Directors of the Manager confirm that they believe there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Fund to continue as a going concern for at least the next twelve months to 22 February 2025.

#### Auditor

PricewaterhouseCoopers were appointed as auditors of the Fund for the 31 December 2023 audit, replacing Ernst and Young LLP.

PricewaterhouseCoopers have indicated their willingness to continue in office.

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Heronbridge (Jersey) Limited  
47 Esplanade  
St. Helier, Jersey  
Channel Islands JE1 0BD

23 February 2024

## THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

### Investment Manager's Report

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For the year to 31 December 2023 the Fund had a total return, gross of fees, of 9.8% (2022: 2.6%) and, net of fees, of 8.7% (2022: 1.6%) for the class A units and of 8.9% (2022: 1.8%) for the class B units, compared with 7.9% (2022: 0.3%) for the FTSE All-Share Total Return Index.

#### Material Changes

##### *Personnel*

On 8 December 2023, the AIFM informed its clients that Tom Day (a co-founder of the firm in 2005) would be leaving the firm in the second half of 2024. The search for his successor is underway, allowing for a full and thorough handover of his responsibilities.

Paul Dempsey joined the firm in February 2023 as the Compliance Manager.

Sara Green joined Heronbridge Investment Management LLP in October 2023 as Investment Operations and Finance Manager.

##### *Fund Redomiciliation Update*

In the 2022 Report we explained the intention regarding the proposed migration of the Fund to the Republic of Ireland and its authorisation as a UCITS fund in that jurisdiction. Despite considerable work, it has not yet been possible to identify a satisfactory process by which this migration could be achieved. Whilst it remains the intention to carry out this migration in due course, it is very unlikely to be completed before 2025 at the earliest. In the meantime, the Fund will continue to be invested, managed and administered in accordance with the Fund prospectus.

#### Risk Management

The AIFM has a Risk Management Policy which documents its risk management framework and the risk monitoring and reporting systems and processes which ensure that the risk profiles of its AIFs correspond to their size, portfolio structure, investment strategies and objectives as set out the Fund's offering documents, comprising the current Prospectus dated 01 January 2021 (the "Prospectus") and the restated Trust Deed effective 01 January 2021 (the "Trust Deed"). The risk areas considered are market risk, investment risk, credit risk, liquidity risk, operational risk, counterparty risk and legal and other regulatory risk. The Risk Management Policy covers the measurement and management, monitoring and reporting requirements of each identified risk. Periodic risk reports are provided to Heronbridge Investment Management LLP Executive Committee, as the AIFM's governing body.

#### Conflicts of Interest

The AIFM has a Conflicts of Interest Policy which itemises any conflicts of interest affecting the business and documents the measures taken to minimise or remove any adverse impacts. The AIFM's Conflicts of Interest working group meets annually to discuss any actual or potential conflicts affecting the AIFs and to review the Policy.

#### Performance

Looking at high-level factors and performance, the portfolio's cyclical holdings performed slightly better than their defensive counterparts in 2023. Variations in performance by market capitalisation were relatively limited, consistent with the UK stock market as a whole, and the split between out- and under-performers was even.

## THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

### Investment Manager's Report (Continued)

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#### Performance (Continued)

The most notable positive contributors showed no common theme and wide variation in the date of first purchase, shown after the company's principal business: Associated British Foods (food processor and retailer, 2022), Moneysupermarket.com (price comparison website, 2021), MITIE (outsourced facilities management, inception 2005), following a strong performance in 2021 and 2022 as well, IMI (capital goods, inception 2005) and Senior (supplier of systems and components to the aerospace and automotive markets, 2016). The negative contributors, on the other hand, included two names, the tobacco stocks British American Tobacco (2008) and Imperial Brands (2005), which had both made strong positive contributions in 2022, PZ Cussons (branded consumer goods, 2018), Rathbone Brothers (wealth management, 2007) and Close Brothers (specialised lending, 2019). Apart from the negative sentiment against the tobacco companies, reasons for under-performance were varied and mostly company-specific: devaluation of the Nigerian Naira hit PZ Cussons, operational performance impacted Rathbones and a worsening economic outlook affected Close Brothers.

The programme comprised 30 companies at year end. As ever, the portfolio is fully invested, with the cash weighting typically less than 1%. Portfolio turnover in 2023 was 17%, slightly below its long-term average of 19% since inception, reflecting the fact that fewer rotation opportunities than usual were presented to us by 'Mr Market'. The following comments relate to the Top 10 purchases and sales made in 2023, representing the lion's share of portfolio activity (respectively, 83% and 98% of total). By value, sales activity was somewhat dominated by Smiths (capital goods) and BAE Systems (prime defence contractor), both complete disposals, which between them accounted for around 55% of total sales proceeds; Rio Tinto (mining) was another complete disposal. We took advantage of higher valuations to take profits in Associated British Foods, MITIE, IMI and Moneysupermarket.com. Unusually we both reintroduced EMIS (healthcare software) as a new purchase to the portfolio and completely disposed of the position within the calendar year. Its proposed takeover by a strategic industry buyer came under significant regulatory scrutiny in late spring, depressing the share price to attractive levels; these competition concerns were resolved by late summer and the takeover progressed as planned. Sales of the remaining two companies – Unilever (FMCG) and Reckitt Benckiser (FMCG - health/personal care and home products) – accounted for less than 5% of total sales proceeds; both were realised at times of market stress after relatively sharp market sell-offs in March and October, when attractive valuation opportunities to switch from more 'defensive' cashflows into more economically-sensitive companies presented themselves.

The largest purchases also included the initiation of two new positions: the reintroduction of Diageo (FMCG – alcoholic beverages), following a profit warning, and Hargreaves Lansdown (retail investment platform). We took advantage of weaker prices to allocate additional capital to Persimmon (UK housebuilder), British American Tobacco, Reckitt Benckiser, Travis Perkins (builders' merchant), Close Brothers, Hays and Wickes (home improvement retailer). The first four companies accounted for just under half of all purchases by value, while the last two accounted for only 7%.

As always, our emphasis is on stock picking, but certain portfolio variables are tracked to highlight any developing biases: the portfolio's cyclical exposure rose, as our purchases were slightly more biased towards more economically sensitive companies such as Hargreaves Lansdown, Persimmon, Travis Perkins and Close Brothers. Exposure to overseas revenues fell quite significantly last year, with non-UK revenues now representing c. 52% of total revenues: many of our purchases had significant domestic (cyclical) exposure, while the disposals were generally more international in orientation. Capital allocation by market capitalisation was largely unchanged over the year, with small- and mid-caps accounting for 53% of total portfolio value at year-end.



## THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

### Investment Manager's Report (Continued)

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#### Performance (Continued)

Our preferred measure of value remains the Owner Earnings Yield (OEY), which we compute internally for all portfolio companies, based on normalised, mid-cycle, free cash flow. Our disciplined, systematic portfolio-management activity (simply put: selling high and buying low, in order to achieve more owner earnings / intrinsic value per pound of capital invested) means that, despite having returned almost 10% during the year, the portfolio remains as cheap today, on an OEY of 7.0%, 12.5x normalised earnings and 12.5x consensus earnings, as it was twelve months ago. The portfolio appears attractively valued in the context of its eighteen-year history, giving us cause to look at the year ahead with encouragement.

#### Remuneration Disclosures

Under the AIFMD legislation, an AIFM must, where appropriate for each AIF it manages, disclose in the AIF's annual report the total amount of remuneration paid to its staff for the financial year, split into fixed and variable remuneration, and, where relevant, any carried interest paid by the AIF.

The aggregate amount of remuneration broken down by senior management and members of staff whose actions have a material impact on the risk profile of the AIF must also be disclosed.

The AIFM considers that its remuneration arrangements should be consistent with its Risk Management Policy. This is reflected in the AIFM's Remuneration Policy which aims to ensure that its investment team remains a cohesive group and that senior management and staff aim to exceed the expectations of its clients, creating a culture which is based upon long-term business viability and success.

