

Annual Reports and Accounts 2022

Monument 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

Darren Mark Kelly
Director of Monument International Fund Managers
(IOM) Limited

Manager and Registrar:

Monument 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 S.A., Jersey Branch
IFC1
The Esplanade
St Helier
Jersey JE1 4BP
Channel Islands

Independent Auditor:

PricewaterhouseCoopers LLC
Sixty Circular Road
Douglas
Isle of Man IM1 1SA

Legal Advisers:

Cains
Fort Anne
South Quay
Douglas
Isle of Man IM1 5PD

Registered Office:

St George's Court
Upper Church Street
Douglas
Isle of Man IM1 1EE
Registered in the Isle of Man No. 024161C

Report of the Directors

Activity and Results

This Annual Report and Accounts contains the Financial Statements of Monument International Funds (IOM) Limited (“the Company”) for the year ended 31st December 2022 and also an analysis of each Fund including a Portfolio Statement.

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

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

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

As can be seen from the following Financial Statements, the Company, at 31st December 2022, had Funds under management (FUM) of approximately US\$ 145 million (December 2021: US\$ 201 million).

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

Share Capital

Information regarding the number of shares in issue at the reporting date is included in Note 14 (pages 79 to 80) Capital and Reserves.

Directors

The Directors of the Company are set out on page 1. No Director nor any Director’s spouse or child under 18 years of age has any beneficial interest, directly or indirectly, in the Company. During the year ended 31st December 2022 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 2022 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 77.

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

24th February 2023

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

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

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

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In order to do so, the Directors have appointed BNP Paribas S.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

24th February 2023

Investment Report

Investment Review

2022 was a weak and volatile year for most financial markets. Even before Russia's invasion of Ukraine, inflationary pressures had been building due to pandemic related disruptions to global supply chains. A further rise in energy prices due to the war continued to push up inflation, which rose to over 11% in the United Kingdom (UK), 10% in the Eurozone and 9% in the United States (US). Having downplayed inflation risks as 'transitory' through much of 2021, central banks in the US, UK and Europe raised interest rates aggressively in 2022.

The Federal Reserve (Fed) was the most assertive of the major central banks, raising interest rates by a cumulative 4.25% in 2022. The Bank of England (BoE) increased rates by 3.25%, while the European Central Bank (ECB) ended eight years of negative Eurozone rates by raising them a total of 2.50%. By contrast, the Bank of Japan maintained negative short term interest rates, but raised its cap on 10 year government bond yields at the end of the year. This was widely interpreted as the first step away from its ultra loose monetary policy.

As the year progressed, the prospect of recession weighed further on investor sentiment. Supply chain problems, higher interest rates and China's zero Covid policy all contributed to slowing global growth. In addition, the war in Ukraine pushed already elevated energy prices higher in Europe, squeezing consumer budgets and causing companies' operating costs to balloon. Towards the end of the period, weaker global economic data and cooling US inflation spurred rallies in both equities and major government bond markets, amid hopes that key central banks would slow the pace of rate rises.

The US Dollar surged higher over the first nine months of the year, supported by the Fed's aggressive interest-rate rises and the currency's status as a safe haven, before giving back some of these gains in the final quarter. Meanwhile, Sterling came under increasing pressure on concerns over the UK's tax cutting budget in September, when it almost touched parity with the US Dollar. The sudden rise in UK government bond (gilt) yields posed a serious risk for a number of UK pension funds and the BoE stepped in to calm the markets by pledging to buy up to £65 billion of long dated gilts. In October, Sterling rallied and gilt yields fell as Prime Minister Truss sacked her chancellor; shortly afterwards Truss herself was replaced by Rishi Sunak. The new chancellor, Jeremy Hunt, reversed most of the tax-cutting pledges and announced tax rises and spending cuts. His Autumn Statement bleak though it was marked a significant step towards restoring the UK's credibility with international investors.

In April, the re-election of Emmanuel Macron as president of France was met with relief in Brussels, given his positive stance towards the European Union. In June, however, parliamentary elections resulted in the loss of a majority for Macron's party, with gains for competitors at both extremes of the political spectrum. In Italy, following Prime Minister Draghi's resignation, the resulting general election was won by Giorgia Meloni's far right party. Nonetheless, neither result called into question the united front the West has presented over the war in Ukraine. In the US, mid term elections took place in early November. The Republican Party narrowly took control of the lower house of Congress but the Democrats kept hold of the Senate, a result that was viewed as better than expected for President Biden.

Against this backdrop, the MSCI All Country World index (ACWI) returned -15.6% in local currency terms in 2022. Markets in Japan and the UK outperformed, as major exporters benefited from currency weakness. The UK was also buoyed by its sizeable exposure to the energy sector, given the gains in oil and gas prices. Among the other major markets, the US was the worst performer, while Europe ex UK held up better than the global index. Elsewhere, emerging markets performed in line. China was among the worst performers, as Beijing's stringent approach to containing Covid-19 dampened economic activity. Stocks were also hurt by worries over a burgeoning crisis in the Chinese property sector and wide ranging regulatory crackdowns. Late in the year, however, anticipation that the country's zero Covid policy would be abandoned as duly transpired prompted a substantial rally in Chinese equities. Nevertheless, China's sudden reopening led to a surge in Covid cases and prompted concerns that greater competition for energy resources could increase global inflationary pressures.

Within the major government bond markets, yields rose sharply during the year and prices fell as investors responded to the large increases in interest rates by the Fed, BoE and the ECB. The yield on US 10-year Treasury bonds rose 2.36% to finish the year at 3.87%. By comparison, 10-year yields on UK and German government bonds respectively increased by 2.70% to 3.67%, and by 2.75% to 2.57%. Corporate bond markets were also weak during the period.

Investment Report (continued)

Outlook

We believe that global growth peaked during 2022 and that inflation will follow suit in 2023. US inflation may already be on the wane, given the impact of Fed rate rises, easing supply chain problems and the country's relative insulation from the inflationary impacts of the war in Ukraine. Risks include the continued tightness of the labour market and the ongoing shift from global to domestic supply chains.

Recessions are expected in the US, UK and Europe, but their depth and duration remain uncertain. The lower growth outlook poses a risk for company earnings, as demand will be reduced in a higher-interest rate environment. However, while earnings downgrades are coming through, we do not anticipate a severe decline in 2023.

Despite the challenging backdrop, we feel there is still value in select assets, especially in shares and bonds of companies with relatively defensive cashflows. We have become more positive on the outlook for the major government bond markets. There is scope for yields to fall and prices to rise, should central banks raise interest rates less than the market currently expects.

Report of the Manager

Monument 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, 40, 49, 58 and 67.

The investment activities of the Company in the year to 31st December 2022 are described in the Fund Investment Report by the Investment Manager on pages 11, 20, 28, 34, 40, 49, 58 and 67.

The portfolio statements for each constituent part of the Company is on pages 15, 24, 31, 37, 44, 53, 62 and 71.

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 2022. 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
(151,044)	Managed	1.1.2023	(253,807)	—
—	Worldwide Equity*	1.1.2023	(252,320)	—
(2,135)	Managed Currency	1.1.2023	1,685	28.2.2023
(11,352)	Gilt and Income	1.1.2023	25,817	28.2.2023
—	North American Growth*	1.1.2023	(297,553)	—
—	Far East*	1.1.2023	(7,256)	—
—	UK Capital Growth*	1.1.2023	356,742	28.2.2023
—	Europe*	1.1.2023	48,515	28.2.2023

*Distribute annually

The total number and bid value of Participating Redeemable Preference Shares as at 1st January 2022 and 31st December 2022 were as follows:

Sub Funds	Shares in Issue		Bid Value Per Share (US\$)	
	1.1.2022	31.12.2022	1.1.2022	31.12.2022
Managed	10,988,630	10,207,403	3.2780	2.5070
Worldwide Equity	7,338,223	6,726,811	4.5160	3.3410
Managed Currency	1,564,194	1,512,201	0.3240	0.3242
Gilt and Income	19,592,932	18,337,069	0.5723	0.3739
North American Growth	2,433,757	2,333,943	14.5300	11.3300
Far East	1,833,417	1,783,713	4.8760	3.8430
UK Capital Growth	26,006,314	23,761,432	1.6782	1.3725
Europe	3,754,312	3,484,908	8.5301	6.9199

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, 35, 42, 51, 60 and 69.

Report of the Manager (continued)

The Financial Statements of the Company for the year ended 31st December 2022 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
24th February 2023

Director
24th February 2023

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

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

Report on the audit of the financial statements

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Our opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of Monument International Funds (IOM) Limited ("The Company") and each of the sub funds as at 31st December 2022 and of the net revenue/expense and the net capital gains/losses of the scheme property of the Company and each of the sub funds for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the Statement of Recommended Practice for UK Authorised Funds, the Authorised Collective Investment Schemes Regulations 2010, the Isle of Man Companies Acts 1931 to 2004 and the Company's principal constitutional documents.

What we have audited

The Company's financial statements comprise:

- the aggregated Balance Sheet as at 31st December 2022;
- 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 2022;
- the Statement of Total Return for the year then ended;
- the Statement of Change in Net Assets Attributable to Preference Shareholders for the year then ended;
- the Distribution Table for the year then ended; and
- the Notes to the Financial Statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

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

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

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

Responsibilities of the directors for the financial statements

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

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

Independent auditor's report to the members of Monument International Funds (IOM) Limited (continued)

Report on the audit of the financial statements (continued)

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 to our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

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

We have no exceptions to report arising from this responsibility.

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

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

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

We have no exceptions to report arising from this responsibility.

Fiduciary Custodian's Report and Responsibilities

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

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

For the period from 1st January 2022 to 31st December 2022, we state that in our opinion, Monument International Fund Managers (IOM) Limited has managed in all material respects, Monument 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 S.A., Jersey Branch

24th February 2023

Managed Fund

Fund Investment Report

Investment Policy

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

Types of Investment

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

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

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

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

Fund Performance

Over the 12 months to 31 December 2022, the Fund posted a total gross return of -21.4% compared with a return of -17.3% for the benchmark index, both in United States (US) Dollar terms. The benchmark comprises 65% MSCI AC World Index, 32% J.P. Morgan Global Government Traded Bond Index and 3% 7 Day LIBID.

Review

2022 was a challenging year for global equity and bond markets. Rising inflation and resultant interest rate increases by central banks dominated sentiment in developed markets early in the year. This gained impetus as Russia's invasion of Ukraine in late February caused commodities to surge, stoking inflation and fostering expectations of even higher interest rates. Indeed, major central banks tightened monetary policy aggressively in 2022, finally leaving behind over a decade of very loose monetary policy. As the year progressed, concerns shifted from higher rates to the prospect of recession. Weaker global economic data and cooling inflation spurred equity market rallies amid hopes that key central banks would slow down the pace of monetary tightening. Sentiment was further boosted by optimism about China's reopening following the relaxation of its strict Covid related measures.

US equities underperformed as monetary policy concerns dominated sentiment. Technology stocks fared worst, with rising interest rates and a global semiconductor shortage weighing on the sector. The Federal Reserve (Fed) increased interest rates by a cumulative 425 basis points (bps) over the period. A slowdown in the pace of hikes from 75 bps to 50 bps in December raised hopes that interest rates could be peaking, particularly as US inflation fell for the fifth consecutive month. However, Fed Chairman Powell downplayed the fall in inflation. Corporate earnings during the period, though mixed, were better than feared and provided some support for US equities. On the political front, the Republican party narrowly took control of the lower house of Congress, but the Democrats kept hold of the Senate, a result that was viewed as better than expected for President Biden.

In continental Europe, sentiment was affected by the war in Ukraine, record eurozone inflation and a severe energy crisis. The latter led to fears of a deep recession as higher bills squeezed consumer budgets and caused corporate operating costs to surge. The European Central Bank (ECB) raised rates by a total of 250 bps over the year, although there were indications that inflation began to ebb later in the period. The United Kingdom (UK) market was the outlier in 2022, posting a gain for the year. This export heavy market was helped by weakness in the Sterling as well as its sizeable exposure to energy and mining stocks. Despite this, it remained a difficult year for the UK economy, with high inflation, rising interest rates and political tumult creating significant challenges. The Bank of England (BoE) hiked rates by 325 bps and said that further interest rate increases would be required to bring inflation back to its long term target.

In Japan, currency weakness weighed on equities for much of the period as the Bank of Japan (BoJ) maintained its committed to ultra loose monetary policy even as inflation rose. However, the bank changed course in December when it decided to relax the yield band (a method by which the BoJ aims to control interest rates) on 10 year government bonds, sending the Yen higher. Although some degree of policy normalisation was widely expected, the timing of the move caught investors by surprise.

Within emerging markets (EMs), index heavyweight China was among the worst performing markets as the country's 'zero-Covid' policy weighed on the economic outlook. Stocks were also impacted by worries over a burgeoning crisis in the property sector and wide ranging regulatory crackdowns. Later in the year, however, anticipation that the zero-Covid policy would soon be abandoned (as duly transpired) prompted a substantial rally in Chinese equities.

Measured in local currencies, the US underperformed the MSCI All-Country World Index during the period. The UK and Japanese markets outperformed. Europe ex UK also held up better than the index, while EMs were broadly in line with global averages.

At the sector level, energy was the standout performer thanks to gains in oil and gas prices during the period. The more defensive utilities, healthcare and consumer staples sectors also outperformed as investors sought safe havens in the face of uncertainty around growth and interest rates. At the other end, communication services, consumer discretionary and technology lagged.

Within the major government bond markets, yields (which move inversely to price) rose sharply during the year as investors responded to the large increases in interest rates by the Fed, BoE and the ECB.

Managed Fund

Fund Investment Report (continued)

Review (continued)

Gross of fees, the Fund underperformed its benchmark over the period. The equity segment detracted from relative returns, while the fixed-income portion was supportive.

Within equities, Amazon.com, Inc. (US) was the biggest detractor; shares were impacted by a series of disappointing earnings reports in the period, which reflected the challenges posed by inflation, rising fuel costs and weaker demand. However, our investment thesis in the e-commerce giant remains intact. Amazon boasts a dominant presence through its Web Services division and stands to benefit from growth in digital advertising, which should further strengthen its position. The firm also benefits from unmatched scale in e-commerce and a loyal customer base.

Other significant detractors included Google's parent company Alphabet Inc. 'A' (US) which was hurt by the sell off in high growth names. There were also fears that the firm could lose some of its market share in the digital advertising space during 2023. We continue to favour Alphabet for its market leadership, broad network and amassment of data. Alphabet maintains its place as the 'gateway' to the internet in a range of sectors. We feel that the market is underestimating the scale and sustainability of the company's growth, which is underpinned by these competitive advantages. We are also encouraged by Alphabet's investments in AI and the Google Search and Cloud segments of the business.

The strongest contributor over the period was Equinor ASA (Norway), which profited from the rise in oil and gas prices. As one of Europe's key gas suppliers, the global energy firm benefits from a strong market position, along with pricing power and cost advantages. The increases in energy prices in 2022 helped to enhance cashflows, which will support the company's transition towards renewable energy. Equinor is ahead of peers in this regard, with a target to become carbon neutral by 2030 and a focus on offshore wind and low carbon solutions such as carbon capture and green hydrogen.

Eli Lilly and Co (US) was another notable contributor, in a strong period for healthcare names. Eli Lilly has a long track record of innovation and leadership in diabetes treatment, giving the firm a market leading position in this growing therapeutic area. The company's impressive drug pipeline and strong research capabilities reduce the risk of the so called patent cliff that haunts some peers. Long term growth prospects for Lilly are good, with treatments for obesity and Alzheimer's likely to drive margin expansion and strong cashflows. The firm has also recently announced favourable results from trials of new weight loss drug tirzepatide.

Macroeconomic factors were the key drivers of equity markets in 2022. Price moves, to some extent, became dislocated from fundamentals as the market weighed up the perceived impact of elevated levels of inflation, rising interest rates and the spectre of recession. This type of sentiment driven market, which has favoured energy exposures and those stocks perceived to be cheap, tends to prove challenging for our quality growth biased strategy. In the near term, a period of higher interest rates is likely to dampen demand. This could prove more problematic for cyclical businesses (i.e. businesses that are affected by large-scale economic changes) and could impact value as a style.

Meanwhile, a post-pandemic world of supply chain issues, rising input costs and challenges to economic growth could prove tough for the average company, and corporate earnings are likely to come under pressure. Our holdings tend to be less economically geared and have strong balance sheets, so they should be less impacted by the need to refinance debt at higher rates. They are typically cash generative and, in many cases, have subscription-like business models. These businesses should, therefore, be better placed in an economic downturn. Many are also supported by powerful secular themes.

Over the longer term, an environment of muted economic activity should be supportive of this approach given our emphasis on secular winners that are less reliant on the broader economy to drive their growth. And while we are not thematic investors, we have exposure to companies likely to benefit from key structural trends, many of which have accelerated in recent years.

