

Annual Reports and Accounts 2020

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)

Anthony Adam King

(Resigned 16 February 2021)

Director of 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)

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 Charles Taylor International Funds (IOM) Limited (“the Company”) for the year ended 31st December 2020 and also an analysis of each Fund including a Portfolio Statement.

Covid-19

As with many businesses, the Covid-19 global pandemic presented significant challenges to our operations. The directors are pleased to report that the Company adapted well to those challenges, with all staff working from home in spring and summer with no detrimental impact on our customer service or control. Our technology and processes were swiftly and permanently adapted to handle remote, virtual working for both internal operations and outward facing services. Under the circumstances the business has performed resiliently with no material impact on performance, however, the wider effects of Covid-19 on the world economy and investor confidence are likely to continue into 2021.

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.

Fund Manager Acquisition and Name Change

On 16th February 2021 Monument Re Limited completed the acquisition of the Charles Taylor Isle of Man group, including the Company’s Fund Manager, following receipt of regulatory approval from the Isle of Man Financial Services Authority. On 17th February 2021 the name of the Fund Manager was changed from Charles Taylor International Fund Managers (IOM) Limited to Monument International Fund Managers (IOM). See page 80 for further details.

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.

As can be seen from the following accounts, the Company, at 31st December 2020, had Funds under management (FUM) of approximately US\$ 197 million (December 2019: US\$ 189 million).

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

Share Capital

The total number of shares in issue at 31st December 2020 was as follows:

Participating Redeemable Preference Shares	84,113,821
Nominal Shares	840,625,096
Management Shares	10
	<hr/>
	924,738,927
	<hr/>

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 2020 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 2020 all Directors (with the exception of Mr. Christopher Tunley and Mr. Peter Hammonds) were also Directors of Monument 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 2021

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 Authorised Funds issued by The Investment Management Association (now The Investment Association) in May 2014, 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 2021

Investment Report

Market Review

2020 was a volatile but ultimately positive period for most financial markets. The MSCI All Country World index (ACWI) of global equities finished the year with a gain in local currency terms. Bonds also had a good year.

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The year started brightly, thanks to a robust economic backdrop in the United States (US), encouraging corporate earnings, and progress towards a Sino American trade deal. But from mid February to late March, as the coronavirus spread rapidly around the world, governments took drastic steps to contain the pandemic. In response, equities and industrial commodities plummeted, and spreads on corporate bonds (the yield premium over comparable government bonds) widened. Meanwhile, perceived safe havens such as core government bonds and the US Dollar strengthened.

To mitigate the economic impact of the pandemic, central banks unleashed a wave of emergency rate cuts and liquidity injections, while governments announced economic support measures. Notably, the US Federal Reserve (the Fed) restarted its bond purchase programme and expanded its coverage to include corporate credit, a step not even taken in the subprime crisis. Meanwhile, despite some previous disagreements, European Union (EU) member states approved a €750 billion pandemic relief fund, to be financed by joint borrowing for the first time ever.

The policy response helped to fuel a rally in risk assets, as did declining Covid-19 infections and the easing of lockdown measures in some countries. Better than expected economic data and corporate earnings tended to reinforce the positive sentiment. In spite of the 'risk on' backdrop, core bonds remained supported by accommodative monetary policy.

In early autumn, however, profit taking in US tech stocks heralded a change of mood. Caution prevailed in equity markets through September and October amid worries about the resurgent pandemic, the US presidential election and wrangling in Washington about further fiscal stimulus. Corporate bonds held up better in the turbulence, however.

Despite rising Covid-19 case numbers and new lockdowns, risk appetite returned to the market in the last two months of the period. Investors welcomed Joe Biden's clear victory in the US election, and the resulting prospects for increased fiscal stimulus. Markets were also encouraged by landmark announcements on the efficacy of coronavirus vaccines. These factors triggered higher core government bond yields, a tightening in credit spreads and a rotation towards equities most likely to gain from a resumption of normal economic activity. Near year end, sentiment was further bolstered as the US Congress passed a US\$900bn spending package and the last minute Brexit deal was struck.

Overall, the MSCI ACWI finished the year with a modest gain. In developed market equities, the US outperformed, helped by the strong performance of the market's sizeable technology sector, which benefited from the pandemic driven shift towards online services. Continental European stocks underperformed, amid concerns about the toll of slowing global growth on the region's export dependent economy. United Kingdom (UK) stocks fared worst, hurt by the market's high exposure to energy and financial stocks, which underperformed, as well as jitters about a no deal Brexit. Japanese equities made modest gains, as the country was perceived to have contained the pandemic reasonably well. The period was notable for the surprise resignation of Prime Minister Shinzo Abe in August 2020. However, the swift election of Yoshihide Suga, an ally of Abe and prominent figure in the "Abenomics" reform initiatives, allayed market concerns.

Emerging markets outperformed the MSCI ACWI, helped by the Dollar's weakness over the year and the strong performance of index heavyweight China. Despite ongoing Sino American tensions, Chinese equities enjoyed double digit gains as the economy rebounded from the pandemic induced lockdowns early in the year. By contrast, the stock markets of commodity exporters such as Russia and certain Latin American countries had a poor year, as prices of oil and industrial metals plummeted amid fears about the hit to demand.

Yields on core government bonds (which move inversely to price) fell markedly over the period. Spreads in the US Dollar and Euro investment grade corporate bond markets finished the year largely unchanged, while those in the UK tightened. By contrast, spreads in European and US high yield bonds were wider over the year.

The Bloomberg Dollar index peaked in March as investors sought safe havens amid the sharp falls in global equity and credit markets. However, the currency later fell back as risk appetite returned and market participants forecast higher government spending and inflation in the US.

Investment Report (continued)

Outlook

With the Covid-19 case count continuing to rise rapidly across the US and remaining high in Europe, the immediate economic outlook is turning darker. Yet for equities, as long duration assets, the most important news of late has been that a future without an effective vaccine now looks unlikely, and with a greater number of meaningfully more efficacious vaccines than we and most others expected, financial markets have been cheered considerably.

Furthermore, the relatively favourable US election outcome has removed tail risks, such as the risk of a contested result which could have greatly increased market volatility, a major disappointment in terms of emergency pandemic stimulus, or, by contrast, extremely aggressive stimulus in the event of an emphatic victory by the Democrats in both houses of Congress. There has since been some unanticipated bipartisan cooperation regarding the recent fiscal package. At the margin, the Democrats' newly won and wafer thin Senate majority should allow further stimulus to pass through Congress more easily, though more radical policies could still be stymied by more conservative members of the party.

Pairing these developments with some fairly resilient economic data, and shallower 2020 contractions than feared, we are feeling more positive on certain cyclical parts of the world. While valuations are full, low discount rates are a powerful force, and should create fertile conditions for more persistent risk rallies.

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. Our broad preference remains for high quality risk in both equities and credit companies that are positioned to deliver robust earnings despite a tepid macroeconomic environment.

Report of the Manager

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 2020 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 2020. Where negative, the deficit has been transferred to the capital reserve.

Interim Amount (Deficit)/Paid US\$	Sub Funds	XD Date	Amount Due/(Deficit) US\$	Payment Date
(143,679)	Managed	1.1.2021	(366,870)	—
—	Worldwide Equity*	1.1.2021	(311,665)	—
575	Managed Currency	1.1.2021	(2,374)	—
(36,443)	Gilt and Income	1.1.2021	(93,807)	—
—	North American Growth*	1.1.2021	(247,774)	—
—	Far East*	1.1.2021	(30,436)	—
—	UK Capital Growth*	1.1.2021	257,505	28.2.2021
—	Europe*	1.1.2021	(227,304)	—

*Distribute annually

The total number and mid market value of Participating Redeemable Preference Shares as at 1st January 2020 and 31st December 2020 were as follows:

Sub Funds	Shares in Issue		Mid Market Value Per Share (US\$)	
	1.1.2020	31.12.2020	1.1.2020	31.12.2020
Managed	12,565,853	11,940,168	2.7000	3.1705
Worldwide Equity	9,156,955	8,190,205	3.3920	4.0870
Managed Currency	1,568,856	1,571,261	0.3413	0.3373
Gilt and Income	26,776,092	24,775,355	0.5734	0.6339
North American Growth	2,737,111	2,542,421	9.6235	11.6200
Far East	1,880,706	1,785,864	4.0890	5.1170
UK Capital Growth	29,215,744	29,427,973	1.8104	1.6105
Europe	4,099,361	3,880,574	6.7779	7.6035

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 2020 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 2021

Director
25th February 2021

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 Charles Taylor International Funds (IOM) Limited

Report on the audit of the financial statements

Our opinion

In our opinion, Charles Taylor International Funds (IOM) Limited's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub funds as at 31st December 2020 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 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

Charles Taylor International Funds (IOM) Limited's financial statements comprise:

- the aggregated Balance Sheet as at 31st December 2020;
- 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 2020;
- 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 Standard 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.

The directors are responsible for overseeing the Company's financial reporting process.

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.

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 2020 to 31st December 2020, 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, 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 2021

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 31st December 2020, the Fund achieved a total gross return of +20.1% compared with a return of +14.8% 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 Index and 3% 7 Day LIBID.

Review

2020 was a volatile period for financial assets. The MSCI All Country World index rose 14.8% in local currency terms. The year started brightly with a robust economic backdrop in the US, encouraging corporate earnings, and progress towards a Sino American trade deal, which helped push equities towards record highs. From mid February to late March, the coronavirus spread rapidly around the world, which resulted in much of the global population being under some form of lockdown. In response, equities and industrial commodities fell in price.

To mitigate the economic impact of the pandemic, central banks implemented emergency rate cuts and liquidity injections, while governments increased spending and announced economic support measures. This fueled a subsequent rally in risk assets, as did declining Covid-19 infections and the easing of lockdown measures in some countries. The positive sentiment was reinforced by better than expected economic data and corporate earnings. Caution returned to equity markets in September and October, amid fears of a second wave of the virus, the failure of the US Congress to approve stimulus measures and the US presidential election. Despite lockdowns and rising Covid-19 case numbers, risk appetite returned to the market in the last two months of the year, thanks to Joe Biden's victory in the US election, positive news on coronavirus vaccines, and the signing of the long awaited Brexit deal.

US equities outpaced the global benchmark, helped by strong gains from the market's sizeable technology sector, which benefited from the pandemic-driven shift towards online services. Continental European stocks underperformed, amid concerns about the toll of slowing global growth on the region's export-dependent economy. United Kingdom (UK) stocks fared worst, hurt by the market's high exposure to energy and financial stocks, which underperformed, as well as jitters about a no deal Brexit.

Japanese equities made modest gains, as the country was perceived to have contained the pandemic reasonably well. The period was notable for the resignation of Prime Minister Shinzo Abe in August 2020. However, the swift election of Yoshihide Suga, an ally of Abe and prominent figure in the "Abenomics" reform initiatives, allayed market concerns. Elsewhere, emerging market stocks outperformed, helped by the US Dollar's weakness over the year, and the strong performance of index heavyweight China.

At a sector level, technology and communication services were the big winners of 2020. Consumer discretionary and materials also outperformed, rebounding strongly from the lows of March 2020. By contrast, energy was a notable laggard amid uncertainty around the demand for oil. Financials also underperformed, as major central banks indicated interest rates would likely remain low for an extended period.

Core government bonds benefited from the flight to safety in the first quarter of the year, with yields (which move inversely to price) falling sharply. Though market sentiment later improved, yields remained anchored by the accommodative monetary policy backdrop. However, yields retracted somewhat in the second half of the year, as the vaccine news fueled hopes of a swifter economic rebound. Treasury yields rose on anticipation of increased fiscal stimulus in the US (which tends to push up the supply of government bonds), and as the US Federal Reserve (Fed) announced that it would now target an average inflation rate, which prompted expectations of higher future inflation. Nevertheless, yields on benchmark 10 year US, UK and German government bonds still finished 2020 well below the levels seen at the start of the year.

Within equities, new positions during the period included American Tower Corp, REIT (US), Schneider Electric SE (France) and Intuit, Inc (US).

American Tower is a global provider of wireless communications infrastructure and next generation wireless technologies. The company is a large, diversified operator with businesses spanning varying risks and returns. American Tower also enjoys a robust balance sheet and attractive dividend yield.

Global software company Schneider Electric is a leader in energy management and distribution, with a particular focus on improving energy efficiency and sustainability for its clients. Schneider has significant market share, which we believe will grow as government initiatives around climate change and sustainability, such as the European Union Green Deal and Germany's domestic stimulus package, come into play. The company's strong management, robust cash generation and growth prospects strengthen its competitive advantage and market position.

Managed Fund

Fund Investment Report (continued)

Review (continued)

Intuit develops business and financial management software solutions and is well placed to monetise its growing customer base over time. Intuit is seeing heightened momentum across its business segments. Top line growth should be strengthened by the increasing depth of offerings across products and geographies. We feel that this should lead to healthy earnings and cashflow growth, thanks to operational efficiencies and strong financial discipline.

To help fund these purchases, we closed our position in Alibaba Group Holding Group Ltd, ADR (Cayman Islands). The rising number of competitors entering the industry and the tightening of Chinese regulations has clouded the firm's outlook, so we decided to reallocate this capital elsewhere. We profitably sold Nintendo Co. Ltd (Japan) after a strong run of performance, reflecting the positive impact of "nest dwelling" on gaming.

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

The indiscriminate market movements in early 2020 increased the relative attractiveness of the competitively advantaged companies in which we invest. While markets have since recovered, uncertainties around the coronavirus pandemic remain. We believe that the ongoing global responses to the virus have accelerated certain structural trends, and created an environment in which companies with a sustainable edge can thrive. We also feel that the market will increasingly come to recognise the long term merits of these businesses.

We believe that companies with the ability to sustain above average growth rates should be attractive for investors. We therefore maintain 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 2020 to 31st December 2020

	Preference Shares		
	2020	2019	2018
	US\$	US\$	US\$
Change in net assets per share			
Opening net asset value per share	2.6290	2.1389	2.3539
Return before operating charges ¹	0.5161	0.5407	(0.1638)
Operating charges	(0.0588)	(0.0506)	(0.0512)
Return after operating charges	0.4573	0.4901	(0.2150)
Distributions on preference shares	—	—	—
Closing net asset value per shares	3.0863	2.6290	2.1389
after direct transaction costs ¹	(0.0008)	(0.0010)	(0.0009)

Performance

Return after charges	17.39%	22.91%	(9.13%)
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Other information

Closing net asset value (US\$)	36,850,724	33,035,433	28,612,672
Closing number of shares	11,940,168	12,565,853	13,377,477
Operating charges	2.16%	2.11%	2.18%
Direct transaction costs (note 14)	0.03%	0.04%	0.04%
Ongoing Charges Figure (“OCF”) ²	2.16%	2.11%	2.18%

Prices

	2020	2019	2018	2017	2016
Highest offer share price (US\$)	3.2640	2.7750	2.6060	2.4840	2.1510
Lowest bid share price (US\$)	2.1230	2.1310	2.1010	1.9460	1.7700
Net distribution per share (US\$)	—	—	—	—	—

Notes

¹ Return before operating charges is stated after direct transaction costs.

² 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

Statement of Total Return

for the accounting period 1st January 2020 to 31st December 2020

	Notes	2020 US\$	2019 US\$
Income			
Net capital gains	2	5,966,919	6,567,537
Revenue	3	389,959	502,527
Expenses	4	(704,061)	(583,967)
Net expense before taxation		(314,102)	(81,440)
Taxation	5	(64,482)	(67,483)
Net expense after taxation		(378,584)	(148,923)
Total return before distribution		5,588,335	6,418,614
Distributions	6	11,714	6,340
Change in Net Assets Attributable to Preference Shareholders from investment activities		5,600,049	6,424,954

Balance Sheet

as at 31st December 2020

	Notes	2020 US\$	2019 US\$
Assets:			
Fixed assets:			
Investments	7	36,361,970	32,374,449
Current assets:			
Debtors	8	593,350	606,347
Cash and bank balances		521,588	882,979
Total assets		37,476,908	33,863,775
Liabilities:			
Creditors:			
Other creditors	9	(78,050)	(281,772)
Total liabilities		(78,050)	(281,772)
Equity:			
Management shares		(10)	(10)
Nominal shares (note 15, page 78)		(548,124)	(546,560)
Total equity		(548,134)	(546,570)
Net Assets Attributable to Preference Shareholders		36,850,724	33,035,433

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2020 to 31st December 2020

	2020 US\$	2019 US\$
Opening Net Assets Attributable to Preference Shareholders	33,035,433	28,612,672
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	36,241	62,999
Amounts payable on cancellation of shares	(1,820,999)	(2,065,192)
	(1,784,758)	(2,002,193)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	5,600,049	6,424,954
Closing Net Assets Attributable to Preference Shareholders	36,850,724	33,035,433

Distribution Table

There was no distribution for the accounting period 1st January 2020 to 30th June 2020, as expenses exceeded revenue (June 2019: US\$ Nil).

There is no distribution for the accounting period 1st July 2020 to 31st December 2020, as expenses exceeded revenue (December 2019: 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 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Collective Investment Schemes 2.97% (2.69%)					Taiwan 1.07% (0.00%)				
Threadneedle Emerging Market Bond Fund Retail Gross Accumulation GBP	GBP	24,520	97,642	0.26	Taiwan Semiconductor Manufacturing Co. Ltd.	TWD	21,000	395,324	1.07
Threadneedle Emerging Market Local Fund Retail Gross Accumulation Shares GBP	GBP	165,744	361,309	0.98				395,324	1.07
Threadneedle High Yield Bond Fund Institutional Gross Accumulation GBP	GBP	95,309	263,836	0.72	United Kingdom 2.37% (3.81%)				
Threadneedle UK Corporate Bond Fund Institutional Gross Accumulation GBP	GBP	193,639	372,771	1.01	Diageo plc	GBP	6,925	272,475	0.74
Collective Investment Schemes total				2.97	Reckitt Benckiser Group plc	GBP	3,886	347,560	0.94
Equities 67.90% (67.32%)					Unilever plc	GBP	4,232	254,111	0.69
Canada 0.00% (0.79%)								874,146	2.37
Cayman Islands 1.04% (2.05%)					United States of America 40.66% (38.51%)				
Tencent Holdings Ltd.	HKD	5,300	385,510	1.04	Abbott Laboratories	USD	1,893	204,255	0.55
			385,510	1.04	Activision Blizzard, Inc.	USD	4,566	419,341	1.14
China 0.85% (0.81%)					Adobe, Inc.	USD	881	437,945	1.19
Ping An Insurance Group Co. of China Ltd. 'H'	HKD	25,500	312,260	0.85	Alphabet, Inc. 'A'	USD	360	628,895	1.71
			312,260	0.85	Alphabet, Inc. 'C'	USD	123	214,823	0.58
Denmark 2.01% (0.68%)					Amazon.com, Inc.	USD	297	968,790	2.63
Novo Nordisk A/S 'B'	DKK	5,468	385,346	1.05	American Tower Corp., REIT	USD	1,429	315,337	0.86
Orsted A/S	DKK	1,726	354,323	0.96	Bank of America Corp.	USD	8,299	249,136	0.68
			739,669	2.01	Baxter International, Inc.	USD	3,450	271,998	0.74
Finland 0.85% (0.45%)					Centene Corp.	USD	4,724	278,433	0.76
UPM-Kymmene OYJ	EUR	8,344	312,162	0.85	CME Group, Inc.	USD	1,595	285,425	0.77
			312,162	0.85	Comcast Corp. 'A'	USD	9,165	475,663	1.29
France 2.26% (2.52%)					Cooper Cos., Inc. (The)	USD	720	256,234	0.70
EssilorLuxottica SA	EUR	1,796	280,348	0.76	Danaher Corp.	USD	1,259	277,093	0.75
Pernod Ricard SA	EUR	983	188,630	0.51	Ecolab, Inc.	USD	1,319	283,783	0.77
Schneider Electric SE	EUR	2,507	362,952	0.99	Electronic Arts, Inc.	USD	2,915	415,398	1.13
			831,930	2.26	Equinix, Inc., REIT	USD	406	284,569	0.77
Germany 1.18% (1.55%)					Estee Lauder Cos., Inc.				
adidas AG	EUR	1,188	434,418	1.18	(The) 'A'	USD	600	158,520	0.43
			434,418	1.18	Facebook, Inc. 'A'	USD	2,059	561,922	1.53
Hong Kong 1.06% (0.64%)					Fidelity National Information Services, Inc.	USD	2,701	379,518	1.03
AIA Group Ltd.	HKD	31,800	389,611	1.06	Illumina, Inc.	USD	683	248,489	0.67
			389,611	1.06	Intuit, Inc.	USD	907	342,619	0.93
India 1.28% (0.98%)					JPMorgan Chase & Co.	USD	3,057	384,051	1.04
HDFC Bank Ltd., ADR	USD	6,584	473,192	1.28	Lam Research Corp.	USD	733	347,222	0.94
			473,192	1.28	Mastercard, Inc. 'A'	USD	1,465	520,368	1.41
Indonesia 0.58% (0.00%)					Microsoft Corp.	USD	4,859	1,072,041	2.91
Bank Rakyat Indonesia Persero Tbk. PT	IDR	712,100	213,262	0.58	NextEra Energy, Inc.	USD	4,872	369,590	1.00
			213,262	0.58	NVIDIA Corp.	USD	696	365,212	0.99
Ireland 2.88% (2.62%)					PepsiCo, Inc.	USD	2,201	323,349	0.88
CRH plc	EUR	9,403	391,481	1.06	S&P Global, Inc.	USD	737	239,378	0.65
Medtronic plc	USD	3,554	410,914	1.12	Service Corp. International	USD	6,148	298,239	0.81
Trane Technologies plc	USD	1,793	258,963	0.70	Stryker Corp.	USD	877	210,910	0.57
			1,061,358	2.88	Thermo Fisher Scientific, Inc.	USD	601	277,596	0.75
Japan 2.95% (4.88%)					T-Mobile US, Inc.	USD	3,011	402,059	1.09
Keyence Corp.	JPY	600	337,053	0.91	TransUnion	USD	1,844	181,542	0.49
Rohm Co. Ltd.	JPY	3,800	367,742	1.00	Uber Technologies, Inc.	USD	4,128	215,523	0.59
Sekisui Chemical Co. Ltd.	JPY	7,000	132,432	0.36	Union Pacific Corp.	USD	2,037	420,070	1.14
Sony Corp.	JPY	2,500	249,080	0.68	UnitedHealth Group, Inc.	USD	1,167	402,743	1.09
			1,086,307	2.95	Visa, Inc. 'A'	USD	2,172	471,976	1.28
Jersey 0.00% (0.57%)					Walt Disney Co. (The)	USD	2,098	382,004	1.04
Netherlands 0.76% (2.76%)					Xylem, Inc.	USD	1,394	140,947	0.38
Airbus SE	EUR	1,265	138,989	0.38				14,983,006	40.66
Koninklijke DSM NV	EUR	822	141,640	0.38	Virgin Islands, British 0.50% (0.00%)				
			280,629	0.76	Nomad Foods Ltd.	USD	7,343	183,795	0.50
South Korea 2.21% (1.45%)								183,795	0.50
Samsung Electronics Co. Ltd.	KRW	8,226	612,831	1.66	Equities total				
Samsung SDI Co. Ltd.	KRW	351	202,414	0.55				25,022,893	67.90
			815,245	2.21	Government Bonds 26.51% (26.77%)				
Spain 0.00% (0.59%)					Australia 0.55% (0.41%)				
Switzerland 3.39% (1.66%)					Australia Government Bond 2.75% 21/04/2024	AUD	AUD 145,000	121,622	0.33
Nestle SA	CHF	2,525	297,845	0.81	Australia Government Bond 1.75% 21/06/2051	AUD	AUD 28,000	20,487	0.06
Roche Holding AG	CHF	721	252,061	0.68	Queensland Treasury Corp. 6.50% 14/03/2033	AUD	AUD 50,000	60,425	0.16
SIG Combibloc Group AG	CHF	6,839	158,775	0.43				202,534	0.55
Sika AG	CHF	731	199,979	0.54	Austria 0.07% (0.00%)				
TE Connectivity Ltd.	USD	2,847	342,409	0.93	Austria Government Bond 0.85% 30/06/2120	EUR	€15,000	24,094	0.07
			1,251,069	3.39				24,094	0.07
					Canada 0.48% (0.32%)				
					Canada Housing Trust No. 1 1.75% 15/06/2022	CAD	CAD 75,000	60,171	0.16
					Canada Housing Trust No. 1 1.10% 15/03/2031	CAD	CAD 150,000	117,570	0.32
								177,741	0.48
					France 3.97% (4.27%)				
					France Government Bond OAT 0.00% 25/02/2022	EUR	€350,000	431,766	1.17
					France Government Bond OAT 0.00% 25/05/2022	EUR	€364,000	449,816	1.22
					France Government Bond OAT 0.00% 25/03/2025	EUR	€49,000	61,683	0.17