Fixed and variable remuneration paid to all thirteen members of staff of the AIFM (including senior management) during the year amounted to £1,060,308 and £3,815,874 (2022: £1,103,958 and £4,254,715). No carried interest was paid by the Fund. Eleven members of staff (including senior management and new joiners during the year) were judged to have a material impact on the risk profile of the AIF. Based on the assessment criteria laid out in the Investment Manager's Remuneration Policy, these eleven members of staff received total aggregate remuneration of £4,733,857 in 2023 (2022: £5,735,715). At the year end, there were eleven members of staff (including senior management) that were judged to have a material impact on the risk profile of the AIF.

#### Interests

As at 31 December 2023 the Investment Manager held 11,763 (2022: 11,351) class A units in the Fund valued on an ex dividend basis at £414,023 (2022: £380,631), whilst its partners (including the corporate partner), staff and their connected parties, two of whom are also Directors or Alternates of the Manager, together held 1,014,667 (2022: 887,466) class A units valued on an ex dividend basis at £35,714,733 (2022: £29,758,363). These investors participate in the Fund on the same terms and have the same rights as unaffiliated investors.

## THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

### Investment Manager's Report (Continued)

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#### Leverage

Leverage is a term used to describe any method by which the Fund manages its economic exposure by either borrowing cash/assets from counterparties (gearing or financial leverage) or by making use of derivatives (synthetic leverage).


In accordance with the requirements of applicable regulations, the AIFM must set a maximum level of leverage for the Fund and report to investors the total amount of leverage it employs. AIFMs are required to calculate the exposure of its AIFs using two different methods, effectively arriving at two different leverage ratios, (i) as a gross figure, and (ii) by the 'commitment' method, which takes into account netting of positions. As the leverage calculation includes exposure created by the AIF's investments, it is only described as 'leveraged' if its overall exposure is greater than its net asset value, i.e. where the leverage ratio is greater than 100%.

The AIF is only permitted to use those types and sources of leverage which are consistent with its investment policy. The AIFM notes that the Fund does not use leverage as part of its investment strategy. Therefore, the leverage calculation under both methods is 100%.

#### Events after the Statement of Financial Position Date

The distributions of £1.257844 per class A unit (2022: £1.197435) which amounted to £29,795,813 (2022: £27,864,134) and £1.312357 per class B unit (2022: £1.250112) which amounted to £2,549,710 (2022: £2,305,999) representing surplus net income per unit for 2023 were reinvested effective 02 January 2024 or paid on 05 January 2024.

There have been no other events subsequent to the year-end which require disclosure adjustments in the Financial Statements for the year ended 31 December 2023.

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Heronbridge Investment Management LLP  
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23 February 2024

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Trustee's Report

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### Trustee's Responsibilities

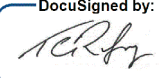
The Trustee is responsible for safeguarding the assets of the Fund and must take reasonable care to ensure that the Fund is managed by the Manager in compliance with the provisions of the Trust Instrument and the Fund's Prospectus (together the "Principal Documents"). They are also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Trustee's Statement

In our opinion the Manager of the Fund, Heronbridge (Jersey) Limited, has, in all material respects, managed the Fund for the year to 31 December 2023 in accordance with the provisions of the Principal Documents.

### Fund Redomiciliation Update

In the 2022 Report we explained the intention regarding the proposed migration of the Fund to the Republic of Ireland and its authorisation as a UCITS fund in that jurisdiction. Despite considerable work, it has not yet been possible to identify a satisfactory process by which this migration could be achieved. Whilst it remains the intention to carry out this migration in due course, it is very unlikely to be completed before 2025 at the earliest. In the meantime, the Fund will continue to be invested, managed and administered in accordance with the Fund prospectus. This was communicated to Unitholders by the Fund's Trustee on 20 October 2023.

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Crestbridge Corporate Trustees Limited  
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Channel Islands JE1 0BD

23 February 2024



# ***Independent auditors' report to the unitholders of The Heronbridge United Kingdom Equity Fund***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, The Heronbridge United Kingdom Equity Fund's financial statements:

- give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its financial performance and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2023;
  - the Statement of Comprehensive Income for the year then ended;
  - the Statement of Cash Flows for the year then ended;
  - the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units for the year then ended; and
  - the notes to the financial statements, which include a description of the accounting policies.
- 

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)").

Our responsibilities under ISAs (Ireland) are further described in the Auditors' 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.

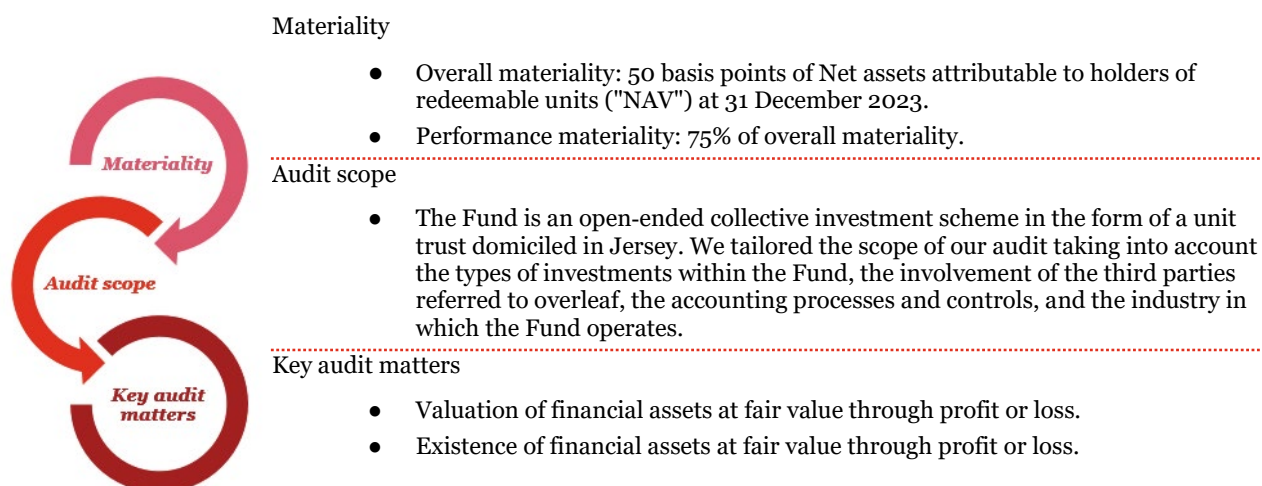
### **Independence**

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Our audit approach**

#### **Overview**





### *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 looked at where the manager made subjective judgements, for example the selection of pricing sources to value the investment portfolio. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the manager that represented a risk of material misstatement due to fraud.

### *Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation of financial assets at fair value through profit or loss</i></p> <p>Refer to Note 2(c) (Significant Accounting Policies - Financial Instruments) and Note 4 (Financial Assets at Fair Value through Profit or Loss) and Note 9 (Financial Instruments and Risk Profile)</p> <p>The investment portfolio is comprised solely of Level 1 equities at 31 December 2023. All investments held by the Fund are valued at unadjusted quoted prices in active markets that are accessible at the measurement date.</p> <p>We focused on the valuation of the investments held by the Fund as these financial assets at fair value through profit or loss represent the principal element of the NAV as disclosed in the Statement of Financial Position within the audited financial statements.</p>	<p>We tested the valuation of the financial assets at fair value through profit or loss by independently obtaining price quotations from third party vendor sources for the investments of the Fund and agreeing them to the price per the accounting records.</p> <p>No material misstatements were identified as a result of the procedures performed.</p>
<p><i>Existence of financial assets at fair value through profit or loss</i></p> <p>Refer to Note 2(c) (Significant Accounting Policies - Financial Instruments) and Note 4 (Financial Assets at Fair Value through Profit or Loss) and Note 9 (Financial Instruments and Risk Profile)</p> <p>The investment portfolio is comprised solely of Level 1 equities at 31 December 2023. The Depositary is responsible for the safe keeping of all assets held by the Fund.</p> <p>We focused on the existence of the investments held by the Fund as these financial assets at fair value through profit or loss represent the principal element of the NAV as disclosed in the Statement of Financial Position within the audited financial statements.</p>	<p>We obtained independent confirmation of these positions held with the Depositary. We then reconciled these confirmations to the accounting records maintained by the Fund Accounting Service Provider and evaluated any material differences identified.</p> <p>No material misstatements were identified as a result of the procedures we performed.</p>

### *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 Fund, the accounting processes and controls, and the industry in which it operates.