Managed Fund Comparative Tables

for the accounting period 1st January 2022 to 31st December 2022

	Preference Shares		
	2022	2021	2020
	US\$	US\$	US\$
Change in net assets per share			
Opening net asset value per share	3.2822	3.0863	2.6290
Return before operating charges ¹	(0.7124)	0.2655	0.5161
Operating charges	(0.0599)	(0.0696)	(0.0588)
Return after operating charges	(0.7723)	0.1959	0.4573
Distributions on preference shares	—	—	—
Closing net asset value per share	2.5099	3.2822	3.0863
after direct transaction costs ¹	(0.0011)	(0.0006)	(0.0008)

Performance

Return after charges	(23.53%)	6.35%	17.39%
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Other information

Closing net asset value (US\$)	25,619,308	36,066,502	36,850,724
Closing number of shares	10,207,403	10,988,630	11,940,168
Operating charges	2.20%	2.16%	2.16%
Direct transaction costs (note 14)	0.04%	0.02%	0.03%
Ongoing Charges Figure (“OCF”) ²	2.20%	2.16%	2.16%

Prices

	2022	2021	2020	2019	2018
Highest offer share price (US\$)	3.4560	3.5510	3.2640	2.7750	2.6060
Lowest bid share price (US\$)	2.3130	3.0130	2.1230	2.1310	2.1010
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 2022 to 31st December 2022

	Notes	2022 US\$	2021 US\$
Income			
Net capital (losses)/gains	2	(8,042,541)	2,729,686
Revenue	3	410,003	368,528
Expenses	4	(606,252)	(768,704)
Net expense before taxation		(196,249)	(400,176)
Taxation	5	(68,330)	(71,501)
Net expense after taxation		(264,579)	(471,677)
Total return before distribution		(8,307,120)	2,258,009
Distributions	6	10,772	17,459
Change in Net Assets Attributable to Preference Shareholders from investment activities		(8,296,348)	2,275,468

Balance Sheet

as at 31st December 2022

	Notes	2022 US\$	2021 US\$
Assets:			
Fixed assets:			
Investments	7	25,437,318	35,224,849
Current assets:			
Debtors	8	732,747	582,914
Cash and bank balances		167,941	889,279
Total assets		26,338,006	36,697,042
Liabilities:			
Creditors:			
Other creditors	9	(166,232)	(80,027)
Total liabilities		(166,232)	(80,027)
Equity:			
Management shares		(10)	(10)
Nominal shares (note 14, page 79)		(552,456)	(550,503)
Total equity		(552,466)	(550,513)
Net Assets Attributable to Preference Shareholders		25,619,308	36,066,502

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2022 to 31st December 2022

	2022 US\$	2021 US\$
Opening Net Assets Attributable to Preference Shareholders	36,066,502	36,850,724
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	9,940	45,390
Amounts payable on cancellation of shares	(2,160,786)	(3,106,065)
	(2,150,846)	(3,060,675)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(8,296,348)	2,275,468
Unclaimed distributions	—	985
Closing Net Assets Attributable to Preference Shareholders	25,619,308	36,066,502

Distribution Table

There is no distribution for the accounting period 1st January 2022 to 31st December 2022, as expenses exceed revenue (December 2021: US\$ Nil).

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

Managed Fund Portfolio Statement

As at 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Collective Investment Schemes 2.46% (2.37%)					Equities 65.74% (67.54%) (continued)				
Threadneedle Emerging Market Bond Fund Retail Gross Accumulation GBP	GBP	24,520	78,779	0.31	Taiwan Semiconductor Manufacturing Co. Ltd.	TWD	26,000	379,084	1.48
Threadneedle Emerging Market Local Fund Retail Gross Accumulation Shares GBP	GBP	103,422	180,743	0.70				379,084	1.48
Threadneedle High Yield Bond Fund Institutional Gross Accumulation GBP	GBP	83,521	186,724	0.73	United Kingdom 3.25% (1.37%)				
Threadneedle UK Corporate Bond Fund Institutional Gross Accumulation GBP	GBP	135,653	184,688	0.72	Anglo American plc	GBP	6,565	255,318	1.00
Collective Investment Schemes total				2.46	Diageo plc	GBP	5,181	227,482	0.89
Equities 65.74% (67.54%)					Shell plc	GBP	8,569	239,762	0.93
Canada 0.61% (0.00%)					SSE plc	GBP	5,326	109,652	0.43
Nutrien Ltd.	CAD	2,135	155,809	0.61				832,214	3.25
			155,809	0.61	United States of America 36.69% (40.66%)				
Cayman Islands 0.21% (0.41%)					Abbott Laboratories	USD	1,765	192,350	0.75
Sea Ltd., ADR	USD	1,037	54,080	0.21	Adobe, Inc.	USD	606	202,077	0.79
			54,080	0.21	Advanced Micro Devices, Inc.	USD	1,822	116,790	0.46
Denmark 2.68% (2.47%)					Alphabet, Inc. 'A'	USD	6,293	548,938	2.14
Novo Nordisk A/S 'B'	DKK	2,009	270,445	1.06	Amazon.com, Inc.	USD	4,842	402,225	1.57
Orsted A/S	DKK	2,414	218,711	0.85	American Tower Corp., REIT	USD	949	201,843	0.79
Tryg A/S	DKK	8,274	196,522	0.77	Autodesk, Inc.	USD	967	178,324	0.70
			685,678	2.68	Bank of America Corp.	USD	7,031	233,499	0.91
Finland 0.00% (0.42%)					Centene Corp.	USD	1,399	113,795	0.44
France 4.65% (2.09%)					ConocoPhillips	USD	961	112,571	0.44
EssilorLuxottica SA	EUR	904	163,867	0.64	Cooper Cos., Inc. (The)	USD	708	232,472	0.91
L'Oreal SA	EUR	610	217,926	0.85	CrowdStrike Holdings, Inc. 'A'	USD	870	91,411	0.36
LVMH Moët Hennessy Louis Vuitton SE	EUR	300	218,836	0.85	Deere & Co.	USD	421	179,434	0.70
Schneider Electric SE	EUR	1,952	273,653	1.07	Doximity, Inc. 'A'	USD	1,812	59,343	0.23
TotalEnergies SE	EUR	5,055	318,242	1.24	Ecolab, Inc.	USD	1,441	210,617	0.82
			1,192,524	4.65	Electronic Arts, Inc.	USD	2,144	260,282	1.02
Germany 0.96% (0.66%)					Elevance Health, Inc.	USD	376	191,561	0.75
adidas AG	EUR	896	121,863	0.47	Eli Lilly & Co.	USD	630	229,232	0.89
Infineon Technologies AG	EUR	4,122	125,309	0.49	Equinix, Inc., REIT	USD	282	185,150	0.72
			247,172	0.96	First Republic Bank	USD	1,224	149,756	0.58
Hong Kong 1.05% (0.86%)					Intercontinental Exchange, Inc.	USD	1,656	169,525	0.66
AIA Group Ltd.	HKD	24,200	269,130	1.05	Intuit, Inc.	USD	697	267,871	1.05
			269,130	1.05	JPMorgan Chase & Co.	USD	1,936	258,804	1.01
India 1.08% (0.88%)					Lam Research Corp.	USD	541	224,872	0.88
HDFC Bank Ltd., ADR	USD	4,058	276,431	1.08	Mastercard, Inc. 'A'	USD	1,010	348,965	1.36
			276,431	1.08	MercadoLibre, Inc.	USD	183	154,322	0.60
Indonesia 1.08% (0.97%)					Meta Platforms, Inc. 'A'	USD	860	102,142	0.40
Bank Rakyat Indonesia Persero Tbk. PT	IDR	870,380	275,548	1.08	Microsoft Corp.	USD	3,207	763,202	2.98
			275,548	1.08	NextEra Energy, Inc.	USD	3,133	262,107	1.02
Ireland 1.50% (3.03%)					NVIDIA Corp.	USD	1,615	232,463	0.91
CRH plc	EUR	2,872	113,439	0.44	PayPal Holdings, Inc.	USD	1,762	124,098	0.48
Linde plc	EUR	388	126,358	0.50	PepsiCo, Inc.	USD	1,339	241,864	0.94
Trane Technologies plc	USD	859	143,900	0.56	QUALCOMM, Inc.	USD	2,317	251,881	0.98
			383,697	1.50	S&P Global, Inc.	USD	368	123,052	0.48
Japan 2.44% (3.98%)					Stryker Corp.	USD	1,132	275,506	1.08
Hoya Corp.	JPY	1,000	96,260	0.38	SVB Financial Group	USD	461	107,169	0.42
Keyence Corp.	JPY	600	233,844	0.91	Thermo Fisher Scientific, Inc.	USD	536	293,256	1.14
Recruit Holdings Co. Ltd.	JPY	4,000	126,488	0.50	T-Mobile US, Inc.	USD	1,990	275,854	1.08
Sony Group Corp.	JPY	2,200	167,250	0.65	Trimble, Inc.	USD	2,416	121,211	0.47
			623,842	2.44	Uber Technologies, Inc.	USD	6,213	153,088	0.60
Netherlands 0.56% (0.77%)					Union Pacific Corp.	USD	1,073	222,379	0.87
Koninklijke DSM NV	EUR	1,171	143,718	0.56	Walt Disney Co. (The)	USD	2,322	198,949	0.78
			143,718	0.56	Xylem, Inc.	USD	1,234	136,061	0.53
Norway 1.03% (0.82%)								9,400,311	36.69
Equinor ASA	NOK	7,420	264,899	1.03	Virgin Islands, British 0.44% (0.55%)				
			264,899	1.03	Nomad Foods Ltd.	USD	6,509	112,476	0.44
Singapore 1.05% (0.00%)								112,476	0.44
DBS Group Holdings Ltd.	SGD	10,600	268,080	1.05	Equities total				
			268,080	1.05				16,842,082	65.74
South Korea 1.58% (1.97%)					Government Bonds 30.38% (26.36%)				
Samsung Electronics Co. Ltd.	KRW	5,684	249,843	0.97	Australia 0.51% (0.52%)				
Samsung SDI Co. Ltd.	KRW	332	155,960	0.61	Australia Government Bond 2.75% 21/04/2024	AUD	AUD 111,000	74,730	0.29
			405,803	1.58	Australia Government Bond 1.75% 21/06/2051	AUD	AUD 45,000	17,648	0.07
Switzerland 3.40% (4.09%)					Queensland Treasury Corp. 6.50% 14/03/2033	AUD	AUD 50,000	38,751	0.15
Nestle SA	CHF	2,985	347,532	1.36				131,129	0.51
Roche Holding AG	CHF	590	185,951	0.73	Austria 0.02% (0.04%)				
SIG Group AG	CHF	9,543	209,006	0.81	Austria Government Bond 0.85% 30/06/2120	EUR	€15,000	6,550	0.02
Sika AG	CHF	536	129,097	0.50				6,550	0.02
			871,586	3.40	Canada 0.62% (0.55%)				
					Canada Housing Trust No. 1 2.90% 15/06/2024	CAD	CAD 75,000	54,296	0.21
					Canada Housing Trust No. 1 3.55% 15/09/2032	CAD	CAD 145,000	105,356	0.41
								159,652	0.62
					France 5.41% (4.81%)				
					France Government Bond OAT 0.00% 25/02/2024	EUR	€518,000	534,865	2.09
					France Government Bond OAT 0.00% 25/02/2027	EUR	€343,000	326,432	1.27
					France Government Bond OAT 0.75% 25/05/2028	EUR	€215,000	205,542	0.80

Managed Fund

Portfolio Statement (continued)

As at 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Government Bonds 30.38% (26.36%) (continued)					Government Bonds 30.38% (26.36%) (continued)				
France 5.41% (4.81%) (continued)					United States of America 15.30% (12.91%) (continued)				
France Government Bond OAT 0.00% 25/11/2031	EUR	€215,000	176,602	0.69	US Treasury 1.88% 15/02/2032	USD	\$395,000	334,994	1.31
France Government Bond OAT 1.25% 25/05/2034	EUR	€84,000	73,002	0.29	US Treasury 2.88% 15/05/2032	USD	\$140,000	129,063	0.50
France Government Bond OAT 0.50% 25/06/2044	EUR	€42,000	25,921	0.10	US Treasury 2.75% 15/08/2032	USD	\$308,000	280,376	1.09
France Government Bond OAT 0.75% 25/05/2053	EUR	€78,000	43,123	0.17	US Treasury 4.13% 15/11/2032	USD	\$182,000	185,669	0.72
			1,385,487	5.41	US Treasury 1.13% 15/08/2040	USD	\$85,000	53,042	0.21
Japan 5.47% (4.73%)					US Treasury 1.38% 15/11/2040	USD	\$175,000	114,249	0.44
Japan Government Five Year Bond 0.10% 20/03/2025	JPY	JPY 32,300,000	245,098	0.96	US Treasury 2.25% 15/05/2041	USD	\$198,000	149,335	0.58
Japan Government Forty Year Bond 0.40% 20/03/2056	JPY	JPY 12,900,000	67,283	0.26	US Treasury 1.75% 15/08/2041	USD	\$4,000	2,750	0.01
Japan Government Forty Year Bond 0.50% 20/03/2059	JPY	JPY 9,900,000	52,000	0.20	US Treasury 2.00% 15/11/2041	USD	\$142,000	101,896	0.40
Japan Government Thirty Year Bond 0.60% 20/09/2050	JPY	JPY 11,100,000	66,225	0.26	US Treasury 2.38% 15/02/2042	USD	\$75,000	57,404	0.22
Japan Government Thirty Year Bond 0.70% 20/12/2051	JPY	JPY 6,450,000	39,157	0.15	US Treasury 3.25% 15/05/2042	USD	\$75,000	66,024	0.26
Japan Government Twenty Year Bond 0.30% 20/12/2039	JPY	JPY 5,250,000	34,473	0.14	US Treasury 3.38% 15/08/2042	USD	\$51,000	45,757	0.18
Japan Government Twenty Year Bond 0.50% 20/12/2041	JPY	JPY 24,250,000	160,386	0.63	US Treasury 3.13% 15/08/2044	USD	\$19,000	16,131	0.06
Japan Government Two Year Bond 0.01% 01/03/2024	JPY	JPY 29,850,000	226,243	0.88	US Treasury 2.50% 15/02/2045	USD	\$44,000	33,323	0.13
Japan Government Two Year Bond 0.01% 01/09/2024	JPY	JPY 67,400,000	510,611	1.99	US Treasury 1.25% 15/05/2050	USD	\$100,000	54,207	0.21
			1,401,476	5.47	US Treasury 1.38% 15/08/2050	USD	\$145,000	81,228	0.32
Luxembourg 0.30% (0.00%)					US Treasury 1.88% 15/02/2051	USD	\$112,000	71,636	0.28
European Financial Stability Facility 1.70% 13/02/2043	EUR	€92,000	76,819	0.30	US Treasury 2.25% 15/02/2052	USD	\$84,000	58,816	0.23
			76,819	0.30	US Treasury 2.88% 15/05/2052	USD	\$110,000	88,774	0.35
Netherlands 0.95% (0.96%)							3,918,775	15.30	
Netherlands Government Bond 0.25% 15/07/2025	EUR	€242,000	242,912	0.95			7,783,100	30.38	
			242,912	0.95	Government Bonds total				
United Kingdom 1.80% (1.84%)									
UK Treasury 0.50% 31/01/2029	GBP	£85,000	84,591	0.33	Corporate Bonds 0.46% (0.75%)				
UK Treasury 0.88% 31/07/2033	GBP	£24,000	21,551	0.08	Germany 0.46% (0.39%)				
UK Treasury 0.63% 31/07/2035	GBP	£112,000	90,683	0.35	Kreditanstalt fuer Wiederaufbau 2.05% 16/02/2026	JPY	JPY 10,000,000	79,638	0.31
UK Treasury 3.75% 29/01/2038	GBP	£71,000	82,444	0.32	Kreditanstalt fuer Wiederaufbau 2.60% 20/06/2037	JPY	JPY 4,000,000	36,932	0.15
UK Treasury 1.25% 22/10/2041	GBP	£26,000	19,824	0.08			116,570	0.46	
UK Treasury 1.50% 22/07/2047	GBP	£211,000	154,776	0.61	Luxembourg 0.00% (0.36%)				
UK Treasury 0.50% 22/10/2061	GBP	£15,000	6,431	0.03	Corporate Bonds total				
			460,300	1.80			116,570	0.46	
United States of America 15.30% (12.91%)					Supranationals 0.20% (0.15%)				
US Treasury 0.25% 31/10/2025	USD	\$150,000	134,127	0.52	European Union 0.10% 04/10/2040	EUR	28,000	29,700	0.12
US Treasury 0.75% 31/05/2026	USD	\$85,000	75,783	0.29	International Bank for Reconstruction and Development 0.25% 21/01/2061	EUR	20,000	21,321	0.08
US Treasury 0.63% 31/07/2026	USD	\$27,000	23,844	0.09			51,021	0.20	
US Treasury 1.13% 31/10/2026	USD	\$191,000	170,766	0.67	Supranationals total				
US Treasury 2.50% 31/03/2027	USD	\$173,000	162,316	0.63			51,021	0.20	
US Treasury 0.38% 31/07/2027	USD	\$14,100	11,954	0.05	Certificates of Deposit 0.05% (0.29%)				
US Treasury 2.75% 31/07/2027	USD	\$102,000	96,458	0.38	Supranational 0.05% (0.29%)				
US Treasury 2.25% 15/08/2027	USD	\$85,000	78,579	0.31	European Investment Bank 0.63% 21/10/2027	USD	16,000	13,611	0.05
US Treasury 0.63% 30/11/2027	USD	\$145,000	123,074	0.48			13,611	0.05	
US Treasury 1.00% 31/07/2028	USD	\$20,000	16,994	0.07	Certificates of Deposit total				
US Treasury 1.75% 31/01/2029	USD	\$40,000	35,141	0.14			13,611	0.05	
US Treasury 2.38% 31/03/2029	USD	\$225,000	204,609	0.80	Commercial Papers 0.00% (0.21%)				
US Treasury 2.75% 31/05/2029	USD	\$41,000	38,085	0.15	France 0.00% (0.21%)				
US Treasury 3.25% 30/06/2029	USD	\$155,000	148,273	0.58	Total Value of Investments			25,437,318	99.29
US Treasury 4.00% 31/10/2029	USD	\$455,000	455,071	1.78	Net other assets (2021: 2.33%)			181,990	0.71
US Treasury 0.63% 15/08/2030	USD	\$120,000	94,434	0.37	Net assets attributable to shareholders				
US Treasury 1.38% 15/11/2031	USD	\$153,000	124,593	0.49			25,619,308	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 31 December 2021.				