Managed Fund

Portfolio Statement (continued)

as at 31st December 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Government Bonds 26.51% (26.77%) (continued)					Government Bonds 26.51% (26.77%) (continued)				
France 3.97% (4.27%) (continued)					United States of America 11.16% (11.72%) (continued)				
France Government Bond OAT 1.25% 25/05/2036	EUR	€60,000	88,324	0.24	US Treasury 1.25% 15/05/2050	USD	\$245,000	222,069	0.60
France Government Bond OAT 1.75% 25/06/2039	EUR	€35,000	56,589	0.15	US Treasury 1.38% 15/08/2050	USD	\$165,000	154,301	0.42
France Government Bond OAT 1.50% 25/05/2050	EUR	€231,000	376,552	1.02				4,111,805	11.16
			1,464,730	3.97	Government Bonds total			9,770,144	26.51
Germany 0.00% (1.22%)					Corporate Bonds 0.87% (1.22%)				
Japan 5.04% (5.27%)					Germany 0.44% (0.48%)				
Japan Government Five Year Bond 0.10% 20/03/2025	JPY	8,100,000	79,198	0.21	Kreditanstalt fuer Wiederaufbau 2.05% 16/02/2026	JPY	10,000,000	108,402	0.29
Japan Government Forty Year Bond 0.40% 20/03/2056	JPY	18,200,000	161,360	0.44	Kreditanstalt fuer Wiederaufbau 2.60% 20/06/2037	JPY	4,000,000	54,887	0.15
Japan Government Forty Year Bond 0.50% 20/03/2059	JPY	3,600,000	32,770	0.09				163,289	0.44
Japan Government Ten Year Bond 0.10% 20/09/2026	JPY	4,800,000	47,021	0.13	Luxembourg 0.43% (0.40%)				
Japan Government Thirty Year Bond 2.20% 20/09/2039	JPY	9,250,000	119,004	0.32	European Financial Stability Facility 1.70% 13/02/2043	EUR	€95,000	157,655	0.43
Japan Government Thirty Year Bond 0.40% 20/03/2050	JPY	13,250,000	120,415	0.33				157,655	0.43
Japan Government Thirty Year Bond 0.60% 20/09/2050	JPY	7,050,000	67,475	0.18	Netherlands 0.00% (0.34%)				
Japan Government Twenty Year Bond 2.10% 20/03/2027	JPY	30,100,000	331,427	0.90	Corporate Bonds total			320,944	0.87
Japan Government Twenty Year Bond 0.30% 20/12/2039	JPY	32,000,000	304,947	0.83	Certificates of Deposit 0.25% (0.00%)				
Japan Government Two Year Bond 0.10% 01/03/2022	JPY	60,950,000	591,941	1.61	United States of America 0.25% (0.00%)				
			1,855,558	5.04	International Bank for Reconstruction & Development 0.396% 18/09/2025	USD	90,000	90,000	0.25
Netherlands 2.75% (1.50%)								90,000	0.25
Netherlands Government Bond 0.00% 15/01/2022	EUR	€517,000	637,287	1.73	Certificates of Deposit total			90,000	0.25
Netherlands Government Bond 0.25% 15/07/2025	EUR	€295,720	377,736	1.02	Supranational 0.17% (0.00%)				
			1,015,023	2.75	European Investment Bank 0.625% 21/10/2027	USD	16,000	15,952	0.04
United Kingdom 2.49% (2.06%)					European Union 0.00% 04/07/2035	EUR	10,000	12,422	0.04
UK Treasury 4.00% 07/03/2022	GBP	£166,000	237,957	0.64	European Union 0.1% 04/10/2040	EUR	28,000	34,057	0.09
UK Treasury 0.63% 31/07/2035	GBP	£95,000	131,735	0.36				62,431	0.17
UK Treasury 1.25% 22/10/2041	GBP	£145,000	220,066	0.60	Supranational total			62,431	0.17
UK Treasury 0.63% 22/10/2050	GBP	£166,000	219,194	0.59	Total Value of Investments			36,361,970	98.67
UK Treasury 0.50% 22/10/2061	GBP	£85,000	109,707	0.30	Net other Assets (2019: 2.00%)			488,754	1.33
			918,659	2.49	Net Assets attributable to Preference Shareholders			36,850,724	100.00
United States of America 11.16% (11.72%)					All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.				
FHLB 5.50% 15/07/2036	USD	\$80,000	123,483	0.34	The comparative percentage figures in brackets are as at 31st December 2019.				
US Treasury 2.00% 15/11/2021	USD	\$365,000	371,017	1.01					
US Treasury 1.50% 30/11/2021	USD	\$25,000	25,315	0.07					
US Treasury 1.50% 31/01/2022	USD	\$360,000	365,372	0.99					
US Treasury 0.13% 30/04/2022	USD	\$100,000	100,039	0.27					
US Treasury 1.63% 31/10/2023	USD	\$145,000	151,049	0.41					
US Treasury 2.38% 15/08/2024	USD	\$40,000	43,111	0.12					
US Treasury 2.00% 15/08/2025	USD	\$225,000	242,341	0.66					
US Treasury 0.25% 30/09/2025	USD	\$100,000	99,617	0.27					
US Treasury 0.25% 31/10/2025	USD	\$100,000	99,570	0.27					
US Treasury 1.50% 15/08/2026	USD	\$185,000	195,869	0.53					
US Treasury 0.38% 31/07/2027	USD	\$285,000	281,215	0.76					
US Treasury 2.25% 15/08/2027	USD	\$35,000	38,806	0.11					
US Treasury 0.38% 30/09/2027	USD	\$205,000	201,845	0.55					
US Treasury 0.63% 15/08/2030	USD	\$640,000	623,900	1.69					
US Treasury 1.13% 15/05/2040	USD	\$185,000	175,461	0.48					
US Treasury 1.13% 15/08/2040	USD	\$340,000	321,566	0.87					
US Treasury 3.13% 15/08/2044	USD	\$60,000	79,055	0.21					
US Treasury 2.50% 15/02/2045	USD	\$75,000	89,352	0.24					
US Treasury 2.50% 15/05/2046	USD	\$90,000	107,452	0.29					

Managed Fund

Notes to the Financial Statements

for the accounting period 1st January 2020 to 31st December 2020

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:

	2020 US\$	2019 US\$
Non-derivative securities	5,994,739	6,591,791
Forward currency derivative contracts	2,407	(3,492)
Other currency (losses)/gains	(7,610)	152
Transaction charges	(22,617)	(20,914)
Net capital gains	5,966,919	6,567,537

Gains from non-derivative securities include realised gains of US\$ 3,063,416 (2019: US\$ 2,083,898) and change in unrealised gains of US\$ 2,931,323 (2019: US\$ 4,507,893).

Forward currency derivative contracts include realised gains of US\$ 2,407 (2019: US\$ 3,477) and change in unrealised losses of US\$ Nil (2019: US\$ 15).

3 REVENUE

	2020 US\$	2019 US\$
Overseas dividends	284,912	337,979
Bank interest	1,964	13,079
Interest on debt securities	103,083	151,469
Total revenue	389,959	502,527

4 EXPENSES

	2020 US\$	2019 US\$
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	(655,616)	(606,389)
Registration expenses	(4,421)	(4,475)
Directors' fees	(3,125)	(3,151)
	(663,162)	(614,015)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(12,271)	54,273
Safe custody fees	(5,482)	(4,877)
Interest payable	(590)	(582)
	(18,343)	48,814
Other expenses:		
Audit fee	(11,381)	(10,821)
Regulatory and professional fees	(4,928)	(5,109)
Publication charges	(6,247)	(2,836)
	(22,556)	(18,766)
Total expenses	(704,061)	(583,967)

5 TAXATION

	2020 US\$	2019 US\$
Analysis of charge in period:		
Overseas tax suffered	(64,482)	(67,483)
Total overseas taxation	(64,482)	(67,483)

6 DISTRIBUTIONS

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

	2020 US\$	2019 US\$
Revenue deducted on cancellation of shares	11,898	6,548
Revenue received on creation of shares	(184)	(208)
Distributions for the year	11,714	6,340

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.

	2020 Assets US\$	2019 Assets US\$
Level 1: Quoted prices	34,621,633	23,240,656
Level 2: Observable market data	1,740,337	9,133,793
Level 3: Unobservable data	—	—
Total value	36,361,970	32,374,449

8 DEBTORS

	2020 US\$	2019 US\$
Accrued revenue	44,497	59,242
Receivable from Fund Manager – Nominal and management shares	548,134	546,570
Overseas tax recoverable	719	535
Total debtors	593,350	606,347

9 OTHER CREDITORS

	2020 US\$	2019 US\$
Amounts payable for cancellation of shares	—	(207,920)
Accrued expenses	(19,302)	(17,712)
Amounts payable to the Fund Manager	(58,748)	(56,140)
Total creditors	(78,050)	(281,772)

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\$ 3,125 (2019: US\$ 3,151) with US\$ 788 (2019: US\$ 929) 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\$ 58,373 (December 2019: US\$ 54,851) in respect of the annual management charge, and US\$ 375 (December 2019: US\$ 360) 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 526,689 (2019: 536,162) 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 shares in issue at start of the year	Number of shares created	Number of shares cancelled	Number of shares in issue at end of the year
Participating Redeemable				
Preference Shares	12,565,853	13,399	(639,084)	11,940,168
Management Shares	10	—	—	10

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2019: US\$ Nil).

Managed Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

13 DEBT SECURITY CREDIT ANALYSIS

	2020		2019	
	Market Value US\$	% of Net Assets	Market Value US\$	% of Net Assets
Investment Grade*	10,243,519	27.80	9,247,183	27.99
	<u>10,243,519</u>	<u>27.80</u>	<u>9,247,183</u>	<u>27.99</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.
- 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:

	Year to 31st December 2020					
	Principal US\$	Commission US\$	Taxes US\$	Total Cost US\$	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
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>		
Sales:						
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>			

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

	Year to 31st December 2019					
	Principal US\$	Commission US\$	Taxes US\$	Total Cost US\$	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	7,723,119	2,628	3,518	7,729,265	0.03	0.05
Bonds	18,341,536	—	—	18,341,536	—	—
Funds	159,898	—	—	159,898	—	—
	<u>26,224,553</u>	<u>2,628</u>	<u>3,518</u>	<u>26,230,699</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	10,842,013	(3,785)	(1,391)	10,836,837	(0.03)	(0.01)
Bonds	17,316,672	—	—	17,316,672	—	—
Funds	77,619	—	—	77,619	—	—
	<u>28,236,304</u>	<u>(3,785)</u>	<u>(1,391)</u>	<u>28,231,128</u>		
Total		<u>6,413</u>	<u>4,909</u>			
Percentage of Fund average net assets		<u>0.02%</u>	<u>0.02%</u>			

Managed Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

14 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.12% (2019: 0.09%). 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 31st December 2020 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31st December 2020 between US\$ and all other currencies had strengthened by 5% (2019: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 777,388 (2019: US\$ 689,323).

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 US\$	Non-monetary exposure US\$	Total US\$
Currency 2020			
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
Currency 2019	US\$	US\$	US\$
Australian Dollar	2,316	136,670	138,986
Brazilian Real	13	–	13
Canadian Dollar	258	364,741	364,999
Danish Krone	2	225,615	225,617
Euro	13,947	5,042,346	5,056,293
Hong Kong Dollar	96	791,444	791,540
Japanese Yen	4,951	3,511,443	3,516,394
Mexican Peso	50	–	50
New Zealand Dollar	576	–	576
Norwegian Krone	38	–	38
Polish Zloty	213	–	213
Singapore Dollar	77	–	77
South African Rand	60	–	60
South Korean Won	2,364	477,855	480,219
Swedish Krona	93	–	93
Swiss Franc	450	349,066	349,516
Taiwanese Dollar	32,027	–	32,027
Turkish Lira	2	–	2
UK Sterling	4,982	2,824,772	2,829,754
US Dollar	598,469	18,650,497	19,248,966

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 2020 and 31st December 2019 was:

	Floating rate financial assets US\$	Fixed rate financial assets US\$	Financial assets not carrying interest US\$	Total US\$
Currency 2020				
Australian Dollar	22	202,534	1,351	203,907
Brazilian Real	10	–	–	10
Canadian Dollar	147	177,741	173	178,061
Danish Krone	2	–	739,669	739,671
Euro	1,939	2,707,981	2,256,538	4,966,458
Hong Kong Dollar	1	–	1,087,381	1,087,382
Indonesian rupiah	–	–	213,262	213,262
Japanese Yen	6	2,018,847	1,090,108	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	–	–	817,586	817,586
Swedish Krona	105	–	–	105
Swiss Franc	2	–	908,660	908,662
Taiwanese Dollar	34,194	–	396,800	430,994
Turkish Lira	1	–	–	1
UK Sterling	144	918,659	1,973,674	2,892,477
US Dollar	484,788	4,217,757	16,678,465	21,381,010
Currency 2019	US\$	US\$	US\$	US\$
Australian Dollar	1,002	136,670	1,314	138,986
Brazilian Real	13	–	–	13
Canadian Dollar	142	105,006	259,851	364,999
Danish Krone	2	–	225,615	225,617
Euro	567	2,553,524	2,502,202	5,056,293
Hong Kong Dollar	96	–	791,444	791,540
Japanese Yen	14	1,900,578	1,615,802	3,516,394
Mexican Peso	50	–	–	50
New Zealand Dollar	576	–	–	576
Norwegian Krone	38	–	–	38
Polish Zloty	213	–	–	213
Singapore Dollar	77	–	–	77
South African Rand	60	–	–	60
South Korean Won	–	–	480,219	480,219
Swedish Krona	93	–	–	93
Swiss Franc	450	–	349,066	349,516
Taiwanese Dollar	32,027	–	–	32,027
Turkish Lira	2	–	–	2
UK Sterling	699	679,378	2,149,677	2,829,754
US Dollar	846,858	3,872,028	14,811,852	19,530,738
	Floating rate financial liabilities US\$	liabilities not carrying interest US\$	Total US\$	
Currency 2020				
US Dollar	–	(78,050)	(78,050)	
Currency 2019	US\$	US\$	US\$	
US Dollar	–	(281,772)	(281,772)	

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 31st December 2020 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 31st December 2020 had market interest rates strengthened by 1% (2019: 1%), the net assets attributable to preference shareholders of the Fund would have decreased by US\$ 1,073,990 (2019: US\$ 896,373).

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 31st December 2020 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 31st December 2020, had the fair value of equity securities and collective investment schemes increased/(decreased) by 5% (2019: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,305,923 (2019: US\$ 1,156,363).

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

On a total return basis, over the 12 months to 31st December 2020 the MSCI AC World Index produced a return of +16.8% in United States (US) Dollar terms. By comparison, the Fund achieved a total gross return of +23.5% over the same period.

Review

2020 was a volatile period for financial assets. The MSCI All Country World index rose 14.8% in local currency terms. The year started brightly with a robust economic backdrop in the US, encouraging corporate earnings, and progress towards a Sino American trade deal, which helped push equities towards record highs. From mid February to late March, the coronavirus spread rapidly around the world, which resulted in much of the global population being under some form of lockdown. In response, equities and industrial commodities fell in price.

To mitigate the economic impact of the pandemic, central banks implemented emergency rate cuts and liquidity injections, while governments increased spending and announced economic support measures. This fueled a subsequent rally in risk assets, as did declining Covid-19 infections and the easing of lockdown measures in some countries. The positive sentiment was reinforced by better than expected economic data and corporate earnings. Caution returned to equity markets in September and October, amid fears of a second wave of the virus, the failure of the US Congress to approve stimulus measures and the US presidential election. Despite lockdowns and rising Covid-19 case numbers, risk appetite returned to the market in the last two months of the year, thanks to Joe Biden's victory in the US election, positive news on coronavirus vaccines, and the signing of the long awaited Brexit deal.

US equities outpaced the global benchmark, helped by strong gains from the market's sizeable technology sector, which benefited from the pandemic driven shift towards online services. Continental European equities underperformed, amid concerns about the toll of slowing global growth on the region's export dependent economy. United Kingdom (UK) stocks fared worst, hurt by the market's high exposure to energy and financial stocks, which underperformed, as well as jitters about a no deal Brexit.

Japanese equities made modest gains, as the country was perceived to have contained the pandemic reasonably well. The period was notable for the resignation of Prime Minister Shinzo Abe in August. However, the swift election of Yoshihide Suga, an ally of Abe and prominent figure in the "Abenomics" reform initiatives, allayed market concerns. Elsewhere, emerging market stocks outperformed, helped by the US Dollar's weakness over the year, and the strong performance of index heavyweight China.

At a sector level, technology and communication services were the big winners of 2020. Consumer discretionary and materials also outperformed, rebounding strongly from the lows of March. By contrast, energy was a notable laggard amid uncertainty around the demand for oil. Financials also underperformed, as major central banks indicated interest rates would likely remain low for an extended period.

New positions during the period included American Tower Corp., REIT (US), Schneider Electric SE (France) and Intuit, Inc. (US).

American Tower is a global provider of wireless communications infrastructure and next generation wireless technologies. The company is a large, diversified operator with businesses spanning varying risks and returns. American Tower also enjoys a robust balance sheet and attractive dividend yield.

Global software company Schneider Electric is a leader in energy management and distribution, with a particular focus on improving energy efficiency and sustainability for its clients. Schneider has significant market share, which we believe will grow as government initiatives around climate change and sustainability, such as the European Union Green Deal and Germany's domestic stimulus package, come into play. The company's strong management, robust cash generation and growth prospects strengthen its competitive advantage and market position.

Intuit develops business and financial management software solutions and is well placed to monetise its growing customer base over time. Intuit is seeing heightened momentum across its business segments. Top line growth should be strengthened by the increasing depth of offerings across products and geographies. We feel that this should lead to healthy earnings and cashflow growth, thanks to operational efficiencies and strong financial discipline.

To help fund these purchases, we closed our position in Alibaba Group Holding Ltd ADR, (Cayman Islands). The rising number of competitors entering the industry and the tightening of Chinese regulations has clouded the firm's outlook, so we decided to reallocate this capital elsewhere. We profitably sold Nintendo Co. Ltd (Japan) after a strong run of performance, reflecting the positive impact of "nest dwelling" on gaming.

Worldwide Equity Fund

Fund Investment Report (continued)

Review (continued)

The indiscriminate market movements in early 2020 increased the relative attractiveness of the competitively advantaged companies in which we invest. While markets have since recovered, uncertainties around the coronavirus pandemic remain. We believe that the ongoing global responses to the virus have accelerated certain structural trends, and created an environment in which companies with a sustainable edge can thrive. We also feel that the market will increasingly come to recognise the long term merits of these businesses.

We believe that companies with the ability to sustain above average growth rates should be attractive for investors. We therefore maintain 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 2020 to 31st December 2020

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	Preference Shares		
	2020	2019	2018
	US\$	US\$	US\$
Change in net assets per share			
Opening net asset value per share	3.3020	2.4989	2.8384
Return before operating charges ¹	0.7796	0.8652	(0.2787)
Operating charges	(0.1032)	(0.0621)	(0.0608)
Return after operating charges	0.6764	0.8031	(0.3395)
Distributions on preference shares	—	—	—
Closing net asset value per shares	3.9784	3.3020	2.4989
after direct transaction costs ¹	(0.0019)	(0.0015)	(0.0017)

Performance

Return after charges	20.48%	32.14%	(11.96%)
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Other information

Closing net asset value (US\$)	32,583,795	30,236,469	25,973,376
Closing number of shares	8,190,205	9,156,955	10,393,930
Operating charges	2.13%	2.10%	2.14%
Direct transaction costs (note 13)	0.04%	0.05%	0.06%
Ongoing Charges Figure (“OCF”) ²	2.13%	2.10%	2.14%

Prices

	2020	2019	2018	2017	2016
Highest offer share price (US\$)	4.2160	3.4940	3.1970	2.9970	2.3940
Lowest bid share price (US\$)	2.3740	2.4780	2.4380	2.2070	1.8790
Net distribution per share (US\$)	—	—	—	—	—

Notes

¹ Return before operating charges is stated after direct transaction costs.

² 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 2020 to 31st December 2020

	Notes	2020 US\$	2019 US\$
Income			
Net capital gains	2	5,811,872	8,206,909
Revenue	3	354,530	460,744
Expenses	4	(600,449)	(575,408)
Net expense before taxation		(245,919)	(114,664)
Taxation	5	(78,203)	(89,371)
Net expense after taxation		(324,122)	(204,035)
Total return before distribution		5,487,750	8,002,874
Distributions	6	12,457	12,534
Change in Net Assets Attributable to Preference Shareholders from investment activities		5,500,207	8,015,408

Balance Sheet

as at 31st December 2020

	Notes	2020 US\$	2019 US\$
Assets:			
Fixed assets:			
Investments	7	32,201,869	29,655,462
Current assets:			
Debtors	8	239,000	232,670
Cash and bank balances		430,595	637,133
Total assets		32,871,464	30,525,265
Liabilities:			
Creditors:			
Other creditors	9	(66,150)	(69,694)
Total liabilities		(66,150)	(69,694)
Equity:			
Nominal shares (note 15, page 78)		(221,519)	(219,102)
Total equity		(221,519)	(219,102)
Net Assets Attributable to Preference Shareholders		32,583,795	30,236,469

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2020 to 31st December 2020

	2020 US\$	2019 US\$
Opening Net Assets Attributable to Preference Shareholders	30,236,469	25,973,376
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	702,550	235,022
Amounts payable on cancellation of shares	(3,855,431)	(3,987,337)
	(3,152,881)	(3,752,315)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	5,500,207	8,015,408
Closing Net Assets Attributable to Preference Shareholders	32,583,795	30,236,469

Distribution Table

There is no distribution for the accounting period 1st January 2020 to 31st December 2020, as expenses exceed revenue (December 2019: US\$ Nil).

