

# Annual Reports and Accounts 2021

**Monument International Funds (IOM) Limited  
(formerly Charles Taylor International Funds (IOM)  
Limited)**



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# Directors, Management and Administration

**Board of Directors:**

Christopher James Tunley

Non Executive Director

Peter James Scott Hammonds

Non Executive Director

Jeffrey Boysie McPherson More

Director of Monument International Fund Managers  
(IOM) Limited (formerly Charles Taylor International  
Fund Managers (IOM) Limited)

Darren Mark Kelly

Director of Monument International Fund Managers  
(IOM) Limited (formerly Charles Taylor International  
Fund Managers (IOM) Limited)

Anthony Adam King

Director of Charles Taylor International  
Fund Managers (IOM) Limited  
(resigned 16 February 2021)

**Manager and Registrar:**

Monument International Fund Managers  
(IOM) Limited (formerly Charles Taylor International  
Fund Managers (IOM) Limited)

Registered Office:

St George's Court

Upper Church Street

Douglas

Isle of Man IM1 1EE

Registered in the Isle of Man No. 023846C

Telephone: +44 (0) 1624 661551

**Company Secretary:**

Bo Larsen

**Investment Manager:**

Threadneedle Asset Management Limited

Cannon Place

78 Cannon Street

London EC4N 6AG

**Fiduciary Custodian:**

BNP Paribas Securities Services S.C.A.,

Jersey Branch

IFC1

The Esplanade

St Helier

Jersey JE1 4BP

Channel Islands

**Independent Auditor:**

PricewaterhouseCoopers LLC

Sixty Circular Road

Douglas

Isle of Man IM1 1SA

**Legal Advisers:**

Cains

Fort Anne

South Quay

Douglas

Isle of Man IM1 5PD

**Registered Office:**

St George's Court

Upper Church Street

Douglas

Isle of Man IM1 1EE

Registered in the Isle of Man No. 024161C

# Report of the Directors

## Activity and Results

This Annual Report and Accounts contains the Financial Statements of Monument International Funds (IOM) Limited (formerly Charles Taylor International Funds (IOM) Limited) ("the Company") for the year ended 31st December 2021 and also an analysis of each Fund including a Portfolio Statement.

## Covid-19

As with many businesses, the Covid-19 global pandemic continued to present challenges to our operations in 2021. The Company adapted well to those challenges, with all staff combining periods working from home and office as required, with no detrimental impact on our customer service or control. Our technology and processes continue to handle remote, virtual working for both internal operations and outward-facing services. The business has continued to perform resiliently and Covid-19 hasn't materially impacted business performance.

A review of the year, together with an assessment of the investment outlook, is set out in the Investment Report by the Investment Manager, Threadneedle Asset Management Limited.

The Directors would like to take this opportunity to advise Shareholders that they reserve the right to treat the working days immediately before and after the statutory Christmas and New Year holidays as dealing days or otherwise. Please note that Christmas Eve is a non-dealing day.

For full information about the Company's Funds and Reporting Fund Status investors are advised to consult the Company's current Scheme Particulars which are available from Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited).

As can be seen from the following accounts, the Company, at 31st December 2021, had Funds under management (FUM) of approximately US\$ 201 million (December 2020: US\$ 197 million).

The Company is an Open-Ended Investment Company with variable capital.

## Share Capital

Information regarding the number of shares in issue at the reporting date is included in Note 14 (pages 78 and 79) Capital and Reserves.

## Directors

The Directors of the Company are set out on page 1. No Director nor any Director's spouse or child under 18 years of age has any beneficial interest, directly or indirectly, in the Company. During the year ended 31st December 2021 and on that date there was no contract of significance subsisting in which a Director of the Company is or was materially interested, except that as at 31st December 2021 all Directors (with the exception of Mr. Christopher Tunley and Mr. Peter Hammonds) were also Directors of Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) which is a party to the Management and Investment Management Agreements as detailed in Note 10 on page 76.

## Independent Auditor

PricewaterhouseCoopers LLC has indicated its willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

## By order of the Board

## Director

25th February 2022

# Statement of Directors' Responsibilities

## in respect of the Annual Report

## and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Isle of Man law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. The Directors have elected to prepare the Company Financial Statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102)". The Financial Statements are required by law and regulations to give a true and fair view of the state of affairs of the Company and of the net revenue/(expense) and the net capital gains/(losses) of the scheme property of the Company for that period.

In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's and each of the sub funds' transactions and disclose with reasonable accuracy at any time the financial position of the Company and each of the sub funds and to enable them to ensure that the Financial Statements comply with the Authorised Collective Investment Schemes Regulations 2010 (regulations), the Statement of Recommended Practice for UK Authorised Funds, the Isle of Man Companies Acts 1931 to 2004 and the Company's Principal Constitutional Documents.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In order to do so, the Directors have appointed BNP Paribas Securities Services S.C.A., Jersey Branch as the Fiduciary Custodian of the Company's assets.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

**By order of the Board**

**Director**

25th February 2022

# Investment Report

## Market Review

2021 was a strong year for most global equity markets, with the MSCI All Country World index (ACWI) returning 21.4% in local currency terms.

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After a weak start in January, shares notched up seven straight monthly gains, driven by robust corporate profits, ultra loose monetary policy, the rollout of Covid-19 vaccines and optimism about further fiscal stimulus in the United States (US). From September onwards, however, performance was more mixed as central banks in developed markets (DMs) turned more hawkish. Volatility spiked in November amid concerns about a rapid rise in Covid cases driven by the new Omicron variant. Nonetheless, equities ended the year on an upbeat note, posting a gain in December and trading at near record highs.

Meanwhile, core government bond markets posted negative returns as accelerating inflation fuelled expectations of higher interest rates. Returns from investment grade corporate bonds were also negative, although high yield corporate bonds produced positive returns, amid the bullish backdrop for corporate earnings and investors' continued search for yield.

The Covid pandemic continued to dominate investor sentiment over the period. DM countries rolled out vaccines in the first few months of the year, helping to promote a revival in economic activity, which bolstered equities. Among the major global economies, the United Kingdom (UK) was the fastest to start a vaccination campaign, and inoculation rates in the US and Europe accelerated after initial sluggishness. Less positively, initial progress was slow in many emerging markets (EMs), but some Asian countries made good headway in the third quarter. However, infections began to surge again at the end of 2021 due to the emergence of the Omicron variant. There was subsequently some relief when initial evidence suggested that, while highly contagious, Omicron had milder symptoms than earlier variants.

Investor hopes for additional US fiscal stimulus were first realised in March as President Biden signed a US\$1.9 trillion spending bill into law. During the ensuing months, the White House tried to build support in Congress for two additional proposals: a US\$1 trillion infrastructure investment plan and a US\$3.5 trillion measure covering social spending. However, progress was thwarted by disagreement among Democratic legislators, as well as Republican opposition. Both bills remained tied up until November, when the infrastructure plan won final approval. The House of Representatives gave its backing to a much reduced US\$1.75 trillion social spending bill in the middle of November, but as the year closed, the measure's prospects in the Senate were in doubt after a key moderate Democrat withheld his support.

As the year progressed, a hawkish shift in the outlook for monetary policy was a prominent theme, as inflation readings in numerous countries indicated that prices were rising swiftly. During the initial months, key DM central banks argued that higher prices were likely to prove temporary and maintained their ultra loose policies, continuing monetary stimulus and holding key interest rates near or below zero. The picture began to change around the middle of the year as inflation continued to accelerate, rising well above official targets in the US, the UK and the Eurozone. The US Federal Reserve suggested in June that it might raise rates in 2023, sooner than previously expected, and subsequently indicated that the time was approaching when it would taper its bond purchases, which ultimately occurred in November. As the year came to a close, core DM central banks made a dramatic shift towards tightening policy: just days apart in mid December, the Fed projected as many as three rate hikes next year, while the Bank of England raised rates for the first time since 2018 and the European Central Bank laid out plans to end a pandemic stimulus programme.

By region, the US stock market markedly outpaced the global index, lifted by stimulus related optimism and strong corporate profits. Continental European equities also outperformed, while the UK and Japan also produced solid returns in local currencies but trailed the MSCI ACWI. Asia ex Japan and EMs underperformed materially, dragged down by weakness in index heavyweight China, where stocks were impacted by the government's wide ranging regulatory crackdown. A stronger US Dollar also weighed on EM equities.

# Investment Report (continued)

## Outlook

Our economic forecasts suggest that growth and inflation will peak in the first quarter of 2022. Our longer term inflation outlook still implies that the rise is transitory and will give way in due course to ongoing structural disinflationary trends, such as developments in technology and demographics. That said, the sharp price increases in areas with bottlenecks and supply chain disruptions continue to warrant careful monitoring.

Over the year ahead, we anticipate that growth and inflation will slow towards trend levels and ease pressure on the Fed to raise rates. The Bank of England is the other core central bank expected to hike rates.

A continuation of relatively easy policy (in historic terms) and strong earnings growth should continue to deliver decent, positive returns from risk assets such as equities and credit over the next 12 to 18 months.

As the pace of the recovery will affect regions, industries and companies differently, we believe active management remains critical to adding value through asset allocation and security selection.

# Report of the Manager

Monument International Funds (IOM) Limited (formerly Charles Taylor International Funds (IOM) Limited) is an Authorised Scheme under Schedule 1 of the Collective Investment Schemes Act 2008 (of the Isle of Man) and is an Umbrella Fund, as defined in the Authorised Collective Investment Schemes Regulations 2010. The Company has elected to be a Type A Scheme for the purpose of the Authorised Collective Investment Schemes Regulations 2010. Each constituent part, hereinafter referred to as a sub fund as listed in the tables below, is an Authorised Securities Fund as defined in the Authorised Collective Investment Schemes Regulations 2010 (except the Managed Currency Fund which is a Money Market Fund).

The aim of the Company is to provide an attractive, tax efficient, investment medium for investors worldwide. Resident for tax purposes in the Isle of Man the Company does not pay UK Corporation Tax on its income or capital gains. The Manager's policy for achieving the investment objective is described for each constituent part of the Company on pages 11, 20, 28, 34, 41, 49, 58 and 66.

The investment activities of the Company in the year to 31st December 2021 are described in the Fund Investment Report by the Investment Manager on pages 11, 20, 28, 34, 41, 49, 58 and 66.

The portfolio statements for each constituent part of the Company is on pages 15, 24, 31, 38, 44, 53, 61 and 70.

The Shareholders are only liable for the debts of the Company to the extent of their investment. Where the assets of a constituent part of the Scheme are insufficient to meet that constituent part's liabilities, then any liabilities that remain undischarged will revert to the Company as a whole and be allocated amongst the other constituents of the Scheme. At the period end the Directors were not aware of any existing or contingent liability which could not be discharged out of the assets of that constituent part of the Scheme.

The following amounts have been paid and/or accumulated for distribution to holders of Participating Redeemable Preference Shares in respect of the 12 months ended 31st December 2021. Where negative, the deficit has been transferred to the capital reserve.

| Interim<br>Amount (Deficit)/Paid<br>US\$ | Sub Funds              | XD Date  | Amount<br>Due/(Deficit)<br>US\$ | Payment<br>Date |
|------------------------------------------|------------------------|----------|---------------------------------|-----------------|
| (200,451)                                | Managed                | 1.1.2022 | (454,218)                       | —               |
| —                                        | Worldwide Equity*      | 1.1.2022 | (401,885)                       | —               |
| (2,641)                                  | Managed Currency       | 1.1.2022 | (5,472)                         | —               |
| (46,122)                                 | Gilt and Income        | 1.1.2022 | (77,060)                        | —               |
| —                                        | North American Growth* | 1.1.2022 | (410,379)                       | —               |
| —                                        | Far East*              | 1.1.2022 | (46,244)                        | —               |
| —                                        | UK Capital Growth*     | 1.1.2022 | 380,941                         | 28.2.2022       |
| —                                        | Europe*                | 1.1.2022 | (75,984)                        | —               |

\*Distribute annually

The total number and bid value of Participating Redeemable Preference Shares as at 1st January 2021 and 31st December 2021 were as follows:

| Sub Funds             | Shares in Issue |            | Bid Value<br>Per Share (US\$) |            |
|-----------------------|-----------------|------------|-------------------------------|------------|
|                       | 1.1.2021        | 31.12.2021 | 1.1.2021                      | 31.12.2021 |
| Managed               | 11,940,168      | 10,988,630 | 3.0830                        | 3.2780     |
| Worldwide Equity      | 8,190,205       | 7,338,223  | 3.9710                        | 4.5160     |
| Managed Currency      | 1,571,261       | 1,564,194  | 0.3286                        | 0.3240     |
| Gilt and Income       | 24,775,355      | 19,592,932 | 0.6173                        | 0.5723     |
| North American Growth | 2,542,421       | 2,433,757  | 11.3000                       | 14.5300    |
| Far East              | 1,785,864       | 1,833,417  | 4.9690                        | 4.8760     |
| UK Capital Growth     | 29,427,973      | 26,006,314 | 1.5613                        | 1.6782     |
| Europe                | 3,880,574       | 3,754,312  | 7.3844                        | 8.5301     |

The bid value of the sub funds, cancellation prices and shares in issue at the end of the last three accounting periods are shown in the Comparative Tables on pages 13, 22, 29, 36, 42, 51, 59 and 68.

The Financial Statements of the Company for the year ended 31st December 2021 is available on request from the manager.

The names and addresses of the Registrar, the Investment Manager, the Fiduciary Custodian and the Auditor can be found on page 1.

**Director**  
25th February 2022

**Director**  
25th February 2022

Monument International Fund  
Managers (IOM) Limited  
(formerly Charles Taylor  
International Fund Managers  
(IOM) Limited)  
St George's Court,  
Upper Church Street  
Douglas  
Isle of Man IM1 1EE

# Independent auditor's report to the members of Monument International Funds (IOM) Limited (formerly Charles Taylor International Funds (IOM) Limited)

## Report on the audit of the financial statements

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### Our opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of Monument International Funds (IOM) Limited (formerly Charles Taylor International Funds (IOM) Limited) ("The Company") and each of the sub funds as at 31st December 2021 and of the net revenue/expense and the net capital gains/losses of the scheme property of the Company and each of the sub funds for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the Statement of Recommended Practice for UK Authorised Funds, the Authorised Collective Investment Schemes Regulations 2010, the Isle of Man Companies Acts 1931 to 2004 and the Company's principal constitutional documents.

### What we have audited

The Company's financial statements comprise:

- the aggregated Balance Sheet as at 31st December 2021;
- the aggregated Statement of Total Return for the year then ended;
- the aggregated Statement of Change in Net Assets Attributable to Preference Shareholders for the year then ended; and
- the Notes to the Aggregated Financial Statements, which include significant accounting policies and other explanatory information.

And for each sub fund:

- the Balance Sheet as at 31st December 2021;
- the Statement of Total Return for the year then ended;
- the Statement of Change in Net Assets Attributable to Preference Shareholders for the year then ended;
- the Distribution Table for the year then ended; and
- the Notes to the Financial Statements, which include significant accounting policies and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

### Other information

The other information comprises all of the information in the Annual Reports and Accounts other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the applicable framework and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 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.

### **Report on other legal and regulatory requirements**

#### **Adequacy of accounting records and information and explanations received**

Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you by exception if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper books of account have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the books of account and returns; and
- certain disclosures of directors' loans and remuneration specified by law have not been complied with.

We have no exceptions to report arising from this responsibility.

Under the Authorised Collective Investment Schemes Regulations 2010 we are required to report to you by exception if, in our opinion, proper accounting records for the Company and sub funds have not been kept, or whether the financial statements are not in agreement with those records.

We have no exceptions to report arising from this responsibility.

#### **Opinion on other matters prescribed by the Authorised Collective Investment Schemes Regulations 2010**

Under the Authorised Collective Investment Schemes Regulations 2010 we are required to report on other prescribed matters. In our opinion:

- we have obtained all the information and explanations, which to the best of our knowledge and belief, we consider necessary for the purposes of the audit; and
- the information given in the Report of the Directors and the Report of the Manager for the financial year for which the financial statements are prepared is consistent with the financial statements.

We have no exceptions to report arising from this responsibility.

# Fiduciary Custodian's Report and Responsibilities

The duties of the Fiduciary Custodian under subparagraph 108 (4) of the Authorised Collective Investment Schemes Regulations 2010 ("the Regulations") in respect of the safekeeping of the scheme property are summarised as follows:

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- to ensure the scheme is managed by the Manager in accordance with the Regulations with regard to investment and borrowing powers, dealing, valuation and pricing, income, accounting, allocation and distribution and any provision of the documents constituting the scheme or offering document relating to any of the above;
- to take reasonable care to ensure that the Manager is adopting appropriate procedures to ensure that the price of a unit is calculated for each valuation point and has maintained sufficient records;
- to act solely in the interests of the participants; and
- to take reasonable care to ensure that the Manager considers whether or not to exercise its power in relation to dilution and, if applicable, any dilution levy or dilution adjustment that is imposed.

For the period from 1st January 2021 to 31st December 2021, we state that in our opinion, Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) has managed in all material respects, Monument International Funds (IOM) Limited (Formerly Charles Taylor International Funds (IOM) Limited) in the above period:

- in relation to the issue, sale, redemption and cancellation, calculation of the price of the units and the application of the scheme's income in accordance with the provisions of the Company's Principal Constitutional Documents, the Scheme Particulars and the Regulations; and
- in relation to any limitations imposed upon the investment and borrowing powers and any restrictions placed upon the Manager and ourselves as Fiduciary Custodian in accordance with the Company's Principal Constitutional Documents, the Scheme Particulars and the Regulations.

**For and on behalf of BNP Paribas Securities Services S.C.A., Jersey Branch**

25th February 2022

# Managed Fund

## Fund Investment Report

### Investment Policy

To invest primarily for capital growth from a balanced and managed portfolio of asset types in various economies.

### Types of Investment

Investments are held primarily in equity and fixed interest stock markets of the major economies, but may also be held indirectly through other permitted investments such as unit trusts, investment trusts and convertible securities as circumstances warrant and as permitted by the Regulations.

Exposure to individual regions or economies will generally reflect relative levels of market capitalisation. Consequently, a relatively large proportion of the Fund may consist of investments in the North American market.

Limited sales and purchases of investments may be made through options and financial futures, whilst bearing in mind the investment policy of the Fund and Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

### Fund Performance

Over the 12 months to 31 December 2021, the Fund achieved a total gross return of +8.3% compared with a return of +9.7% for the benchmark index, both in United States (US) Dollar terms. The benchmark comprises 65% MSCI AC World Index, 32% J.P. Morgan Global Government Traded Bond Index and 3% 7 Day LIBID.

### Review

Global equities posted healthy gains in 2021, with the MSCI All Country World Index (ACWI) returning 21.4% in local currencies. Sentiment was boosted by robust corporate profits, loose monetary policy, the rollout of Covid vaccines and optimism about further fiscal stimulus in the United States (US). From September onwards however, performance was more mixed as central banks in developed markets turned more hawkish. Volatility spiked in November due to concerns about a rapid rise in Covid cases driven by the new Omicron variant. Nonetheless, equities ended the year on a positive note, posting a gain in December.

The pandemic continued to dominate investor sentiment over the period. Equities rose early in the year as the vaccine rollout in developed countries helped revive economic activity. The United Kingdom's (UK) vaccination programme was relatively smooth and swift, while the US and Europe eventually made good headway after a slow start. Unfortunately, progress was slow in many emerging markets (EMs), although vaccination rates in some Asian countries improved in the third quarter. Global infections peaked in late April as new variants emerged, although death rates were lower. Towards the end of 2021, the emergence of Omicron drove a surge in infections, but worst case fears soon subsided as it became clear that the variant was relatively mild.

Hopes for additional US fiscal stimulus were first met in March as President Biden signed a US\$1.9tn spending bill. The White House then sought congressional support for two additional proposals, a US\$1tn infrastructure investment plan and a US\$3.5tn measure covering social spending. Republican opposition and disagreement among Democratic legislators slowed progress, although it eventually passed in early November. The House of Representatives backed a much reduced US\$1.75tn social spending bill in November, but, as the year closed, a Democrat senator withheld support and stalled the process.

Rising inflation and the prospect of higher interest rates was a key theme in several markets. For much of the year, the main central banks said that inflation was temporary, and interest rates remained unchanged. The picture shifted in the middle of the year as inflation rose well above official targets in the US, the UK and the eurozone. The US Federal Reserve (Fed) suggested in June that it might raise interest rates in 2023, sooner than previously expected, and subsequently said it would slow its bond purchases, which have also been used as a form of economic stimulus during the pandemic. This slowdown ultimately occurred in November. In the UK, the Bank of England raised rates for the first time since 2018 in December. The European Central Bank played down speculation that rates will rise in 2022, though it did announce in December that its stimulus programme will end in March.

All the major regions posted positive returns in local currencies. The US fared best with Europe ex UK also outperforming, helped by weakness in the Euro. Japan rose by double digits as the Yen weakened (while still lagging the ACWI Index). EMs were material underperformers in local currencies, dragged down by weakness from index heavyweight China, where stocks were impacted by a wide ranging regulatory crackdown. A stronger dollar also weighed on EM equities.

At a sector level, energy was the standout performer, thanks to gains in oil prices. Technology was also strong, underpinned by robust profits of large US firms. Financials also outperformed, boosted by rising bond yields, which typically bode well for the sector's profitability. By contrast, more defensive sectors, notably consumer staples and utilities, were among the weaker performers. Consumer discretionary and communication services also underperformed the index.

Core government bond markets posted negative returns over the period, amid rising inflation and anticipation that key central banks would rein in their stimulus measures.

We initiated several new positions including PayPal Holdings Inc. (US), Deere & Co. (US) and Autodesk Inc. (US).

We favour leading digital payments firm PayPal for its exposure to ecommerce, an area where growth has accelerated as a result of Covid 19. We believe the company is well placed to benefit from the ongoing demand for digital payments thanks to its strong brand recognition and global scale. Revenues should be further enhanced by an improving product portfolio and an established user base.

# Managed Fund

## Fund Investment Report (continued)

### Review (continued)

Farm equipment manufacturer Deere is the global market leader in agricultural machinery. We believe the company should continue to deliver high earnings, thanks to its low costs, growth in regional end markets (particularly in EMs), new product cycles and demand for replacing aging equipment. Additionally, Deere's spending on research and development should strengthen its competitive advantage and pricing power. The company is also well positioned to benefit from the growing focus on climate change mitigation, as Deere has the technology to help reduce greenhouse gas emissions from farming in the US.

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Application software company Autodesk is well placed to benefit from the potential for the rapid adoption of software as a service (SaaS) based products in underserved areas, such as construction and manufacturing. The firm's move to a model based on subscriptions should also provide compelling cashflows, improve visibility of earnings, and allow for greater consistency in financial results. Continued subscription renewals and an expanding customer base also underpin longer term prospects.

To help fund these purchases, we sold Visa Inc. (US), as we felt that better opportunities exist elsewhere. We also closed our position in Comcast Corp. (US) amid concerns about increased competition in fibre and 5G.

Within fixed income, we increased exposure to government debt issued by the US, France and Japan. We reduced exposure to the Netherlands and the UK.

There are signs that the global economic recovery is easing, but a continuation of accommodative policy and strong earnings growth should be supportive of equities.

Over the longer term, inflation, growth and interest rates are likely to be low, due to structural trends, such as digitisation, demographics and decarbonisation, which should continue to accelerate. Companies exposed to these themes are likely to thrive and while we are not thematic investors, we do have exposure to these themes through holdings in the portfolio and believe that we are well positioned for the medium to long term.

We remain firmly of the view that companies with the ability to sustain above average growth rates will be attractive for investors. We therefore retain our focus on companies with durable competitive advantages, as we believe these are best placed to continue delivering high returns and earnings growth across a range of market conditions.

## Managed Fund Comparative Tables

for the accounting period 1st January 2021 to 31st December 2021

|                                              | Preference Shares |          |          |
|----------------------------------------------|-------------------|----------|----------|
|                                              | 2021              | 2020     | 2019     |
|                                              | US\$              | US\$     | US\$     |
| <b>Change in net assets per share</b>        |                   |          |          |
| Opening net asset value per share            | 3.0863            | 2.6290   | 2.1389   |
| Return before operating charges <sup>1</sup> | 0.2655            | 0.5161   | 0.5407   |
| Operating charges                            | (0.0696)          | (0.0588) | (0.0506) |
| Return after operating charges               | 0.1959            | 0.4573   | 0.4901   |
| Distributions on preference shares           | —                 | —        | —        |
| Closing net asset value per shares           | 3.2822            | 3.0863   | 2.6290   |
| after direct transaction costs <sup>1</sup>  | (0.0006)          | (0.0008) | (0.0010) |

### Performance

|                      |       |        |        |
|----------------------|-------|--------|--------|
| Return after charges | 6.35% | 17.39% | 22.91% |
|----------------------|-------|--------|--------|

### Other information

|                                             |            |            |            |
|---------------------------------------------|------------|------------|------------|
| Closing net asset value (US\$)              | 36,066,502 | 36,850,724 | 33,035,433 |
| Closing number of shares                    | 10,988,630 | 11,940,168 | 12,565,853 |
| Operating charges                           | 2.16%      | 2.16%      | 2.11%      |
| Direct transaction costs (note 14)          | 0.02%      | 0.03%      | 0.04%      |
| Ongoing Charges Figure (“OCF”) <sup>2</sup> | 2.16%      | 2.16%      | 2.11%      |

### Prices

|                                   | 2021   | 2020   | 2019   | 2018   | 2017   |
|-----------------------------------|--------|--------|--------|--------|--------|
| Highest offer share price (US\$)  | 3.5510 | 3.2640 | 2.7750 | 2.6060 | 2.4840 |
| Lowest bid share price (US\$)     | 3.0130 | 2.1230 | 2.1310 | 2.1010 | 1.9460 |
| Net distribution per share (US\$) | —      | —      | —      | —      | —      |

### Notes

<sup>1</sup> Return before operating charges is stated after direct transaction costs.

<sup>2</sup> The OCF takes into account the annual management charge and any expenses incurred, expressed as a percentage of the average daily net asset values over the year.

Please refer to the Direct transaction costs note on page 18, for more detail regarding the nature of transaction costs and how they arise for different types of investments.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and because of this, investors may not get back money invested and are not certain to make a profit on their investment.

## Managed Fund

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### Statement of Total Return

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                | Notes | 2021<br>US\$     | 2020<br>US\$     |
|------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Income                                                                                         |       |                  |                  |
| Net capital gains                                                                              | 2     | 2,729,686        | 5,966,919        |
| Revenue                                                                                        | 3     | 368,528          | 389,959          |
| Expenses                                                                                       | 4     | (768,704)        | (704,061)        |
| Net expense before taxation                                                                    |       | (400,176)        | (314,102)        |
| Taxation                                                                                       | 5     | (71,501)         | (64,482)         |
| Net expense after taxation                                                                     |       | (471,677)        | (378,584)        |
| <b>Total return before distribution</b>                                                        |       | <b>2,258,009</b> | <b>5,588,335</b> |
| Distributions                                                                                  | 6     | 17,459           | 11,714           |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities</b> |       | <b>2,275,468</b> | <b>5,600,049</b> |

### Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                     | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Opening Net Assets Attributable to Preference Shareholders</b>                                   | <b>36,850,724</b> | <b>33,035,433</b> |
| Movement due to sales and repurchases of shares:                                                    |                   |                   |
| Amounts receivable on issue of shares                                                               | 45,390            | 36,241            |
| Amounts payable on cancellation of shares                                                           | (3,106,065)       | (1,820,999)       |
|                                                                                                     | (3,060,675)       | (1,784,758)       |
| Change in Net Assets Attributable to Preference Shareholders from investment activities (see above) | 2,275,468         | 5,600,049         |
| Unclaimed distributions                                                                             | 985               | —                 |
| <b>Closing Net Assets Attributable to Preference Shareholders</b>                                   | <b>36,066,502</b> | <b>36,850,724</b> |

### Balance Sheet

as at 31st December 2021

|                                                           | Notes | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------|-------|-------------------|-------------------|
| <b>Assets:</b>                                            |       |                   |                   |
| Fixed assets:                                             |       |                   |                   |
| Investments                                               | 7     | 35,224,849        | 36,361,970        |
| Current assets:                                           |       |                   |                   |
| Debtors                                                   | 8     | 582,914           | 593,350           |
| Cash and bank balances                                    |       | 889,279           | 521,588           |
| <b>Total assets</b>                                       |       | <b>36,697,042</b> | <b>37,476,908</b> |
| <b>Liabilities:</b>                                       |       |                   |                   |
| Creditors:                                                |       |                   |                   |
| Other creditors                                           | 9     | (80,027)          | (78,050)          |
| <b>Total liabilities</b>                                  |       | <b>(80,027)</b>   | <b>(78,050)</b>   |
| <b>Equity:</b>                                            |       |                   |                   |
| Management shares                                         |       | (10)              | (10)              |
| Nominal shares (note 14, page 79)                         |       | (550,503)         | (548,124)         |
| <b>Total equity</b>                                       |       | <b>(550,513)</b>  | <b>(548,134)</b>  |
| <b>Net Assets Attributable to Preference Shareholders</b> |       | <b>36,066,502</b> | <b>36,850,724</b> |

### Distribution Table

There was no distribution for the accounting period 1st January 2021 to 30th June 2021, as expenses exceeded revenue (June 2020: US\$ Nil).

There is no distribution for the accounting period 1st July 2021 to 31st December 2021, as expenses exceeded revenue (December 2020: US\$ Nil).

The notes on pages 17 to 19 form an integral part of the financial statements.

**Managed Fund**  
**Portfolio Statement**  
as at 31st December 2021

| Investment                                              | Currency | Holding   | Market Value<br>US\$ | % of Net<br>Assets | Investment                                      | Currency | Holding     | Market Value<br>US\$ | % of Net<br>Assets |
|---------------------------------------------------------|----------|-----------|----------------------|--------------------|-------------------------------------------------|----------|-------------|----------------------|--------------------|
| <b>Collective Investment Schemes 2.37% (2.97%)</b>      |          |           |                      |                    | <b>Taiwan 1.54% (1.07%)</b>                     |          |             |                      |                    |
| Threadneedle Emerging Market Bond Fund Retail           |          |           |                      |                    | Taiwan Semiconductor Manufacturing Co. Ltd.     | TWD      | 25,000      | 554,234              | 1.54               |
| Gross Accumulation GBP                                  | GBP      | 24,520    | 95,034               | 0.26               |                                                 |          |             | <b>554,234</b>       | <b>1.54</b>        |
| Threadneedle Emerging Market Local Fund Retail          |          |           |                      |                    | <b>United Kingdom 1.37% (2.37%)</b>             |          |             |                      |                    |
| Gross Accumulation Shares                               |          |           |                      |                    | Diageo plc                                      | GBP      | 5,576       | 304,824              | 0.84               |
| GBP                                                     | GBP      | 103,422   | 203,207              | 0.56               | SSE plc                                         | GBP      | 8,546       | 190,764              | 0.53               |
| Threadneedle High Yield Bond Fund Institutional Gross   |          |           |                      |                    |                                                 |          |             | <b>495,588</b>       | <b>1.37</b>        |
| Accumulation GBP                                        | GBP      | 107,889   | 304,648              | 0.85               | <b>United States of America 40.66% (40.66%)</b> |          |             |                      |                    |
| Threadneedle UK Corporate Bond Fund Institutional Gross |          |           |                      |                    | Abbott Laboratories                             | USD      | 1,893       | 267,670              | 0.74               |
| Accumulation GBP                                        | GBP      | 135,653   | 252,845              | 0.70               | Activision Blizzard, Inc.                       | USD      | 2,042       | 136,977              | 0.38               |
| <b>Collective Investment Schemes total</b>              |          |           | <b>855,734</b>       | <b>2.37</b>        | Adobe, Inc.                                     | USD      | 775         | 439,634              | 1.22               |
| <b>Equities 67.54% (67.90%)</b>                         |          |           |                      |                    | Alphabet, Inc. 'A'                              | USD      | 338         | 983,739              | 2.73               |
| <b>Cayman Islands 0.41% (1.04%)</b>                     |          |           |                      |                    | Amazon.com, Inc.                                | USD      | 268         | 898,885              | 2.49               |
| Sea Ltd., ADR                                           | USD      | 658       | 146,418              | 0.41               | American Tower Corp., REIT                      | USD      | 1,118       | 327,216              | 0.91               |
|                                                         |          |           | <b>146,418</b>       | <b>0.41</b>        | Autodesk, Inc.                                  | USD      | 1,271       | 357,761              | 0.99               |
| <b>China 0.00% (0.85%)</b>                              |          |           |                      |                    | Bank of America Corp.                           | USD      | 8,114       | 359,775              | 1.00               |
| <b>Denmark 2.47% (2.01%)</b>                            |          |           |                      |                    | Centene Corp.                                   | USD      | 3,712       | 308,022              | 0.85               |
| Novo Nordisk A/S 'B'                                    | DKK      | 3,558     | 401,694              | 1.11               | Cooper Cos., Inc. (The)                         | USD      | 656         | 277,357              | 0.77               |
| Orsted A/S                                              | DKK      | 2,085     | 266,316              | 0.74               | Deere & Co.                                     | USD      | 1,118       | 382,390              | 1.06               |
| Tryg A/S                                                | DKK      | 9,048     | 223,074              | 0.62               | Doximity, Inc. 'A'                              | USD      | 1,870       | 96,212               | 0.27               |
|                                                         |          |           | <b>891,084</b>       | <b>2.47</b>        | Ecolab, Inc.                                    | USD      | 1,187       | 277,805              | 0.77               |
| <b>Finland 0.42% (0.85%)</b>                            |          |           |                      |                    | Electronic Arts, Inc.                           | USD      | 2,311       | 308,026              | 0.85               |
| UPM-Kymmene OYJ                                         | EUR      | 3,969     | 151,159              | 0.42               | Equinix, Inc., REIT                             | USD      | 305         | 259,201              | 0.72               |
|                                                         |          |           | <b>151,159</b>       | <b>0.42</b>        | Estee Lauder Cos., Inc. (The) 'A'               | USD      | 395         | 145,640              | 0.40               |
| <b>France 2.09% (2.26%)</b>                             |          |           |                      |                    | Fidelity National Information Services, Inc.    | USD      | 1,750       | 192,290              | 0.53               |
| EssilorLuxottica SA                                     | EUR      | 1,654     | 351,884              | 0.97               | General Motors Co.                              | USD      | 6,119       | 359,002              | 1.00               |
| Schneider Electric SE                                   | EUR      | 2,054     | 402,694              | 1.12               | Intuit, Inc.                                    | USD      | 649         | 416,905              | 1.16               |
|                                                         |          |           | <b>754,578</b>       | <b>2.09</b>        | JPMorgan Chase & Co.                            | USD      | 2,156       | 341,079              | 0.95               |
| <b>Germany 0.66% (1.18%)</b>                            |          |           |                      |                    | Lam Research Corp.                              | USD      | 578         | 417,304              | 1.16               |
| adidas AG                                               | EUR      | 827       | 238,549              | 0.66               | Mastercard, Inc. 'A'                            | USD      | 1,446       | 523,091              | 1.45               |
|                                                         |          |           | <b>238,549</b>       | <b>0.66</b>        | MercadoLibre, Inc.                              | USD      | 181         | 243,112              | 0.67               |
| <b>Hong Kong 0.86% (1.06%)</b>                          |          |           |                      |                    | Meta Platforms, Inc. 'A'                        | USD      | 1,412       | 481,901              | 1.34               |
| AIA Group Ltd.                                          | HKD      | 30,600    | 308,522              | 0.86               | Microsoft Corp.                                 | USD      | 3,640       | 1,226,243            | 3.40               |
|                                                         |          |           | <b>308,522</b>       | <b>0.86</b>        | NextEra Energy, Inc.                            | USD      | 3,986       | 370,698              | 1.03               |
| <b>India 0.88% (1.28%)</b>                              |          |           |                      |                    | NVIDIA Corp.                                    | USD      | 1,705       | 503,606              | 1.40               |
| HDFC Bank Ltd., ADR                                     | USD      | 4,881     | 316,094              | 0.88               | PayPal Holdings, Inc.                           | USD      | 1,819       | 346,520              | 0.96               |
|                                                         |          |           | <b>316,094</b>       | <b>0.88</b>        | PepsiCo, Inc.                                   | USD      | 1,928       | 332,831              | 0.92               |
| <b>Indonesia 0.97% (0.58%)</b>                          |          |           |                      |                    | QUALCOMM, Inc.                                  | USD      | 1,327       | 242,655              | 0.67               |
| Bank Rakyat Indonesia Persero Tbk. PT                   | IDR      | 1,214,080 | 349,008              | 0.97               | Renewable Energy Group, Inc.                    | USD      | 2,558       | 109,124              | 0.30               |
|                                                         |          |           | <b>349,008</b>       | <b>0.97</b>        | S&P Global, Inc.                                | USD      | 590         | 277,530              | 0.77               |
| <b>Ireland 3.03% (2.88%)</b>                            |          |           |                      |                    | Stryker Corp.                                   | USD      | 1,126       | 304,583              | 0.84               |
| CRH plc                                                 | EUR      | 6,414     | 339,244              | 0.94               | Thermo Fisher Scientific, Inc.                  | USD      | 598         | 399,297              | 1.11               |
| Medtronic plc                                           | USD      | 3,730     | 388,517              | 1.08               | T-Mobile US, Inc.                               | USD      | 3,196       | 369,969              | 1.03               |
| Trane Technologies plc                                  | USD      | 1,811     | 364,192              | 1.01               | TransUnion                                      | USD      | 1,736       | 205,247              | 0.57               |
|                                                         |          |           | <b>1,091,953</b>     | <b>3.03</b>        | Uber Technologies, Inc.                         | USD      | 5,012       | 213,712              | 0.59               |
| <b>Japan 3.98% (2.95%)</b>                              |          |           |                      |                    | Union Pacific Corp.                             | USD      | 1,581       | 396,736              | 1.10               |
| Hoya Corp.                                              | JPY      | 1,000     | 148,547              | 0.41               | Walt Disney Co. (The)                           | USD      | 2,636       | 410,689              | 1.14               |
| Keyence Corp.                                           | JPY      | 600       | 376,625              | 1.04               | Xylem, Inc.                                     | USD      | 1,284       | 153,322              | 0.42               |
| Recruit Holdings Co. Ltd.                               | JPY      | 2,500     | 151,369              | 0.42               |                                                 |          |             | <b>14,663,756</b>    | <b>40.66</b>       |
| Rohm Co. Ltd.                                           | JPY      | 3,100     | 281,331              | 0.78               | <b>Virgin Islands, British 0.55% (0.50%)</b>    |          |             |                      |                    |
| Sony Group Corp.                                        | JPY      | 2,400     | 301,696              | 0.84               | Nomad Foods Ltd.                                | USD      | 7,939       | 200,142              | 0.55               |
| Yaskawa Electric Corp.                                  | JPY      | 3,600     | 176,015              | 0.49               |                                                 |          |             | <b>200,142</b>       | <b>0.55</b>        |
|                                                         |          |           | <b>1,435,583</b>     | <b>3.98</b>        | <b>Equities total</b>                           |          |             |                      |                    |
| <b>Netherlands 0.77% (0.76%)</b>                        |          |           |                      |                    |                                                 |          |             | <b>24,357,779</b>    | <b>67.54</b>       |
| Airbus SE                                               | EUR      | 916       | 116,959              | 0.32               | <b>Government Bonds 26.36% (26.51%)</b>         |          |             |                      |                    |
| Koninklijke DSM NV                                      | EUR      | 722       | 162,570              | 0.45               | <b>Australia 0.52% (0.55%)</b>                  |          |             |                      |                    |
|                                                         |          |           | <b>279,529</b>       | <b>0.77</b>        | Australia Government Bond 2.75% 21/04/2024      | AUD      | AUD 145,000 | 110,562              | 0.31               |
| <b>Norway 0.82% (0.00%)</b>                             |          |           |                      |                    | Australia Government Bond 1.75% 21/06/2051      | AUD      | AUD 37,000  | 23,319               | 0.06               |
| Equinor ASA                                             | NOK      | 11,083    | 296,561              | 0.82               | Queensland Treasury Corp. 6.50% 14/03/2033      | AUD      | AUD 50,000  | 52,364               | 0.15               |
|                                                         |          |           | <b>296,561</b>       | <b>0.82</b>        |                                                 |          |             | <b>186,245</b>       | <b>0.52</b>        |
| <b>South Korea 1.97% (2.21%)</b>                        |          |           |                      |                    | <b>Austria 0.04% (0.07%)</b>                    |          |             |                      |                    |
| Samsung Electronics Co. Ltd.                            | KRW      | 7,437     | 489,393              | 1.36               | Austria Government Bond 0.85% 30/06/2120        | EUR      | €15,000     | 14,829               | 0.04               |
| Samsung SDI Co. Ltd.                                    | KRW      | 399       | 219,641              | 0.61               |                                                 |          |             | <b>14,829</b>        | <b>0.04</b>        |
|                                                         |          |           | <b>709,034</b>       | <b>1.97</b>        | <b>Canada 0.55% (0.48%)</b>                     |          |             |                      |                    |
| <b>Switzerland 4.09% (3.39%)</b>                        |          |           |                      |                    | Canada Housing Trust No. 1 2.35% 15/06/2023     | CAD      | CAD 75,000  | 60,489               | 0.17               |
| Nestle SA                                               | CHF      | 2,992     | 418,552              | 1.16               | Canada Housing Trust No. 1 1.10% 15/03/2031     | CAD      | CAD 185,000 | 137,324              | 0.38               |
| Roche Holding AG                                        | CHF      | 758       | 315,431              | 0.87               |                                                 |          |             | <b>197,813</b>       | <b>0.55</b>        |
| SIG Combibloc Group AG                                  | CHF      | 5,566     | 154,821              | 0.43               | <b>France 4.81% (3.97%)</b>                     |          |             |                      |                    |
| Sika AG                                                 | CHF      | 493       | 205,750              | 0.57               | France Government Bond OAT 0.00% 25/02/2023     | EUR      | €1,097,000  | 1,257,072            | 3.48               |
| TE Connectivity Ltd.                                    | USD      | 2,369     | 381,433              | 1.06               | France Government Bond OAT 0.00% 25/03/2025     | EUR      | €49,000     | 56,574               | 0.16               |
|                                                         |          |           | <b>1,475,987</b>     | <b>4.09</b>        | France Government Bond OAT 0.00% 25/11/2031     | EUR      | €158,000    | 176,264              | 0.49               |