Managed Fund

Notes to the Financial Statements

for the accounting period 1st January 2022 to 31st December 2022

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 76.

2 NET CAPITAL (LOSSES)/GAINS

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

	2022 US\$	2021 US\$
Non-derivative securities	(8,007,546)	2,759,583
Forward currency derivative contracts	227	(503)
Other currency losses	(8,985)	(5,553)
Transaction charges	(25,608)	(25,078)
Other (expense)/income	(629)	1,237
Net capital (losses)/gains	<u>(8,042,541)</u>	<u>2,729,686</u>

Gains from non-derivative securities include realised gains of US\$ 245,952 (2021: US\$ 3,991,957) and change in unrealised loss of US\$ 8,253,498 (2021: US\$ 1,232,374 unrealised loss).

3 REVENUE

	2022 US\$	2021 US\$
Overseas dividends	269,612	270,900
Bank interest	6,481	612
Interest on debt securities	133,910	97,016
Total revenue	<u>410,003</u>	<u>368,528</u>

4 EXPENSES

	2022 US\$	2021 US\$
Payable to the Fund Manager, associates of the Manager and agents of either of them:		
Annual management charge	(559,850)	(717,279)
Registration expenses	(4,240)	(4,534)
Directors' fees	(4,197)	(3,150)
	<u>(568,287)</u>	<u>(724,963)</u>
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(11,484)	(13,478)
Safe custody fees	(6,530)	(7,536)
Interest payable	(498)	(180)
	<u>(18,512)</u>	<u>(21,194)</u>
Other expenses:		
Audit fee	(10,402)	(11,915)
Regulatory and professional fees	(5,001)	(4,222)
Publication charges	(4,050)	(6,410)
	<u>(19,453)</u>	<u>(22,547)</u>
Total expenses	<u>(606,252)</u>	<u>(768,704)</u>

5 TAXATION

	2022 US\$	2021 US\$
Analysis of charge in period:		
Overseas tax suffered	(68,330)	(71,501)
Total overseas taxation	<u>(68,330)</u>	<u>(71,501)</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:

	2022 US\$	2021 US\$
Revenue deducted on cancellation of shares	10,831	17,635
Revenue received on creation of shares	(59)	(176)
Distributions for the year	<u>10,772</u>	<u>17,459</u>

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

7 INVESTMENTS

Fair Value Hierarchy

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

The disclosure is split into the following categories:

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

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

Level 3: Valuation techniques using unobservable inputs.

	2022 Assets US\$	2021 Assets US\$
Level 1: Quoted prices	24,690,075	34,135,461
Level 2: Observable market data	747,243	1,089,388
Level 3: Unobservable data	–	–
Total value	<u>25,437,318</u>	<u>35,224,849</u>

8 DEBTORS

	2022 US\$	2021 US\$
Accrued revenue	37,182	30,216
Receivable from Fund Manager –		
Nominal and management shares	552,466	550,513
Prepaid expenses	1,151	1,174
Sales awaiting settlement	140,966	–
Overseas tax recoverable	982	1,011
Total debtors	<u>732,747</u>	<u>582,914</u>

9 OTHER CREDITORS

	2022 US\$	2021 US\$
Accrued expenses	(24,328)	(21,864)
Purchases awaiting settlement	(100,862)	–
Amounts payable to the Fund Manager	(41,042)	(58,163)
Total creditors	<u>(166,232)</u>	<u>(80,027)</u>

10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 77, 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 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\$ 4,197 (2021: US\$ 3,150) with US\$ 1,256 (2021: US\$ 780) 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\$ 40,326 (December 2021: US\$ 57,790) in respect of the annual management charge, and US\$ 716 (December 2021: US\$ 373) 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 of which the Fund is a related party, hold 514,802 (2021: 524,767) 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 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	10,988,630	3,705	(784,932)	10,207,403
Management Shares	10	–	–	10

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2021: US\$ Nil).

Managed Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

13 DEBT SECURITY CREDIT ANALYSIS

	2022		2021	
	Market Value US\$	% of Net Assets	Market Value US\$	% of Net Assets
Investment Grade*	7,964,302	31.09	10,011,336	27.76
	<u>7,964,302</u>	<u>31.09</u>	<u>10,011,336</u>	<u>27.76</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 Fund 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 Fund 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\$	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	6,779,520	1,813	6,387	6,787,720	0.03	0.09
Bonds	15,500,179	—	—	15,500,179	—	—
Funds	26,054	—	—	26,054	—	—
	<u>22,305,753</u>	<u>1,813</u>	<u>6,387</u>	<u>22,313,953</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	8,329,779	(2,034)	(1,181)	8,326,564	(0.02)	(0.01)
Bonds	15,724,038	—	—	15,724,038	—	—
Funds	59,441	—	—	59,441	—	—
	<u>24,113,258</u>	<u>(2,034)</u>	<u>(1,181)</u>	<u>24,110,043</u>		
Total		<u>3,847</u>	<u>7,568</u>			
Percentage of Fund average net assets		<u>0.01%</u>	<u>0.03%</u>			

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

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

Managed Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

14 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.10% (2021: 0.10%). 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 77.

Currency exposures

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

Currency risk sensitivity

As at 31 December 2022 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31 December 2022 between US\$ and all other currencies had strengthened by 5% (2021: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 585,812 (2021: US\$ 699,506).

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 2022	US\$	US\$	US\$
Australian Dollar	1,083	131,129	132,212
Brazilian Real	10	–	10
Canadian Dollar	2,102	315,461	317,563
Danish Krone	848	685,678	686,526
Euro	27,446	3,586,000	3,613,446
Hong Kong Dollar	1,501	269,130	270,631
Indonesian Rupiah	–	275,548	275,548
Japanese Yen	103,512	2,141,888	2,245,400
Mexican Peso	50	–	50
New Zealand Dollar	2	–	2
Norwegian Krone	500	264,899	265,399
Polish Zloty	1	–	1
Singapore Dollar	3,143	268,080	271,223
South African Rand	52	–	52
South Korean Won	1,478	405,803	407,281
Swedish Krona	82	–	82
Swiss Franc	1,065	871,586	872,651
Taiwan Dollar	47,961	379,084	427,045
Turkish Lira	1	–	1
UK Sterling	7,677	1,923,448	1,931,125
US Dollar	(16,524)	13,919,584	13,903,060
Currency 2021	US\$	US\$	US\$
Australian Dollar	1,535	186,245	187,780
Brazilian Real	9	–	9
Canadian Dollar	1,384	197,813	199,197
Danish Krone	1,107	891,084	892,191
Euro	4,925	4,116,548	4,121,473
Hong Kong Dollar	1,495	308,522	310,017
Indonesian rupiah	–	349,008	349,008
Japanese Yen	9,547	3,284,925	3,294,472
Mexican Peso	47	–	47
New Zealand Dollar	2	–	2
Norwegian Krone	39	296,561	296,600
Polish Zloty	1	–	1
Singapore Dollar	76	–	76
South African Rand	54	–	54
South Korean Won	2,022	709,034	711,056
Swedish Krona	95	–	95
Swiss Franc	66	1,094,554	1,094,620
Taiwanese Dollar	36,674	554,234	590,908
Turkish Lira	1	–	1
UK Sterling	6,391	2,014,966	2,021,357
US Dollar	776,183	21,221,355	21,997,538

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 2022 and 31st December 2021 was:

Assets	2022 US\$	2021 US\$
Fixed rate financial assets	7,964,302	10,011,337
Floating rate financial assets	167,941	889,279
Financial assets not carrying interest	17,653,296	25,245,913
Liabilities	2022 US\$	2021 US\$
Fixed rate financial liabilities	0	0
Floating rate financial liabilities	0	0
Financial liabilities not carrying interest	(166,561)	(80,027)

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

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

Interest rate risk sensitivity

As at 31 December 2022 the Fund was exposed to interest rate risk through its investments in debt instruments. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund.

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

As at 31 December 2022 had market interest rates strengthened by 5% (2021: 1%), the net assets attributable to preference shareholders of the Fund would have decreased by US\$ 3,358,867 (2021: US\$ 927,192).

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

Other price risk sensitivity

As at 31 December 2022 the Fund was exposed to other market price risk due to its investments in equities and collective investment schemes. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31 December 2022, had the fair value of equity securities and collective investment schemes increased/(decreased) by 5% (2021: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 873,651 (2021: US\$ 1,260,676).

Fair value of financial assets and financial liabilities

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

Worldwide Equity Fund

Fund Investment Report

Investment Policy

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

Types of Investment

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

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

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

Fund Performance

Over the 12 months to 31 December 2022, the Fund posted a total gross return of -23.8% compared with a return of -18.0% from the MSCI AC World Index in United States (US) Dollar terms.

Review

2022 was a challenging year for global equity markets. Rising inflation and anticipation of tighter monetary policy (in which central banks increase interest rates to control inflation) in developed markets dominated sentiment early in the year. This gained impetus as Russia's invasion of Ukraine in late February caused commodities to surge, stoking inflation and fostering expectations of even higher interest rates. Indeed, major central banks hiked rates aggressively in 2022, finally leaving behind over a decade of very loose monetary policy. As the year progressed, concerns shifted from higher rates to the prospect of recession. Weaker global economic data and cooling inflation spurred equity-market rallies amid hopes that key central banks would slow down the pace of monetary tightening. Sentiment was further boosted by optimism about China's reopening following the relaxation of its strict Covid-related measures.

US equities underperformed as monetary policy concerns dominated sentiment. Technology stocks fared worst, with rising interest rates and a global semiconductor shortage weighing on the sector. The Federal Reserve (Fed) increased interest rates by a cumulative 425 basis points (bps) over the period. A slowdown in the pace of rate hikes from 75 bps to 50 bps in December raised hopes that interest rates could be peaking, particularly as US inflation fell for the fifth consecutive month. However, Fed Chairman Jerome Powell downplayed the fall in inflation. Corporate earnings during the period, though mixed, were better than feared and provided some support for US equities. On the political front, the Republican party narrowly took control of the lower house of Congress, but the Democrats kept hold of the Senate, a result that was viewed as better than expected for President Biden.

In continental Europe, sentiment was affected by the war in Ukraine and record eurozone inflation, as well as a severe energy crisis, which led to fears of a deep recession as higher energy bills squeezed consumer budgets and caused corporate operating costs to surge. The European Central Bank (ECB) raised rates by a total of 250 bps over the year, although there were indications that inflation had started to ebb later in the period. The United Kingdom (UK) market was the outlier in 2022, posting a gain for the year. This export heavy market was helped by weakness in the Pound as well as its sizeable exposure to energy and mining stocks. Despite this, it remained a difficult year for the UK economy, with high inflation, rising interest rates and political turmoil creating significant challenges. The Bank of England (BoE) hiked rates by 325 bps and said that further increases in interest rates would be required to bring inflation back to its long term target.

In Japan, currency weakness weighed on equities for much of the period as the Bank of Japan (BoJ) maintained its commitment to ultra-loose monetary policy, even as inflation rose. However, the bank changed course in December when it decided to relax the yield band (a method by which the BoJ aims to control interest rates) on 10-year government bonds, sending the Yen higher. Although some degree of policy normalisation was widely expected, the timing of the move caught investors by surprise.

Within emerging markets (EMs), index heavyweight China was among the worst performers as the government's stringent Covid restrictions weighed on the economic outlook. Stocks were also impacted by worries over a burgeoning crisis in the property sector and wide-ranging regulatory crackdowns. Later in the year, however, anticipation that the zero-Covid policy would soon be abandoned (as duly transpired) prompted a substantial rally in Chinese equities.

Measured in local currencies, the US underperformed the MSCI All-Country World Index during the period. The UK and Japanese markets outperformed. Europe ex UK also held up better than the index, while EMs were broadly in line with global averages.

At the sector level, energy was the standout performer thanks to gains in oil and gas prices during the period. The more defensive utilities, healthcare and consumer staples sectors also outperformed as investors sought safe havens in the face of uncertainty around growth and interest rates. At the other end, communication services, consumer discretionary and technology lagged.

Gross of fees, the fund underperformed its benchmark over the period. Security selection weighed on relative returns, particularly in materials, consumer discretionary and technology, though picks in communication services and energy added value. Sector allocation was also unfavourable, mainly due to the fund's underweight in energy. However, the underweight in consumer discretionary proved beneficial.

Worldwide Equity Fund

Fund Investment Report (continued)

Review (continued)

At the stock level, significant detractors included Google's parent company Alphabet Inc (US), which was hurt by the sell off in high-growth names. There were also fears that the firm could lose some of its market share in the digital advertising space during 2023. We continue to favour Alphabet for its market leadership, broad network and amassment of data. Alphabet maintains its place as the 'gateway' to the internet in a range of sectors. We feel that the market is underestimating the scale and sustainability of the company's growth, which is underpinned by these competitive advantages. We are also encouraged by Alphabet's investments in Artificial Intelligence and the Google Search and Cloud segments of the business.

Meanwhile, PayPal Holdings Inc (US) struggled over the period due to rapidly rising interest rates. Investors were also concerned that a recession in 2023 could lead to consumers spending less, which would impact the company's ability to generate revenue via transaction fees. However, we continue to favour the leading digital payments firm for its exposure to ecommerce. We believe the company is well placed to benefit from the ongoing strong demand for digital payments thanks to its strong brand recognition and global scale. We also favour PayPal for its improving product portfolio and well-established user base.

The strongest contributor over the period was Equinor ASA (Norway), which profited from the rise in oil and gas prices. As one of Europe's key gas suppliers, the global energy firm benefits from a strong market position, along with pricing power and cost advantages. The increases in energy prices in 2022 helped to enhance cashflows, which will support the company's transition towards renewable energy. Equinor is ahead of peers in this regard, with a target to become carbon neutral by 2030 and a focus on offshore wind and low-carbon solutions such as carbon capture and green hydrogen.

T Mobile US was another key contributor. Shares in the firm climbed in 2022, buoyed by strong results and the continued development of its 5G network; in late May, the firm announced a partnership with Nokia to develop private 5G networks for public sector and business users, which should strengthen its competitive position. As the leading challenger brand in US wireless, T Mobile boasts a robust market position as well as a resilient business model and an excellent reputation. We believe the firm's industry-leading 5G network and strong cash generation place the company in a good position to benefit from the increasing demand for cloud computing and 5G.

The zero weight in Tesla Inc (US) also added value in a weak period for the stock.

Macroeconomic factors were the key drivers of equity markets in 2022. Price moves have, to some extent, become dislocated from fundamentals as the market weighed up the perceived impact of elevated levels of inflation, rising interest rates and the spectre of recession. This type of sentiment driven market, which has favoured energy exposures and those stocks perceived to be cheap, tends to prove challenging for our quality-growth biased strategy. In the near term, a period of higher interest rates is likely to dampen demand. This could prove more problematic for cyclical businesses that are affected by large-scale economic changes and could impact value as a style.

Meanwhile, a post-pandemic world of supply chain issues, rising input costs and challenges to economic growth could prove tough for the average company, and corporate earnings are likely to come under pressure. Our holdings tend to be less economically geared and have strong balance sheets, so they should be less impacted by the need to refinance debt at higher rates. They are typically cash generative and, in many cases, have subscription-like business models. These businesses should, therefore, be better placed in an economic downturn. Many are also supported by powerful secular themes.