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

Worldwide Equity Fund

Portfolio Statement

as at 31st December 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 98.83% (98.08%)					United States of America 59.29% (56.20%)				
Canada 0.00% (1.15%)					Abbott Laboratories	USD	2,491	268,779	0.82
Cayman Islands 1.50% (2.97%)					Activision Blizzard, Inc.	USD	5,813	533,866	1.64
Tencent Holdings Ltd.	HKD	6,700	487,343	1.50	Adobe, Inc.	USD	1,132	562,717	1.73
			487,343	1.50	Alphabet, Inc. 'A'	USD	440	768,649	2.36
China 1.24% (1.13%)					Alphabet, Inc. 'C'	USD	181	316,122	0.97
Ping An Insurance Group Co. of China Ltd. 'H'	HKD	33,000	404,101	1.24	Amazon.com, Inc.	USD	385	1,255,839	3.85
			404,101	1.24	American Tower Corp., REIT	USD	1,801	397,427	1.22
Denmark 2.93% (0.96%)					Bank of America Corp.	USD	10,545	316,561	0.97
Novo Nordisk A/S 'B'	DKK	6,867	483,938	1.49	Baxter International, Inc.	USD	4,400	346,896	1.06
Orsted A/S	DKK	2,290	470,104	1.44	Centene Corp.	USD	6,191	364,898	1.12
			954,042	2.93	CME Group, Inc.	USD	2,115	378,479	1.16
Finland 1.25% (0.66%)					Comcast Corp. 'A'	USD	11,875	616,312	1.89
UPM-Kymmene OYJ	EUR	10,859	406,252	1.25	Cooper Cos., Inc. (The)	USD	899	319,936	0.98
			406,252	1.25	Danaher Corp.	USD	1,720	378,555	1.16
France 3.25% (3.66%)					Ecolab, Inc.	USD	1,721	370,273	1.14
EssilorLuxottica SA	EUR	2,248	350,903	1.08	Electronic Arts, Inc.	USD	3,721	530,233	1.63
Pernod Ricard SA	EUR	1,252	240,249	0.74	Equinix, Inc., REIT	USD	511	358,165	1.10
Schneider Electric SE	EUR	3,232	467,914	1.43	Estee Lauder Cos., Inc.				
			1,059,066	3.25	(The) 'A'	USD	808	213,474	0.65
Germany 1.72% (2.34%)					Facebook, Inc. 'A'	USD	2,676	730,307	2.24
adidas AG	EUR	1,536	561,671	1.72	Fidelity National Information Services, Inc.	USD	3,495	491,082	1.51
			561,671	1.72	Illumina, Inc.	USD	875	318,343	0.98
Hong Kong 1.57% (0.94%)					Intuit, Inc.	USD	1,158	437,435	1.34
AIA Group Ltd.	HKD	41,800	512,131	1.57	JPMorgan Chase & Co.	USD	3,961	497,620	1.53
			512,131	1.57	Lam Research Corp.	USD	954	451,910	1.39
India 1.89% (1.43%)					Mastercard, Inc. 'A'	USD	1,898	674,170	2.07
HDFC Bank Ltd., ADR	USD	8,577	616,429	1.89	Microsoft Corp.	USD	6,251	1,379,158	4.23
			616,429	1.89	NextEra Energy, Inc.	USD	6,115	463,884	1.42
Indonesia 0.84% (0.00%)					NVIDIA Corp.	USD	918	481,702	1.48
Bank Rakyat Indonesia Persero Tbk. PT	IDR	918,700	275,135	0.84	PepsiCo, Inc.	USD	2,871	421,779	1.29
			275,135	0.84	S&P Global, Inc.	USD	923	299,790	0.92
Ireland 4.13% (3.79%)					Service Corp. International	USD	7,774	377,117	1.16
CRH plc	EUR	11,935	496,898	1.52	Stryker Corp.	USD	1,098	264,058	0.81
Medtronic plc	USD	4,511	521,562	1.60	Thermo Fisher Scientific, Inc.	USD	760	351,036	1.08
Trane Technologies plc	USD	2,276	328,722	1.01	T-Mobile US, Inc.	USD	3,918	523,171	1.61
			1,347,182	4.13	TransUnion	USD	2,321	228,502	0.70
Japan 4.19% (7.00%)					Uber Technologies, Inc.	USD	5,349	279,271	0.86
Keyence Corp.	JPY	700	393,229	1.21	Union Pacific Corp.	USD	2,673	551,226	1.69
Rohm Co. Ltd.	JPY	5,000	483,871	1.48	UnitedHealth Group, Inc.	USD	1,522	525,257	1.61
Sekisui Chemical Co. Ltd.	JPY	8,900	168,378	0.52	Visa, Inc. 'A'	USD	2,799	608,223	1.87
Sony Corp.	JPY	3,200	318,822	0.98	Walt Disney Co. (The)	USD	2,682	488,339	1.50
			1,364,300	4.19	Xylem, Inc.	USD	1,763	178,257	0.55
Jersey 0.00% (1.00%)								19,318,818	59.29
Netherlands 1.13% (3.89%)					Virgin Islands, British 0.73% (0.00%)				
Airbus SE	EUR	1,708	187,662	0.58	Nomad Foods Ltd.	USD	9,514	238,136	0.73
Koninklijke DSM NV	EUR	1,044	179,893	0.55				238,136	0.73
			367,555	1.13	Equities total				
South Korea 3.26% (2.09%)					Total Value of Investments			32,201,869	98.83
Samsung Electronics Co. Ltd.	KRW	10,815	805,709	2.47	Net other assets (2019: 1.92%)			381,926	1.17
Samsung SDI Co. Ltd.	KRW	443	255,469	0.79	Net Assets attributable to Preference Shareholders				
			1,061,178	3.26				32,583,795	100.00
Spain 0.00% (0.90%)					All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.				
Switzerland 4.91% (2.40%)					The comparative percentage figures in brackets are as at 31st December 2019.				
Nestle SA	CHF	3,271	385,842	1.18					
Roche Holding AG	CHF	919	321,281	0.99					
SIG Combibloc Group AG	CHF	8,392	194,829	0.60					
Sika AG	CHF	905	247,581	0.76					
TE Connectivity Ltd.	USD	3,735	449,209	1.38					
			1,598,742	4.91					
Taiwan 1.58% (0.00%)									
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	USD	4,700	514,039	1.58					
			514,039	1.58					
United Kingdom 3.42% (5.57%)									
Diageo plc	GBP	8,757	344,558	1.06					
Reckitt Benckiser Group plc	GBP	4,869	435,478	1.33					
Unilever plc	GBP	5,591	335,713	1.03					
			1,115,749	3.42					

Worldwide Equity Fund

Notes to the Financial Statements

for the accounting period 1st January 2020 to 31st December 2020

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:

	2020 US\$	2019 US\$
Non-derivative securities	5,836,321	8,226,076
Other currency losses	(9,499)	(1,385)
Transaction charges	(14,950)	(17,782)
Net capital gains	5,811,872	8,206,909

Gains from non-derivatives securities include realised gains of US\$ 2,663,235 (2019: US\$ 2,450,559) and change in unrealised gains of US\$ 3,173,086 (2019: US\$ 5,775,517).

3 REVENUE

	2020 US\$	2019 US\$
Overseas dividends	353,873	454,543
Bank interest	657	6,201
Total revenue	354,530	460,744

4 EXPENSES

	2020 US\$	2019 US\$
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	(564,062)	(563,701)
Registration expenses	(1,544)	(1,567)
Directors' fees	(2,597)	(2,959)
	(568,203)	(568,227)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(10,803)	15,632
Safe custody fees	(4,559)	(4,667)
Interest payable	(27)	(592)
	(15,389)	10,373
Other expenses:		
Audit fee	(9,912)	(10,055)
Regulatory and professional fees	(1,563)	(4,877)
Publication charges	(5,382)	(2,622)
Total expenses	(600,449)	(575,408)

5 TAXATION

	2020 US\$	2019 US\$
Analysis of charge in period:		
Overseas tax suffered	(78,203)	(89,371)
Total overseas taxation	(78,203)	(89,371)

6 DISTRIBUTIONS

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

	2020 US\$	2019 US\$
Revenue deducted on cancellation of shares	17,119	13,801
Revenue received on creation of shares	(4,662)	(1,267)
Distributions for the year	12,457	12,534

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	2020 Assets US\$	2019 Assets US\$
Level 1: Quoted prices	32,201,869	29,655,462
Level 2: Observable market data	—	—
Level 3: Unobservable data	—	—
Total value	32,201,869	29,655,462

8 DEBTORS

	2020 US\$	2019 US\$
Accrued revenue	17,010	13,269
Receivable from Fund Manager – Nominal shares	221,519	219,102
Overseas tax recoverable	471	231
Prepaid expenses	—	68
Total debtors	239,000	232,670

9 OTHER CREDITORS

	2020 US\$	2019 US\$
Amounts payable for cancellation of shares	(232)	(5,705)
Accrued expenses	(14,335)	(13,258)
Amounts payable to the Fund Manager	(51,583)	(50,731)
Total creditors	(66,150)	(69,694)

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\$ 2,597 (2019: US\$ 2,959) with US\$ 696 (2019: US\$ 955) 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\$ 51,452 (December 2019: US\$ 49,650) in respect of the annual management charge, and US\$ 131 (December 2019: US\$ 126) 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 5,999,872 (2019: 6,823,472) 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 shares in issue at start of the year	Number of shares created	Number of shares cancelled	Number of shares in issue at end of the year
Participating				
Redeemable				
Preference Shares	9,156,955	196,292	(1,163,042)	8,190,205

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2019: US\$ Nil).

Worldwide Equity Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

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 US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2020 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
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>		
Sales:						
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		<u>7,146</u>	<u>5,555</u>			
Percentage of Fund average net assets		<u>0.02%</u>	<u>0.02%</u>			

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

	Principal US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2019 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	9,955,757	3,423	4,073	9,963,253	0.03	0.04
	<u>9,955,757</u>	<u>3,423</u>	<u>4,073</u>	<u>9,963,253</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	14,282,566	(4,886)	(1,867)	14,275,813	(0.03)	(0.01)
	<u>14,282,566</u>	<u>(4,886)</u>	<u>(1,867)</u>	<u>14,275,813</u>		
Total		<u>8,309</u>	<u>5,940</u>			
Percentage of Fund average net assets		<u>0.03%</u>	<u>0.02%</u>			

Worldwide Equity Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

13 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.13% (2019: 0.09%). 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 31st December 2020 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31st December 2020 between US\$ and all other currencies had strengthened by 5% (2019: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 511,120 (2019: US\$ 498,211).

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 2020	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
Currency 2019	US\$	US\$	US\$
Australian Dollar	241	—	241
Canadian Dollar	4	346,554	346,558
Danish Krone	118	290,999	291,117
Euro	153	3,315,705	3,315,858
Hong Kong Dollar	6	1,050,566	1,050,572
Japanese Yen	1,558	2,115,592	2,117,150
Mexican Peso	41	—	41
New Zealand Dollar	671	—	671
Norwegian Krone	89	—	89
Polish Zloty	118	—	118
Singapore Dollar	66	—	66
South African Rand	5	—	5
South Korean Won	3,121	630,805	633,926
Swedish Krona	64	—	64
Swiss Franc	74	474,788	474,862
Turkish Lira	1	—	1
UK Sterling	66	1,732,810	1,732,876
US Dollar	574,611	19,697,643	20,272,254

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 2020 and 31st December 2019 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2020	US\$	US\$	US\$	US\$
Australian Dollar	265	—	—	265
Canadian Dollar	4	—	—	4
Danish Krone	127	—	954,042	954,169
Euro	2,418	—	2,891,682	2,894,100
Hong Kong Dollar	7	—	1,403,575	1,403,582
Indonesian rupiah	—	—	275,135	275,135
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	—	—	1,064,243	1,064,243
Swedish Krona	73	—	—	73
Swiss Franc	88	—	1,149,534	1,149,622
Turkish Lira	1	—	—	1
UK Sterling	109	—	1,115,749	1,115,858
US Dollar	426,457	—	22,001,090	22,427,547
Currency 2019	US\$	US\$	US\$	US\$
Australian Dollar	241	—	—	241
Canadian Dollar	4	—	346,554	346,558
Danish Krone	118	—	290,999	291,117
Euro	153	—	3,315,705	3,315,858
Hong Kong Dollar	6	—	1,050,566	1,050,572
Japanese Yen	—	—	2,117,150	2,117,150
Mexican Peso	41	—	—	41
New Zealand Dollar	671	—	—	671
Norwegian Krone	89	—	—	89
Polish Zloty	118	—	—	118
Singapore Dollar	66	—	—	66
South African Rand	5	—	—	5
South Korean Won	—	—	633,926	633,926
Swedish Krona	64	—	—	64
Swiss Franc	74	—	474,788	474,862
Turkish Lira	1	—	—	1
UK Sterling	66	—	1,732,810	1,732,876
US Dollar	635,416	—	19,706,532	20,341,948

	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2020	US\$	US\$	US\$
US Dollar	—	(66,150)	(66,150)
Currency 2019	US\$	US\$	US\$
US Dollar	—	(69,694)	(69,694)

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 2020 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 2020, had the fair value of equity securities increased/(decreased) by 5% (2019: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,610,093 (2019: US\$ 1,482,773).

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

On a total return basis, over the 12 months to 31st December 2020 the Fund posted a total gross return of +0.7% versus +0.4% for the LIBID USD 1M, in US Dollar terms.

Review

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

The US Dollar weakened over the course of the year, having risen slightly in the first half of 2020. The currency initially strengthened as optimism related to the signing of the US-China trade deal in January gave way to worries about the spread of coronavirus, and attendant risks to the already slowing global economy. The US Dollar reversed from mid February, as the virus spread further outside China, before rallying into the end of the first quarter, boosted by the US government's announcement of a USD2 trillion fiscal stimulus package. The US Dollar remained under pressure thereafter, amid the Federal Reserve's (Fed's) dovish stance and investors' continued appetite for risk, which was buoyed by a flood of monetary and fiscal stimulus measures. The Fed also responded to the crisis by cutting interest rates to near zero in March and agreeing a substantial stimulus package which included buying corporate debt, a step not taken even in the 2008 financial crisis. The Fed later unveiled a USD2.3 trillion loan programme for municipalities and small businesses. However, towards the end of the first half, the Fed gave a downbeat view of the economy and indicated that interest rates were likely to remain close to zero through 2022.

Turning to the second half of the year, despite periodic rallies, the US Dollar fell back as risk appetite continued to build. Investors were encouraged by continued monetary and fiscal stimulus, stronger than expected corporate earnings and indications of a nascent recovery in the global economy. The Fed's more dovish policy shift in August also weighed on the Dollar. The Fed will now target an average inflation rate, allowing it to rise above 2% to make up for time spent below that level, and will no longer view the approach of full employment as a cue to hike interest rates. On the political front, investors welcomed Joe Biden's victory in November's US presidential election, and the potential for the Democrats to gain control of the Senate, as well as controlling the House of Representatives. In December, a USD900bn fiscal stimulus bill was eventually signed into law. Meanwhile, the Fed pledged to maintain the pace of its bond buying programme to underpin the economy.

Looking ahead, with the Covid-19 case count continuing to rise rapidly across the US, the immediate economic outlook associated with renewed lockdowns is turning bleaker. Yet, there are several positives, which have cheered financial markets considerably. These include announcements from Pfizer, Moderna and AstraZeneca around the efficacy of their vaccines. It seems likely that central bank balance sheets will continue to grow over the coming quarters and stay elevated over the long term. Governments will need extended support to manage increased levels of debt, which will further weigh on the potential growth of economies, capping inflationary pressures.

Managed Currency Fund Comparative Tables

for the accounting period 1st January 2020 to 31st December 2020

	Preference Shares		
	2020	2019	2018
	US\$	US\$	US\$
Change in net assets per share			
Opening net asset value per share	<u>0.3310</u>	<u>0.3317</u>	<u>0.3325</u>
Return before operating charges ¹	0.0017	0.0067	0.0054
Operating charges	(0.0037)	(0.0036)	(0.0039)
Return after operating charges	(0.0020)	0.0031	0.0015
Distributions on preference shares	(0.0004)	(0.0038)	(0.0023)
Closing net asset value per shares	<u>0.3286</u>	<u>0.3310</u>	<u>0.3317</u>
after direct transaction costs ¹	—	—	—

Performance

Return after charges	(0.60%)	0.93%	0.45%
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Other information

Closing net asset value (US\$)	516,331	519,291	534,391
Closing number of shares	1,571,261	1,568,856	1,610,986
Operating charges	1.13%	1.09%	1.16%
Direct transaction costs (note 12)	0.00%	0.00%	0.00%
Ongoing Charges Figure (“OCF”) ²	1.13%	1.09%	1.16%

Prices

	2020	2019	2018	2017	2016
Highest offer share price (US\$)	0.3489	0.3513	0.3511	0.3511	0.3537
Lowest bid share price (US\$)	0.3286	0.3314	0.3321	0.3323	0.3336
Net distribution per share (US\$)	0.0004	0.0038	0.0023	—	—

Notes

¹ Return before operating charges is stated after direct transaction costs.

² 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 2020 to 31st December 2020

	Notes	2020 US\$	2019 US\$
Income			
Net capital losses	2	(1,382)	(1,138)
Revenue	3	4,087	11,982
Expenses	4	(5,888)	(5,889)
Net (expense)/revenue before taxation		(1,801)	6,093
Taxation		—	—
Net (expense)/revenue after taxation		(1,801)	6,093
Total return before distribution		(3,183)	4,955
Distributions	5	(573)	(6,093)
Change in Net Assets Attributable to Preference Shareholders from investment activities		(3,756)	(1,138)

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2020 to 31st December 2020

	2020 US\$	2019 US\$
Opening Net Assets Attributable to Preference Shareholders	519,291	534,391
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	2,440	5,690
Amounts payable on cancellation of shares	(1,644)	(19,652)
	796	(13,962)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(3,756)	(1,138)
Closing Net Assets Attributable to Preference Shareholders	516,331	519,291

Balance Sheet

as at 31st December 2020

	Notes	2020 US\$	2019 US\$
Assets:			
Fixed assets:			
Investments	6	255,561	256,283
Current assets:			
Debtors	7	59,875	59,881
Cash and bank balances		261,433	266,112
Total assets		576,869	582,276
Liabilities:			
Creditors:			
Distribution payable		—	(2,403)
Other creditors	8	(663)	(701)
Total liabilities		(663)	(3,104)
Equity:			
Nominal shares (note 15, page 78)		(59,875)	(59,881)
Total equity		(59,875)	(59,881)
Net Assets Attributable to Preference Shareholders		516,331	519,291

Distribution Table

for the accounting period 1st January 2020 to 30th June 2020

	Income US\$	Equalisation US\$	Distribution Paid 2020 US\$	Distribution Paid 2019 US\$
Group 1	0.0004	—	0.0004	0.0023
Group 2	0.0000	0.0004	0.0004	0.0023

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2019.

for the accounting period 1st July 2020 to 31st December 2020

	Income US\$	Equalisation US\$	Distribution Payable 2020 US\$	Distribution Paid 2019 US\$
Group 1	0.000	—	0.000	0.0015
Group 2	0.000	0.000	0.000	0.0015

Group 2 units are those purchased after 16:00 (UK time) on 30th June 2020.

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

Managed Currency Fund

Portfolio Statement

as at 31st December 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Time Deposits 49.50% (49.35%)				
United States of America 49.50% (49.35%)				
Credit Agricole Corporate & Investment Bank SA 0.09% 18/03/2021	USD	51,004	51,004	9.88
First Abu Dhabi Bank PJSC 0.21% 16/02/2021	USD	51,000	51,000	9.88
Mitsubishi UFJ Trust & Banking Corp. 0.28% 11/03/2021	USD	51,028	51,028	9.88
Standard Chartered Bank 0.08% 21/01/2021	USD	51,500	51,500	9.98
Sumitomo Mitsui Banking Corp. 0.19% 16/03/2021	USD	51,028	51,029	9.88
			255,561	49.50
Time Deposits total			255,561	49.50
Total Value of Investments			255,561	49.50
Net Other Assets (2019: 50.65%)			260,770	50.50
Net Assets attributable to Preference Shareholders			516,331	100.00

*United States Dollar (US\$) time deposits equal to or greater than 3 months at 31st December 2020 was US\$ 255,561 (December 2019: US\$ 256,283)

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 31st December 2019.

Managed Currency Fund

Notes to the Financial Statements

for the accounting period 1st January 2020 to 31st December 2020

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:

	2020 US\$	2019 US\$
Other currency gains/(losses)	7	(10)
Transaction charges	(1,389)	(1,128)
Net capital losses	(1,382)	(1,138)

3 REVENUE

	2020 US\$	2019 US\$
Interest on debt securities	4,087	11,982
Total revenue	4,087	11,982

4 EXPENSES

	2020 US\$	2019 US\$
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	(5,191)	(5,228)
Registration expenses	(171)	(171)
Directors' fees	(43)	(55)
	(5,405)	(5,454)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(191)	252
Interest payable	(13)	(463)
	(204)	(211)
Other expenses:		
Audit fee	(166)	(155)
Regulatory and professional fees	(25)	(34)
Publication charges	(88)	(35)
	(279)	(224)
Total expenses	(5,888)	(5,889)

5 DISTRIBUTIONS

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

	2020 US\$	2019 US\$
Interim	(575)	(3,650)
Final	–	(2,403)
	(575)	(6,053)
Revenue deducted on cancellation of shares	–	(67)
Revenue received on creation of shares	2	27
Distributions for the year	(573)	(6,093)

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.

	2020 Assets US\$	2019 Assets US\$
Level 1: Quoted prices	–	–
Level 2: Observable market data	255,561	256,283
Level 3: Unobservable data	–	–
Total value	255,561	256,283

7 DEBTORS

	2020 US\$	2019 US\$
Receivable from Fund Manager – Nominal shares	59,875	59,881
Total debtors	59,875	59,881

8 OTHER CREDITORS

	2020 US\$	2019 US\$
Accrued expenses	(226)	(225)
Amounts payable to the Fund Manager	(437)	(476)
Total creditors	(663)	(701)

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\$ 43 (2019: US\$ 55) with US\$ 11 (2019: US\$ 18) 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\$ 423 (December 2019: US\$ 443) in respect of the annual management charge, and US\$ 14 (December 2019: 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 423,702 (2019: 442,877) 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 shares in issue at start of the year	Number of shares created	Number of shares cancelled	Number of shares in issue at end of the year
Participating Redeemable Preference Shares	1,568,856	7,377	(4,972)	1,571,261

11 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2019: 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 (2019: US\$ Nil) and the total sales amounted to US\$ Nil (2019: US\$ Nil).

Managed Currency Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

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 2020 and 31st December 2019 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2020	US\$	US\$	US\$	US\$
Euro	26	–	–	26
US Dollar	516,968	–	–	516,968
Currency 2019	US\$	US\$	US\$	US\$
Euro	24	–	–	24
US Dollar	522,371	–	–	522,371

	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2020	US\$	US\$	US\$
US Dollar	–	(663)	(663)
Currency 2019	US\$	US\$	US\$
US Dollar	–	(3,104)	(3,104)

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 31st December 2020, the Fund produced a total gross return of +8.5% in Sterling terms, compared with a return of +8.3% for the FTSE Actuaries UK Conventional Gilts All Stocks Index.