## Managed Fund

### Portfolio Statement (continued)

as at 31st December 2021

| Investment                                            | Currency | Holding        | Market Value<br>US\$ | % of Net<br>Assets | Investment                                                                                                                   | Currency | Holding        | Market Value<br>US\$ | % of Net<br>Assets |
|-------------------------------------------------------|----------|----------------|----------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------|----------|----------------|----------------------|--------------------|
| <b>Government Bonds 26.36% (26.51%) (continued)</b>   |          |                |                      |                    | <b>Government Bonds 26.36% (26.51%) (continued)</b>                                                                          |          |                |                      |                    |
| <b>France 4.81% (3.97%) (continued)</b>               |          |                |                      |                    | <b>United States of America 12.91% (11.16%) (continued)</b>                                                                  |          |                |                      |                    |
| France Government Bond<br>OAT 0.50% 25/06/2044        | EUR      | €33,516        | 36,394               | 0.10               | US Treasury 1.375%<br>15/11/2040                                                                                             | USD      | \$290,000      | 263,911              | 0.73               |
| France Government Bond<br>OAT 0.75% 25/05/2053        | EUR      | €195,000       | 209,393              | 0.58               | US Treasury 2.25%<br>15/05/2041                                                                                              | USD      | \$195,000      | 204,598              | 0.57               |
|                                                       |          |                | <b>1,735,697</b>     | <b>4.81</b>        | US Treasury 3.125%<br>15/08/2044                                                                                             | USD      | \$35,000       | 42,524               | 0.12               |
| <b>Japan 4.73% (5.04%)</b>                            |          |                |                      |                    | US Treasury 2.50%<br>15/02/2045                                                                                              | USD      | \$44,000       | 48,414               | 0.13               |
| Japan Government Five Year<br>Bond 0.10% 20/03/2025   | JPY      | JPY 8,100,000  | 70,778               | 0.20               | US Treasury 1.25%<br>15/05/2050                                                                                              | USD      | \$156,000      | 132,679              | 0.37               |
| Japan Government Forty Year<br>Bond 0.40% 20/03/2056  | JPY      | JPY 19,450,000 | 153,113              | 0.42               | US Treasury 1.375%<br>15/08/2050                                                                                             | USD      | \$216,000      | 189,498              | 0.52               |
| Japan Government Forty Year<br>Bond 0.50% 20/03/2059  | JPY      | JPY 4,300,000  | 34,699               | 0.10               | US Treasury 1.875%<br>15/02/2051                                                                                             | USD      | \$93,000       | 92,121               | 0.26               |
| Japan Government Ten Year<br>Bond 0.10% 20/09/2026    | JPY      | JPY 4,800,000  | 42,033               | 0.12               |                                                                                                                              |          |                | <b>4,654,851</b>     | <b>12.91</b>       |
| Japan Government Thirty Year<br>Bond 2.20% 20/09/2039 | JPY      | JPY 8,350,000  | 94,606               | 0.26               | <b>Government Bonds total</b>                                                                                                |          |                | <b>9,505,655</b>     | <b>26.36</b>       |
| Japan Government Thirty Year<br>Bond 0.40% 20/03/2050 | JPY      | JPY 12,400,000 | 100,244              | 0.28               | <b>Corporate Bonds 0.75% (0.87%)</b>                                                                                         |          |                |                      |                    |
| Japan Government Thirty Year<br>Bond 0.60% 20/09/2050 | JPY      | JPY 9,850,000  | 83,839               | 0.23               | <b>Germany 0.39% (0.44%)</b>                                                                                                 |          |                |                      |                    |
| Japan Government Twenty<br>Year Bond 2.10% 20/03/2027 | JPY      | JPY 25,050,000 | 242,292              | 0.67               | Kreditanstalt fuer<br>Wiederaufbau 2.05%<br>16/02/2026                                                                       | JPY      | JPY 10,000,000 | 94,564               | 0.26               |
| Japan Government Twenty<br>Year Bond 0.30% 20/12/2039 | JPY      | JPY 32,450,000 | 275,798              | 0.76               | Kreditanstalt fuer<br>Wiederaufbau 2.60%<br>20/06/2037                                                                       | JPY      | JPY 4,000,000  | 47,339               | 0.13               |
| Japan Government Two Year<br>Bond 0.10% 01/02/2023    | JPY      | JPY 70,100,000 | 610,037              | 1.69               |                                                                                                                              |          |                | <b>141,903</b>       | <b>0.39</b>        |
|                                                       |          |                | <b>1,707,439</b>     | <b>4.73</b>        | <b>Luxembourg 0.36% (0.43%)</b>                                                                                              |          |                |                      |                    |
| <b>Netherlands 0.96% (2.75%)</b>                      |          |                |                      |                    | European Financial Stability<br>Facility 1.70% 13/02/2043                                                                    | EUR      | €92,000        | 128,285              | 0.36               |
| Netherlands Government Bond<br>0.25% 15/07/2025       | EUR      | €295,720       | 345,137              | 0.96               |                                                                                                                              |          |                | <b>128,285</b>       | <b>0.36</b>        |
|                                                       |          |                | <b>345,137</b>       | <b>0.96</b>        | <b>Corporate Bonds total</b>                                                                                                 |          |                | <b>270,188</b>       | <b>0.75</b>        |
| <b>United Kingdom 1.84% (2.49%)</b>                   |          |                |                      |                    | <b>Certificates of Deposit 0.29% (0.25%)</b>                                                                                 |          |                |                      |                    |
| UK Treasury 0.13%<br>31/01/2024                       | GBP      | £12,000        | 16,068               | 0.04               | <b>Supranational 0.29% (0.25%)</b>                                                                                           |          |                |                      |                    |
| UK Treasury 0.13%<br>31/01/2028                       | GBP      | £9,000         | 11,713               | 0.03               | European Investment Bank<br>0.63% 21/10/2027                                                                                 | USD      | 16,000         | 15,952               | 0.04               |
| UK Treasury 0.38%<br>22/10/2030                       | GBP      | £21,000        | 27,152               | 0.07               | International Bank<br>for Reconstruction &<br>Development 0.40%<br>18/09/2025                                                | USD      | 90,000         | 90,000               | 0.25               |
| UK Treasury 0.25%<br>31/07/2031                       | GBP      | £50,000        | 63,283               | 0.18               |                                                                                                                              |          |                | <b>105,952</b>       | <b>0.29</b>        |
| UK Treasury 0.88%<br>31/07/2033                       | GBP      | £34,000        | 45,232               | 0.13               | <b>Certificates of Deposit total</b>                                                                                         |          |                | <b>105,952</b>       | <b>0.29</b>        |
| UK Treasury 0.63%<br>31/07/2035                       | GBP      | £96,000        | 121,508              | 0.34               | <b>Commercial Papers 0.36% (0.17%)</b>                                                                                       |          |                |                      |                    |
| UK Treasury 1.25%<br>22/10/2041                       | GBP      | £115,000       | 157,185              | 0.44               | <b>France 0.21% (0.00%)</b>                                                                                                  |          |                |                      |                    |
| UK Treasury 0.88%<br>31/01/2046                       | GBP      | £60,000        | 75,731               | 0.21               | Republic of France 0.54%<br>25/06/2044                                                                                       | EUR      | 66,484         | 75,176               | 0.21               |
| UK Treasury 1.25%<br>31/07/2051                       | GBP      | £105,000       | 145,772              | 0.40               |                                                                                                                              |          |                | <b>75,176</b>        | <b>0.21</b>        |
|                                                       |          |                | <b>663,644</b>       | <b>1.84</b>        | <b>Supranational 0.15% (0.17%)</b>                                                                                           |          |                |                      |                    |
| <b>United States of America 12.91% (11.16%)</b>       |          |                |                      |                    | European Union 0.10%<br>04/10/2040                                                                                           | EUR      | 28,000         | 31,647               | 0.09               |
| US Treasury 1.625%<br>31/10/2023                      | USD      | \$145,000      | 147,464              | 0.41               | International Bank<br>for Reconstruction &<br>Development 0.25%<br>21/01/2061                                                | EUR      | 20,000         | 22,718               | 0.06               |
| US Treasury 2.375%<br>15/08/2024                      | USD      | \$40,000       | 41,547               | 0.11               |                                                                                                                              |          |                | <b>54,365</b>        | <b>0.15</b>        |
| US Treasury 0.625%<br>15/10/2024                      | USD      | \$770,000      | 764,044              | 2.12               | <b>Commercial Papers total</b>                                                                                               |          |                | <b>129,541</b>       | <b>0.36</b>        |
| US Treasury 1.00%<br>15/12/2024                       | USD      | \$420,000      | 420,656              | 1.17               | Total Value of Investments                                                                                                   |          |                | 35,224,849           | 97.67              |
| US Treasury 0.25%<br>31/05/2025                       | USD      | \$180,000      | 175,183              | 0.49               | Net other Assets (2020: 1.33%)                                                                                               |          |                | 841,653              | 2.33               |
| US Treasury 2.00%<br>15/08/2025                       | USD      | \$225,000      | 232,172              | 0.64               | <b>Net Assets attributable to Preference Shareholders</b>                                                                    |          |                | <b>36,066,502</b>    | <b>100.00</b>      |
| US Treasury 0.25%<br>31/10/2025                       | USD      | \$100,000      | 96,715               | 0.27               | All holdings are ordinary shares or stock units and admitted to official stock<br>exchange listings unless otherwise stated. |          |                |                      |                    |
| US Treasury 0.75%<br>31/05/2026                       | USD      | \$165,000      | 161,758              | 0.45               | The comparative percentage figures in brackets are as at 31 December 2020.                                                   |          |                |                      |                    |
| US Treasury 0.625%<br>31/07/2026                      | USD      | \$195,000      | 189,752              | 0.53               |                                                                                                                              |          |                |                      |                    |
| US Treasury 1.125%<br>31/10/2026                      | USD      | \$182,000      | 180,948              | 0.50               |                                                                                                                              |          |                |                      |                    |
| US Treasury 0.375%<br>31/07/2027                      | USD      | \$55,000       | 52,291               | 0.14               |                                                                                                                              |          |                |                      |                    |
| US Treasury 2.25%<br>15/08/2027                       | USD      | \$85,000       | 89,237               | 0.25               |                                                                                                                              |          |                |                      |                    |
| US Treasury 0.625%<br>30/11/2027                      | USD      | \$394,800      | 378,468              | 1.05               |                                                                                                                              |          |                |                      |                    |
| US Treasury 1.00%<br>31/07/2028                       | USD      | \$95,000       | 92,580               | 0.26               |                                                                                                                              |          |                |                      |                    |
| US Treasury 0.625%<br>15/08/2030                      | USD      | \$175,000      | 163,358              | 0.45               |                                                                                                                              |          |                |                      |                    |
| US Treasury 1.125%<br>15/02/2031                      | USD      | \$138,000      | 134,065              | 0.37               |                                                                                                                              |          |                |                      |                    |
| US Treasury 1.625%<br>15/05/2031                      | USD      | \$220,000      | 223,025              | 0.62               |                                                                                                                              |          |                |                      |                    |
| US Treasury 1.125%<br>15/08/2040                      | USD      | \$158,000      | 137,843              | 0.38               |                                                                                                                              |          |                |                      |                    |

## Managed Fund

### Notes to the Financial Statements

for the accounting period 1st January 2021 to 31st December 2021

#### 1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 75.

#### 2 NET CAPITAL GAINS

The net capital gains during the period comprise:

|                                       | 2021<br>US\$     | 2020<br>US\$     |
|---------------------------------------|------------------|------------------|
| Non-derivative securities             | 2,759,583        | 5,994,739        |
| Forward currency derivative contracts | (503)            | 2,407            |
| Other currency losses                 | (5,553)          | (7,610)          |
| Transaction charges                   | (25,078)         | (22,617)         |
| Other income                          | 1,237            | –                |
| Net capital gains                     | <u>2,729,686</u> | <u>5,966,919</u> |

Gains from non-derivative securities include realised gains of US\$ 3,991,957 (2020: US\$ 3,063,416) and change in unrealised losses of US\$ 1,232,374 (2020: US\$ 2,931,323 - gains).

Forward currency derivative contracts include realised losses of US\$ 503 (2020: US\$ 2,407 - gains).

#### 3 REVENUE

|                             | 2021<br>US\$   | 2020<br>US\$   |
|-----------------------------|----------------|----------------|
| Overseas dividends          | 270,900        | 284,912        |
| Bank interest               | 612            | 1,964          |
| Interest on debt securities | 97,016         | 103,083        |
| Total revenue               | <u>368,528</u> | <u>389,959</u> |

#### 4 EXPENSES

|                                                                                                         | 2021<br>US\$     | 2020<br>US\$     |
|---------------------------------------------------------------------------------------------------------|------------------|------------------|
| Payable to the Fund Manager, associates of the Manager and agents of either of them:                    |                  |                  |
| Annual management charge                                                                                | (717,279)        | (655,616)        |
| Registration expenses                                                                                   | (4,534)          | (4,421)          |
| Directors' fees                                                                                         | (3,150)          | (3,125)          |
|                                                                                                         | <u>(724,963)</u> | <u>(663,162)</u> |
| Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them: |                  |                  |
| Fiduciary Custodian's fees                                                                              | (13,478)         | (12,271)         |
| Safe custody fees                                                                                       | (7,536)          | (5,482)          |
| Interest payable                                                                                        | (180)            | (590)            |
|                                                                                                         | <u>(21,194)</u>  | <u>(18,343)</u>  |
| Other expenses:                                                                                         |                  |                  |
| Audit fee                                                                                               | (11,915)         | (11,381)         |
| Regulatory and professional fees                                                                        | (4,222)          | (4,928)          |
| Publication charges                                                                                     | (6,410)          | (6,247)          |
|                                                                                                         | <u>(22,547)</u>  | <u>(22,556)</u>  |
| Total expenses                                                                                          | <u>(768,704)</u> | <u>(704,061)</u> |

#### 5 TAXATION

|                                        | 2021<br>US\$    | 2020<br>US\$    |
|----------------------------------------|-----------------|-----------------|
| Analysis of credit/(charge) in period: |                 |                 |
| Overseas tax suffered                  | (71,501)        | (64,482)        |
| Total overseas taxation                | <u>(71,501)</u> | <u>(64,482)</u> |

#### 6 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

|                                            | 2021<br>US\$  | 2020<br>US\$  |
|--------------------------------------------|---------------|---------------|
| Revenue deducted on cancellation of shares | 17,635        | 11,898        |
| Revenue received on creation of shares     | (176)         | (184)         |
| Distributions for the year                 | <u>17,459</u> | <u>11,714</u> |

Details of the distribution per share are set out on page 14.

#### 7 INVESTMENTS

##### Fair Value Hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

|                                 | 2021<br>Assets<br>US\$ | 2020<br>Assets<br>US\$ |
|---------------------------------|------------------------|------------------------|
| Level 1: Quoted prices          | 34,135,461             | 34,621,633             |
| Level 2: Observable market data | 1,089,388              | 1,740,337              |
| Level 3: Unobservable data      | –                      | –                      |
| Total value                     | <u>35,224,849</u>      | <u>36,361,970</u>      |

#### 8 DEBTORS

|                                                         | 2021<br>US\$   | 2020<br>US\$   |
|---------------------------------------------------------|----------------|----------------|
| Accrued revenue                                         | 30,216         | 44,497         |
| Receivable from Manager – Nominal and management shares | 550,513        | 548,134        |
| Prepaid expenses                                        | 1,174          | –              |
| Overseas tax recoverable                                | 1,011          | 719            |
| Total debtors                                           | <u>582,914</u> | <u>593,350</u> |

#### 9 OTHER CREDITORS

|                                     | 2021<br>US\$    | 2020<br>US\$    |
|-------------------------------------|-----------------|-----------------|
| Accrued expenses                    | (21,864)        | (19,302)        |
| Amounts payable to the Fund Manager | (58,163)        | (58,748)        |
| Total creditors                     | <u>(80,027)</u> | <u>(78,050)</u> |

#### 10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 76, note 10) and acts as principal in respect of all transactions of shares in the Fund.

The Fund Manager owns the management shares of the company and has common directors with the company namely Jeffrey Boyssie McPherson More, Anthony Adam King and Darren Mark Kelly who have waived their rights to directors fees. Directors fees are payable to each of the two non-executive directors of the company.

The total director fees expense for the year was US\$ 3,150 (2020: US\$ 3,125) with US\$ 780 (2020: US\$ 788) outstanding at year end.

Amounts paid to the Fund Manager in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 57,790 (December 2020: US\$ 58,373) in respect of the annual management charge, and US\$ 373 (December 2020: US\$ 375) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group (formerly Charles Taylor Group), of which the Fund is a related party, hold 524,767 (2020: 526,689) Preference Shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Preference Shareholders. The amounts due from/to Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

#### 11 SHARES IN ISSUE RECONCILIATION

|                          | Number of<br>shares in<br>issue at start<br>of the year | Number of<br>shares<br>created | Number of<br>shares<br>cancelled | Number of<br>shares in<br>issue at end<br>of the year |
|--------------------------|---------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------------------|
| Participating Redeemable |                                                         |                                |                                  |                                                       |
| Preference Shares        | 11,940,168                                              | 14,131                         | (965,669)                        | 10,988,630                                            |
| Management Shares        | 10                                                      | –                              | –                                | 10                                                    |

#### 12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2020: US\$ Nil).

## Managed Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 DEBT SECURITY CREDIT ANALYSIS

|                   | 2021                 |                 | 2020                 |                 |
|-------------------|----------------------|-----------------|----------------------|-----------------|
|                   | Market Value<br>US\$ | % of Net Assets | Market Value<br>US\$ | % of Net Assets |
| Investment Grade* | 10,011,336           | 27.76           | 10,243,519           | 27.80           |
|                   | <u>10,011,336</u>    | <u>27.76</u>    | <u>10,243,519</u>    | <u>27.80</u>    |

\* "Investment grade refers to the quality of a company's credit. A rating of 'BBB' or higher is considered an investment grade issue".

#### 14 DIRECT TRANSACTION COSTS

In the case of equity shares, broker commissions, transfer taxes and stamp duties are paid by the Fund on each transaction. Unlike equity shares, other types of investments (such as bonds, money market instruments, and derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread between buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Comparing portfolio transaction costs for a range of funds may give a false impression of the relative costs of investing in them for the following reasons:

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the Manager's investment decisions in improving returns and the associated costs of the investment.
- returns and the associated costs of the investment.
- Historic transaction costs are not an effective indicator of the future impact on performance.
- Transaction costs for buying and selling investments due to other investors joining or leaving the Fund may be recovered from those investors.
- Transaction costs vary from country to country.
- Transaction costs vary depending on the types of investment in which a Fund invests.
- As the Manager's investment decisions are not predictable, transaction costs are also not predictable.

The direct transaction costs incurred during the year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$  | Total Cost<br>US\$ | Commission as a percentage of principal<br>% | Taxes as a percentage of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|----------------|--------------------|----------------------------------------------|-----------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |                |                    |                                              |                                         |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |                |                    |                                              |                                         |
| Equity                                                         | 7,086,088         | 1,971              | 1,660          | 7,089,719          | 0.03                                         | 0.02                                    |
| Bonds                                                          | 18,613,051        | —                  | —              | 18,613,051         | —                                            | —                                       |
| Funds                                                          | 111,914           | —                  | —              | 111,914            | —                                            | —                                       |
|                                                                | <u>25,811,053</u> | <u>1,971</u>       | <u>1,660</u>   | <u>25,814,684</u>  |                                              |                                         |
| <b>Sales:</b>                                                  |                   |                    |                |                    |                                              |                                         |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |                |                    |                                              |                                         |
| Equity                                                         | 11,345,454        | (2,573)            | (1,852)        | 11,341,029         | (0.02)                                       | (0.02)                                  |
| Bonds                                                          | 18,072,693        | —                  | —              | 18,072,693         | —                                            | —                                       |
| Funds                                                          | 273,433           | —                  | —              | 273,433            | —                                            | —                                       |
|                                                                | <u>29,691,580</u> | <u>(2,573)</u>     | <u>(1,852)</u> | <u>29,687,155</u>  |                                              |                                         |
| Total                                                          |                   | <u>4,544</u>       | <u>3,512</u>   |                    |                                              |                                         |
| Percentage of Fund average net assets                          |                   | <u>0.01%</u>       | <u>0.01%</u>   |                    |                                              |                                         |

The direct transaction costs incurred during the prior year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$ | Total Cost<br>US\$ | Commission as a percentage of principal<br>% | Taxes as a percentage of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|---------------|--------------------|----------------------------------------------|-----------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |               |                    |                                              |                                         |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |               |                    |                                              |                                         |
| Equity                                                         | 9,699,399         | 2,914              | 4,310         | 9,706,623          | 0.03                                         | 0.04                                    |
| Bonds                                                          | 15,141,108        | —                  | —             | 15,141,108         | —                                            | —                                       |
| Funds                                                          | 161,286           | —                  | —             | 161,286            | —                                            | —                                       |
|                                                                | <u>25,001,793</u> | <u>2,914</u>       | <u>4,310</u>  | <u>25,009,017</u>  |                                              |                                         |
| <b>Sales:</b>                                                  |                   |                    |               |                    |                                              |                                         |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |               |                    |                                              |                                         |
| Equity                                                         | 12,041,210        | (3,163)            | (931)         | 12,037,116         | (0.03)                                       | (0.01)                                  |
| Bonds                                                          | 14,912,455        | —                  | —             | 14,912,455         | —                                            | —                                       |
|                                                                | <u>26,953,665</u> | <u>(3,163)</u>     | <u>(931)</u>  | <u>26,949,571</u>  |                                              |                                         |
| Total                                                          |                   | <u>6,077</u>       | <u>5,241</u>  |                    |                                              |                                         |
| Percentage of Fund average net assets                          |                   | <u>0.02%</u>       | <u>0.01%</u>  |                    |                                              |                                         |

## Managed Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 14 DIRECT TRANSACTION COSTS (continued)

##### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.10% (2020: 0.12%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 15 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 76.

##### Currency exposures

A substantial proportion of the Net Assets of the Fund are denominated in currencies other than US Dollars, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements.

##### Currency risk sensitivity

As at 31 December 2021 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31 December 2021 between US\$ and all other currencies had strengthened by 5% (2020: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 699,506 (2020: US\$ 777,388).

A weakening of the US\$ compared to other currencies would have resulted in an equal and opposite effect on the financial statements, assuming that all other variables remained constant.

| Net foreign currency assets | Monetary exposure | Non-monetary exposure | Total      |
|-----------------------------|-------------------|-----------------------|------------|
| Currency 2021               | US\$              | US\$                  | US\$       |
| Australian Dollar           | 1,535             | 186,245               | 187,780    |
| Brazilian Real              | 9                 | —                     | 9          |
| Canadian Dollar             | 1,384             | 197,813               | 199,197    |
| Danish Krone                | 1,107             | 891,084               | 892,191    |
| Euro                        | 4,925             | 4,116,548             | 4,121,473  |
| Hong Kong Dollar            | 1,495             | 308,522               | 310,017    |
| Indonesian rupiah           | —                 | 349,008               | 349,008    |
| Japanese Yen                | 9,547             | 3,284,925             | 3,294,472  |
| Mexican Peso                | 47                | —                     | 47         |
| New Zealand Dollar          | 2                 | —                     | 2          |
| Norwegian Krone             | 39                | 296,561               | 296,600    |
| Polish Zloty                | 1                 | —                     | 1          |
| Singapore Dollar            | 76                | —                     | 76         |
| South African Rand          | 54                | —                     | 54         |
| South Korean Won            | 2,022             | 709,034               | 711,056    |
| Swedish Krona               | 95                | —                     | 95         |
| Swiss Franc                 | 66                | 1,094,554             | 1,094,620  |
| Taiwanese Dollar            | 36,674            | 554,234               | 590,908    |
| Turkish Lira                | 1                 | —                     | 1          |
| UK Sterling                 | 6,391             | 2,014,966             | 2,021,357  |
| US Dollar                   | 776,183           | 21,221,355            | 21,997,538 |
| Currency 2020               | US\$              | US\$                  | US\$       |
| Australian Dollar           | 1,373             | 202,534               | 203,907    |
| Brazilian Real              | 10                | —                     | 10         |
| Canadian Dollar             | 320               | 177,741               | 178,061    |
| Danish Krone                | 2                 | 739,669               | 739,671    |
| Euro                        | 7,857             | 4,958,601             | 4,966,458  |
| Hong Kong Dollar            | 1                 | 1,087,381             | 1,087,382  |
| Indonesian rupiah           | —                 | 213,262               | 213,262    |
| Japanese Yen                | 3,807             | 3,105,154             | 3,108,961  |
| Mexican Peso                | 48                | —                     | 48         |
| New Zealand Dollar          | 2                 | —                     | 2          |
| Norwegian Krone             | 39                | —                     | 39         |
| Polish Zloty                | 2                 | —                     | 2          |
| Singapore Dollar            | 78                | —                     | 78         |
| South African Rand          | 58                | —                     | 58         |
| South Korean Won            | 2,341             | 815,245               | 817,586    |
| Swedish Krona               | 105               | —                     | 105        |
| Swiss Franc                 | 2                 | 908,660               | 908,662    |
| Taiwanese Dollar            | 35,670            | 395,324               | 430,994    |
| Turkish Lira                | 1                 | —                     | 1          |
| UK Sterling                 | 4,114             | 2,888,363             | 2,892,477  |
| US Dollar                   | 432,924           | 20,870,036            | 21,302,960 |

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2021 and 31st December 2020 was:

| Assets                                 | 2021<br>US\$ | 2020<br>US\$ |
|----------------------------------------|--------------|--------------|
| Fixed rate financial assets            | 10,011,337   | 10,243,519   |
| Floating rate financial assets         | 889,279      | 521,588      |
| Financial assets not carrying interest | 25,245,913   | 26,163,667   |
| Liabilities                            | 2021<br>US\$ | 2020<br>US\$ |
| Fixed rate financial assets            | —            | —            |
| Floating rate financial assets         | —            | —            |
| Financial assets not carrying interest | (80,027)     | (78,050)     |

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

The Fund's Preference Shares are financial liabilities that do not carry interest and there are no other material financial liabilities that carry interest.

##### Interest rate risk sensitivity

As at 31 December 2021 the Fund was exposed to interest rate risk through its investments in debt instruments. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund.

The sensitivity analysis was based on a change in one variable while holding all other variables constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated.

As at 31 December 2021 had market interest rates strengthened by 1% (2020: 1%), the net assets attributable to preference shareholders of the Fund would have decreased by US\$ 927,192 (2020: US\$ 1,073,990).

A weakening of the interest rate would have resulted in an equal and opposite effect on the financial statements, assuming that all other variables remained constant.

##### Other price risk sensitivity

As at 31 December 2021 the Fund was exposed to other market price risk due to its investments in equities and collective investment schemes. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31 December 2021, had the fair value of equity securities and collective investment schemes increased/(decreased) by 5% (2020: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,260,676 (2020: US\$ 1,305,923).

##### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the Aggregated Financial Statements.

# Worldwide Equity Fund

## Fund Investment Report

### Investment Policy

To invest primarily for capital growth in a portfolio of international equities.

### Types of Investment

Investments are made principally for prospects of capital growth in international stocks, generally in shares of leading companies, but also indirectly may be made through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

Exposure to individual regions or economies will generally reflect relative levels of market capitalisation. Consequently, a relatively large proportion of the Fund may consist of investments in the North American market.

It must be remembered that the price of shares and the income from them can go down as well as up.

### Fund Performance

Over the 12 months to 31 December 2021, the Fund achieved a total gross return of +15.6% compared with a return of +19.0% from the MSCI AC World Index in United States (US) Dollar terms.

### Review

Global equities posted healthy gains in 2021, with the MSCI All Country World Index (ACWI) returning 21.4% in local currencies. Sentiment was boosted by robust corporate profits, loose monetary policy, the rollout of Covid vaccines and optimism about further fiscal stimulus in the US. From September onwards however, performance was more mixed as central banks in developed markets turned more hawkish. Volatility spiked in November due to concerns about a rapid rise in Covid cases driven by the new Omicron variant. Nonetheless, equities ended the year on a positive note, posting a gain in December.

The pandemic continued to dominate investor sentiment over the period. Equities rose early in the year as the vaccine rollout in developed countries helped revive economic activity. The United Kingdom's (UK) vaccination programme was relatively smooth and swift, while the US and Europe eventually made good headway after a slow start. Unfortunately, progress was slow in many emerging markets (EMs), although vaccination rates in some Asian countries improved in the third quarter. Global infections peaked in late April as new variants emerged, although death rates were lower. Towards the end of 2021, the emergence of Omicron drove a surge in infections, but fears soon subsided as it became clear that the variant was relatively mild.

Hopes for additional US fiscal stimulus were first met in March as President Biden signed a US\$1.9tn spending bill. The White House then sought congressional support for two additional proposals, a US\$1tn infrastructure investment plan and a US\$3.5tn measure covering social spending. Republican opposition and disagreement among Democratic legislators slowed progress, although it eventually passed in early November. The House of Representatives backed a much reduced US\$1.75tn social spending bill in the middle of November, but, as the year closed, a Democrat senator withheld support and stalled the process.

Rising inflation and the prospect of higher interest rates was a key theme in several markets. For much of the year, the main central banks said that inflation was temporary, and interest rates remained unchanged. The picture shifted in the middle of the year as inflation rose well above official targets in the US, the UK and the eurozone. The US Federal Reserve (Fed) suggested in June that it might raise interest rates in 2023, sooner than previously expected, and subsequently said it would slow its bond purchases, which have also been used as a form of economic stimulus during the pandemic. This slowdown ultimately occurred in November. In the UK, the Bank of England raised rates for the first time since 2018 in December. The European Central Bank played down speculation that rates will rise in 2022, though it did announce in December that its stimulus programme will end in March.

All the major regions posted positive returns in local currency. The US fared best with Europe ex UK also outperforming, helped by weakness in the Euro. Japan rose by double digits as the Yen weakened (while still lagging the ACWI Index). EMs were material underperformers in local currencies, dragged down by weakness from index heavyweight China, where stocks were impacted by a wide ranging regulatory crackdown. A stronger US Dollar also weighed on EM equities.

At a sector level, energy was the standout performer, thanks to gains in oil prices. Technology was also strong, underpinned by robust profits of large US firms. Financials also outperformed, boosted by rising bond yields, which typically bode well for the sector's profitability. By contrast, more defensive sectors, notably consumer staples and utilities, were among the weaker performers. Consumer discretionary and communication services also underperformed the index.

We initiated several new positions including PayPal Holdings Inc. (US), Deere & Co (US) and Autodesk Inc. (US).

We favour leading digital payments firm PayPal for its exposure to ecommerce, an area where growth has accelerated as a result of Covid. We believe the company is well placed to benefit from the ongoing demand for digital payments thanks to its strong brand recognition and global scale. Revenues should be further enhanced by an improving product portfolio and an established user base.

Farm equipment manufacturer Deere is the global market leader in agricultural machinery. We believe the company should continue to deliver high earnings, thanks to its low costs, growth in regional end markets (particularly in EMs), new product cycles and demand for replacing aging equipment. Additionally, Deere's spending on research and development should strengthen its competitive advantage and pricing power. The company is also well positioned to benefit from the growing focus on climate change mitigation, as Deere has the technology to help reduce greenhouse gas emissions from farming in the US.

# Worldwide Equity Fund

## Fund Investment Report (continued)

### Review (continued)

Application software company Autodesk is well placed to benefit from the potential for the rapid adoption of 'software as a service' (SaaS) based products in underserved areas, such as construction and manufacturing. The firm's move to a model based on subscriptions should also provide compelling cashflows, improve visibility of earnings, and allow for greater consistency in financial results. Continued subscription renewals and an expanding customer base also underpin longer term prospects.

To help fund these purchases, we sold Visa Inc. (US), as we felt that better opportunities exist elsewhere. We also closed our position in Comcast Corp. (US) amid concerns about increased competition in fibre and 5G.

There are signs that the global economic recovery is easing, but a continuation of accommodative policy and strong earnings growth should be supportive of equities.

Over the longer term, inflation, growth and interest rates are likely to be low, due to structural trends, such as digitisation, demographics and decarbonisation, which should continue to accelerate. Companies exposed to these themes are likely to thrive and while we are not thematic investors, we do have exposure to these themes through holdings in the portfolio and believe that we are well positioned for the medium to long term.

We remain firmly of the view that companies with the ability to sustain above average growth rates will be attractive for investors. We therefore retain our focus on companies with durable competitive advantages, as we believe these are best placed to continue delivering high returns and earnings growth across a range of market conditions.

## Worldwide Equity Fund

### Comparative Tables

for the accounting period 1st January 2021 to 31st December 2021

|                                              | Preference Shares |          |          |
|----------------------------------------------|-------------------|----------|----------|
|                                              | 2021              | 2020     | 2019     |
|                                              | US\$              | US\$     | US\$     |
| <b>Change in net assets per share</b>        |                   |          |          |
| Opening net asset value per share            | 3.9784            | 3.3020   | 2.4989   |
| Return before operating charges <sup>1</sup> | 0.6379            | 0.7796   | 0.8652   |
| Operating charges                            | (0.0921)          | (0.1032) | (0.0621) |
| Return after operating charges               | 0.5458            | 0.6764   | 0.8031   |
| Distributions on preference shares           | —                 | —        | —        |
| Closing net asset value per shares           | 4.5242            | 3.9784   | 3.3020   |
| after direct transaction costs <sup>1</sup>  | (0.0013)          | (0.0019) | (0.0015) |

#### Performance

|                      |        |        |        |
|----------------------|--------|--------|--------|
| Return after charges | 13.72% | 20.48% | 32.14% |
|----------------------|--------|--------|--------|

#### Other information

|                                             |            |            |            |
|---------------------------------------------|------------|------------|------------|
| Closing net asset value (US\$)              | 33,199,767 | 32,583,795 | 30,236,469 |
| Closing number of shares                    | 7,338,223  | 8,190,205  | 9,156,955  |
| Operating charges                           | 2.12%      | 2.13%      | 2.10%      |
| Direct transaction costs (note 13)          | 0.03%      | 0.04%      | 0.05%      |
| Ongoing Charges Figure (“OCF”) <sup>2</sup> | 2.12%      | 2.13%      | 2.10%      |

#### Prices

|                                   | 2021   | 2020   | 2019   | 2018   | 2017   |
|-----------------------------------|--------|--------|--------|--------|--------|
| Highest offer share price (US\$)  | 4.8740 | 4.2160 | 3.4940 | 3.1970 | 2.9970 |
| Lowest bid share price (US\$)     | 3.9320 | 2.3740 | 2.4780 | 2.4380 | 2.2070 |
| Net distribution per share (US\$) | —      | —      | —      | —      | —      |

#### Notes

<sup>1</sup>Return before operating charges is stated after direct transaction costs.

<sup>2</sup>The OCF takes into account the annual management charge and any expenses incurred, expressed as a percentage of the average daily net asset values over the year.

Please refer to the Direct transaction costs note on page 26, for more detail regarding the nature of transaction costs and how they arise for different types of investments.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and because of this, investors may not get back money invested and are not certain to make a profit on their investment.

## Worldwide Equity Fund

### Statement of Total Return

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                | Notes | 2021<br>US\$     | 2020<br>US\$     |
|------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Income                                                                                         |       |                  |                  |
| Net capital gains                                                                              | 2     | 4,732,743        | 5,811,872        |
| Revenue                                                                                        | 3     | 359,757          | 354,530          |
| Expenses                                                                                       | 4     | (693,745)        | (600,449)        |
| Net expense before taxation                                                                    |       | (333,988)        | (245,919)        |
| Taxation                                                                                       | 5     | (85,549)         | (78,203)         |
| Net expense after taxation                                                                     |       | (419,537)        | (324,122)        |
| <b>Total return before distribution</b>                                                        |       | <b>4,313,206</b> | <b>5,487,750</b> |
| Distributions                                                                                  | 6     | 17,652           | 12,457           |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities</b> |       | <b>4,330,858</b> | <b>5,500,207</b> |

### Balance Sheet

as at 31st December 2021

|                                                           | Notes | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------|-------|-------------------|-------------------|
| <b>Assets:</b>                                            |       |                   |                   |
| Fixed assets:                                             |       |                   |                   |
| Investments                                               | 7     | 32,889,583        | 32,201,869        |
| Current assets:                                           |       |                   |                   |
| Debtors                                                   | 8     | 240,738           | 239,000           |
| Cash and bank balances                                    |       | 371,282           | 430,595           |
| <b>Total assets</b>                                       |       | <b>33,501,603</b> | <b>32,871,464</b> |
| <b>Liabilities:</b>                                       |       |                   |                   |
| Creditors:                                                |       |                   |                   |
| Other creditors                                           | 9     | (78,187)          | (66,150)          |
| <b>Total liabilities</b>                                  |       | <b>(78,187)</b>   | <b>(66,150)</b>   |
| <b>Equity:</b>                                            |       |                   |                   |
| Nominal shares (note 14, page 79)                         |       | (223,649)         | (221,519)         |
| <b>Total equity</b>                                       |       | <b>(223,649)</b>  | <b>(221,519)</b>  |
| <b>Net Assets Attributable to Preference Shareholders</b> |       | <b>33,199,767</b> | <b>32,583,795</b> |

### Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                            | 2021<br>US\$      | 2020<br>US\$      |
|------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Opening Net Assets Attributable to Preference Shareholders</b>                                          | <b>32,583,795</b> | <b>30,236,469</b> |
| Movement due to sales and repurchases of shares:                                                           |                   |                   |
| Amounts receivable on issue of shares                                                                      | 749,326           | 702,550           |
| Amounts payable on cancellation of shares                                                                  | (4,464,212)       | (3,855,431)       |
|                                                                                                            | (3,714,886)       | (3,152,881)       |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)</b> | <b>4,330,858</b>  | <b>5,500,207</b>  |
| <b>Closing Net Assets Attributable to Preference Shareholders</b>                                          | <b>33,199,767</b> | <b>32,583,795</b> |

### Distribution Table

There is no distribution for the accounting period 1st January 2021 to 31st December 2021, as expenses exceed revenue (December 2020: US\$ Nil).

The notes on pages 25 to 27 form an integral part of the financial statements.