The manager controls the affairs of the Fund and is responsible for the overall investment policy which is determined by them. The manager has delegated certain responsibilities to Heronbridge Investment Management LLP (the 'Investment Manager'), Crestbridge Fund Administrators Limited (the "Administrator"), Crestbridge Corporate Trustees Limited (the "Trustee") and to Northern Trust International Fund Administration Services (Ireland) Limited (the 'Fund Accounting Service Provider'). The financial statements, which remain the responsibility of the manager, are prepared on their behalf by the Fund Accounting Service Provider. The Fund has appointed Northern Trust Fiduciary Services (Ireland) Limited (the "Depository") to act as Depository of the Fund's assets. In establishing the overall approach to our audit we assessed the risk of material misstatement taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Fund's interaction with the Fund Accounting Service Provider, and we assessed the control environment in place at the Fund Accounting Service Provider.

### **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 as follows:

<b>Overall materiality and how we determined it</b>	50 basis points of Net assets attributable to holders of redeemable units ("NAV") at 31 December 2023.
<b>Rationale for benchmark applied</b>	We have applied this benchmark because the main objective of the Fund is to provide investors with a total return taking account of the capital and income returns.

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.

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 manager that we would report to them misstatements identified during our audit above 2.5 basis points of the Fund's NAV, for NAV per share impacting differences as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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### **Conclusions relating to going concern**

Our evaluation of the manager's assessment of the Fund's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's assessment of going concern which included consideration of the liquidity of the investment portfolio, the significant net asset position, the absence of external debt, and cash balances which are in excess of current liabilities;
- Making enquiries of management with respect to any planned significant redemptions of which they have been informed;
- Considering post year end capital activity;
- Considering the liquidity risk management techniques which are available; and
- Reviewing management's going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Fund's ability to continue as a going concern.



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

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## **Reporting on other information**

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the manager for the financial statements*

As explained more fully in the Statement of Manager's Responsibilities set out on page 4, the manager is responsible for the preparation of the financial statements in accordance with the applicable framework giving a true and fair view.

The manager is also responsible for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' 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 auditors' 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Fund and industry, we identified that the principal risks of non-compliance with laws and regulations related to Collective Investment Funds (Jersey) Law 1988, the Alternative Investment Funds (Jersey) Regulations 2012 and respective codes of practice made under those laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Alternative Investment Funds (Jersey) Regulations 2012. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to Management Override of Controls.

Audit procedures performed by the engagement team included:

- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Identifying and testing year end journal entries that met our specific risk based criteria;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- Reviewing relevant minutes of the meetings of the board of directors of the manager; and
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations.





There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinion, has been prepared for and only for the unitholders as a body in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, 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.

A handwritten signature in black ink, appearing to read 'Seán Herlihy'.

Seán Herlihy  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
23 February 2024



**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND****Statement of Comprehensive Income**

For the year ended 31 December 2023

		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Operating income</b>			
Realised gains on financial assets at fair value through profit or loss	2.c)(v)	39,846,745	66,879,952
Realised (losses) on financial assets at fair value through profit or loss	2.c)(v)	(5,889,484)	(18,210,058)
Unrealised gains on financial assets at fair value through profit or loss	2.c)(iv)	90,457,891	62,847,493
Unrealised (losses) on financial assets at fair value through profit or loss	2.c)(iv)	<u>(82,800,583)</u>	<u>(130,969,565)</u>
Net gains/(losses) on financial assets at fair value through profit or loss		41,614,569	(19,452,178)
Interest income	2.e)	77,920	22,878
Dividend income	2.e)	<u>41,461,866</u>	<u>39,097,890</u>
<b>Net operating income</b>		<u>83,154,355</u>	<u>19,668,590</u>
<b>Operating expenses</b>			
Management fee	10	(8,950,227)	(8,464,399)
ISE registration fee	2.f)	<u>(300)</u>	<u>(300)</u>
<b>Total operating expenses</b>		<u>(8,950,527)</u>	<u>(8,464,699)</u>
<b>Operating profit</b>		<u>74,203,828</u>	<u>11,203,891</u>
<b>Finance costs</b>			
Net equalisation expense	2.i)	(243,736)	(485,936)
Distributions to holders of redeemable units	3	<u>(30,170,133)</u>	<u>(24,509,449)</u>
<b>Net finance costs</b>		<u>(30,413,869)</u>	<u>(24,995,385)</u>
<b>Increase/(Decrease) in net assets attributable to holders of redeemable units</b>		<u>43,789,959</u>	<u>(13,791,494)</u>


The Notes on pages 20 to 35 form an integral part of these Financial Statements.

**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND****Statement of Financial Position**

As at 31 December 2023

		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Assets</b>			
<b><i>Current assets:</i></b>			
Financial assets at fair value through profit or loss	4	916,611,121	853,834,905
Interest income receivable		7,881	9,318
Dividend income receivable		3,340,051	2,781,471
Securities sold receivable		10,448,675	10,833,852
Prepaid ISE registration fee	2.f)	300	300
Cash and cash equivalents	2.j),5	12,218,656	13,515,803
<b>Total assets</b>		<b>942,626,684</b>	<b>880,975,649</b>
<b>Liabilities</b>			
<b><i>Current liabilities:</i></b>			
Management fees payable	10	2,196,255	2,123,895
Securities purchased payable		925,726	379,327
Subscriptions received in advance	5	4,935,758	6,117,743
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>		<b>8,057,739</b>	<b>8,620,965</b>
<b>Net assets attributable to holders of redeemable units</b>	2.l)	<b>934,568,945</b>	<b>872,354,684</b>
<b>Net asset value attributable to unit class</b>			
Class A units		863,577,142	808,145,324
Class B units		70,991,803	64,209,360
		<b>934,568,945</b>	<b>872,354,684</b>
<b>Net asset value per unit</b>			
Class A Cum-Dividend	2.l)	£36.456307	£34.729286
Class B Cum-Dividend	2.l)	£36.540075	£34.808735

The Financial Statements on pages 16 to 35 were approved and authorised for issue by the Directors of the Manager on 23 February 2024 and signed on its behalf by:

DocuSigned by:  
  
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The Notes on pages 20 to 35 form an integral part of these Financial Statements.

**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND**  
**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

For the year ended 31 December 2023

		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Net assets attributable to holders of redeemable units at the beginning of the year</b>		872,354,684	954,446,468
Issue of redeemable units	6	53,426,921	48,075,884
Redemption of redeemable units		(35,040,618)	(116,458,575)
Increase/(Decrease) in net assets attributable to holders of redeemable units		43,789,959	(13,791,494)
Anti-dilution levy	2.k)	<u>37,999</u>	<u>82,401</u>
<b>Net assets attributable to holders of redeemable units at the end of the year</b>		<u><u>934,568,945</u></u>	<u><u>872,354,684</u></u>

The Notes on pages 20 to 35 form an integral part of these Financial Statements.