Over the longer term, an environment of muted economic activity should be supportive of this approach given our emphasis on secular winners that are less reliant on the broader economy to drive their growth. And while we are not thematic investors, we have exposure to companies likely to benefit from key structural trends, many of which have accelerated in recent years.

Worldwide Equity Fund Comparative Tables

for the accounting period 1st January 2022 to 31st December 2022

	Preference Shares		
	2022	2021	2020
	US\$	US\$	US\$
Change in net assets per share			
Opening net asset value per share	4.5242	3.9784	3.3020
Return before operating charges ¹	(1.0991)	0.6379	0.7796
Operating charges	(0.0787)	(0.0921)	(0.1032)
Return after operating charges	(1.1778)	0.5458	0.6764
Distributions on preference shares	—	—	—
Closing net asset value per share	3.3464	4.5242	3.9784
after direct transaction costs ¹	(0.0018)	(0.0013)	(0.0019)

Performance

Return after charges	(26.03%)	13.72%	20.48%
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Other information

Closing net asset value (US\$)	22,510,588	33,199,767	32,583,795
Closing number of shares	6,726,811	7,338,223	8,190,205
Operating charges	2.15%	2.12%	2.13%
Direct transaction costs (note 13)	0.05%	0.03%	0.04%
Ongoing Charges Figure (“OCF”) ²	2.15%	2.12%	2.13%

Prices

	2022	2021	2020	2019	2018
Highest offer share price (US\$)	4.7830	4.8740	4.2160	3.4940	3.1970
Lowest bid share price (US\$)	3.0400	3.9320	2.3740	2.4780	2.4380
Net distribution per share (US\$)	—	—	—	—	—

Notes

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

²The 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 2022 to 31st December 2022

	Notes	2022 US\$	2021 US\$
Income			
Net capital (losses)/gains	2	(8,333,455)	4,732,743
Revenue	3	365,236	359,757
Expenses	4	(546,673)	(693,745)
Net expense before taxation		(181,437)	(333,988)
Taxation	5	(86,672)	(85,549)
Net expense after taxation		(268,109)	(419,537)
Total return before distribution		(8,601,564)	4,313,206
Distributions	6	15,789	17,652
Change in Net Assets Attributable to Preference Shareholders from investment activities		(8,585,775)	4,330,858

Balance Sheet

as at 31st December 2022

	Notes	2022 US\$	2021 US\$
Assets:			
Fixed assets:			
Investments	7	22,202,834	32,889,583
Current assets:			
Debtors	8	239,485	240,738
Cash and bank balances		365,085	371,282
Total assets		22,807,404	33,501,603
Liabilities:			
Creditors:			
Other creditors	9	(71,639)	(78,187)
Total liabilities		(71,639)	(78,187)
Equity:			
Nominal shares (note 14, page 79)		(225,177)	(223,649)
Total equity		(225,177)	(223,649)
Net Assets Attributable to Preference Shareholders		22,510,588	33,199,767

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2022 to 31st December 2022

	2022 US\$	2021 US\$
Opening Net Assets Attributable to Preference Shareholders	33,199,767	32,583,795
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	1,515,580	749,326
Amounts payable on cancellation of shares	(3,618,984)	(4,464,212)
	(2,103,404)	(3,714,886)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(8,585,775)	4,330,858
Closing Net Assets Attributable to Preference Shareholders	22,510,588	33,199,767

Distribution Table

There is no distribution for the accounting period 1st January 2022 to 31st December 2022, as expenses exceed revenue (December 2021: US\$ Nil).

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

Worldwide Equity Fund

Portfolio Statement

As at 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 98.63% (99.07%)					Equities 98.63% (99.07%) (continued)				
Canada 0.90% (0.00%)					United States of America 54.90% (59.72%)				
Nutrien Ltd.	CAD	2,771	202,223	0.90	Abbott Laboratories	USD	2,338	254,795	1.13
			202,223	0.90	Adobe, Inc.	USD	819	273,104	1.21
Cayman Islands 0.33% (0.60%)					Advanced Micro Devices, Inc.	USD	2,377	152,366	0.68
Sea Ltd., ADR	USD	1,414	73,740	0.33	Alphabet, Inc. 'A'	USD	8,321	725,841	3.22
			73,740	0.33	Amazon.com, Inc.	USD	6,397	531,399	2.36
Denmark 3.94% (3.60%)					American Tower Corp., REIT	USD	1,272	270,542	1.20
Novo Nordisk A/S 'B'	DKK	2,607	350,946	1.56	Autodesk, Inc.	USD	1,272	234,569	1.04
Orsted A/S	DKK	3,095	280,410	1.25	Bank of America Corp.	USD	9,313	309,285	1.37
Tryg A/S	DKK	10,759	255,545	1.13	Centene Corp.	USD	1,851	150,560	0.67
			886,901	3.94	ConocoPhillips	USD	1,283	150,291	0.67
Finland 0.00% (0.62%)					Cooper Cos., Inc. (The)	USD	931	305,694	1.36
France 7.04% (3.11%)					CrowdStrike Holdings, Inc. 'A'	USD	1,146	120,410	0.54
EssilorLuxottica SA	EUR	1,209	219,154	0.97	Deere & Co.	USD	557	237,399	1.05
L'Oréal SA	EUR	814	290,806	1.29	Doximity, Inc. 'A'	USD	2,449	80,205	0.36
LVMH Moët Hennessy Louis					Ecolab, Inc.	USD	1,863	272,296	1.21
Vuitton SE	EUR	398	290,322	1.29	Electronic Arts, Inc.	USD	2,771	336,399	1.49
Schneider Electric SE	EUR	2,603	364,918	1.62	Elevance Health, Inc.	USD	493	251,169	1.12
TotalEnergies SE	EUR	6,672	420,042	1.87	Eli Lilly & Co.	USD	832	302,731	1.35
			1,585,242	7.04	Equinix, Inc., REIT	USD	385	252,776	1.12
Germany 1.50% (0.96%)					First Republic Bank	USD	1,630	199,430	0.89
adidas AG	EUR	1,212	164,841	0.73	Intercontinental Exchange, Inc.	USD	2,178	222,962	0.99
Infineon Technologies AG	EUR	5,689	172,946	0.77	Intuit, Inc.	USD	928	356,649	1.58
			337,787	1.50	JPMorgan Chase & Co.	USD	2,514	336,071	1.49
Hong Kong 1.56% (1.25%)					Lam Research Corp.	USD	715	297,197	1.32
AIA Group Ltd.	HKD	31,600	351,427	1.56	Mastercard, Inc. 'A'	USD	1,340	462,983	2.06
			351,427	1.56	MercadoLibre, Inc.	USD	241	203,233	0.90
India 1.64% (1.27%)					Meta Platforms, Inc. 'A'	USD	1,029	122,214	0.54
HDFC Bank Ltd., ADR	USD	5,415	368,870	1.64	Microsoft Corp.	USD	4,251	1,011,653	4.49
			368,870	1.64	NextEra Energy, Inc.	USD	4,121	344,763	1.53
Indonesia 1.63% (1.39%)					NVIDIA Corp.	USD	2,105	302,994	1.35
Bank Rakyat Indonesia Persero					PayPal Holdings, Inc.	USD	2,290	161,285	0.72
Tbk. PT	IDR	1,159,619	367,117	1.63	PepsiCo, Inc.	USD	1,775	320,618	1.42
			367,117	1.63	QUALCOMM, Inc.	USD	3,013	327,543	1.46
Ireland 2.27% (4.44%)					S&P Global, Inc.	USD	459	153,480	0.68
CRH plc	EUR	4,053	160,086	0.71	Stryker Corp.	USD	1,432	348,520	1.55
Linde plc	EUR	482	156,971	0.70	SVB Financial Group	USD	576	133,903	0.60
Trane Technologies plc	USD	1,155	193,485	0.86	Thermo Fisher Scientific, Inc.	USD	708	387,361	1.72
			510,542	2.27	T-Mobile US, Inc.	USD	2,577	357,224	1.59
Japan 3.64% (5.75%)					Trimble, Inc.	USD	3,056	153,320	0.68
Hoya Corp.	JPY	1,200	115,513	0.51	Uber Technologies, Inc.	USD	8,568	211,116	0.94
Keyence Corp.	JPY	800	311,792	1.39	Union Pacific Corp.	USD	1,389	287,870	1.28
Recruit Holdings Co. Ltd.	JPY	5,400	170,758	0.76	Walt Disney Co. (The)	USD	3,111	266,550	1.18
Sony Group Corp.	JPY	2,900	220,466	0.98	Xylem, Inc.	USD	1,620	178,621	0.79
			818,529	3.64				12,359,391	54.90
Netherlands 0.84% (1.11%)					Virgin Islands, British 0.68% (0.81%)				
Koninklijke DSM NV	EUR	1,538	188,761	0.84	Nomad Foods Ltd.	USD	8,870	153,274	0.68
			188,761	0.84				153,274	0.68
Norway 1.56% (1.22%)					Equities total				
Equinor ASA	NOK	9,851	351,688	1.56				22,202,834	98.63
			351,688	1.56	Total Value of Investments			22,202,834	98.63
Singapore 1.56% (0.00%)					Net other assets (2021: 0.93%)			307,754	1.37
DBS Group Holdings Ltd.	SGD	13,900	351,539	1.56	Net assets attributable to shareholders				
			351,539	1.56				22,510,588	100.00
South Korea 2.40% (2.89%)					All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.				
Samsung Electronics Co. Ltd.	KRW	7,577	333,051	1.48	The comparative percentage figures in brackets are as at 31 December 2021.				
Samsung SDI Co. Ltd.	KRW	440	206,694	0.92					
			539,745	2.40					
Switzerland 5.14% (6.00%)									
Nestle SA	CHF	4,052	471,759	2.09					
Roche Holding AG	CHF	790	248,986	1.11					
SIG Group AG	CHF	12,557	275,017	1.22					
Sika AG	CHF	673	162,093	0.72					
			1,157,855	5.14					
Taiwan 2.22% (2.31%)									
Taiwan Semiconductor									
Manufacturing Co. Ltd., ADR	USD	6,731	498,767	2.22					
			498,767	2.22					
United Kingdom 4.88% (2.02%)									
Anglo American plc	GBP	8,602	334,538	1.48					
Diageo plc	GBP	6,866	301,465	1.34					
Shell plc	GBP	11,580	324,010	1.44					
SSE plc	GBP	6,772	139,423	0.62					
			1,099,436	4.88					

Worldwide Equity Fund

Notes to the Financial Statements

for the accounting period 1st January 2022 to 31st December 2022

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 76.

2 NET CAPITAL (LOSSES)/GAINS

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

	2022 US\$	2021 US\$
Non-derivative securities	(8,317,907)	4,752,700
Other currency losses	(812)	(3,508)
Forward currency contracts	541	–
Transaction charges	(16,050)	(16,449)
Other income	773	–
Net capital (losses)/gains	<u>(8,333,455)</u>	<u>4,732,743</u>

(Losses)/gains from non-derivatives securities include realised gains of US\$ 1,825,141 (2021: US\$ 4,997,793) and change in unrealised losses of US\$ 10,143,048 (2021: US\$ 245,093).

Forward currency derivative contracts include realised gains of US\$ 541 (2021: US\$ Nil).

3 REVENUE

	2022 US\$	2021 US\$
Overseas dividends	362,535	359,253
Bank interest	2,701	504
Total revenue	<u>365,236</u>	<u>359,757</u>

4 EXPENSES

	2022 US\$	2021 US\$
Payable to the Fund Manager, associates of the Manager and agents of either of them:		
Annual management charge	(510,225)	(652,262)
Registration expenses	(1,496)	(1,580)
Directors' fees	(3,877)	(2,893)
	<u>(515,598)</u>	<u>(656,735)</u>
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(10,466)	(12,252)
Safe custody fees	(5,704)	(6,117)
Interest payable	(37)	(618)
	<u>(16,207)</u>	<u>(18,987)</u>
Other expenses:		
Audit fee	(9,445)	(11,247)
Regulatory and professional fees	(1,849)	(799)
Publication charges	(3,574)	(5,977)
	<u>(14,868)</u>	<u>(18,023)</u>
Total expenses	<u>(546,673)</u>	<u>(693,745)</u>

5 TAXATION

	2022 US\$	2021 US\$
Analysis of charge in period:		
Overseas tax suffered	(86,672)	(85,549)
Total overseas taxation	<u>(86,672)</u>	<u>(85,549)</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:

	2022 US\$	2021 US\$
Revenue deducted on cancellation of shares	21,283	21,713
Revenue received on creation of shares	(5,494)	(4,061)
Distributions for the year	<u>15,789</u>	<u>17,652</u>

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	2022 Assets US\$	2021 Assets US\$
Level 1: Quoted prices	22,202,834	32,889,583
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
Total value	<u>22,202,834</u>	<u>32,889,583</u>

8 DEBTORS

	2022 US\$	2021 US\$
Accrued revenue	12,441	15,174
Receivable from Fund Manager – Nominal shares	225,177	223,649
Overseas tax recoverable	798	835
Prepaid expenses	1,069	1,080
Total debtors	<u>239,485</u>	<u>240,738</u>

9 OTHER CREDITORS

	2022 US\$	2021 US\$
Amounts payable for cancellation of shares	(19,511)	(7,779)
Accrued expenses	(16,367)	(17,297)
Amounts payable to the Fund Manager	(35,761)	(53,111)
Total creditors	<u>(71,639)</u>	<u>(78,187)</u>

10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 77, 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, 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\$ 3,877 (2021: US\$ 2,893) with US\$ 1,167 (2021: US\$ 712) 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\$ 35,523 (December 2021: US\$ 52,981) in respect of the annual management charge, and US\$ 238 (December 2021: US\$ 130) 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 of which the Fund is a related party, hold 4,672,462 (2021: 5,215,951) 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 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	7,338,223	391,395	(1,002,807)	6,726,811

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2021: US\$ Nil).

Worldwide Equity Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

26

13 DIRECT TRANSACTION COSTS

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

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

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the Fund 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 Fund 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 2022 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	7,882,171	2,253	7,817	7,892,241	0.03	0.10
	<u>7,882,171</u>	<u>2,253</u>	<u>7,817</u>	<u>7,892,241</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	10,264,798	(2,522)	(1,132)	10,261,144	(0.02)	(0.01)
	<u>10,264,798</u>	<u>(2,522)</u>	<u>(1,132)</u>	<u>10,261,144</u>		
Total		<u>4,775</u>	<u>8,949</u>			
Percentage of Fund average net assets		<u>0.02%</u>	<u>0.03%</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 2021 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	9,684,304	2,538	2,376	9,689,218	0.03	0.02
	<u>9,684,304</u>	<u>2,538</u>	<u>2,376</u>	<u>9,689,218</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	13,757,148	(3,136)	(1,890)	13,752,122	(0.02)	(0.01)
	<u>13,757,148</u>	<u>(3,136)</u>	<u>(1,890)</u>	<u>13,752,122</u>		
Total		<u>5,674</u>	<u>4,266</u>			
Percentage of Fund average net assets		<u>0.02%</u>	<u>0.01%</u>			

Worldwide Equity Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

13 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.10% (2021: 0.10%). 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 77.

Currency exposures

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

Currency risk sensitivity

As at 31 December 2022 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31 December 2022 between US\$ and all other currencies had strengthened by 5% (2021: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 428,066 (2021: US\$ 491,290).

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 2022			
Australian Dollar	234	–	234
Canadian Dollar	1,015	202,223	203,238
Danish Krone	127	886,901	887,028
Euro	1,285	2,428,847	2,430,132
Hong Kong Dollar	36	351,427	351,463
Indonesian Rupiah	–	367,117	367,117
Japanese Yen	3	818,529	818,532
Mexican Peso	42	–	42
New Zealand Dollar	632	–	632
Norwegian Krone	90	351,688	351,778
Polish Zloty	104	–	104
Singapore Dollar	97	351,539	351,636
South African Rand	4	–	4
South Korean Won	1,968	539,745	541,713
Swedish Krona	57	–	57
Swiss Franc	183	1,157,855	1,158,038
UK Sterling	136	1,099,436	1,099,572
US Dollar	301,741	13,647,527	13,949,268
Currency 2021	US\$	US\$	US\$
Australian Dollar	250	–	250
Canadian Dollar	4	–	4
Danish Krone	126	1,193,884	1,194,010
Euro	708	2,387,641	2,388,349
Hong Kong Dollar	34	415,396	415,430
Japanese Yen	5,260	1,908,074	1,913,334
Mexican Peso	39	–	39
New Zealand Dollar	681	–	681
Norwegian Krone	90	405,065	405,155
Polish Zloty	111	–	111
Singapore Dollar	66	–	66
South African Rand	4	–	4
South Korean Won	2,736	959,875	962,611
Swedish Krona	66	–	66
Swiss Franc	108	1,479,585	1,479,693
Indonesian rupiah	–	460,930	460,930
UK Sterling	193	669,549	669,742
US Dollar	299,708	23,009,584	23,309,292

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 2022 and 31st December 2021 was:

	2022 US\$	2021 US\$
Assets		
Fixed rate financial assets	–	–
Floating rate financial assets	365,085	371,282
Financial assets not carrying interest	22,217,142	32,906,672
Liabilities		
Fixed rate financial liabilities	–	–
Floating rate financial liabilities	–	–
Financial liabilities not carrying interest	(71,639)	(78,187)

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

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

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

Other price risk sensitivity

As at 31 December 2022 the Fund was exposed to other market price risk due to its investments in equities. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31 December 2022, had the fair value of equity securities increased/(decreased) by 5% (2021: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,110,142 (2021: US\$ 1,644,479).