## Worldwide Equity Fund

### Portfolio Statement

As at 31 December 2021

| Investment                                       | Currency | Holding   | Market Value<br>US\$ | % of Net<br>Assets | Investment                                                | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|--------------------------------------------------|----------|-----------|----------------------|--------------------|-----------------------------------------------------------|----------|---------|----------------------|--------------------|
| <b>Equities 99.07% (98.83%)</b>                  |          |           |                      |                    | <b>United States of America 59.72% (59.29%)</b>           |          |         |                      |                    |
| <b>Cayman Islands 0.60% (1.50%)</b>              |          |           |                      |                    | Abbott Laboratories                                       | USD      | 2,491   | 352,227              | 1.06               |
| Sea Ltd., ADR                                    | USD      | 888       | 197,598              | 0.60               | Activision Blizzard, Inc.                                 | USD      | 2,771   | 185,879              | 0.56               |
|                                                  |          |           | <b>197,598</b>       | <b>0.60</b>        | Adobe, Inc.                                               | USD      | 1,053   | 597,335              | 1.80               |
| <b>China 0.00% (1.24%)</b>                       |          |           |                      |                    | Alphabet, Inc. 'A'                                        | USD      | 440     | 1,280,607            | 3.86               |
| <b>Denmark 3.60% (2.93%)</b>                     |          |           |                      |                    | Alphabet, Inc. 'C'                                        | USD      | 24      | 69,891               | 0.21               |
| Novo Nordisk A/S 'B'                             | DKK      | 4,717     | 532,543              | 1.60               | Amazon.com, Inc.                                          | USD      | 367     | 1,230,936            | 3.71               |
| Orsted A/S                                       | DKK      | 2,823     | 360,580              | 1.09               | American Tower Corp., REIT                                | USD      | 1,485   | 434,630              | 1.31               |
| Tryg A/S                                         | DKK      | 12,199    | 300,761              | 0.91               | Autodesk, Inc.                                            | USD      | 1,732   | 487,523              | 1.47               |
|                                                  |          |           | <b>1,193,884</b>     | <b>3.60</b>        | Bank of America Corp.                                     | USD      | 10,805  | 479,094              | 1.44               |
| <b>Finland 0.62% (1.25%)</b>                     |          |           |                      |                    | Centene Corp.                                             | USD      | 4,968   | 412,245              | 1.24               |
| UPM-Kymmene OYJ                                  | EUR      | 5,392     | 205,353              | 0.62               | Cooper Cos., Inc. (The)                                   | USD      | 899     | 380,097              | 1.14               |
|                                                  |          |           | <b>205,353</b>       | <b>0.62</b>        | Deere & Co.                                               | USD      | 1,518   | 519,202              | 1.56               |
| <b>France 3.11% (3.25%)</b>                      |          |           |                      |                    | Doximity, Inc. 'A'                                        | USD      | 2,502   | 128,728              | 0.39               |
| EssilorLuxottica SA                              | EUR      | 2,283     | 485,702              | 1.46               | Ecolab, Inc.                                              | USD      | 1,589   | 371,890              | 1.12               |
| Schneider Electric SE                            | EUR      | 2,790     | 546,989              | 1.65               | Electronic Arts, Inc.                                     | USD      | 3,137   | 418,123              | 1.26               |
|                                                  |          |           | <b>1,032,691</b>     | <b>3.11</b>        | Equinix, Inc., REIT                                       | USD      | 402     | 341,636              | 1.03               |
| <b>Germany 0.96% (1.72%)</b>                     |          |           |                      |                    | Estee Lauder Cos., Inc. (The) 'A'                         | USD      | 533     | 196,522              | 0.59               |
| adidas AG                                        | EUR      | 1,104     | 318,450              | 0.96               | Fidelity National Information Services, Inc.              | USD      | 2,370   | 260,416              | 0.78               |
|                                                  |          |           | <b>318,450</b>       | <b>0.96</b>        | General Motors Co.                                        | USD      | 8,211   | 481,739              | 1.45               |
| <b>Hong Kong 1.25% (1.57%)</b>                   |          |           |                      |                    | Intuit, Inc.                                              | USD      | 882     | 566,579              | 1.71               |
| AIA Group Ltd.                                   | HKD      | 41,200    | 415,396              | 1.25               | JPMorgan Chase & Co.                                      | USD      | 2,815   | 445,333              | 1.34               |
|                                                  |          |           | <b>415,396</b>       | <b>1.25</b>        | Lam Research Corp.                                        | USD      | 782     | 564,588              | 1.70               |
| <b>India 1.27% (1.89%)</b>                       |          |           |                      |                    | Mastercard, Inc. 'A'                                      | USD      | 1,956   | 707,583              | 2.13               |
| HDFC Bank Ltd., ADR                              | USD      | 6,500     | 420,940              | 1.27               | MercadoLibre, Inc.                                        | USD      | 246     | 330,417              | 1.00               |
|                                                  |          |           | <b>420,940</b>       | <b>1.27</b>        | Meta Platforms, Inc. 'A'                                  | USD      | 1,912   | 652,546              | 1.97               |
| <b>Indonesia 1.39% (0.84%)</b>                   |          |           |                      |                    | Microsoft Corp.                                           | USD      | 4,945   | 1,665,872            | 5.02               |
| Bank Rakyat Indonesia Persero Tbk. PT            | IDR      | 1,603,419 | 460,930              | 1.39               | NextEra Energy, Inc.                                      | USD      | 5,398   | 502,014              | 1.51               |
|                                                  |          |           | <b>460,930</b>       | <b>1.39</b>        | NVIDIA Corp.                                              | USD      | 2,306   | 681,123              | 2.05               |
| <b>Ireland 4.44% (4.13%)</b>                     |          |           |                      |                    | PayPal Holdings, Inc.                                     | USD      | 2,468   | 470,154              | 1.42               |
| CRH plc                                          | EUR      | 8,715     | 460,946              | 1.39               | PepsiCo, Inc.                                             | USD      | 2,606   | 449,874              | 1.35               |
| Medtronic plc                                    | USD      | 4,991     | 519,863              | 1.56               | QUALCOMM, Inc.                                            | USD      | 1,795   | 328,234              | 0.99               |
| Trane Technologies plc                           | USD      | 2,460     | 494,706              | 1.49               | Renewable Energy Group, Inc.                              | USD      | 3,407   | 145,343              | 0.44               |
|                                                  |          |           | <b>1,475,515</b>     | <b>4.44</b>        | S&P Global, Inc.                                          | USD      | 787     | 370,197              | 1.11               |
| <b>Japan 5.75% (4.19%)</b>                       |          |           |                      |                    | Stryker Corp.                                             | USD      | 1,525   | 412,512              | 1.24               |
| Hoya Corp.                                       | JPY      | 1,300     | 193,111              | 0.58               | Thermo Fisher Scientific, Inc.                            | USD      | 813     | 542,856              | 1.64               |
| Keyence Corp.                                    | JPY      | 800       | 502,167              | 1.51               | T-Mobile US, Inc.                                         | USD      | 4,328   | 501,009              | 1.51               |
| Recruit Holdings Co. Ltd.                        | JPY      | 3,400     | 205,862              | 0.62               | TransUnion                                                | USD      | 2,321   | 274,412              | 0.83               |
| Rohm Co. Ltd.                                    | JPY      | 4,100     | 372,083              | 1.12               | Uber Technologies, Inc.                                   | USD      | 6,593   | 281,126              | 0.85               |
| Sony Group Corp.                                 | JPY      | 3,300     | 414,832              | 1.25               | Union Pacific Corp.                                       | USD      | 2,148   | 539,019              | 1.62               |
| Yaskawa Electric Corp.                           | JPY      | 4,500     | 220,019              | 0.67               | Walt Disney Co. (The)                                     | USD      | 3,627   | 565,087              | 1.70               |
|                                                  |          |           | <b>1,908,074</b>     | <b>5.75</b>        | Xylem, Inc.                                               | USD      | 1,695   | 202,400              | 0.61               |
| <b>Netherlands 1.11% (1.13%)</b>                 |          |           |                      |                    |                                                           |          |         | <b>19,826,998</b>    | <b>59.72</b>       |
| Airbus SE                                        | EUR      | 1,217     | 155,392              | 0.47               | <b>Virgin Islands, British 0.81% (0.73%)</b>              |          |         |                      |                    |
| Koninklijke DSM NV                               | EUR      | 954       | 214,808              | 0.64               | Nomad Foods Ltd.                                          | USD      | 10,706  | 269,898              | 0.81               |
|                                                  |          |           | <b>370,200</b>       | <b>1.11</b>        |                                                           |          |         | <b>269,898</b>       | <b>0.81</b>        |
| <b>Norway 1.22% (0.00%)</b>                      |          |           |                      |                    | <b>Equities total</b>                                     |          |         |                      |                    |
| Equinor ASA                                      | NOK      | 15,138    | 405,065              | 1.22               | Total Value of Investments                                |          |         | 32,889,583           | 99.07              |
|                                                  |          |           | <b>405,065</b>       | <b>1.22</b>        | Net other assets (2020:1.17%)                             |          |         | 310,184              | 0.93               |
| <b>South Korea 2.89% (3.26%)</b>                 |          |           |                      |                    | <b>Net Assets attributable to Preference Shareholders</b> |          |         |                      |                    |
| Samsung Electronics Co. Ltd.                     | KRW      | 10,061    | 662,066              | 1.99               |                                                           |          |         | <b>33,199,767</b>    | <b>100.00</b>      |
| Samsung SDI Co. Ltd.                             | KRW      | 541       | 297,809              | 0.90               |                                                           |          |         |                      |                    |
|                                                  |          |           | <b>959,875</b>       | <b>2.89</b>        |                                                           |          |         |                      |                    |
| <b>Switzerland 6.00% (4.91%)</b>                 |          |           |                      |                    |                                                           |          |         |                      |                    |
| Nestle SA                                        | CHF      | 4,033     | 564,177              | 1.70               |                                                           |          |         |                      |                    |
| Roche Holding AG                                 | CHF      | 1,009     | 419,881              | 1.27               |                                                           |          |         |                      |                    |
| SIG Combibloc Group AG                           | CHF      | 7,507     | 208,812              | 0.63               |                                                           |          |         |                      |                    |
| Sika AG                                          | CHF      | 687       | 286,715              | 0.86               |                                                           |          |         |                      |                    |
| TE Connectivity Ltd.                             | USD      | 3,177     | 511,529              | 1.54               |                                                           |          |         |                      |                    |
|                                                  |          |           | <b>1,991,114</b>     | <b>6.00</b>        |                                                           |          |         |                      |                    |
| <b>Taiwan 2.31% (1.58%)</b>                      |          |           |                      |                    |                                                           |          |         |                      |                    |
| Taiwan Semiconductor Manufacturing Co. Ltd., ADR | USD      | 6,357     | 768,053              | 2.31               |                                                           |          |         |                      |                    |
|                                                  |          |           | <b>768,053</b>       | <b>2.31</b>        |                                                           |          |         |                      |                    |
| <b>United Kingdom 2.02% (3.42%)</b>              |          |           |                      |                    |                                                           |          |         |                      |                    |
| Diageo plc                                       | GBP      | 7,543     | 412,355              | 1.24               |                                                           |          |         |                      |                    |
| SSE plc                                          | GBP      | 11,522    | 257,194              | 0.78               |                                                           |          |         |                      |                    |
|                                                  |          |           | <b>669,549</b>       | <b>2.02</b>        |                                                           |          |         |                      |                    |

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 31 December 2020.

## Worldwide Equity Fund

### Notes to the Financial Statements

for the accounting period 1st January 2021 to 31st December 2021

#### 1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 75.

#### 2 NET CAPITAL GAINS

The net capital gains during the period comprise:

|                           | 2021<br>US\$ | 2020<br>US\$ |
|---------------------------|--------------|--------------|
| Non-derivative securities | 4,752,700    | 5,836,321    |
| Other currency losses     | (3,508)      | (9,499)      |
| Transaction charges       | (16,449)     | (14,950)     |
| Net capital gains         | 4,732,743    | 5,811,872    |

Gains from non-derivatives securities include realised gains of US\$ 4,997,793 (2020: US\$ 2,663,235 ) and change in unrealised gains of US\$ 245,093 (2020: US\$ 3,173,086).

#### 3 REVENUE

|                    | 2021<br>US\$ | 2020<br>US\$ |
|--------------------|--------------|--------------|
| Overseas dividends | 359,253      | 353,873      |
| Bank interest      | 504          | 657          |
| Total revenue      | 359,757      | 354,530      |

#### 4 EXPENSES

|                                                                                      | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the Fund Manager, associates of the Manager and agents of either of them: |              |              |
| Annual management charge                                                             | (652,262)    | (564,062)    |
| Registration expenses                                                                | (1,580)      | (1,544)      |
| Directors' fees                                                                      | (2,893)      | (2,597)      |
|                                                                                      | (656,735)    | (568,203)    |

Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:

|                            |          |          |
|----------------------------|----------|----------|
| Fiduciary Custodian's fees | (12,252) | (10,803) |
| Safe custody fees          | (6,117)  | (4,559)  |
| Interest payable           | (618)    | (27)     |
|                            | (18,987) | (15,389) |

Other expenses:

|                                  |          |          |
|----------------------------------|----------|----------|
| Audit fee                        | (11,247) | (9,912)  |
| Regulatory and professional fees | (799)    | (1,563)  |
| Publication charges              | (5,977)  | (5,382)  |
|                                  | (18,023) | (16,857) |

|                |           |           |
|----------------|-----------|-----------|
| Total expenses | (693,745) | (600,449) |
|----------------|-----------|-----------|

#### 5 TAXATION

|                               | 2021<br>US\$ | 2020<br>US\$ |
|-------------------------------|--------------|--------------|
| Analysis of charge in period: |              |              |
| Overseas tax suffered         | (85,549)     | (78,203)     |
| Total overseas taxation       | (85,549)     | (78,203)     |

#### 6 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Revenue deducted on cancellation of shares | 21,713       | 17,119       |
| Revenue received on creation of shares     | (4,061)      | (4,662)      |
| Distributions for the year                 | 17,652       | 12,457       |

Details of the distribution per share are set out on page 23.

#### 7 INVESTMENTS

##### Fair Value Hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

| Valuation technique             | 2021<br>Assets<br>US\$ | 2020<br>Assets<br>US\$ |
|---------------------------------|------------------------|------------------------|
| Level 1: Quoted prices          | 32,889,583             | 32,201,869             |
| Level 2: Observable market data | —                      | —                      |
| Level 3: Unobservable data      | —                      | —                      |
| Total value                     | 32,889,583             | 32,201,869             |

#### 8 DEBTORS

|                                                   | 2021<br>US\$ | 2020<br>US\$ |
|---------------------------------------------------|--------------|--------------|
| Accrued revenue                                   | 15,174       | 17,010       |
| Receivable from the Fund Manager – Nominal shares | 223,649      | 221,519      |
| Overseas tax recoverable                          | 835          | 471          |
| Prepaid expenses                                  | 1,080        | —            |
| Total debtors                                     | 240,738      | 239,000      |

#### 9 OTHER CREDITORS

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Amounts payable for cancellation of shares | (7,779)      | (232)        |
| Accrued expenses                           | (17,297)     | (14,335)     |
| Amounts payable to the Fund Manager        | (53,111)     | (51,583)     |
| Total creditors                            | (78,187)     | (66,150)     |

#### 10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) (Fund Manager) provides services to the company under the terms of a management agreement (page 76, note 10) and acts as principal in respect of all transactions of shares in the Fund.

The Fund Manager owns the management shares of the company and has common directors with the company namely Jeffrey Boysie McPherson More, Anthony Adam King and Darren Mark Kelly who have waived their rights to directors fees. Directors fees are payable to each of the two non-executive directors of the company.

The total director fees expense for the year was US\$ 2,893 (2020: US\$ 2,597) with US\$ 712 (2020: US\$ 696) outstanding at year end.

Amounts paid to the Fund Manager in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 52,981 (December 2020: US\$ 51,452) in respect of the annual management charge, and US\$ 130 (December 2020: US\$ 131) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group (formerly Charles Taylor Group), of which the Fund is a listed party, hold 5,215,951 (2020: 5,999,872) Preference Shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Preference Shareholders. The amounts due from/to Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

#### 11 SHARES IN ISSUE RECONCILIATION

|                                            | Number of<br>shares in<br>issue at start<br>of the year | Number of<br>shares<br>created | Number of<br>shares<br>cancelled | Number of<br>shares in<br>issue at end<br>of the year |
|--------------------------------------------|---------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------------------|
| Participating Redeemable Preference Shares | 8,190,205                                               | 172,534                        | (1,024,516)                      | 7,338,223                                             |

#### 12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2020: US\$ Nil).

## Worldwide Equity Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

26

#### 13 DIRECT TRANSACTION COSTS

In the case of equity shares, broker commissions, transfer taxes and stamp duties are paid by the Fund on each transaction. Unlike equity shares, other types of investments (such as bonds, money market instruments, and derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread between buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Comparing portfolio transaction costs for a range of funds may give a false impression of the relative costs of investing in them for the following reasons:

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the Manager's investment decisions in improving returns and the associated costs of the investment.
- Historic transaction costs are not an effective indicator of the future impact on performance.
- Transaction costs for buying and selling investments due to other investors joining or leaving the Fund may be recovered from those investors.
- Transaction costs vary from country to country.
- Transaction costs vary depending on the types of investment in which a Fund invests.
- As the Manager's investment decisions are not predictable, transaction costs are also not predictable.

The direct transaction costs incurred during the year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$  | Total Cost<br>US\$ | Year to 31st December 2021<br>Commission as<br>a percentage<br>of principal<br>% | Taxes as a<br>percentage<br>of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|----------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |                |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |                |                    |                                                                                  |                                               |
| Equity                                                         | 9,684,304         | 2,538              | 2,376          | 9,689,218          | 0.03                                                                             | 0.02                                          |
|                                                                | <u>9,684,304</u>  | <u>2,538</u>       | <u>2,376</u>   | <u>9,689,218</u>   |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |                |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |                |                    |                                                                                  |                                               |
| Equity                                                         | 13,757,148        | (3,136)            | (1,890)        | 13,752,122         | (0.02)                                                                           | (0.01)                                        |
|                                                                | <u>13,757,148</u> | <u>(3,136)</u>     | <u>(1,890)</u> | <u>13,752,122</u>  |                                                                                  |                                               |
| Total                                                          |                   | 5,674              | 4,266          |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.02%</u>       | <u>0.01%</u>   |                    |                                                                                  |                                               |

The direct transaction costs incurred during the prior year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$ | Total Cost<br>US\$ | Year to 31st December 2020<br>Commission as<br>a percentage<br>of principal<br>% | Taxes as a<br>percentage<br>of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|---------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |               |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 11,005,065        | 3,333              | 4,662         | 11,013,060         | 0.03                                                                             | 0.04                                          |
| Corporate action purchase activity:                            |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 22,351            | –                  | –             | 22,351             |                                                                                  |                                               |
|                                                                | <u>11,027,416</u> | <u>3,333</u>       | <u>4,662</u>  | <u>11,035,411</u>  |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |               |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 14,330,083        | (3,813)            | (893)         | 14,325,377         | (0.03)                                                                           | (0.01)                                        |
|                                                                | <u>14,330,083</u> | <u>(3,813)</u>     | <u>(893)</u>  | <u>14,325,377</u>  |                                                                                  |                                               |
| Total                                                          |                   | 7,146              | 5,555         |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.02%</u>       | <u>0.02%</u>  |                    |                                                                                  |                                               |

## Worldwide Equity Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 DIRECT TRANSACTION COSTS (continued)

##### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.10% (2020: 0.13%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 14 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 76.

##### Currency exposures

A substantial proportion of the Net Assets of the Fund are denominated in currencies other than US Dollars, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements.

##### Currency risk sensitivity

As at 31 December 2021 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31 December 2021 between US\$ and all other currencies had strengthened by 5% (2020: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 491,290 (2020: US\$ 511,120).

A weakening of the US\$ compared to other currencies would have resulted in an equal and opposite effect on the financial statements, assuming that all other variables remained constant.

| Net foreign currency assets | Monetary exposure | Non-monetary exposure | Total      |
|-----------------------------|-------------------|-----------------------|------------|
|                             | US\$              | US\$                  | US\$       |
| <b>Currency 2021</b>        |                   |                       |            |
| Australian Dollar           | 250               | —                     | 250        |
| Canadian Dollar             | 4                 | —                     | 4          |
| Danish Krone                | 126               | 1,193,884             | 1,194,010  |
| Euro                        | 708               | 2,387,641             | 2,388,349  |
| Hong Kong Dollar            | 34                | 415,396               | 415,430    |
| Japanese Yen                | 5,260             | 1,908,074             | 1,913,334  |
| Mexican Peso                | 39                | —                     | 39         |
| New Zealand Dollar          | 681               | —                     | 681        |
| Norwegian Krone             | 90                | 405,065               | 405,155    |
| Polish Zloty                | 111               | —                     | 111        |
| Singapore Dollar            | 66                | —                     | 66         |
| South African Rand          | 4                 | —                     | 4          |
| South Korean Won            | 2,736             | 959,875               | 962,611    |
| Swedish Krona               | 66                | —                     | 66         |
| Swiss Franc                 | 108               | 1,479,585             | 1,479,693  |
| Indonesian rupiah           | —                 | 460,930               | 460,930    |
| UK Sterling                 | 193               | 669,549               | 669,742    |
| US Dollar                   | 299,708           | 23,009,584            | 23,309,292 |
| <b>Currency 2020</b>        | US\$              | US\$                  | US\$       |
| Australian Dollar           | 265               | —                     | 265        |
| Canadian Dollar             | 4                 | —                     | 4          |
| Danish Krone                | 127               | 954,042               | 954,169    |
| Euro                        | 2,657             | 2,891,443             | 2,894,100  |
| Hong Kong Dollar            | 7                 | 1,403,575             | 1,403,582  |
| Japanese Yen                | 8                 | 1,364,300             | 1,364,308  |
| Mexican Peso                | 40                | —                     | 40         |
| New Zealand Dollar          | 716               | —                     | 716        |
| Norwegian Krone             | 91                | —                     | 91         |
| Polish Zloty                | 120               | —                     | 120        |
| Singapore Dollar            | 67                | —                     | 67         |
| South African Rand          | 4                 | —                     | 4          |
| South Korean Won            | 3,065             | 1,061,178             | 1,064,243  |
| Swedish Krona               | 73                | —                     | 73         |
| Swiss Franc                 | 88                | 1,149,534             | 1,149,622  |
| Turkish Lira                | 1                 | —                     | 1          |
| Indonesian rupiah           | —                 | 275,135               | 275,135    |
| UK Sterling                 | 108               | 1,115,750             | 1,115,858  |
| US Dollar                   | 374,485           | 21,986,912            | 22,361,397 |

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2021 and 31st December 2020 was:

|                                        | 2021       | 2020       |
|----------------------------------------|------------|------------|
| Assets                                 | US\$       | US\$       |
| Fixed rate financial assets            | —          | —          |
| Floating rate financial assets         | 371,282    | 430,595    |
| Financial assets not carrying interest | 32,906,672 | 32,219,350 |
| Liabilities                            | 2021       | 2020       |
|                                        | US\$       | US\$       |
| Fixed rate financial assets            | —          | —          |
| Floating rate financial assets         | —          | —          |
| Financial assets not carrying interest | (78,187)   | (66,150)   |

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

The Fund's Preference Shares are financial liabilities that do not carry interest and there are no other material financial liabilities that carry interest.

#### Other price risk sensitivity

As at 31 December 2021 the Fund was exposed to other market price risk due to its investments in equities. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31 December 2021, had the fair value of equity securities increased/(decreased) by 5% (2020: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,644,479 (2020: US\$ 1,610,093).

#### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the Aggregated Financial Statements.

# Managed Currency Fund

## Fund Investment Report

### Investment Policy

To invest in a portfolio of short term fixed interest investments. The Managed Currency Fund invests principally in deposits.

### Types of Investment

The majority of the Investment Fund is invested in short dated bonds and interest bearing time deposits, and is earning the higher rates of interest not normally available to the individual investor. Investments may be made in all forms of money market instrument which are normally held to maturity, and in any currency where the projected return over the life of the investment is attractive. The Fund will normally have a bias towards United States (US) Dollar denominated assets.

Limited sales and purchases of currencies may be made through options and the forward and financial futures markets whilst bearing in mind the investment policy of the Fund, the Fund size and the Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

### Fund Performance

Over the 12 months to 31 December 2021 the Fund achieved a gross return of +0.3% in US Dollar terms, while the benchmark was flat, in US Dollar terms.

### Review

During the 12 months under review, the portfolio was invested entirely in US Dollar deposits.

The Bloomberg Dollar Spot index (which measures the US Dollar against a basket of 10 leading currencies) saw the US Dollar strengthen over the year.

Early in the reporting period, Congressional approval of President Biden's US\$1.9 trillion stimulus package helped boost the US currency, together with signs of strength in the domestic economy and the relatively rapid rollout of coronavirus vaccinations across the US. Retail sales surged in January as Americans received US\$600 stimulus cheques from the government, and upbeat data on jobs growth also boosted sentiment. President Biden signalled his intention to unleash a further stimulus programme, largely directed towards infrastructure projects, but also including education and anti-poverty measures. Minutes from the Federal Reserve's (Fed's) policy meeting in March were generally taken positively by the market.

The second quarter proved a more volatile period for the US Dollar. The Fed again left its key interest rate unchanged to support the economic recovery, while also maintaining its asset purchase programme. However, at its meeting in June, the Fed became more hawkish in terms of forward guidance.

US consumer price inflation rose at an annual rate of 5% in May, although low base effects from the first lockdowns last year played a role. Moreover, while the inflation figure was higher than expected, the Fed pointed to one off elements such as the strength of used car and truck prices, as a semiconductor shortage affected vehicle production. The underlying economic picture in the US looked very strong and the composite PMI, an indicator of business activity, reached a record high in May.

September saw heightened indications that key central banks in developed markets were preparing to scale back monetary stimulus and tighten policy. The growing number of infections from the Covid Delta variant led to an increase in hospitalisations and deaths related to the virus. However, given the successful vaccination programme, it did not lead to the same level of business disruption witnessed in 2020. Some downbeat economic news cast a shadow, including August non-farm payrolls, which were well below forecasts. On the policy front, Fed Chair Jerome Powell gave a clear steer that the central bank was likely to reduce its stimulus before the end of the year. Meanwhile, a larger number of Fed policymakers expected a rate rise in 2022.

During the fourth quarter, another variant of coronavirus emerged and spread rapidly across the globe. Fortunately, early data suggests that the effects of Omicron are milder than those of the earlier Delta variant. However, in response to the highly contagious nature of Omicron, countries accelerated their vaccine programmes and imposed a wide range of restrictions to help contain the virus.

High inflation remained a key concern and central banks in developed markets accelerated the shift towards tighter monetary policy. Having previously emphasised the transitory nature of inflation, in December the Fed, the Bank of England and the European Central Bank demonstrated that they no longer felt the downside risks to economic activity outweighed the need to address inflationary pressures.

On 15 December, the Fed announced that it would speed up the reduction in its bond buying programme and is set to end its asset purchases in March 2022. The Fed also indicated that it would be willing to raise interest rates three times in 2022. Investors were encouraged by the Fed's moves to tackle inflation and Chair Powell's optimism over the economy's ability to withstand the Covid variants. According to the US Bureau of Labour Statistics, consumer price inflation rose to an annual rate of 6.8% in November, the highest reading since 1982 and the sixth straight month that it was above 5%. Retail sales for November proved disappointing, suggesting that people were beginning to feel the effects of supply chain issues and inflationary pressures. Producer price inflation rose to an annual rate of 9.6% in November, the highest level since 2010.

Our economic forecasts suggest that growth and inflation will peak in the first quarter of 2022 and should slow towards trend levels over the remainder of the year.

Strength in inflation is concentrated in areas where demand has increased rapidly as economies have reopened and supply has struggled to keep up. We therefore believe that price pressures will fade as supply chains adjust. In accordance with our transitory inflation view, we do not expect any US interest rate rises in 2022 to mark the beginning of an extended hiking cycle.

## Managed Currency Fund

### Comparative Tables

for the accounting period 1st January 2021 to 31st December 2021

|                                              | Preference Shares |          |          |
|----------------------------------------------|-------------------|----------|----------|
|                                              | 2021              | 2020     | 2019     |
|                                              | US\$              | US\$     | US\$     |
| <b>Change in net assets per share</b>        |                   |          |          |
| Opening net asset value per share            | 0.3286            | 0.3310   | 0.3317   |
| Return before operating charges <sup>1</sup> | (0.0009)          | 0.0017   | 0.0067   |
| Operating charges                            | (0.0037)          | (0.0037) | (0.0036) |
| Return after operating charges               | (0.0046)          | (0.0020) | 0.0031   |
| Distributions on preference shares           | —                 | (0.0004) | (0.0038) |
| Closing net asset value per shares           | 0.3240            | 0.3286   | 0.3310   |
| after direct transaction costs <sup>1</sup>  | —                 | —        | —        |

#### Performance

|                      |         |         |       |
|----------------------|---------|---------|-------|
| Return after charges | (1.40%) | (0.60%) | 0.93% |
|----------------------|---------|---------|-------|

#### Other information

|                                             |           |           |           |
|---------------------------------------------|-----------|-----------|-----------|
| Closing net asset value (US\$)              | 506,810   | 516,331   | 519,291   |
| Closing number of shares                    | 1,564,194 | 1,571,261 | 1,568,856 |
| Operating charges                           | 1.14%     | 1.13%     | 1.09%     |
| Direct transaction costs (note 12)          | 0.00%     | 0.00%     | 0.00%     |
| Ongoing Charges Figure (“OCF”) <sup>2</sup> | 1.14%     | 1.13%     | 1.09%     |

#### Prices

|                                   | 2021   | 2020   | 2019   | 2018   | 2017   |
|-----------------------------------|--------|--------|--------|--------|--------|
| Highest offer share price (US\$)  | 0.3459 | 0.3489 | 0.3513 | 0.3511 | 0.3511 |
| Lowest bid share price (US\$)     | 0.3240 | 0.3286 | 0.3314 | 0.3321 | 0.3323 |
| Net distribution per share (US\$) | —      | 0.0004 | 0.0038 | 0.0023 | —      |

#### Notes

<sup>1</sup> Return before operating charges is stated after direct transaction costs.

<sup>2</sup> The OCF takes into account the annual management charge and any expenses incurred, expressed as a percentage of the average daily net asset values over the year.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and because of this, investors may not get back money invested and are not certain to make a profit on their investment.

## Managed Currency Fund

### Statement of Total Return

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                | Notes | 2021<br>US\$   | 2020<br>US\$   |
|------------------------------------------------------------------------------------------------|-------|----------------|----------------|
| Income                                                                                         |       |                |                |
| Net capital losses                                                                             | 2     | (1,727)        | (1,382)        |
| Revenue                                                                                        | 3     | 408            | 4,087          |
| Expenses                                                                                       | 4     | (5,883)        | (5,888)        |
| Net expense before taxation                                                                    |       | (5,475)        | (1,801)        |
| Taxation                                                                                       |       | —              | —              |
| Net expense after taxation                                                                     |       | (5,475)        | (1,801)        |
| <b>Total return before distribution</b>                                                        |       | <b>(7,202)</b> | <b>(3,183)</b> |
| Distributions                                                                                  | 5     | 3              | (573)          |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities</b> |       | <b>(7,199)</b> | <b>(3,756)</b> |

### Balance Sheet

as at 31st December 2021

|                                                           | Notes | 2021<br>US\$    | 2020<br>US\$    |
|-----------------------------------------------------------|-------|-----------------|-----------------|
| <b>Assets:</b>                                            |       |                 |                 |
| Fixed assets:                                             |       |                 |                 |
| Investments                                               | 6     | 190,251         | 255,561         |
| Current assets:                                           |       |                 |                 |
| Debtors                                                   | 7     | 59,910          | 59,875          |
| Cash and bank balances                                    |       | 317,282         | 261,433         |
| <b>Total assets</b>                                       |       | <b>567,443</b>  | <b>576,869</b>  |
| <b>Liabilities:</b>                                       |       |                 |                 |
| Creditors:                                                |       |                 |                 |
| Distribution payable                                      |       | —               | —               |
| Other creditors                                           | 8     | (740)           | (663)           |
| <b>Total liabilities</b>                                  |       | <b>(740)</b>    | <b>(663)</b>    |
| <b>Equity:</b>                                            |       |                 |                 |
| Nominal shares (note 14, page 79)                         |       | (59,893)        | (59,875)        |
| <b>Total equity</b>                                       |       | <b>(59,893)</b> | <b>(59,875)</b> |
| <b>Net Assets Attributable to Preference Shareholders</b> |       | <b>506,810</b>  | <b>516,331</b>  |

### Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                     | 2021<br>US\$   | 2020<br>US\$   |
|-----------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Opening Net Assets Attributable to Preference Shareholders</b>                                   | <b>516,331</b> | <b>519,291</b> |
| Movement due to sales and repurchases of shares:                                                    |                |                |
| Amounts receivable on issue of shares                                                               | —              | 2,440          |
| Amounts payable on cancellation of shares                                                           | (2,322)        | (1,644)        |
|                                                                                                     | (2,322)        | 796            |
| Change in Net Assets Attributable to Preference Shareholders from investment activities (see above) | (7,199)        | (3,756)        |
| <b>Closing Net Assets Attributable to Preference Shareholders</b>                                   | <b>506,810</b> | <b>516,331</b> |

### Distribution Table

for the accounting period 1st January 2021 to 30th June 2021

|         | Income<br>US\$ | Equalisation<br>US\$ | Distribution Paid<br>2021<br>US\$ | Distribution Paid<br>2020<br>US\$ |
|---------|----------------|----------------------|-----------------------------------|-----------------------------------|
| Group 1 | 0.000          | —                    | 0.000                             | 0.0004                            |
| Group 2 | 0.0000         | 0.0000               | 0.000                             | 0.0004                            |

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2020.

for the accounting period 1st July 2021 to 31st December 2021

|         | Income<br>US\$ | Equalisation<br>US\$ | Distribution Payable<br>2021<br>US\$ | Distribution Paid<br>2020<br>US\$ |
|---------|----------------|----------------------|--------------------------------------|-----------------------------------|
| Group 1 | 0.000          | —                    | 0.000                                | 0.0000                            |
| Group 2 | 0.000          | 0.000                | 0.000                                | 0.0000                            |

Group 2 units are those purchased after 16:00 (UK time) on 30th June 2021.

The notes on pages 32 and 33 form an integral part of the financial statements.

## Managed Currency Fund

### Portfolio Statement

As at 31 December 2021

| Investment                                                      | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|-----------------------------------------------------------------|----------|---------|----------------------|--------------------|
| <b>Time Deposits 37.54% (49.50%)</b>                            |          |         |                      |                    |
| <b>United States of America 37.54% (49.50%)</b>                 |          |         |                      |                    |
| Credit Agricole Corporate & Investment Bank SA 0.07% 17/02/2022 | USD      | 47,544  | 47,544               | 9.38               |
| First Abu Dhabi Bank 0.10% 18/01/2022                           | USD      | 47,568  | 47,568               | 9.39               |
| Standard Chartered Bank 0.08% 19/01/02022                       | USD      | 47,539  | 47,539               | 9.38               |
| Sumitomo Mitsui Banking Corp. 0.13% 16/02/2022                  | USD      | 47,600  | 47,600               | 9.39               |
|                                                                 |          |         | <b>190,251</b>       | <b>37.54</b>       |
| <b>Time Deposits total</b>                                      |          |         | <b>190,251</b>       | <b>37.54</b>       |
| Total Value of Investments                                      |          |         | 190,251              | 37.54              |
| Net Other Assets (2020: 50.50%)                                 |          |         | 316,559              | 62.46              |
| <b>Net assets attributable to shareholders</b>                  |          |         | <b>506,810</b>       | <b>100.00</b>      |

\*United States Dollar (US\$) time deposits equal to or greater than 3 months at 31st December 2021 was US\$ 190,251 (December 2020: US\$ 255,561).

All investments in time deposits are other securities which are not admitted to official stock exchange listing or on another regulated market.

The comparative percentage figures in brackets are as at 31 December 2020.

## Managed Currency Fund

### Notes to the Financial Statements

for the accounting period 1st January 2021 to 31st December 2021

#### 1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 75.

#### 2 NET CAPITAL LOSSES

The net capital losses during the period comprise:

|                               | 2021<br>US\$ | 2020<br>US\$ |
|-------------------------------|--------------|--------------|
| Other currency (losses)/gains | (1)          | 7            |
| Transaction charges           | (1,726)      | (1,389)      |
| Net capital losses            | (1,727)      | (1,382)      |

#### 3 REVENUE

|                             | 2021<br>US\$ | 2020<br>US\$ |
|-----------------------------|--------------|--------------|
| Interest on debt securities | 408          | 4,087        |
| Total revenue               | 408          | 4,087        |

#### 4 EXPENSES

|                                                                                                         | 2021<br>US\$ | 2020<br>US\$ |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the Fund Manager, associates of the Manager and agents of either of them:                    |              |              |
| Annual management charge                                                                                | (5,107)      | (5,191)      |
| Registration expenses                                                                                   | (173)        | (171)        |
| Directors' fees                                                                                         | (44)         | (43)         |
|                                                                                                         | (5,324)      | (5,405)      |
| Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them: |              |              |
| Fiduciary Custodian's fees                                                                              | (238)        | (191)        |
| Interest payable                                                                                        | (49)         | (13)         |
|                                                                                                         | (287)        | (204)        |
| Other expenses:                                                                                         |              |              |
| Audit fee                                                                                               | (170)        | (166)        |
| Regulatory and professional fees                                                                        | (11)         | (25)         |
| Publication charges                                                                                     | (91)         | (88)         |
|                                                                                                         | (272)        | (279)        |
| Total expenses                                                                                          | (5,883)      | (5,888)      |

#### 5 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Interim                                    | –            | (575)        |
| Final                                      | –            | –            |
|                                            | –            | (575)        |
| Revenue deducted on cancellation of shares | 3            | –            |
| Revenue received on creation of shares     | –            | 2            |
| Distributions for the year                 | 3            | (573)        |

Details of the distribution per share are set out on page 30.

#### 6 INVESTMENTS

##### Fair Value Hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

|                                 | 2021<br>Assets<br>US\$ | 2020<br>Assets<br>US\$ |
|---------------------------------|------------------------|------------------------|
| Level 1: Quoted prices          | –                      | –                      |
| Level 2: Observable market data | 190,251                | 255,561                |
| Level 3: Unobservable data      | –                      | –                      |
| Total value                     | 190,251                | 255,561                |

#### 7 DEBTORS

|                                    | 2021<br>US\$ | 2020<br>US\$ |
|------------------------------------|--------------|--------------|
| Receivable from the Fund Manager – |              |              |
| Nominal shares                     | 59,893       | 59,875       |
| Prepaid expenses                   | 17           | –            |
| Total debtors                      | 59,910       | 59,875       |

#### 8 OTHER CREDITORS

|                                     | 2021<br>US\$ | 2020<br>US\$ |
|-------------------------------------|--------------|--------------|
| Accrued expenses                    | (310)        | (226)        |
| Amounts payable to the Fund Manager | (430)        | (437)        |
| Total creditors                     | (740)        | (663)        |

#### 9 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 76, note 10) and acts as principal in respect of all transactions of shares in the Fund.

The Fund Manager owns the management shares of the company and has common directors with the company namely Jeffrey Boysie McPherson More, Anthony Adam King and Darren Mark Kelly who have waived their rights to directors fees. Directors fees are payable to each of the two non executive directors of the company.

The total director fees expense for the year was US\$ 44 (2020: US\$ 43) with US\$ 11 (2020: US\$ 11) outstanding at year end.

Amounts paid to the Fund Manager in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 416 (December 2020: US\$ 423) in respect of the annual management charge, and US\$ 14 (December 2020: US\$ 14) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group (formerly Charles Taylor Group), of which the Fund is a related party, hold 421,977 (2020: 423,702) Preference Shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Preference Shareholders. The amounts due from/to Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) in respect of share transactions at the end of the accounting period are disclosed in Notes 7 and 8.

#### 10 SHARES IN ISSUE RECONCILIATION

|                                            | Number of<br>shares in<br>issue at start<br>of the year | Number of<br>shares<br>created | Number of<br>shares<br>cancelled | Number of<br>shares in<br>issue at end<br>of the year |
|--------------------------------------------|---------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------------------|
| Participating Redeemable Preference Shares | 1,571,261                                               | –                              | (7,067)                          | 1,564,194                                             |

#### 11 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2020: US\$ Nil).

#### 12 DIRECT TRANSACTION COSTS

No transaction costs on the purchase or sale of investments were incurred by the Fund during the year or prior year. The total purchases for the year amounted to US\$ Nil (2020: US\$ Nil) and the total sales amounted to US\$ Nil (2020: US\$ Nil).

## Managed Currency Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 76.

##### Currency exposures

The net assets of the Fund are predominantly denominated in US\$ which is the base currency of the Fund. There is therefore minimal currency exposure.

##### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2021 and 31st December 2020 was:

|                                        | 2021    | 2020    |
|----------------------------------------|---------|---------|
| Assets                                 | US\$    | US\$    |
| Fixed rate financial assets            | —       | —       |
| Floating rate financial assets         | 507,533 | 516,994 |
| Financial assets not carrying interest | 17      | -       |
|                                        | 2021    | 2020    |
| Liabilities                            | US\$    | US\$    |
| Fixed rate financial assets            | —       | —       |
| Floating rate financial assets         | —       | —       |
| Financial assets not carrying interest | (740)   | (663)   |

There are no material amounts of non interest bearing financial assets.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

The Fund's Preference Shares are financial liabilities that do not carry interest and there are no other material financial liabilities that carry interest.

##### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the Aggregated Financial Statements.

# Gilt and Income Fund

## Fund Investment Report

### Investment Policy

To achieve a high total return with limited capital risk from a portfolio of Sterling-denominated fixed interest investments and money market assets.

### Types of Investment

All assets are Sterling-denominated. Investments are primarily in Eurosterling Bonds and those United Kingdom (UK) Government Securities (gilt edged stock) which can pay income free of UK withholding tax to the Fund, and in bank deposits. As market conditions justify, investments may be made in other appropriate assets as permitted by the Regulations.

Limited sales and purchases of fixed interest securities may be made through options and financial futures, whilst bearing in mind the investment policy of the Fund and the Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

### Fund Performance

Over the 12 months to 31 December 2021, the Fund achieved a total gross return of -5.1% in Sterling terms, compared with a return of -5.2% for the FTSE Actuaries UK Conventional Gilts All Stocks Index.