**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND****Statement of Cash Flows**

For the year ended 31 December 2023

	<b>2023</b>	<b>2022</b>
	£	£
<b>Cash flows from operating activities</b>		
Operating profit	74,203,828	11,203,891
<b>Adjustments to reconcile operating profit to net cash provided in operating activities:</b>		
Management fee attributable to reinvested rebates	1,382,409	1,263,982
Decrease/(Increase) in interest income receivable	1,437	(9,318)
(Increase) in dividend income receivable	(558,580)	(584,468)
Decrease/(Increase) in due from brokers	385,177	(119,420)
(Increase)/Decrease in financial assets at fair value through profit or loss	(62,776,216)	82,849,643
Increase/(Decrease) in management fees payable	72,360	(226,048)
Increase in securities purchased payable	546,399	379,327
<b>Net cash generated from operating activities</b>	<u>13,256,814</u>	<u>94,757,589</u>
<b>Cash flows from financing activities</b>		
Equalisation on subscriptions	391,006	548,311
Equalisation on redemptions	(634,742)	(1,034,247)
Distributions to holders of redeemable units	(13,282,110)	(11,879,603)
Proceeds from issue of redeemable units	33,974,504	38,743,419
Payments on redemption of redeemable units	(35,040,618)	(116,458,575)
Anti-dilution levy	37,999	82,401
<b>Net cash used in financing activities</b>	<u>(14,553,961)</u>	<u>(89,998,294)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,297,147)	4,759,295
<b>Cash and cash equivalents at beginning of the year</b>	<u>13,515,803</u>	<u>8,756,508</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>12,218,656</u></u>	<u><u>13,515,803</u></u>
<b>Supplementary Information</b>		
Interest income received	79,357	13,560
Dividends received	40,903,286	38,513,422

The income distribution is allocated to unitholders by way of reinvestment or cash payment, depending on their election. Only the cash portion is included in “Distributions to holders of redeemable units”. “Proceeds from issue of redeemable units” excludes reinvestment from income distribution and reinvested rebates.

The Notes on pages 20 to 35 form an integral part of these Financial Statements.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements

For the year ended 31 December 2023

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### 1. General Information

The Heronbridge United Kingdom Equity Fund (the “Fund”) is an open-ended collective investment scheme in the form of a unit trust domiciled in Jersey. It is established in accordance with Trusts (Jersey) Law 1984 and is regulated by the Jersey Financial Services Commission as an Expert Fund. As mentioned in the Manager’s Report, the Fund is also an AIF, and the Fund’s Investment Manager is the AIFM.

The Fund is marketed in the United Kingdom and, for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (“FSMA”), the Fund is classified as an unregulated scheme. It is not required to comply with the provisions of the revised Statement of Recommended Practice (the “SORP”) for the financial statements of UK authorised funds, as amended by the Investment Association in June 2017.

There are two classes of units for the Fund, class A and class B units, which pay a management fee of 1.00% per annum and 0.85% per annum respectively. The Manager may, with the consent of the Trustee, offer rebates to unitholders. Class A unitholders are entitled to benefit from a tiered fee scale that will result in reduced management fees to the extent the value of any units held by a single unitholder exceeds £10 million. Class B units are only available to investors subscribing for, and maintaining net subscriptions of, a value of at least £30 million. The Fund’s redeemable class A and B units are listed on The International Stock Exchange (“TISE”).

The investment objective of the Fund is to achieve long-term growth primarily by investing in a diversified portfolio of equity securities of companies located in the United Kingdom.

### 2. Accounting Policies

#### Basis of Preparation

The Financial Statements of the Fund have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) on a historical cost basis, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Fund’s accounting policies. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. There were no significant estimates or judgements made by the Manager during the current financial period.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 2. Accounting Policies (Continued)

#### a) Going Concern

The Manager has considered the following factors in assessing whether to continue to adopt the going concern basis in preparing the Financial Statements for the Fund.

1. Investment Manager structure and ownership
2. Investment Manager key-person risk and succession planning
3. Investment process
4. Asset type and valuation approach
5. Unitholder base
6. Liquidity
7. Subscription and redemption activity
8. Fund returns
9. Operational resilience

Taking into account the Fund's circumstances outlined above, the Directors of the Manager confirm that they believe there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Fund to continue as a going concern for at least the next twelve months to 22 February 2025.

#### b) Functional and Presentation Currency

The Financial Statements are presented in pounds Sterling ("£"), which is the Fund's functional and presentation currency. The amounts stated are rounded to the nearest £. The Board of Directors considers the £ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### c) Financial Instruments

##### (i) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition as follows:

##### Financial Assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss ("FVPL") on the basis of both:

- The entity's business model for managing the financial assets;
- The contractual cash flow characteristics of the financial asset.

##### *Financial assets measured at FVPL*

The equity portfolio of the Fund is classified as FVPL.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 2. Accounting Policies (Continued)

#### c) Financial Instruments (Continued)

##### (i) Classification (Continued)

##### Financial Assets

##### *Financial assets measured at amortised cost*

The Fund includes in this category short-term non-financing receivables including receivables for securities sold (representing amounts due from brokers), accrued income and other receivables.

##### Financial Liabilities

##### *Financial liabilities measured at amortised cost*

The Fund includes in this category expenses payable, purchases of investments to be settled in arrears and subscriptions received in advance. Financial liabilities are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition.

##### (ii) Recognition

Financial instruments are recognised when the Fund becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

##### (iii) Initial Measurement

Financial assets and financial liabilities at FVPL are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss as part of realised losses for the period.

Realised gains and realised losses on derecognition are determined using the first in first out method and are recognised on the Statement of Comprehensive Income for the period in which they arise.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year ending 31 December 2023 and from reversal of the prior year's unrealised gains and losses for financial instruments which were realised in the year ending 31 December 2023.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

##### (iv) Subsequent Measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value.

Subsequent changes in the fair value of those financial instruments are recorded in unrealised gain or loss on financial assets and liabilities at FVPL in the Statement of Comprehensive Income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the Statement of Comprehensive Income (see 2.e).

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 2. Accounting Policies (Continued)

#### c) Financial Instruments (Continued)

##### (v) Derecognition

A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset. A financial liability is derecognised when the liability has been discharged.

Realised gains and realised losses on derecognition are determined using the first-in first-out method and are recognised on the Statement of Comprehensive Income for the period in which they arise.

##### d) Impairment

The Fund holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply a simplified approach for expected credit losses ("ECL") under IFRS 9 to all its trade receivables.

The Fund's approach to ECL reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date if the Fund incurs any ECL in the financial year.

##### e) Income Recognition

Investment income is accounted for in the Statement of Comprehensive Income when the Fund's right to receive the payment has been established. For dividends this is normally the date on which the relevant investment is quoted ex dividend. Bank interest is accounted for on an accruals basis by reference to the principal outstanding and at the effective interest rate applicable.

##### f) Operating Expenses

All operating expenses paid by the Fund are recognised in the Statement of Comprehensive Income on an accruals basis. The Fund pays the costs incurred on the acquisition and realisation of investments, including any stamp and other duties, broker commission and charges. Management fees are also charged to the Fund at a rate of 1.00% per annum on the value of class A unit holdings and 0.85% per annum on the value of class B unit holdings. Further detail is contained in Note 10. A fee of £300 per annum is paid by the Fund in respect of its registration as an International Services Entity ("ISE") which exempts it from the Jersey Goods and Services Tax. All other expenses including the Depositary, Trustee and Auditor fees are met by the Manager.



# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 2. Accounting Policies (Continued)

#### g) Distributions to Holders of Redeemable Units

In accordance with the Fund's Prospectus, in normal circumstances, 100% of the surplus net income earned by the assets of the Fund during the period will be distributed. Surplus net income includes all ordinary income and expense items, including management fees and equalisation accruals, but will not ordinarily include any realised or unrealised capital gain items. Distributions are recognised in the Statement of Comprehensive Income as finance costs. Further detail is contained in Note 3.

#### h) Taxation

The Fund receives and accounts for dividend income and bank interest. Under existing Jersey and UK tax legislation the Fund is not subject to any taxes on income, profits or capital gains, although it is responsible for all expenses related to taxes where applicable.

#### i) Equalisation

Income equalisation is paid by a subscribing unitholder and received by a redeeming unitholder to ensure that the level of distributions payable on any class of units is not affected by the issue, conversion or repurchase of units of that class during the relevant accounting period. Part of the price applied to a unitholder transaction reflects the relevant share of accrued income received by the unitholder or by the Fund. Equalisation amounts paid and received by the Fund are recognised in the Statement of Comprehensive Income.