Review

2020 was an eventful and volatile period for financial assets. As the coronavirus spread rapidly around the world, governments took drastic steps to contain the pandemic, which resulted in much of the global population being under some form of lockdown by March. In response, prices of risk assets such as equities, corporate bonds and industrial commodities plummeted while perceived safe havens, such as UK government bonds (gilts), strengthened.

To mitigate the economic impact of the pandemic, central banks unleashed a wave of emergency rate cuts and liquidity injections while governments ramped up spending and announced economic support measures. Notably, the United States (US) Federal Reserve (Fed) restarted its bond purchase programme and expanded the coverage to include corporate credit, a step not even taken in the subprime crisis. In August, the bank announced that it would target an average inflation rate, allowing it to rise above 2% to make up for time spent below that level, and no longer view the approach of full employment as a cue to hike rates. Meanwhile, despite some previous disagreements, European Union (EU) member states approved a €750 billion pandemic relief fund, to be financed by joint borrowing for the first time ever. In the UK, the Bank of England (BoE) slashed interest rates to an all time low of 0.1%, offered banks special terms for loans to small businesses, and relaunched its bond purchase programme, again including corporate debt.

The significant policy response from central banks and governments fueled a subsequent rally in risk assets, as did declining Covid-19 infections and the easing of lockdown measures in some countries. Better than expected economic data also helped sentiment. Despite the 'risk on' backdrop, government bond yields (which move inversely to price) stayed low until August, thanks to quantitative easing (in the UK and elsewhere), fears of a no deal Brexit, and speculation that the BoE might cut rates below zero.

In August, however, a rise in US Treasury yields spilled over into other markets, as the Fed's announcement fueled expectations of higher future inflation. Gilt yields also rose as the reopening of UK businesses was reflected in higher inflation, and the market digested increased supply of new long dated bonds. Thereafter, yields continued to trend higher, amid worries about elevated government spending on pandemic support measures. In November, a breakthrough in the race to develop a coronavirus vaccine also pushed gilt yields higher, as did the agreement on a Brexit deal in the final days of the year. Nevertheless, the benchmark 10 year UK government bond yield finished 2020 well below the level it had started the year at.

In terms of activity, we maintained a longer duration position (which measures the portfolio's sensitivity to changes in interest rates) relative to the benchmark over the year. We started the year with a relative duration of 0.1 years long.

We added some exposure to 30 year gilts on the first day of trading of 2020 as core bond markets opened weaker. On 17 January, we lowered duration in 5 year gilts to flat, and a few days later reduced it in anticipation of a strong economic data release. We subsequently added this back as the data reading disappointed and investors continued to anticipate that UK interest rates would remain low.

Early in February, we added duration to 10 year gilts and switched some exposure from 30 years into ultra longs. Mid month, we reduced our allocations to 5 year bonds and to ultra longs after Chancellor Sajid Javid resigned. We later added back some duration to 20-30 year gilts as fears grew around the impact of the coronavirus. On 11 March, we added exposure to the 15-25 year area.

Portfolio activity was fairly quiet in April and May. On 2 June, we added some exposure to 2061 bonds as 30 year gilt yields hit our target of 0.65%. A few days later, we cut back the holding in gilts maturing in 2057 as yields in the market exceeded the top of our expected range. On 9 June, we switched some exposure to gilts maturing in 2049 into 2061 bonds at the best level since the latter's issuance in May. We later increased our allocation to the 25-30 year area as yields turned lower, before selling some of this position again on 12 June with yields lower. We also reduced duration after the BoE unexpectedly slowed the pace of monthly gilt purchases.

Early in July, we increased holdings of 15 and 30 year gilts. Later, we added to the 40 year area. In August, we added to bonds maturing in 2037, and switched 2026 gilts into 2028 bonds; 2044s into 2050s; 2030s into 2037s; and 2034s and 2071s into 2054s.

September saw little activity in terms of duration changes as yields retraced half of August's sell off until the final day of the month. We switched various issues into the new gilt maturing in 2035, which offered an attractive yield pickup over similar existing, higher coupon issues and raised the running yield on the portfolio.

Over the first half of October, we added duration in the 15 year area by selling gilts maturing in 2034 into gilts maturing in 2035. We also added some more exposure to 20 year bonds, while switching out of 2037 and 2034 bonds. Late in the month, we bought 30 year bonds as gilts sold off in line with US Treasuries ahead of the US presidential election. In early November, gilts rallied hard amid the BoE's announcement of additional monetary support. We sold 30 year and ultra long bonds, and subsequently repurchased them after yields had increased by 10 basis points. In the month's second half, we switched bonds maturing in 2030 and 2034 into 2050s.

Gilt and Income Fund

Fund Investment Report (continued)

Review (continued)

We made a number of duration management trades in December as yields moved through their recent trading range, providing opportunities for tactical adjustments. We finished the year with relative duration of 0.8 years long.

The world economy faces a tricky juncture between a clearly worsening near term Covid-19 situation and the much brighter prospect of a post-vaccine recovery in the second half of 2021. While growth rates over 2021 should meaningfully exceed those of the prior year, first quarter performance may disappoint many expectations. And even assuming that vaccine roll outs are as rapid and effective as hoped, questions remain as to the degree of longer term scarring that economies will bear once they emerge from the crisis. The structural forces that have depressed growth, inflation and real rates over recent decades are unlikely to abate as a result of the pandemic. In particular, the enlarged debt overhang may continue to keep inflationary pressure at bay. This is especially true of the UK, given the frictional trade costs likely to be incurred by Brexit, as well as the risk of a protracted withdrawal from lockdown.

We continue to favour duration, not least because we believe that central banks will be forced to take action to narrow the difference between short and long term yields as they seek to make inflation targets credible. Yields are also likely to be constrained by expectations of further monetary easing by the BoE. Although we remain somewhat skeptical that the bank will adopt negative interest rates, it is notable that Governor Bailey has left the door open for such a move.

Gilt and Income Fund

Comparative Tables

for the accounting period 1st January 2020 to 31st December 2020

	Preference Shares		
	2020	2019	2018
	£	£	£
Change in net assets per share			
Opening net asset value per share	0.4215	0.3996	0.4020
Return before operating charges ¹	0.0364	0.0276	0.0033
Operating charges	(0.0064)	(0.0057)	(0.0057)
Return after operating charges	0.0300	0.0219	(0.0024)
Distributions on preference shares	—	—	—
Closing net asset value per shares	0.4515	0.4215	0.3996
after direct transaction costs ¹	—	—	—

Performance

Return after charges	7.12%	5.48%	(0.60%)
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Other information

Closing net asset value (£)	11,186,991	11,285,788	11,242,524
Closing number of shares	24,775,355	26,776,092	28,137,952
Operating charges	1.44%	1.37%	1.42%
Direct transaction costs (note 12)	0.00%	0.00%	0.00%
Ongoing Charges Figure (“OCF”) ²	1.44%	1.37%	1.42%

Prices

	2020	2019	2018	2017	2016
Highest offer share price (£)	0.4912	0.4681	0.4282	0.4313	0.4508
Lowest bid share price (£)	0.4205	0.3977	0.3849	0.3887	0.3680
Net distribution per share (£)	—	—	—	—	0.0010

Notes

¹ Return before operating charges is stated after direct transaction costs.

² 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 2020 to 31st December 2020

	Notes	2020 US\$	2019 US\$
Income			
Net capital gains	2	1,079,509	805,276
Revenue	3	102,592	166,359
Expenses	4	(197,723)	(185,906)
Net expense before taxation		(95,131)	(19,547)
Taxation		—	—
Net expense after taxation		(95,131)	(19,547)
Total return before distribution		984,378	785,729
Distributions	5	1,324	484
Change in Net Assets Attributable to Preference Shareholders from investment activities		985,702	786,213

Balance Sheet

as at 31st December 2020

	Notes	2020 US\$	2019 US\$
Assets:			
Fixed assets:			
Investments	6	15,184,749	14,739,607
Current assets:			
Debtors	7	627,260	629,729
Cash and bank balances		105,913	152,112
Total assets		15,917,922	15,521,448
Liabilities:			
Creditors:			
Other creditors	8	(66,512)	(23,226)
Total liabilities		(66,512)	(23,226)
Equity:			
Nominal shares (note 15, page 78)		(557,116)	(552,114)
Total equity		(557,116)	(552,114)
Net Assets Attributable to Preference Shareholders		15,294,294	14,946,108

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2020 to 31st December 2020

	2020 US\$	2019 US\$
Opening Net Assets Attributable to Preference Shareholders	14,946,108	14,319,603
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	1,083,020	17,182
Amounts payable on cancellation of shares	(2,195,536)	(748,159)
	(1,112,516)	(730,977)
Difference on currency conversion	475,000	571,269
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	985,702	786,213
Closing Net Assets Attributable to Preference Shareholders	15,294,294	14,946,108

Distribution Table

There was no distribution for the accounting period 1st January 2020 to 30th June 2020, as expenses exceed revenue (June 2019: £Nil).

There is no distribution for the accounting period 1st July 2020 to 31st December 2020, as expenses exceed revenue (December 2019: £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 2020

38

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Government Bonds 90.31% (91.81%)					Supranationals 2.86% (1.29%)				
United Kingdom 90.31% (91.81%)					European Investment Bank 1.13% 07/09/2021				
UK Treasury 1.50%	GBP	£110,000	150,504	0.98	European Investment Bank 1.00% 21/09/2026	GBP	£80,000	114,555	0.75
07/06/2021	GBP	£529,000	748,115	4.89	European Investment Bank, FRN 1.05% 08/09/2025	GBP	£165,000	234,090	1.53
UK Treasury 3.75%	GBP	£1,591,000	2,231,883	14.59	Supranationals total		438,227	2.86	
07/09/2021	GBP				Certificates of Deposit 2.40% (1.33%)				
UK Treasury 4.00%	GBP	£384,000	550,455	3.60	Canada 0.89% (0.00%)				
07/03/2022	GBP	£44,000	60,398	0.40	Export Development Canada 0.00% 29/05/2024	GBP	100,000	136,964	0.89
UK Treasury 0.13%	GBP	£457,000	629,825	4.12			136,964	0.89	
UK Treasury 1.25%	GBP	£364,000	537,722	3.52	Supranational 1.51% (1.33%)				
UK Treasury 0.13%	GBP	£154,000	211,489	1.38	International Bank for Reconstruction & Development 0.875% 13/12/2024	GBP	50,000	70,379	0.46
UK Treasury 0.38%	GBP	£220,000	305,449	2.00	International Bank for Reconstruction & Development 0.25% 23/09/2027	GBP	55,000	74,585	0.49
UK Treasury 0.63%	GBP	£1,279,000	1,773,567	11.60	International Bank for Reconstruction & Development 1% 21/12/2029	GBP	60,000	85,510	0.56
UK Treasury 1.25%	GBP	£1,211,000	1,837,932	12.02			230,474	1.51	
UK Treasury 3.25%	GBP	£478,000	1,004,366	6.57	Certificates of Deposit total		367,438	2.40	
UK Treasury 1.50%	GBP	£170,000	274,989	1.80	Total Value of Investments		15,184,749	99.28	
UK Treasury 1.75%	GBP	£35,000	60,219	0.39	Net Other Assets (2019: 1.38%)		109,545	0.72	
UK Treasury 0.63%	GBP	£883,000	1,165,956	7.62	Net assets attributable to Preference shareholders		15,294,294	100.00	
UK Treasury 1.63%	GBP	£412,000	715,663	4.68	All holdings are bond or stock units and admitted to official stock exchange listings unless otherwise stated.				
UK Treasury 1.75%	GBP	£145,000	266,107	1.74	The comparative percentage figures in brackets are as at 31st December 2019.				
UK Treasury 0.50%	GBP	£612,000	789,889	5.16					
UK Treasury 2.50%	GBP	£104,000	243,154	1.59					
UK Treasury 1.63%	GBP	£127,000	254,335	1.66					
22/10/2071			13,812,017	90.31					
			13,812,017	90.31					
Government Bonds total									
Corporate Bonds 3.71% (4.19%)									
Austria 0.92% (0.89%)									
Oesterreichische Kontrollbank AG 1.25% 15/12/2023	GBP	£100,000	141,190	0.92					
			141,190	0.92					
Canada 1.62% (1.60%)									
Export Development Canada 0.88% 07/12/2021	GBP	£180,000	248,038	1.62					
			248,038	1.62					
Germany 0.46% (0.00%)									
Kreditanstalt fuer Wiederaufbau 1.00% 15/12/2022	GBP	£50,000	69,743	0.46					
			69,743	0.46					
United Kingdom 0.71% (1.70%)									
LCR Finance plc 4.50% 07/12/2028	GBP	£60,000	108,096	0.71					
			108,096	0.71					
Corporate Bonds total			567,067	3.71					

Gilt and Income Fund

Notes to the Financial Statements

for the accounting period 1st January 2020 to 31st December 2020

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:

	2020 US\$	2019 US\$
Non-derivative securities	1,090,021	812,515
Transaction charges	(10,512)	(7,239)
Net capital gains	1,079,509	805,276

Gains from non-derivative securities include realised gains of US\$ 1,022,702 (2019: US\$ 721,101) and change in unrealised gains of US\$ 67,319 (2019: US\$ 91,414).

3 REVENUE

	2020 US\$	2019 US\$
Bank interest	2	16
Interest on debt securities	102,590	166,343
Total revenue	102,592	166,359

4 EXPENSES

	2020 US\$	2019 US\$
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	(181,389)	(182,925)
Registration expenses	(765)	(804)
Directors' fees	(1,300)	(1,405)
	(183,454)	(185,134)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(5,340)	6,880
Safe custody fees	(1,242)	(1,266)
Interest payable	(36)	(16)
	(6,618)	5,598
Other expenses:		
Audit fee	(4,571)	(4,353)
Regulatory and professional fees	(698)	(969)
Publication charges	(2,382)	(1,048)
	(7,651)	(6,370)
Total expenses	(197,723)	(185,906)

5 DISTRIBUTIONS

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

	2020 US\$	2019 US\$
Revenue deducted on cancellation of shares	4,039	513
Revenue received on creation of shares	(2,715)	(29)
Distributions for the year	1,324	484

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.

	2020 Assets US\$	2019 Assets US\$
Level 1: Quoted prices	14,617,682	–
Level 2: Observable market data	567,067	14,739,607
Level 3: Unobservable data	–	–
Total value	15,184,749	14,739,607

7 DEBTORS

	2020 US\$	2019 US\$
Accrued revenue	70,144	77,615
Receivable from Fund Manager – Nominal shares	557,116	552,114
Total debtors	627,260	629,729

8 OTHER CREDITORS

	2020 US\$	2019 US\$
Amounts payable for cancellation of shares	(44,138)	–
Accrued expenses	(6,382)	(6,729)
Amounts payable to the Fund Manager	(15,992)	(16,497)
Total creditors	(66,512)	(23,226)

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\$ 1,300 (2019: US\$ 1,405) with US\$ 330 (2019: US\$ 321) 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\$ 15,557 (2019: US\$ 16,001) in respect of the annual management charge, and US\$ 68 (2019: US\$ 71) 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 15,620,408 (2019: 16,953,631) 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 shares in issue at start of the year	Number of shares created	Number of shares cancelled	Number of shares in issue at end of the year
Participating Redeemable Preference Shares	26,776,092	1,829,688	(3,830,425)	24,775,355

11 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2019: 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\$ 25,863,712 (2019: US\$ 28,042,257) and the total sales amounted to US\$ 26,855,367 (2019: US\$ 28,578,334).

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.11% (2019: 0.18%). 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 31st December 2020 between US\$ and UK Sterling had strengthened by 5% (2019: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 764,715 (2019: US\$ 747,305).

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.

Interest rate risk sensitivity

As at 31st December 2020 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.

Gilt and Income Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

13 FINANCIAL INSTRUMENTS (continued)

Interest rate risk sensitivity (continued)

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 31st December 2020 had market interest rates strengthened by 1% (2019: 1%), the net assets attributable to preference shareholders of the Fund would have decreased by US\$ 2,048,796 (2019: US\$ 1,799,675).

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\$ 15,184,749 (2019: US\$ 14,739,607). The Fund has non interest bearing assets of US\$ 70,144 (2019: US\$ 77,615).

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\$	2020 % of Net Assets	US\$	2019 % of Net Assets
Investment grade securities*	15,184,749	99.28	14,739,607	98.62
	<u>15,184,749</u>	<u>99.28</u>	<u>14,739,607</u>	<u>98.62</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 31st December 2020, the Fund produced a total gross return of +23.8%, while the S&P 500 Index returned +18.4% in United States (US) Dollar terms.

Review

US equities ultimately showed a positive performance during the 12 month term under review, staging a sharp rebound after a very weak first quarter.

The Covid-19 pandemic was the chief driver of market movements over the period. Optimism prevailed at the start of 2020 after the US and China reached an interim trade agreement, and US stocks hit record highs in January and February. However, this quickly dissipated as the coronavirus outbreak in China spread around the world, in turn triggering control measures that brought cities, regions and even entire countries to a near-standstill. Equities were particularly weak in March as oil prices collapsed to 18 year lows, adding to the overall turmoil.

After the first quarter, monthly returns were positive for most of the rest of the year, supported by a wave of monetary and fiscal stimulus. The Federal Reserve lowered its main interest rate back to near zero and pledged to buy bonds in unlimited quantities, while a USD2.2tn fiscal stimulus plan was signed into law in March. Slowing Covid-19 infection rates also contributed to the rally, which lifted the S&P 500 to record highs in late summer.

Stocks slipped in September and October amid a sharp rise in Corona virus cases, but surged in the following month on indications that a Covid-19 vaccine would be available shortly and on Joe Biden's ultimately decisive victory in the US presidential election. A USD900bn fiscal stimulus package was signed into law in December, helping shares to end 2020 with a positive tone.

In terms of politics, the domestic scene was the focus of much attention during the review period as the impeachment of President Trump, the build up to November's election and the Democratic Party's victory dominated headlines. However, tensions with China also featured from time to time as the US escalated sanctions on technology firm Huawei and placed the largest Chinese semiconductor firm on a blacklist that limits its access to American technology.

The following were among notable transactions within the portfolio over the period:

- Entering a position in Intercontinental Exchange Inc., or ICE (Financials). ICE operates in an effective duopoly with CME Group in the futures exchange industry. As well as providing clearing services for multiple types of futures contracts, ICE has a data business relaying information to traders. ICE is also moving into new areas such as mortgage services, with the aim of automating mortgage origination, if successful, this would be a very attractive proposition. While the revenue stream is somewhat volatile, it tends to grow over the cycle, and the free cashflow yield is superior to other data firms.
- Initiating an exposure to Morgan Stanley (Financials). The company is moving its business mix away from the more volatile, transaction-driven model of its banking arm to the asset management side, which is fee based and offers greater stability. October's agreement to buy fund manager Eaton Vance will help to accelerate that shift, creating a business with 60% of revenue coming from asset management. Trends in the wealth management division have been strong, with improving margins driven by loan and deposit strategy and rising levels of new clients and assets.
- Establishing an allocation to BlackRock Inc. (Financials). The firm has a dominant position in its industry as the largest player by assets under management. We feel that the stock's premium valuation is well earned, given BlackRock's robust organic flows, industry position, operating leverage and significant investment in technology. Unlike many rivals, BlackRock's market position and scale enable the company to grow its asset base organically, given its lead in solutions and low-cost exchange-traded funds. Marginal contributions to earnings from incremental revenue increases are also high.
- Starting a holding of Starbucks Corp. (Consumer Discretionary). The business is well positioned to gain market share despite challenges from Covid-19 lockdowns. Management is targeting sales and earnings per share growth in high single digits and double digits, respectively. Remodelling of the US store base should be a key driver, as the company seeks to cater for "on the go" demand. This will involve focusing on drive through outlets and replacing large urban stores with pick up kiosks. In turn, this should strip out wages and rent, helping to dramatically reduce costs and leading to attractive operating leverage.
- Bank of America Corp. (Financials), L3Harris Technologies Inc. (Industrials), Vertex Pharmaceuticals Inc. (Health care), Citigroup Inc. (Financials) and Mondelez International Inc. (Food & Staples Retailing) were among portfolio exits.

Two key themes will affect the recovery's shape and our portfolio positioning in 2021. The first is consumer spending. Household finances are emerging from this recession in much better shape than prior downturns, but the pattern of consumer spending will differ from before the pandemic. The "experience economy" should see the best growth, benefiting tourism, out of home entertainment and leisure spending. However, a significant part of business travel is unlikely to return.

The second theme is how changes in corporate costs will feed into increased operational leverage and improved profitability as revenues rebound. Firms have cut costs aggressively during this crisis to protect profits and liquidity. Some will add back expenses as revenues grow, while others may maintain lower costs, given workforce reorganisations, use of technology to optimise operations, and changing supply chains in response to Covid-19. This provides an opportunity to invest in firms that have reduced costs permanently, giving additional leverage to drive sustained improvements in profitability through the next business cycle.

With the Democrats in the US now holding the presidency and full control of Congress, we are keen to see how Biden progresses at enacting his policy initiatives. A new round of stimulus will likely come first, with small business support and further direct payments to households looking achievable. Beyond this, it will be more difficult. Healthcare policy may see movement, but the shape of this is very hard to predict. Climate change is the other area where agreement between the two parties may support action. Extensions of current schemes and new proposals that incentivise clean energy are likely, in our view.

North American Growth Fund

Comparative Tables

for the accounting period 1st January 2020 to 31st December 2020

	Preference Shares				
	2020	2019	2018		
	US\$	US\$	US\$		
Change in net assets per share					
Opening net asset value per share	9.3731	7.1090	7.7410		
Return before operating charges ¹	2.1457	2.4325	(0.4645)		
Operating charges	(0.2026)	(0.1684)	(0.1675)		
Return after operating charges	1.9431	2.2641	(0.6320)		
Distributions on preference shares	—	—	—		
Closing net asset value per shares	11.3162	9.3731	7.1090		
after direct transaction costs ¹	(0.0019)	(0.0017)	(0.0040)		
Performance					
Return after charges	20.73%	31.85%	(8.16%)		
Other information					
Closing net asset value (US\$)	28,770,518	25,655,208	20,325,943		
Closing number of shares	2,542,421	2,737,111	2,859,189		
Operating charges	2.12%	2.08%	2.09%		
Direct transaction costs (note 13)	0.02%	0.02%	0.05%		
Ongoing Charges Figure (“OCF”) ²	2.12%	2.08%	2.09%		
Prices	2020	2019	2018	2017	2016
Highest offer share price (US\$)	11.9800	9.9140	9.0470	8.1790	6.4860
Lowest bid share price (US\$)	6.5150	6.9980	6.8990	6.0800	5.0120
Net distribution per share (US\$)	—	—	—	—	—

Notes

¹ Return before operating charges is stated after direct transaction costs.