### Review

Government bonds endured a volatile ride over the year. The introduction of Covid vaccines early in the year led to lockdowns being eased in many countries, which fuelled a strong rebound in the global economy. However, the outlook for global growth was periodically questioned as new and more contagious variants of Covid emerged and spread rapidly, even where vaccination rates were high. This prompted some new lockdowns, serving as a reminder that the pandemic had not ended. Notably, infection rates surged sharply in late 2021 as the Omicron variant spread very rapidly. This triggered a sharp sell off in risk assets and a spike in volatility. However, these moves were soon reversed in December on indications that Omicron could be less severe than other variants and that existing vaccines still conferred some protection.

Risk assets rallied against this backdrop, which pushed up core bond yields. Core bonds were also pressured as the global economic recovery led to a rise in inflation, which prompted expectations that key central banks would be forced to rein in their ultra loose monetary policies. For much of the year, the Federal Reserve (Fed), the Bank of England (BoE) and the European Central Bank downplayed the price pressures as a transitory phenomenon that would abate as pandemic related imbalances subsided. However, all three central banks turned more hawkish in the final quarter of the year as inflation soared far above official targets.

The Fed started to taper its bond purchases in November as expected, but a more concerted shift came in December. Faced with inflation at a near four decade high, United States (US) policymakers doubled the pace of tapering and surprised investors by projecting three interest rate rises in 2022 (up from their previous forecast of one). Meanwhile, the BoE wrongfooted markets by leaving rates unchanged in November, but raised them in December, against expectations that policymakers would wait for more clarity about the potential economic threat posed by Omicron.

Overall, the benchmark 10 year UK government bond (gilt) yield rose over the year. Short dated bonds underperformed their longer dated counterparts; the former were pressured by anticipation of earlier rate rises, while the latter benefited from lower long term growth and inflation expectations.

Over the year, the Fund was positioned with a longer duration (which measures sensitivity to changes in yield) than its benchmark.

The fund was overweight duration by 0.8 years long relative to its benchmark at the start of the year.

On the first trading day of 2021, we reduced the fund's duration through selling gilts maturing in 2041, 2050 and 2061, as the yield on 30 year gilts reached 0.71%. Two days later, we reversed this trade as yields rose following the results of the US Senate run off in Georgia. In the middle of the month, we added duration by buying gilts maturing in 2041 (2041 gilts), as the 30 year gilt yield hit 0.93%. On 26 January, we trimmed duration by selling 2046 gilts, as yields retraced half of their rise from earlier in the month.

In February, we first purchased 2050 gilts as yields climbed to our target, but reversed this on 4 February, as hawkish hints from the BoE pushed yields higher. We further trimmed duration the following day, selling ultra long gilts (gilts with 50 years or more until maturity) as gilts continued to weaken. In the middle of the month, as 30 year yields breached 1.20%, we reduced duration by selling bonds maturing in 2041, 2050 and 2061. Conversely, on 24 February, with the 30 year gilt yield having reached 1.36% (its highest open since March 2020) we added to duration.

In March, we made several duration neutral trades to pick up yield. In April, we increased duration marginally and closed the Fund's underweight in short dated gilts. We also took part in the new 30 year gilt syndication, which we funded by selling bonds maturing in 2050. We also moved further underweight in ultra long gilts.

In the middle of June, we made a series of relative value switches to pick up yield and add duration in short dated bonds. Later in the month, we sold 2046 and 2057 gilts as the 30 year yield dropped to four month lows. Subsequently, we added more duration in short dated gilts through the purchase of a new four year gilt.

July was a busy month for activity as we looked to take profits on the portfolio's long duration position. We also reduced the extent of the Fund's overweight in 30 year bonds versus underweight ultra longs, given the lack of ultra long issuance over the summer. In August, we widened the underweight in ultra longs by selling 2061 gilts and switching the proceeds into gilts maturing in 2046 and 2051, as the pick ups in yield available from switching into shorter dated bonds reached new highs.

# Gilt and Income Fund

## Fund Investment Report (continued)

### Review (continued)

In September, we narrowed the underweight in ultra longs. The Fund took part in the UK's first 'green gilt' issue, a bond maturing in 2033. In the third week of the month, as yields rose, we increased duration in short dated gilts via the purchase of 2024 gilts and later reduced duration in longer dated gilts. Late in the month, as yields climbed to the Fund's 'buy zone', we added some duration back via gilts maturing in 2051.

In the first two weeks of October, the portfolio's long duration relative to the benchmark was increased, with yields for some maturities around their highest for the year. Later in the month, we trimmed duration in ultra long gilts as this end of the yield curve continued to flatten. We also participated in the UK's second 'green gilt' issue (2053). Towards the end of October, we trimmed duration again, as yields fell back to our target level after the UK Debt Management Office cut its bond issuance plans for the fiscal year by more than expected. As November began, we reduced exposure to the ultra long bonds. On 5 November, after the curve had steepened again as the BoE opted against a rate hike, we sold 2031s and switched the proceeds into gilts maturing in 2035 and 2046. In December, activity was focused around reducing duration through sales and switches between different maturity buckets.

We finished 2021 with an overall relative duration of 0.35 years long.

Economic activity in 2021 was exceptionally strong in the UK, thanks to the rapid rollout of Covid vaccines and the progressive removal of social distancing measures. Meanwhile, disruption on the supply side, notably in manufacturing inputs and labour markets, together with significant base effects, led to above target annual inflation rates. While price pressures are likely to remain for several months, we expect the combination of weaker inflation adjusted wage growth, fiscal headwinds and tighter monetary policy to weigh on growth as 2022 progresses, thereby avoiding sustainably elevated inflation.

The BoE has now signalled greater urgency on the timing of future rises but not on the total number of hikes that may be necessary. The overall amount of tightening required is still described as 'modest', but the timescale has been brought forward from the previous three year forecast period to the coming months.

However, it appears that the BoE thinks more than enough tightening has been priced in based on its projections for inflation to fall significantly below target should the market's expectations for monetary tightening be delivered. We feel that the underlying UK economy is less robust than the inflation figures would suggest, and does not warrant the degree of monetary tightening currently priced by markets.

We maintain our view that the long term, structural drivers of low inflation and low bond yields remain intact and that neutral rates of interest will not prove to be any higher in this cycle than in previous ones.

## Gilt and Income Fund

### Comparative Tables

for the accounting period 1st January 2021 to 31st December 2021

|                                              | Preference Shares |          |          |
|----------------------------------------------|-------------------|----------|----------|
|                                              | 2021              | 2020     | 2019     |
|                                              | £                 | £        | £        |
| <b>Change in net assets per share</b>        |                   |          |          |
| Opening net asset value per share            | 0.4515            | 0.4215   | 0.3996   |
| Return before operating charges <sup>1</sup> | (0.0228)          | 0.0364   | 0.0276   |
| Operating charges                            | (0.0062)          | (0.0064) | (0.0057) |
| Return after operating charges               | (0.0290)          | 0.0300   | 0.0219   |
| Distributions on preference shares           | —                 | —        | —        |
| Closing net asset value per shares           | 0.4225            | 0.4515   | 0.4215   |
| after direct transaction costs <sup>1</sup>  | —                 | —        | —        |

#### Performance

|                      |         |       |       |
|----------------------|---------|-------|-------|
| Return after charges | (6.42%) | 7.12% | 5.48% |
|----------------------|---------|-------|-------|

#### Other information

|                                             |            |            |            |
|---------------------------------------------|------------|------------|------------|
| Closing net asset value (£)                 | 8,277,151  | 11,186,991 | 11,285,788 |
| Closing number of shares                    | 19,592,932 | 24,775,355 | 26,776,092 |
| Operating charges                           | 1.46%      | 1.44%      | 1.37%      |
| Direct transaction costs (note 12)          | 0.00%      | 0.00%      | 0.00%      |
| Ongoing Charges Figure ("OCF") <sup>2</sup> | 1.46%      | 1.44%      | 1.37%      |

#### Prices

|                                | 2021   | 2020   | 2019   | 2018   | 2017   |
|--------------------------------|--------|--------|--------|--------|--------|
| Highest offer share price (£)  | 0.4766 | 0.4912 | 0.4681 | 0.4282 | 0.4313 |
| Lowest bid share price (£)     | 0.4054 | 0.4205 | 0.3977 | 0.3849 | 0.3887 |
| Net distribution per share (£) | —      | —      | —      | —      | —      |

#### Notes

<sup>1</sup> Return before operating charges is stated after direct transaction costs.

<sup>2</sup> The OCF takes into account the annual management charge and any expenses incurred, expressed as a percentage of the average daily net asset values over the year.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and because of this, investors may not get back money invested and are not certain to make a profit on their investment.

## Gilt and Income Fund

### Statement of Total Return

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                | Notes | 2021<br>US\$     | 2020<br>US\$   |
|------------------------------------------------------------------------------------------------|-------|------------------|----------------|
| Income                                                                                         |       |                  |                |
| Net capital (losses)/gains                                                                     | 2     | (883,182)        | 1,079,509      |
| Revenue                                                                                        | 3     | 84,259           | 102,592        |
| Expenses                                                                                       | 4     | (169,058)        | (197,723)      |
| Net expense before taxation                                                                    |       | (84,799)         | (95,131)       |
| Taxation                                                                                       |       | —                | —              |
| Net expense after taxation                                                                     |       | (84,799)         | (95,131)       |
| <b>Total return before distribution</b>                                                        |       | <b>(967,981)</b> | <b>984,378</b> |
| Distributions                                                                                  | 5     | 7,739            | 1,324          |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities</b> |       | <b>(960,242)</b> | <b>985,702</b> |

### Balance Sheet

as at 31st December 2021

|                                                           | Notes | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------|-------|-------------------|-------------------|
| <b>Assets:</b>                                            |       |                   |                   |
| Fixed assets:                                             |       |                   |                   |
| Investments                                               | 6     | 11,161,579        | 15,184,749        |
| Current assets:                                           |       |                   |                   |
| Debtors                                                   | 7     | 601,019           | 627,260           |
| Cash and bank balances                                    |       | 36,669            | 105,913           |
| <b>Total assets</b>                                       |       | <b>11,799,267</b> | <b>15,917,922</b> |
| <b>Liabilities:</b>                                       |       |                   |                   |
| Creditors:                                                |       |                   |                   |
| Other creditors                                           | 8     | (17,877)          | (66,512)          |
| <b>Total liabilities</b>                                  |       | <b>(17,877)</b>   | <b>(66,512)</b>   |
| <b>Equity:</b>                                            |       |                   |                   |
| Nominal shares (note 14, page 79)                         |       | (570,072)         | (557,116)         |
| <b>Total equity</b>                                       |       | <b>(570,072)</b>  | <b>(557,116)</b>  |
| <b>Net Assets Attributable to Preference Shareholders</b> |       | <b>11,211,318</b> | <b>15,294,294</b> |

### Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                     | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Opening Net Assets Attributable to Preference Shareholders</b>                                   | <b>15,294,294</b> | <b>14,946,108</b> |
| Movement due to sales and repurchases of shares:                                                    |                   |                   |
| Amounts receivable on issue of shares                                                               | 6,035             | 1,083,020         |
| Amounts payable on cancellation of shares                                                           | (3,050,940)       | (2,195,536)       |
|                                                                                                     | (3,044,905)       | (1,112,516)       |
| Difference on currency conversion                                                                   | (80,124)          | 475,000           |
| Change in Net Assets Attributable to Preference Shareholders from investment activities (see above) | (960,242)         | 985,702           |
| Unclaimed distributions                                                                             | 2,295             | —                 |
| <b>Closing Net Assets Attributable to Preference Shareholders</b>                                   | <b>11,211,318</b> | <b>15,294,294</b> |

### Distribution Table

There was no distribution for the accounting period 1st January 2021 to 30th June 2021, as expenses exceed revenue (June 2020: £Nil).

There is no distribution for the accounting period 1st July 2021 to 31st December 2021, as expenses exceed revenue (December 2020: £Nil).

The notes on pages 39 and 40 form an integral part of the financial statements.

**Gilt and Income Fund**  
**Portfolio Statement**  
as at 31st December 2021

| Investment                              | Currency | Holding    | Market Value<br>US\$ | % of Net<br>Assets |
|-----------------------------------------|----------|------------|----------------------|--------------------|
| <b>Government Bonds 91.35% (90.31%)</b> |          |            |                      |                    |
| <b>United Kingdom 91.35% (90.31%)</b>   |          |            |                      |                    |
| UK Treasury 0.125%                      |          |            |                      |                    |
| 31/01/2023                              | GBP      | £120,000   | 161,845              | 1.44               |
| UK Treasury 0.125%                      |          |            |                      |                    |
| 31/01/2024                              | GBP      | £1,049,000 | 1,404,589            | 12.53              |
| UK Treasury 0.25%                       |          |            |                      |                    |
| 31/01/2025                              | GBP      | £669,000   | 892,141              | 7.96               |
| UK Treasury 0.375%                      |          |            |                      |                    |
| 22/10/2026                              | GBP      | £514,000   | 681,654              | 6.08               |
| UK Treasury 0.125%                      |          |            |                      |                    |
| 31/01/2028                              | GBP      | £347,000   | 451,617              | 4.03               |
| UK Treasury 0.50%                       |          |            |                      |                    |
| 31/01/2029                              | GBP      | £73,000    | 96,382               | 0.86               |
| UK Treasury 0.25%                       |          |            |                      |                    |
| 31/07/2031                              | GBP      | £181,000   | 229,084              | 2.04               |
| UK Treasury 1.00%                       |          |            |                      |                    |
| 31/01/2032                              | GBP      | £98,000    | 131,665              | 1.17               |
| UK Treasury 0.875%                      |          |            |                      |                    |
| 31/07/2033                              | GBP      | £45,000    | 59,866               | 0.53               |
| UK Treasury 0.625%                      |          |            |                      |                    |
| 31/07/2035                              | GBP      | £1,238,000 | 1,566,949            | 13.98              |
| UK Treasury 1.125%                      |          |            |                      |                    |
| 31/01/2039                              | GBP      | £620,000   | 831,746              | 7.42               |
| UK Treasury 1.25%                       |          |            |                      |                    |
| 22/10/2041                              | GBP      | £551,000   | 753,120              | 6.72               |
| UK Treasury 0.875%                      |          |            |                      |                    |
| 31/01/2046                              | GBP      | £500,000   | 631,092              | 5.63               |
| UK Treasury 1.50%                       |          |            |                      |                    |
| 22/07/2047                              | GBP      | £238,000   | 345,509              | 3.08               |
| UK Treasury 1.75%                       |          |            |                      |                    |
| 22/01/2049                              | GBP      | £64,000    | 98,787               | 0.88               |
| UK Treasury 1.25%                       |          |            |                      |                    |
| 31/07/2051                              | GBP      | £732,000   | 1,016,237            | 9.06               |
| UK Treasury 1.50%                       |          |            |                      |                    |
| 31/07/2053                              | GBP      | £20,000    | 29,910               | 0.27               |
| UK Treasury 1.625%                      |          |            |                      |                    |
| 22/10/2054                              | GBP      | £74,000    | 114,473              | 1.02               |
| UK Treasury 1.75%                       |          |            |                      |                    |
| 22/07/2057                              | GBP      | £238,000   | 388,048              | 3.46               |
| UK Treasury 0.50%                       |          |            |                      |                    |
| 22/10/2061                              | GBP      | £181,000   | 206,994              | 1.85               |
| UK Treasury 1.625%                      |          |            |                      |                    |
| 22/10/2071                              | GBP      | £85,000    | 150,186              | 1.34               |
|                                         |          |            | <b>10,241,894</b>    | <b>91.35</b>       |
|                                         |          |            | <b>10,241,894</b>    | <b>91.35</b>       |
| <b>Government Bonds total</b>           |          |            |                      |                    |
| <b>Corporate Bonds 2.43% (3.71%)</b>    |          |            |                      |                    |
| <b>Austria 1.22% (0.92%)</b>            |          |            |                      |                    |
| Oesterreichische Kontrollbank           |          |            |                      |                    |
| AG 1.25% 15/12/2023                     | GBP      | £100,000   | 136,288              | 1.22               |
|                                         |          |            | <b>136,288</b>       | <b>1.22</b>        |
| <b>Canada 0.00% (1.62%)</b>             |          |            |                      |                    |
| <b>Germany 0.33% (0.46%)</b>            |          |            |                      |                    |
| Kreditanstalt fuer                      |          |            |                      |                    |
| Wiederaufbau 1.00%                      |          |            |                      |                    |
| 15/12/2022                              | GBP      | £27,000    | 36,733               | 0.33               |
|                                         |          |            | <b>36,733</b>        | <b>0.33</b>        |

**Corporate Bonds 2.43% (3.71%) (continued)**

|                                              |     |          |                   |               |
|----------------------------------------------|-----|----------|-------------------|---------------|
| <b>United Kingdom 0.88% (0.71%)</b>          |     |          |                   |               |
| LCR Finance plc 4.50%                        |     |          |                   |               |
| 07/12/2028                                   | GBP | £60,000  | 99,275            | 0.88          |
|                                              |     |          | <b>99,275</b>     | <b>0.88</b>   |
| <b>Corporate Bonds total</b>                 |     |          | <b>272,296</b>    | <b>2.43</b>   |
| <b>Supranationals 3.96% (2.86%)</b>          |     |          |                   |               |
| European Investment Bank                     |     |          |                   |               |
| 1.00% 21/09/2026                             | GBP | £80,000  | 108,066           | 0.96          |
| European Investment Bank,                    |     |          |                   |               |
| FRN 1.17% 08/09/2025                         | GBP | £165,000 | 230,962           | 2.06          |
| International Bank                           |     |          |                   |               |
| for Reconstruction &                         |     |          |                   |               |
| Development 0.625%                           |     |          |                   |               |
| 14/07/2028                                   | GBP | £80,000  | 104,951           | 0.94          |
|                                              |     |          | <b>443,979</b>    | <b>3.96</b>   |
| <b>Supranationals total</b>                  |     |          | <b>443,979</b>    | <b>3.96</b>   |
| <b>Certificates of Deposit 1.82% (2.40%)</b> |     |          |                   |               |
| <b>Canada 1.22% (0.89%)</b>                  |     |          |                   |               |
| Export Development Canada                    |     |          |                   |               |
| 0.00% 29/05/2024                             | GBP | £100,000 | 135,984           | 1.22          |
|                                              |     |          | <b>135,984</b>    | <b>1.22</b>   |
| <b>Supranational 0.60% (1.51%)</b>           |     |          |                   |               |
| International Bank                           |     |          |                   |               |
| for Reconstruction &                         |     |          |                   |               |
| Development 0.88%                            |     |          |                   |               |
| 13/12/2024                                   | GBP | £50,000  | 67,426            | 0.60          |
|                                              |     |          | <b>67,426</b>     | <b>0.60</b>   |
| <b>Certificates of Deposit total</b>         |     |          | <b>203,410</b>    | <b>1.82</b>   |
| Total Value of Investments                   |     |          | 11,161,579        | 99.56         |
| Net Other assets (2020: 0.72%)               |     |          | 49,739            | 0.44          |
| <b>Net assets attributable to</b>            |     |          |                   |               |
| <b>Preference shareholders</b>               |     |          | <b>11,211,318</b> | <b>100.00</b> |

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 31 December 2020.

## Gilt and Income Fund

### Notes to the Financial Statements

for the accounting period 1st January 2021 to 31st December 2021

#### 1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 75.

#### 2 NET CAPITAL GAINS/(LOSSES)

The Net capital gains/(losses) during the period comprise:

|                            | 2021<br>US\$ | 2020<br>US\$ |
|----------------------------|--------------|--------------|
| Non-derivative securities  | (870,456)    | 1,090,021    |
| Transaction charges        | (12,726)     | (10,512)     |
| Net capital gains/(losses) | (883,182)    | 1,079,509    |

(Losses)/gains from non-derivative securities include realised losses of US\$ (573,384) (2020: US\$ 1,022,702 realised gains) and change in unrealised losses of US\$ (297,072) (2020: US\$ 67,319 unrealised gains).

#### 3 REVENUE

|                             | 2021<br>US\$ | 2020<br>US\$ |
|-----------------------------|--------------|--------------|
| Bank interest               | 195          | 2            |
| Interest on debt securities | 84,064       | 102,590      |
| Total revenue               | 84,259       | 102,592      |

#### 4 EXPENSES

|                                                                                                         | 2021<br>US\$ | 2020<br>US\$ |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the Fund Manager, associates of the Manager and agents of either of them:                    |              |              |
| Annual management charge                                                                                | (155,816)    | (181,389)    |
| Registration expenses                                                                                   | (770)        | (765)        |
| Directors' fees                                                                                         | (1,035)      | (1,300)      |
|                                                                                                         | (157,621)    | (183,454)    |
| Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them: |              |              |
| Fiduciary Custodian's fees                                                                              | (4,627)      | (5,340)      |
| Safe custody fees                                                                                       | (1,119)      | (1,242)      |
| Interest payable                                                                                        | (69)         | (36)         |
|                                                                                                         | (5,815)      | (6,618)      |
| Other expenses:                                                                                         |              |              |
| Audit fee                                                                                               | (3,372)      | (4,571)      |
| Regulatory and professional fees                                                                        | (288)        | (698)        |
| Publication charges                                                                                     | (1,962)      | (2,382)      |
|                                                                                                         | (5,622)      | (7,651)      |
| Total expenses                                                                                          | (169,058)    | (197,723)    |

#### 5 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Revenue deducted on cancellation of shares | 7,762        | 4,039        |
| Revenue received on creation of shares     | (23)         | (2,715)      |
| Distributions for the year                 | 7,739        | 1,324        |

Details of the distribution per share are set out on page 37.

#### 6 INVESTMENTS

##### Fair Value Hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

|                                 | 2021<br>Assets<br>US\$ | 2020<br>Assets<br>US\$ |
|---------------------------------|------------------------|------------------------|
| Level 1: Quoted prices          | 10,889,283             | 14,617,682             |
| Level 2: Observable market data | 272,296                | 567,067                |
| Level 3: Unobservable data      | –                      | –                      |
| Total value                     | 11,161,579             | 15,184,749             |

#### 7 DEBTORS

|                                    | 2021<br>US\$ | 2020<br>US\$ |
|------------------------------------|--------------|--------------|
| Accrued revenue                    | 30,569       | 70,144       |
| Receivable from the Fund Manager – |              |              |
| Nominal shares                     | 570,072      | 557,116      |
| Prepaid Expenses                   | 378          | –            |
| Total debtors                      | 601,019      | 627,260      |

#### 8 OTHER CREDITORS

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Amounts payable for cancellation of shares | –            | (44,138)     |
| Accrued expenses                           | (6,159)      | (6,382)      |
| Amounts payable to the Fund Manager        | (11,718)     | (15,992)     |
| Total creditors                            | (17,877)     | (66,512)     |

#### 9 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) (Fund Manager) provides services to the company under the terms of a management agreement (page 76, note 10) and acts as principal in respect of all transactions of shares in the Fund.

The Fund Manager owns the management shares of the company and has common directors with the company namely Jeffrey Boysie McPherson More, Anthony Adam King and Darren Mark Kelly who have waived their rights to directors fees. Directors fees are payable to each of the two non-executive directors of the company.

The total director fees expense for the year was US\$ 1,035 (2020: US\$ 1,300) with US\$ 267 (2020: US\$ 330) outstanding at year end.

Amounts paid to the Fund Manager in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 11,652 (2020: US\$ 15,557) in respect of the annual management charge, and US\$ 66 (2020: US\$ 68) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group (formerly Charles Taylor Group), of which the Fund is a related party, hold 10,964,355 (2020: 15,620,408) Preference Shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Preference Shareholders. The amounts due from/to Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) in respect of share transactions at the end of the accounting period are disclosed in Notes 7 and 8.

#### 10 SHARES IN ISSUE RECONCILIATION

|                   | Number of<br>shares in<br>issue at start<br>of the year | Number of<br>shares<br>created | Number of<br>shares<br>cancelled | Number of<br>shares in<br>issue at end<br>of the year |
|-------------------|---------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------------------|
| Participating     |                                                         |                                |                                  |                                                       |
| Redeemable        |                                                         |                                |                                  |                                                       |
| Preference Shares | 24,775,355                                              | 10,265                         | (5,192,688)                      | 19,592,932                                            |

#### 11 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2020: US\$ Nil).

#### 12 DIRECT TRANSACTION COSTS

No transaction costs on the purchase or sale of investments were incurred by the Fund during the year or prior year. The total purchases for the year amounted to US\$ 19,280,346 (2020: US\$ 25,863,712) and the total sales amounted to US\$ 22,303,409 (2020: US\$ 26,855,367).

##### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.13% (2020: 0.11%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 13 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 76.

##### Currency exposures

All the net assets and liabilities of the Fund are denominated in UK Sterling which is the base currency of the Fund.

##### Currency risk sensitivity

If the exchange rates at 31 December 2021 between US\$ and UK Sterling had strengthened by 5% (2020: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 560,566 (2020: US\$ 764,715).

A weakening of the US\$ compared to UK Sterling would have resulted in an equal and opposite effect on the financial statements, assuming that all other variables remained constant.

## Gilt and Income Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 FINANCIAL INSTRUMENTS (continued)

##### Interest rate risk sensitivity

As at 31 December 2021 the Fund was exposed to interest rate risk through its investments in debt instruments. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund.

The sensitivity analysis was based on a change in one variable while holding all other variables constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated.

As at 31 December 2021 had market interest rates strengthened by 1% (2020: 1%), the net assets attributable to preference shareholders of the Fund would have decreased by US\$ 1,405,082 (2020: US\$ 2,048,796).

A weakening of the interest rate would have resulted in an equal and opposite effect on the financial statements, assuming that all other variables remained constant.

##### Interest rate risk profile of financial assets and financial liabilities

Fixed rate financial assets consist of Sterling denominated bonds of US\$ 11,161,579 (2020: US\$ 15,184,749). The Fund has non interest bearing assets of US\$ 30,947 (2020: US\$ 70,144).

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

The Fund's Preference Shares are financial liabilities that do not carry interest and there are no other material financial liabilities that carry interest.

##### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the Aggregated Financial Statements.

#### 14 DEBT SECURITY CREDIT ANALYSIS

At the balance sheet date, the credit analysis of the Fund's debt securities was as follows:

|                              | US\$              | 2021<br>% of Net<br>Assets | US\$              | 2020<br>% of Net<br>Assets |
|------------------------------|-------------------|----------------------------|-------------------|----------------------------|
| Investment grade securities* | 11,161,579        | 99.56                      | 15,184,749        | 99.28                      |
|                              | <u>11,161,579</u> | <u>99.56</u>               | <u>15,184,749</u> | <u>99.28</u>               |

\* Credit rating designations BBB or above are considered investment grade whereas credit rating designations BB or lower are considered below investment grade.

# North American Growth Fund

## Fund Investment Report

### Investment Policy

To invest primarily for capital growth in a portfolio of equities based in North America.

### Types of Investment

Investments are made for capital growth, primarily in shares of leading companies, but may also be held indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

### Fund Performance

Over the 12 months to 31 December 2021 the Fund achieved a total gross return of +30.6%, compared with a return of +28.7% from the S&P 500 Index in United States (US) Dollar terms.

### Review

US equities delivered strong gains in 2021, driven by robust corporate profits, ongoing loose monetary policy, the rollout of Covid vaccines and optimism about further US fiscal stimulus. However, from September onwards performance was more mixed as the Federal Reserve (Fed) turned more hawkish. Volatility spiked in November amid concerns about a rapid rise in Covid cases driven by the new Omicron variant. Nonetheless, US equities ended the year on a bullish note, trading near record highs after initial evidence suggested that Omicron, while highly contagious, was relatively mild in effect and caused fewer hospitalisations and deaths.

A hawkish shift in the outlook for monetary policy was a prominent theme of the year as inflation readings indicated that prices were rising swiftly in the US. Having spent much of the year insisting that higher prices were transitory in nature, the Fed turned more hawkish as 2021 drew to a close. The bank started tapering its bond purchases in November and accelerated the pace in December. Policymakers also surprisingly projected up to three rate hikes in 2022, compared with previous expectations of only one.

We initiated several new positions during the year including United Parcel Service, Inc. 'B' (Industrials), QUALCOMM, Inc. (Information Technology) and Zoetis, Inc. (Health Care).

United Parcel Service is well placed to benefit from rising parcel volumes as retail moves online and supply chains become increasingly complex. With the US Postal Service running close to capacity, the return of high margin business-to-business volumes and enterprise customer growth should also help profitability. Currently elevated capital spending should start to decrease now that hub automation and further Boeing 747 freight planes have been added. While the shares have performed well following excellent quarterly earnings, new management initiatives and continued ecommerce growth should combine to accelerate growth ahead of expectations over the longer term.

QUALCOMM has pivoted from focusing on handsets (licencing and chips) to processors over the last few years, successfully diversifying as it converts handset tech into autos and the internet of things. Given the company's leadership in handset technology and its ability to leverage this across multiple industries, QUALCOMM is well positioned to take advantage of secular digitalisation trends and the increasing role of technology in the economy.

Zoetis is the industry leader in animal health and focuses on both companion animals and livestock. As an industry, animal health benefits from sustainable growth drivers and limited risk from generic substitutes. The business has a bright long term outlook: companion animal trends are strong, while the reopening of restaurants should help the livestock business. Zoetis is also well positioned in its product cycle.

Sales during the year included Eastman Chemical Company (Materials), Match Group, Inc. (Communication Services), Alexion Pharmaceuticals, Inc. (Health Care), SBA Communications Corp. (Real Estate), Lyft, Inc. 'A' (Industrials) and Home Depot, Inc. (Consumer Discretionary).

Despite a bumpy start to 2022 in equity markets, we believe that economic growth will remain robust and materially above trend, supported by strong revisions to corporate earnings. We have witnessed a shift in consumption from goods to services as the economy returns to normal and consumers are able to spend on services once again. The recent emergence of the Omicron Covid variant is a potential risk, though early indications suggest that it should have a less severe impact on the economy than prior strains.

US corporate earnings have remained strong. While we expect a material slowdown in earnings growth in 2022, given the tougher comparisons and that we are beyond peak growth momentum, we still expect robust growth of around 10% to 15% for the calendar year. An increase in the corporate tax rate is still a possibility and would be a headwind for earnings. However, the chance of a tax hike has materially receded given resistance from centrist Democrats in the Senate. Cost headwinds from supply chain and labour shortages may be underestimated, but the demand picture seems very well supported. Against this backdrop, the ability of companies to withstand the current inflationary episode will depend greatly on their individual pricing power.

In 2022, the debate will likely centre on whether redistributive economic policies can accelerate the return to a 'normal' US gross domestic product growth rate, as demographic headwinds are unlikely to abate. The overhang from excess stimulus spending could also lead to worries about debt sustainability, especially if the 10 year rate picks up significantly from here.

Recently, the Fed has taken a more hawkish stance, with the tapering of its asset purchases and the start of a cycle of rate hiking looking imminent. On the positive side, this indicates that the central bank is serious about keeping inflation in check, although it will need to be careful in order to avoid a policy mistake, in a repeat of 2018. While monetary conditions are tightening, this will give the Fed more ammunition to fight potential risks in the future.

## North American Growth Fund

### Comparative Tables

for the accounting period 1st January 2021 to 31st December 2021

|                                              | Preference Shares |          |          |
|----------------------------------------------|-------------------|----------|----------|
|                                              | 2021              | 2020     | 2019     |
|                                              | US\$              | US\$     | US\$     |
| <b>Change in net assets per share</b>        |                   |          |          |
| Opening net asset value per share            | 11.3162           | 9.3731   | 7.1090   |
| Return before operating charges <sup>1</sup> | 3.5065            | 2.1457   | 2.4325   |
| Operating charges                            | (0.2759)          | (0.2026) | (0.1684) |
| Return after operating charges               | 3.2306            | 1.9431   | 2.2641   |
| Distributions on preference shares           | —                 | —        | —        |
| Closing net asset value per shares           | 14.5468           | 11.3162  | 9.3731   |
| after direct transaction costs <sup>1</sup>  | (0.0013)          | (0.0019) | (0.0017) |

#### Performance

|                      |        |        |        |
|----------------------|--------|--------|--------|
| Return after charges | 28.55% | 20.73% | 31.85% |
|----------------------|--------|--------|--------|

#### Other information

|                                             |            |            |            |
|---------------------------------------------|------------|------------|------------|
| Closing net asset value (US\$)              | 35,403,407 | 28,770,518 | 25,655,208 |
| Closing number of shares                    | 2,433,757  | 2,542,421  | 2,737,111  |
| Operating charges                           | 2.11%      | 2.12%      | 2.08%      |
| Direct transaction costs (note 13)          | 0.01%      | 0.02%      | 0.02%      |
| Ongoing Charges Figure (“OCF”) <sup>2</sup> | 2.11%      | 2.12%      | 2.08%      |

#### Prices

|                                   | 2021    | 2020    | 2019   | 2018   | 2017   |
|-----------------------------------|---------|---------|--------|--------|--------|
| Highest offer share price (US\$)  | 15.4400 | 11.9800 | 9.9140 | 9.0470 | 8.1790 |
| Lowest bid share price (US\$)     | 11.2200 | 6.5150  | 6.9980 | 6.8990 | 6.0800 |
| Net distribution per share (US\$) | —       | —       | —      | —      | —      |

#### Notes

<sup>1</sup> Return before operating charges is stated after direct transaction costs.

<sup>2</sup> The OCF takes into account the annual management charge and any expenses incurred, expressed as a percentage of the average daily net asset values over the year.

Please refer to the Direct transaction costs note on page 47, for more detail regarding the nature of transaction costs and how they arise for different types of investments.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and because of this, investors may not get back money invested and are not certain to make a profit on their investment.

## North American Growth Fund

### Statement of Total Return

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                | Notes | 2021<br>US\$     | 2020<br>US\$     |
|------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Income                                                                                         |       |                  |                  |
| Net capital gains                                                                              | 2     | 8,464,179        | 5,320,326        |
| Revenue                                                                                        | 3     | 358,110          | 379,968          |
| Expenses                                                                                       | 4     | (672,957)        | (526,679)        |
| Net expense before taxation                                                                    |       | (314,847)        | (146,711)        |
| Taxation                                                                                       | 5     | (104,914)        | (111,969)        |
| Net expense after taxation                                                                     |       | (419,761)        | (258,680)        |
| <b>Total return before distribution</b>                                                        |       | <b>8,044,418</b> | <b>5,061,646</b> |
| Distributions                                                                                  | 6     | 9,382            | 10,906           |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities</b> |       | <b>8,053,800</b> | <b>5,072,552</b> |

### Balance Sheet

As at 31st December 2021

|                                                           | Notes | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------|-------|-------------------|-------------------|
| <b>Assets:</b>                                            |       |                   |                   |
| Fixed assets:                                             |       |                   |                   |
| Investments                                               | 7     | 35,285,574        | 28,708,261        |
| Current assets:                                           |       |                   |                   |
| Debtors                                                   | 8     | 162,778           | 161,606           |
| Cash and bank balances                                    |       | 179,445           | 108,609           |
| <b>Total assets</b>                                       |       | <b>35,627,797</b> | <b>28,978,476</b> |
| <b>Liabilities:</b>                                       |       |                   |                   |
| Creditors:                                                |       |                   |                   |
| Other creditors                                           | 9     | (75,115)          | (58,954)          |
| <b>Total liabilities</b>                                  |       | <b>(75,115)</b>   | <b>(58,954)</b>   |
| <b>Equity:</b>                                            |       |                   |                   |
| Nominal shares (note 14, page 79)                         |       | (149,275)         | (149,004)         |
| <b>Total equity</b>                                       |       | <b>(149,275)</b>  | <b>(149,004)</b>  |
| <b>Net Assets Attributable to Preference Shareholders</b> |       | <b>35,403,407</b> | <b>28,770,518</b> |

### Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                            | 2021<br>US\$      | 2020<br>US\$      |
|------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Opening Net Assets Attributable to Preference Shareholders</b>                                          | <b>28,770,518</b> | <b>25,655,208</b> |
| Movement due to sales and repurchases of shares:                                                           |                   |                   |
| Amounts receivable on issue of shares                                                                      | 666,448           | 274,003           |
| Amounts payable on cancellation of shares                                                                  | (2,087,359)       | (2,231,245)       |
|                                                                                                            | (1,420,911)       | (1,957,242)       |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)</b> | <b>8,053,800</b>  | <b>5,072,552</b>  |
| <b>Closing Net Assets Attributable to Preference Shareholders</b>                                          | <b>35,403,407</b> | <b>28,770,518</b> |

### Distribution Table

There was no distribution for the accounting period 1st January 2021 to 31st December 2021, as expenses exceed revenue (December 2020: US\$ Nil).

The notes on pages 46 to 48 form an integral part of the financial statements.