#### j) Cash and Cash Equivalents

Cash comprises cash in hand and call deposits held at call with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held to meet short-term cash requirements. Cash and cash equivalents are disclosed in the Statement of Financial Position. See Note 5 for further details of the components.

#### k) Anti-Dilution Levy

Subscribing unitholders may be required to contribute to the Fund an anti-dilution levy which is not expected to exceed 0.8% of a unitholder's subscription to cover the costs which the Fund will incur in converting cash or other property into suitable investments. Redeeming unitholders may be required to contribute to the Fund an anti-dilution levy which is not expected to exceed 0.3% of the amount of the unitholder's redemption to cover the costs which the Fund will incur as a result of liquidating assets sufficient to satisfy cash redemption requests. Anti-dilution levy amounts received by the Fund are recognised in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 2. Accounting Policies (Continued)

#### 1) Net Assets Attributable to Holders of Redeemable Units

Class A and class B units participate equally in the assets and liabilities and the income and expenses of the Fund, with the exception of the management fees and net subscription thresholds, as explained in Note 1. The Fund's redeemable units do not meet the exception of puttable financial instruments to be classified as equity and therefore are classified as financial liabilities.

The net assets attributable to holders of redeemable units of the Fund have been calculated by aggregating the value of the securities owned or contracted for by the Fund with the value of the other assets of the Fund and deducting from them the liabilities of the Fund.

The net asset value attributable to each set of unitholders has been divided by the respective number of units in issue in each class to derive the net asset value per unit.

#### 3. Distributions to Holders of Redeemable Units

Distributions of £1.257844 (2022: £1.197435) per class A unit amounting to £29,795,813 (2022: £27,864,134) and £1.312357 (2022: £1.250112) per class B unit amounting to £2,549,710 (2022: £2,305,999) with an XD date of 29 December 2023 were declared payable on 03 January 2024 and accordingly, were not accrued at the year end. These distributions were either reinvested into the Fund effective 02 January 2024 or paid as cash by 05 January 2024 to unitholders on record at 28 December 2023.

The distribution shown in the Statement of Comprehensive Income for 2023 of £30,170,133 (2022: £24,509,449) represents the surplus net income for 2022 which was declared and distributed in January 2023.

#### 4. Financial Assets at Fair Value through Profit or Loss

	2023	2022
	£	£
Cost of financial assets brought forward	835,805,399	850,532,970
Cost of purchase of financial assets	184,264,599	173,378,053
Proceeds on sale of financial assets	(163,102,952)	(236,775,518)
Net realised gains on financial assets at fair value through profit or loss	33,957,261	48,669,894
Cost of financial assets at year end	890,924,307	835,805,399
Unrealised gains on financial assets at fair value through profit or loss at year end	25,686,814	18,029,506
<b>Financial assets at fair value through profit or loss at year end</b>	<b>916,611,121</b>	<b>853,834,905</b>

Please note that the figures above may include cash receipts or payments made in respect of corporate actions which occurred during the reporting period. This might include payments to participate in rights issues, or receipts from special dividends or returns of capital.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 4. Financial Assets at Fair Value through Profit or Loss (Continued)

Transaction costs are costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs of £908,771 (2022: £887,457) in respect of purchases and £48,769 (2022: £71,549) in respect of sales are included in the Statement of Comprehensive Income within Net gains/(losses) on financial assets at fair value through profit or loss.

#### Fair Value Hierarchy

In accordance with IFRS 13 the Fund is required to classify fair value measurements using a fair value hierarchy that is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets;

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices;

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

As at 31 December 2023 and 31 December 2022, all financial instruments in the Fund are valued at unadjusted quoted prices in active markets that are accessible at the measurement date and are classified within Level 1. There were no transfers between levels during the years ended 31 December 2023 and 31 December 2022.

All of the Fund's investments are held at fair value through profit or loss.

### 5. Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	2023	2022
	£	£
Cash	12,218,656	13,515,803
	<u>12,218,656</u>	<u>13,515,803</u>

As at 31 December 2023, Cash and cash equivalents includes £4,935,758 (2022: £6,117,743) in respect of subscriptions received in advance.

### 6. Reconciliation of Financing Liabilities

Included in the table on the following page is a reconciliation of the opening and closing balances of financial liabilities that arise from financing activities between cash and non-cash movements. The Fund issued units in 2023, which is a non-cash change, as the Fund had received the cash during the year ended 31 December 2022.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 6. Reconciliation of Financing Liabilities (Continued)

#### 31 December 2023

	Opening balance £	Cash flows £	Net income allocation £	Non-cash flows £	Closing balance £
Net assets attributable to holders of redeemable units at 1 January 2023	872,354,684	-	-	-	872,354,684
Statement of Comprehensive Income movements	-	(30,413,869)	74,203,828	-	43,789,959
Statement of Changes in Net Asset movements	-	10,924,150	-	7,500,152	18,424,302
Net assets attributable to holders of redeemable units at 31 December 2023	872,354,684	(19,489,719)	74,203,828	7,500,152	934,568,945
Subscriptions received in advance	6,117,743	4,935,758	-	(6,117,743)	4,935,758
Total financing liabilities attributable to holders of redeemable units at 31 December 2023	878,472,427	(14,553,961)	74,203,828	1,382,409	939,504,703

#### 31 December 2022

	Opening balance £	Cash flows £	Net income allocation £	Non-cash flows £	Closing balance £
Net assets attributable to holders of redeemable units at 1 January 2022	954,446,468	-	-	-	954,446,468
Statement of Comprehensive Income movements	-	(24,995,385)	11,203,891	-	(13,791,494)
Statement of Changes in Net Asset movements	-	(71,081,090)	-	2,780,800	(68,300,290)
Net assets attributable to holders of redeemable units at 31 December 2022	954,446,468	(96,076,475)	11,203,891	2,780,800	872,354,684
Subscriptions received in advance	1,516,818	6,117,743	-	(1,516,818)	6,117,743
Total financing liabilities attributable to holders of redeemable units at 31 December 2022	955,963,286	(89,958,732)	11,203,891	1,263,982	878,472,427

The Fund's management fee is paid directly to the Investment Manager. The management fees are paid net of rebates with the result that there is only one cashflow each quarter. This means that there is a portion of the management fees equivalent to the quarterly management fee rebates which does not result in a cash flow movement. As a result, the non-cash movement of the management fee represented by reinvested fee rebates is included in the Issue of redeemable units line in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 7. Units and Capital Management

As mentioned in Note 1, there are two classes of units for the Fund, class A and class B units, which are identical in their rights and obligations except for the management fees charged and the minimum net subscription for the B Units. The Fund's redeemable class A and B units are listed on TISE.

Class A units pay a management fee via the monthly NAV calculation of 1.00% per annum (although a portion may be rebated as explained below), and class B units pay a management fee of 0.85% per annum. Class B units are only available to investors subscribing for, and maintaining net subscriptions of, a value of at least £30 million.

The Manager may, with the consent of the Trustee, offer rebates to unitholders. Class A unitholders are entitled to benefit from a tiered fee scale that will result in reduced management fees to the extent the value of any units held by a single unitholder exceeds £10 million. Rebates are calculated on a quarterly basis based on the gross value of the units held in a unitholder account as at each Valuation Point during the quarter. The amount of the rebate will be the arithmetic difference between the 100 basis-point fee charged to all Class A Units (as cited in the Fund's Prospectus) and the amount calculated using the following scale:

Client Asset Value	bps/annum
First £10 million	100 bps
Next £15 million	90 bps
Next £50 million	70 bps
Thereafter	60 bps

Additional units are purchased in the Fund using any available rebate on the appropriate dealing day, this being the first business day of February, May, August and November for the quarters ended December, March, June and September respectively.

As at 31 December 2023, there were 23,688,003.8334 class A units (2022: 23,269,851.3884) in issue and 1,942,847.7617 class B units (2022: 1,844,633.5539) in issue. See Note 1 for further information about the classes of unit available. The base currency of class A and class B units is £.