² 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 2020 to 31st December 2020

	Notes	2020 US\$	2019 US\$
Income			
Net capital gains	2	5,320,326	6,493,421
Revenue	3	379,968	375,980
Expenses	4	(526,679)	(381,630)
Net expense before taxation		(146,711)	(5,650)
Taxation	5	(111,969)	(109,785)
Net expense after taxation		(258,680)	(115,435)
Total return before distribution		5,061,646	6,377,986
Distributions	6	10,906	3,781
Change in Net Assets Attributable to Preference Shareholders from investment activities		5,072,552	6,381,767

Balance Sheet

As at 31st December 2020

	Notes	2020 US\$	2019 US\$
Assets:			
Fixed assets:			
Investments	7	28,708,261	25,460,546
Current assets:			
Debtors	8	161,606	162,368
Cash and bank balances		108,609	234,684
Total assets		28,978,476	25,857,598
Liabilities:			
Creditors:			
Other creditors	9	(58,954)	(53,873)
Total liabilities		(58,954)	(53,873)
Equity:			
Nominal shares (note 15, page 78)		(149,004)	(148,517)
Total equity		(149,004)	(148,517)
Net Assets Attributable to Preference Shareholders		28,770,518	25,655,208

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2020 to 31st December 2020

	2020 US\$	2019 US\$
Opening Net Assets Attributable to Preference Shareholders	25,655,208	20,325,943
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	274,003	378,024
Amounts payable on cancellation of shares	(2,231,245)	(1,430,526)
	(1,957,242)	(1,052,502)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	5,072,552	6,381,767
Closing Net Assets Attributable to Preference Shareholders	28,770,518	25,655,208

Distribution Table

There was no distribution for the accounting period 1st January 2020 to 31st December 2020, as expenses exceed revenue (December 2019: 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 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 99.78% (99.24%)					Health Care 14.06% (13.43%)				
Communication Services 14.27% (11.95%)					Biotechnology 1.16% (3.94%)				
Entertainment 1.74% (1.51%)					Alexion Pharmaceuticals, Inc.				
Take-Two Interactive Software, Inc.	USD	2,419	501,386	1.74	Novavax, Inc.	USD	1,059	163,637	0.57
			501,386	1.74			1,500	170,805	0.59
Interactive Media & Services 9.23% (8.01%)								334,442	1.16
Alphabet, Inc. 'A'	USD	788	1,376,581	4.78	Health Care Equipment & Supplies 3.53% (3.81%)				
Facebook, Inc. 'A'	USD	3,516	959,551	3.34	Abbott Laboratories				
Match Group, Inc.	USD	2,112	317,983	1.11	Medtronic plc	USD	5,097	549,966	1.91
			2,654,115	9.23			4,019	464,677	1.62
Media 2.17% (2.43%)								1,014,643	3.53
Comcast Corp. 'A'	USD	12,020	623,838	2.17	Health Care Providers & Services 2.56% (1.78%)				
			623,838	2.17	Centene Corp.				
Wireless Telecommunication Services 1.13% (0.00%)					CVS Health Corp.	USD	7,794	459,378	1.60
T-Mobile US, Inc.	USD	2,440	325,813	1.13			4,115	276,940	0.96
			325,813	1.13				736,318	2.56
Communication Services total									
			4,105,152	14.27	Life Sciences Tools & Services 3.61% (2.14%)				
Consumer Discretionary 12.93% (8.68%)					Charles River Laboratories International, Inc.				
Automobiles 1.34% (0.00%)					Thermo Fisher Scientific, Inc.	USD	1,727	428,883	1.49
General Motors Co.	USD	9,238	383,746	1.34			1,320	609,695	2.12
			383,746	1.34				1,038,578	3.61
Hotels, Restaurants & Leisure 1.91% (0.45%)					Pharmaceuticals 3.20% (1.76%)				
Starbucks Corp.	USD	5,176	550,468	1.91	Bristol-Myers Squibb Co.				
			550,468	1.91	Eli Lilly and Co.	USD	7,054	432,198	1.50
Internet & Direct Marketing Retail 5.69% (4.24%)							2,946	490,362	1.70
Amazon.com, Inc.	USD	502	1,637,484	5.69				922,560	3.20
			1,637,484	5.69	Health Care total				
Multiline Retail 1.85% (0.00%)								4,046,541	14.06
Target Corp.	USD	3,034	530,980	1.85	Industrials 10.08% (11.14%)				
			530,980	1.85	Aerospace & Defense 0.00% (2.84%)				
Specialty Retail 2.14% (2.63%)					Commercial Services & Supplies 1.33% (1.62%)				
Home Depot, Inc. (The)	USD	2,335	616,440	2.14	Republic Services, Inc.				
			616,440	2.14			4,015	382,790	1.33
Textiles, Apparel & Luxury Goods 0.00% (1.36%)								382,790	1.33
Consumer Discretionary total					Electrical Equipment 2.26% (0.00%)				
			3,719,118	12.93	Array Technologies, Inc.				
Consumer Staples 1.75% (6.87%)					Eaton Corp. plc	USD	3,233	139,859	0.49
Beverages 1.75% (2.11%)							4,269	509,292	1.77
PepsiCo, Inc.	USD	3,432	504,195	1.75				649,151	2.26
			504,195	1.75	Machinery 2.85% (4.34%)				
Food Products 0.00% (1.85%)					Caterpillar, Inc.				
Household Products 0.00% (2.91%)					Ingersoll Rand, Inc.	USD	2,110	380,897	1.32
Consumer Staples total							9,736	438,607	1.53
			504,195	1.75				819,504	2.85
Energy 2.74% (5.07%)					Road & Rail 3.64% (2.34%)				
Oil, Gas & Consumable Fuels 2.74% (5.07%)					Lyft, Inc. 'A'				
ConocoPhillips	USD	6,202	248,514	0.86	Union Pacific Corp.	USD	9,112	454,142	1.58
Renewable Energy Group, Inc.	USD	2,011	146,843	0.51			2,883	594,533	2.06
Valero Energy Corp.	USD	6,927	392,969	1.37				1,048,675	3.64
			788,326	2.74	Industrials total				
			788,326	2.74				2,900,120	10.08
Financials 9.90% (10.65%)					Information Technology 30.03% (27.14%)				
Banks 0.00% (7.38%)					Communications Equipment 2.12% (2.09%)				
Capital Markets 6.53% (0.00%)					Cisco Systems, Inc.				
BlackRock, Inc.	USD	623	442,617	1.54			13,810	610,954	2.12
Intercontinental Exchange, Inc.	USD	5,186	587,159	2.04				610,954	2.12
Morgan Stanley	USD	12,485	848,730	2.95	Electronic Equipment, Instruments & Components 3.01% (0.00%)				
			1,878,506	6.53	TE Connectivity Ltd.				
Diversified Financial Services 2.02% (1.46%)					Trimble, Inc.	USD	2,899	348,663	1.21
Voya Financial, Inc.	USD	9,860	579,669	2.02			7,728	517,235	1.80
			579,669	2.02				865,898	3.01
Insurance 1.35% (1.81%)					IT Services 2.42% (5.52%)				
Allstate Corp. (The)	USD	3,602	389,412	1.35	Mastercard, Inc. 'A'				
			389,412	1.35			1,959	695,837	2.42
Financials total								695,837	2.42
			2,847,587	9.90	Semiconductors & Semiconductor Equipment 6.59% (5.02%)				
					Broadcom, Inc.				
							1,240	540,938	1.88
							818	387,486	1.35
							3,131	430,043	1.50
							1,022	536,274	1.86
								1,894,741	6.59
					Software 9.20% (8.73%)				
					Adobe, Inc.				
							1,214	603,479	2.10
							1,267	173,288	0.60
							8,476	1,870,060	6.50
								2,646,827	9.20

North American Growth Fund Portfolio Statement (continued)

as at 31st December 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 99.78% (99.24%) (continued)				
Information Technology 30.03% (27.14%) (continued)				
Technology Hardware, Storage & Peripherals 6.69% (5.78%)				
Apple, Inc.	USD	14,468	1,925,980	6.69
			1,925,980	6.69
Information Technology total			8,640,237	30.03
Materials 3.27% (1.79%)				
Chemicals 3.27% (1.79%)				
DuPont de Nemours, Inc.	USD	6,393	454,031	1.58
Eastman Chemical Co.	USD	4,872	487,931	1.69
			941,962	3.27
Materials total			941,962	3.27
Real Estate 0.75% (1.28%)				
Equity Real Estate Investment Trusts (REITs) 0.75% (1.28%)				
SBA Communications Corp.	USD	780	215,023	0.75
			215,023	0.75
Real Estate total			215,023	0.75
Utilities 0.00% (1.24%)				
Electric Utilities 0.00% (1.24%)				
Equities total			28,708,261	99.78
Total Value of Investments			28,708,261	99.78
Net Other Assets (2019: 0.76%)			62,257	0.22
Net Assets attributable to Preference Shareholders			28,770,518	100.00

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

The comparative percentage figures in brackets are as at 31st December 2019.

North American Growth Fund

Notes to the Financial Statements

for the accounting period 1st January 2020 to 31st December 2020

46

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:

	2020 US\$	2019 US\$
Non-derivative securities	5,334,187	6,507,300
Other currency gains	2	–
Transaction charges	(13,863)	(13,879)
Net capital gains	<u>5,320,326</u>	<u>6,493,421</u>

Gains from non-derivatives securities include realised gains of US\$ 1,838,667 (2019: US\$ 1,741,246) and change in unrealised gains of US\$ 3,495,520 (2019: US\$ 4,766,054).

3 REVENUE

	2020 US\$	2019 US\$
Overseas dividends	379,638	370,290
Bank interest	330	5,690
Total revenue	<u>379,968</u>	<u>375,980</u>

4 EXPENSES

	2020 US\$	2019 US\$
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	(496,680)	(444,015)
Registration expenses	(1,104)	(1,131)
Directors' fees	(2,457)	(2,359)
	<u>(500,241)</u>	<u>(447,505)</u>
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(9,274)	78,501
Safe custody fees	(1,866)	626
Interest payable	(61)	(839)
	<u>(11,201)</u>	<u>78,288</u>
Other expenses:		
Audit fee	(8,925)	(8,486)
Regulatory and professional fees	(1,346)	(1,599)
Publication charges	(4,966)	(2,328)
	<u>(15,237)</u>	<u>(12,413)</u>
Total expenses	<u>(526,679)</u>	<u>(381,630)</u>

5 TAXATION

	2020 US\$	2019 US\$
Analysis of charge in period:		
Overseas tax suffered	(111,969)	(109,785)
Total overseas taxation	<u>(111,969)</u>	<u>(109,785)</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:

	2020 US\$	2019 US\$
Revenue deducted on cancellation of shares	12,193	5,441
Revenue received on creation of shares	(1,287)	(1,660)
Distributions for the year	<u>10,906</u>	<u>3,781</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	2020 Assets US\$	2019 Assets US\$
Level 1: Quoted prices	28,708,261	25,460,546
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
Total	<u>28,708,261</u>	<u>25,460,546</u>

8 DEBTORS

	2020 US\$	2019 US\$
Accrued revenue	12,602	13,851
Receivable from Fund Manager – Nominal shares	149,004	148,517
Total debtors	<u>161,606</u>	<u>162,368</u>

9 OTHER CREDITORS

	2020 US\$	2019 US\$
Amounts payable for cancellation of shares	–	(53)
Accrued expenses	(12,707)	(10,998)
Amounts payable to the Fund Manager	(46,247)	(42,822)
Total creditors	<u>(58,954)</u>	<u>(53,873)</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\$ 2,457 (2019: US\$ 2,359) with US\$ 624 (2019: US\$ 664) 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\$ 46,154 (December 2019: US\$ 42,066) in respect of the annual management charge, and US\$ 93 (December 2019: US\$ 92) 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 1,027,070 (2019: 1,098,441) 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 shares in issue at start of the year	Number of shares created	Number of shares cancelled	Number of shares in issue at end of the year
Participating Redeemable Preference Shares	2,737,111	29,206	(223,896)	2,542,421

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2019: US\$ Nil).

North American Growth Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

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 US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2020 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
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>		
Sales:						
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>			

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

	Principal US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2019 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	10,171,069	1,619	—	10,172,688	0.02	0.00
	<u>10,171,069</u>	<u>1,619</u>	<u>—</u>	<u>10,172,688</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	11,609,784	(1,974)	(200)	11,607,610	(0.02)	(0.00)
	<u>11,609,784</u>	<u>(1,974)</u>	<u>(200)</u>	<u>11,607,610</u>		
Total		<u>3,593</u>	<u>200</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 2020 to 31st December 2020

13 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.07% (2019: 0.05%). 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 US\$	Non-monetary exposure US\$	Total US\$
Currency 2020			
Canadian Dollar	43	—	43
UK Sterling	45	—	45
US Dollar	62,169	28,708,261	28,770,430
Currency 2019	US\$	US\$	US\$
Canadian Dollar	42	—	42
UK Sterling	43	—	43
US Dollar	194,577	25,460,546	25,655,123

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 2020 and 31st December 2019 was:

	Floating rate financial assets US\$	Financial assets not carrying interest US\$	Total US\$
Currency 2020			
Canadian Dollar	43	—	43
UK Sterling	45	—	45
US Dollar	108,521	28,720,863	28,829,384
Currency 2019	US\$	US\$	US\$
Canadian Dollar	42	—	42
UK Sterling	43	—	43
US Dollar	234,599	25,474,397	25,708,996

	Floating rate financial liabilities US\$	Financial liabilities not carrying interest US\$	Total US\$
Currency 2020			
US Dollar	—	(58,954)	(58,954)
Currency 2019	US\$	US\$	US\$
US Dollar	—	(53,873)	(53,873)

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 2020 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 2020, had the fair value of equity securities increased/(decreased) by 5% (2019: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,435,413 (2019: US\$ 1,273,027).

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 31st December 2020, the Fund produced a total gross return of 28.5% in United States (US) Dollar terms, compared with a total return of +20.1% for the MSCI AC Asia Pacific Index.

Review

Asia Pacific equities recorded healthy returns over the 12 month period. Initial optimism surrounding the signing of the phase one trade deal between the US and China was offset by the spread of Covid-19 and growing investor concern about the economic implications of containment measures and social distancing. However, unprecedented central bank monetary accommodation helped to support investor sentiment and fuel a recovery in financial markets. A subsequent pick up in economic activity amid easing lockdown measures and positive vaccine developments later in the year helped to sustain sentiment. The asset class was further supported by weakness in the US dollar and indications that the Federal Reserve would keep interest rates low.

Japanese equities delivered a healthy double digit return but trailed the benchmark. Initially, Japan outperformed global markets given its early containment of the virus. The government continued to support the economy by increasing its planned stimulus package to add to the Bank of Japan's pledge to expand government bond and corporate debt purchases, and to boost its lending package to over USD1tn. The August resignation of Prime Minister Shinzo Abe surprised investors but the swift election of Yoshihide Suga, a supporter of the government's existing policy agenda, allayed any investor concern. While subsequent data releases remained patchy, the year ended on a strong note, helped by more positive earnings reports, vaccine approvals and Japan's decision to join the Regional Comprehensive Economic Partnership, an agreement between 15 regional powers, including China, forming the world's largest trading bloc.

Chinese equities were among the better performers in the index. At the start of the year, the market was initially buoyed by the de-escalation in geopolitical tensions. However, the spread of Covid-19 and fears about the potential damage to China's global supply chains and economic growth prompted a sharp sell off. Success in containing the virus and supportive measures from the authorities allowed Chinese equities to hold up relatively well. Subsequent economic data releases were also broadly supportive: second quarter Gross Domestic Product exceeded expectations, service sector activity returned to year on year growth in June, and manufacturing activity reverted to more normalised levels. Relations with the US remained strained, despite both parties' commitment to the trade agreement. Sanctions on Huawei, export controls and the South China Sea dispute further dampened sentiment. Stock market momentum slowed towards the end of the period as sentiment was subdued by tighter regulation of internet companies and the threat of de-listing American Depository Receipts of Chinese companies.

South Korea was the top performer in the index as the market benefited from strong performance in its large technology sector. Global stimulus measures and optimism surrounding vaccine developments also helped, given the country's dependence on the global economy. Taiwan was another standout, as solid corporate results and a broad based rally in technology stocks outweighed virus concerns earlier in the year. India recorded positive returns but underperformed the benchmark. The nationwide lockdown caused a sharp market decline, although improved global sentiment and hopes of further domestic fiscal stimulus measures later provided some support.

In the Japanese portfolio, we added exposure to technology staffing business TechnoPro Holdings Inc. and housebuilder Open House Co Ltd. TechnoPro Holdings is particularly well placed to benefit from a technology skills gap in Japan at a time when businesses are looking to ramp up technology investment to remain competitive globally. We are positive on the outlook for housebuilder Open House due to changes in house buyer preferences. Demand is shifting to larger detached houses away from apartments as buyers seek more space to work from home. Sales included biopharmaceutical research business PeptiDream Inc. The shares have performed very well, which left the valuation less attractive. Lasertec Corp exited the fund for similar reasons. The manufacturer of photomask inspection systems for the semiconductor industry has benefited from a strong pick up in orders, which we felt was fully reflected in the share price.

Outside Japan, we bought South Korean automobile business KIA Motors Corp (South Korea), chemicals firm LG Chem, (South Korea) sports footwear manufacturer Li Ning (Cayman Islands) and semiconductor business SK Hynix Inc (South Korea). Kia enjoys a sizeable and growing market share in both Europe and the US. We are also constructive on the company's longer term prospects in the Indian market, where it has recently opened its first manufacturing plant. LG Chem Ltd is Korea's largest chemical company, and is benefiting from strong demand for electric vehicle batteries, where it is a leading supplier to global auto manufacturers. The performance of the company's core traditional chemical business is also improving as global economic activity stabilises. Elsewhere, we also bought Cayman Island sports footwear retailer Li Ning, as we are optimistic on the strength of the company's earnings recovery and, more importantly, its long term growth trajectory. SK Hynix manufactures semiconductor chips, and we expect the DRAM price to remain robust amid strong demand from cloud customers. Sales activity included selected holdings where we became cautious on the fundamental outlooks for respective business end markets. Largan Precision Co Ltd, (Taiwan) a leading optical lens manufacturer and key supplier to Apple, exited the portfolio as we had concerns over the low visibility of smartphone lens demand. We also sold the position in Kasikornbank, (Thailand) given our concern that continued deterioration in the Thai economy would feed into bank asset quality, while fee growth is also under pressure from regulatory change.

The economic impact of Covid-19 has been severe following production shutdowns and social distancing measures earlier in the year. Unprecedented monetary and fiscal stimulus is proving supportive, particularly in China where we are witnessing strong liquidity in the market. Despite optimism surrounding vaccine developments, we can envisage distribution challenges in the near term. As such, we are continuing to monitor the scale of a secondary wave of infections as economies continue to reopen and the number of cases picks up.

Far East Fund

Fund Investment Report (continued)

Review (continued)

In Japan, the government has contained its Covid-19 cases relatively well. After recent increases, we can expect numbers to start falling since they are highly correlated with domestic economic activities, which are seasonally low in January and February. It is also worth keeping a close eye on the new prime minister's reform orientated policy stance. The structural reform agenda is broad based with a focus on digital transformation, consolidation of the regional banking sector, and revitalising small business sectors. As the global economy returns to a more solid footing, cyclical shares may lead the market. We continue to emphasise quality, and our focus remains on those companies offering high or improving capital efficiency, strong balance sheets, and sustainable growth potential at reasonable valuations. We continue to favour those areas able to prosper in the current environment, principally semiconductors, technology services and business services.

Meanwhile, Asian equities have continued to be supported by stimulus measures from policymakers. Economic activity is returning to pre Covid-19 levels, while US dollar weakness provides the asset class with a further tailwind. Corona virus concerns and the uncertainty surrounding US-China relations remain the key risks.

In terms of US-China relations, we do not expect any material changes in the near term given the bipartisan support in the US for its policy towards China. President Biden is also likely to have the support of allied countries in this area. We can, however, expect more pragmatic and diplomatic discussions between the two nations as opposed to the reactionary and inflammatory approach in recent years. The team will continue to keep a close eye on developments.

Structural changes continue, with reforms key to unlocking growth potential and accelerating secular themes. The reform agenda across the region is emphasising domestic demand as a long term growth driver, with key change initiatives making progress in Indonesia, India and China, in particular.

Far East Fund Comparative Tables

for the accounting period 1st January 2020 to 31st December 2020

	Preference Shares		
	2020	2019	2018
	US\$	US\$	US\$
Change in net assets per share			
Opening net asset value per share	3.9780	3.1695	3.7695
Return before operating charges ¹	1.0988	0.8969	(0.5069)
Operating charges	(0.0961)	(0.0852)	(0.0931)
Return after operating charges	1.0027	0.8117	(0.6000)
Distributions on preference shares	—	(0.0032)	—
Closing net asset value per shares	4.9807	3.9780	3.1695
after direct transaction costs ¹	(0.0020)	(0.0018)	(0.0037)

Performance

Return after charges	25.21%	25.61%	(15.92%)
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Other information

Closing net asset value (US\$)	8,894,932	7,481,527	6,423,064
Closing number of shares	1,785,864	1,880,706	2,026,524
Operating charges	2.40%	2.40%	2.53%
Direct transaction costs (note 13)	0.05%	0.05%	0.10%
Ongoing Charges Figure (“OCF”) ²	2.40%	2.40%	2.53%

Prices

	2020	2019	2018	2017	2016
Highest offer share price (US\$)	5.2650	4.2150	4.2930	3.9880	3.1700
Lowest bid share price (US\$)	2.8390	3.1260	3.1220	2.8060	2.3760
Net distribution per share (US\$)	—	0.0032	—	—	—

Notes

¹ Return before operating charges is stated after direct transaction costs.

² 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 2020 to 31st December 2020

	Notes	2020 US\$	2019 US\$
Income			
Net capital gains	2	1,806,537	1,588,291
Revenue	3	144,466	177,856
Expenses	4	(158,403)	(152,279)
Net (expense)/revenue before taxation		(13,937)	25,577
Taxation	5	(17,450)	(18,989)
Net (expense)/revenue after taxation		(31,387)	6,588
Total return before distributions		1,775,150	1,594,879
Distributions	6	951	(6,588)
Change in Net Assets Attributable to Preference Shareholders from investment activities		1,776,101	1,588,291

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2020 to 31st December 2020

	2020 US\$	2019 US\$
Opening Net Assets Attributable to Preference Shareholders	7,481,527	6,423,064
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	9,686	10,524
Amounts payable on cancellation of shares	(372,382)	(540,352)
	(362,696)	(529,828)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	1,776,101	1,588,291
Closing Net Assets Attributable to Preference Shareholders	8,894,932	7,481,527

Balance Sheet

as at 31st December 2020

	Notes	2020 US\$	2019 US\$
Assets:			
Fixed assets:			
Investments	7	8,793,727	7,411,994
Current assets:			
Debtors	8	101,067	82,677
Cash and bank balances		94,507	85,959
Total assets		8,989,301	7,580,630
Liabilities:			
Creditors:			
Distribution payable		—	(6,103)
Other creditors	9	(21,175)	(20,044)
Total liabilities		(21,175)	(26,147)
Equity:			
Nominal shares (note 15, page 78)		(73,194)	(72,956)
Total equity		(73,194)	(72,956)
Net Assets Attributable to Preference Shareholders		8,894,932	7,481,527

Distribution Table

for the accounting period 1st January 2020 to 31st December 2020

	Income US\$	Equalisation US\$	Distribution Payable 2020 US\$	Distribution Paid 2019 US\$
Group 1	0.0000	—	0.0000	0.0032
Group 2	0.0000	0.0000	0.0000	0.0032

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2019.