## North American Growth Fund

### Portfolio Statement

as at 31st December 2021

| Investment                                                  | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets | Investment                                                              | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|-------------------------------------------------------------|----------|---------|----------------------|--------------------|-------------------------------------------------------------------------|----------|---------|----------------------|--------------------|
| <b>Equities 99.67% (99.78%)</b>                             |          |         |                      |                    | <b>Health Care 15.89% (14.06%)</b>                                      |          |         |                      |                    |
| <b>Communication Services 13.44% (14.27%)</b>               |          |         |                      |                    | <b>Biotechnology 1.10% (1.16%)</b>                                      |          |         |                      |                    |
| <b>Entertainment 1.20% (1.74%)</b>                          |          |         |                      |                    | Mirati Therapeutics, Inc.                                               | USD      | 488     | 72,697               | 0.21               |
| Electronic Arts, Inc.                                       | USD      | 1,126   | 150,096              | 0.42               | Novavax, Inc.                                                           | USD      | 496     | 73,939               | 0.21               |
| Take-Two Interactive Software, Inc.                         | USD      | 1,523   | 274,231              | 0.78               | Vertex Pharmaceuticals, Inc.                                            | USD      | 1,088   | 241,286              | 0.68               |
|                                                             |          |         | <b>424,327</b>       | <b>1.20</b>        |                                                                         |          |         | <b>387,922</b>       | <b>1.10</b>        |
| <b>Interactive Media &amp; Services 9.75% (9.23%)</b>       |          |         |                      |                    | <b>Health Care Equipment &amp; Supplies 3.18% (3.53%)</b>               |          |         |                      |                    |
| Alphabet, Inc. 'A'                                          | USD      | 779     | 2,267,256            | 6.40               | Abbott Laboratories                                                     | USD      | 5,040   | 712,656              | 2.01               |
| Meta Platforms, Inc. 'A'                                    | USD      | 3,477   | 1,186,665            | 3.35               | Medtronic plc                                                           | USD      | 3,976   | 414,140              | 1.17               |
|                                                             |          |         | <b>3,453,921</b>     | <b>9.75</b>        |                                                                         |          |         | <b>1,126,796</b>     | <b>3.18</b>        |
| <b>Media 1.70% (2.17%)</b>                                  |          |         |                      |                    | <b>Health Care Providers &amp; Services 3.97% (2.56%)</b>               |          |         |                      |                    |
| Comcast Corp. 'A'                                           | USD      | 11,889  | 601,108              | 1.70               | Centene Corp.                                                           | USD      | 7,709   | 639,693              | 1.81               |
|                                                             |          |         | <b>601,108</b>       | <b>1.70</b>        | CVS Health Corp.                                                        | USD      | 7,413   | 766,875              | 2.16               |
| <b>Wireless Telecommunication Services 0.79% (1.13%)</b>    |          |         |                      |                    |                                                                         |          |         | <b>1,406,568</b>     | <b>3.97</b>        |
| T-Mobile US, Inc.                                           | USD      | 2,414   | 279,445              | 0.79               | <b>Life Sciences Tools &amp; Services 2.47% (3.61%)</b>                 |          |         |                      |                    |
|                                                             |          |         | <b>279,445</b>       | <b>0.79</b>        | Thermo Fisher Scientific, Inc.                                          | USD      | 1,306   | 872,042              | 2.47               |
| <b>Communication Services total</b>                         |          |         |                      |                    |                                                                         |          |         | <b>872,042</b>       | <b>2.47</b>        |
|                                                             |          |         | <b>4,758,801</b>     | <b>13.44</b>       | <b>Pharmaceuticals 5.17% (3.20%)</b>                                    |          |         |                      |                    |
| <b>Consumer Discretionary 12.65% (12.93%)</b>               |          |         |                      |                    | AstraZeneca plc, ADR                                                    | USD      | 2,222   | 130,076              | 0.37               |
| <b>Automobiles 1.10% (1.34%)</b>                            |          |         |                      |                    | Bristol-Myers Squibb Co.                                                | USD      | 9,081   | 570,741              | 1.61               |
| General Motors Co.                                          | USD      | 6,648   | 390,038              | 1.10               | Eli Lilly & Co.                                                         | USD      | 2,914   | 811,053              | 2.29               |
|                                                             |          |         | <b>390,038</b>       | <b>1.10</b>        | Zoetis, Inc.                                                            | USD      | 1,298   | 318,880              | 0.90               |
| <b>Hotels, Restaurants &amp; Leisure 2.92% (1.91%)</b>      |          |         |                      |                    |                                                                         |          |         | <b>1,830,750</b>     | <b>5.17</b>        |
| Hilton Worldwide Holdings, Inc.                             | USD      | 2,802   | 437,504              | 1.23               | <b>Health Care total</b>                                                |          |         |                      |                    |
| Starbucks Corp.                                             | USD      | 5,118   | 597,527              | 1.69               |                                                                         |          |         | <b>5,624,078</b>     | <b>15.89</b>       |
|                                                             |          |         | <b>1,035,031</b>     | <b>2.92</b>        | <b>Industrials 9.24% (10.08%)</b>                                       |          |         |                      |                    |
| <b>Internet &amp; Direct Marketing Retail 4.69% (5.69%)</b> |          |         |                      |                    | <b>Aerospace &amp; Defense 0.97% (0.00%)</b>                            |          |         |                      |                    |
| Amazon.com, Inc.                                            | USD      | 495     | 1,660,255            | 4.69               | Howmet Aerospace, Inc.                                                  | USD      | 10,888  | 345,041              | 0.97               |
|                                                             |          |         | <b>1,660,255</b>     | <b>4.69</b>        |                                                                         |          |         | <b>345,041</b>       | <b>0.97</b>        |
| <b>Multiline Retail 1.96% (1.85%)</b>                       |          |         |                      |                    | <b>Air Freight &amp; Logistics 1.06% (0.00%)</b>                        |          |         |                      |                    |
| Target Corp.                                                | USD      | 3,000   | 694,410              | 1.96               | United Parcel Service, Inc. 'B'                                         | USD      | 1,767   | 376,000              | 1.06               |
|                                                             |          |         | <b>694,410</b>       | <b>1.96</b>        |                                                                         |          |         | <b>376,000</b>       | <b>1.06</b>        |
| <b>Specialty Retail 0.72% (2.14%)</b>                       |          |         |                      |                    | <b>Commercial Services &amp; Supplies 1.56% (1.33%)</b>                 |          |         |                      |                    |
| TIJX Cos., Inc. (The)                                       | USD      | 3,352   | 253,545              | 0.72               | Republic Services, Inc.                                                 | USD      | 3,972   | 551,036              | 1.56               |
|                                                             |          |         | <b>253,545</b>       | <b>0.72</b>        |                                                                         |          |         | <b>551,036</b>       | <b>1.56</b>        |
| <b>Textiles, Apparel &amp; Luxury Goods 1.26% (0.00%)</b>   |          |         |                      |                    | <b>Electrical Equipment 1.49% (2.26%)</b>                               |          |         |                      |                    |
| Under Armour, Inc. 'A'                                      | USD      | 10,341  | 216,541              | 0.61               | Array Technologies, Inc.                                                | USD      | 4,752   | 76,222               | 0.22               |
| VF Corp.                                                    | USD      | 3,155   | 230,094              | 0.65               | Eaton Corp. plc                                                         | USD      | 2,624   | 451,354              | 1.27               |
|                                                             |          |         | <b>446,635</b>       | <b>1.26</b>        |                                                                         |          |         | <b>527,576</b>       | <b>1.49</b>        |
| <b>Consumer Discretionary total</b>                         |          |         |                      |                    | <b>Machinery 2.14% (2.85%)</b>                                          |          |         |                      |                    |
|                                                             |          |         | <b>4,479,914</b>     | <b>12.65</b>       | Caterpillar, Inc.                                                       | USD      | 1,691   | 348,633              | 0.98               |
| <b>Consumer Staples 1.66% (1.75%)</b>                       |          |         |                      |                    | Ingersoll Rand, Inc.                                                    | USD      | 6,650   | 408,842              | 1.16               |
| <b>Beverages 1.66% (1.75%)</b>                              |          |         |                      |                    |                                                                         |          |         | <b>757,475</b>       | <b>2.14</b>        |
| PepsiCo, Inc.                                               | USD      | 3,394   | 585,906              | 1.66               | <b>Road &amp; Rail 2.02% (3.64%)</b>                                    |          |         |                      |                    |
|                                                             |          |         | <b>585,906</b>       | <b>1.66</b>        | Union Pacific Corp.                                                     | USD      | 2,851   | 715,430              | 2.02               |
| <b>Consumer Staples total</b>                               |          |         |                      |                    |                                                                         |          |         | <b>715,430</b>       | <b>2.02</b>        |
|                                                             |          |         | <b>585,906</b>       | <b>1.66</b>        | <b>Industrials total</b>                                                |          |         |                      |                    |
| <b>Energy 2.38% (2.74%)</b>                                 |          |         |                      |                    |                                                                         |          |         | <b>3,272,558</b>     | <b>9.24</b>        |
| <b>Oil, Gas &amp; Consumable Fuels 2.38% (2.74%)</b>        |          |         |                      |                    | <b>Information Technology 31.01% (30.03%)</b>                           |          |         |                      |                    |
| ConocoPhillips                                              | USD      | 6,135   | 440,984              | 1.25               | <b>Communications Equipment 2.45% (2.12%)</b>                           |          |         |                      |                    |
| Renewable Energy Group, Inc.                                | USD      | 1,989   | 84,850               | 0.24               | Cisco Systems, Inc.                                                     | USD      | 13,661  | 867,337              | 2.45               |
| Valero Energy Corp.                                         | USD      | 4,212   | 315,226              | 0.89               |                                                                         |          |         | <b>867,337</b>       | <b>2.45</b>        |
|                                                             |          |         | <b>841,060</b>       | <b>2.38</b>        | <b>Electronic Equipment, Instruments &amp; Components 2.29% (3.01%)</b> |          |         |                      |                    |
| <b>Energy total</b>                                         |          |         |                      |                    | TE Connectivity Ltd.                                                    | USD      | 2,867   | 461,616              | 1.31               |
|                                                             |          |         | <b>841,060</b>       | <b>2.38</b>        | Trimble, Inc.                                                           | USD      | 3,970   | 347,931              | 0.98               |
| <b>Financials 10.75% (9.90%)</b>                            |          |         |                      |                    |                                                                         |          |         | <b>809,547</b>       | <b>2.29</b>        |
| <b>Capital Markets 7.73% (6.53%)</b>                        |          |         |                      |                    | <b>IT Services 1.98% (2.42%)</b>                                        |          |         |                      |                    |
| BlackRock, Inc.                                             | USD      | 269     | 246,038              | 0.70               | Mastercard, Inc. 'A'                                                    | USD      | 1,938   | 701,072              | 1.98               |
| Intercontinental Exchange, Inc.                             | USD      | 5,128   | 702,228              | 1.98               |                                                                         |          |         | <b>701,072</b>       | <b>1.98</b>        |
| Morgan Stanley                                              | USD      | 13,436  | 1,311,757            | 3.71               | <b>Semiconductors &amp; Semiconductor Equipment 8.41% (6.59%)</b>       |          |         |                      |                    |
| State Street Corp.                                          | USD      | 4,157   | 386,102              | 1.09               | Broadcom, Inc.                                                          | USD      | 1,226   | 815,278              | 2.30               |
| Virtu Financial, Inc. 'A'                                   | USD      | 3,139   | 90,184               | 0.25               | Lam Research Corp.                                                      | USD      | 809     | 584,082              | 1.65               |
|                                                             |          |         | <b>2,736,309</b>     | <b>7.73</b>        | Microchip Technology, Inc.                                              | USD      | 6,197   | 538,767              | 1.52               |
| <b>Diversified Financial Services 1.83% (2.02%)</b>         |          |         |                      |                    | NVIDIA Corp.                                                            | USD      | 2,371   | 700,322              | 1.98               |
| Voya Financial, Inc.                                        | USD      | 9,754   | 649,031              | 1.83               | QUALCOMM, Inc.                                                          | USD      | 1,862   | 340,485              | 0.96               |
|                                                             |          |         | <b>649,031</b>       | <b>1.83</b>        |                                                                         |          |         | <b>2,978,934</b>     | <b>8.41</b>        |
| <b>Insurance 1.19% (1.35%)</b>                              |          |         |                      |                    | <b>Financials total</b>                                                 |          |         |                      |                    |
| Allstate Corp. (The)                                        | USD      | 3,562   | 420,957              | 1.19               |                                                                         |          |         | <b>3,806,297</b>     | <b>10.75</b>       |
|                                                             |          |         | <b>420,957</b>       | <b>1.19</b>        |                                                                         |          |         |                      |                    |

# **North American Growth Fund** **Portfolio Statement (continued)**

as at 31st December 2021

| Investment                                                          | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|---------------------------------------------------------------------|----------|---------|----------------------|--------------------|
| <b>Equities 99.67% (99.78%) (continued)</b>                         |          |         |                      |                    |
| <b>Information Technology 31.01% (30.03%) (continued)</b>           |          |         |                      |                    |
| <b>Software 10.89% (9.20%)</b>                                      |          |         |                      |                    |
| Adobe, Inc.                                                         | USD      | 1,200   | 680,724              | 1.92               |
| Aspen Technology, Inc.                                              | USD      | 1,829   | 278,758              | 0.79               |
| Bill.com Holdings, Inc.                                             | USD      | 1,252   | 319,235              | 0.90               |
| Microsoft Corp.                                                     | USD      | 6,757   | 2,276,298            | 6.43               |
| salesforce.com, Inc.                                                | USD      | 1,170   | 298,841              | 0.85               |
|                                                                     |          |         | <b>3,853,856</b>     | <b>10.89</b>       |
| <b>Technology Hardware, Storage &amp; Peripherals 4.99% (6.69%)</b> |          |         |                      |                    |
| Apple, Inc.                                                         | USD      | 9,906   | 1,767,131            | 4.99               |
|                                                                     |          |         | <b>1,767,131</b>     | <b>4.99</b>        |
| <b>Information Technology total</b>                                 |          |         | <b>10,977,877</b>    | <b>31.01</b>       |
| <b>Materials 2.19% (3.27%)</b>                                      |          |         |                      |                    |
| <b>Chemicals 2.19% (3.27%)</b>                                      |          |         |                      |                    |
| Albemarle Corp.                                                     | USD      | 888     | 208,946              | 0.59               |
| DuPont de Nemours, Inc.                                             | USD      | 4,313   | 347,197              | 0.98               |
| FMC Corp.                                                           | USD      | 1,994   | 218,702              | 0.62               |
|                                                                     |          |         | <b>774,845</b>       | <b>2.19</b>        |
| <b>Materials total</b>                                              |          |         | <b>774,845</b>       | <b>2.19</b>        |
| <b>Real Estate 0.00% (0.75%)</b>                                    |          |         |                      |                    |
| <b>Equity Real Estate</b>                                           |          |         |                      |                    |
| <b>Investment Trusts (REITs)</b>                                    |          |         |                      |                    |
| <b>0.00% (0.75%)</b>                                                |          |         |                      |                    |
| <b>Utilities 0.46% (0.00%)</b>                                      |          |         |                      |                    |
| <b>Electric Utilities 0.46% (0.00%)</b>                             |          |         |                      |                    |
| NextEra Energy, Inc.                                                | USD      | 1,766   | 164,238              | 0.46               |
|                                                                     |          |         | <b>164,238</b>       | <b>0.46</b>        |
| <b>Utilities total</b>                                              |          |         | <b>164,238</b>       | <b>0.46</b>        |
| <b>Equities total</b>                                               |          |         | <b>35,285,574</b>    | <b>99.67</b>       |
| Total Value of Investments                                          |          |         | 35,285,574           | 99.67              |
| Net Other Assets (2020: 0.22%)                                      |          |         | 117,833              | 0.33               |
| <b>Net Assets attributable to Preference Shareholders</b>           |          |         | <b>35,403,407</b>    | <b>100.00</b>      |

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 31 December 2020.

## North American Growth Fund

### Notes to the Financial Statements

for the accounting period 1st January 2021 to 31st December 2021

#### 1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 75.

#### 2 NET CAPITAL GAINS

The net capital gains during the period comprise:

|                               | 2021<br>US\$     | 2020<br>US\$     |
|-------------------------------|------------------|------------------|
| Non-derivative securities     | 8,478,898        | 5,334,187        |
| Other currency (losses)/gains | (3)              | 2                |
| Transaction charges           | (14,716)         | (13,863)         |
| Net capital gains             | <u>8,464,179</u> | <u>5,320,326</u> |

Gains from non-derivatives securities include realised gains of US\$ 3,443,046 (2020: US\$ 1,838,667) and change in unrealised gains of US\$ 5,035,852 (2020: US\$ 3,495,520).

#### 3 REVENUE

|                    | 2021<br>US\$   | 2020<br>US\$   |
|--------------------|----------------|----------------|
| Overseas dividends | 358,014        | 379,638        |
| Bank interest      | 96             | 330            |
| Total revenue      | <u>358,110</u> | <u>379,968</u> |

#### 4 EXPENSES

|                                                                                                         | 2021<br>US\$     | 2020<br>US\$     |
|---------------------------------------------------------------------------------------------------------|------------------|------------------|
| Payable to the Fund Manager, associates of the Manager and agents of either of them:                    |                  |                  |
| Annual management charge                                                                                | (635,446)        | (496,680)        |
| Registration expenses                                                                                   | (1,138)          | (1,104)          |
| Directors' fees                                                                                         | (2,855)          | (2,457)          |
|                                                                                                         | <u>(639,439)</u> | <u>(500,241)</u> |
| Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them: |                  |                  |
| Fiduciary Custodian's fees                                                                              | (11,952)         | (9,274)          |
| Safe custody fees                                                                                       | (2,436)          | (1,866)          |
| Interest payable                                                                                        | (193)            | (61)             |
|                                                                                                         | <u>(14,581)</u>  | <u>(11,201)</u>  |
| Other expenses:                                                                                         |                  |                  |
| Audit fee                                                                                               | (11,912)         | (8,925)          |
| Regulatory and professional fees                                                                        | (720)            | (1,346)          |
| Publication charges                                                                                     | (6,305)          | (4,966)          |
|                                                                                                         | <u>(18,937)</u>  | <u>(15,237)</u>  |
| Total expenses                                                                                          | <u>(672,957)</u> | <u>(526,679)</u> |

#### 5 TAXATION

|                               | 2021<br>US\$     | 2020<br>US\$     |
|-------------------------------|------------------|------------------|
| Analysis of charge in period: |                  |                  |
| Overseas tax suffered         | (104,914)        | (111,969)        |
| Total overseas taxation       | <u>(104,914)</u> | <u>(111,969)</u> |

#### 6 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

|                                            | 2021<br>US\$ | 2020<br>US\$  |
|--------------------------------------------|--------------|---------------|
| Revenue deducted on cancellation of shares | 11,977       | 12,193        |
| Revenue received on creation of shares     | (2,595)      | (1,287)       |
| Distributions for the year                 | <u>9,382</u> | <u>10,906</u> |

Details of the distribution per share are set out on page 43.

#### 7 INVESTMENTS

##### Fair Value Hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

| Valuation Technique             | 2021<br>Assets<br>US\$ | 2020<br>Assets<br>US\$ |
|---------------------------------|------------------------|------------------------|
| Level 1: Quoted prices          | 35,285,574             | 28,708,261             |
| Level 2: Observable market data | –                      | –                      |
| Level 3: Unobservable data      | –                      | –                      |
| Total                           | <u>35,285,574</u>      | <u>28,708,261</u>      |

#### 8 DEBTORS

|                                                   | 2021<br>US\$   | 2020<br>US\$   |
|---------------------------------------------------|----------------|----------------|
| Accrued revenue                                   | 12,359         | 12,602         |
| Prepaid expenses                                  | 1,144          | –              |
| Receivable from the Fund Manager – Nominal shares | 149,275        | 149,004        |
| Total debtors                                     | <u>162,778</u> | <u>161,606</u> |

#### 9 OTHER CREDITORS

|                                            | 2021<br>US\$    | 2020<br>US\$    |
|--------------------------------------------|-----------------|-----------------|
| Amounts payable for cancellation of shares | (818)           | –               |
| Accrued expenses                           | (17,829)        | (12,707)        |
| Amounts payable to the Fund Manager        | (56,468)        | (46,247)        |
| Total creditors                            | <u>(75,115)</u> | <u>(58,954)</u> |

#### 10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) (Fund Manager) provides services to the company under the terms of a management agreement (page 76, note 10) and acts as principal in respect of all transactions of shares in the Fund.

The Fund Manager owns the management shares of the company and has common directors with the company namely Jeffrey Boysie McPherson More, Anthony Adam King and Darren Mark Kelly who have waived their rights to directors fees. Directors fees are payable to each of the two non-executive directors of the company.

The total director fees expense for the year was US\$ 2,855 (2020: US\$ 2,457) with US\$ 731 (2020: US\$ 624) outstanding at year end.

Amounts paid to the Fund Manager in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 56,375 (December 2020: US\$ 46,154) in respect of the annual management charge, and US\$ 93 (December 2020: US\$ 93) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group (formerly Charles Taylor Group) of which the Fund is a related party, hold 988,158 (2020: 1,027,070) Preference Shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Preference Shareholders. The amounts due from/to Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

#### 11 SHARES IN ISSUE RECONCILIATION

|                                            | Number of<br>shares in<br>issue at start<br>of the year | Number of<br>shares<br>created | Number of<br>shares<br>cancelled | Number of<br>shares in<br>issue at end<br>of the year |
|--------------------------------------------|---------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------------------|
| Participating Redeemable Preference Shares | 2,542,421                                               | 51,731                         | (160,395)                        | 2,433,757                                             |

#### 12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2020: US\$ Nil).

## North American Growth Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 DIRECT TRANSACTION COSTS

In the case of equity shares, broker commissions, transfer taxes and stamp duties are paid by the Fund on each transaction. Unlike equity shares, other types of investments (such as bonds, money market instruments, and derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread between buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Comparing portfolio transaction costs for a range of Funds may give a false impression of the relative costs of investing in them for the following reasons:

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the Manager's investment decisions in improving returns and the associated costs of the investment.
- Historic transaction costs are not an effective indicator of the future impact on performance.
- Transaction costs for buying and selling investments due to other investors joining or leaving the Fund may be recovered from those investors.
- Transaction costs vary from country to country.
- Transaction costs vary depending on the types of investment in which a Fund invests.
- As the Manager's investment decisions are not predictable, transaction costs are also not predictable.

The direct transaction costs incurred during the year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$ | Total Cost<br>US\$ | Year to 31st December 2021<br>Commission as<br>a percentage<br>of principal<br>% | Taxes as a<br>percentage<br>of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|---------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |               |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 6,366,246         | 1,072              | —             | 6,367,317          | 0.02                                                                             | 0.00                                          |
|                                                                | <u>6,366,246</u>  | <u>1,072</u>       | <u>—</u>      | <u>6,367,317</u>   |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |               |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 8,268,251         | (731)              | (75)          | 8,267,445          | (0.01)                                                                           | (0.00)                                        |
|                                                                | <u>8,268,251</u>  | <u>(731)</u>       | <u>(75)</u>   | <u>8,267,445</u>   |                                                                                  |                                               |
| Total                                                          |                   | <u>1,803</u>       | <u>75</u>     |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.01%</u>       | <u>0.00%</u>  |                    |                                                                                  |                                               |

The direct transaction costs incurred during the prior year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$ | Total Cost<br>US\$ | Year to 31st December 2020<br>Commission as<br>a percentage<br>of principal<br>% | Taxes as a<br>percentage<br>of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|---------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |               |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 12,504,131        | 3,019              | —             | 12,507,150         | 0.02                                                                             | 0.00                                          |
|                                                                | <u>12,504,131</u> | <u>3,019</u>       | <u>—</u>      | <u>12,507,150</u>  |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |               |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 14,588,936        | (2,773)            | (325)         | 14,585,838         | (0.02)                                                                           | (0.00)                                        |
|                                                                | <u>14,588,936</u> | <u>(2,773)</u>     | <u>(325)</u>  | <u>14,585,838</u>  |                                                                                  |                                               |
| Total                                                          |                   | <u>5,792</u>       | <u>325</u>    |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.02%</u>       | <u>0.00%</u>  |                    |                                                                                  |                                               |

## North American Growth Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 DIRECT TRANSACTION COSTS (continued)

##### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.07% (2020: 0.07%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 14 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 76.

##### Currency exposures

A small proportion of the Net Assets of the Fund are denominated in currencies other than US Dollars, which is the base currency in which the Fund is managed.

This has the effect that the Balance Sheet and Statement of Total Return can be affected by currency movements.

| Net foreign currency assets | Monetary exposure<br>US\$ | Non-monetary exposure<br>US\$ | Total<br>US\$ |
|-----------------------------|---------------------------|-------------------------------|---------------|
| <b>Currency 2021</b>        |                           |                               |               |
| Canadian Dollar             | 43                        | —                             | 43            |
| UK Sterling                 | 140                       | —                             | 140           |
| US Dollar                   | 117,650                   | 35,285,574                    | 35,403,224    |
| <b>Currency 2020</b>        | US\$                      | US\$                          | US\$          |
| Canadian Dollar             | 43                        | —                             | 43            |
| UK Sterling                 | 45                        | —                             | 45            |
| US Dollar                   | 62,169                    | 28,708,261                    | 28,770,430    |

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2021 and 31st December 2020 was:

|                                        | 2021<br>US\$ | 2020<br>US\$ |
|----------------------------------------|--------------|--------------|
| <b>Assets</b>                          |              |              |
| Fixed rate financial assets            | —            | —            |
| Floating rate financial assets         | 179,445      | 108,609      |
| Financial assets not carrying interest | 35,299,077   | 28,720,863   |
| <b>Liabilities</b>                     |              |              |
| Fixed rate financial assets            | —            | —            |
| Floating rate financial assets         | —            | —            |
| Financial assets not carrying interest | (75,115)     | (58,954)     |

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

The Fund's Preference Shares are financial liabilities that do not carry interest and there are no other material financial liabilities that carry interest.

##### Other price risk sensitivity

As at 31 December 2021 the Fund was exposed to other market price risk due to its investments in equities. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31 December 2021, had the fair value of equity securities increased/(decreased) by 5% (2020: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,764,279 (2020: US\$ 1,435,413).

##### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the Aggregated Financial Statements.

# Far East Fund

## Fund Investment Report

### Investment Policy

To invest primarily for capital growth from a portfolio of equities in the principal Far Eastern and Asian markets.

### Types of Investment

Investments are made for capital growth, primarily in shares of leading companies, but also may be held indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations. Investments may be held in any approved Far Eastern market.

Exposure to individual economies will generally reflect relative level of market capitalisation. Consequently, a relatively large proportion of the Fund may consist of investments in the Japanese market.

It must be remembered that the price of shares and the income from them can go down as well as up.

### Fund Performance

Over the 12 months to 31 December 2021, the Fund produced a total gross return of +0.7% in United States (US) Dollar terms, compared with a total return of -1.2% for the MSCI AC Asia Pacific Index.

### Review

Asia Pacific equities posted a negative return for the year, with the MSCI All Country Asia Pacific index declining 1.2% in US Dollar terms. For much of the period, the ongoing economic recovery drove sentiment, initially supported by further hopes of more US government spending measures and optimism about the vaccine rollout. Sentiment deteriorated later in the year due to inflationary pressures, regulatory concern in China and the prospect of US interest rates increasing faster than expected. The emergence of Omicron was also unhelpful. We also witnessed a fall in investor appetite for growth related stocks in favour of more economically sensitive companies.

Japan outperformed the reference index over the period. The Japanese economy held up relatively well after the government's successful initial response to the Covid outbreak and stocks climbed early in the year. However, rising inflationary pressures prompted the Bank of Japan to sound a cautious note and announce its first policy review in five years. Further increases in Covid cases and low vaccination rates forced the government to declare the third state of emergency since the pandemic began. Economic data subsequently rebounded, but growing public disaffection with the government's management of the pandemic led Prime Minister Suga to resign and withdraw from the Liberal Democratic Party (LDP) leadership contest. Shares rallied on hopes that, with Suga gone, the LDP might cling to power. Third quarter economic data underlined the issues facing a new government; Gross Domestic Product (GDP) was worse than expected and Japan's large industrial and manufacturing sectors were hit particularly hard by global supply chain issues. In October, the LDP was re-elected with a slightly reduced majority, but concerns about Prime Minister Kishida's tax policies led to fresh weakness in stocks. However, attention soon shifted to his pledge to reinvigorate the economy and a fresh 43.7 trillion (tn) Yen government stimulus program to add to the 88tn Yen of support already provided since the coronavirus pandemic began. The period ended on a positive note amid strengthening economic data. Japanese industrial production for November recorded the largest month on month increase in nearly ten years.

China was one of the weakest performers in the benchmark. Despite a robust economic recovery, concern surrounding tighter government regulation spread from internet companies to stocks in 'new economy' sectors, those with social welfare implications and firms linked to national security. More positively, economic data continued to improve, with export statistics particularly robust. Later in the period, fears that property developer Evergrande could not service its debt sparked investor concerns for the wider property sector. As activity in the property sector slowed, the emergence of Omicron led to renewed concerns for the economy. In response, the People's Bank of China reduced the amount of reserves required to be held by the banking sector and slashed lending rates for smaller businesses.

Elsewhere in Asia, India significantly outperformed over the period, as small and mid sized companies benefited from the economic recovery theme and the progress made in repairing the economic damage caused by the Delta Covid variant. Industrial production, manufacturing and export data all advanced, while estimates of business profitability rebounded. South Korean equities underperformed following the imposition of tighter regulations in the financial technology sector. Surging Covid infections and social distancing controls also prompted greater investor caution. Taiwan significantly beat the benchmark as the country's large semiconductor sector benefited from foundry supply restrictions and a sharp rise in the price of memory chips, as well as robust fifth generation mobile handset sales and enthusiasm for the 'metaverse'.

Activity included the purchase of shares in Hitachi Ltd. (Japan), Shenzhou International Group Holdings Ltd. (Cayman Islands) and Fortescue Metals Group Ltd. (Australia). Hitachi is a quality industrial conglomerate with a focus on industrial equipment, automotive components and consumer electronics. We believe the company is well positioned to profit from the vigorous industrial recovery currently underway given its market leadership in these end markets. Shenzhou is the world's largest knitwear manufacturer, supplying a broad range of recognisable global sportswear brands with which it maintains strong, long-term relationships. This allows it to maintain consistently high levels of manufacturing efficiency and profitability. Meanwhile, Fortescue Metals is one of the world's leading iron ore producers, and is benefiting from the growth in demand for raw materials following the improvement in the global economy.

Regarding sales, BHP Group Ltd. (Australia) and Katitas Co. Ltd. (Japan) exited the portfolio. We sold mining conglomerate BHP on valuation grounds and due to our preference for Fortescue Metals. We also divested the holding in Japanese real estate service provider Katitas, as the company had reached its target price and the valuation was stretched. Elsewhere, we sold CapitaLand as we became less optimistic on the outlook for Singapore's property market.

As restrictions on social distancing continued to be eased, economic activity has picked up to levels seen before Covid, while regulatory headwinds in China have weighed on sentiment. We expect global economic growth to slow. This may pressure equity markets, but we do not expect Japan to experience elevated inflationary pressures to the same extent as other economies.

Although vaccine optimism has fuelled positive investor sentiment globally, we can still envisage distribution challenges in the near term. We are continuing to monitor the scale of new infections on a global basis, while considering the risk of new variants. Meanwhile, the outlook for inflation remains a key issue for both Asian and global markets, as central banks may begin to moderate accommodative monetary policy.

# Far East Fund

## Fund Investment Report (continued)

### Review (continued)

In the current environment, we believe that long term growth opportunities should remain the core of the portfolio, and we are balancing this approach with the investments exposed to the economic reopening. We have certainly witnessed inflationary pressures rise with the recovering economy. However, such pressure tends to be subdued across much of the region, and we would frame it more appropriately as 'less deflationary'.

In China, we are currently witnessing a regulatory cycle which started in late 2020. This is likely to continue into 2022, and, as elections draw nearer, we expect the government to increase its focus on common prosperity. We believe the dismantling of the private sector is not its objective. In fact, many of the Chinese government's policy objectives are in the 'wish lists' of Western economies, including enhancing data privacy and curbing monopolistic practices. We are focused on areas of the economy with policy tailwinds that will benefit most from the government's focus on prosperity and productivity. These include the "made in China" localisation theme, the semiconductor sector, biotechnology and electric vehicles, to name a few. We believe the first phase of the regulatory cycle has ended, and the risk related to tighter domestic regulation now feels priced in as we move into the second phase where regulatory rules are applied. Although there are signs of a willingness to adopt more relaxed economic policies as we move into an election year, we expect policy to return to more normal levels as opposed to large stimulus.

In terms of US-China relations, we expect the current stance from the Biden administration to remain unchanged given the bipartisan support in Washington for its policy towards Beijing, as well as the support of key US allies. We are also monitoring developments around US-China trade tariffs, as US Treasury Secretary Janet Yellen explores easing Trump era tariffs to help moderate inflationary pressure.

In Japan, we expect the ruling LDP will maintain its majority in the lower house, which should help the market escape any downward pressure associated with the global growth slowdown. We continue to monitor progress in Prime Minister Kishida's agenda following his commitment to maintaining expansionary policies to support economic recovery. Regarding monetary policy, the Bank of Japan remains committed to its accommodative measures. Furthermore, corporate Japan boasts robust financial health, which allows businesses to maintain or increase shareholder returns and make acquisitions. The trend towards increasing dividend payout ratios and share repurchases over the last decade has begun to resume following a hiatus during the pandemic. Meanwhile, compelling valuations support the investment case further still.

## Far East Fund

### Comparative Tables

for the accounting period 1st January 2021 to 31st December 2021

|                                              | Preference Shares |          |          |
|----------------------------------------------|-------------------|----------|----------|
|                                              | 2021              | 2020     | 2019     |
|                                              | US\$              | US\$     | US\$     |
| <b>Change in net assets per share</b>        |                   |          |          |
| Opening net asset value per share            | 4.9807            | 3.9780   | 3.1695   |
| Return before operating charges <sup>1</sup> | 0.0321            | 1.0988   | 0.8969   |
| Operating charges                            | (0.1253)          | (0.0961) | (0.0852) |
| Return after operating charges               | (0.0932)          | 1.0027   | 0.8117   |
| Distributions on preference shares           | —                 | —        | (0.0032) |
| Closing net asset value per shares           | 4.8875            | 4.9807   | 3.9780   |
| after direct transaction costs <sup>1</sup>  | (0.0031)          | (0.0020) | (0.0018) |

#### Performance

|                      |         |        |        |
|----------------------|---------|--------|--------|
| Return after charges | (1.87%) | 25.21% | 25.61% |
|----------------------|---------|--------|--------|

#### Other information

|                                             |           |           |           |
|---------------------------------------------|-----------|-----------|-----------|
| Closing net asset value (US\$)              | 8,960,856 | 8,894,932 | 7,481,527 |
| Closing number of shares                    | 1,833,417 | 1,785,864 | 1,880,706 |
| Operating charges                           | 2.45%     | 2.40%     | 2.40%     |
| Direct transaction costs (note 13)          | 0.06%     | 0.05%     | 0.05%     |
| Ongoing Charges Figure (“OCF”) <sup>2</sup> | 2.45%     | 2.40%     | 2.40%     |

#### Prices

|                                   | 2021   | 2020   | 2019   | 2018   | 2017   |
|-----------------------------------|--------|--------|--------|--------|--------|
| Highest offer share price (US\$)  | 5.7960 | 5.2650 | 4.2150 | 4.2930 | 3.9880 |
| Lowest bid share price (US\$)     | 4.7340 | 2.8390 | 3.1260 | 3.1220 | 2.8060 |
| Net distribution per share (US\$) | —      | —      | 0.0032 | —      | —      |

#### Notes

<sup>1</sup> Return before operating charges is stated after direct transaction costs.

<sup>2</sup> The OCF takes into account the annual management charge and any expenses incurred, expressed as a percentage of the average daily net asset values over the year.

Please refer to the Direct transaction costs note on page 56, for more detail regarding the nature of transaction costs and how they arise for different types of investments.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and because of this, investors may not get back money invested and are not certain to make a profit on their investment.

**Statement of Total Return**

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                | Notes | 2021<br>US\$     | 2020<br>US\$     |
|------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Income                                                                                         |       |                  |                  |
| Net capital (losses)/gains                                                                     | 2     | (152,383)        | 1,806,537        |
| Revenue                                                                                        | 3     | 176,679          | 144,466          |
| Expenses                                                                                       | 4     | (202,970)        | (158,403)        |
| Net expense before taxation                                                                    |       | (26,291)         | (13,937)         |
| Taxation                                                                                       | 5     | (19,541)         | (17,450)         |
| Net expense after taxation                                                                     |       | (45,832)         | (31,387)         |
| <b>Total return before distributions</b>                                                       |       | <b>(198,215)</b> | <b>1,775,150</b> |
| Distributions                                                                                  | 6     | (412)            | 951              |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities</b> |       | <b>(198,627)</b> | <b>1,776,101</b> |

**Statement of Change in Net Assets Attributable to Preference Shareholders**

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                     | 2021<br>US\$     | 2020<br>US\$     |
|-----------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Opening Net Assets Attributable to Preference Shareholders</b>                                   | <b>8,894,932</b> | <b>7,481,527</b> |
| Movement due to sales and repurchases of shares:                                                    |                  |                  |
| Amounts receivable on issue of shares                                                               | 651,334          | 9,686            |
| Amounts payable on cancellation of shares                                                           | (387,016)        | (372,382)        |
|                                                                                                     | 264,318          | (362,696)        |
| Change in Net Assets Attributable to Preference Shareholders from investment activities (see above) | (198,627)        | 1,776,101        |
| Unclaimed distribution                                                                              | 233              | —                |
| <b>Closing Net Assets Attributable to Preference Shareholders</b>                                   | <b>8,960,856</b> | <b>8,894,932</b> |

**Balance Sheet**

as at 31st December 2021

|                                                           | Notes | 2021<br>US\$     | 2020<br>US\$     |
|-----------------------------------------------------------|-------|------------------|------------------|
| <b>Assets:</b>                                            |       |                  |                  |
| Fixed assets:                                             |       |                  |                  |
| Investments                                               | 7     | 8,852,433        | 8,793,727        |
| Current assets:                                           |       |                  |                  |
| Debtors                                                   | 8     | 108,133          | 101,067          |
| Cash and bank balances                                    |       | 110,179          | 94,507           |
| <b>Total assets</b>                                       |       | <b>9,070,745</b> | <b>8,989,301</b> |
| <b>Liabilities:</b>                                       |       |                  |                  |
| Creditors:                                                |       |                  |                  |
| Distribution payable                                      |       | —                | —                |
| Other creditors                                           | 9     | (36,815)         | (21,175)         |
| <b>Total liabilities</b>                                  |       | <b>(36,815)</b>  | <b>(21,175)</b>  |
| <b>Equity:</b>                                            |       |                  |                  |
| Nominal shares (note 14, page 79)                         |       | (73,074)         | (73,194)         |
| <b>Total equity</b>                                       |       | <b>(73,074)</b>  | <b>(73,194)</b>  |
| <b>Net Assets Attributable to Preference Shareholders</b> |       | <b>8,960,856</b> | <b>8,894,932</b> |

**Distribution Table**

for the accounting period 1st January 2021 to 31st December 2021

There was no distribution for the accounting period 1st January 2021 to 31st December 2021, as expenses exceed revenue (December 2020: US\$ Nil).

The notes on pages 55 to 57 form an integral part of the financial statements.