Transactions in redeemable units for the year ended 31 December were as follows:

	2023		2022	
	Class A	Class B	Class A	Class B
Opening units in issue	23,269,851.3884	1,844,633.5539	25,299,830.5549	1,911,248.5038
Redeemable units issued	1,260,806.4246	297,351.0272	1,027,671.5414	422,292.6546
Redeemed units	(842,653.9796)	(199,136.8194)	(3,057,650.7079)	(488,907.6045)
Closing units in issue	<u>23,688,003.8334</u>	<u>1,942,847.7617</u>	<u>23,269,851.3884</u>	<u>1,844,633.5539</u>

\*Net asset value

attributable to

unit class (£)	863,577,142	70,991,803	808,145,324	64,209,360
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\*The Fund is using a cum-dividend NAV.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 7. Units and Capital Management (Continued)

The Fund's capital is represented by closing units in issue.

The Investment Manager strives to invest subscription monies into investments which meet the Fund's investment objectives whilst maintaining sufficient liquidity to satisfy unitholder redemptions and other outflows within the timeframes set out in the Prospectus.

The Fund is not subject to externally imposed capital requirements.

### 8. Use of Transition Accounts

The Investment Manager may use transition accounts to facilitate subscriptions and redemptions by transferring assets in-specie. A subscription transition account ("STA") is used to purchase securities, cash and other assets that are consistent with the Fund's investment objective and that substantially replicate the weighting of the same securities, cash and other assets held by the Fund to the extent practicable. A withdrawal transition account ("WTA") is used to liquidate a substantially pro rata portion of the securities, cash and other assets held by the Fund to the extent practicable.

Although assets in a transition account are considered assets of the Fund and are not legally segregated, the assets in such an account will be maintained and accounted for separately from the other assets of the Fund. While an STA or a WTA is operating, the unitholder's profits or losses shall be calculated based solely upon the investment experience of the transition account and not the Fund as a whole. Further details can be found in the Prospectus.

Note that if a transition account has been used to facilitate a unitholder transaction, this report reflects the value of the assets transferred into the STA or the total amount paid from the WTA in relation to the respective issue or redemption of redeemable units. Any gain or loss on the assets whilst they are held in the transition account is also included in this report.

No activity occurred in the transition account during the year.

### 9. Financial Instruments and Risk Profile

In accordance with its investment objectives and policies, the Fund holds financial assets and financial liabilities which at any one time may comprise the following:

- exchange traded securities; and
- restricted and unquoted securities; and
- cash and short-term receivables and payables arising directly from its operations.

The financial assets held by the Fund principally comprise equities listed on the main London Stock Exchange or traded on AIM.

The carrying value of those financial assets and financial liabilities which are not classified at fair value through profit or loss in the financial statements approximates their fair value at 31 December 2023 and 2022.



# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 9. Financial Instruments and Risk Profile (Continued)

The specific risks arising from the Fund's exposure to these financial assets/financial liabilities, the Manager's policies for managing these risks and considerations of going concern, which have been applied throughout the year, are summarised overleaf.

#### ***Market Price Risk***

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Investment Manager monitors the Fund's market price risk pursuant to the Fund's investment objectives and policies. Adherence to investment guidelines and to investment and borrowing restrictions mitigates the risk of excessive exposure to any particular type of security or issuer.

#### **Price Sensitivity**

At 31 December 2023, if market prices on the Investments had been 20% higher or lower, with all other variables held constant, the net assets attributable to holders of redeemable units for the year would have been £183,322,224 (2022: £170,766,981) higher or lower. A sensitivity rate of 20% has been chosen to allow comparisons with prior years which have also used 20%.

#### ***Currency Risk***

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund's Prospectus permits a maximum of 20% of the net asset value of the Fund to be invested in overseas investments which may be significantly affected by movements in the exchange rates of such overseas currencies. The Fund did not hold any overseas investments or other assets or liabilities in currencies other than Sterling during the years ended 31 December 2023 and 31 December 2022 and therefore has no exposure to currency risk. As a result, no sensitivity analysis is provided.

#### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A maximum of 5% of the net assets of the Fund may ordinarily be invested in cash and cash equivalents. The income of the Fund may be affected by changes to interest rates. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates, although the value of the underlying deposits or overdraft positions will not be affected.

The non-cash movement of the management fee is included in the Statement of Changes in Net Assets under the non-cash flows basket in the current year, see Note 6.

As at 31 December 2023, substantially all of the Fund's assets are non-interest-bearing equity investments and its exposure to interest rate changes is minimal.

As a result, no numeric profile information or interest rate sensitivity analysis can be provided.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 9. Financial Instruments and Risk Profile (Continued)

#### *Liquidity Risk*

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations as they fall due. The Fund's redeemable units are redeemable at the unitholders' option on any monthly dealing day for cash equal to a proportionate share of the Fund's NAV. The Fund is therefore potentially exposed to monthly redemptions by its unitholders, although this is mitigated to some extent by the notice period of ten days which unitholders are required to give for redemption requests. The Fund's investments are primarily listed securities which are considered readily realisable as they are all listed on the main London Stock Exchange or traded on AIM. In the event of material redemption requests a provision is also available to distribute securities and other assets in-specie, such as through the use of withdrawal transition accounts. Further detail is contained in Note 8.

The tables below summarises the maturity profile of the Fund's assets and liabilities according to when they are expected to be recovered or settled respectively:

<b><u>As at 31 December 2023</u></b>	<b>Less than 1 month £</b>	<b>1-3 months £</b>	<b>No fixed maturity £</b>	<b>Total £</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss*	-	-	916,611,121	916,611,121
Interest income receivable	7,881	-	-	7,881
Dividend income receivable	1,178,565	2,161,486	-	3,340,051
Securities sold receivable	10,448,675	-	-	10,448,675
Cash and cash equivalents <sup>†</sup>	-	-	12,218,656	12,218,656
Pre-paid ISE registration fee	300	-	-	300
<b>Total assets</b>	<b>11,635,421</b>	<b>2,161,486</b>	<b>928,829,777</b>	<b>942,626,684</b>
<b>Liabilities</b>				
Management fees payable	2,196,255	-	-	2,196,255
Securities purchased payable	925,726	-	-	925,726
Net assets attributable to holders of redeemable units	934,568,945	-	-	934,568,945
<b>Total liabilities</b>	<b>937,690,926</b>	<b>-</b>	<b>-</b>	<b>937,690,926</b>
<b>Liquidity Gap</b>	<b>( 926,055,505)</b>	<b>2,161,486</b>	<b>928,829,777</b>	<b>4,935,758</b>



# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 9. Financial Instruments and Risk Profile (Continued)

#### *Liquidity Risk (Continued)*

<u>As at 31 December 2022</u>	<u>Less than 1 month £</u>	<u>1-3 months £</u>	<u>No fixed maturity £</u>	<u>Total £</u>
<b>Assets</b>				
Financial assets at fair value through profit or loss*	-	-	853,834,905	853,834,905
Interest income receivable	9,318	-	-	9,318
Dividend income receivable	747,346	2,034,125	-	2,781,471
Securities sold receivable	10,833,852	-	-	10,833,852
Cash and cash equivalents <sup>#</sup>	-	-	13,515,803	13,515,803
Pre-paid ISE registration fee	300	-	-	300
<b>Total assets</b>	<b>11,590,816</b>	<b>2,034,125</b>	<b>867,350,708</b>	<b>880,975,649</b>
<b>Liabilities</b>				
Management fees payable	2,123,895	-	-	2,123,895
Securities purchased payable	379,327	-	-	379,327
Net assets attributable to holders of redeemable units	872,354,684	-	-	872,354,684
<b>Total liabilities</b>	<b>874,857,906</b>	<b>-</b>	<b>-</b>	<b>874,857,906</b>
<b>Liquidity Gap</b>	<b>( 863,267,090)</b>	<b>2,034,125</b>	<b>867,350,708</b>	<b>6,117,743</b>

\*Although the financial assets held by the Fund have no fixed maturity, they comprise equities listed on the main London Stock Exchange or traded on AIM and are therefore readily realisable. As a result, it is considered that any liquidity exposure can be appropriately managed through sales of assets and other mechanisms available to the Fund as disclosed in these Financial Statements.