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

Far East Fund
Portfolio Statement
as at 31st December 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Collective Investment Schemes 2.39% (2.49%)					Equities 96.47% (96.58%) (continued)				
Threadneedle Financial Services Ltd.	USD	2,098	212,969	2.39	Japan 35.86% (35.15%) (continued)				
Collective Investment Schemes total				2.39	Japan 35.86% (35.15%) (continued)				
Equities 96.47% (96.58%)					Japan 35.86% (35.15%) (continued)				
Australia 7.71% (10.18%)					Kao Corp.	JPY	900	69,486	0.78
Aristocrat Leisure Ltd.	AUD	2,776	66,423	0.75	Katitas Co. Ltd.	JPY	1,300	41,810	0.47
Australia & New Zealand Banking Group Ltd.	AUD	5,211	91,303	1.03	Keyence Corp.	JPY	300	168,527	1.89
BHP Group Ltd.	AUD	4,678	153,205	1.72	Kinden Corp.	JPY	1,400	22,757	0.26
CSL Ltd.	AUD	570	124,588	1.40	Koito Manufacturing Co. Ltd.	JPY	600	40,744	0.46
Lendlease Corp. Ltd.	AUD	6,450	65,218	0.73	METAWATER Co. Ltd.	JPY	1,300	29,242	0.33
Macquarie Group Ltd.	AUD	1,054	112,659	1.27	Milbon Co. Ltd.	JPY	400	25,380	0.29
Transurban Group	AUD	6,872	72,350	0.81	Mitsubishi UFJ Financial Group, Inc.	JPY	17,400	76,861	0.86
			685,746	7.71	Murata Manufacturing Co. Ltd.	JPY	1,000	90,284	1.02
Cayman Islands 14.58% (11.07%)					Nihon M&A Center, Inc.	JPY	1,100	73,312	0.82
Alibaba Group Holding Ltd.	HKD	12,232	366,619	4.12	Nintendo Co. Ltd.	JPY	100	63,770	0.72
China Resources Land Ltd.	HKD	14,000	57,507	0.65	Nippon Telegraph & Telephone Corp.	JPY	1,600	40,996	0.46
JD Health International, Inc.	HKD	100	1,931	0.02	Obic Co. Ltd.	JPY	100	20,072	0.23
JD.com, Inc., ADR	USD	1,270	111,557	1.25	Open House Co. Ltd.	JPY	1,200	43,999	0.49
Li Ning Co. Ltd.	HKD	10,500	72,109	0.81	ORIX Corp.	JPY	3,300	50,636	0.57
Meituan 'B'	HKD	2,096	79,635	0.90	PCA Corp.	JPY	500	21,651	0.24
New Oriental Education & Technology Group, Inc., ADR	USD	453	81,227	0.91	Plaid, Inc.	JPY	900	32,040	0.36
Sands China Ltd.	HKD	16,800	73,775	0.83	Pola Orbis Holdings, Inc.	JPY	1,200	24,330	0.27
Sea Ltd., ADR	USD	229	45,232	0.51	Rakusl, Inc.	JPY	884	38,064	0.43
Tencent Holdings Ltd.	HKD	5,600	407,331	4.58	Recruit Holdings Co. Ltd.	JPY	2,400	100,436	1.13
			1,296,923	14.58	Rohm Co. Ltd.	JPY	900	87,097	0.98
China 4.11% (6.22%)					Sekisui Chemical Co. Ltd.	JPY	4,500	85,135	0.96
Anhui Conch Cement Co. Ltd. 'H'	HKD	8,000	50,091	0.56	Shin-Etsu Chemical Co. Ltd.	JPY	800	139,766	1.57
China Construction Bank Corp. 'H'	HKD	68,000	51,654	0.58	Shinko Electric Industries Co. Ltd.	JPY	1,700	38,815	0.44
China Merchants Bank Co. Ltd. 'H'	HKD	19,500	123,103	1.39	Shiseido Co. Ltd.	JPY	300	20,735	0.23
Ping An Insurance Group Co. of China Ltd. 'H'	HKD	11,500	140,823	1.58	Shoei Co. Ltd.	JPY	1,000	40,153	0.45
			365,671	4.11	SMC Corp.	JPY	100	60,971	0.69
Hong Kong 7.42% (9.13%)					SoftBank Group Corp.	JPY	800	62,439	0.70
AIA Group Ltd.	HKD	17,600	215,634	2.42	Sony Corp.	JPY	1,400	139,485	1.57
CSPC Pharmaceutical Group Ltd.	HKD	34,560	35,345	0.40	Square Enix Holdings Co. Ltd.	JPY	700	42,381	0.48
Galaxy Entertainment Group Ltd.	HKD	13,000	101,014	1.14	Takeda Pharmaceutical Co. Ltd.	JPY	800	29,100	0.33
Hong Kong Exchanges & Clearing Ltd.	HKD	2,256	123,654	1.39	Takuma Co. Ltd.	JPY	2,800	49,908	0.56
Hua Hong Semiconductor Ltd.	HKD	6,000	33,970	0.38	Tanaseisha Co. Ltd.	JPY	4,700	37,289	0.42
Sun Hung Kai Properties Ltd.	HKD	4,500	58,035	0.65	TechnoPro Holdings, Inc.	JPY	600	49,637	0.56
Technronic Industries Co. Ltd.	HKD	6,500	92,715	1.04	Tokio Marine Holdings, Inc.	JPY	1,900	97,678	1.10
			660,367	7.42	Tokyo Electron Ltd.	JPY	200	74,319	0.84
India 2.21% (2.18%)					Toyota Motor Corp.	JPY	2,100	161,848	1.82
HDFC Bank Ltd., ADR	USD	1,510	108,524	1.22	ValueCommerce Co. Ltd.	JPY	700	21,631	0.24
Reliance Industries Ltd., GDR	USD	1,610	88,067	0.99	Yappli, Inc.	JPY	800	44,871	0.50
			196,591	2.21	Z Holdings Corp.	JPY	3,000	18,134	0.20
Indonesia 1.57% (1.95%)					Zuken, Inc.	JPY	1,000	27,976	0.31
Bank Rakyat Indonesia Persero Tbk. PT	IDR	238,400	71,397	0.80				3,189,457	35.86
Indocement Tunggal Prakarsa Tbk. PT	IDR	25,400	26,360	0.30	Jersey 0.53% (0.58%)				
Telkom Indonesia Persero Tbk. PT	IDR	175,600	41,743	0.47	Amcpr plc, CDI	AUD	3,971	46,957	0.53
			139,500	1.57				46,957	0.53
Japan 35.86% (35.15%)					Malaysia 0.00% (0.35%)				
Advantest Corp.	JPY	500	37,392	0.42	Philippines 0.75% (1.56%)				
Bridgestone Corp.	JPY	700	22,947	0.26	Ayala Land, Inc.	PHP	48,660	41,419	0.47
Chugai Pharmaceutical Co. Ltd.	JPY	300	15,972	0.18	Metropolitan Bank & Trust Co.	PHP	24,507	25,017	0.28
Dai-ichi Life Holdings, Inc.	JPY	3,500	52,603	0.59				66,436	0.75
Daiichi Sankyo Co. Ltd.	JPY	2,600	89,009	1.00	Singapore 1.50% (2.07%)				
Daikin Industries Ltd.	JPY	400	88,792	1.00	CapitalLand Ltd.	SGD	21,602	53,280	0.60
Disco Corp.	JPY	200	67,035	0.75	United Overseas Bank Ltd.	SGD	4,700	80,327	0.90
Elecom Co. Ltd.	JPY	900	46,469	0.52				133,607	1.50
Freee KK	JPY	300	29,352	0.33	South Korea 11.11% (7.36%)				
Grace Technology, Inc.	JPY	400	26,814	0.30	Hanon Systems	KRW	2,378	35,541	0.40
Hoya Corp.	JPY	900	124,237	1.40	KB Financial Group, Inc.	KRW	1,300	51,892	0.58
ITOCHU Corp.	JPY	3,800	109,089	1.23	Kia Motors Corp.	KRW	1,275	73,175	0.82
JCU Corp.	JPY	700	26,887	0.30	LG Chem Ltd.	KRW	91	68,966	0.78
JMDC, Inc.	JPY	500	28,286	0.32	POSCO	KRW	215	53,787	0.61
Justsystems Corp.	JPY	300	20,808	0.23	Samsung Electro-Mechanics Co. Ltd.	KRW	647	105,923	1.19
					Samsung Electronics Co. Ltd.	KRW	5,729	426,806	4.80
Taiwan 9.12% (7.68%)					Samsung SDI Co. Ltd.	KRW	198	114,182	1.28
Chroma ATE, Inc.	TWD	9,000	53,806	0.61	SK Hynix, Inc.	KRW	534	57,955	0.65
Delta Electronics, Inc.	TWD	5,000	46,796	0.53				988,227	11.11
E.Sun Financial Holding Co. Ltd.	TWD	53,091	48,271	0.54	Taiwan 9.12% (7.68%)				
Hon Hai Precision Industry Co. Ltd.	TWD	18,000	58,866	0.66	Chroma ATE, Inc.	TWD	9,000	53,806	0.61
MediaTek, Inc.	TWD	5,000	132,913	1.49	Delta Electronics, Inc.	TWD	5,000	46,796	0.53
Taiwan Semiconductor Manufacturing Co. Ltd.	TWD	25,000	470,624	5.29	E.Sun Financial Holding Co. Ltd.	TWD	53,091	48,271	0.54
			811,276	9.12	Hon Hai Precision Industry Co. Ltd.	TWD	18,000	58,866	0.66
					MediaTek, Inc.	TWD	5,000	132,913	1.49
					Taiwan Semiconductor Manufacturing Co. Ltd.	TWD	25,000	470,624	5.29
								811,276	9.12

Far East Fund

Portfolio Statement (continued)

as at 31st December 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 96.47% (96.58%) (continued)				
Thailand 0.00% (1.10%)				
Equities total			8,580,758	96.47
Total Value of Investments			8,793,727	98.86
Net Other Assets (2019: 0.93%)			101,205	1.14
Net assets attributable to Preference Shareholders			8,894,932	100.00

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 2019.

Far East Fund

Notes to the Financial Statements

for the accounting period 1st January 2020 to 31st December 2020

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:

	2020	2019
	US\$	US\$
Non-derivative securities	1,825,173	1,608,021
Forward currency derivative contracts	82	370
Other currency losses	(2,784)	(1,330)
Transaction charges	(15,934)	(18,770)
Net capital gains	<u>1,806,537</u>	<u>1,588,291</u>

Gains from non-derivatives securities include realised gains of US\$ 229,821 (2019: US\$ 21,955) and change in unrealised gains of US\$ 1,595,352 (2019: US\$ 1,586,066).

Forward currency derivative contracts include realised gains of US\$ 82 (2019: US\$ 370).

3 REVENUE

	2020	2019
	US\$	US\$
Overseas dividends	144,330	176,634
Bank interest	136	1,222
Total revenue	<u>144,466</u>	<u>177,856</u>

4 EXPENSES

	2020	2019
	US\$	US\$
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	(141,537)	(142,771)
Registration expenses	(1,814)	(1,828)
Directors' fees	(685)	(700)
	<u>(144,036)</u>	<u>(145,299)</u>
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(2,649)	3,415
Safe custody fees	(3,915)	(3,672)
Interest payable	(153)	(180)
	<u>(6,717)</u>	<u>(437)</u>
Other expenses:		
Audit fee	(2,665)	(2,442)
Regulatory and professional fees	(3,574)	(3,464)
Publication charges	(1,411)	(637)
	<u>(7,650)</u>	<u>(6,543)</u>
Total expenses	<u>(158,403)</u>	<u>(152,279)</u>

5 TAXATION

	2020	2019
	US\$	US\$
Analysis of charge in period:		
Overseas tax suffered	(17,450)	(18,989)
Total overseas taxation	<u>(17,450)</u>	<u>(18,989)</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:

	2020	2019
	US\$	US\$
Final	–	(6,103)
	–	(6,103)
Revenue deducted on cancellation of shares	975	(485)
Revenue received on creation of shares	(24)	–
Distributions for the year	<u>951</u>	<u>(6,588)</u>

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.

	2020	2019
	Assets	Assets
	US\$	US\$
Level 1: Quoted prices	8,793,727	7,411,994
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
Total value	<u>8,793,727</u>	<u>7,411,994</u>

8 DEBTORS

	2020	2019
	US\$	US\$
Sales awaiting settlement	17,082	–
Accrued revenue	10,377	9,333
Receivable from the Fund Manager – Nominal shares	73,194	72,956
Overseas tax recoverable	414	388
Total debtors	<u>101,067</u>	<u>82,677</u>

9 OTHER CREDITORS

	2020	2019
	US\$	US\$
Amounts payable for cancellation of shares	–	(1,090)
Accrued expenses	(7,060)	(6,389)
Amounts payable to the Fund Manager	(14,115)	(12,565)
Total creditors	<u>(21,175)</u>	<u>(20,044)</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 is payable to each of the two non-executive directors of the company.

The total director fees expense for the year was US\$ 685 (2019: US\$ 700) with US\$ 187 (2019: US\$ 208) 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\$ 13,960 (December 2019: US\$ 12,210) in respect of the annual management charge, and US\$ 155 (December 2019: 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 464,307 (2019: 475,173) 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 shares in issue at start of the year	Number of shares created	Number of shares cancelled	Number of shares in issue at end of the year
Participating Redeemable Preference Shares	1,880,706	2,563	(97,405)	1,785,864

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2019: US\$ Nil).

Far East Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

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 US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2020 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
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>		
Sales:						
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>			

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

	Principal US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2019 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	1,718,955	1,068	253	1,720,276	0.06	0.01
	<u>1,718,955</u>	<u>1,068</u>	<u>253</u>	<u>1,720,276</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	2,187,460	(1,194)	(896)	2,185,370	(0.05)	(0.04)
	<u>2,187,460</u>	<u>(1,194)</u>	<u>(896)</u>	<u>2,185,370</u>		
Total		<u>2,262</u>	<u>1,149</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 2020 to 31st December 2020

13 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.24% (2019: 0.18%). 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 31st December 2020 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31st December 2020 between US\$ and all other currencies had strengthened by 5% (2019: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 407,894 (2019: US\$ 334,251).

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\$
Currency 2020			
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 Ringitt	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
Currency 2019	US\$	US\$	US\$
Australian Dollar	1,156	805,003	806,159
Euro	19	–	19
Hong Kong Dollar	–	1,590,076	1,590,076
Indonesian Rupiah	–	145,542	145,542
Japanese Yen	1,871	2,630,048	2,631,919
Korean Won	4,566	550,554	555,120
Malaysian Ringitt	6	26,159	26,165
New Zealand Dollar	2	–	2
Philippine Peso	–	116,822	116,822
Singapore Dollar	169	154,420	154,589
Taiwanese Dollar	2,231	574,253	576,484
Thai Bhat	125	81,985	82,110
UK Sterling	10	–	10
US Dollar	59,378	737,132	796,510

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 2020 and 31st December 2019 was:

	Floating rate financial assets	Financial assets not carrying interest	Total
	US\$	US\$	US\$
Currency 2020			
Australian Dollar	(16,897)	750,341	733,444
Euro	20	–	20
Hong Kong Dollar	10	2,084,945	2,084,955
Indonesian Rupiah	–	139,500	139,500
Japanese Yen	510	3,191,033	3,191,543
Korean Won	19	994,715	994,734
Malaysian Ringitt	6	–	6
New Zealand Dollar	2	–	2
Philippine Peso	–	66,436	66,436
Singapore Dollar	49	133,607	133,656
Taiwanese Dollar	–	813,447	813,447
Thai Bhat	124	–	124
UK Sterling	11	–	11
US Dollar	110,653	647,576	758,229
Currency 2019	US\$	US\$	US\$
Australian Dollar	79	806,080	806,159
Euro	19	–	19
Hong Kong Dollar	–	1,590,076	1,590,076
Indonesian Rupiah	–	145,542	145,542
Japanese Yen	6	2,631,913	2,631,919
Korean Won	18	555,102	555,120
Malaysian Ringitt	6	26,159	26,165
New Zealand Dollar	2	–	2
Philippine Peso	–	116,822	116,822
Singapore Dollar	169	154,420	154,589
Taiwanese Dollar	–	576,484	576,484
Thai Bhat	125	81,985	82,110
UK Sterling	10	–	10
US Dollar	85,525	737,132	822,657
Currency 2020		Financial liabilities not carrying interest	Total
		US\$	US\$
US Dollar		(21,175)	(21,175)
Currency 2019		US\$	US\$
US Dollar		(26,147)	(26,147)

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 2020 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 31st December 2020, had the fair value of equity securities and collective investment schemes increased/(decreased) by 5% (2019: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 439,686 (2019: US\$ 370,600).

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

On a total return basis, over the 12 months to 31st December 2020, the FTSE All-Share Index produced a return of -9.8% in Sterling terms. By comparison, the Fund achieved a total gross return of -10.5% over the same period.

Review

2020 was an eventful period for equity markets. United Kingdom (UK) and global stocks had a torrid first quarter as the coronavirus spread rapidly around the world and governments took drastic steps to contain the pandemic, which resulted in much of the global population being under some form of lockdown.

To mitigate the economic impact of the pandemic, central banks unleashed a wave of emergency rate cuts and liquidity injections while governments ramped up spending and announced economic support measures. This fueled a subsequent rally in equities, as did declining Covid-19 infections and the easing of lockdown measures in some countries.

Caution returned to equity markets in September and October amid fears of a second wave of the virus, as well as the failure of the United States (US) Congress to approve a fresh round of stimulus measures and the looming US presidential election. UK stocks were also pressured by concerns that the country could end up leaving the European Union without a deal following the expiry of the Brexit transition period at the end of the year.

Despite lockdowns and rising Covid-19 case numbers, the mood turned buoyant again in November, thanks to Joe Biden's victory in the US presidential election and his support for further fiscal stimulus. Meanwhile, encouraging phase three results in coronavirus vaccine trials boosted optimism about a resumption to normal economic activity. These developments prompted a rotation towards value stocks, to which the UK market is heavily geared. Subsequently, sentiment was further bolstered by the rollout of coronavirus vaccines in the UK, and an agreement on a Brexit trade deal just before the year end deadline.

Nevertheless, the FTSE All-Share finished the year with a loss, dragged down by Brexit-related jitters, and the index's heavy weighting in energy and financials, the sectors worst hit by the pandemic. For much of the period, the outperformance of technology stocks globally was also a headwind, given the UK market's limited exposure to these names.

New additions to the portfolio included Spectris plc (Information Technology), BHP Group Ltd. (Materials) and BAE Systems plc (Industrials).

Spectris manufactures, designs and markets products for the electronic control and process instrumentation sectors. The investment case is enhanced by the CEO's focus on selling off non core assets.

We initiated a position in BHP following the pandemic driven sell off in March, in order to increase exposure to potential beneficiaries of fiscal and monetary stimulus.

BAE's growth prospects appear to be improving in several key areas, notably in the electronic and US land segments. Government spending on defence is expected to hold up well, particularly in the US, which accounts for nearly half of BAE's revenues. We expect free cashflow to improve, which should pave the way for dividends to go up and for net debt to come down.

We topped up our holdings in Whitbread plc (Consumer Discretionary) and Informa plc (Communication Services) by participating in their fund raisings.

The positions in Cobham plc (Industrials) and RSA Insurance Group plc (Financials) were profitably closed ahead of both companies' takeovers.

We also sold Carnival plc (Consumer Discretionary) and Land Securities Group plc, REIT (Real Estate), recycling the proceeds into names that have been impacted by Covid-19, but which have more encouraging medium term prospects.

While the immediate economic outlook associated with renewed lockdowns has deteriorated somewhat, the announcement of a number of vaccines has buoyed hopes of a swifter economic recovery. Markets have responded by reverting towards value, especially given the prospect of increased fiscal stimulus in the US under the new administration. This rotation has benefited the UK stock market, and is likely to accelerate.

Despite the recent rally, UK equities remain deeply discounted relative to global averages. We feel that this discount should start to narrow, as the global economy recovers and the uncertainty around Brexit recedes. While Brexit is still likely to lead to some frictional trade costs, the deal agreed is a good outcome, and should remove a large part of the uncertainty that has weighed on UK equities in recent years. Against this backdrop, a lot of the short positions against UK equities are likely to be closed.

Meanwhile, UK businesses are attractive targets for private-equity names and US corporates seeking to capitalise on the valuation discount. Consequently, the next year or two should be exciting, particularly given the polarised valuations within the market, which have opened up many favourable opportunities in distressed stocks.

Our focus remains on company fundamentals to deliver solid, risk-adjusted returns.

UK Capital Growth Fund

Comparative Tables

for the accounting period 1st January 2020 to 31st December 2020

	Preference Shares		
	2020	2019	2018
	£	£	£
Change in net assets per share			
Opening net asset value per share	1.3058	1.0906	1.2792
Return before operating charges ¹	(0.1403)	0.2626	(0.1447)
Operating charges	(0.0223)	(0.0253)	(0.0264)
Return after operating charges	(0.1626)	0.2373	(0.1711)
Distributions on preference shares	(0.0068)	(0.0221)	(0.0175)
Closing net asset value per shares	1.1364	1.3058	1.0906
after direct transaction costs ¹	(0.0014)	(0.0013)	(0.0012)

Performance

Return after charges	(12.45%)	21.76%	(13.38%)
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Other information

Closing net asset value (£)	33,443,068	38,150,017	32,460,981
Closing number of shares	29,427,973	29,215,744	29,763,552
Operating charges	2.10%	2.06%	2.10%
Direct transaction costs (note 13)	0.13%	0.11%	0.10%
Ongoing Charges Figure (“OCF”) ²	2.10%	2.06%	2.10%

Prices

	2020	2019	2018	2017	2016
Highest offer share price (£)	1.3950	1.4170	1.4110	1.3740	1.2750
Lowest bid share price (£)	0.7990	1.0800	1.0760	1.1710	0.9444
Net distribution per share (£)	0.0068	0.0221	0.0175	0.0152	0.0146

Notes

¹ Return before operating charges is stated after direct transaction costs.