**Far East Fund**  
**Portfolio Statement**  
as at 31st December 2021

| Investment                                         | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets | Investment                                  | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|----------------------------------------------------|----------|---------|----------------------|--------------------|---------------------------------------------|----------|---------|----------------------|--------------------|
| <b>Collective Investment Schemes 4.14% (2.39%)</b> |          |         |                      |                    | <b>Equities 94.65% (96.47%) (continued)</b> |          |         |                      |                    |
| Threadneedle Financial Services Ltd.               | USD      | 2,990   | 370,908              | 4.14               | <b>Japan 37.09% (35.86%) (continued)</b>    |          |         |                      |                    |
| <b>Collective Investment Schemes total</b>         |          |         |                      |                    | <b>Japan 37.09% (35.86%) (continued)</b>    |          |         |                      |                    |
|                                                    |          |         | <b>370,908</b>       | <b>4.14</b>        |                                             |          |         |                      |                    |
| <b>Equities 94.65% (96.47%)</b>                    |          |         |                      |                    |                                             |          |         |                      |                    |
| <b>Australia 8.51% (7.71%)</b>                     |          |         |                      |                    |                                             |          |         |                      |                    |
| Aristocrat Leisure Ltd.                            | AUD      | 1,852   | 58,633               | 0.65               | Hitachi Ltd.                                | JPY      | 1,700   | 91,962               | 1.03               |
| Australia & New Zealand Banking Group Ltd.         | AUD      | 7,622   | 152,376              | 1.70               | Hoya Corp.                                  | JPY      | 800     | 118,837              | 1.33               |
| Chalice Mining Ltd.                                | AUD      | 3,119   | 21,699               | 0.24               | ITOCHU Corp.                                | JPY      | 4,400   | 134,428              | 1.50               |
| CSL Ltd.                                           | AUD      | 528     | 111,525              | 1.24               | JMDC, Inc.                                  | JPY      | 200     | 14,902               | 0.17               |
| Deterra Royalties Ltd.                             | AUD      | 14,597  | 45,630               | 0.51               | JTOWER, Inc.                                | JPY      | 100     | 8,380                | 0.09               |
| Falcon Metals Ltd.                                 | AUD      | 1,028   | 422                  | 0.01               | Kao Corp.                                   | JPY      | 600     | 31,363               | 0.35               |
| Fortescue Metals Group Ltd.                        | AUD      | 2,575   | 35,960               | 0.40               | Keyence Corp.                               | JPY      | 300     | 188,313              | 2.10               |
| Lendlease Corp. Ltd.                               | AUD      | 5,629   | 43,704               | 0.49               | Koa Corp.                                   | JPY      | 2,000   | 27,999               | 0.31               |
| Macquarie Group Ltd.                               | AUD      | 1,264   | 188,722              | 2.11               | Koito Manufacturing Co. Ltd.                | JPY      | 1,200   | 63,257               | 0.71               |
| OZ Minerals Ltd.                                   | AUD      | 1,093   | 22,415               | 0.25               | Mercari, Inc.                               | JPY      | 300     | 15,267               | 0.17               |
| Transurban Group                                   | AUD      | 8,163   | 81,893               | 0.91               | Mitsui & Co. Ltd.                           | JPY      | 2,800   | 66,140               | 0.74               |
|                                                    |          |         | <b>762,979</b>       | <b>8.51</b>        | Money Forward, Inc.                         | JPY      | 300     | 18,029               | 0.20               |
|                                                    |          |         |                      |                    | MonotaRO Co. Ltd.                           | JPY      | 1,400   | 25,192               | 0.28               |
| <b>Cayman Islands 11.35% (14.58%)</b>              |          |         |                      |                    | Murata Manufacturing Co. Ltd.               | JPY      | 800     | 63,611               | 0.71               |
| Alibaba Group Holding Ltd.                         | HKD      | 7,832   | 119,353              | 1.33               | Net Protections Holdings, Inc.              | JPY      | 3,800   | 51,085               | 0.57               |
| ASM Pacific Technology Ltd.                        | HKD      | 5,100   | 55,018               | 0.61               | Nihon M&A Center Holdings, Inc.             | JPY      | 800     | 19,592               | 0.22               |
| China Resources Land Ltd.                          | HKD      | 14,000  | 58,904               | 0.66               | Nippon Telegraph & Telephone Corp.          | JPY      | 1,700   | 46,490               | 0.52               |
| Country Garden Services Holdings Co. Ltd.          | HKD      | 5,000   | 29,856               | 0.33               | Nitori Holdings Co. Ltd.                    | JPY      | 300     | 44,877               | 0.50               |
| JD.com, Inc. 'A'                                   | HKD      | 3,682   | 129,318              | 1.44               | Open House Group Co. Ltd.                   | JPY      | 1,000   | 52,020               | 0.58               |
| Li Ning Co. Ltd.                                   | HKD      | 8,000   | 87,432               | 0.98               | ORIX Corp.                                  | JPY      | 7,200   | 146,784              | 1.64               |
| Meituan 'B'                                        | HKD      | 2,696   | 77,950               | 0.87               | Rakusl, Inc.                                | JPY      | 284     | 13,960               | 0.16               |
| Sands China Ltd.                                   | HKD      | 6,400   | 14,876               | 0.17               | Recruit Holdings Co. Ltd.                   | JPY      | 2,400   | 145,314              | 1.62               |
| Sea Ltd., ADR                                      | USD      | 244     | 54,295               | 0.61               | Rohm Co. Ltd.                               | JPY      | 1,200   | 108,902              | 1.21               |
| Shenzhen International Group Holdings Ltd.         | HKD      | 3,000   | 57,493               | 0.64               | Sekisui Chemical Co. Ltd.                   | JPY      | 2,000   | 33,279               | 0.37               |
| Tencent Holdings Ltd.                              | HKD      | 4,400   | 257,710              | 2.88               | Shin-Etsu Chemical Co. Ltd.                 | JPY      | 600     | 103,770              | 1.16               |
| Wuxi Biologics Cayman, Inc.                        | HKD      | 3,500   | 41,552               | 0.46               | Shinko Electric Industries Co. Ltd.         | JPY      | 800     | 38,142               | 0.43               |
| XPeng, Inc. 'A'                                    | HKD      | 1,400   | 33,457               | 0.37               | Shiseido Co. Ltd.                           | JPY      | 300     | 16,708               | 0.19               |
|                                                    |          |         | <b>1,017,214</b>     | <b>11.35</b>       | Shoei Co. Ltd.                              | JPY      | 900     | 35,367               | 0.39               |
|                                                    |          |         |                      |                    | SMC Corp.                                   | JPY      | 100     | 67,382               | 0.75               |
| <b>China 3.00% (4.11%)</b>                         |          |         |                      |                    | SoftBank Group Corp.                        | JPY      | 1,000   | 47,191               | 0.53               |
| China Construction Bank Corp. 'H'                  | HKD      | 86,000  | 59,571               | 0.66               | Sony Group Corp.                            | JPY      | 1,600   | 201,131              | 2.24               |
| China Merchants Bank Co. Ltd. 'H'                  | HKD      | 21,000  | 162,974              | 1.82               | Square Enix Holdings Co. Ltd.               | JPY      | 1,500   | 76,857               | 0.86               |
| Ping An Insurance Group Co. of China Ltd. 'H'      | HKD      | 5,500   | 39,614               | 0.44               | Tanseisha Co. Ltd.                          | JPY      | 1,200   | 8,181                | 0.09               |
| WuXi AppTec Co. Ltd. 'H'                           | HKD      | 400     | 6,917                | 0.08               | TechnoPro Holdings, Inc.                    | JPY      | 2,200   | 66,679               | 0.74               |
|                                                    |          |         | <b>269,076</b>       | <b>3.00</b>        | Tokio Marine Holdings, Inc.                 | JPY      | 2,200   | 122,085              | 1.36               |
|                                                    |          |         |                      |                    | Tokyo Electron Ltd.                         | JPY      | 300     | 172,681              | 1.93               |
| <b>Hong Kong 6.01% (7.42%)</b>                     |          |         |                      |                    | Toyota Motor Corp.                          | JPY      | 10,500  | 191,947              | 2.14               |
| AIA Group Ltd.                                     | HKD      | 16,200  | 163,336              | 1.82               | Ulvac, Inc.                                 | JPY      | 600     | 37,464               | 0.42               |
| Galaxy Entertainment Group Ltd.                    | HKD      | 7,000   | 36,231               | 0.40               | WingArc1st, Inc.                            | JPY      | 1,300   | 25,921               | 0.29               |
| Hong Kong Exchanges & Clearing Ltd.                | HKD      | 2,256   | 131,788              | 1.47               | Z Holdings Corp.                            | JPY      | 13,000  | 75,269               | 0.84               |
| Hua Hong Semiconductor Ltd.                        | HKD      | 6,000   | 32,941               | 0.37               | ZOZO, Inc.                                  | JPY      | 800     | 24,872               | 0.28               |
| Sun Hung Kai Properties Ltd.                       | HKD      | 5,000   | 60,674               | 0.68               | Zuken, Inc.                                 | JPY      | 600     | 19,201               | 0.21               |
| Technic Industries Co. Ltd.                        | HKD      | 5,709   | 113,583              | 1.27               |                                             |          |         | <b>3,323,491</b>     | <b>37.09</b>       |
|                                                    |          |         | <b>538,553</b>       | <b>6.01</b>        |                                             |          |         |                      |                    |
|                                                    |          |         |                      |                    | <b>Jersey 0.75% (0.53%)</b>                 |          |         |                      |                    |
| <b>India 2.39% (2.21%)</b>                         |          |         |                      |                    | Ancor plc, CDI                              | AUD      | 5,611   | 67,385               | 0.75               |
| HDFC Bank Ltd., ADR                                | USD      | 1,614   | 104,523              | 1.16               |                                             |          |         | <b>67,385</b>        | <b>0.75</b>        |
| Reliance Industries Ltd., GDR                      | USD      | 1,720   | 109,908              | 1.23               | <b>Philippines 0.71% (0.75%)</b>            |          |         |                      |                    |
|                                                    |          |         | <b>214,431</b>       | <b>2.39</b>        | Ayala Land, Inc.                            | PHP      | 51,960  | 35,450               | 0.40               |
|                                                    |          |         |                      |                    | Metropolitan Bank & Trust Co.               | PHP      | 26,107  | 27,736               | 0.31               |
| <b>Indonesia 1.68% (1.57%)</b>                     |          |         |                      |                    |                                             |          |         | <b>63,186</b>        | <b>0.71</b>        |
| Bank Rakyat Indonesia Persero Tbk. PT              | IDR      | 313,313 | 90,067               | 1.00               | <b>Singapore 2.81% (1.50%)</b>              |          |         |                      |                    |
| Bukalapak.com PT Tbk.                              | IDR      | 254,700 | 7,679                | 0.09               | Capitaland Investment Ltd.                  | SGD      | 19,502  | 49,333               | 0.55               |
| Telkom Indonesia Persero Tbk. PT                   | IDR      | 187,600 | 53,140               | 0.59               | Keppel Corp. Ltd.                           | SGD      | 17,600  | 66,718               | 0.75               |
|                                                    |          |         | <b>150,886</b>       | <b>1.68</b>        | United Overseas Bank Ltd.                   | SGD      | 6,800   | 135,696              | 1.51               |
|                                                    |          |         |                      |                    |                                             |          |         | <b>251,747</b>       | <b>2.81</b>        |
| <b>Japan 37.09% (35.86%)</b>                       |          |         |                      |                    | <b>South Korea 9.09% (11.11%)</b>           |          |         |                      |                    |
| Ajinomoto Co., Inc.                                | JPY      | 1,100   | 33,406               | 0.37               | Hanon Systems                               | KRW      | 2,541   | 28,723               | 0.32               |
| Appier Group, Inc.                                 | JPY      | 3,000   | 34,729               | 0.39               | KB Financial Group, Inc.                    | KRW      | 1,389   | 64,204               | 0.72               |
| Bridgestone Corp.                                  | JPY      | 600     | 25,787               | 0.29               | Kia Corp.                                   | KRW      | 719     | 49,671               | 0.55               |
| Chugai Pharmaceutical Co. Ltd.                     | JPY      | 300     | 9,728                | 0.11               | LG Chem Ltd.                                | KRW      | 78      | 40,315               | 0.45               |
| Dai-ichi Life Holdings, Inc.                       | JPY      | 4,300   | 86,841               | 0.97               | NAVER Corp.                                 | KRW      | 131     | 41,671               | 0.47               |
| Daiichi Sankyo Co. Ltd.                            | JPY      | 3,500   | 88,861               | 0.99               | POSCO                                       | KRW      | 219     | 50,523               | 0.56               |
| Daikin Industries Ltd.                             | JPY      | 400     | 90,613               | 1.01               | Samsung Biologics Co. Ltd.                  | KRW      | 49      | 37,186               | 0.42               |
| Disco Corp.                                        | JPY      | 100     | 30,526               | 0.34               | Samsung Electro-Mechanics Co. Ltd.          | KRW      | 324     | 53,643               | 0.60               |
| ExaWizards, Inc.                                   | JPY      | 2,900   | 25,311               | 0.28               | Samsung Electronics Co. Ltd.                | KRW      | 5,246   | 345,214              | 3.85               |
| Freee KK                                           | JPY      | 400     | 22,058               | 0.25               | Samsung SDI Co. Ltd.                        | KRW      | 187     | 102,939              | 1.15               |
| FUJIFILM Holdings Corp.                            | JPY      | 200     | 14,800               | 0.16               |                                             |          |         | <b>814,089</b>       | <b>9.09</b>        |
|                                                    |          |         |                      |                    | <b>Taiwan 10.60% (9.12%)</b>                |          |         |                      |                    |
|                                                    |          |         |                      |                    | Chroma ATE, Inc.                            | TWD      | 10,000  | 71,915               | 0.80               |
|                                                    |          |         |                      |                    | Delta Electronics, Inc.                     | TWD      | 5,000   | 49,566               | 0.55               |
|                                                    |          |         |                      |                    | E.Sun Financial Holding Co. Ltd.            | TWD      | 60,579  | 61,254               | 0.69               |
|                                                    |          |         |                      |                    | Hon Hai Precision Industry Co. Ltd.         | TWD      | 23,000  | 86,226               | 0.96               |
|                                                    |          |         |                      |                    | MediaTek, Inc.                              | TWD      | 4,000   | 170,866              | 1.91               |
|                                                    |          |         |                      |                    | Taiwan Semiconductor Manufacturing Co. Ltd. | TWD      | 23,000  | 509,895              | 5.69               |
|                                                    |          |         |                      |                    |                                             |          |         | <b>949,722</b>       | <b>10.60</b>       |

## Far East Fund

### Portfolio Statement (continued)

as at 31st December 2021

| Investment                                     | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|------------------------------------------------|----------|---------|----------------------|--------------------|
| <b>Equities 94.65% (96.47%) (continued)</b>    |          |         |                      |                    |
| <b>Thailand 0.66% (0.00%)</b>                  |          |         |                      |                    |
| PTT Exploration &<br>Production PCL            | THB      | 16,600  | 58,766               | 0.66               |
|                                                |          |         | <b>58,766</b>        | <b>0.66</b>        |
| <b>Equities total</b>                          |          |         | <b>8,481,525</b>     | <b>94.65</b>       |
| Total Value of Investments                     |          |         | 8,852,433            | 98.79              |
| Net Other Assets (2020: 1.14%)                 |          |         | 108,423              | 1.21               |
| <b>Net assets attributable to shareholders</b> |          |         | <b>8,960,856</b>     | <b>100.00</b>      |

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 31 December 2020.

## Far East Fund

### Notes to the Financial Statements

for the accounting period 1st January 2021 to 31st December 2021

#### 1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 75.

#### 2 NET CAPITAL (LOSSES)/ GAINS

The net capital (losses)/ gains during the period comprise:

|                                       | 2021<br>US\$ | 2020<br>US\$ |
|---------------------------------------|--------------|--------------|
| Non-derivative securities             | (122,310)    | 1,825,173    |
| Forward currency derivative contracts | (369)        | 82           |
| Other currency losses                 | (3,409)      | (2,784)      |
| Transaction charges                   | (26,295)     | (15,934)     |
| Net capital (losses) / gains          | (152,383)    | 1,806,537    |

(Losses)/gains from non-derivatives securities include realised losses of US\$ 778,145 (2020: US\$ 229,821 realised gains) and change in unrealised gains of US\$ (900,455) (2020: US\$ 1,595,352).

Forward currency derivative contracts include realised gains of US\$ (369) (2020: US\$ 82).

#### 3 REVENUE

|                    | 2021<br>US\$ | 2020<br>US\$ |
|--------------------|--------------|--------------|
| Overseas dividends | 176,641      | 144,330      |
| Bank interest      | 38           | 136          |
| Total revenue      | 176,679      | 144,466      |

#### 4 EXPENSES

|                                                                                                         | 2021<br>US\$ | 2020<br>US\$ |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the Fund Manager, associates of the Manager and agents of either of them:                    |              |              |
| Annual management charge                                                                                | (182,103)    | (141,537)    |
| Registration expenses                                                                                   | (1,897)      | (1,814)      |
| Directors' fees                                                                                         | (798)        | (685)        |
|                                                                                                         | (184,798)    | (144,036)    |
| Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them: |              |              |
| Fiduciary Custodian's fees                                                                              | (3,452)      | (2,649)      |
| Safe custody fees                                                                                       | (6,115)      | (3,915)      |
| Interest payable                                                                                        | (266)        | (153)        |
|                                                                                                         | (9,833)      | (6,717)      |
| Other expenses:                                                                                         |              |              |
| Audit fee                                                                                               | (3,164)      | (2,665)      |
| Regulatory and professional fees                                                                        | (3,516)      | (3,574)      |
| Publication charges                                                                                     | (1,659)      | (1,411)      |
|                                                                                                         | (8,339)      | (7,650)      |
| Total expenses                                                                                          | (202,970)    | (158,403)    |

#### 5 TAXATION

|                               | 2021<br>US\$ | 2020<br>US\$ |
|-------------------------------|--------------|--------------|
| Analysis of charge in period: |              |              |
| Overseas tax suffered         | (19,541)     | (17,450)     |
| Total overseas taxation       | (19,541)     | (17,450)     |

#### 6 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Final                                      | —            | —            |
| Revenue deducted on cancellation of shares | 945          | 975          |
| Revenue received on creation of shares     | (1,357)      | (24)         |
| Distributions for the year                 | (412)        | 951          |

Details of the distribution per share are set out on page 52.

#### 7 INVESTMENTS

##### Fair Value Hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

|                                 | 2021<br>Assets<br>US\$ | 2020<br>Assets<br>US\$ |
|---------------------------------|------------------------|------------------------|
| Level 1: Quoted prices          | 8,852,433              | 8,793,727              |
| Level 2: Observable market data | —                      | —                      |
| Level 3: Unobservable data      | —                      | —                      |
| Total value                     | 8,852,433              | 8,793,727              |

#### 8 DEBTORS

|                                    | 2021<br>US\$ | 2020<br>US\$ |
|------------------------------------|--------------|--------------|
| Sales awaiting settlement          | 27,200       | 17,082       |
| Accrued revenue                    | 7,144        | 10,377       |
| Receivable from the Fund Manager – |              |              |
| Nominal shares                     | 73,074       | 73,194       |
| Overseas tax recoverable           | 419          | 414          |
| Prepaid expenses                   | 296          | —            |
| Total debtors                      | 108,133      | 101,067      |

#### 9 OTHER CREDITORS

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Purchases awaiting settlement              | (12,517)     | —            |
| Amounts payable for cancellation of shares | (1,455)      | —            |
| Accrued expenses                           | (8,144)      | (7,060)      |
| Amounts payable to the Fund Manager        | (14,699)     | (14,115)     |
| Total creditors                            | (36,815)     | (21,175)     |

#### 10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) (Fund Manager) provides services to the company under the terms of a management agreement (page 76, note 10) and acts as principal in respect of all transactions of shares in the Fund.

The Fund Manager owns the management shares of the company and has common directors with the company namely Jeffrey Boysie McPherson More, Anthony Adam King and Darren Mark Kelly who have waived their rights to directors fees. Directors fees are payable to each of the two non-executive directors of the company.

The total director fees expense for the year was US\$ 798 (2020: US\$ 685) with US\$ 194 (2020: US\$ 187) outstanding at year end.

Amounts paid to the Fund Manager in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 14,544 (December 2020: US\$ 13,960) in respect of the annual management charge, and US\$ 155 (December 2020: US\$ 155) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group (formerly Charles Taylor Group), of which the Fund is a related party, hold 548,130 (2020: 464,307) Preference Shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Preference Shareholders. The amounts due from/to Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

#### 11 SHARES IN ISSUE RECONCILIATION

|                                                  | Number of<br>shares in<br>issue at start<br>of the year | Number of<br>shares<br>created | Number of<br>shares<br>cancelled | Number of<br>shares in<br>issue at end<br>of the year |
|--------------------------------------------------|---------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------------------|
| Participating<br>Redeemable<br>Preference Shares | 1,785,864                                               | 123,258                        | (75,705)                         | 1,833,417                                             |

#### 12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2020: US\$ Nil).

## Far East Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 DIRECT TRANSACTION COSTS

In the case of equity shares, broker commissions, transfer taxes and stamp duties are paid by the Fund on each transaction. Unlike equity shares, other types of investments (such as bonds, money market instruments, and derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread between buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Comparing portfolio transaction costs for a range of funds may give a false impression of the relative costs of investing in them for the following reasons:

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the Manager's investment decisions in improving returns and the associated costs of the investment.
- Historic transaction costs are not an effective indicator of the future impact on performance.
- Transaction costs for buying and selling investments due to other investors joining or leaving the Fund may be recovered from those investors.
- Transaction costs vary from country to country.
- Transaction costs vary depending on the types of investment in which a Fund invests.
- As the Manager's investment decisions are not predictable, transaction costs are also not predictable.

The direct transaction costs incurred during the year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$  | Total Cost<br>US\$ | Year to 31st December 2021<br>Commission as<br>a percentage<br>of principal<br>% | Taxes as a<br>percentage<br>of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|----------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |                |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |                |                    |                                                                                  |                                               |
| Equity                                                         | 2,883,593         | 1,867              | 686            | 2,886,146          | 0.06                                                                             | 0.02                                          |
| Funds                                                          | 107,271           | —                  | —              | 107,271            | —                                                                                | —                                             |
|                                                                | <u>2,990,864</u>  | <u>1,867</u>       | <u>686</u>     | <u>2,993,417</u>   |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |                |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |                |                    |                                                                                  |                                               |
| Equity                                                         | 2,815,805         | (1,495)            | (1,811)        | 2,812,499          | (0.05)                                                                           | (0.06)                                        |
|                                                                | <u>2,815,805</u>  | <u>(1,495)</u>     | <u>(1,811)</u> | <u>2,812,499</u>   |                                                                                  |                                               |
| Total                                                          |                   | <u>3,362</u>       | <u>2,497</u>   |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.04%</u>       | <u>0.02%</u>   |                    |                                                                                  |                                               |

The direct transaction costs incurred during the prior year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$  | Total Cost<br>US\$ | Year to 31st December 2020<br>Commission as<br>a percentage<br>of principal<br>% | Taxes as a<br>percentage<br>of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|----------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |                |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |                |                    |                                                                                  |                                               |
| Equity                                                         | 1,636,556         | 835                | 233            | 1,637,624          | 0.05                                                                             | 0.01                                          |
|                                                                | <u>1,636,556</u>  | <u>835</u>         | <u>233</u>     | <u>1,637,624</u>   |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |                |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |                |                    |                                                                                  |                                               |
| Equity                                                         | 2,083,211         | (1,117)            | (1,265)        | 2,080,829          | (0.05)                                                                           | (0.06)                                        |
|                                                                | <u>2,083,211</u>  | <u>(1,117)</u>     | <u>(1,265)</u> | <u>2,080,829</u>   |                                                                                  |                                               |
| Total                                                          |                   | <u>(1,952)</u>     | <u>1,498</u>   |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.03%</u>       | <u>0.02%</u>   |                    |                                                                                  |                                               |

## Far East Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 DIRECT TRANSACTION COSTS (continued)

##### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.22% (2020: 0.24%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 14 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 76.

##### Currency exposures

A substantial proportion of the Net Assets of the Fund are denominated in currencies other than US Dollars, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements.

##### Currency risk sensitivity

As at 31 December 2021 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31 December 2021 between US\$ and all other currencies had strengthened by 5% (2020: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 411,016 (2020: US\$ 407,894).

A weakening of the US\$ compared to other currencies would have resulted in an equal and opposite effect on the financial statements, assuming that all other variables remained constant.

| Net foreign currency assets |                   |                       |           |
|-----------------------------|-------------------|-----------------------|-----------|
|                             | Monetary exposure | Non-monetary exposure | Total     |
| Currency 2021               | US\$              | US\$                  | US\$      |
| Australian Dollar           | 8,386             | 830,365               | 838,751   |
| Euro                        | 19                | —                     | 19        |
| Hong Kong Dollar            | 8                 | 1,770,547             | 1,770,555 |
| Indonesian Rupiah           | —                 | 150,886               | 150,886   |
| Japanese Yen                | 24,249            | 3,323,491             | 3,347,740 |
| Korean Won                  | 3,536             | 814,089               | 817,625   |
| Malaysian Ringgit           | 6                 | —                     | 6         |
| New Zealand Dollar          | 2                 | —                     | 2         |
| Philippine Peso             | —                 | 63,186                | 63,186    |
| Singapore Dollar            | 58                | 251,747               | 251,805   |
| Taiwanese Dollar            | 2,220             | 949,722               | 951,942   |
| Thai Bhat                   | 112               | 58,766                | 58,878    |
| UK Sterling                 | 160               | —                     | 160       |
| US Dollar                   | 69,667            | 639,634               | 709,301   |
| Currency 2020               | US\$              | US\$                  | US\$      |
| Australian Dollar           | 741               | 732,703               | 733,444   |
| Euro                        | 20                | —                     | 20        |
| Hong Kong Dollar            | 10                | 2,084,945             | 2,084,955 |
| Indonesian Rupiah           | —                 | 139,500               | 139,500   |
| Japanese Yen                | 2,086             | 3,189,457             | 3,191,543 |
| Korean Won                  | 6,507             | 988,227               | 994,734   |
| Malaysian Ringgit           | 6                 | —                     | 6         |
| New Zealand Dollar          | 2                 | —                     | 2         |
| Philippine Peso             | —                 | 66,436                | 66,436    |
| Singapore Dollar            | 49                | 133,607               | 133,656   |
| Taiwanese Dollar            | 2,171             | 811,276               | 813,447   |
| Thai Bhat                   | 124               | —                     | 124       |
| UK Sterling                 | 11                | —                     | 11        |
| US Dollar                   | 89,478            | 647,576               | 737,054   |

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2021 and 31st December 2020 was:

|                                        | 2021<br>US\$ | 2020<br>US\$ |
|----------------------------------------|--------------|--------------|
| <b>Assets</b>                          |              |              |
| Fixed rate financial assets            | —            | —            |
| Floating rate financial assets         | 110,179      | 94,507       |
| Financial assets not carrying interest | 8,887,492    | 8,821,600    |
| <b>Liabilities</b>                     |              |              |
| Fixed rate financial assets            | —            | —            |
| Floating rate financial assets         | —            | —            |
| Financial assets not carrying interest | (36,815)     | (21,175)     |

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

The Fund's Preference Shares are financial liabilities that do not carry interest and there are no other material financial liabilities that carry interest.

#### Other price risk sensitivity

As at 31 December 2021 the Fund was exposed to other market price risk due to its investments in equities and collective investment schemes. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31 December 2021, had the fair value of equity securities and collective investment schemes increased/(decreased) by 5% (2020: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 442,622 (2020: US\$ 439,686).

#### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the Aggregated Financial Statements.

# UK Capital Growth Fund

## Fund Investment Report

### Investment Policy

To invest primarily for capital growth from a portfolio of equities based in the United Kingdom.

### Types of Investment

Investments are made for capital growth, primarily in shares of leading companies, but also may be made indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants and also through fixed interest securities and other media as circumstances warrant and as permitted by the Regulations. It must be remembered that the price of shares and the income from them, can go down as well as up.

### Fund Performance

Over the 12 months to 31 December 2021 the Fund achieved a total gross return of +11.4% compared with a return of +18.3% from FTSE All-Share Index in Sterling terms.

### Review

The FTSE All-Share index rallied over 2021. Shares fared particularly well in the first quarter as the rollout of vaccines in developed countries led to the easing of lockdown restrictions, which fuelled a revival in economic activity. The United Kingdom's (UK's) vaccination campaign made perhaps the fastest start among major global economies. As the global economic outlook improved, investors turned to 'value' stocks (those seen to be undervalued relative to their future prospects), which make up a significant proportion of the UK stock market. Sentiment was also boosted by robust corporate profits, accommodative monetary policy (i.e., low interest rates and central banks' bond purchases), and further United States (US) fiscal stimulus measures. The UK stock market also benefited from several takeover approaches for companies. During the year, global markets were periodically unsettled by fears that high inflation and soaring energy costs could lead key central banks to raise interest rates and cut stimulus measures. Towards the end of the year, interest rates did indeed start to rise in several key markets, albeit at a gradual pace. Supply chain bottlenecks also dampened sentiment and led to a slowdown in growth in the third quarter of the year.

Equities were further rattled as new coronavirus variants led to a surge in cases, though, fortunately, death rates and hospitalisations were lower. Notably, in late November, markets sold off sharply as another, highly contagious, potentially vaccine resistant Covid variant, Omicron, was identified in South Africa. Equities rebounded in December as early evidence showed that Omicron was milder than other strains, and that vaccines were still likely to offer significant protection from serious illness. Many countries (including the UK) refrained from imposing strict lockdowns, which quelled fears the global economic recovery would stall, and helped UK equities end the year on a high.

New holdings over the year included Experian Plc (Industrials), Tate & Lyle Plc (Consumer Staples), Synthomer Plc (Materials) and ConvaTec Group Plc (Health Care).

Tate & Lyle is undergoing a major strategic transformation from being a business that produces refined sugars and sweeteners to one focused on sugar substitutes, fibre and textural products. In early 2022, Tate & Lyle plans to become more streamlined by selling its commodity sugar division to a US private equity firm. The remaining business will focus on sugar substitutes and supplying the growing global demand for healthier food and drink. With a keen eye on cost management, a focus on innovation and a selective approach to improving technical capability through acquisitions, Tate & Lyle is a quality business trading at an attractive valuation.

Experian is a market leader in credit scoring, identity verification and fraud prevention. The company's direct-to-consumer channel is a major advantage in developing markets such as Brazil, where Experian's potential customers may never have had a credit card or bank account. By using its knowhow and data, Experian can safely help consumers in developing markets join the formal financial system for the first time. After five years of consistent investment in technology and new products, Experian is set to experience a period of sustained growth in sales and profits.

Diversified specialty chemicals business Synthomer has exposure to a wide range of markets from construction coatings to health care. The company has undergone considerable restructuring over the last few years, establishing a meaningful position in the North American market. Synthomer has also reduced debt significantly, leaving it well placed to make selective acquisitions.

Medical device manufacturer ConvaTec is a global business with strong market share. Due to poor previous management, the company was underinvested, margins had fallen and sales growth lagged its peers. However, we are encouraged that the new leadership team has invested in the business and is focused on ensuring sales at least match their main competitors. In our view, this should pave the way for a recovery in margins.

Sales included Spectris Plc and FDM Group Holdings Plc (both in Information Technology). Both stocks had performed well, and we felt that there were cheaper opportunities elsewhere. We also sold Inchcape Plc (Consumer Discretionary). The stock's recovery since the lows of the pandemic has been strong, helped by higher prices of second hand cars and the company's share buybacks. However, we had concerns about the sustainability of the second hand car market, as well as the structural changes in the auto retail sector and the impact of electric vehicles on the profitability of the repairs business.

UK equities performed well in 2021, with the FTSE All-Share index up by double digits, helped by the global economic recovery and fading Brexit concerns. Meanwhile, UK dividend payments resumed after a hiatus during the pandemic.

Despite a good year, UK equities remain relatively unloved; a reflection of the market's lack of exposure to major tech giants and also because global Fund Managers have been reluctant to redress their low exposure to UK shares. Consequently, UK firms remain deeply discounted relative to overseas peers. This valuation gap, along with the Pound's weakness against the Dollar, helped propel mergers and acquisitions to record levels in 2021.

Meanwhile, the economic recovery has been generally better than expected. This has caused inflation to rise and led to speculation about the likely speed and extent of interest rate increases. We believe that 2022 will be another year of recovery from Covid, while supply chain issues should fade.

Covid has further heightened the extreme differences between the valuation of growth (highly rated companies with strong growth prospects) and value stocks. Overall, we will continue to focus on company fundamentals and use volatile markets to top up and buy favoured stocks to deliver solid, risk adjusted returns.

## UK Capital Growth Fund

### Comparative Tables

for the accounting period 1st January 2021 to 31st December 2021

|                                              | Preference Shares |          |          |
|----------------------------------------------|-------------------|----------|----------|
|                                              | 2021              | 2020     | 2019     |
|                                              | £                 | £        | £        |
| <b>Change in net assets per share</b>        |                   |          |          |
| Opening net asset value per share            | 1.1364            | 1.3058   | 1.0906   |
| Return before operating charges <sup>1</sup> | 0.1303            | (0.1403) | 0.2626   |
| Operating charges                            | (0.0257)          | (0.0223) | (0.0253) |
| Return after operating charges               | 0.1046            | (0.1626) | 0.2373   |
| Distributions on preference shares           | (0.0106)          | (0.0068) | (0.0221) |
| Closing net asset value per shares           | 1.2304            | 1.1364   | 1.3058   |
| after direct transaction costs <sup>1</sup>  | (0.0011)          | (0.0014) | (0.0013) |

#### Performance

|                      |       |          |        |
|----------------------|-------|----------|--------|
| Return after charges | 9.20% | (12.45)% | 21.76% |
|----------------------|-------|----------|--------|

#### Other information

|                                             |            |            |            |
|---------------------------------------------|------------|------------|------------|
| Closing net asset value (£)                 | 31,999,136 | 33,443,068 | 38,150,017 |
| Closing number of shares                    | 26,006,314 | 29,427,973 | 29,215,744 |
| Operating charges                           | 2.10%      | 2.10%      | 2.06%      |
| Direct transaction costs (note 13)          | 0.09%      | 0.13%      | 0.11%      |
| Ongoing Charges Figure ("OCF") <sup>2</sup> | 2.10%      | 2.10%      | 2.06%      |

#### Prices

|                                | 2021   | 2020   | 2019   | 2018   | 2017   |
|--------------------------------|--------|--------|--------|--------|--------|
| Highest offer share price (£)  | 1.3430 | 1.3950 | 1.4170 | 1.4110 | 1.3740 |
| Lowest bid share price (£)     | 1.1130 | 0.7990 | 1.0800 | 1.0760 | 1.1710 |
| Net distribution per share (£) | 0.0106 | 0.0068 | 0.0221 | 0.0175 | 0.0152 |

#### Notes

<sup>1</sup>Return before operating charges is stated after direct transaction costs.

<sup>2</sup>The OCF takes into account the annual management charge and any expenses incurred, expressed as a percentage of the average daily net asset values over the year.

Please refer to the Direct transaction costs note on page 64, for more detail regarding the nature of transaction costs and how they arise for different types of investments.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested and because of this, investors may not get back money invested and are not certain to make a profit on their investment.

## UK Capital Growth Fund

### Statement of Total Return

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                | Notes | 2021<br>US\$     | 2020<br>US\$       |
|------------------------------------------------------------------------------------------------|-------|------------------|--------------------|
| Income                                                                                         |       |                  |                    |
| Net capital gains/(losses)                                                                     | 2     | 3,657,458        | (6,031,426)        |
| Revenue                                                                                        | 3     | 1,344,488        | 1,173,447          |
| Expenses                                                                                       | 4     | (938,510)        | (879,215)          |
| Net revenue before taxation                                                                    |       | 405,978          | 294,232            |
| Taxation                                                                                       | 5     | (7,923)          | (19,827)           |
| Net revenue after taxation                                                                     |       | 398,055          | 274,405            |
| <b>Total return before distribution</b>                                                        |       | <b>4,055,513</b> | <b>(5,757,021)</b> |
| Distributions                                                                                  | 6     | (398,052)        | (274,405)          |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities</b> |       | <b>3,657,461</b> | <b>(6,031,426)</b> |

### Balance Sheet

as at 31st December 2021

|                                                           | Notes | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------|-------|-------------------|-------------------|
| <b>Assets:</b>                                            |       |                   |                   |
| Fixed assets:                                             |       |                   |                   |
| Investments                                               | 7     | 43,528,172        | 45,668,382        |
| Current assets:                                           |       |                   |                   |
| Debtors                                                   | 8     | 499,967           | 478,069           |
| Cash and bank balances                                    |       | 200,658           | 344,406           |
| <b>Total assets</b>                                       |       | <b>44,228,797</b> | <b>46,490,857</b> |
| <b>Liabilities:</b>                                       |       |                   |                   |
| Creditors:                                                |       |                   |                   |
| Distribution payable                                      |       | (375,088)         | (274,274)         |
| Other creditors                                           | 9     | (104,935)         | (97,182)          |
| <b>Total liabilities</b>                                  |       | <b>(480,023)</b>  | <b>(371,456)</b>  |
| <b>Equity:</b>                                            |       |                   |                   |
| Nominal shares (note 14, page 79)                         |       | (406,265)         | (397,711)         |
| <b>Total equity</b>                                       |       | <b>(406,265)</b>  | <b>(397,711)</b>  |
| <b>Net Assets Attributable to Preference Shareholders</b> |       | <b>43,342,509</b> | <b>45,721,690</b> |

### Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                     | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Opening Net Assets Attributable to Preference Shareholders</b>                                   | <b>45,721,690</b> | <b>50,523,211</b> |
| Movement due to sales and repurchases of shares:                                                    |                   |                   |
| Amounts receivable on issue of shares                                                               | 1,515,994         | 7,895,286         |
| Amounts payable on cancellation of shares                                                           | (7,160,668)       | (7,905,526)       |
|                                                                                                     | (5,644,674)       | (10,240)          |
| Difference on currency conversion                                                                   | (392,873)         | 1,240,145         |
| Change in Net Assets Attributable to Preference Shareholders from investment activities (see above) | 3,657,461         | (6,031,426)       |
| Unclaimed distributions                                                                             | 905               | —                 |
| <b>Closing Net Assets Attributable to Preference Shareholders</b>                                   | <b>43,342,509</b> | <b>45,721,690</b> |

### Distribution Table

for the accounting period 1st January 2021 to 31st December 2021

|         | Income<br>£ | Equalisation<br>£ | Distribution Payable<br>2021<br>£ | Distribution Paid<br>2020<br>£ |
|---------|-------------|-------------------|-----------------------------------|--------------------------------|
| Group 1 | 0.0106      | —                 | 0.0106                            | 0.0068                         |
| Group 2 | 0.0040      | 0.0066            | 0.0106                            | 0.0068                         |

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2020.

The notes on pages 63 to 65 form an integral part of the financial statements.

## UK Capital Growth Fund

### Portfolio Statement

as at 31st December 2021

| Investment                                                  | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets | Investment                                                              | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|-------------------------------------------------------------|----------|---------|----------------------|--------------------|-------------------------------------------------------------------------|----------|---------|----------------------|--------------------|
| <b>Equities 100.43% (99.88%)</b>                            |          |         |                      |                    | <b>Health Care 7.02% (5.28%)</b>                                        |          |         |                      |                    |
| <b>Communication Services 6.26% (5.77%)</b>                 |          |         |                      |                    | <b>Health Care Equipment &amp; Supplies 2.65% (1.72%)</b>               |          |         |                      |                    |
| <b>Diversified Telecommunication Services 2.61% (2.27%)</b> |          |         |                      |                    | ConvaTec Group plc                                                      | GBP      | 148,593 | 384,824              | 0.89               |
| BT Group plc                                                | GBP      | 491,815 | 1,129,472            | 2.61               | Smith & Nephew plc                                                      | GBP      | 43,786  | 765,366              | 1.76               |
|                                                             |          |         | <b>1,129,472</b>     | <b>2.61</b>        |                                                                         |          |         | <b>1,150,190</b>     | <b>2.65</b>        |
| <b>Media 3.65% (3.50%)</b>                                  |          |         |                      |                    | <b>Pharmaceuticals 4.37% (3.56%)</b>                                    |          |         |                      |                    |
| Informa plc                                                 | GBP      | 135,253 | 946,405              | 2.18               | GlaxoSmithKline plc                                                     | GBP      | 87,054  | 1,894,403            | 4.37               |
| ITV plc                                                     | GBP      | 425,141 | 636,601              | 1.47               |                                                                         |          |         | <b>1,894,403</b>     | <b>4.37</b>        |
|                                                             |          |         | <b>1,583,006</b>     | <b>3.65</b>        | <b>Health Care total</b>                                                |          |         |                      |                    |
| <b>Communication Services total</b>                         |          |         |                      |                    |                                                                         |          |         | <b>3,044,593</b>     | <b>7.02</b>        |
|                                                             |          |         | <b>2,712,478</b>     | <b>6.26</b>        | <b>Industrials 18.02% (17.18%)</b>                                      |          |         |                      |                    |
| <b>Consumer Discretionary 10.04% (10.52%)</b>               |          |         |                      |                    | <b>Aerospace &amp; Defense 0.78% (0.74%)</b>                            |          |         |                      |                    |
| <b>Distributors 0.00% (0.84%)</b>                           |          |         |                      |                    | BAE Systems plc                                                         | GBP      | 45,177  | 336,432              | 0.78               |
| <b>Hotels, Restaurants &amp; Leisure 6.61% (6.68%)</b>      |          |         |                      |                    |                                                                         |          |         | <b>336,432</b>       | <b>0.78</b>        |
| Compass Group plc                                           | GBP      | 41,732  | 932,955              | 2.15               | <b>Airlines 1.06% (1.04%)</b>                                           |          |         |                      |                    |
| InterContinental Hotels Group plc                           | GBP      | 9,435   | 610,865              | 1.41               | easyJet plc                                                             | GBP      | 61,026  | 459,585              | 1.06               |
| SSP Group plc                                               | GBP      | 133,850 | 435,298              | 1.01               |                                                                         |          |         | <b>459,585</b>       | <b>1.06</b>        |
| Whitbread plc                                               | GBP      | 21,819  | 884,835              | 2.04               | <b>Commercial Services &amp; Supplies 1.39% (2.12%)</b>                 |          |         |                      |                    |
|                                                             |          |         | <b>2,863,953</b>     | <b>6.61</b>        | Rentokil Initial plc                                                    | GBP      | 76,409  | 603,170              | 1.39               |
| <b>Household Durables 2.01% (1.90%)</b>                     |          |         |                      |                    |                                                                         |          |         | <b>603,170</b>       | <b>1.39</b>        |
| Berkeley Group Holdings plc                                 | GBP      | 7,250   | 468,908              | 1.08               | <b>Electrical Equipment 0.00% (1.66%)</b>                               |          |         |                      |                    |
| Crest Nicholson Holdings plc                                | GBP      | 79,863  | 402,406              | 0.93               | <b>Industrial Conglomerates 2.98% (1.42%)</b>                           |          |         |                      |                    |
|                                                             |          |         | <b>871,314</b>       | <b>2.01</b>        | Melrose Industries plc                                                  | GBP      | 252,458 | 546,097              | 1.26               |
| <b>Textiles, Apparel &amp; Luxury Goods 1.42% (1.10%)</b>   |          |         |                      |                    | Smiths Group plc                                                        | GBP      | 34,780  | 744,089              | 1.72               |
| Burberry Group plc                                          | GBP      | 25,066  | 616,901              | 1.42               |                                                                         |          |         | <b>1,290,186</b>     | <b>2.98</b>        |
|                                                             |          |         | <b>616,901</b>       | <b>1.42</b>        | <b>Machinery 2.94% (3.55%)</b>                                          |          |         |                      |                    |
| <b>Consumer Discretionary total</b>                         |          |         |                      |                    | Rotork plc                                                              | GBP      | 92,072  | 445,466              | 1.03               |
|                                                             |          |         | <b>4,352,168</b>     | <b>10.04</b>       | Weir Group plc (The)                                                    | GBP      | 35,840  | 830,847              | 1.91               |
| <b>Consumer Staples 21.37% (20.29%)</b>                     |          |         |                      |                    |                                                                         |          |         | <b>1,276,313</b>     | <b>2.94</b>        |
| <b>Beverages 4.86% (4.30%)</b>                              |          |         |                      |                    | <b>Professional Services 5.00% (3.13%)</b>                              |          |         |                      |                    |
| Diageo plc                                                  | GBP      | 38,542  | 2,106,984            | 4.86               | Experian plc                                                            | GBP      | 8,768   | 431,342              | 1.00               |
|                                                             |          |         | <b>2,106,984</b>     | <b>4.86</b>        | RELX plc                                                                | GBP      | 53,413  | 1,734,890            | 4.00               |
| <b>Food &amp; Staples Retailing 2.67% (2.35%)</b>           |          |         |                      |                    |                                                                         |          |         | <b>2,166,232</b>     | <b>5.00</b>        |
| Tesco plc                                                   | GBP      | 294,532 | 1,156,529            | 2.67               | <b>Trading Companies &amp; Distributors 3.87% (3.52%)</b>               |          |         |                      |                    |
|                                                             |          |         | <b>1,156,529</b>     | <b>2.67</b>        | Ferguson plc                                                            | GBP      | 6,026   | 1,069,243            | 2.47               |
| <b>Food Products 3.72% (2.49%)</b>                          |          |         |                      |                    | Howden Joinery Group plc                                                | GBP      | 49,927  | 609,442              | 1.40               |
| Associated British Foods plc                                | GBP      | 39,292  | 1,066,009            | 2.46               |                                                                         |          |         | <b>1,678,685</b>     | <b>3.87</b>        |
| Tate & Lyle plc                                             | GBP      | 60,782  | 544,521              | 1.26               | <b>Industrials total</b>                                                |          |         |                      |                    |
|                                                             |          |         | <b>1,610,530</b>     | <b>3.72</b>        |                                                                         |          |         | <b>7,810,603</b>     | <b>18.02</b>       |
| <b>Household Products 3.87% (3.51%)</b>                     |          |         |                      |                    | <b>Information Technology 2.44% (3.07%)</b>                             |          |         |                      |                    |
| Reckitt Benckiser Group plc                                 | GBP      | 19,527  | 1,676,875            | 3.87               | <b>Electronic Equipment, Instruments &amp; Components 0.00% (0.79%)</b> |          |         |                      |                    |
|                                                             |          |         | <b>1,676,875</b>     | <b>3.87</b>        | <b>IT Services 0.00% (0.95%)</b>                                        |          |         |                      |                    |
| <b>Personal Products 4.81% (2.94%)</b>                      |          |         |                      |                    | <b>Software 2.44% (1.33%)</b>                                           |          |         |                      |                    |
| Unilever plc                                                | GBP      | 39,000  | 2,083,951            | 4.81               | Sage Group plc (The)                                                    | GBP      | 91,530  | 1,057,023            | 2.44               |
|                                                             |          |         | <b>2,083,951</b>     | <b>4.81</b>        |                                                                         |          |         | <b>1,057,023</b>     | <b>2.44</b>        |
| <b>Tobacco 1.44% (4.70%)</b>                                |          |         |                      |                    | <b>Information Technology total</b>                                     |          |         |                      |                    |
| Imperial Brands plc                                         | GBP      | 28,552  | 625,155              | 1.44               |                                                                         |          |         | <b>1,057,023</b>     | <b>2.44</b>        |
|                                                             |          |         | <b>625,155</b>       | <b>1.44</b>        | <b>Materials 14.03% (15.25%)</b>                                        |          |         |                      |                    |
| <b>Consumer Staples total</b>                               |          |         |                      |                    | <b>Chemicals 3.03% (2.54%)</b>                                          |          |         |                      |                    |
|                                                             |          |         | <b>9,260,024</b>     | <b>21.37</b>       | Elementis plc                                                           | GBP      | 121,430 | 216,450              | 0.50               |
| <b>Energy 0.62% (3.26%)</b>                                 |          |         |                      |                    | Johnson Matthey plc                                                     | GBP      | 25,807  | 715,186              | 1.65               |
| <b>Energy Equipment &amp; Services 0.62% (1.35%)</b>        |          |         |                      |                    | Synthomer plc                                                           | GBP      | 70,467  | 381,215              | 0.88               |
| Hunting plc                                                 | GBP      | 54,312  | 123,442              | 0.29               |                                                                         |          |         | <b>1,312,851</b>     | <b>3.03</b>        |
| John Wood Group plc                                         | GBP      | 55,251  | 142,939              | 0.33               | <b>Construction Materials 3.99% (3.57%)</b>                             |          |         |                      |                    |
|                                                             |          |         | <b>266,381</b>       | <b>0.62</b>        | Breedon Group plc#                                                      | GBP      | 456,894 | 587,915              | 1.36               |
| <b>Oil, Gas &amp; Consumable Fuels 0.00% (1.91%)</b>        |          |         |                      |                    | CRH plc                                                                 | GBP      | 21,609  | 1,141,498            | 2.63               |
| <b>Energy total</b>                                         |          |         |                      |                    |                                                                         |          |         | <b>1,729,413</b>     | <b>3.99</b>        |
|                                                             |          |         | <b>266,381</b>       | <b>0.62</b>        | <b>Containers &amp; Packaging 1.34% (1.35%)</b>                         |          |         |                      |                    |
| <b>Financials 18.05% (16.82%)</b>                           |          |         |                      |                    | DS Smith plc                                                            | GBP      | 111,903 | 581,731              | 1.34               |
| <b>Banks 3.93% (3.44%)</b>                                  |          |         |                      |                    |                                                                         |          |         | <b>581,731</b>       | <b>1.34</b>        |
| Barclays plc                                                | GBP      | 394,699 | 999,732              | 2.31               | <b>Metals &amp; Mining 5.67% (7.79%)</b>                                |          |         |                      |                    |
| Standard Chartered plc                                      | GBP      | 115,861 | 703,685              | 1.62               | BHP Group plc                                                           | GBP      | 35,112  | 1,045,819            | 2.41               |
|                                                             |          |         | <b>1,703,417</b>     | <b>3.93</b>        | Rio Tinto plc                                                           | GBP      | 21,325  | 1,413,030            | 3.26               |
| <b>Capital Markets 8.31% (7.77%)</b>                        |          |         |                      |                    |                                                                         |          |         | <b>2,458,849</b>     | <b>5.67</b>        |
| Intermediate Capital Group plc                              | GBP      | 34,470  | 1,024,363            | 2.36               | <b>Materials total</b>                                                  |          |         |                      |                    |
| London Stock Exchange Group plc                             | GBP      | 12,170  | 1,142,351            | 2.64               |                                                                         |          |         | <b>6,082,844</b>     | <b>14.03</b>       |
| Schroders plc, (Non-Voting)                                 | GBP      | 16,311  | 503,722              | 1.16               |                                                                         |          |         |                      |                    |
| St James's Place plc                                        | GBP      | 40,815  | 930,698              | 2.15               |                                                                         |          |         |                      |                    |
|                                                             |          |         | <b>3,601,134</b>     | <b>8.31</b>        |                                                                         |          |         |                      |                    |
| <b>Insurance 5.81% (5.61%)</b>                              |          |         |                      |                    |                                                                         |          |         |                      |                    |
| Legal & General Group plc                                   | GBP      | 276,066 | 1,111,690            | 2.56               |                                                                         |          |         |                      |                    |
| Prudential plc                                              | GBP      | 81,581  | 1,408,331            | 3.25               |                                                                         |          |         |                      |                    |
|                                                             |          |         | <b>2,520,021</b>     | <b>5.81</b>        |                                                                         |          |         |                      |                    |
| <b>Financials total</b>                                     |          |         |                      |                    |                                                                         |          |         |                      |                    |
|                                                             |          |         | <b>7,824,572</b>     | <b>18.05</b>       |                                                                         |          |         |                      |                    |