<sup>#</sup> Cash and cash equivalents are available on demand.

#### **Capital Risk Management**

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. It is not subject to any externally imposed capital requirements. The amount of net asset attributable to holders of redeemable units can change significantly on a monthly basis, as the Fund is subject to monthly subscriptions and redemptions by unitholders, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund. In order to maintain the capital structure, the Fund's policy is to perform the following:

- Monitor the level of monthly subscriptions and redemptions relative to the assets it expects to be able to liquidate within 12 days;
- Redeem and issue new units in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions, to redeem units on an in-specie basis and to require certain minimum subscriptions.

There has been no change in this approach during the reporting period.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 9. Financial Instruments and Risk Profile (Continued)

#### *Concentration Risk*

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. The Fund principally invests in a portfolio of equity securities of companies located in the United Kingdom. Consequently, the Fund's Net Asset Value may be more volatile than that of other commingled funds not sharing this geographic concentration. The Fund's Prospectus includes investment restrictions to maintain a diversified portfolio in such investments.

Insolvency of the Depositary and or one of its agents or affiliates may cause the Trust's rights with respect to its assets to be delayed. The Manager manages risk by monitoring the credit quality and financial position of the Depositary and such risk is further managed by the Depositary monitoring the credit quality and financial positions of its sub-custodian appointments.

#### *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment or cash after the Fund has fulfilled its responsibilities. Such transactions are limited as all of the Fund's investment settlement conventions are delivery versus payment. The amount due from brokers as at 31 December 2023 was £10,448,675 (2022: £10,833,852). The Investment Manager conducts a counterparty risk assessment of its brokers on an annual basis. There were no potential issues with credit quality of brokers noted which would affect the recoverability of this balance.

There is also risk of default relating to any dividend income and interest which has accrued at 31 December 2023 but has not yet been paid to the Fund. The amount of dividend income which was receivable at the year-end was £3,340,051 (2022: £2,781,471) and interest income which was receivable at the year-end was £7,881 (2022: £9,318).

Insolvency of Northern Trust Fiduciary Services (Ireland) Limited ("NTFSIL") or one of its agents or affiliates may result in a delay in the Fund being able to exercise its rights in respect of its assets.

NTFSIL is the appointed Depositary of the Fund, responsible for the safe keeping of assets. NTFSIL has appointed The Northern Trust Company ("TNTC") as its global sub-custodian. Both NTFSIL and TNTC are wholly owned subsidiaries of Northern Trust Corporation ("NTC"). As at year-end date 31 December 2023, NTC had a long-term credit rating from Standard & Poor's of A+ (2022: A+).

TNTC (as global sub-custodian of NTFSIL) does not appoint external sub-custodians within the U.S., the U.K., Ireland, Canada, Belgium, France, Germany, Netherlands and Saudi Arabia. However, in all other markets, TNTC appoints local external sub-custodians.

NTFSIL, in the discharge of its depositary duties, verifies the Fund's ownership of Other Assets, (as defined under Other Assets in Art 21 (8)(b) of Directive 2011/61/EU), by assessing whether the Fund holds the ownership based on information or documents provided by the Fund or where available, on external evidence.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 9. Financial Instruments and Risk Profile (Continued)

#### *Credit Risk (Continued)*

TNTC, in the discharge of its delegated depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments (held in a financial instruments account on the books of TNTC) are held in segregated accounts in the name of the Fund, clearly identifiable as belonging to the Fund, and distinct and separately from the proprietary assets of TNTC, NTFSIL and NTC. As a result, these financial assets are not considered to be subject to credit risk.

In addition TNTC, as banker, holds cash of the Fund on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Fund will rank as an unsecured creditor of TNTC in respect of any cash deposits. It is therefore considered that the cash and cash equivalents held by the Depositary at year-end are subject to credit risk.

Where relevant please note the following currencies, Jordanian Dinar, Saudi Riyal, cash in the onshore China market (principally the currency of Chinese Yuan Renminbi, and any other currencies remitted into accounts in the onshore China market), are no longer held on the Balance Sheet of TNTC. For these off-book currencies, clients' cash exposure is directly to the relevant local sub-custodian / financial institution in the market.

In summary, the carrying amounts subject to credit risk at 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
	£	£
Cash and cash equivalents	12,218,656	13,515,803
Securities sold receivable	10,448,675	10,833,852
Interest income receivable	7,881	9,318
Dividend income receivable	3,340,051	2,781,471
<b>Carrying amount representing maximum credit risk exposure</b>	<b>26,015,263</b>	<b>27,140,444</b>

The Responsible Party (the Directors of the Manager or its delegate(s)) manages risk by monitoring the credit quality and financial position of the Depositary and such risk is further managed by the Depositary monitoring the credit quality and financial positions of sub-custodian appointments.

### 10. Management Fees

The Investment Manager receives on a quarterly basis a management fee calculated and accrued as of each Valuation Point (as defined in the Prospectus) at an annual rate of 1.00% of NAV for class A units, adjusted for the fee scale per Note 7, and 0.85% for class B units. The Fund's management fee is paid directly to the Investment Manager net of fee rebates. For the year ended 31 December 2023, the Investment Manager earned management fees of £8,950,227 before fee rebates (2022: £8,464,399) of which £2,196,255 (2022: £2,123,895) remained payable as of 31 December 2023.

During the year ended 31 December 2023, rebates of £1,382,409 (2022: £1,263,982) were reinvested for class A unitholders.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 11. Related Party Disclosures

The Manager, the Directors of the Manager and the Trustee are considered related parties to the Fund as they are deemed to be key management personnel because they have the authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly. By extension, their connected parties are also considered related parties to the Fund. The Manager's fees are also paid directly by the Investment Manager. Certain of the Directors of the Manager and the Trustee are paid directly by the Manager.

The Investment Manager, its partners, staff and their connected parties are also considered related parties to the Fund because the Manager entity is a wholly owned subsidiary of the Investment Manager. Details of fees paid to the Investment Manager from the Fund during the year ended 31 December 2023 are contained in Note 10.

As at 31 December 2023, Katie McMahon, a Director of the Manager, was the beneficial holder of 10,540 (2022: 7,992) class A units in the Fund valued on an ex dividend basis at £371,033 (2022: £267,998). Thomas Day, an Alternate Director of the Manager, and his family were the beneficial owners of 22,292 (2022: 18,675) class A units in the Fund valued on an ex dividend basis at £784,648 (2022: £626,210). None of the other Directors or Alternate Directors of the Manager held units in the Fund.

As at 31 December 2023 the Investment Manager held 11,763 (2022: 11,351) class A units in the Fund valued on an ex dividend basis at £414,023 (2022: £380,631), whilst its partners (including the corporate partner), staff and their connected parties, two of whom are also Directors or Alternates of the Manager, together held 1,014,667 (2022: 887,466) class A units valued on an ex dividend basis at £35,714,733 (2022: £29,758,363). These investors participate in the Fund on the same terms and have the same rights as unaffiliated investors.

There is no material contract or any contract for provision of services in place which the Fund is a party to and in which any Director is or was materially interested in.

### 12. Capital Commitment

As at 31 December 2023 and 31 December 2022, the Fund had no capital commitments outstanding.

### 13. Events after the Statement of Financial Position Date

The distributions of £1.257844 per class A unit (amounting to £29,795,813) and £1.312357 per class B unit (amounting to £2,549,710) representing surplus net income per unit for 2023 were reinvested effective 02 January 2024 or paid on 05 January 2024.

There have been no other events subsequent to the year-end which require disclosure adjustments in the Financial Statements for the year ended 31 December 2023.

### 14. Approval of Financial Statements

The Financial Statements were approved by the Directors of the Manager and authorised for issue on 23 February 2024.