Fair value of financial assets and financial liabilities

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

Managed Currency Fund

Fund Investment Report

Investment Policy

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

Types of Investment

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

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

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

Fund Performance

Over the 12 months to 31 December 2022 the Fund achieved a gross return of +1.9% in US Dollar terms, while the benchmark returned +1.5%, in US Dollar terms.

Review

For most of the year, the portfolio was invested entirely in US Dollar deposits. The fund produced a positive return, helped by the rise in US interest rates. At the start of December, the fund also began to invest in US Treasury Bills. Treasury Bills are issued by the US government for periods of up to 52 weeks.

The US Dollar surged higher over the first nine months of the year, supported by the Federal Reserve's (Fed's) aggressive interest rate rises and the currency's status as a safe haven, before giving back some of these gains in the final quarter.

Key themes during the year included the tightening of monetary policy in the US, United Kingdom and Europe to combat rising inflation. Russia's invasion of Ukraine at the end of February exacerbated the rise in food and energy prices caused by earlier disruptions to supply chains due to the Covid pandemic.

During 2022, the Fed was the most aggressive of the major central banks, raising interest rates by a cumulative 4.25%. The Fed began increasing US rates in March, the first rise since 2018. Although this represented a shift in monetary policy, investors welcomed the start of decisive action to help curb inflation. According to the Bureau of Labour Statistics, US consumer price inflation rose to an annual rate of 9.1% in June but then recorded five consecutive monthly declines to stand at 7.1% in November.

Elsewhere, the Bank of England (BoE) increased its base rate by a total of 3.25% to reach 3.5% at the end of the year. The European Central Bank (ECB) ended eight years of negative Eurozone interest rates and raised rates by a total of 2.50%. The Fed, BoE and ECB all slowed the pace of rate increases in December from an earlier high of 0.75% to 0.50%, raising hopes that interest rates could be approaching their peak. The Bank of Japan maintained negative short term interest rates, but raised its cap on 10 year government bond yields at the end of the year. This was widely interpreted as the first step away from its ultra loose monetary policy and prompted a recovery in the Yen.

Looking ahead, we believe economic growth has already peaked around the globe. Inflation is likely to have reached a high point in the US in 2022, and is expected to peak in early 2023 in regions where it has not already done so.

A recession is expected in the US due to a period of sustained monetary tightening, the effects of which are beginning to filter through the economy. The housing market is emerging as the initial driver and is likely to be followed by a slowdown in consumption. Unemployment and wage inflation are flagged as the key indicators to watch regarding a sustainable disinflationary trend.

The recent Federal Open Market Committee (FOMC) minutes revealed that policymakers are leaning towards a slower pace of US rate rises, with a move away from the larger increases earlier in 2022. We continue to believe that the FOMC will maintain an aggressive policy bias until a clear downward trend towards its 2% inflation target becomes visible in the data. A pause in the pace of rate rises is expected in 2023.

Managed Currency Fund Comparative Tables

for the accounting period 1st January 2022 to 31st December 2022

	Preference Shares		
	2022	2021	2020
	US\$	US\$	US\$
Change in net assets per share			
Opening net asset value per share	0.3240	0.3286	0.3310
Return before operating charges ¹	0.0047	(0.0009)	0.0017
Operating charges	(0.0046)	(0.0037)	(0.0037)
Return after operating charges	0.0001	(0.0046)	(0.0020)
Distributions on preference shares	(0.0011)	—	(0.0004)
Closing net asset value per share	0.3230	0.3240	0.3286
after direct transaction costs ¹	—	—	—

Performance

Return after charges	0.03%	(1.40)%	(0.6)%
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Other information

Closing net asset value (US\$)	488,496	506,810	516,331
Closing number of shares	1,512,201	1,564,194	1,571,261
Operating charges	1.44%	1.14%	1.13%
Direct transaction costs (note 12)	—	—	—
Ongoing Charges Figure (“OCF”) ²	1.44%	1.14%	1.13%

Prices

	2022	2021	2020	2019	2018
Highest offer share price (US\$)	0.3412	0.3459	0.3489	0.3513	0.3511
Lowest bid share price (US\$)	0.3202	0.3240	0.3286	0.3314	0.3321
Net distribution per share (US\$)	0.0011	—	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 2022 to 31st December 2022

	Notes	2022 US\$	2021 US\$
Income			
Net capital losses	2	(1,499)	(1,727)
Revenue	3	7,285	408
Expenses	4	(5,679)	(5,883)
Interest payable and similar charges		—	—
Net revenue/(expense) before taxation		1,606	(5,475)
Taxation		—	—
Net revenue/(expense) after taxation		1,606	(5,475)
Total return before distribution		107	(7,202)
Distributions	5	(1,606)	3
Change in Net Assets Attributable to Preference Shareholders from investment activities		(1,499)	(7,199)

Balance Sheet

as at 31st December 2022

	Notes	2022 US\$	2021 US\$
Assets:			
Fixed assets:			
Investments	6	201,632	190,251
Current assets:			
Debtors	7	61,923	59,910
Cash and bank balances		287,382	317,282
Total assets		550,937	567,443
Liabilities:			
Creditors:			
Distribution payable		(1,685)	—
Other creditors	8	(733)	(740)
Total liabilities		(2,418)	(740)
Equity:			
Nominal shares (note 14, page 79)		(60,023)	(59,893)
Total equity		(60,023)	(59,893)
Net Assets Attributable to Preference Shareholders		488,496	506,810

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2022 to 31st December 2022

	2022 US\$	2021 US\$
Opening Net Assets Attributable to Preference Shareholders	506,810	516,331
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	—	—
Amounts payable on cancellation of shares	(16,815)	(2,322)
	(16,815)	(2,322)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(1,499)	(7,199)
Closing Net Assets Attributable to Preference Shareholders	488,496	506,810

Distribution Table

There was no distribution for the accounting period 1st January 2022 to 30th June 2022, as expenses exceeded revenue (June 2021: US\$ Nil).

for the accounting period 1st July 2022 to 31st December 2022

	Income US\$	Equalisation US\$	Distribution Payable 2022 US\$	Distribution Paid 2021 US\$
Group 1	0.0011	—	0.0011	0.0000
Group 2	0.0011	—	0.0011	0.0000

Group 2 units are those purchased after 16:00 (UK time) on 30th June 2022.

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

Managed Currency Fund Portfolio Statement

As at 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Government Bonds 3.07% (0.00%)				
United States of America 3.07% (0.00%)				
US Treasury Bill 0.00% 12/01/2023	USD	\$15,000	14,983	3.07
			14,983	3.07
Government Bonds total			14,983	3.07
Time Deposits 38.21% (37.54%)				
United States of America 38.21% (37.54%)				
First Abu Dhabi Bank PJSC 3.74% 23/01/2023	USD	46,940	47,427	9.71
Mitsubishi UFJ Trust and Banking Corp. 4.30% 13/02/2023	USD	46,066	46,506	9.52
SMBC Bank International plc 3.74% 17/01/2023	USD	46,962	47,475	9.72
Standard Chartered Bank 4.49% 17/04/2023	USD	45,000	45,241	9.26
Time Deposits total			186,649	38.21
Total Value of Investments			201,632	41.28
Net other assets (2021: 62.46%)			286,864	58.72
Net assets attributable to shareholders			488,496	100.00

*United States Dollar (US\$) time deposits equal to or greater than 3 months at 31st December 2022 was US\$ 186,649 (December 2021: US\$ 190,251).

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

The comparative percentage figures in brackets are as at 31 December 2021.

Managed Currency Fund

Notes to the Financial Statements

for the accounting period 1st January 2022 to 31st December 2022

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 76.

2 NET CAPITAL LOSSES

The net capital (losses) during the period comprise:

	2022 US\$	2021 US\$
Other currency (losses)	(1)	(1)
Transaction charges	(1,498)	(1,726)
Net capital (losses)	(1,499)	(1,727)

3 REVENUE

	2022 US\$	2021 US\$
Interest on debt securities	7,285	408
Total revenue	7,285	408

4 EXPENSES

	2022 US\$	2021 US\$
Payable to the Fund Manager, associates of the Manager and agents of either of them:		
Annual management charge	(4,965)	(5,107)
Registration expenses	(161)	(173)
Directors' fees	(69)	(44)
	(5,195)	(5,324)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(198)	(238)
Interest payable	(28)	(49)
	(226)	(287)
Other expenses:		
Audit fee	(169)	(170)
Regulatory and professional fees	(29)	(11)
Publication charges	(60)	(91)
	(258)	(272)
Total expenses	(5,679)	(5,883)

5 DISTRIBUTIONS

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

	2022 US\$	2021 US\$
Interim	–	–
Final	(1,685)	–
	(1,685)	–
Revenue deducted on cancellation of shares	79	3
Revenue received on creation of shares	–	–
Distributions for the year	(1,606)	3

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.

	2022 Assets US\$	2021 Assets US\$
Level 1: Quoted prices	14,983	–
Level 2: Observable market data	186,649	190,251
Level 3: Unobservable data	–	–
Total value	201,632	190,251

7 DEBTORS

	2022 US\$	2021 US\$
Receivable from Fund Manager –		
Nominal shares	60,023	59,893
Accrued Bank Interest	1,878	–
Prepaid expenses	22	17
Total debtors	61,923	59,910

8 OTHER CREDITORS

	2022 US\$	2021 US\$
Accrued expenses	(309)	(310)
Amounts payable to the Fund Manager	(424)	(430)
Total creditors	(733)	(740)

9 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 77, 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 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\$ 69 (2021: US\$ 44) with US\$ 22 (2021: US\$ 11) outstanding at year end.

Amounts paid to the Fund manager in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 388 (December 2021: US\$ 416) in respect of the annual management charge, and US\$ 36 (December 2021: 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, of which the Fund is a related party, hold 420,271 (2021: 421,977) 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 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	1,564,194	–	(51,993)	1,512,201

11 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2021: 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\$ 14,955 (2021: US\$ Nil) and the total sales amounted to US\$ Nil (2021: US\$ Nil).

Managed Currency Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

13 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 77.

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 2022 and 31st December 2021 was:

	2022	2021
Assets	US\$	US\$
Fixed rate financial assets	14,983	–
Floating rate financial assets	474,032	507,533
Financial assets not carrying interest	1,899	17
Liabilities	2022	2021
	US\$	US\$
Fixed rate financial liabilities	–	–
Floating rate financial liabilities	–	–
Financial liabilities not carrying interest	(2,418)	(740)

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.

14 DEBT SECURITY CREDIT ANALYSIS

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

	2022		2021	
	US\$	% of Net Assets	US\$	% of Net Assets
Investment grade securities*	14,983	3.07	—	—
	14,983	3.07	—	—

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

Gilt and Income Fund

Fund Investment Report

Investment Policy

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

Types of Investment

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

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

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

Fund Performance

Over the 12 months to 31 December 2022, the Fund posted a total gross return of -25.2% in Sterling terms, compared with a return of -23.8% for the FTSE Actuaries UK Conventional Gilts All Stocks Index.

Review

United Kingdom (UK) government bonds (or gilts) had a volatile and weak 12 months, with yields (which move inversely to price) rising sharply as markets factored in increasingly aggressive hikes in interest rates in response to soaring inflation.

Even before Russia's invasion of Ukraine, inflation had been above the Bank of England's (BoE's) target due to supply chain distortions stemming from the pandemic. The conflict pushed natural gas and grains prices – and, in turn, energy and food costs for consumers – sharply higher, which exacerbated price pressures.

Having already raised interest rates at the end of 2021, the BoE did so eight more times during 2022, taking its base rate to 3.5% by the end of the year.

In addition to interest-rate worries, gilts were extremely volatile in late September and October amid political turmoil in the UK, this time centering on the short-lived tenure of Prime Minister Liz Truss and Chancellor Kwasi Kwarteng. In September, the chancellor announced a raft of tax cuts and plans for increased spending. The lack of detail on how the measures would be funded, along with the absence of the usual independent projections from the Office for Budget Responsibility triggered alarm that this could lead to additional government borrowing and, therefore, a higher supply of gilts. Yields rose sharply in response, and the Pound plummeted. The BoE was forced to launch an emergency bond-buying scheme (by increasing demand for bonds, these schemes usually push down yields). Later, yields fell back, and the currency strengthened as markets welcomed the replacement of Truss and Kwarteng by Rishi Sunak and Jeremy Hunt, who reversed most of the stimulus plans outlined by their predecessors and promised to focus on bringing down government borrowing.

For most of the year, the fund was positioned with an overweight duration position (which measures the sensitivity of bonds to changes in interest rates) relative to the benchmark. This weighed on relative returns, given the rise in yields during the period. The underperformance was particularly marked in the third quarter, when we were overweight duration during the sharp sell-off in September following Kwarteng's announcement of tax cuts. Subsequently, we moved to a very small underweight position. We then increased duration in October, returning to an overweight duration. This added value, and the fund outperformed in the final quarter of the 2022, as yields eased from the highs of September, helped by easing fears about the UK's financial credibility. The fall in yields was also due to growing indications of an economic slowdown in the UK and globally, along with signs that inflation in the UK could be peaking, which fuelled expectations that central banks could slow their pace of rate hikes.

The marked escalation in geopolitical tensions and the associated financial impacts have become the primary focus of the financial world, and the pandemic has moved far down the spectrum of market concerns. In the near term, higher energy prices are likely to persist, which will squeeze consumer wallets further and feed through to higher input costs for some companies, while inflation risks remain high. The risk of further disruption to supply chains already hit by Covid-19 remains elevated.

The tail risks for the global economy have increased materially, resulting in a slowdown in growth. This is likely to make it even more difficult for central banks to balance the growth-inflation trade-off, given the potential impact of higher energy costs on consumers' disposable incomes.

While the UK economy is showing myriad signs of slowing, inflation numbers have yet to respond in a way that will give the BoE confidence that its policy tightening has started to work. Against this backdrop, the central bank is likely to hike rates further, although the peak may be close. The cessation of the bank's aforementioned time-limited bond-buying programme should exert upward pressure on longer-dated gilt yields, and we are positioned accordingly.

Gilt and Income Fund

Comparative Tables

for the accounting period 1st January 2022 to 31st December 2022

	Preference Shares		
	2022	2021	2020
	£	£	£
Change in net assets per share			
Opening net asset value per share	0.4225	0.4515	0.4215
Return before operating charges ¹	(0.1062)	(0.0228)	0.0364
Operating charges	(0.0055)	(0.0062)	(0.0064)
Return after operating charges	(0.1117)	(0.0290)	0.0300
Distributions on preference shares	(0.0011)	—	—
Closing net asset value per share	0.3097	0.4225	0.4515
after direct transaction costs ¹	—	—	—

Performance

Return after charges	(26.44%)	(6.42%)	7.12%
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Other information

Closing net asset value (£)	5,678,478	8,277,151	11,186,991
Closing number of shares	18,337,069	19,592,932	24,775,355
Operating charges	1.53%	1.46%	1.44%
Direct transaction costs (note 12)	—	—	—
Ongoing Charges Figure (“OCF”) ²	1.53%	1.46%	1.44%

Prices

	2022	2021	2020	2019	2018
Highest offer share price (£)	0.4404	0.4766	0.4912	0.4681	0.4282
Lowest bid share price (£)	0.2854	0.4054	0.4205	0.3977	0.3849
Net distribution per share (£)	0.0011	—	—	—	—

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 2022 to 31st December 2022

	Notes	2022 US\$	2021 US\$
Income			
Net capital (losses)	2	(2,671,724)	(883,182)
Revenue	3	143,610	84,259
Expenses	4	(117,903)	(169,058)
Net revenue/(expense) before taxation		25,707	(84,799)
Taxation		—	—
Net revenue/(expense) after taxation		25,707	(84,799)
Total return before distribution		(2,646,017)	(967,981)
Distributions	5	(25,707)	7,739
Change in Net Assets Attributable to Preference Shareholders from investment activities		(2,671,724)	(960,242)

Balance Sheet

as at 31st December 2022

	Notes	2022 US\$	2021 US\$
Assets:			
Fixed assets:			
Investments	6	6,797,161	11,161,579
Current assets:			
Debtors	7	620,225	601,019
Cash and bank balances		60,762	36,669
Total assets		7,478,148	11,799,267
Liabilities:			
Creditors:			
Distribution payable		(25,128)	—
Other creditors	8	(48,997)	(17,877)
Total liabilities		(74,125)	(17,877)
Equity:			
Nominal shares (note 14, page 80)		(573,211)	(570,072)
Total equity		(573,211)	(570,072)
Net Assets Attributable to Preference Shareholders		6,830,812	11,211,318

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2022 to 31st December 2022

	2022 US\$	2021 US\$
Opening Net Assets Attributable to Preference Shareholders	11,211,318	15,294,294
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	21,036	6,035
Amounts payable on cancellation of shares	(561,957)	(3,050,940)
	(540,921)	(3,044,905)
Difference on currency conversion	(1,168,716)	(80,124)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(2,671,724)	(960,242)
Unclaimed distributions	855	2,295
Closing Net Assets Attributable to Preference Shareholders	6,830,812	11,211,318

Distribution Table

for the accounting period 1st January 2022 to 31st December 2022

	Income £	Equalisation £	Distribution Payable 2022 £	Distribution Paid 2021 £
Group 1	0.0011	—	0.0011	0.0000
Group 2	0.0011	0.0001	0.0011	0.0000

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2021.