## UK Capital Growth Fund

### Portfolio Statement (continued)

as at 31st December 2021

| Investment                                                | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|-----------------------------------------------------------|----------|---------|----------------------|--------------------|
| <b>Equities 100.43% (99.88%) (continued)</b>              |          |         |                      |                    |
| <b>Real Estate 2.58% (2.44%)</b>                          |          |         |                      |                    |
| <b>Equity Real Estate Investment Trusts (REITs)</b>       |          |         |                      |                    |
| <b>0.86% (0.83%)</b>                                      |          |         |                      |                    |
| Derwent London plc                                        | GBP      | 8,038   | 371,805              | 0.86               |
|                                                           |          |         | <b>371,805</b>       | <b>0.86</b>        |
| <b>Real Estate Management &amp; Development</b>           |          |         |                      |                    |
| <b>1.72% (1.61%)</b>                                      |          |         |                      |                    |
| Grainger plc                                              | GBP      | 174,770 | 745,681              | 1.72               |
|                                                           |          |         | <b>745,681</b>       | <b>1.72</b>        |
| <b>Real Estate total</b>                                  |          |         | <b>1,117,486</b>     | <b>2.58</b>        |
| <b>Equities total</b>                                     |          |         | <b>43,528,172</b>    | <b>100.43</b>      |
| Total Value of Investments                                |          |         | 43,528,172           | 100.43             |
| Net Other Liabilities (2020: 0.12% Net Other Assets)      |          |         | (185,663)            | (0.43)             |
| <b>Net Assets attributable to Preference Shareholders</b> |          |         | <b>43,342,509</b>    | <b>100.00</b>      |

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 31st December 2020.

# Security traded on another regulated market.

## UK Capital Growth Fund

### Notes to the Financial Statements

for the accounting period 1st January 2021 to 31st December 2021

#### 1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 75.

#### 2 NET CAPITAL GAINS/(LOSSES)

The net capital gains/(losses) during the period comprise:

|                               | 2021<br>US\$ | 2020<br>US\$ |
|-------------------------------|--------------|--------------|
| Non-derivative securities     | 3,680,092    | (6,012,745)  |
| Other currency (losses)/gains | (1,748)      | 704          |
| Transaction charges           | (20,886)     | (19,385)     |
| Net capital gains/(losses)    | 3,657,458    | (6,031,426)  |

Gains/(losses) from non-derivatives securities include realised gains of US\$ 1,295,526 (2020: US\$ 1,327,774 - realised losses) and change in unrealised gains of US\$ 2,384,566 (2020: US\$ 4,684,971 - unrealised losses).

#### 3 REVENUE

|                       | 2021<br>US\$ | 2020<br>US\$ |
|-----------------------|--------------|--------------|
| Overseas dividends    | 1,344,327    | 1,166,251    |
| Bank interest         | 161          | 10           |
| Miscellaneous revenue | —            | 7,186        |
| Total revenue         | 1,344,488    | 1,173,447    |

#### 4 EXPENSES

|                                                                                                         | 2021<br>US\$ | 2020<br>US\$ |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the Fund Manager, associates of the Manager and agents of either of them:                    |              |              |
| Annual management charge                                                                                | (888,649)    | (832,296)    |
| Registration expenses                                                                                   | (1,635)      | (1,605)      |
| Directors' fees                                                                                         | (3,921)      | (3,724)      |
|                                                                                                         | (894,205)    | (837,625)    |
| Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them: |              |              |
| Fiduciary Custodian's fees                                                                              | (16,634)     | (15,554)     |
| Safe custody fees                                                                                       | (3,843)      | (3,256)      |
| Interest payable                                                                                        | (763)        | (778)        |
|                                                                                                         | (21,240)     | (19,588)     |
| Other expenses:                                                                                         |              |              |
| Audit fee                                                                                               | (14,192)     | (13,060)     |
| Regulatory and professional fees                                                                        | (1,159)      | (2,050)      |
| Publication charges                                                                                     | (7,714)      | (6,892)      |
|                                                                                                         | (23,065)     | (22,002)     |
| Total expenses                                                                                          | (938,510)    | (879,215)    |

#### 5 TAXATION

|                               | 2021<br>US\$ | 2020<br>US\$ |
|-------------------------------|--------------|--------------|
| Analysis of charge in period: |              |              |
| Overseas tax suffered         | (7,923)      | (19,827)     |
| Total overseas taxation       | (7,923)      | (19,827)     |

#### 6 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Final                                      | (380,941)    | (257,505)    |
|                                            | (380,941)    | (257,505)    |
| Revenue deducted on cancellation of shares | (24,112)     | (42,515)     |
| Revenue received on creation of shares     | 7,001        | 25,615       |
| Distributions for the year                 | (398,052)    | (274,405)    |

Details of the distribution per share are set out on page 60.

#### 7 INVESTMENTS

##### Fair Value Hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

|                                 | 2021<br>Assets<br>US\$ | 2020<br>Assets<br>US\$ |
|---------------------------------|------------------------|------------------------|
| Level 1: Quoted prices          | 43,528,172             | 45,668,382             |
| Level 2: Observable market data | —                      | —                      |
| Level 3: Unobservable data      | —                      | —                      |
| Total value                     | 43,528,172             | 45,668,382             |

#### 8 DEBTORS

|                                    | 2021<br>US\$ | 2020<br>US\$ |
|------------------------------------|--------------|--------------|
| Accrued revenue                    | 91,675       | 80,358       |
| Prepaid expenses                   | 1,401        | —            |
| Receivable from the Fund Manager – |              |              |
| Nominal shares                     | 406,265      | 397,711      |
| Overseas tax recoverable           | 626          | —            |
| Total debtors                      | 499,967      | 478,069      |

#### 9 OTHER CREDITORS

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Amounts payable for cancellation of shares | (13,613)     | (477)        |
| Accrued expenses                           | (22,342)     | (20,958)     |
| Amounts payable to the Fund Manager        | (68,980)     | (75,747)     |
| Total creditors                            | (104,935)    | (97,182)     |

#### 10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) (Fund Manager) provides services to the company under the terms of a management agreement (page 76, note 10) and acts as principal in respect of all transactions of shares in the Fund.

The Fund Manager owns the management shares of the company and has common directors with the company namely Jeffrey Boysie McPherson More, Anthony Adam King and Darren Mark Kelly who have waived their rights to directors fees. Directors fees are payable to each of the two non-executive directors of the company.

The total director fees expense for the year was US\$ 3,921 (2020: US\$ 3,724) with US\$ 947 (2020: US\$ 1,029) outstanding at year end.

Amounts paid to the Fund Manager in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 68,840 (December 2020: US\$ 75,600) in respect of the annual management charge, and US\$ 140 (December 2020: US\$ 147) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group (formerly Charles Taylor Group) of which the Fund is a related party, hold 20,556,635 (2020: 23,818,561) Preference Shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Preference Shareholders. The amounts due from/to Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

#### 11 SHARES IN ISSUE RECONCILIATION

|                   | Number of<br>shares in<br>issue at start<br>of the year | Number of<br>shares<br>created | Number of<br>shares<br>cancelled | Number of<br>shares in<br>issue at end<br>of the year |
|-------------------|---------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------------------|
| Participating     |                                                         |                                |                                  |                                                       |
| Redeemable        |                                                         |                                |                                  |                                                       |
| Preference Shares | 29,427,973                                              | 913,882                        | (4,335,541)                      | 26,006,314                                            |

#### 12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date. (2020: US\$ Nil).

## UK Capital Growth Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 DIRECT TRANSACTION COSTS

In the case of equity shares, broker commissions, transfer taxes and stamp duties are paid by the Fund on each transaction. Unlike equity shares, other types of investments (such as bonds, money market instruments, and derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread between buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Comparing portfolio transaction costs for a range of funds may give a false impression of the relative costs of investing in them for the following reasons:

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the Manager's investment decisions in improving returns and the associated costs of the investment.
- Historic transaction costs are not an effective indicator of the future impact on performance.
- Transaction costs for buying and selling investments due to other investors joining or leaving the Fund may be recovered from those investors.
- Transaction costs vary from country to country.
- Transaction costs vary depending on the types of investment in which a Fund invests.
- As the Manager's investment decisions are not predictable, transaction costs are also not predictable.

The direct transaction costs incurred during the year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$ | Total Cost<br>US\$ | Year to 31st December 2021<br>Commission as a<br>percentage of<br>principal<br>% | Taxes as a<br>percentage of<br>principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|---------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |               |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 6,455,035         | 3,214              | 31,432        | 6,489,681          | 0.05                                                                             | 0.49                                          |
| Corporate action purchase activity:                            |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 253,498           | —                  | —             | 253,498            | 0.00                                                                             | 0.00                                          |
|                                                                | <u>6,708,533</u>  | <u>3,214</u>       | <u>31,432</u> | <u>6,743,179</u>   |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |               |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 12,113,592        | (3,981)            | (368)         | 12,109,243         | (0.03)                                                                           | (0.00)                                        |
|                                                                | <u>12,113,592</u> | <u>(3,981)</u>     | <u>(368)</u>  | <u>12,109,243</u>  |                                                                                  |                                               |
| Total                                                          |                   | <u>7,195</u>       | <u>31,800</u> |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.02%</u>       | <u>0.07%</u>  |                    |                                                                                  |                                               |

The direct transaction costs incurred during the prior year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$ | Total Cost<br>US\$ | Year to 31st December 2020<br>Commission as a<br>percentage of<br>principal<br>% | Taxes as a<br>percentage of<br>principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|---------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |               |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 10,202,217        | 3,257              | 50,345        | 10,255,819         | 0.03                                                                             | 0.49                                          |
| Corporate action purchase activity:                            |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 181,444           | —                  | —             | 181,444            | 0.00                                                                             | 0.00                                          |
|                                                                | <u>10,383,661</u> | <u>3,257</u>       | <u>50,345</u> | <u>10,437,263</u>  |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |               |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 10,104,600        | (3,238)            | (301)         | 10,101,061         | (0.03)                                                                           | (0.00)                                        |
|                                                                | <u>10,104,600</u> | <u>(3,238)</u>     | <u>(301)</u>  | <u>10,101,061</u>  |                                                                                  |                                               |
| Total                                                          |                   | <u>6,495</u>       | <u>50,646</u> |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.02%</u>       | <u>0.11%</u>  |                    |                                                                                  |                                               |

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.14% (2020: 0.20%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

## UK Capital Growth Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 14 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 76.

##### Currency exposures

A small proportion of the Net Assets of the Fund are denominated in currencies other than Sterling, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be affected by currency movements.

##### Currency risk sensitivity

As at 31 December 2021 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31 December 2021 between US\$ and all other currencies had strengthened by 5% (2020: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 2,167,112 (2020: US\$ 2,286,085).

A weakening of the US\$ compared to other currencies would have resulted in an equal and opposite effect on the financial statements, assuming that all other variables remained constant.

| Net foreign currency assets | Monetary exposure | Non-monetary exposure | Total      |
|-----------------------------|-------------------|-----------------------|------------|
|                             | US\$              | US\$                  | US\$       |
| <b>Currency 2021</b>        |                   |                       |            |
| Euro                        | 2,229             | —                     | 2,229      |
| UK Sterling                 | (188,153)         | 43,528,172            | 43,340,019 |
| US Dollar                   | 261               | —                     | 261        |
| <b>Currency 2020</b>        | US\$              | US\$                  | US\$       |
| Euro                        | 41,038            | —                     | 41,038     |
| UK Sterling                 | 12,270            | 45,668,382            | 45,680,652 |

##### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2021 and 31st December 2020 was:

|                                        | 2021       | 2020       |
|----------------------------------------|------------|------------|
| Assets                                 | US\$       | US\$       |
| Fixed rate financial assets            | —          | —          |
| Floating rate financial assets         | 200,658    | 344,406    |
| Financial assets not carrying interest | 43,621,874 | 45,748,740 |
| Liabilities                            | US\$       | US\$       |
| Fixed rate financial assets            | —          | —          |
| Floating rate financial assets         | —          | —          |
| Financial assets not carrying interest | (480,023)  | (371,456)  |

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

The Fund's Preference Shares are financial liabilities that do not carry interest and there are no other material financial liabilities that carry interest.

##### Other price risk sensitivity

As at 31 December 2021 the Fund was exposed to other market price risk due to its investments in equities. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31 December 2021, had the fair value of equity securities increased/(decreased) by 5% (2020: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 2,176,409 (2020: US\$ 2,283,419).

##### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the Aggregated Financial Statements.

# Europe Fund

## Fund Investment Report

### Investment Policy

To invest primarily for capital growth from a portfolio of European equities.

### Types of Investment

Investments are made principally for prospects of capital growth in Continental European stocks, generally in shares of leading European companies, but also may be made indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

It must be remembered that the price of shares and the income from them, can go down as well as up.

### Fund Performance

Over the 12 months to 31 December 2021 the Fund achieved a total gross return of +27.8% compared with a return of +25.2% from the FTSE World Europe ex UK Index in Euro terms.

### Review

2021 was a stellar year for European markets. Equities were supported by encouraging corporate results, economic stimulus measures and vaccination rollouts. Nevertheless, inflationary concerns, surging energy prices, supply chain problems and a regulatory crackdown in China all prompted bouts of turbulence, as did the emergence of mutant coronavirus variants.

The pandemic continued to dominate investor sentiment over the period. Mass vaccination programmes across Europe boosted market sentiment, although mutant strains, such as the Delta and Omicron variants, prompted new or extended lockdown measures in several countries, and tightened restrictions, particularly for the unvaccinated.

In the United States (US), newly elected President Biden's substantial stimulus package; a relatively speedy rollout of Covid vaccines and signs of strength in the economy helped propel equities higher. The picture in Europe gradually improved in the early part of the year as economic stimulus measures and the periodic reopening of economies reignited growth. The Zentrum für Europäische Wirtschaftsforschung (ZEW) index of economic sentiment for Germany jumped higher in each month of the first quarter, reflecting expectations of improved conditions. A composite measure of Eurozone economic activity returned to growth territory in March, driven by strength in manufacturing. In June, the European Central Bank (ECB) raised forecasts for Eurozone growth for 2021 and the following year, while a gauge of services and manufacturing activity in the Euro area indicated the strongest expansion in 15 years as lockdown measures were eased. Data indicated that the Eurozone economy delivered a healthy expansion in the three months to the end of June.

In Germany, the ZEW index then fell for several months in a row, reflecting concern about a resurgence of the pandemic. Data showed that supply chain shortages and bottlenecks had led to weaker growth than expected in German Gross Domestic Product (GDP) in Q3 2021. However, growth in France and Italy exceeded expectations, boosted by consumer spending in France and by industry and services in Italy. United Kingdom (UK) GDP growth slowed sharply in the third quarter amid a contraction in manufacturing.

For much of the year, the main central banks reassured markets that inflation was temporary, and ultra loose monetary policy prevailed. The picture changed in the middle of the year as inflation rose well above official targets in the US, the UK and the eurozone. A rise in Norwegian interest rates was the first among the major European economies since the pandemic began. Data later showed that US Consumer Price Inflation (CPI) had climbed to its highest level in almost four decades – in response, the US Federal Reserve accelerated the withdrawal of monetary stimulus and suggested it may raise interest rates three times in 2022. However, the Standard & Poor's 500 (S&P 500) index reached new highs, despite jitters in the key technology sector where valuations may be vulnerable in a higher interest rate environment. In the UK, annual inflation rose to a decade high in October, and the Bank of England grew more hawkish, raising interest rates in December, for the first time since 2018. Eurozone inflation climbed to more than double the ECB's target, while natural gas prices rose to record levels, but the bank was more dovish than the US or the UK, and there were no imminent plans for interest rate increases. The Ifo index of German business sentiment fell for a sixth straight month, prompting some to warn of recession.

Meanwhile, former ECB president Mario Draghi agreed to form a government and was sworn in as Italian prime minister, avoiding a snap election. In a closely contested election, Germany's centre-left Social Democratic Party (SPD) won by a narrow margin over outgoing Chancellor Merkel's Christian Democratic alliance.

Technology, financials and energy led the outperforming sectors, while utilities and real estate were the main laggards.

New holdings included TotalEnergies S.E. (France), Daimler AG (Germany) and Volkswagen AG Pref (Germany). We bought TotalEnergies to help protect the portfolio against strengthening oil prices. The energy giant is adopting an encouraging new focus on alternative energy, and this is where capital expenditure will be concentrated. Daimler AG's demerger of its trucks division makes excellent commercial sense and should realise value for shareholders. Volkswagen AG has a significant electric vehicle rollout programme and is rejoining the UN Global Compact.

Sales included sportswear firm adidas AG (Germany); the Chinese are moving towards buying domestic brands. We also trimmed several stocks including ASML Holding NV (Netherlands) following a period of strong returns.

The economic recovery has boosted corporate profits, though the hurdle for growth next year is now higher and some sectors will be under strain for years. Inflation has risen but interest rates remain under control, despite potential rises in the US. Covid-19 and geopolitics (for example with Russia and China) dominate sentiment. The Omicron variant has meant a rise in infections again and a return of restrictions, especially for the unvaccinated.

Uncertainty and inflationary pressures have also arisen elsewhere, such as supply chain issues and volatile energy prices. The Russian troop build up near Ukraine has created more uncertainty and tensions, and has contributed to the rise in energy prices.

# Europe Fund

## Fund Investment Report (continued)

### Review (continued)

Obama-like policies under Biden have been the rule, emphasising stimulus, tempered by the Republicans stopping some measures passing through Congress; Biden's poll weakness has given them impetus and the mid-term elections loom. This may favour companies which benefit from an economic upturn, but previously fragile business models are proving unsustainable, impacting small businesses and employment in the hospitality and travel sectors.

Post-Brexit practicalities are still unclear; there have been concerns over Northern Ireland, where the protocol is not working well, and over financial services and in fishing. Exports from the UK to the European Union (EU) have fallen sharply in some sectors. Anglo-EU relations remain poor, exacerbated by arguments with the French.

In Germany, a left leaning coalition was confirmed after Merkel's exit; policies should continue to be economically supportive and pro European.

Our main focus in managing this portfolio is on stock selection, informed by macroeconomic and thematic views. We favour companies that have a competitive advantage and pricing power generated by brands, patented processes, regulatory barriers to entry and strong market positions.

## Europe Fund

### Comparative Tables

for the accounting period 1st January 2021 to 31st December 2021

|                                              | Preference Shares |          |          |
|----------------------------------------------|-------------------|----------|----------|
|                                              | 2021              | 2020     | 2019     |
|                                              | EUR               | EUR      | EUR      |
| <b>Change in net assets per share</b>        |                   |          |          |
| Opening net asset value per share            | 6.0436            | 5.8765   | 4.4673   |
| Return before operating charges <sup>1</sup> | 1.6174            | 0.2887   | 1.5257   |
| Operating charges                            | (0.1482)          | (0.1216) | (0.1165) |
| Return after operating charges               | 1.4692            | 0.1671   | 1.4092   |
| Distributions on preference shares           | —                 | —        | —        |
| Closing net asset value per shares           | 7.5128            | 6.0436   | 5.8765   |
| after direct transaction costs <sup>1</sup>  | (0.0089)          | (0.0077) | (0.0106) |

#### Performance

|                      |        |       |        |
|----------------------|--------|-------|--------|
| Return after charges | 24.31% | 2.84% | 31.54% |
|----------------------|--------|-------|--------|

#### Other information

|                                             |            |            |            |
|---------------------------------------------|------------|------------|------------|
| Closing net asset value (EUR)               | 28,205,404 | 23,452,663 | 24,089,710 |
| Closing number of shares                    | 3,754,312  | 3,880,574  | 4,099,361  |
| Operating charges                           | 2.15%      | 2.20%      | 2.20%      |
| Direct transaction costs (note 13)          | 0.13%      | 0.14%      | 0.20%      |
| Ongoing Charges Figure (“OCF”) <sup>2</sup> | 2.15%      | 2.20%      | 2.20%      |

#### Prices

|                                  | 2021   | 2020   | 2019   | 2018   | 2017   |
|----------------------------------|--------|--------|--------|--------|--------|
| Highest offer share price (EUR)  | 7.9750 | 6.5390 | 6.2530 | 5.6120 | 5.5760 |
| Lowest bid share price (EUR)     | 5.9740 | 4.0370 | 4.4070 | 4.3440 | 4.5940 |
| Net distribution per share (EUR) | —      | —      | —      | —      | 0.0004 |

#### Notes

<sup>1</sup> Return before operating charges is stated after direct transaction costs.

<sup>2</sup> The OCF takes into account the annual management charge and any expenses incurred, expressed as a percentage of the average daily net asset values over the year.

Please refer to the Direct transaction costs note on page 72, for more detail regarding the nature of transaction costs and how they arise for different types of investments.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and because of this, investors may not get back money invested and are not certain to make a profit on their investment.

## Europe Fund

### Statement of Total Return

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                | Notes | 2021<br>US\$     | 2020<br>US\$   |
|------------------------------------------------------------------------------------------------|-------|------------------|----------------|
| Income                                                                                         |       |                  |                |
| Net capital gains                                                                              | 2     | 6,701,994        | 906,482        |
| Revenue                                                                                        | 3     | 757,587          | 391,029        |
| Expenses                                                                                       | 4     | (645,653)        | (524,724)      |
| Net revenue/(expenses) before taxation                                                         |       | 111,934          | (133,695)      |
| Taxation                                                                                       | 5     | (188,674)        | (98,694)       |
| Net expenses after taxation                                                                    |       | (76,740)         | (232,389)      |
| <b>Total return before distribution</b>                                                        |       | <b>6,625,254</b> | <b>674,093</b> |
| Distributions                                                                                  | 6     | 756              | 5,084          |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities</b> |       | <b>6,626,010</b> | <b>679,177</b> |

### Balance Sheet

as at 31st December 2021

|                                                           | Notes | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------|-------|-------------------|-------------------|
| <b>Assets:</b>                                            |       |                   |                   |
| Fixed assets:                                             |       |                   |                   |
| Investments                                               | 7     | 31,823,626        | 28,703,736        |
| Current assets:                                           |       |                   |                   |
| Debtors                                                   | 8     | 99,103            | 97,965            |
| Cash and bank balances                                    |       | 317,195           | 53,609            |
| <b>Total assets</b>                                       |       | <b>32,239,924</b> | <b>28,855,310</b> |
| <b>Liabilities:</b>                                       |       |                   |                   |
| Creditors:                                                |       |                   |                   |
| Other creditors                                           | 9     | (69,403)          | (58,921)          |
| <b>Total liabilities</b>                                  |       | <b>(69,403)</b>   | <b>(58,921)</b>   |
| <b>Equity:</b>                                            |       |                   |                   |
| Nominal shares (note 14, page 79)                         |       | (95,337)          | (95,021)          |
| <b>Total equity</b>                                       |       | <b>(95,337)</b>   | <b>(95,021)</b>   |
| <b>Net Assets Attributable to Preference Shareholders</b> |       | <b>32,075,184</b> | <b>28,701,368</b> |

### Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                     | 2021<br>US\$      | 2020<br>US\$      |
|-----------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Opening Net Assets Attributable to Preference Shareholders</b>                                   | <b>28,701,368</b> | <b>27,037,326</b> |
| Movement due to sales and repurchases of shares:                                                    |                   |                   |
| Amounts receivable on issue of shares                                                               | 77,707            | 188,620           |
| Amounts payable on cancellation of shares                                                           | (1,082,950)       | (1,594,963)       |
|                                                                                                     | (1,005,243)       | (1,406,343)       |
| Difference on currency conversion                                                                   | (2,246,954)       | 2,391,208         |
| Change in Net Assets Attributable to Preference Shareholders from investment activities (see above) | 6,626,010         | 679,177           |
| Unclaimed distributions                                                                             | 3                 | —                 |
| <b>Closing Net Assets Attributable to Preference Shareholders</b>                                   | <b>32,075,184</b> | <b>28,701,368</b> |

### Distribution Table

for the accounting period 1st January 2021 to 31st December 2021

There is no distribution for the accounting period 1st January 2021 to 31st December 2021, as expenses exceeded revenue (December 2020: € Nil).

The notes on pages 71 to 73 form an integral part of the financial statements.

**Europe Fund**  
**Portfolio Statement**  
as at 31st December 2021

| Investment                             | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|----------------------------------------|----------|---------|----------------------|--------------------|
| <b>Equities 99.22% (100.01%)</b>       |          |         |                      |                    |
| <b>Belgium 2.29% (2.18%)</b>           |          |         |                      |                    |
| KBC Group NV                           | EUR      | 8,562   | 733,369              | 2.29               |
|                                        |          |         | <b>733,369</b>       | <b>2.29</b>        |
| <b>Denmark 5.61% (4.20%)</b>           |          |         |                      |                    |
| DSV A/S                                | DKK      | 715     | 167,917              | 0.52               |
| Novo Nordisk A/S 'B'                   | DKK      | 8,792   | 992,605              | 3.10               |
| Tryg A/S                               | DKK      | 25,948  | 639,735              | 1.99               |
|                                        |          |         | <b>1,800,257</b>     | <b>5.61</b>        |
| <b>Finland 1.02% (3.27%)</b>           |          |         |                      |                    |
| UPM-Kymmene OYJ                        | EUR      | 8,554   | 325,778              | 1.02               |
|                                        |          |         | <b>325,778</b>       | <b>1.02</b>        |
| <b>France 30.88% (22.74%)</b>          |          |         |                      |                    |
| Air Liquide SA                         | EUR      | 5,333   | 929,110              | 2.90               |
| AXA SA                                 | EUR      | 28,481  | 847,933              | 2.64               |
| BNP Paribas SA                         | EUR      | 14,598  | 1,006,841            | 3.14               |
| Dassault Systemes SE                   | EUR      | 2,915   | 173,371              | 0.54               |
| Kering SA                              | EUR      | 427     | 342,774              | 1.07               |
| L'Oréal SA                             | EUR      | 1,022   | 484,471              | 1.51               |
| LVMH Moët Hennessy Louis<br>Vuitton SE | EUR      | 928     | 766,691              | 2.39               |
| Pernod Ricard SA                       | EUR      | 1,669   | 401,234              | 1.25               |
| Publicis Groupe SA                     | EUR      | 10,465  | 704,527              | 2.20               |
| Safran SA                              | EUR      | 5,453   | 666,128              | 2.08               |
| Schneider Electric SE                  | EUR      | 4,047   | 793,428              | 2.47               |
| Teleperformance                        | EUR      | 1,907   | 850,107              | 2.65               |
| TotalEnergies SE                       | EUR      | 22,500  | 1,141,948            | 3.56               |
| Vinci SA                               | EUR      | 7,531   | 795,191              | 2.48               |
|                                        |          |         | <b>9,903,754</b>     | <b>30.88</b>       |
| <b>Germany 11.01% (17.98%)</b>         |          |         |                      |                    |
| Allianz SE                             | EUR      | 2,740   | 647,178              | 2.02               |
| Brenntag SE                            | EUR      | 3,609   | 326,609              | 1.02               |
| Daimler AG                             | EUR      | 9,460   | 728,096              | 2.27               |
| Daimler Truck Holding AG               | EUR      | 4,730   | 173,444              | 0.54               |
| Deutsche Telekom AG                    | EUR      | 24,117  | 446,383              | 1.39               |
| Infineon Technologies AG               | EUR      | 3,756   | 173,715              | 0.54               |
| Puma SE                                | EUR      | 2,722   | 331,678              | 1.04               |
| Volkswagen AG Preference               | EUR      | 3,484   | 702,939              | 2.19               |
|                                        |          |         | <b>3,530,042</b>     | <b>11.01</b>       |
| <b>Ireland 6.49% (5.50%)</b>           |          |         |                      |                    |
| CRH plc                                | EUR      | 16,745  | 885,663              | 2.76               |
| Kingspan Group plc                     | EUR      | 4,170   | 489,861              | 1.53               |
| Linde plc                              | EUR      | 2,039   | 707,451              | 2.20               |
|                                        |          |         | <b>2,082,975</b>     | <b>6.49</b>        |
| <b>Italy 5.26% (4.22%)</b>             |          |         |                      |                    |
| Enel SpA                               | EUR      | 60,088  | 481,810              | 1.50               |
| Moncler SpA                            | EUR      | 2,606   | 190,022              | 0.59               |
| UniCredit SpA                          | EUR      | 65,892  | 1,015,334            | 3.17               |
|                                        |          |         | <b>1,687,166</b>     | <b>5.26</b>        |
| <b>Luxembourg 0.60% (0.94%)</b>        |          |         |                      |                    |
| Eurofins Scientific SE                 | EUR      | 1,566   | 193,721              | 0.60               |
|                                        |          |         | <b>193,721</b>       | <b>0.60</b>        |
| <b>Netherlands 9.79% (18.13%)</b>      |          |         |                      |                    |
| Airbus SE                              | EUR      | 5,577   | 712,098              | 2.22               |
| Akzo Nobel NV                          | EUR      | 2,800   | 306,889              | 0.96               |
| ASML Holding NV                        | EUR      | 986     | 792,408              | 2.47               |
| ING Groep NV                           | EUR      | 62,705  | 872,812              | 2.72               |
| Koninklijke DSM NV                     | EUR      | 810     | 182,384              | 0.57               |
| Wolters Kluwer NV                      | EUR      | 2,352   | 273,889              | 0.85               |
|                                        |          |         | <b>3,140,480</b>     | <b>9.79</b>        |
| <b>Norway 2.31% (2.36%)</b>            |          |         |                      |                    |
| DNB Bank ASA                           | NOK      | 32,310  | 740,315              | 2.31               |
|                                        |          |         | <b>740,315</b>       | <b>2.31</b>        |
| <b>Spain 0.00% (0.81%)</b>             |          |         |                      |                    |
| <b>Sweden 3.44% (4.90%)</b>            |          |         |                      |                    |
| Atlas Copco AB 'A'                     | SEK      | 4,627   | 320,363              | 1.00               |
| Sandvik AB                             | SEK      | 28,009  | 781,527              | 2.44               |
|                                        |          |         | <b>1,101,890</b>     | <b>3.44</b>        |
| <b>Switzerland 18.64% (12.78%)</b>     |          |         |                      |                    |
| Lonza Group AG                         | CHF      | 458     | 382,890              | 1.19               |
| Nestle SA                              | CHF      | 11,141  | 1,558,517            | 4.86               |
| Novartis AG                            | CHF      | 12,799  | 1,127,885            | 3.52               |
| Roche Holding AG                       | CHF      | 2,843   | 1,183,075            | 3.69               |
| Sika AG                                | CHF      | 2,415   | 1,007,885            | 3.14               |
| UBS Group AG                           | CHF      | 39,954  | 720,137              | 2.24               |
|                                        |          |         | <b>5,980,389</b>     | <b>18.64</b>       |

| Investment                                                | Currency | Holding | Market Value<br>US\$ | % of Net<br>Assets |
|-----------------------------------------------------------|----------|---------|----------------------|--------------------|
| <b>Equities 99.22% (100.01%) (continued)</b>              |          |         |                      |                    |
| <b>United Kingdom 1.88% (0.00%)</b>                       |          |         |                      |                    |
| Royal Dutch Shell plc 'A'                                 | EUR      | 27,485  | 603,490              | 1.88               |
|                                                           |          |         | <b>603,490</b>       | <b>1.88</b>        |
| <b>Equities total</b>                                     |          |         | <b>31,823,626</b>    | <b>99.22</b>       |
| Total Value of Investments                                |          |         | 31,823,626           | 99.22              |
| Net other assets (2020: (0.01%)) Net other liabilities)   |          |         | 251,558              | 0.78               |
| <b>Net Assets attributable to Preference Shareholders</b> |          |         | <b>32,075,184</b>    | <b>100.00</b>      |

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 31st December 2020.

## Europe Fund

### Notes to the Financial Statements

for the accounting period 1st January 2021 to 31st December 2021

#### 1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 75.

#### 2 NET CAPITAL GAINS

The net capital gains during the period comprise:

|                                       | 2021<br>US\$ | 2020<br>US\$ |
|---------------------------------------|--------------|--------------|
| Non-derivative securities             | 6,718,352    | 938,798      |
| Forward currency derivative contracts | –            | 553          |
| Other currency gains/(losses)         | 5,811        | (4,294)      |
| Transaction charges                   | (22,169)     | (28,575)     |
| Net capital gains                     | 6,701,994    | 906,482      |

Gains from non-derivatives securities include realised gains of US\$ 3,530,143 (2020: US\$ 182,873 ) and change in unrealised gains of US\$ 3,188,209 (2020: US\$ 755,925).

Forward currency derivative contracts include realised gains of US\$ Nil (2020: US\$ 553).

#### 3 REVENUE

|                    | 2021<br>US\$ | 2020<br>US\$ |
|--------------------|--------------|--------------|
| Overseas dividends | 757,577      | 390,748      |
| Bank interest      | 10           | 281          |
| Total revenue      | 757,587      | 391,029      |

#### 4 EXPENSES

|                                                                                                         | 2021<br>US\$ | 2020<br>US\$ |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|
| Payable to the Fund Manager, associates of the Manager and agents of either of them:                    |              |              |
| Annual management charge                                                                                | (605,165)    | (491,642)    |
| Registration expenses                                                                                   | (1,440)      | (1,420)      |
| Directors' fees                                                                                         | (2,769)      | (2,361)      |
|                                                                                                         | (609,374)    | (495,423)    |
| Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them: |              |              |
| Fiduciary Custodian's fees                                                                              | (11,392)     | (9,243)      |
| Safe custody fees                                                                                       | (6,581)      | (5,869)      |
| Interest payable                                                                                        | (228)        | (204)        |
|                                                                                                         | (18,201)     | (15,316)     |
| Other expenses:                                                                                         |              |              |
| Audit fee                                                                                               | (11,365)     | (8,345)      |
| Regulatory and professional fees                                                                        | (746)        | (1,264)      |
| Publication charges                                                                                     | (5,967)      | (4,376)      |
|                                                                                                         | (18,078)     | (13,985)     |
| Total expenses                                                                                          | (645,653)    | (524,724)    |

#### 5 TAXATION

|                               | 2021<br>US\$ | 2020<br>US\$ |
|-------------------------------|--------------|--------------|
| Analysis of charge in period: |              |              |
| Overseas tax suffered         | (188,674)    | (98,694)     |
| Total overseas taxation       | (188,674)    | (98,694)     |

#### 6 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Revenue deducted on cancellation of shares | 760          | 5,562        |
| Revenue received on creation of shares     | (4)          | (478)        |
| Distributions for the year                 | 756          | 5,084        |

Details of the distribution per share are set out on page 69.

#### 7 INVESTMENTS

##### Fair Value Hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

|                                 | 2021<br>Assets<br>US\$ | 2020<br>Assets<br>US\$ |
|---------------------------------|------------------------|------------------------|
| Level 1: Quoted prices          | 31,823,626             | 28,703,736             |
| Level 2: Observable market data | –                      | –                      |
| Level 3: Unobservable data      | –                      | –                      |
| Total value                     | 31,823,626             | 28,703,736             |

#### 8 DEBTORS

|                                         | 2021<br>US\$ | 2020<br>US\$ |
|-----------------------------------------|--------------|--------------|
| Receivable from Fund the Fund Manager – |              |              |
| Nominal shares                          | 95,337       | 95,021       |
| Overseas tax recoverable                | 2,737        | 2,944        |
| Prepaid expenses                        | 1,029        | –            |
| Total debtors                           | 99,103       | 97,965       |

#### 9 OTHER CREDITORS

|                                            | 2021<br>US\$ | 2020<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Amounts payable for cancellation of shares | (2,206)      | –            |
| Accrued expenses                           | (16,432)     | (13,015)     |
| Amounts payable to the Fund Manager        | (50,765)     | (45,906)     |
| Total creditors                            | (69,403)     | (58,921)     |

#### 10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) (Fund Manager) provides services to the company under the terms of a management agreement (page 76, note 10) and acts as principal in respect of all transactions of shares in the Fund.

The Fund Manager owns the management shares of the company and has common directors with the company namely Jeffrey Boysie McPherson More, Anthony Adam King and Darren Mark Kelly who have waived their rights to directors fees. Directors fees are payable to each of the two non-executive directors of the company.

The total director fees expense for the year was US\$ 2,769 (2020: US\$ 2,361) with US\$ 661 (2020: US\$ 621) outstanding at year end.