# THE HERONBRIDGE UNITED KINGDOM EQUITY FUND

## Schedule of Investments (unaudited)

As at 31 December 2023

<i>Number of shares/ securities</i>	<i>Sector/securities</i>	<i>Book cost £ 2023</i>	<i>Fair value £ 2023</i>	<i>Percentage of net assets 2023</i>	<i>Percentage of net assets 2022</i>
<b>Fast-moving consumer goods</b>					
2,541,249	Imperial Brands	42,686,644	45,907,664	4.9%	
1,968,912	British American Tobacco	54,444,521	45,196,375	4.8%	
832,383	Reckitt Benckiser	48,653,496	45,115,159	4.8%	
4,567,244	Britvic	38,108,797	38,387,686	4.1%	
16,121,700	PZ Cussons	34,411,789	24,698,444	2.7%	
828,000	Diageo	23,433,917	23,647,680	2.5%	
475,915	Unilever	17,039,548	18,084,770	1.9%	
2,876,055	A.G. Barr	14,424,818	14,754,162	1.6%	
		273,203,530	255,791,940	27.3%	27.2%
<b>Business services</b>					
9,148,314	PageGroup	34,303,721	44,552,289	4.8%	
37,348,700	Hays	45,318,553	40,784,780	4.4%	
4,163,228	Savills	35,505,693	40,341,679	4.3%	
39,874,712	Mitie	29,940,280	39,595,589	4.2%	
1,095,313	Bunzl	26,862,497	34,940,485	3.7%	
8,486,975	Essentra	28,578,037	14,393,910	1.6%	
4,463,509	Mears	13,240,181	13,836,878	1.5%	
		213,748,962	228,445,610	24.5%	23.1%
<b>Financial services</b>					
9,414,740	Schroders	40,219,755	40,473,967	4.3%	
15,623,474	Moneysupermarket.com	36,364,222	43,776,974	4.7%	
2,127,696	Rathbone Brothers	38,169,002	37,064,464	4.0%	
2,260,555	Hargreaves Lansdown	16,938,660	16,592,474	1.8%	
		131,691,639	137,907,879	14.8%	13.6%
<b>Construction &amp; related</b>					
2,713,833	Persimmon	33,503,518	37,695,140	4.0%	
3,987,545	Travis Perkins	35,124,638	33,040,798	3.5%	
5,833,151	Wickes	8,509,124	8,288,908	0.9%	
3,829,811	Headlam	15,336,315	8,272,392	0.9%	
		92,473,595	87,297,238	9.3%	4.8%
<b>Capital/cyclical</b>					
2,474,680	IMI	26,010,668	41,673,611	4.5%	
16,906,842	Senior	27,738,341	30,026,551	3.2%	
2,027,676	Morgan Advanced Materials	4,680,738	5,738,323	0.6%	
		58,429,747	77,438,485	8.3%	14.7%
<b>Retail</b>					
13,050,257	Tesco	29,453,977	37,910,997	4.1%	
1,140,467	Associated British Foods	15,312,493	26,994,854	2.9%	
		44,766,470	64,905,851	7.0%	6.8%
<b>Media/consumer</b>					
4,757,616	WPP	35,972,320	35,824,848	3.8%	
		35,972,320	35,824,848	3.8%	3.9%

**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND****Schedule of Investments (unaudited) (Continued)**

As at 31 December 2023

<i>Number of shares/ securities</i>	<i>Sector/securities</i>	<i>Book cost £ 2023</i>	<i>Fair value £ 2023</i>	<i>Percentage of net assets 2023</i>	<i>Percentage of net assets 2022</i>
	<b>Banks</b>				
3,652,301	Close Brothers	40,638,044	28,999,270	3.1%	
		40,638,044	28,999,270	3.1%	2.6%
	<b>Resources</b>	-	-	-	1.2%
	<b>Total investments</b>	<b>890,924,307</b>	<b>916,611,121</b>	<b>98.1%</b>	<b>97.9%</b>
	<b>Cash and cash equivalents</b>		<b>12,218,656</b>	<b>1.3%</b>	<b>1.5%</b>
	<b>Other net assets</b>		<b>5,739,168</b>	<b>0.6%</b>	<b>0.6%</b>
	<b>Net assets attributable to holders of redeemable units</b>	<b>890,924,307</b>	<b>934,568,945</b>	<b>100.0%</b>	<b>100.0%</b>

**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND****Schedule of Significant Portfolio Movements (unaudited)**

For the year ended 31 December 2023

**Purchases (Top 20 accumulated for the year)**

<b>Security</b>	<b>Cost £</b>	<b>Percentage of total purchases</b>
Persimmon	31,059,266	16.9
Diageo	23,433,917	12.7
British American Tobacco	17,396,827	9.4
Hargreaves Lansdown	17,206,272	9.3
Reckitt Benckiser	14,074,129	7.6
Close Brothers	13,443,739	7.3
Travis Perkins	12,842,424	7.0
EMIS	6,961,805	3.8
Hays	6,708,831	3.6
Wickes	5,757,944	3.1
WPP	5,738,913	3.1
Morgan Advanced Materials	4,756,495	2.6
Bunzl	4,666,193	2.5
Essentra	4,221,955	2.3
Unilever	3,778,507	2.1
Britvic	3,518,234	1.9
Savills	2,450,412	1.3
Imperial Brands	2,115,962	1.2
PageGroup	1,582,387	0.9
A.G. Barr	1,011,688	0.6
<b>Total cost of top 20 purchases</b>	<b>182,725,900</b>	<b>99.2</b>

**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND**  
**Schedule of Significant Portfolio Movements (unaudited) (Continued)**  
For the year ended 31 December 2023

**Sales (Top 20 accumulated for the year)**

<b>Security</b>	<b>Proceeds £</b>	<b>Percentage of total sales</b>
Smiths Group	39,941,047	24.8
BAE Systems	34,300,805	21.3
Associated British Foods	18,434,603	11.4
Mitie	11,655,728	7.2
EMIS	9,866,776	6.1
Rio Tinto	9,801,975	6.1
IMI	5,805,449	3.6
Reckitt Benckiser	4,027,827	2.5
Moneysupermarket.com	3,669,058	2.3
Unilever	3,468,647	2.2
Imperial Brands	2,283,379	1.4
Britvic	1,689,916	1.0
PageGroup	1,293,262	0.8
Hays	1,262,249	0.8
Schroders	1,236,769	0.8
Savills	1,193,001	0.7
Tesco	1,173,102	0.7
Spectris	1,100,828	0.7
Bunzl	1,078,538	0.7
Persimmon	1,055,075	0.7
<b>Total proceeds of top 20 sales</b>	<b>154,338,034</b>	<b>95.8</b>

Where corporate actions result wholly or partly in an exchange for shares in the same or another company, these transactions are excluded from the above table, but where they result wholly in an exchange for cash, they are included.

The significant portfolio movements disclosed on pages 38 and 39 reflect the top 20 equity purchases and the top 20 equity sales made during the year.



**THE HERONBRIDGE UNITED KINGDOM EQUITY FUND****Distribution Table (unaudited)**

For the year ended 31 December 2023

**2023**

	<b>Net Income</b>	<b>Equalisation</b>	<b>Total Distributable Amount</b>	<b>Distributed Amount</b>
	£	£	£	£
Class A units	30,066,452	(270,639)	29,795,813	29,795,813
Class B units	2,522,807	26,903	2,549,710	2,549,710
	<u>32,589,259</u>	<u>(243,736)</u>	<u>32,345,523</u>	<u>32,345,523</u>

The dividend distributions were declared on 05 January 2024; accordingly, in line with accounting requirements, this was not accrued at the year end.

**2022**

	<b>Net Income</b>	<b>Equalisation</b>	<b>Total Distributable Amount</b>	<b>Distributed Amount</b>
	£	£	£	£
Class A units	28,176,285	(312,151)	27,864,134	27,864,134
Class B units	2,479,784	(173,785)	2,305,999	2,305,999
	<u>30,656,069</u>	<u>(485,936)</u>	<u>30,170,133</u>	<u>30,170,133</u>