The notes on pages 38 to 39 form an integral part of the financial statements.

Gilt and Income Fund Portfolio Statement

As at 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Government Bonds 92.11% (91.35%)					Supranationals 2.71% (3.96%)				
United Kingdom 92.11% (91.35%)					European Investment Bank 1.00% 21/09/2026				
UK Treasury 0.25%					International Bank for Reconstruction & Development 0.63%	GBP	£80,000	85,491	1.25
31/01/2025	GBP	£808,000	902,659	13.21	14/07/2028	GBP	£80,000	79,080	1.16
UK Treasury 0.38%					International Finance Facility for Immunisation Co. 2.75%				
22/10/2026	GBP	£375,000	399,121	5.84	07/06/2025	GBP	£18,000	20,782	0.30
UK Treasury 4.13%					Supranationals total			185,353	2.71
29/01/2027	GBP	£943,000	1,146,876	16.79					
UK Treasury 0.50%					Certificates of Deposit 0.82% (1.82%)				
31/01/2029	GBP	£291,000	289,598	4.24	Canada 0.00% (1.22%)				
31/07/2033	GBP	£44,000	39,511	0.58	Supranational 0.82% (0.60%)				
UK Treasury 0.63%					International Bank for Reconstruction and Development 0.88%				
31/07/2035	GBP	£471,000	381,354	5.58	13/12/2024	GBP	£50,000	56,155	0.82
UK Treasury 1.75%					Certificates of Deposit total			56,155	0.82
07/09/2037	GBP	£675,000	610,906	8.94	Commercial Papers 1.08% (0.00%)				
UK Treasury 3.75%					Germany 0.33% (0.00%)				
29/01/2038	GBP	£25,000	29,030	0.43	Kreditanstalt fuer Wiederaufbau 1.20%				
UK Treasury 4.25%					04/07/2025	GBP	£20,000	22,223	0.33
07/09/2039	GBP	£296,000	364,700	5.34	United States of America 0.75% (0.00%)			22,223	0.33
UK Treasury 1.25%					Inter-American Development Bank 2.25% 15/12/2028	GBP	£48,000	51,272	0.75
22/10/2041	GBP	£458,000	349,198	5.11	Commercial Papers total			51,272	0.75
UK Treasury 3.50%					Total Value of Investments			73,495	1.08
22/01/2045	GBP	£415,000	458,583	6.71	Net other assets (2021: 0.44%)			6,797,161	99.51
UK Treasury 0.88%					Net assets attributable to shareholders			33,651	0.49
31/01/2046	GBP	£145,000	92,039	1.35				6,830,812	100.00
UK Treasury 1.50%									
22/07/2047	GBP	£190,000	139,372	2.04					
UK Treasury 4.25%									
07/12/2049	GBP	£315,000	391,225	5.73					
UK Treasury 1.25%									
31/07/2051	GBP	£605,000	392,561	5.75					
UK Treasury 1.50%									
31/07/2053	GBP	£116,000	79,801	1.17					
UK Treasury 1.63%									
22/10/2054	GBP	£44,000	31,228	0.46					
UK Treasury 4.00%									
22/01/2060	GBP	£93,000	116,387	1.70					
UK Treasury 0.50%									
22/10/2061	GBP	£116,000	49,732	0.73					
UK Treasury 2.50%									
22/07/2065	GBP	£31,000	27,722	0.41					
			6,291,603	92.11					
Government Bonds total			6,291,603	92.11					
Corporate Bonds 2.79% (2.43%)					All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.				
Austria 1.72% (1.22%)					The comparative percentage figures in brackets are as at 31 December 2021.				
Oesterreichische Kontrollbank AG 1.25% 15/12/2023	GBP	£100,000	117,323	1.72					
			117,323	1.72					
Germany 0.00% (0.33%)									
United Kingdom 1.07% (0.88%)									
LCR Finance plc 4.50%									
07/12/2028	GBP	£60,000	73,232	1.07					
			73,232	1.07					
Corporate Bonds total			190,555	2.79					

Gilt and Income Fund

Notes to the Financial Statements

for the accounting period 1st January 2022 to 31st December 2022

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 76.

2 NET CAPITAL LOSSES

The net capital (losses) during the period comprise:

	2022 US\$	2021 US\$
Non-derivative securities	(2,660,848)	(870,456)
Transaction charges	(10,876)	(12,726)
Net capital (losses)	(2,671,724)	(883,182)

Losses from non-derivative securities include realised loss of US\$ 2,202,304 (2021: US\$ 573,384) and change in unrealised loss of US\$ 458,544 (2021: US\$ 297,072).

3 REVENUE

	2022 US\$	2021 US\$
Bank interest	396	195
Interest on debt securities	143,214	84,064
Total revenue	143,610	84,259

4 EXPENSES

	2022 US\$	2021 US\$
Payable to the Fund Manager, associates of the Manager and agents of either of them:		
Annual management charge	(105,851)	(155,816)
Registration expenses	(672)	(770)
Directors' fees	(1,273)	(1,035)
	(107,796)	(157,621)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(3,387)	(4,627)
Safe custody fees	(889)	(1,119)
Interest payable	(56)	(69)
	(4,332)	(5,815)
Other expenses:		
Audit fee	(3,624)	(3,372)
Regulatory and professional fees	(594)	(288)
Publication charges	(1,557)	(1,962)
	(5,775)	(5,622)
Total expenses	(117,903)	(169,058)

5 DISTRIBUTIONS

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

	2022 US\$	2021 US\$
Interim	–	–
Final	(25,817)	–
	(25,817)	–
Revenue deducted on cancellation of shares	116	7,762
Revenue received on creation of shares	(6)	(23)
Distributions for the year	(25,707)	7,739

Details of the distribution per share are set out on page 36.

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.

	2022 Assets US\$	2021 Assets US\$
Level 1: Quoted prices	6,476,956	10,889,283
Level 2: Observable market data	320,205	272,296
Level 3: Unobservable data	–	–
Total value	6,797,161	11,161,579

7 DEBTORS

	2022 US\$	2021 US\$
Accrued revenue	46,645	30,569
Receivable from the Fund Manager –		
Nominal shares	573,211	570,072
Prepaid Expenses	369	378
Total debtors	620,225	601,019

8 OTHER CREDITORS

	2022 US\$	2021 US\$
Amounts payable for cancellation of shares	(35,973)	–
Accrued expenses	(6,146)	(6,159)
Amounts payable to the Fund Manager	(6,878)	(11,718)
Total creditors	(48,997)	(17,877)

9 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 77, 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, 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\$ 1,273 (2021: US\$ 1,035) with US\$ 319 (2021: US\$ 267) 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\$ 6,806 (2021: US\$ 11,652) in respect of the annual management charge, and US\$ 72 (2021: US\$ 66) 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 of which the Fund is a related party, hold 10,270,112 (2021: 10,964,355) 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 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	19,592,932	43,013	(1,298,876)	18,337,069

11 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2021: 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\$ 14,028,972 (2021: US\$ 19,280,346) and the total sales amounted to US\$ 14,609,488 (2021: US\$ 22,303,409).

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.21% (2021: 0.13%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

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

As the base currency of the Fund is UK Sterling and dealing with the preference shareholders takes place in UK Sterling as well, there will be no material impact of exchange rate fluctuations on the net assets attributable to preference shareholders.

Gilt and Income Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

13 FINANCIAL INSTRUMENTS (continued)

Interest rate risk sensitivity

As at 31 December 2022 the Fund was exposed to interest rate risk through its investments in debt instruments. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund.

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

As at 31 December 2022 had market interest rates strengthened by 5% (2021: 1%), the net assets attributable to preference shareholders of the Fund would have decreased by US\$ 3,316,860 (2021: US\$ 1,405,082).

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\$ 6,797,161 (2021: US\$ 11,161,579). The Fund has non interest bearing assets of US\$ 47,014 (2021: US\$ 30,947).

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:

	2022		2021	
	US\$	% of Net Assets	US\$	% of Net Assets
Investment grade securities*	6,797,161	99.51	11,161,579	99.56
	<u>6,797,161</u>	<u>99.51</u>	<u>11,161,579</u>	<u>99.56</u>

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

North American Growth Fund

Fund Investment Report

Investment Policy

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

Types of Investment

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

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

Fund Performance

Over the 12 months to 31 December 2022 the Fund posted a total gross return of -19.4%, compared with a return of -18.1% from the S&P 500 Index in United States (US) Dollar terms.

Review

2022 was a challenging year for global equity markets, and United States (US) equities were no exception. Rising inflation and anticipation of tighter monetary policy dominated sentiment early in the year. This gained impetus as Russia's invasion of Ukraine in late February caused commodities to surge, stoking inflation and fostering expectations of even higher interest rates. Indeed, major central banks tightened monetary policy aggressively in 2022, finally leaving behind over a decade of very loose monetary policy. As the year progressed, concerns shifted from higher interest rates to the prospect of recession. Weaker global economic data and cooling inflation spurred equity market rallies amid hopes that key central banks would slow down the pace of monetary tightening. Sentiment was further boosted by optimism about China's economic reopening following the relaxation of its strict Covid-19-related measures.

In local currency terms, US equities underperformed their global counterparts as monetary policy concerns dominated sentiment. The Federal Reserve (Fed) increased rates by a cumulative 425 basis points (bps) over the period. A slowdown in the pace of rate hikes from 75 bps to 50 bps in December raised hopes that interest rates could be peaking, particularly as US inflation fell for the fifth consecutive month. However, Fed Chairman Powell downplayed the fall in inflation. Corporate earnings during the period, though mixed, were better than feared and provided some support for US equities.

The labour market remained resilient: new jobs reports generally surprised to the upside, and unemployment remained low, though it edged slightly higher towards the end of the year. US annual gross domestic product for the third quarter (Q3) was unexpectedly revised higher to 3.2%, rebounding after two consecutive quarterly declines. Meanwhile, inflation showed some signs of having peaked towards the end of the period: November's annual consumer price inflation fell more than expected, reaching its slowest pace since December 2021, and core inflation (excluding food and energy) also cooled on a month-over-month basis, posting the smallest rise since August 2021.

On the political front, the Republican party narrowly took control of the lower house of Congress, but the Democrats kept hold of the Senate, a result that was viewed as better than expected for President Biden. In terms of policy, in December, Congress passed an \$858 billion defence bill that included funds earmarked for the provision of weapons to Taiwan. The move came amid strained relations between the US and China. Later in the month, Congress also passed a \$1.7 trillion annual spending bill that incorporated \$45 billion in additional aid for Ukraine.

At the sector level, energy was the standout performer thanks to gains in oil and gas prices during the period. The more defensive utilities, consumer staples and healthcare sectors also outperformed as investors sought safe havens in the face of uncertainty around growth and interest rates. At the other end, communication services, consumer discretionary and technology fared worst.

In terms of performance, the fund returned -19.4% in dollars for the year compared to -18.1% for the S&P 500 index. The underperformance was due to negative sector allocation effects, notably the overweight in communication services, although underweights in consumer staples and utilities also detracted. Meanwhile, the average overweight in healthcare and overweight in industrials added value. Selection effects were positive in aggregate, as detraction from choices in financials and information technology was outweighed by gains from selections in other sectors, particularly communication services, consumer staples and consumer discretionary.

For individual stocks, key detractors included Alphabet Inc. (communication services), Meta Platforms Inc. (communication services) during a difficult period for both companies. The zero weight in Exxon Mobil Corporation (energy) was another notable detractor.

Google's parent company Alphabet was hurt by the sell-off in high-growth names. There were also fears that the global economic slowdown could cut into firms' online advertising budgets in 2023.

Meta struggled against the same headwinds as its peers in the technology and communication services sectors, but it was also affected by leadership departures and regulatory pressures in 2022. In November, Meta was fined €265m by Irish regulators for data privacy breaches, taking the firm's total fines by EU regulators to almost €1bn. In addition, enthusiasm for its virtual reality platform, the Metaverse, remains muted.

The zero weight in Exxon Mobil Corporation (energy) weighed on relative performance during a strong period for energy companies. Exxon reported record profits in its Q3 results, helped by high oil prices and record refining volumes. Management also said that cost control measures had also contributed to the expectation-beating earnings.

North American Growth Fund

Fund Investment Report (continued)

Review (continued)

On the other side, key contributors included the zero weight in Tesla Inc (consumer discretionary), as the stock struggled over the past 12 months. Tesla has recently seen reduced demand due to concerns about inflation and the possibility of a recession in 2023. It has also experienced issues maintaining production levels in China, most recently due to high numbers of Covid-19 infections after the country lifted lockdown restrictions. In addition to these broader headwinds, Tesla stock was impacted further by concerns that the firm's founder, Elon Musk, has been distracted by his recent acquisition of Twitter.

Among new positions opened over the period, notable names include Coca-Cola Company (consumer staples), Northern Trust Corporation (financials) and Intuitive Surgical, Inc. (healthcare).

Coca-Cola offers exposure to the fast-growing beverage category and has shown itself keen to expand into new areas (such as coffee and energy drinks) in recent years. At this point in the economic cycle, Coke has appealing defensive earnings growth and cash generation characteristics. The company is effectively navigating inflationary headwinds while transforming its portfolio and implementing organisational changes, enabling it to emerge stronger following the challenges of the pandemic and currency headwinds. With half of the company's revenues generated outside the home, it stands to benefit from the gradual shift back to services consumption.

As a private bank and provider of custody services, Northern Trust has steady revenue growth, good operating leverage, stable net interest margins and positive exposure to rising rates in the custody business, especially at the front end of the yield curve. Revenue and profitability at the private bank are also very predictable and steady, and the company's low capital intensity should allow profitability growth to surpass investor expectations.

We established a position in Intuitive Surgical, which manufactures robotic equipment for minimally invasive surgery, because it offers a compelling opportunity relative to its large-cap peers in the medical devices category. This is due to the company's huge potential addressable market within soft-tissue surgery, which currently has only 5% penetration by robotics. Intuitive thus has a good opportunity to gain market share. A recovery in capital sales and the launch of a new system should also help to support earnings, which we believe have not yet been adequately priced in by the market.

Meanwhile, we exited positions in CVS Health Corporation (healthcare), Allstate Corporation (financials) and Caterpillar Inc. (industrials), among others. We reduced holdings including Morgan Stanley (financials), Thermo Fisher Scientific (healthcare) and Apple (technology).

We are relatively constructive on the outlook for US equities in 2023, following a notable sell-off in 2022, when the S&P 500 fell 18%, its largest calendar-year decline since 2008. Financial conditions tightened considerably during 2022 due to the Fed's aggressive two-pronged fiscal regime: rapidly increasing interest rates and unwinding its vast accumulated balance sheet. Risk assets sold off as investors anticipated a marked slowdown in economic growth and earnings due to the Fed's actions and persistently high inflation. Although the Fed has yet to declare victory over inflation, headline CPI has declined for six straight months to December, causing the Fed to slow the pace of its interest-rate hikes, though there is still a possibility that central bankers could hold the terminal fed funds rate for longer than expected. As a lot of bad news is already priced in by the market, we are cautiously optimistic. However, if inflation does not continue to ease, and the economy enters a deep recession, there could be further downside risk.

Despite a gloomy year for markets in 2022, there have been some bright spots, not least the labour market, which remains remarkably robust. The US has also weathered the energy storm relatively well given its ability to leverage domestic production, although it is still at the mercy of global prices. Yet, a steady stream of housing- and tech-related layoffs in recent months could herald a broader softening of the labour market. Given that much of the inflationary impetus in the US is demand driven, creative destruction in the market will likely be needed to bring inflation back down to target.