² 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 2020 to 31st December 2020

	Notes	2020 US\$	2019 US\$
Income			
Net capital (losses)/gains	2	(6,031,426)	8,093,291
Revenue	3	1,173,447	1,776,291
Expenses	4	(879,215)	(927,213)
Net revenue before taxation		294,232	849,078
Taxation	5	(19,827)	(3,786)
Net revenue after taxation		274,405	845,292
Total return before distribution		(5,757,021)	8,938,583
Distributions	6	(274,405)	(845,292)
Change in Net Assets Attributable to Preference Shareholders from investment activities		(6,031,426)	8,093,291

Balance Sheet

as at 31st December 2020

	Notes	2020 US\$	2019 US\$
Assets:			
Fixed assets:			
Investments	7	45,668,382	50,094,853
Current assets:			
Debtors	8	478,069	547,945
Cash and bank balances		344,406	1,259,114
Total assets		46,490,857	51,901,912
Liabilities:			
Creditors:			
Distribution payable		(274,274)	(854,412)
Other creditors	9	(97,182)	(126,047)
Total liabilities		(371,456)	(980,459)
Equity:			
Nominal shares (note 15, page 78)		(397,711)	(398,242)
Total equity		(397,711)	(398,242)
Net Assets Attributable to Preference Shareholders		45,721,690	50,523,211

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2020 to 31st December 2020

	2020 US\$	2019 US\$
Opening Net Assets Attributable to Preference Shareholders	50,523,211	41,345,551
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	7,895,286	3,193,565
Amounts payable on cancellation of shares	(7,905,526)	(4,023,542)
	(10,240)	(829,977)
Difference on currency conversion	1,240,145	1,914,346
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(6,031,426)	8,093,291
Closing Net Assets Attributable to Preference Shareholders	45,721,690	50,523,211

Distribution Table

for the accounting period 1st January 2020 to 31st December 2020

	Income £	Equalisation £	Distribution Payable 2020 £	Distribution Paid 2019 £
Group 1	0.0068	—	0.0068	0.0221
Group 2	0.0027	0.0041	0.0068	0.0221

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2019.

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 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 99.88% (99.15%)					Diversified Financial Services 0.00% (1.18%)				
Communication Services 5.77% (6.38%)					Insurance 5.61% (6.01%)				
Diversified Telecommunication Services 2.27% (2.16%)					Legal & General Group plc	GBP	237,114	862,617	1.89
BT Group plc	GBP	573,818	1,037,495	2.27	Prudential plc	GBP	92,331	1,700,323	3.72
			1,037,495	2.27				2,562,940	5.61
Media 3.50% (4.22%)					Financials total				
Informa plc	GBP	117,121	876,828	1.92				7,692,851	16.82
ITV plc	GBP	495,855	724,006	1.58					
			1,600,834	3.50					
			2,638,329	5.77					
Communication Services total					Health Care 5.28% (6.64%)				
Consumer Discretionary 10.52% (12.39%)					Health Care Equipment & Supplies 1.72% (1.68%)				
Distributors 0.84% (0.83%)					Smith & Nephew plc	GBP	38,111	786,762	1.72
Inchcape plc	GBP	43,795	385,291	0.84				786,762	1.72
			385,291	0.84					
Hotels, Restaurants & Leisure 6.68% (8.96%)					Pharmaceuticals 3.56% (4.96%)				
Compass Group plc	GBP	47,069	877,096	1.92	GlaxoSmithKline plc	GBP	88,758	1,628,457	3.56
InterContinental Hotels Group plc	GBP	11,643	745,905	1.63				1,628,457	3.56
SSP Group plc	GBP	87,098	395,094	0.87				2,415,219	5.28
Whitbread plc	GBP	24,413	1,034,329	2.26					
			3,052,424	6.68					
Household Durables 1.90% (1.59%)					Health Care total				
Berkeley Group Holdings plc	GBP	8,726	565,709	1.24					
Crest Nicholson Holdings plc	GBP	67,827	301,371	0.66					
			867,080	1.90					
Textiles, Apparel & Luxury Goods 1.10% (1.01%)					Industrials 17.18% (16.61%)				
Burberry Group plc	GBP	20,618	504,423	1.10	Aerospace & Defense 0.74% (1.45%)				
			504,423	1.10	BAE Systems plc	GBP	50,811	339,551	0.74
			4,809,218	10.52				339,551	0.74
Consumer Discretionary total					Air Freight & Logistics 0.00% (0.49%)				
Consumer Staples 20.29% (18.35%)					Airlines 1.04% (1.31%)				
Beverages 4.30% (3.44%)					easyJet plc	GBP	41,999	476,462	1.04
Diageo plc	GBP	49,995	1,967,132	4.30				476,462	1.04
			1,967,132	4.30					
Food & Staples Retailing 2.35% (2.21%)					Commercial Services & Supplies 2.12% (1.69%)				
Tesco plc	GBP	339,723	1,074,742	2.35	Aggreko plc	GBP	37,970	324,701	0.71
			1,074,742	2.35	Rentokil Initial plc	GBP	92,683	645,469	1.41
Food Products 2.49% (1.98%)								970,170	2.12
Associated British Foods plc	GBP	36,773	1,138,208	2.49	Electrical Equipment 1.66% (1.01%)				
			1,138,208	2.49	Melrose Industries plc	GBP	311,754	758,662	1.66
Household Products 3.51% (3.01%)								758,662	1.66
Reckitt Benckiser Group plc	GBP	17,954	1,605,787	3.51	Industrial Conglomerates 1.42% (1.42%)				
			1,605,787	3.51	Smiths Group plc	GBP	31,413	645,912	1.42
Personal Products 2.94% (2.66%)								645,912	1.42
Unilever plc	GBP	22,383	1,343,992	2.94	Machinery 3.55% (2.89%)				
			1,343,992	2.94	Rotork plc	GBP	108,541	471,886	1.03
Tobacco 4.70% (5.05%)					Weir Group plc (The)	GBP	42,338	1,151,570	2.52
British American Tobacco plc	GBP	39,114	1,448,095	3.17				1,623,456	3.55
Imperial Brands plc	GBP	33,228	697,542	1.53	Professional Services 3.13% (3.00%)				
			2,145,637	4.70	RELX plc	GBP	58,321	1,429,224	3.13
			9,275,498	20.29				1,429,224	3.13
Consumer Staples total					Road & Rail 0.00% (0.70%)				
Energy 3.26% (5.62%)					Trading Companies & Distributors 3.52% (2.65%)				
Energy Equipment & Services 1.35% (1.82%)					Ferguson plc	GBP	8,151	989,778	2.16
Hunting plc	GBP	63,578	193,138	0.42	Howden Joinery Group plc	GBP	65,833	620,665	1.36
John Wood Group plc	GBP	100,256	425,175	0.93				1,610,443	3.52
			618,313	1.35				7,853,880	17.18
Oil, Gas & Consumable Fuels 1.91% (3.80%)					Information Technology 3.07% (2.70%)				
Royal Dutch Shell plc 'B'	GBP	50,619	871,552	1.91	Electronic Equipment, Instruments & Components 0.79% (0.00%)				
			871,552	1.91	Spectris plc	GBP	9,426	363,149	0.79
			1,489,865	3.26				363,149	0.79
Energy total					IT Services 0.95% (0.85%)				
Financials 16.82% (17.64%)					FDM Group Holdings plc	GBP	28,111	431,975	0.95
Banks 3.44% (3.96%)								431,975	0.95
Barclays plc	GBP	460,889	924,237	2.02	Software 1.33% (1.85%)				
Standard Chartered plc	GBP	102,217	650,937	1.42	Sage Group plc (The)	GBP	76,482	608,553	1.33
			1,575,174	3.44				608,553	1.33
Capital Markets 7.77% (6.49%)								1,403,677	3.07
Intermediate Capital Group plc	GBP	40,662	958,946	2.10	Information Technology total				
London Stock Exchange Group plc	GBP	10,040	1,236,455	2.70	Materials 15.25% (9.59%)				
Schroders plc, (Non-Voting)	GBP	14,873	464,623	1.01	Chemicals 2.54% (2.58%)				
St James's Place plc	GBP	57,838	894,713	1.96	Elementis plc	GBP	113,002	177,510	0.39
			3,554,737	7.77	Johnson Matthey plc	GBP	29,721	984,945	2.15
								1,162,455	2.54
					Construction Materials 3.57% (2.57%)				
					Breedon Group plc#	GBP	507,798	606,763	1.33
					CRH plc	GBP	24,564	1,026,958	2.24
								1,633,721	3.57

UK Capital Growth Fund

Portfolio Statement (continued)

as at 31st December 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 99.88% (99.15%) (continued)				
Materials 15.25% (9.59%) (continued)				
Containers & Packaging 1.35% (1.20%)				
DS Smith plc	GBP	120,189	615,529	1.35
			615,529	1.35
Metals & Mining 7.79% (3.24%)				
BHP Group plc	GBP	52,579	1,383,755	3.03
Rio Tinto plc	GBP	29,098	2,176,039	4.76
			3,559,794	7.79
Materials total			6,971,499	15.25
Real Estate 2.44% (3.23%)				
Equity Real Estate Investment Trusts (REITs)				
0.83% (1.77%)				
Derwent London plc	GBP	9,041	380,453	0.83
			380,453	0.83
Real Estate Management & Development				
1.61% (1.46%)				
Grainger plc	GBP	190,314	737,893	1.61
			737,893	1.61
Real Estate total			1,118,346	2.44
Equities total			45,668,382	99.88
Total Value of Investments			45,668,382	99.88
Net Other assets (2019: 0.85%)			53,308	0.12
Net Assets attributable to Preference Shareholders			45,721,690	100.00

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 2019.

Security traded on another regulated market.

UK Capital Growth Fund

Notes to the Financial Statements

for the accounting period 1st January 2020 to 31st December 2020

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:

	2020 US\$	2019 US\$
Non-derivative securities	(6,012,745)	8,112,055
Other currency gains/(losses)	704	(505)
Transaction charges	(19,385)	(18,259)
Net capital (losses)/gains	(6,031,426)	8,093,291

(Losses)/gains from non-derivatives securities include realised losses of US\$ 1,327,774 (2019: US\$ 1,764,865 - realised gains) and change in unrealised losses of US\$ 4,684,971 (2019: US\$ 6,347,190 - unrealised gains).

3 REVENUE

	2020 US\$	2019 US\$
Overseas dividends	1,166,251	1,728,920
Bank interest	10	576
Scrip dividends	–	16,844
Miscellaneous revenue	7,186	29,951
Total revenue	1,173,447	1,776,291

4 EXPENSES

	2020 US\$	2019 US\$
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	(832,296)	(915,497)
Registration expenses	(1,605)	(1,632)
Directors' fees	(3,724)	(4,648)
	(837,625)	(921,777)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(15,554)	22,192
Safe custody fees	(3,256)	(3,680)
Interest payable	(778)	(1,410)
	(19,588)	17,102
Other expenses:		
Audit fee	(13,060)	(15,329)
Regulatory and professional fees	(2,050)	(3,134)
Publication charges	(6,892)	(4,075)
	(22,002)	(22,538)
Total expenses	(879,215)	(927,213)

5 TAXATION

	2020 US\$	2019 US\$
Analysis of charge in period:		
Overseas tax suffered	(19,827)	(3,786)
Total overseas taxation	(19,827)	(3,786)

6 DISTRIBUTIONS

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

	2020 US\$	2019 US\$
Final	(257,505)	(823,697)
	(257,505)	(823,697)
Revenue deducted on cancellation of shares	(42,515)	(45,257)
Revenue received on creation of shares	25,615	23,662
Distributions for the year	(274,405)	(845,292)

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.

	2020 Assets US\$	2019 Assets US\$
Level 1: Quoted prices	45,668,382	50,091,655
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	3,198
Total value	45,668,382	50,094,853

8 DEBTORS

	2020 US\$	2019 US\$
Accrued revenue	80,358	149,703
Receivable from the Fund Manager – Nominal shares	397,711	398,242
Total debtors	478,069	547,945

9 OTHER CREDITORS

	2020 US\$	2019 US\$
Amounts payable for cancellation of shares	(477)	(18,908)
Accrued expenses	(20,958)	(21,573)
Amounts payable to the Fund Manager	(75,747)	(85,566)
Total creditors	(97,182)	(126,047)

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\$ 3,724 (2019: US\$ 4,648) with US\$ 1,029 (2019: US\$ 1,063) 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\$ 75,600 (December 2019: US\$ 84,012) in respect of the annual management charge, and US\$ 147 (December 2019: US\$ 146) 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 23,818,561 (2019: 23,495,292) 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 shares in issue at start of the year	Number of shares created	Number of shares cancelled	Number of shares in issue at end of the year
Participating				
Redeemable				
Preference Shares	29,215,744	5,993,727	(5,781,498)	29,427,973

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date. (2019: US\$ Nil).

UK Capital Growth Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

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 US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2020 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
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>		
Sales:						
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>			

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

	Principal US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2019 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	8,985,317	4,177	45,004	9,034,498	0.05	0.50
	<u>8,985,317</u>	<u>4,177</u>	<u>45,004</u>	<u>9,034,498</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	10,960,686	(4,166)	(255)	10,956,265	(0.04)	(0.00)
	<u>10,960,686</u>	<u>(4,166)</u>	<u>(255)</u>	<u>10,956,265</u>		
Total		<u>8,343</u>	<u>45,259</u>			
Percentage of Fund average net assets		<u>0.02%</u>	<u>0.09%</u>			

UK Capital Growth Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

13 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.20% (2019: 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.

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 31st December 2020 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31st December 2020 between US\$ and all other currencies had strengthened by 5% (2019: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 2,286,085 (2019: US\$ 2,526,161).

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 2020	US\$	US\$	US\$
Euro	41,038	–	41,038
UK Sterling	12,270	45,668,382	45,680,652
Currency 2019	US\$	US\$	US\$
Euro	21,156	–	21,156
UK Sterling	407,202	50,094,853	50,502,055

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 2020 and 31st December 2019 was:

	Floating rate financial assets	Financial assets not carrying interest	Total
Currency 2020	US\$	US\$	US\$
Euro	41,038	–	41,038
UK Sterling	303,368	45,748,740	46,052,108
Currency 2019	US\$	US\$	US\$
Euro	21,156	–	21,156
UK Sterling	1,237,958	50,244,556	51,482,514

	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2020	US\$	US\$	US\$
UK Sterling	–	(371,456)	(371,456)
Currency 2019	US\$	US\$	US\$
UK Sterling	–	(980,459)	(980,459)

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 2020 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 2020, had the fair value of equity securities increased/ (decreased) by 5% (2019: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 2,283,419 (2019: US\$ 2,504,743).

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 31st December 2020, the Fund produced a total gross return of +5.5%, which was in front of the FTSE World Europe ex UK Index, which returned +2.8% in Euro terms.

Review

The portfolio's benchmark index rose by 2.8% in Euro terms over the 12 months to 31st December 2020. Technology, utilities and materials delivered robust gains, while energy, financials and real estate were the weakest sectors.

Equity markets dropped sharply in the first quarter of 2020, after delivering strong returns in 2019. The quarter was dominated by concerns over the economic repercussions of Covid-19, a virulent virus which rapidly spread internationally. A dizzying series of responses to the pandemic included travel restrictions and lockdowns that brought cities, regions and even countries to a near halt; a wave of emergency rate cuts and liquidity injections by central banks; and the announcement of substantial economic support measures by governments. Unemployment and government borrowing surged higher. More positively, sentiment was boosted as phase one of a United States (US)-China trade deal was signed.

Data showed that Eurozone Gross Domestic Product (GDP) growth had slowed to near zero in the fourth quarter of 2019. The International Monetary Fund (IMF) announced that the global economy had entered a recession in the first quarter of 2020, although it forecast that a sizeable rebound could occur in 2021 if the coronavirus and liquidity problems are brought under control. Oil prices collapsed, following disagreements between Russia and Saudi Arabia over pricing and production levels, and this added to the turbulence. The pandemic's effect on growth was stark; GDP in leading economies fell sharply in the first quarter, and Eurozone GDP slumped in the second quarter versus the first. Many companies withdrew earnings guidance and cut dividends.

Some indicators later suggested that economies were recovering as restrictions and lockdowns were eased; for instance, the Eurozone's composite Purchasing Managers' Index (PMI), a gauge of services and manufacturing activity in the region, surged higher in July and indicated a return to growth in both sectors. In Germany, the widely watched Zentrum für Europäische (ZEW) index of economic sentiment climbed by more than expected in August. Robust earnings in the US technology sector helped propel markets higher, while sentiment also received a boost as European Union (EU) countries reached agreement on a pandemic recovery fund, to be financed by joint borrowing for the first time ever.

However, progress was interrupted as Covid-19 infection rates jumped across Europe, triggering new control measures that included restrictions on travel and social activity. Markets were also affected by US election jitters. The ZEW index weakened sharply in October.

However, November was an ebullient month for European equities as positive news on vaccines for Covid-19 encouraged investors to look forward to better economic prospects. Investors switched into stocks which had slumped during the pandemic; the energy sector also benefited from a sharp rally in oil prices. Political uncertainty diminished following the US election, as Democrat Joe Biden emerged the victor.

The economic backdrop remained tough, despite extensive stimulus and support packages from central banks and governments. Christine Lagarde, President of the European Central Bank (ECB), warned that many companies which had survived by increasing borrowing and drawing on reserves may decide that trading is no longer viable. The ECB also cautioned that there may be an upsurge in non-performing bank loans.

Shares later swung between gains and drops, driven respectively by optimism about the deployment of vaccines and the outbreak of more contagious variants of the coronavirus, which prompted renewed restrictions.

Investors were relieved as the ECB increased the size and time horizon of its bond-purchase scheme, while also extending its programme of cheap funding for banks. After prolonged and tense negotiations, the UK finally reached a post Brexit trade agreement with the EU, avoiding a no deal exit. The EU also agreed a potentially lucrative investment treaty with China. In the US a fiscal-stimulus package was approved and equity market indices reached record highs.

Europe launched a mass vaccination programme and scientists raced to ascertain whether these would be effective against the mutant viral strains. In the UK, Covid-19 infections surged and more stringent control measures were announced as one of the new strains spread fast.

In December, a preliminary composite measure of Eurozone economic activity was on the edge of rising into expansionary territory; manufacturing led the rebound while the service sector remained beset by pandemic related curbs. In Germany, the ZEW index staged a strong rebound.

Within the fund, sales included energy giant Total SE (France) and SAP SE (Germany). The outlook for oil prices is uncertain, particularly given the effect of Covid-19 on global growth. While software firm SAP expects robust growth from transition to the cloud, short term financial results will be affected by the change in strategy.

We opened several new positions including Infineon Technologies AG (Germany), Puma SE (Germany) and Akzo Nobel N. V. (Netherlands).

Europe Fund

Fund Investment Report (continued)

Review (continued)

Infineon Technologies is a leader in high growth semiconductor technology for the automotive and industrial sectors, and for the Internet of Things. It is well placed to benefit from the trend towards electric vehicles. An aggressive growth strategy is paying off for sportswear firm Puma, with results set to recover sharply after the Covid-19 impact, helped by operational efficiencies and a successful online offering. Paint business Akzo Nobel, which operates in a consolidating sector. Akzo has a strong balance sheet, and should be able to resume buybacks soon. The firm also scores highly on ESG (environmental, social and governance) criteria.

Covid-19 dominates sentiment. Infections and fatalities continue to rise alarmingly in Europe, as elsewhere. This second wave has meant a return of lockdowns and travel restrictions, though successful vaccination programmes should mean the worst is over by the summer 2021.

A fraught end to the US election left the Democrats with tentative control of the Senate as well as the House and the Presidency, so a return to Obama-like policies should follow. Markets will take heart as this means fiscal and monetary policy aimed at stimulating growth, mirrored in Europe too. However, some previously fragile business models are proving unsustainable, impacting small businesses and employment in the hospitality and travel sectors.

Brexit is at last agreed, which should be well received: negotiations were bad tempered and some practicalities are still unclear, particularly as lockdowns and travel restrictions continue.

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 2020 to 31st December 2020

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	Preference Shares		
	2020	2019	2018
	EUR	EUR	EUR
Change in net assets per share			
Opening net asset value per share	5.8765	4.4673	5.0803
Return before operating charges ¹	0.2887	1.5257	(0.5023)
Operating charges	(0.1216)	(0.1165)	(0.1107)
Return after operating charges	0.1671	1.4092	(0.6130)
Distributions on preference shares	—	—	—
Closing net asset value per shares	6.0436	5.8765	4.4673
after direct transaction costs ¹	(0.0077)	(0.0106)	(0.0045)

Performance

Return after charges	2.84%	31.54%	(12.07%)
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Other information

Closing net asset value (EUR)	23,452,663	24,089,710	19,737,485
Closing number of shares	3,880,574	4,099,361	4,418,235
Operating charges	2.20%	2.20%	2.19%
Direct transaction costs (note 13)	0.14%	0.20%	0.09%
Ongoing Charges Figure (“OCF”) ²	2.20%	2.20%	2.19%

Prices

	2020	2019	2018	2017	2016
Highest offer share price (EUR)	6.5390	6.2530	5.6120	5.5760	5.3170
Lowest bid share price (EUR)	4.0370	4.4070	4.3440	4.5940	4.1560
Net distribution per share (EUR)	—	—	—	0.0004	0.0071

Notes

¹ Return before operating charges is stated after direct transaction costs.

² 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 2020 to 31st December 2020

	Notes	2020 US\$	2019 US\$
Income			
Net capital gains	2	906,482	6,826,305
Revenue	3	391,029	600,094
Expenses	4	(524,724)	(500,832)
Net (expenses)/revenue before taxation		(133,695)	99,262
Taxation	5	(98,694)	(147,697)
Net expense after taxation		(232,389)	(48,435)
Total return before distribution		674,093	6,777,870
Distributions	6	5,084	(1,078)
Change in Net Assets Attributable to Preference Shareholders from investment activities		679,177	6,776,792

Balance Sheet

as at 31st December 2020

	Notes	2020 US\$	2019 US\$
Assets:			
Fixed assets:			
Investments	7	28,703,736	26,869,214
Current assets:			
Debtors	8	97,965	117,314
Cash and bank balances		53,609	208,841
Total assets		28,855,310	27,195,369
Liabilities:			
Creditors:			
Other creditors	9	(58,921)	(63,569)
Total liabilities		(58,921)	(63,569)
Equity:			
Nominal shares (note 15, page 78)		(95,021)	(94,474)
Total equity		(95,021)	(94,474)
Net Assets Attributable to Preference Shareholders		28,701,368	27,037,326

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2020 to 31st December 2020

	2020 US\$	2019 US\$
Opening Net Assets Attributable to Preference Shareholders	27,037,326	22,566,458
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	188,620	105,759
Amounts payable on cancellation of shares	(1,594,963)	(2,010,162)
	(1,406,343)	(1,904,403)
Difference on currency conversion	2,391,208	(401,521)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	679,177	6,776,792
Closing Net Assets Attributable to Preference Shareholders	28,701,368	27,037,326

Distribution Table

for the accounting period 1st January 2020 to 31st December 2020

There is no distribution for the accounting period 1st January 2020 to 31st December 2020, as expenses exceeded revenue (December 2019: € Nil).