Amounts paid to the Fund Manager in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 50,648 (December 2020: US\$ 45,778) in respect of the annual management charge, and US\$ 117 (December 2020: US\$ 128) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group (formerly Charles Taylor Group), of which the Fund is a related party, hold 2,097,721 (2020: 2,192,539) Preference Shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Preference Shareholders. The amounts due from/to Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

#### 11 SHARES IN ISSUE RECONCILIATION

|                   | Number of<br>shares in<br>issue at start<br>of the year | Number of<br>shares<br>created | Number of<br>shares<br>cancelled | Number of<br>shares in<br>issue at end<br>of the year |
|-------------------|---------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------------------|
| Participating     |                                                         |                                |                                  |                                                       |
| Redeemable        |                                                         |                                |                                  |                                                       |
| Preference Shares | 3,880,574                                               | 9,661                          | (135,923)                        | 3,754,312                                             |

#### 12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2020: US\$ Nil).

## Europe Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 DIRECT TRANSACTION COSTS

In the case of equity shares, broker commissions, transfer taxes and stamp duties are paid by the Fund on each transaction. Unlike equity shares, other types of investments (such as bonds, money market instruments, and derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread between buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Comparing portfolio transaction costs for a range of funds may give a false impression of the relative costs of investing in them for the following reasons:

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the Manager's investment decisions in improving returns and the associated costs of the investment.
- Historic transaction costs are not an effective indicator of the future impact on performance.
- Transaction costs for buying and selling investments due to other investors joining or leaving the Fund may be recovered from those investors.
- Transaction costs vary from country to country.
- Transaction costs vary depending on the types of investment in which a Fund invests.
- As the Manager's investment decisions are not predictable, transaction costs are also not predictable.

The direct transaction costs incurred during the year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$ | Total Cost<br>US\$ | Year to 31st December 2021<br>Commission as<br>a percentage<br>of principal<br>% | Taxes as a<br>percentage<br>of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|---------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |               |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 16,310,506        | 11,432             | 18,960        | 16,340,898         | 0.07                                                                             | 0.12                                          |
|                                                                | <u>16,310,506</u> | <u>11,432</u>      | <u>18,960</u> | <u>16,340,898</u>  |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |               |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 17,713,275        | (10,894)           | (3)           | 17,702,378         | (0.06)                                                                           | (0.00)                                        |
|                                                                | <u>17,713,275</u> | <u>(10,894)</u>    | <u>(3)</u>    | <u>17,702,378</u>  |                                                                                  |                                               |
| Total                                                          |                   | 22,326             | 18,963        |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.07%</u>       | <u>0.06%</u>  |                    |                                                                                  |                                               |

The direct transaction costs incurred during the prior year were as follows:

|                                                                | Principal<br>US\$ | Commission<br>US\$ | Taxes<br>US\$ | Total Cost<br>US\$ | Year to 31st December 2020<br>Commission as<br>a percentage<br>of principal<br>% | Taxes as a<br>percentage<br>of principal<br>% |
|----------------------------------------------------------------|-------------------|--------------------|---------------|--------------------|----------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Purchases:</b>                                              |                   |                    |               |                    |                                                                                  |                                               |
| Purchases (excluding in-specie and corporate action activity): |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 16,451,524        | 10,320             | 12,997        | 16,474,841         | 0.06                                                                             | 0.08                                          |
| Corporate action purchase activity:                            |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 37,015            | —                  | —             | 37,015             | 0.00                                                                             | 0.00                                          |
|                                                                | <u>16,488,539</u> | <u>10,320</u>      | <u>12,997</u> | <u>16,511,856</u>  |                                                                                  |                                               |
| <b>Sales:</b>                                                  |                   |                    |               |                    |                                                                                  |                                               |
| Sales (excluding in-specie and corporate action activity):     |                   |                    |               |                    |                                                                                  |                                               |
| Equity                                                         | 18,015,995        | (11,341)           | (17)          | 18,004,637         | (0.06)                                                                           | (0.00)                                        |
|                                                                | <u>18,015,995</u> | <u>(11,341)</u>    | <u>(17)</u>   | <u>18,004,637</u>  |                                                                                  |                                               |
| Total                                                          |                   | 21,661             | 13,014        |                    |                                                                                  |                                               |
| Percentage of Fund average net assets                          |                   | <u>0.09%</u>       | <u>0.05%</u>  |                    |                                                                                  |                                               |

## Europe Fund

### Notes to the Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

#### 13 DIRECT TRANSACTION COSTS (continued)

##### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.16% (2020: 0.26%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 14 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 76.

##### Currency exposures

A proportion of the Net Assets of the Fund are denominated in currencies other than Euro, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be affected by currency movements.

##### Currency risk sensitivity

As at 31 December 2021 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31 December 2021 between US\$ and all other currencies had strengthened by 5% (2020: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 1,603,678 (2020: US\$ 1,435,068).

A weakening of the US\$ compared to other currencies would have resulted in an equal and opposite effect on the financial statements, assuming that all other variables remained constant.

| Net foreign currency assets |                   |                       |            |
|-----------------------------|-------------------|-----------------------|------------|
|                             | Monetary exposure | Non-monetary exposure | Total      |
| Currency 2021               | US\$              | US\$                  | US\$       |
| Czech Koruna                | 24                | —                     | 24         |
| Danish Krone                | 42                | 1,800,257             | 1,800,299  |
| Euro                        | (51,461)          | 22,200,775            | 22,149,314 |
| Hungarian Forint            | 11                | —                     | 11         |
| Norwegian Krone             | 4                 | 740,315               | 740,319    |
| Swedish Krona               | 50                | 1,101,890             | 1,101,940  |
| Swiss Franc                 | 279               | 5,980,389             | 5,980,668  |
| UK Sterling                 | 300,982           | —                     | 300,982    |
| US Dollar                   | 1,627             | —                     | 1,627      |
| Currency 2020               | US\$              | US\$                  | US\$       |
| Czech Koruna                | 25                | —                     | 25         |
| Danish Krone                | 45                | 1,206,055             | 1,206,100  |
| Euro                        | (53,489)          | 21,745,600            | 21,692,111 |
| Hungarian Forint            | 12                | —                     | 12         |
| Norwegian Krone             | 5                 | 678,040               | 678,045    |
| Swedish Krona               | 52                | 1,407,277             | 1,407,329  |
| Swiss Franc                 | 350               | 3,666,764             | 3,667,114  |
| UK Sterling                 | 50,625            | —                     | 50,625     |
| US Dollar                   | 7                 | —                     | 7          |

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2021 and 31st December 2020 was:

|                                        | 2021       | 2020       |
|----------------------------------------|------------|------------|
| Assets                                 | US\$       | US\$       |
| Fixed rate financial assets            | —          | —          |
| Floating rate financial assets         | 317,195    | 53,609     |
| Financial assets not carrying interest | 31,827,392 | 28,706,680 |
| Liabilities                            | US\$       | US\$       |
| Fixed rate financial assets            | —          | —          |
| Floating rate financial assets         | —          | —          |
| Financial assets not carrying interest | (69,403)   | (58,921)   |

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

The Fund's Preference Shares are financial liabilities that do not carry interest and there are no other material financial liabilities that carry interest.

##### Other price risk sensitivity

As at 31st December 2021 the Fund was exposed to other market price risk due to its investments in equities. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31st December 2021, had the fair value of equity securities increased/ (decreased) by 5% (2020: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/ (decreased) by US\$ 1,591,181 (2020: US\$ 1,435,187).

##### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the Aggregated Financial Statements.

# Aggregated Financial Statements for Monument International Funds (IOM) Limited (formerly Charles Taylor International Funds (IOM) Limited)

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## Statement of Total Return

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                | Notes | 2021<br>US\$      | 2020<br>US\$      |
|------------------------------------------------------------------------------------------------|-------|-------------------|-------------------|
| Income                                                                                         |       |                   |                   |
| Net capital gains                                                                              | 2     | 25,248,768        | 14,858,837        |
| Revenue                                                                                        | 3     | 3,449,816         | 2,940,078         |
| Expenses                                                                                       | 4     | (4,097,480)       | (3,597,142)       |
| Net expense before taxation                                                                    |       | (647,664)         | (657,064)         |
| Taxation                                                                                       | 5     | (478,102)         | (390,625)         |
| Net expense after taxation                                                                     |       | (1,125,766)       | (1,047,689)       |
| <b>Total return before distribution</b>                                                        |       | <b>24,123,002</b> | <b>13,811,148</b> |
| Distributions                                                                                  | 6     | (345,473)         | (232,542)         |
| <b>Change in Net Assets Attributable to Preference Shareholders from investment activities</b> |       | <b>23,777,529</b> | <b>13,578,606</b> |

## Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2021 to 31st December 2021

|                                                                                                     | 2021<br>US\$       | 2020<br>US\$       |
|-----------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Opening Net Assets Attributable to Preference Shareholders</b>                                   | <b>197,333,652</b> | <b>189,434,573</b> |
| Movement due to sales and repurchases of shares:                                                    |                    |                    |
| Amounts receivable on issue of shares                                                               | 3,712,234          | 10,191,846         |
| Amounts payable on cancellation of shares                                                           | (21,341,532)       | (19,977,726)       |
|                                                                                                     | (17,629,298)       | (9,785,880)        |
| Difference on currency conversion                                                                   | (2,719,951)        | 4,106,353          |
| Change in Net Assets Attributable to Preference Shareholders from investment activities (see above) | 23,777,529         | 13,578,606         |
| Unclaimed distributions                                                                             | 4,421              | —                  |
| <b>Closing Net Assets Attributable to Preference Shareholders</b>                                   | <b>200,766,353</b> | <b>197,333,652</b> |

## Balance Sheet

as at 31st December 2021

|                                                           | Notes | 2021<br>US\$       | 2020<br>US\$       |
|-----------------------------------------------------------|-------|--------------------|--------------------|
| <b>Assets:</b>                                            |       |                    |                    |
| Fixed assets:                                             |       |                    |                    |
| Investments                                               | 7     | 198,956,067        | 195,878,255        |
| Current assets:                                           |       |                    |                    |
| Debtors                                                   | 8     | 2,354,562          | 2,358,192          |
| Cash and bank balances                                    |       | 2,421,989          | 1,920,660          |
| <b>Total assets</b>                                       |       | <b>203,732,618</b> | <b>200,157,107</b> |
| <b>Liabilities:</b>                                       |       |                    |                    |
| Creditors:                                                |       |                    |                    |
| Distribution payable                                      |       | (375,088)          | (274,274)          |
| Other creditors                                           | 9     | (463,099)          | (447,607)          |
| <b>Total liabilities</b>                                  |       | <b>(838,187)</b>   | <b>(721,881)</b>   |
| <b>Equity:</b>                                            |       |                    |                    |
| Management shares                                         | 14    | (10)               | (10)               |
| Nominal shares (note 14, page 79)                         |       | (2,128,068)        | (2,101,564)        |
| <b>Total equity</b>                                       |       | <b>(2,128,078)</b> | <b>(2,101,574)</b> |
| <b>Net Assets Attributable to Preference Shareholders</b> |       | <b>200,766,353</b> | <b>197,333,652</b> |

The Aggregated Financial Statements represent the sum of the individual sub-funds within the Umbrella Company. Further analysis of the Distribution and the Net Asset position can be found within the Financial Statements of the individual sub-funds.

The notes on pages 75 to 79 form an integral part of the financial statements.

The Annual Report and Accounts were approved and authorised for issue by the Board of Directors of Monument International Funds (IOM) Limited (formerly Charles Taylor International Funds (IOM) Limited) and signed on its behalf by:

**Director**  
25th February 2022

**Director**  
25th February 2022

# Notes to the Aggregated Financial Statements for Monument International Funds (IOM) Limited (formerly Charles Taylor International Funds (IOM) Limited)

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## Notes to the Financial Statements

for the accounting period 1st January 2021 to 31st December 2021

### GENERAL INFORMATION

Monument International Funds (IOM) Limited (formerly Charles Taylor International Funds (IOM) Limited) is an Open-Ended Investment Company with variable capital, incorporated as a limited liability company (Company No. 024161C) and resident in the Isle of Man. The address of the registered office is St George's Court, Upper Church Street, Douglas, Isle of Man IM1 1EE.

### 1 ACCOUNTING POLICIES

#### (1) Basis of accounting

The Aggregated Financial Statements have been prepared on a going concern basis, under the historical cost basis, except for investments that have been measured at fair value, and in accordance with the Statement of Recommended Practice for UK Authorised Funds ("SORP"), and in accordance with United Kingdom Accounting Standards comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The financial statements have also been prepared in accordance with the Authorised Collective Investment Schemes Regulations 2010 ("Regulations") and the Isle of Man Companies Acts 1931 to 2004. The Company has taken advantage of the exemption under FRS102 paragraph 7.1(a) from preparing a statement of cash flows, on the basis that it is an open-ended investment fund that meets the following criteria:

- substantially all of the Company's investments are highly liquid;
- substantially all of the Company's investments are carried at market value; and
- the Company provides a Statement of Change in Net Assets Attributable to Preference Shareholders.

#### Cash and bank balances

Cash and bank balances includes cash in hand, deposits held at call with banks and other short term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position. United States Dollar (US\$) time deposits greater than 3 months at 31st December 2021 was US\$ 190,251 (31 December 2020: US\$ 255,561).

#### (2) Aggregation

The Aggregated Financial Statements represent the sum of the Company's individual sub-funds. Further analysis of the Distribution and the Net Asset position can be found within the Financial Statements of the individual sub-funds.

#### (3) Recognition of revenue

Dividends on quoted equities and preference shares are recognised when the security is traded ex-dividend and together with interest and other revenue receivable are stated gross of withholding taxes.

Special dividends are treated as a repayment of capital, unless there is sufficient evidence that they should be treated as revenue.

Stock dividends are recognised as revenue on the basis of the market value of the shares at the date they are first quoted ex-dividend.

Interest on debt securities and bank and short-term deposits is recognised on the effective interest rate basis.

Interest included in the value of purchases and sales of fixed and floating rate securities is treated as revenue. In the case of debt securities purchased at a significant premium or discount to the maturity value, the discount is amortised over the life of the security and accounted for as interest on debt securities.

Net capital gains and losses are not included in the amount of net revenue/ (expenses) available for distribution in each sub-fund.

#### (4) Expenses (including management expenses)

All expenses other than those relating to the purchase and sale of investments, which are charged against capital, are recognised on an accruals basis and are charged against revenue. The allocation of other expenses to each sub-fund is based on the proportion of the Company's net assets attributable to each sub-fund on the day the expense is charged.

#### (5) Valuation of Investments

The investments of the Company are valued at fair value (usually bid value) at 16:00 (UK time), being the valuation point on the last working day of the accounting period.

#### (6) Exchange Rates

The functional currency is the currency of the primary economic environment in which the sub funds operate. The Gilt and Income Fund, UK Capital Growth Fund and Europe Fund sub funds have functional currencies of GBP and Euro respectively and a presentation currency of US\$. These three sub funds are different as they predominantly invest in assets and issue shares in Sterling and Euro respectively.

The assets and liabilities in each sub-fund expressed in foreign currencies at the end of the accounting period are translated into each sub-fund's functional currency at the exchange rates ruling at 16:00 (UK time), on that date. Revenue items denominated in foreign currency are translated into each sub-fund's functional currency at the exchange rates ruling at the date of transaction.

The presentation currency of the Company is US Dollars. The assets, liabilities and revenue items including the distributions of each sub-fund are translated into US Dollars at the exchange rate ruling at 16:00 (UK time), at the end of each accounting period.

Foreign exchange translation adjustments arising from the translation of the sub-funds into the Company's presentation currency are included within the Statement of Change in Net Assets Attributable to Preference Shareholders.

#### (7) Taxation

The taxation charge represents withholding taxes and capital gains tax deducted at source. The Company is taxed at 0% on its profits in the Isle of Man. Any capital gains realised may be subject to tax in the countries of origin. All liabilities in respect of taxes payable on realised gains are provided for as soon as there is a reasonable certainty that a liability will crystallise.

#### (8) Equalisation

Equalisation is that proportion of the total distribution payment which represents a return of capital.

The payment represents the average amount of revenue accrued in the price of shares at the dates of purchase, and reflects the fact that the purchase price included an element of net revenue accrued awaiting distribution.

Equalisation can only occur on the first distribution following a purchase of shares. The amount is not liable to UK Income Tax and should be deducted from the cost of the shares for Capital Gains Tax purposes.

#### (9) Distributions

The net revenue available for distribution for each sub-fund at the end of each distribution period will be paid as a dividend distribution. Should the expenses of a sub-fund (including taxation) exceed its revenue, there will be no distribution and the shortfall will be met by the capital account of the sub-fund.

#### (10) Financial instruments

Where appropriate, certain permitted financial instruments such as derivative contracts or forward foreign exchange contracts may be used for the purpose of efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in "Revenue" or "Expenses" in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in "Net capital gains" in the Statement of Total Return.

Any positions in respect of such instruments open at the period end are reflected in the portfolio statement at their market value. The amounts held at brokers clearing houses in respect of these financial instruments are included in the cash and bank balances in the Financial Statements of the individual sub-funds.

## 2 NET CAPITAL GAINS

The net capital gains during the period comprise:

|                                       | 2021<br>US\$      | 2020<br>US\$      |
|---------------------------------------|-------------------|-------------------|
| Non-derivative securities             | 25,396,859        | 15,006,494        |
| Forward currency derivative contracts | (872)             | 3,042             |
| Other currency (losses)               | (8,411)           | (23,474)          |
| Transaction charges                   | (140,045)         | (127,225)         |
| Other income                          | 1,237             | –                 |
| Net capital gains                     | <u>25,248,768</u> | <u>14,858,837</u> |

## 3 REVENUE

|                             | 2021<br>US\$     | 2020<br>US\$     |
|-----------------------------|------------------|------------------|
| Overseas dividends          | 3,266,712        | 2,719,752        |
| Bank interest               | 1,616            | 3,380            |
| Interest on debt securities | 181,488          | 209,760          |
| Scrip dividends             | –                | –                |
| Miscellaneous income        | –                | 7,186            |
| Total revenue               | <u>3,449,816</u> | <u>2,940,078</u> |

## 4 EXPENSES

|                                                                                      | 2021<br>US\$       | 2020<br>US\$       |
|--------------------------------------------------------------------------------------|--------------------|--------------------|
| Payable to the Fund Manager, associates of the Manager and agents of either of them: |                    |                    |
| Annual management charge                                                             | (3,841,827)        | (3,368,413)        |
| Registration expenses                                                                | (13,167)           | (12,844)           |
| Directors' fees                                                                      | (17,465)           | (16,292)           |
|                                                                                      | <u>(3,872,459)</u> | <u>(3,397,549)</u> |

## Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:

|                            |                  |                 |
|----------------------------|------------------|-----------------|
| Fiduciary Custodian's fees | (74,025)         | (65,325)        |
| Safe custody fees          | (33,747)         | (26,189)        |
| Interest payable           | (2,366)          | (1,862)         |
|                            | <u>(110,138)</u> | <u>(93,376)</u> |

Other expenses:

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Audit fee                        | (67,337)         | (59,025)         |
| Regulatory and professional fees | (11,461)         | (15,448)         |
| Publication charges              | (36,085)         | (31,744)         |
|                                  | <u>(114,883)</u> | <u>(106,217)</u> |

|                |                    |                    |
|----------------|--------------------|--------------------|
| Total expenses | <u>(4,097,480)</u> | <u>(3,597,142)</u> |
|----------------|--------------------|--------------------|

### 5 TAXATION

|                               | 2021<br>US\$     | 2020<br>US\$     |
|-------------------------------|------------------|------------------|
| Analysis of charge in period: |                  |                  |
| Overseas tax suffered         | (478,102)        | (390,625)        |
| Total overseas taxation       | <u>(478,102)</u> | <u>(390,625)</u> |

### 6 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

|                                            | 2021<br>US\$     | 2020<br>US\$     |
|--------------------------------------------|------------------|------------------|
| Interim                                    | –                | (575)            |
| Final                                      | (380,941)        | (257,505)        |
|                                            | <u>(380,941)</u> | <u>(258,080)</u> |
| Revenue deducted on cancellation of shares | 36,683           | 9,271            |
| Revenue received on creation of shares     | (1,215)          | 16,267           |
| Distributions for the year                 | <u>(345,473)</u> | <u>(232,542)</u> |

Details of the distribution per share are detailed in each sub-fund.

### 7 INVESTMENTS

#### Fair Value Hierarchy

Please refer to the individual Funds notes to the financial statements.

### 8 DEBTORS

|                                                         | 2021<br>US\$     | 2020<br>US\$     |
|---------------------------------------------------------|------------------|------------------|
| Sales awaiting settlement                               | 27,200           | 17,082           |
| Receivable from Manager - Nominal and management shares | 2,128,078        | 2,101,574        |
| Overseas tax recoverable                                | 5,628            | 4,548            |
| Accrued revenue                                         | 187,137          | 234,988          |
| Prepaid expenses                                        | 6,519            | –                |
| Total debtors                                           | <u>2,354,562</u> | <u>2,358,192</u> |

### 9 OTHER CREDITORS

|                                            | 2021<br>US\$     | 2020<br>US\$     |
|--------------------------------------------|------------------|------------------|
| Amounts payable for cancellation of shares | (25,871)         | (44,847)         |
| Purchases awaiting settlement              | (12,517)         | –                |
| Accrued expenses                           | (110,377)        | (93,985)         |
| Amounts payable to the Fund Manager        | (314,334)        | (308,775)        |
| Total creditors                            | <u>(463,099)</u> | <u>(447,607)</u> |

### 10 MATERIAL CONTRACTS AND RELATED PARTY CONTRACTS

#### Management and Investment Manager Agreements

The following contracts which are or may be significant have been entered into by the Company:

- Management Agreement dated 29th December 1989 (as amended) between the Company and the Manager whereby the latter has been appointed to act as the Manager in accordance with the Authorised Collective Investment Schemes Regulations 2010. The activities of the Manager include managing the Company's business, investments and administrative affairs and distributing and promoting the distribution of its Participating Redeemable Preference Shares including by way of offer for sale, subject to the overall supervision of the Directors. The Regulations allow for the delegation of the Manager's functions.  
The Manager's remuneration comes from two principal sources:
  - The Manager is entitled to retain the amount which is the difference between the proceeds for the Preference Shares sold to the applicant and the cost of the Manager of those shares.
  - A management charge payable monthly at an annual rate of 1.95% of the underlying property of each sub-fund (calculated on an offer basis) for all sub-funds except the Gilt and Income Fund which has a rate of 1.25% and the Managed Currency Fund which has a rate of 1%.
- The principal activities of the Investment Manager are the giving of investment advice and the provision of discretionary and non-discretionary Investment Management Services to Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited). This is under an agreement dated 28 April 2017 between the Manager and the Investment Manager to advise the Manager in relation to the investment of the property of the sub-funds. The Investment Manager's remuneration is borne by the Manager.

#### Related Party Transactions

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) (the Fund Manager) is a related party and acts as principal in respect of all transactions of shares in each sub fund and has common directors. Details of transactions and balances are disclosed in the notes to the financial statements of each sub fund.

### 11 FINANCIAL INSTRUMENTS

In pursuing their investment objectives, each of the sub-funds may hold a number of financial instruments. These financial instruments comprise securities, derivatives and other investments, cash balances, debtors and creditors that arise directly from the sub-funds' operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

The main risks arising from financial instruments and the Manager's policies for managing these risks are stated below. These policies have been applied throughout the period under review.

These policies have been consistent for both the current and prior period to which these Financial Statements relate.

#### Market price risk

Market price risk is the risk that the value of the sub-funds' investments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds might hold. It represents the potential loss the sub-funds might suffer through holding market positions in the face of price movements. The sub-funds' investment portfolios are exposed to market price fluctuations, which are monitored by the Manager in pursuance of their investment objectives and policies as set out in the Scheme Particulars.

Market price risk is fundamental to the purpose of the sub-funds. Adherence to investment guidelines and to investment and borrowing powers set out in the Scheme Particulars and in the Authorised Collective Investment Schemes Regulations 2010 mitigates the risk of excessive exposure to any particular type of security issuer.

#### Foreign currency risk

Foreign currency risk is the risk that the value of the sub-funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

For those sub-funds where a portion of the investment portfolio is invested in securities priced in currencies other than the functional currency of the sub-fund, the Balance Sheet can be affected by movements in exchange rates. The Manager may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the value of investments that are priced in other currencies, other than the functional currency of the sub-fund. The foreign currency risk profile for each sub-fund is shown in the Notes to the Financial Statements of each sub-fund.

#### Interest rate risk

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

Some of the sub-funds invest in fixed and floating rate securities. The income of these sub-funds may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rate profile for each sub-fund is shown in the Notes to the Financial Statements of each sub-fund.

#### Liquidity risk

The assets of the sub-funds comprise mainly readily realisable securities. The main liability of the sub-funds is the redemption of any preference shares that investors wish to sell. Securities from a sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

Each sub-fund's shares settle on a basis longer than most of the underlying securities that settle in a shorter period, which enables the Investment Manager to manage liquidity on a daily basis.

#### Credit risk

Certain transactions in securities that the sub-funds enter into expose them to risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the sub-fund has fulfilled its responsibilities. The sub-funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. In addition, limits are set on the exposure to any individual broker that may exist at any time and changes in broker's financial ratings are reviewed by the Manager.

The value of sub-funds' investments will be adversely impacted in the event of the default or perceived increased credit risk of an issuer. For other financial assets, such as bank deposits and trade receivables, the Company adopts the policy of dealing only with high credit quality counterparties, approved by the Manager, thereby minimising the risk of default.

The clearing and depository operations for the Company's security transactions are mainly concentrated with BNP Paribas Securities Services SCA., Jersey Branch, a subsidiary of BNP Paribas. BNP Paribas is a member of a major securities exchange, and at 31st December 2021 had a credit rating of A-1 (2020: A-1). At 31st December 2021 and 31st December 2020, substantially all cash and bank balances, sales awaiting settlement and investments are placed in custody with BNP Paribas Securities Services SCA., Jersey Branch.

#### Derivatives

The sub-funds may enter into derivative transactions in the form of forward currency contracts. Forward currency contracts are used to manage currency risk arising from holdings of securities priced in currencies other than the functional currency of the sub-fund. Details of derivative contracts are disclosed in the portfolio statements of the relevant sub funds.

## Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

### Off setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### Capital risk management

The capital of the Company is represented by the net assets attributable to holders of redeemable preference shares. The amount of net asset attributable to holders of redeemable shares can change significantly on a daily basis, as the sub funds are subject to daily subscriptions and redemptions at the discretion of shareholders, as well as changes resulting from their performance. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Company.

## 11 FINANCIAL INSTRUMENTS (CONTINUED)

### Capital risk management (continued)

In order to maintain the capital structure, the Company's policy is to perform the following:

- Monitor the level of daily subscriptions and redemptions relative to the assets it expects to be able to liquidate and adjust the amount of distributions the sub funds pay to redeemable preference shareholders.
- Redeem and issue new shares in accordance with the constitutional documents of the Company, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Board of Directors and the Manager monitor capital on the basis of the value of net assets attributable to redeemable preference shareholders.

## 12 DIRECT TRANSACTION COSTS

Please refer to the individual sub-fund notes to the financial statements.

## 13 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2020: US\$ Nil).

## 14 CAPITAL AND RESERVES

| Authorised Share Capital                                  | 2021<br>US\$     | 2020<br>US\$     |
|-----------------------------------------------------------|------------------|------------------|
| Management Shares: 10 of US\$ 1 each                      | 10               | 10               |
| Unclassified Shares: 1,000,000,000 of<br>US\$ 0.0025 each | 2,500,000        | 2,500,000        |
|                                                           | <u>2,500,010</u> | <u>2,500,010</u> |

The Management Shares have been issued to and are held by Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited).

The Unclassified Shares are termed as such, pending issue. They may be issued as Participating Redeemable Preference Shares ("Participating Shares") or as Nominal Shares.

Preference Shares may be issued and redeemed at prices based on the value of the Net Assets of the Company attributable to the appropriate sub-fund as determined in accordance with its Articles of Association and the Regulations. On redemption of a Participating Share, a Nominal Share may be issued to the Manager for cash at par on the basis of one Nominal Share for each share redeemed. Nominal Shares may subsequently be converted and reissued as Preference Shares.

There are no pre-emption rights on the issue or transfer of Preference Shares in the Company.

The holders of a Preference Share of any class or a Management Share are entitled to one vote. The Management Shares and Nominal Shares do not carry any right to dividends and in the event of a winding-up, rank only for the return of paid up capital.

Preference Shares are classed as financial liabilities as the holders of the Preference Shares are entitled to redeem the Preference Shares at their discretion and the rights of other shareholders are restricted.

### Share Premium

The Share Premium Account is made up of the difference between proceeds of shares in issue and the nominal value of the total Shares in issue, less the premium payable on the cancellation of preference shares.

### Capital Reserve

The Capital Reserve consists of the Realised Reserve and Unrealised Reserve for each sub-fund. The Realised Reserve is made up of realised net capital gains/(losses) which are transferred to the Realised Reserve each year. The Unrealised Reserve contains the unrealised net capital gains/(losses) and any deficit for the year, which are transferred to the Unrealised Reserve each year.

## Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

### 14 CAPITAL AND RESERVES (continued)

|                                                                              | No. of<br>Shares | Aggregated<br>Total<br>US\$ | Managed<br>US\$    | Worldwide<br>Equity<br>US\$ | Managed<br>Currency<br>US\$ |
|------------------------------------------------------------------------------|------------------|-----------------------------|--------------------|-----------------------------|-----------------------------|
| <b>Management shares</b>                                                     |                  |                             |                    |                             |                             |
| Balance as at 01.01.21                                                       | 10               | 10                          | 10                 |                             |                             |
| Issued during the year                                                       | –                | –                           | –                  |                             |                             |
| Redeemed during the year                                                     | –                | –                           | –                  |                             |                             |
| <b>Balance as at 31.12.21</b>                                                | <b>10</b>        | <b>10</b>                   | <b>10</b>          |                             |                             |
| <b>Nominal shares \$0.0025 each</b>                                          |                  |                             |                    |                             |                             |
| Balance as at 01.01.21                                                       |                  | 2,101,564                   | 548,124            | 221,519                     | 59,875                      |
| Issued during the year                                                       |                  | 29,744                      | 2,414              | 2,561                       | 18                          |
| Redeemed during the year                                                     |                  | (3,240)                     | (35)               | (431)                       | –                           |
| <b>Balance as at 31.12.21</b>                                                |                  | <b>2,128,068</b>            | <b>550,503</b>     | <b>223,649</b>              | <b>59,893</b>               |
| <b>Nominal shares – number of shares</b>                                     |                  |                             |                    |                             |                             |
| Balance as at 01.01.21                                                       |                  | 840,625,096                 | 219,249,747        | 88,607,464                  | 23,949,969                  |
| Issued during the year                                                       |                  | 11,897,504                  | 965,669            | 1,024,516                   | 7,067                       |
| Redeemed during the year                                                     |                  | (1,295,462)                 | (14,131)           | (172,534)                   | –                           |
| <b>Balance as at 31.12.21</b>                                                |                  | <b>851,227,138</b>          | <b>220,201,285</b> | <b>89,459,446</b>           | <b>23,957,036</b>           |
| <b>Preference Shares \$0.0025 each</b>                                       |                  |                             |                    |                             |                             |
| Balance as at 01.01.21                                                       |                  | 210,286                     | 29,851             | 20,476                      | 3,929                       |
| Issued during the year                                                       |                  | 3,240                       | 35                 | 431                         | –                           |
| Redeemed during the year                                                     |                  | (29,744)                    | (2,414)            | (2,561)                     | (18)                        |
| <b>Balance as at 31.12.21</b>                                                |                  | <b>183,782</b>              | <b>27,472</b>      | <b>18,346</b>               | <b>3,911</b>                |
| <b>Preference Shares – number of shares</b>                                  |                  |                             |                    |                             |                             |
| Balance as at 01.01.21                                                       |                  | 84,113,821                  | 11,940,168         | 8,190,205                   | 1,571,261                   |
| Issued during the year                                                       |                  | 1,295,462                   | 14,131             | 172,534                     | –                           |
| Redeemed during the year                                                     |                  | (11,897,504)                | (965,669)          | (1,024,516)                 | (7,067)                     |
| <b>Balance as at 31.12.21</b>                                                |                  | <b>73,511,779</b>           | <b>10,988,630</b>  | <b>7,338,223</b>            | <b>1,564,194</b>            |
| <b>Share premium</b>                                                         |                  |                             |                    |                             |                             |
| Balance as at 01.01.21                                                       |                  | 125,368,562                 | 21,154,627         | 15,300,818                  | 562,012                     |
| Premium relating to shares<br>(Redeemed)/issued during the<br>year           |                  | (9,362,465)                 | (1,450,107)        | (1,043,421)                 | (2,600)                     |
| <b>Balance as at 31.12.21</b>                                                |                  | <b>116,006,097</b>          | <b>19,704,520</b>  | <b>14,257,397</b>           | <b>559,412</b>              |
| <b>Capital reserve</b>                                                       |                  |                             |                    |                             |                             |
| Balance as at 01.01.21                                                       |                  | 71,754,804                  | 15,666,246         | 17,262,501                  | (49,610)                    |
| Increase/(decrease) in the year                                              |                  | 12,821,671                  | 668,264            | 1,661,523                   | (6,903)                     |
| <b>Balance as at 31.12.21</b>                                                |                  | <b>84,576,475</b>           | <b>16,334,510</b>  | <b>18,924,024</b>           | <b>(56,513)</b>             |
| <b>Net assets attributable to<br/>Preference Shareholders<br/>comprises:</b> |                  |                             |                    |                             |                             |
| Share capital                                                                |                  | 183,782                     | 27,472             | 18,346                      | 3,911                       |
| Share premium                                                                |                  | 116,006,097                 | 19,704,520         | 14,257,397                  | 559,412                     |
| Capital reserve                                                              |                  | 84,576,475                  | 16,334,510         | 18,924,024                  | (56,513)                    |
| <b>Total as at 31.12.21</b>                                                  |                  | <b>200,766,353</b>          | <b>36,066,502</b>  | <b>33,199,767</b>           | <b>506,810</b>              |

## Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2021 to 31st December 2021

### 14 CAPITAL AND RESERVES (continued)

|                                                                              | Gilt and<br>Income<br>US\$ | North<br>American<br>Growth<br>US\$ | Far East<br>US\$  | UK Capital<br>Growth<br>US\$ | Europe<br>US\$    |
|------------------------------------------------------------------------------|----------------------------|-------------------------------------|-------------------|------------------------------|-------------------|
| <b>Management shares</b>                                                     |                            |                                     |                   |                              |                   |
| Balance as at 01.01.21                                                       |                            |                                     |                   |                              |                   |
| Issued during the year                                                       |                            |                                     |                   |                              |                   |
| Redeemed during the year                                                     |                            |                                     |                   |                              |                   |
| <b>Balance as at 31.12.21</b>                                                |                            |                                     |                   |                              |                   |
| <b>Nominal shares \$0.0025 each</b>                                          |                            |                                     |                   |                              |                   |
| Balance as at 01.01.21                                                       | 557,116                    | 149,004                             | 73,194            | 397,711                      | 95,021            |
| Issued during the year                                                       | 12,982                     | 401                                 | 189               | 10,839                       | 340               |
| Redeemed during the year                                                     | (26)                       | (130)                               | (309)             | (2,285)                      | (24)              |
| <b>Balance as at 31.12.21</b>                                                | <b>570,072</b>             | <b>149,275</b>                      | <b>73,074</b>     | <b>406,265</b>               | <b>95,337</b>     |
| <b>Nominal shares – number of shares</b>                                     |                            |                                     |                   |                              |                   |
| Balance as at 01.01.21                                                       | 222,846,223                | 59,601,467                          | 29,277,404        | 159,084,477                  | 38,008,345        |
| Issued during the year                                                       | 5,192,688                  | 160,395                             | 75,705            | 4,335,541                    | 135,923           |
| Redeemed during the year                                                     | (10,265)                   | (51,731)                            | (123,258)         | (913,882)                    | (9,661)           |
| <b>Balance as at 31.12.21</b>                                                | <b>228,028,646</b>         | <b>59,710,131</b>                   | <b>29,229,851</b> | <b>162,506,136</b>           | <b>38,134,607</b> |
| <b>Preference Shares \$0.0025 each</b>                                       |                            |                                     |                   |                              |                   |
| Balance as at 01.01.21                                                       | 61,938                     | 6,356                               | 4,464             | 73,571                       | 9,701             |
| Issued during the year                                                       | 26                         | 130                                 | 309               | 2,285                        | 24                |
| Redeemed during the year                                                     | (12,982)                   | (401)                               | (189)             | (10,839)                     | (340)             |
| <b>Balance as at 31.12.21</b>                                                | <b>48,982</b>              | <b>6,085</b>                        | <b>4,584</b>      | <b>65,017</b>                | <b>9,385</b>      |
| <b>Preference Shares – number of shares</b>                                  |                            |                                     |                   |                              |                   |
| Balance as at 01.01.21                                                       | 24,775,355                 | 2,542,421                           | 1,785,864         | 29,427,973                   | 3,880,574         |
| Issued during the year                                                       | 10,265                     | 51,731                              | 123,258           | 913,882                      | 9,661             |
| Redeemed during the year                                                     | (5,192,688)                | (160,395)                           | (75,705)          | (4,335,541)                  | (135,923)         |
| <b>Balance as at 31.12.21</b>                                                | <b>19,592,932</b>          | <b>2,433,757</b>                    | <b>1,833,417</b>  | <b>26,006,314</b>            | <b>3,754,312</b>  |
| <b>Share premium</b>                                                         |                            |                                     |                   |                              |                   |
| Balance as at 01.01.21                                                       | 12,910,684                 | 18,007,143                          | 4,562,807         | 40,626,953                   | 12,243,518        |
| Premium relating to shares<br>(Redeemed)/issued during the<br>year           | (2,681,878)                | (296,888)                           | 527,033           | (4,145,100)                  | (269,505)         |
| <b>Balance as at 31.12.21</b>                                                | <b>10,228,806</b>          | <b>17,710,255</b>                   | <b>5,089,840</b>  | <b>36,481,853</b>            | <b>11,974,013</b> |
| <b>Capital reserve</b>                                                       |                            |                                     |                   |                              |                   |
| Balance as at 01.01.21                                                       | 2,321,672                  | 10,757,019                          | 4,327,661         | 5,021,166                    | 16,448,149        |
| (Increase)/decrease in the year                                              | (1,388,142)                | 6,930,048                           | (461,229)         | 1,774,473                    | 3,643,637         |
| <b>Balance as at 31.12.21</b>                                                | <b>933,530</b>             | <b>17,687,067</b>                   | <b>3,866,432</b>  | <b>6,795,639</b>             | <b>20,091,786</b> |
| <b>Net assets attributable to<br/>Preference Shareholders<br/>comprises:</b> |                            |                                     |                   |                              |                   |
| Share capital                                                                | 48,982                     | 6,085                               | 4,584             | 65,017                       | 9,385             |
| Share premium                                                                | 10,228,806                 | 17,710,255                          | 5,089,840         | 36,481,853                   | 11,974,013        |
| Capital reserve                                                              | 933,530                    | 17,687,067                          | 3,866,432         | 6,795,639                    | 20,091,786        |
| <b>Total as at 31.12.21</b>                                                  | <b>11,211,318</b>          | <b>35,403,407</b>                   | <b>8,960,856</b>  | <b>43,342,509</b>            | <b>32,075,184</b> |

## Further Information

### Company Name Change

On 16th February 2021 Monument Re Limited completed the acquisition of Charles Taylor Isle of Man Group following receipt of regulatory approval from the Isle of Man Financial Services Authority.

The Company's manager changed its name from Charles Taylor International Fund Managers (IOM) Limited to Monument International Fund Managers (IOM) Limited on 17th February 2021.

Following approval at the Annual General meeting, on 14th April 2021 the Company changed its name from Charles Taylor International Funds (IOM) Limited to Monument International Funds (IOM) Limited on 1st May 2021.

There are no other material changes to the Fund as a result of the change of name and the Fund will continue to be regulated by the Isle of Man Financial Services Authority.

### Taxation

The Company is resident in the Isle of Man and, as such, is liable to Isle of Man Income Tax on profits. Under current Isle of Man taxation rules, a rate of 0% (2020: 0%) will apply and so no provision for Isle of Man taxation has been deemed necessary in these Financial Statements.

Dividend payments to Preference Shareholders can be made without the deduction of Isle of Man taxation at source.

### Price Publication

Monument International Fund Managers (IOM) Limited (formerly Charles Taylor International Fund Managers (IOM) Limited) publishes prices for each of the sub Funds which are available on the Monument Re Limited website, [www.monument.im/mifm](http://www.monument.im/mifm).

### Directors' Fees

Each Director is entitled to an equivalent payment in Sterling for Directors' fees of US\$ 8,500 per annum. All Directors, except the Non Executive Directors, waive their rights to any Directors' fees.

### Approval of Financial Statements

The Financial Statements were approved by the Board of Directors on 25th February 2022.

A copy of the Financial Statements is available on the Monument Re Limited website, [www.monument.im/mifm](http://www.monument.im/mifm) or on request from the Manager.



**Issued by**

**Monument International  
Fund Managers (IOM) Limited  
(formerly Charles  
Taylor International Fund  
Managers (IOM) Limited)**

**Licensed by the Isle of Man  
Financial Services Authority**

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