On the earnings front, the rate of year-over-year earnings growth slowed in Q3 to the weakest level since Q3 2020. Energy stocks provided a big boost; excluding energy, earnings actually declined in aggregate. Margins continued to come down as companies felt pressure from labour and materials input costs, meaning that recent earnings growth was driven much more by revenue growth than was the case early in the recovery. Full-year earnings-growth estimates for the rest of 2022 and 2023 have declined in recent months, boding in the prospect of slowing earnings growth next year as companies grapple with myriad headwinds. Inflation has become the overarching theme, but there are indications that pressures are finally peaking. Reports from consumer discretionary firms continue to highlight a material shift in demand away from stay-at-home beneficiaries, with companies that benefited from the lockdowns – especially in tech and communications services – generally reporting poor results, and some announcing major layoffs to shore up lagging profits. Q4 earnings-season reporting in early 2023 will be closely watched for signs of a further slowdown in earnings and inflationary pressures on margins.

North American Growth Fund

Comparative Tables

for the accounting period 1st January 2022 to 31st December 2022

	Preference Shares		
	2022	2021	2020
	US\$	US\$	US\$
Change in net assets per share			
Opening net asset value per share	14.5468	11.3162	9.3731
Return before operating charges ¹	(2.9456)	3.5065	2.1457
Operating charges	(0.2585)	(0.2759)	(0.2026)
Return after operating charges	(3.2041)	3.2306	1.9431
Distributions on preference shares	—	—	—
Closing net asset value per share	11.3427	14.5468	11.3162
after direct transaction costs ¹	(0.0012)	(0.0013)	(0.0019)

Performance

Return after charges	(22.03%)	28.55%	20.73%
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Other information

Closing net asset value (US\$)	26,473,122	35,403,407	28,770,518
Closing number of shares	2,333,943	2,433,757	2,542,421
Operating charges	2.11%	2.11%	2.12%
Direct transaction costs (note 13)	0.01%	0.01%	0.02%
Ongoing Charges Figure (“OCF”) ²	2.11%	2.11%	2.12%

Prices

	2022	2021	2020	2019	2018
Highest offer share price (US\$)	15.3100	15.4400	11.9800	9.9140	9.0470
Lowest bid share price (US\$)	10.6700	11.2200	6.5150	6.9980	6.8990
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 2022 to 31st December 2022

	Notes	2022 US\$	2021 US\$
Income			
Net capital (losses)/gains	2	(7,388,003)	8,464,179
Revenue	3	417,442	358,110
Expenses	4	(600,975)	(672,957)
Net expense before taxation		(183,533)	(314,847)
Taxation	5	(119,183)	(104,914)
Net expense after taxation		(302,716)	(419,761)
Total return before distribution		(7,690,719)	8,044,418
Distributions	6	5,163	9,382
Change in Net Assets Attributable to Preference Shareholders from investment activities		(7,685,556)	8,053,800

Balance Sheet

As at 31st December 2022

	Notes	2022 US\$	2021 US\$
Assets:			
Fixed assets:			
Investments	7	26,106,454	35,285,574
Current assets:			
Debtors	8	166,606	162,778
Cash and bank balances		408,156	179,445
Total assets		26,681,216	35,627,797
Liabilities:			
Creditors:			
Other creditors	9	(58,569)	(75,115)
Total liabilities		(58,569)	(75,115)
Equity:			
Nominal shares (note 14, page 80)		(149,525)	(149,275)
Total equity		(149,525)	(149,275)
Net Assets Attributable to Preference Shareholders		26,473,122	35,403,407

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2022 to 31st December 2022

	2022 US\$	2021 US\$
Opening Net Assets Attributable to Preference Shareholders	35,403,407	28,770,518
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	468,050	666,448
Amounts payable on cancellation of shares	(1,712,779)	(2,087,359)
	(1,244,729)	(1,420,911)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(7,685,556)	8,053,800
Closing Net Assets Attributable to Preference Shareholders	26,473,122	35,403,407

Distribution Table

There was no distribution for the accounting period 1st January 2022 to 31st December 2022, as expenses exceed revenue (December 2021: 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 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 98.61% (99.67%)					Financials 8.94% (10.75%) (continued)				
Communication Services 11.02% (13.44%)					Diversified Financial Services 2.18% (1.83%)				
Entertainment 1.92% (1.20%)					Voya Financial, Inc.	USD	9,325	575,912	2.18
Electronic Arts, Inc.	USD	2,971	360,679	1.36				575,912	2.18
Take-Two Interactive Software, Inc.	USD	1,456	149,095	0.56					
			509,774	1.92				2,366,513	8.94
Interactive Media & Services 6.40% (9.75%)					Insurance 0.00% (1.19%)				
Alphabet, Inc. 'A'	USD	14,892	1,299,029	4.91	Financials total				
Meta Platforms, Inc. 'A'	USD	3,323	394,673	1.49					
			1,693,702	6.40	Health Care 15.47% (15.89%)				
Media 1.49% (1.70%)					Biotechnology 1.35% (1.10%)				
Comcast Corp. 'A'	USD	11,366	395,309	1.49	Vertex Pharmaceuticals, Inc.	USD	1,255	357,964	1.35
			395,309	1.49				357,964	1.35
Wireless Telecommunication Services 1.21% (0.79%)					Health Care Equipment & Supplies 4.46% (3.18%)				
T-Mobile US, Inc.	USD	2,307	319,796	1.21	Abbott Laboratories	USD	4,756	518,309	1.96
			319,796	1.21	Intuitive Surgical, Inc.	USD	1,401	368,883	1.39
			2,918,581	11.02	Medtronic plc	USD	3,801	292,981	1.11
Communication Services total								1,180,173	4.46
Consumer Discretionary 10.31% (12.65%)					Health Care Providers & Services 2.23% (3.97%)				
Automobiles 0.80% (1.10%)					Centene Corp.	USD	7,274	591,667	2.23
General Motors Co.	USD	6,355	212,066	0.80				591,667	2.23
			212,066	0.80	Life Sciences Tools & Services 1.17% (2.47%)				
Hotels, Restaurants & Leisure 3.56% (2.92%)					Thermo Fisher Scientific, Inc.	USD	565	309,123	1.17
Hilton Worldwide Holdings, Inc.	USD	3,683	463,690	1.75				309,123	1.17
Starbucks Corp.	USD	4,830	477,687	1.81	Pharmaceuticals 6.26% (5.17%)				
			941,377	3.56	AstraZeneca plc, ADR	USD	2,124	143,242	0.54
Internet & Direct Marketing Retail 2.97% (4.69%)					Bristol-Myers Squibb Co.	USD	8,682	616,943	2.33
Amazon.com, Inc.	USD	9,465	786,258	2.97	Eli Lilly & Co.	USD	1,967	715,713	2.71
			786,258	2.97	Zoetis, Inc.	USD	1,242	180,723	0.68
Multiline Retail 1.10% (1.96%)								1,656,621	6.26
Target Corp.	USD	1,976	292,744	1.10	Health Care total				
			292,744	1.10				4,095,548	15.47
Specialty Retail 1.51% (0.72%)					Industrials 11.38% (9.24%)				
TIJX Cos., Inc. (The)	USD	5,056	400,638	1.51	Aerospace & Defense 2.65% (0.97%)				
			400,638	1.51	Howmet Aerospace, Inc.	USD	10,407	408,266	1.54
Textiles, Apparel & Luxury Goods 0.37% (1.26%)					Huntington Ingalls Industries, Inc.	USD	1,284	293,574	1.11
Under Armour, Inc. 'A'	USD	9,759	97,102	0.37				701,840	2.65
			97,102	0.37	Air Freight & Logistics 1.58% (1.06%)				
Consumer Discretionary total					United Parcel Service, Inc. 'B'	USD	2,398	417,612	1.58
			2,730,185	10.31				417,612	1.58
Consumer Staples 5.83% (1.66%)					Commercial Services & Supplies 1.85% (1.56%)				
Beverages 4.25% (1.66%)					Republic Services, Inc.	USD	3,797	489,167	1.85
Coca-Cola Co. (The)	USD	8,604	546,096	2.06				489,167	1.85
PepsiCo, Inc.	USD	3,202	578,377	2.19	Electrical Equipment 1.48% (1.49%)				
			1,124,473	4.25	Eaton Corp. plc	USD	2,509	391,655	1.48
Food Products 1.58% (0.00%)								391,655	1.48
Kellogg Co.	USD	2,875	204,211	0.77	Machinery 1.25% (2.14%)				
Lamb Weston Holdings, Inc.	USD	2,421	214,186	0.81	Ingersoll Rand, Inc.	USD	6,357	332,090	1.25
			418,397	1.58				332,090	1.25
Consumer Staples total					Road & Rail 2.57% (2.02%)				
			1,542,870	5.83	Uber Technologies, Inc.	USD	4,651	114,601	0.43
Energy 5.82% (2.38%)					Union Pacific Corp.	USD	2,726	564,963	2.14
Energy Equipment & Services 1.33% (0.00%)								679,564	2.57
Schlumberger Ltd.	USD	6,682	353,478	1.33	Industrials total				
			353,478	1.33				3,011,928	11.38
Oil, Gas & Consumable Fuels 4.49% (2.38%)					Information Technology 25.61% (31.01%)				
ConocoPhillips	USD	5,789	678,123	2.56	Communications Equipment 1.11% (2.45%)				
Valero Energy Corp.	USD	4,026	510,014	1.93	Cisco Systems, Inc.	USD	6,206	292,923	1.11
			1,188,137	4.49				292,923	1.11
Energy total					Electronic Equipment, Instruments & Components 1.90% (2.29%)				
			1,541,615	5.82	TE Connectivity Ltd.	USD	2,742	313,575	1.18
Financials 8.94% (10.75%)					Trimble, Inc.	USD	3,795	190,395	0.72
Capital Markets 6.76% (7.73%)								503,970	1.90
BlackRock, Inc.	USD	257	181,969	0.69	IT Services 2.55% (1.98%)				
Intercontinental Exchange, Inc.	USD	4,901	501,715	1.89	Block, Inc.	USD	578	35,807	0.13
Morgan Stanley	USD	3,483	295,707	1.12	Mastercard, Inc. 'A'	USD	1,853	640,230	2.42
Northern Trust Corp.	USD	3,486	308,790	1.17				676,037	2.55
State Street Corp.	USD	5,738	440,851	1.66					
Virtu Financial, Inc. 'A'	USD	2,999	61,569	0.23					
			1,790,601	6.76					

North American Growth Fund

Portfolio Statement (continued)

As at 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 98.61% (99.67%) (continued)				
Information Technology 25.61% (31.01%) (continued)				
Semiconductors & Semiconductor Equipment 7.57% (8.41%)				
Advanced Micro Devices, Inc.	USD	2,172	139,225	0.53
Broadcom, Inc.	USD	1,172	647,272	2.44
Lam Research Corp.	USD	773	321,305	1.21
Microchip Technology, Inc.	USD	5,923	413,603	1.56
NVIDIA Corp.	USD	1,098	158,046	0.60
QUALCOMM, Inc.	USD	2,985	324,500	1.23
			2,003,951	7.57
Software 8.85% (10.89%)				
Adobe, Inc.	USD	1,147	382,479	1.44
Aspen Technology, Inc.	USD	725	147,204	0.56
Bill.com Holdings, Inc.	USD	1,180	128,608	0.49
Microsoft Corp.	USD	6,459	1,537,113	5.81
Salesforce, Inc.	USD	1,118	146,503	0.55
			2,341,907	8.85
Technology Hardware, Storage & Peripherals 3.63% (4.99%)				
Apple, Inc.	USD	7,456	960,557	3.63
			960,557	3.63
Information Technology total			6,779,345	25.61
Materials 2.64% (2.19%)				
Chemicals 2.64% (2.19%)				
Albemarle Corp.	USD	839	181,694	0.69
DuPont de Nemours, Inc.	USD	4,123	281,147	1.06
FMC Corp.	USD	1,906	236,211	0.89
			699,052	2.64
Materials total			699,052	2.64
Real Estate 1.59% (0.00%)				
Equity Real Estate Investment Trusts (REITs) 1.59% (0.00%)				
Prologis, Inc.	USD	3,728	420,817	1.59
			420,817	1.59
Real Estate total			420,817	1.59
Utilities 0.00% (0.46%)				
Electric Utilities 0.00% (0.46%)				
Equities total			26,106,454	98.61
Total Value of Investments			26,106,454	98.61
Net other assets (2021: 0.33%)			366,668	1.39
Net assets attributable to shareholders			26,473,122	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 31 December 2021.

North American Growth Fund

Notes to the Financial Statements

for the accounting period 1st January 2022 to 31st December 2022

46

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 76.

2 NET CAPITAL (LOSSES)/GAINS

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

	2022 US\$	2021 US\$
Non-derivative securities	(7,376,836)	8,478,898
Other currency (losses)	(18)	(3)
Transaction charges	(11,149)	(14,716)
Net capital (losses)/gains	<u>(7,388,003)</u>	<u>8,464,179</u>

(Losses)/gains from non-derivatives securities include realised gains of US\$ 1,461,783 (2021: US\$ 3,443,046) and change in unrealised losses of US\$ 8,838,619 (2021: US\$ 5,035,852 unrealised gains).

3 REVENUE

	2022 US\$	2021 US\$
Overseas dividends	413,637	358,014
Bank interest	3,805	96
Total revenue	<u>417,442</u>	<u>358,110</u>

4 EXPENSES

	2022 US\$	2021 US\$
Payable to the Fund Manager, associates of the Manager and agents of either of them:		
Annual management charge	(567,133)	(635,446)
Registration expenses	(1,071)	(1,138)
Directors' fees	(4,187)	(2,855)
	<u>(572,391)</u>	<u>(639,439)</u>
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(11,634)	(11,952)
Safe custody fees	(2,486)	(2,436)
Interest payable	(147)	(193)
	<u>(14,267)</u>	<u>(14,581)</u>
Other expenses:		
Audit fee	(9,176)	(11,912)
Regulatory and professional fees	(1,955)	(720)
Publication charges	(3,186)	(6,305)
	<u>(14,317)</u>	<u>(18,937)</u>
Total expenses	<u>(600,975)</u>	<u>(672,957)</u>

5 TAXATION

	2022 US\$	2021 US\$
Analysis of charge in period:		
Overseas tax suffered	(119,183)	(104,914)
Total overseas taxation	<u>(119,183)</u>	<u>(104,914)</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:

	2022 US\$	2021 US\$
Revenue deducted on cancellation of shares	8,725	11,977
Revenue received on creation of shares	(3,562)	(2,595)
Distributions for the year	<u>5,163</u>	<u>9,382</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	2022 Assets US\$	2021 Assets US\$
Level 1: Quoted prices	26,106,454	35,285,574
Level 2: Observable market data	—	—
Level 3: Unobservable data	—	—
Total	<u>26,106,454</u>	<u>35,285,574</u>

8 DEBTORS

	2022 US\$	2021 US\$
Accrued revenue	15,857	12,359
Prepaid expenses	1,224	1,144
Receivable from the Fund Manager – Nominal shares	149,525	149,275
Total debtors	<u>166,606</u>	<u>162,778</u>

9 OTHER CREDITORS

	2022 US\$	2021 US\$
Amounts payable for cancellation of shares	(688)	(818)
Accrued expenses	(15,363)	(17,829)
Amounts payable to the Fund Manager	(42,518)	(56,468)
Total creditors	<u>(58,569)</u>	<u>(75,115)</u>

10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 77, 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, 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\$ 4,187 (2021: US\$ 2,855) with US\$ 1,237 (2021: US\$ 731) 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\$ 42,359 (December 2021: US\$ 56,375) in respect of the annual management charge, and US\$ 159 (December 2021: US\$ 93) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group of which the Fund is a related party, hold 939,975 (2021: 988,158) 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 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	2,433,757	39,318	(139,132)	2,333,943

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2021: US\$ Nil).

North American Growth Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

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 Fund 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 Fund 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 2022 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	4,408,507	743	—	4,409,250	0.02	—
	<u>4,408,507</u>	<u>743</u>	<u>—</u>	<u>4,409,250</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	6,212,419	(794)	(91)	6,211,534	(0.01)	(0.00)
	<u>6,212,419</u>	<u>(794)</u>	<u>(91)</u>	<u>6,211,534</u>		
Total		<u>1,537</u>	<u>91</u>			
Percentage of Fund average net assets		<u>0.01%</u>	<u>0.00%</u>			

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

	Principal US\$	Commission US\$	Taxes US\$	Total Cost US\$	Year to 31st December 2021 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	6,366,246	1,072	—	6,367,318	0.02	—
	<u>6,366,246</u>	<u>1,072</u>	<u>—</u>	<u>6,367,318</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	8,268,251	(731)	(75)	8,267,445	(0.01)	(0.00)
	<u>8,268,251</u>	<u>(731)</u>	<u>(75)</u>	<u>8,267,445</u>		
Total		<u>1,803</u>	<u>75</u>			
Percentage of Fund average net assets		<u>0.01%</u>	<u>0.00%</u>			

North American Growth Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

13 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.06% (2021: 0.07%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

14 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 77.