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

Europe Fund Portfolio Statement

as at 31st December 2020

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 100.01% (99.38%)					Equities 100.01% (99.38%) (continued)				
Belgium 2.18% (2.72%)					Switzerland 12.78% (15.69%)				
KBC Group NV	EUR	8,941	626,758	2.18	Lonza Group AG	CHF	211	135,786	0.47
			626,758	2.18	Nestle SA	CHF	5,002	590,028	2.06
Denmark 4.20% (4.79%)					Novartis AG	CHF	6,210	587,648	2.05
DSV PANALPINA A/S	DKK	3,899	655,521	2.28	Partners Group Holding AG	CHF	260	305,927	1.07
Novo Nordisk A/S 'B'	DKK	7,812	550,534	1.92	Roche Holding AG	CHF	2,614	913,852	3.18
			1,206,055	4.20	SIG Combibloc Group AG	CHF	12,496	290,108	1.01
Finland 3.27% (4.83%)					Sika AG	CHF	3,083	843,415	2.94
Kone OYJ 'B'	EUR	3,024	246,249	0.86				3,666,764	12.78
UPM-Kymmene OYJ	EUR	18,532	693,311	2.41				28,703,736	100.01
			939,560	3.27					
France 22.74% (27.63%)					United Kingdom 0.00% (2.63%)				
Air Liquide SA	EUR	4,354	715,341	2.49					
Amundi SA	EUR	6,771	553,528	1.93	Equities total				
AXA SA	EUR	30,523	728,852	2.54				28,703,736	100.01
BNP Paribas SA	EUR	9,126	481,414	1.68	Total Value of Investments			28,703,736	100.01
Dassault Systemes SE	EUR	1,085	220,552	0.77	Net other liabilities (2019: 0.62%)			(2,368)	(0.01)
L'Oreal SA	EUR	1,110	422,196	1.47	Net Assets attributable to Preference Shareholders				
LVMH Moet Hennessy Louis								28,701,368	100.00
Vuitton SE	EUR	1,020	637,744	2.22					
Orpea SA	EUR	1,995	262,581	0.92					
Schneider Electric SE	EUR	5,381	779,037	2.71					
Teleperformance	EUR	2,176	722,469	2.52					
Ubisoft Entertainment SA	EUR	2,167	209,082	0.73					
Vinci SA	EUR	1,759	175,141	0.61					
Worldline SA	EUR	6,387	617,809	2.15					
			6,525,746	22.74					
Germany 17.98% (10.82%)									
adidas AG	EUR	1,264	462,209	1.61					
Allianz SE	EUR	2,930	724,139	2.52					
Brenntag AG	EUR	8,064	635,940	2.22					
Deutsche Boerse AG	EUR	3,497	598,292	2.09					
Deutsche Telekom AG	EUR	13,889	255,385	0.89					
DWS Group GmbH & Co.									
KGaA	EUR	6,732	287,322	1.00					
Infineon Technologies AG	EUR	24,797	957,738	3.34					
Knorr-Bremse AG	EUR	3,216	439,229	1.53					
Puma SE	EUR	5,638	637,678	2.22					
Zalando SE	EUR	1,448	161,647	0.56					
			5,159,579	17.98					
Ireland 5.50% (5.78%)									
CRH plc	EUR	16,830	700,695	2.44					
Kingspan Group plc	EUR	4,371	308,651	1.08					
Linde plc	EUR	2,193	568,964	1.98					
			1,578,310	5.50					
Italy 4.22% (3.42%)									
Infrastrutture Wireless									
Italiane SpA	EUR	22,822	276,782	0.96					
Moncler SpA	EUR	1,686	103,414	0.36					
Nexi SpA	EUR	25,863	518,446	1.81					
UniCredit SpA	EUR	33,445	313,278	1.09					
			1,211,920	4.22					
Luxembourg 0.94% (0.00%)									
Eurofins Scientific SE	EUR	3,211	269,690	0.94					
			269,690	0.94					
Netherlands 18.13% (11.54%)									
Adyen NV	EUR	139	324,056	1.13					
Akzo Nobel NV	EUR	5,861	630,193	2.20					
ASM International NV	EUR	379	83,464	0.29					
ASML Holding NV	EUR	2,731	1,328,691	4.63					
Euronext NV	EUR	949	104,699	0.36					
IMCD NV	EUR	2,261	288,461	1.00					
ING Groep NV	EUR	80,766	755,247	2.63					
Just Eat Takeaway.com NV	EUR	2,306	260,478	0.91					
Koninklijke DSM NV	EUR	814	140,261	0.49					
Koninklijke Philips NV	EUR	4,133	221,438	0.77					
Prosus NV	EUR	2,729	295,100	1.03					
STMicroelectronics NV	EUR	13,607	507,561	1.77					
Wolters Kluwer NV	EUR	3,112	263,013	0.92					
			5,202,662	18.13					
Norway 2.36% (2.46%)									
DNB ASA	NOK	34,608	678,040	2.36					
			678,040	2.36					
Spain 0.81% (0.60%)									
Cellnex Telecom SA	EUR	3,849	231,375	0.81					
			231,375	0.81					
Sweden 4.90% (6.47%)									
Atlas Copco AB 'A'	SEK	11,640	600,726	2.09					
Sandvik AB	SEK	32,668	806,551	2.81					
			1,407,277	4.90					

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

The comparative percentage figures in brackets are as at 31st December 2019.

Europe Fund

Notes to the Financial Statements

for the accounting period 1st January 2020 to 31st December 2020

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:

	2020 US\$	2019 US\$
Non-derivative securities	938,798	6,860,646
Forward currency derivative contracts	553	37
Other currency (losses)/gains	(4,294)	6,062
Transaction charges	(28,575)	(40,440)
Net capital gains	906,482	6,826,305

Gains from non-derivatives securities include realised gains of US\$ 182,873 (2019: US\$ 3,261,568) and change in unrealised gains of US\$ 755,925 (2019: US\$ 3,599,078).

Forward currency derivative contracts include realised gains of US\$ 553 (2019: US\$ 37).

3 REVENUE

	2020 US\$	2019 US\$
Overseas dividends	390,748	600,031
Bank interest	281	63
Total revenue	391,029	600,094

4 EXPENSES

	2020 US\$	2019 US\$
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	(491,642)	(491,994)
Registration expenses	(1,420)	(1,457)
Directors' fees	(2,361)	(2,528)
	(495,423)	(495,979)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(9,243)	14,055
Safe custody fees	(5,869)	(5,292)
Interest payable	(204)	(671)
	(15,316)	8,092
Other expenses:		
Audit fee	(8,345)	(8,820)
Regulatory and professional fees	(1,264)	(1,713)
Publication charges	(4,376)	(2,412)
	(13,985)	(12,945)
Total expenses	(524,724)	(500,832)

5 TAXATION

	2020 US\$	2019 US\$
Analysis of charge in period:		
Overseas tax suffered	(98,694)	(147,697)
Total overseas taxation	(98,694)	(147,697)

6 DISTRIBUTIONS

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

	2020 US\$	2019 US\$
Revenue deducted on cancellation of shares	5,562	(1,207)
Revenue received on creation of shares	(478)	129
Distributions for the year	5,084	(1,078)

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.

	2020 Assets US\$	2019 Assets US\$
Level 1: Quoted prices	28,703,736	26,869,214
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
Total value	28,703,736	26,869,214

8 DEBTORS

	2020 US\$	2019 US\$
Sales awaiting settlement	–	22,840
Accrued revenue	2,944	–
Receivable from Fund Manager – Nominal shares	95,021	94,474
Total debtors	97,965	117,314

9 OTHER CREDITORS

	2020 US\$	2019 US\$
Amounts payable for cancellation of shares	–	(6,277)
Accrued expenses	(13,015)	(11,971)
Amounts payable to the Fund Manager	(45,906)	(45,321)
Total creditors	(58,921)	(63,569)

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\$ 2,361 (2019: US\$ 2,528) with US\$ 621 (2019: US\$ 645) 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\$ 45,778 (December 2019: US\$ 16,001) in respect of the annual management charge, and US\$ 128 (December 2019: US\$ 71) 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 2,192,539 (2019: 16,953,631) 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 shares in issue at start of the year	Number of shares created	Number of shares cancelled	Number of shares in issue at end of the year
Participating				
Redeemable				
Preference Shares	4,099,361	31,163	(249,950)	3,880,574

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2019: US\$ Nil).

Europe Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

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 US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2020 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
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>		
Sales:						
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		<u>21,661</u>	<u>13,014</u>			
Percentage of Fund average net assets		<u>0.09%</u>	<u>0.05%</u>			

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

	Principal US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2019 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	20,298,100	13,424	22,788	20,334,312	0.07	0.11
Corporate action purchase activity:						
Equity	120,730	—	—	120,730	0.00	0.00
	<u>20,418,830</u>	<u>13,424</u>	<u>22,788</u>	<u>20,455,042</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	22,508,363	(14,628)	(29)	22,493,706	(0.06)	(0.00)
	<u>22,508,363</u>	<u>(14,628)</u>	<u>(29)</u>	<u>22,493,706</u>		
Total		<u>28,052</u>	<u>22,817</u>			
Percentage of Fund average net assets		<u>0.11%</u>	<u>0.09%</u>			

Europe Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

13 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.26% (2019: 0.17%). 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 31st December 2020 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31st December 2020 between US\$ and all other currencies had strengthened by 5% (2019: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 1,435,068 (2019: US\$ 1,351,866).

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 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
Currency 2019	US\$	US\$	US\$
Czech Koruna	24	–	24
Danish Krone	136	1,295,041	1,295,177
Euro	(63,398)	18,921,360	18,857,962
Hungarian Forint	12	–	12
Norwegian Krone	4	663,875	663,879
Swedish Krona	4	1,748,292	1,748,296
Swiss Franc	29	4,240,646	4,240,675
UK Sterling	231,294	–	231,294
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 2020 and 31st December 2019 was:

Currency 2020	Floating rate financial assets	Financial assets not carrying interest	Total
	US\$	US\$	US\$
Czech Koruna	25	–	25
Danish Krone	45	1,206,055	1,206,100
Euro	2,488	21,748,544	21,751,032
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
Currency 2019	US\$	US\$	US\$
Czech Koruna	24	–	24
Danish Krone	136	1,295,041	1,295,177
Euro	(22,669)	18,944,200	18,921,531
Hungarian Forint	12	–	12
Norwegian Krone	4	663,875	663,879
Swedish Krona	4	1,748,292	1,748,296
Swiss Franc	29	4,240,646	4,240,675
UK Sterling	231,294	–	231,294
US Dollar	7	–	7

Currency 2020	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
	US\$	US\$	US\$
Euro	–	(58,921)	(58,921)
Currency 2019	US\$	US\$	US\$
Euro	–	(63,569)	(63,569)

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 2020 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 2020, had the fair value of equity securities increased/ (decreased) by 5% (2019: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/ (decreased) by US\$ 1,435,187 (2019: US\$ 1,343,461).

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 Charles Taylor

International Funds (IOM) Limited

Statement of Total Return

for the accounting period 1st January 2020 to 31st December 2020

	Notes	2020 US\$	2019 US\$
Income			
Net capital gains	2	14,858,837	38,579,892
Revenue	3	2,940,078	4,071,833
Expenses	4	(3,597,142)	(3,313,124)
Net (expense)/revenue before taxation		(657,064)	758,709
Taxation	5	(390,625)	(437,111)
Net (expense)/revenue after taxation		(1,047,689)	321,598
Total return before distribution		13,811,148	38,901,490
Distributions	6	(232,542)	(835,912)
Change in Net Assets Attributable to Preference Shareholders from investment activities		13,578,606	38,065,578

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2020 to 31st December 2020

	2020 US\$	2019 US\$
Opening Net Assets Attributable to Preference Shareholders	189,434,573	160,101,058
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	10,191,846	4,008,765
Amounts payable on cancellation of shares	(19,977,726)	(14,824,922)
	(9,785,880)	(10,816,157)
Difference on currency conversion	4,106,353	2,084,094
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	13,578,606	38,065,578
Closing Net Assets Attributable to Preference Shareholders	197,333,652	189,434,573

Balance Sheet

as at 31st December 2020

	Notes	2020 US\$	2019 US\$
Assets:			
Fixed assets:			
Investments	7	195,878,255	186,862,408
Current assets:			
Debtors	8	2,358,192	2,438,931
Cash and bank balances		1,920,660	3,726,934
Total assets		200,157,107	193,028,273
Liabilities:			
Creditors:			
Distribution payable		(274,274)	(862,918)
Other creditors	9	(447,607)	(638,926)
Total liabilities		(721,881)	(1,501,844)
Equity:			
Management shares	15	(10)	(10)
Nominal shares (note 15, page 78)		(2,101,564)	(2,091,846)
Total equity		(2,101,574)	(2,091,856)
Net Assets Attributable to Preference Shareholders		197,333,652	189,434,573

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 Charles Taylor International Funds (IOM) Limited and signed on its behalf by:

Director
25th February 2021

Director
25th February 2021

Notes to the Aggregated Financial Statements for Charles Taylor International Funds (IOM) Limited

Notes to the Financial Statements

for the accounting period 1st January 2020 to 31st December 2020

GENERAL INFORMATION

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") issued by The Investment Management Association ("the IMA"), 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 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 2020 was US\$ 255,561 (31st December 2019: US\$ 256,283).

(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 and liabilities of each sub fund is translated at the closing exchange rate ruling at 16:00 (UK time) at the end of the accounting period. Revenue items including distributions of each sub fund are translated at the average exchange rate for the 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:

	2020 US\$	2019 US\$
Non-derivative securities	15,006,494	38,718,404
Forward currency derivative contracts	3,042	(3,085)
Other currency (losses)/gains	(23,474)	2,984
Transaction charges	(127,225)	(138,411)
Net capital gains	14,858,837	38,579,892

3 REVENUE

	2020 US\$	2019 US\$
Overseas dividends	2,719,752	3,668,397
Bank interest	3,380	26,847
Interest on debt securities	209,760	329,794
Scrip dividends	–	16,844
Miscellaneous income	7,186	29,951
Total revenue	2,940,078	4,071,833

4 EXPENSES

	2020 US\$	2019 US\$
Payable to the Manager, associates of the Fund Manager and agents of either of them:		
Annual management charge	(3,368,413)	(3,352,520)
Registration expenses	(12,844)	(13,065)
Directors' fees	(16,292)	(17,805)
	(3,397,549)	(3,383,390)

Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(65,325)	195,200
Safe custody fees	(26,189)	(22,828)
Interest payable	(1,862)	(4,753)
	(93,376)	167,619

Other expenses:		
Audit fee	(59,025)	(60,461)
Regulatory and professional fees	(15,448)	(20,899)
Publication charges	(31,744)	(15,993)
	(106,217)	(97,353)
Total expenses	(3,597,142)	(3,313,124)

Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

5 TAXATION

	2020 US\$	2019 US\$
Analysis of charge in period:		
Overseas tax suffered	(390,625)	(437,111)
Total overseas taxation	(390,625)	(437,111)

6 DISTRIBUTIONS

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

	2020 US\$	2019 US\$
Interim	(575)	(3,650)
Final	(257,505)	(832,203)
	(258,080)	(835,853)
Revenue deducted on cancellation of shares	9,271	(20,713)
Revenue received on creation of shares	16,267	20,654
Distributions for the year	(232,542)	(835,912)

Details of the distribution per share are detailed in each sub fund.

7 INVESTMENTS

Fair Value Hierarchy

Please refer to the individual sub Funds notes to the financial statements.

8 DEBTORS

	2020 US\$	2019 US\$
Sales awaiting settlement	17,082	22,840
Receivable from Manager - Nominal and management shares	2,101,574	2,091,856
Overseas tax recoverable	4,548	1,154
Accrued revenue	234,988	323,013
Prepaid expenses	–	68
Total debtors	2,358,192	2,438,931

9 OTHER CREDITORS

	2020 US\$	2019 US\$
Amounts payable for cancellation of shares	(44,847)	(239,953)
Accrued expenses	(93,985)	(88,855)
Amounts payable to the Manager	(308,775)	(310,118)
Total creditors	(447,607)	(638,926)

10 MATERIAL CONTRACTS AND RELATED PARTY CONTRACTS

Management and Investment Manager Agreements

The following contracts which are 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 Fund 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 to 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 2020 had a credit rating of A-1 (2019: A-1). At 31st December 2020 and 31st December 2019, 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.

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.

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.

Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

11 FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management (continued)

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 (2019: US\$ Nil).

14 POST BALANCE SHEET EVENTS

On 16th February 2021 Monument Re Limited completed the acquisition of the Charles Taylor Isle of Man group, including the Company's Fund Manager, following receipt of regulatory approval from the Isle of Man Financial Services Authority. On 17th February 2021 the name of the Fund Manager was changed from Charles Taylor International Fund Managers (IOM) Limited to Monument International Fund Managers (IOM) Limited. There are no other post balance sheet events to note.

15 CAPITAL AND RESERVES

Authorised Share Capital	2020 US\$	2019 US\$
Management Shares: 10 of US\$ 1 each	10	10
Unclassified Shares: 1,000,000,000 of 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, 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 2020 to 31st December 2020

15 CAPITAL AND RESERVES (continued)

	No. of Shares	Aggregated Total US\$	Managed US\$	Worldwide Equity US\$	Managed Currency US\$
Management shares					
Balance as at 01.01.20	10	10	10		
Issued during the year	—	—	—		
Redeemed during the year	—	—	—		
Balance as at 31.12.20	10	10	10		
Nominal shares \$0.0025 each					
Balance as at 01.01.20		2,091,846	546,560	219,102	59,881
Issued during the year		29,976	1,598	2,908	12
Redeemed during the year		(20,258)	(34)	(491)	(18)
Balance as at 31.12.20		2,101,564	548,124	221,519	59,875
Nominal shares – number of shares					
Balance as at 01.01.20		836,738,239	218,624,062	87,640,714	23,952,374
Issued during the year		11,990,272	639,084	1,163,042	4,972
Redeemed during the year		(8,103,415)	(13,399)	(196,292)	(7,377)
Balance as at 31.12.20		840,625,096	219,249,747	88,607,464	23,949,969
Preference Shares \$0.0025 each					
Balance as at 01.01.20		220,004	31,415	22,893	3,923
Issued during the year		20,258	34	491	18
Redeemed during the year		(29,976)	(1,598)	(2,908)	(12)
Balance as at 31.12.20		210,286	29,851	20,476	3,929
Preference Shares – number of shares					
Balance as at 01.01.20		88,000,678	12,565,853	9,156,955	1,568,856
Issued during the year		8,103,415	13,399	196,292	7,377
Redeemed during the year		(11,990,272)	(639,084)	(1,163,042)	(4,972)
Balance as at 31.12.20		84,113,821	11,940,168	8,190,205	1,571,261
Share premium					
Balance as at 01.01.20		126,034,140	22,105,340	16,429,078	561,293
Premium relating to shares (Redeemed)/issued during the year		(665,578)	(950,713)	(1,128,260)	719
Balance as at 31.12.20		125,368,562	21,154,627	15,300,818	562,012
Capital reserve					
Balance as at 01.01.20		63,180,429	10,898,678	13,784,498	(45,925)
Decrease/(increase) in the year		8,574,375	4,767,568	3,478,003	(3,685)
Balance as at 31.12.20		71,754,804	15,666,246	17,262,501	(49,610)
Net assets attributable to Preference Shareholders comprises:					
Share capital		210,286	29,851	20,476	3,929
Share premium		125,368,562	21,154,627	15,300,818	562,012
Capital reserve		71,754,804	15,666,246	17,262,501	(49,610)
Total		197,333,652	36,850,724	32,583,795	516,331

Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2020 to 31st December 2020

15 CAPITAL AND RESERVES (continued)

	Gilt and Income US\$	North American Growth US\$	Far East US\$	UK Capital Growth US\$	Europe US\$
Management shares					
Balance as at 01.01.20					
Issued during the year					
Redeemed during the year					
Balance as at 31.12.20					
Nominal shares \$0.0025 each					
Balance as at 01.01.20	552,114	148,517	72,956	398,242	94,474
Issued during the year	9,576	560	244	14,453	625
Redeemed during the year	(4,574)	(73)	(6)	(14,984)	(78)
Balance as at 31.12.20	557,116	149,004	73,194	397,711	95,021
Nominal shares – number of shares					
Balance as at 01.01.20	220,845,486	59,406,777	29,182,562	159,296,706	37,789,558
Issued during the year	3,830,425	223,896	97,405	5,781,498	249,950
Redeemed during the year	(1,829,688)	(29,206)	(2,563)	(5,993,727)	(31,163)
Balance as at 31.12.20	222,846,223	59,601,467	29,277,404	159,084,477	38,008,345
Preference Shares \$0.0025 each					
Balance as at 01.01.20	66,940	6,843	4,702	73,040	10,248
Issued during the year	4,574	73	6	14,984	78
Redeemed during the year	(9,576)	(560)	(244)	(14,453)	(625)
Balance as at 31.12.20	61,938	6,356	4,464	73,571	9,701
Preference Shares – number of shares					
Balance as at 01.01.20	26,776,092	2,737,111	1,880,706	29,215,744	4,099,361
Issued during the year	1,829,688	29,206	2,563	5,993,727	31,163
Redeemed during the year	(3,830,425)	(223,896)	(97,405)	(5,781,498)	(249,950)
Balance as at 31.12.20	24,775,355	2,542,421	1,785,864	29,427,973	3,880,574
Share premium					
Balance as at 01.01.20	13,937,698	19,088,035	4,699,216	36,548,394	12,665,086
Premium relating to shares (Redeemed)/issued during the year	(1,027,014)	(1,080,892)	(136,409)	4,078,559	(421,568)
Balance as at 31.12.20	12,910,684	18,007,143	4,562,807	40,626,953	12,243,518
Capital reserve					
Balance as at 01.01.20	941,470	6,560,330	2,777,609	13,901,777	14,361,992
Decrease/(increase) in the year	1,380,202	4,196,689	1,550,052	(8,880,611)	2,086,157
Balance as at 31.12.20	2,321,672	10,757,019	4,327,661	5,021,166	16,448,149
Net assets attributable to Preference Shareholders comprises:					
Share capital	61,938	6,356	4,464	73,571	9,701
Share premium	12,910,684	18,007,143	4,562,807	40,626,953	12,243,518
Capital reserve	2,321,672	10,757,019	4,327,661	5,021,166	16,448,149
Total	15,294,294	28,770,518	8,894,932	45,721,690	28,701,368

Further Information

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% (2019: 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.

Fund Manager Acquisition and Fund Name Change

On 16th February 2021 Monument Re Limited completed the acquisition of the Charles Taylor Isle of Man group, including the Company's Fund Manager, following receipt of regulatory approval from the Isle of Man Financial Services Authority. On 17th February 2021 the name of the Fund Manager was changed from Charles Taylor International Fund Managers (IOM) Limited to Monument International Fund Managers (IOM) Limited (MIFM).

To ensure consistent branding, MIFM is proposing to change the name of the Fund from Charles Taylor International Funds (IOM) Limited to Monument International Funds (IOM) Limited at the next Annual General meeting to be held on 14 April 2021.

Prices for each of the sub funds are currently available on the Charles Taylor International website ([www.ctplc.com/insurance-support-services/charles-taylor-international-fund-managers-\(iom\)-limited](http://www.ctplc.com/insurance-support-services/charles-taylor-international-fund-managers-(iom)-limited)), however the prices for each of the sub funds will be available on www.monument.im/mifm on approval of the Fund name change.

Notice of the Annual General Meeting to be held on 14 April 2021 to consider the proposed change of name is enclosed in the Annual report and Accounts.

There will be no other material changes to the Fund as a result of the proposed change of name and the Fund will continue to be regulated by the Isle of Man Financial Services Authority.

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 2021.

A copy of the Financial Statements is available on the Charles Taylor International website [www.ctplc.com/insurance-support-services/charles-taylor-international-fund-managers-\(iom\)-limited](http://www.ctplc.com/insurance-support-services/charles-taylor-international-fund-managers-(iom)-limited) or (www.monument.im/mifm on approval of Fund name change) or on request from the Fund 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**

**Registered in the Isle of Man
Number: 023846C**

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