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.

Currency 2022	Monetary exposure US\$	Non-monetary exposure US\$	Total US\$
Canadian Dollar	41	—	41
UK Sterling	125	—	125
US Dollar	366,502	26,106,454	26,472,956
Currency 2021	US\$	US\$	US\$
Canadian Dollar	43	—	43
UK Sterling	140	—	140
US Dollar	117,650	35,285,574	35,403,224

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 2022 and 31st December 2021 was:

Assets	2022 US\$	2021 US\$
Fixed rate financial assets	—	—
Floating rate financial assets	408,156	179,445
Financial assets not carrying interest	26,123,535	35,299,077
Liabilities	2022 US\$	2021 US\$
Fixed rate financial liabilities	—	—
Floating rate financial liabilities	—	—
Financial liabilities not carrying interest	(58,569)	(75,115)

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

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

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

Other price risk sensitivity

As at 31 December 2022 the Fund was exposed to other market price risk due to its investments in equities. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31 December 2022, had the fair value of equity securities increased/(decreased) by 5% (2021: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,305,323 (2021: US\$ 1,764,279).

Fair value of financial assets and financial liabilities

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

Far East Fund

Fund Investment Report

Investment Policy

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

Types of Investment

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

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

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

Fund Performance

Over the 12 months to 31 December 2022, the Fund produced a total gross return of -18.9% in United States (US) Dollar terms, compared with a total return of -16.9% for the MSCI AC Asia Pacific Index.

Review

Asia-Pacific equities delivered negative returns for the year. The sharp sell-off early in the period was attributed to tensions following Russia's invasion of Ukraine in February, while geopolitical concerns regarding China and interest-rate increases from the United States Federal Reserve also weighed on sentiment. China's sluggish economic recovery also continued to weigh on the index due to the country's restrictive Covid policies. Shares rallied in the final quarter as Beijing relaxed its headline Covid approach, while slower monetary tightening by the United States Federal Reserve also lifted investors' sentiment.

Japanese stocks performed broadly in line with the benchmark. The Bank of Japan kept monetary policy loose by buying government debt and printing currency, which weighed on the value of the Yen. This benefited Japan's exporters, including car and appliance manufacturers, as goods became cheaper for foreign buyers. Towards the end of the year, the Bank of Japan allowed the range on 10-year government bonds to double. The move came as Japan's inflation rate reached its highest level since 1991. Turning to politics, Japanese Prime Minister Fumio Kishida announced his 'new capitalism' initiative to reinvigorate the Japanese economy, including plans to boost innovation by using the Japanese state pension fund (the largest in the world) to finance a new generation of technology start-ups. Meanwhile, Kishida held his first face-to-face meeting with Chinese President Xi Jinping. The two leaders agreed to strengthen ties and increase cooperation on security matters.

Chinese equities lagged the index. Shares initially fell as investor confidence plummeted due to Covid restrictions. The property sector also remained a source of concern for much of the period, as stretched balance sheets and lower housing demand fuelled fears of widespread debt defaults. On the policy side, there was support from People's Bank of China Governor Yi Gang, who said that the central bank would support China's economic recovery with loose monetary policy. However, sentiment weakened after the 20th National Party Congress in October; after securing a third term, President Xi praised the country's Covid restrictions in his primary address, dashing hopes that the Chinese economy would fully reopen. Later, China's index rallied after Beijing announced that inbound travellers would no longer have to quarantine, fuelling hopes that the economy would fully reopen. President Xi also called for increased private consumption to boost the economy, while the central bank made its largest cash injection into the banking system since 2019.

Elsewhere, Korea and Taiwan substantially underperformed the index, as both nations' central banks raised interest rates in the face of rising inflation. Korea lagged amid weak export data and falling consumer confidence, although shares rallied towards the end of the period on robust inflows from foreign investors. Taiwan was negatively impacted after waning consumer demand for PCs and smartphones led to concern for the country's large semiconductor industry.

India was among the region's best performers (though still posted a decline) as solid economic data and dovish tones from the Reserve Bank of India helped stocks to outperform. Meanwhile, the country's budget gap widened as the Indian Rupee continued to weaken against the Dollar.

Gross of fees, the fund lagged its benchmark for the year.

Our stock selections in the consumer discretionary, communication services and materials sectors were detrimental, although stock choices in real estate, industrials, consumer staples and healthcare were helpful.

The fund's underweight position in materials and overweight position in the technology sector were unhelpful, although our overweight exposure to financials boosted returns.

By country, selections in Australia, China, Hong Kong and Japan were unhelpful, although the losses were offset by gains from our stock picks in Singapore and Thailand. Our underweights in India and Australia were negative for performance, while the underweight in Taiwan and overweight in Indonesia were positive.

The fund suffered from not owning Australian mining firm BHP Group, as the shares performed well due to the surge in commodity prices caused by the war in Ukraine. Japan's Recruit Holdings was another underperformer. Shares in the human resources specialist suffered as companies postponed hiring decisions or laid off staff. In October, the company announced a share-buyback scheme. Z Holdings, a Japanese payments and messaging platform, also lagged amid deteriorating sentiment towards high-growth technology stocks and a rotation to value.

More positively, Japanese pharmaceutical company Daiichi Sankyo was the fund's best performer after posting positive results that revealed higher profit and beneficial currency effects. Highlights included strong sales of its oncology drug Enhertu and anticoagulant medication Lixiana. Keppel Corporation (Singapore) also outperformed. Shares in the firm, which provides solutions for sustainable urbanisation, were supported by solid results, with a rise in net profit versus last year. Singapore's United Overseas Bank also outperformed amid rising global interest rates and the prospect of increased dividend payments.

In terms of changes to the portfolio, we significantly reduced the fund's exposure to the technology sector, alongside the exposure to the consumer discretionary sector. Consumer staples saw the biggest increase over the year, while our healthcare exposure also rose.

Far East Fund

Fund Investment Report (continued)

Review (continued)

We established new positions in banking groups, BOC Hong Kong (Hong Kong) and Mitsubishi UFJ Financial (Japan). We purchased BOC Hong Kong on the expectation that margins would widen as interest rates increased. The bank has a strong capital position with potential to further increase dividends. Mitsubishi UFJ Financial is the largest bank in Japan, providing a diverse range of financial services to consumers. The company is a natural beneficiary of rising interest rates and has a track record of allocating capital in the best interests of shareholders. We also purchased Japanese retailer, MatsukiyoCocokara. The firm was formed in 2021 following the merger of Matsumotokiyoshi and cocokara fine. With over 3,000 stores, the firm plans to expand beyond its domestic market into the wider Asia region. The firm has recovered in the wake of the pandemic as restrictions have eased and customers have returned to stores.

We sold Hon Hai Precision, as we consolidated the portfolio's holdings in technology. The stock has benefited from positive sentiment around near-term smartphone shipments for key customer Apple, and we took the opportunity to sell.

In 2022 markets faced many headwinds, including China's Covid restrictions, the Fed's monetary tightening cycle and rising inflation, which all led to a slowdown in the global economy. Several countries are now witnessing signs that inflation is beginning to retreat, which could mean that central banks cut rates. Furthermore, the end of China's zero-Covid policy will give North Asian economies a timely boost.

Senior Chinese official Liu He recently reassured investors that Beijing would support the country's economy and financial markets. As a result, we expect less volatility than last year. Furthermore, though last year's meeting between Xi and Biden may not have provided any concrete plans, it demonstrated a willingness to talk. Recent developments around overseas listing rules have provided more support for the market.

ASEAN economies are demonstrating resilience and should benefit from the reconfiguration of Asia's supply chains. Indonesia is benefiting from economic momentum, thanks to strong consumer demand and commodity prices. India is significantly expanding its manufacturing sector and is investing in infrastructure to encourage foreign direct investment.

In Japan, a sluggish economy is likely to continue to impact corporate earnings in the near term. However, we can expect a re-rating of Japanese equities by the second half of 2023, when earnings downgrades will most likely be priced in. An improving global backdrop should then offer support to share prices. Japanese equities are priced significantly below their historic levels and are cheap relative to other global stock markets. In terms of reopening, Japan's services sector started to recover in 2022 after lockdowns were lifted. This momentum should continue into 2023, with further support expected from the increase in Chinese tourists.

Despite Japan's low interest rates, they are likely to rise later in 2023 after Bank of Japan Governor Haruhiko Kuroda's term ends in April. Since Prime Minister Kishida has focused on higher wages in his new capitalism economic agenda, the "Shunto", or spring wage offensive, is an important event as Japan could enjoy a virtuous cycle of growth and wealth redistribution.

Far East Fund

Comparative Tables

for the accounting period 1st January 2022 to 31st December 2022

	Preference Shares		
	2022	2021	2020
	US\$	US\$	US\$
Change in net assets per share			
Opening net asset value per share	4.8875	4.9807	3.9780
Return before operating charges ¹	(0.9280)	0.0321	1.0988
Operating charges	(0.1077)	(0.1253)	(0.0961)
Return after operating charges	(1.0357)	(0.0932)	1.0027
Distributions on preference shares	—	—	—
Closing net asset value per share	3.8518	4.8875	4.9807
after direct transaction costs ¹	(0.0052)	(0.0031)	(0.0020)

Performance

Return after charges	(21.19%)	(1.87%)	25.21%
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Other information

Closing net asset value (US\$)	6,870,509	8,960,856	8,894,932
Closing number of shares	1,783,713	1,833,417	1,785,864
Operating charges	2.67%	2.45%	2.40%
Direct transaction costs (note 13)	0.13%	0.06%	0.05%
Ongoing Charges Figure (“OCF”) ²	2.67%	2.45%	2.40%

Prices

	2022	2021	2020	2019	2018
Highest offer share price (US\$)	5.2590	5.7960	5.2650	4.2150	4.2930
Lowest bid share price (US\$)	3.3050	4.7340	2.8390	3.1260	3.1220
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 2022 to 31st December 2022

	Notes	2022 US\$	2021 US\$
Income			
Net capital (losses)	2	(1,879,607)	(152,383)
Revenue	3	172,189	176,679
Expenses	4	(161,283)	(202,970)
Net revenue/(expense) before taxation		10,906	(26,291)
Taxation	5	(18,427)	(19,541)
Net expense after taxation		(7,521)	(45,832)
Total return before distributions		(1,887,128)	(198,215)
Distributions	6	265	(412)
Change in Net Assets Attributable to Preference Shareholders from investment activities		(1,886,863)	(198,627)

Balance Sheet

as at 31st December 2022

	Notes	2022 US\$	2021 US\$
Assets:			
Fixed assets:			
Investments	7	6,818,076	8,852,433
Current assets:			
Debtors	8	85,150	108,133
Cash and bank balances		62,866	110,179
Total assets		6,966,092	9,070,745
Liabilities:			
Creditors:			
Distribution payable		—	—
Other creditors	9	(22,384)	(36,815)
Total liabilities		(22,384)	(36,815)
Equity:			
Nominal shares (note 14, page 80)		(73,199)	(73,074)
Total equity		(73,199)	(73,074)
Net Assets Attributable to Preference Shareholders		6,870,509	8,960,856

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2022 to 31st December 2022

	2022 US\$	2021 US\$
Opening Net Assets Attributable to Preference Shareholders	8,960,856	8,894,932
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	1,640	651,334
Amounts payable on cancellation of shares	(205,124)	(387,016)
	(203,484)	264,318
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(1,886,863)	(198,627)
Unclaimed distribution	—	233
Closing Net Assets Attributable to Preference Shareholders	6,870,509	8,960,856

Distribution Table

for the accounting period 1st January 2022 to 31st December 2022

There was no distribution for the accounting period 1st January 2022 to 31st December 2022, as expenses exceed revenue (December 2021: US\$ Nil).

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

Far East Fund

Portfolio Statement

As at 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Collective Investment Schemes 4.93% (4.14%)					Equities 94.31% (94.65%) (continued)				
Threadneedle Financial Services Ltd.	USD	3,119	338,469	4.93	Japan 36.79% (37.09%)				
Collective Investment Schemes total					Ajinomoto Co., Inc.	JPY	1,900	58,037	0.84
					Appier Group, Inc.	JPY	2,700	27,648	0.40
					BayCurrent Consulting, Inc.	JPY	700	21,833	0.32
					Bridgestone Corp.	JPY	1,000	35,556	0.52
Equities 94.31% (94.65%)					Chugai Pharmaceutical Co. Ltd.	JPY	2,600	66,195	0.96
Australia 10.13% (8.51%)					Daiei Kankyo Co. Ltd.	JPY	1,369	19,632	0.28
ANZ Group Holdings Ltd.	AUD	7,737	124,168	1.81	Dai-ichi Life Holdings, Inc.	JPY	3,500	79,426	1.16
Chalice Mining Ltd.	AUD	4,215	18,012	0.26	Daiichi Sankyo Co. Ltd.	JPY	4,500	144,925	2.11
Coles Group Ltd.	AUD	2,773	31,449	0.46	Daiseki Co. Ltd.	JPY	700	24,088	0.35
CSL Ltd.	AUD	507	98,957	1.44	Disco Corp.	JPY	100	28,575	0.42
Deterra Royalties Ltd.	AUD	24,332	75,590	1.10	ExaWizards, Inc.	JPY	7,800	25,717	0.37
Fortescue Metals Group Ltd.	AUD	1,419	19,741	0.29	Gunma Bank Ltd. (The)	JPY	6,300	24,067	0.35
GrainCorp Ltd. 'A'	AUD	3,935	19,805	0.29	Hitachi Ltd.	JPY	200	10,122	0.15
IGO Ltd.	AUD	3,024	27,609	0.40	Hoya Corp.	JPY	700	67,382	0.98
Macquarie Group Ltd.	AUD	722	81,766	1.19	Inpex Corp.	JPY	3,900	41,266	0.60
OZ Minerals Ltd.	AUD	2,409	45,573	0.66	ITOCHU Corp.	JPY	2,400	75,401	1.10
Santos Ltd.	AUD	14,597	70,694	1.03	JGC Holdings Corp.	JPY	2,900	36,862	0.54
Telstra Group Ltd.	AUD	7,493	20,228	0.29	Keyence Corp.	JPY	400	155,896	2.27
Transurban Group	AUD	7,107	62,572	0.91	Koito Manufacturing Co. Ltd.	JPY	2,500	37,632	0.55
					Lion Corp.	JPY	6,000	68,807	1.00
Cayman Islands 12.40% (11.35%)					Management Solutions Co. Ltd.	JPY	600	14,985	0.22
Alibaba Group Holding Ltd.	HKD	10,732	118,595	1.72	Marubeni Corp.	JPY	2,800	32,152	0.47
Chailasee Holding Co. Ltd.	TWD	6,150	43,385	0.63	MatsukiyoCocokara & Co.	JPY	1,300	65,033	0.95
Chailasee Holding Co. Ltd., GDR	USD	36	1,270	0.02	METAWATER Co. Ltd.	JPY	1,600	19,707	0.29
China Resources Land Ltd.	HKD	18,000	82,447	1.20	Mitsubishi UFJ Financial Group, Inc.	JPY	14,300	96,302	1.40
JD.com, Inc. 'A'	HKD	3,541	99,811	1.45	Mitsui & Co. Ltd.	JPY	2,900	84,670	1.23
Kuaishou Technology	HKD	2,400	21,832	0.32	Murata Manufacturing Co. Ltd.	JPY	600	29,938	0.44
Li Ning Co. Ltd.	HKD	1,500	13,021	0.19	Nihon M&A Center Holdings, Inc.	JPY	3,100	38,253	0.56
Meituan 'B'	HKD	6,196	138,606	2.02	Nippon Telegraph & Telephone Corp.	JPY	4,100	116,908	1.70
NetEase, Inc.	HKD	2,200	32,246	0.47	ORIX Corp.	JPY	2,800	44,950	0.65
Parade Technologies Ltd.	TWD	2,000	50,258	0.73	Rakusl, Inc.	JPY	800	20,101	0.29
Sea Ltd., ADR	USD	287	14,967	0.22	Recruit Holdings Co. Ltd.	JPY	2,800	88,541	1.29
Tencent Holdings Ltd.	HKD	4,300	184,011	2.68	Renesas Electronics Corp.	JPY	1,000	8,967	0.13
Trip.com Group Ltd.	HKD	1,150	40,283	0.58	Rohm Co. Ltd.	JPY	200	14,432	0.21
Wuxi Biologics Cayman, Inc.	HKD	1,500	11,502	0.17	Shin-Etsu Chemical Co. Ltd.	JPY	700	86,058	1.25
					Shinko Electric Industries Co. Ltd.	JPY	900	23,125	0.34
China 4.21% (3.00%)					Shiseido Co. Ltd.	JPY	600	29,360	0.43
China Construction Bank Corp. 'H'	HKD	95,000	59,520	0.87	Shoei Co. Ltd.	JPY	600	23,284	0.34
China Merchants Bank Co. Ltd. 'H'	HKD	5,500	30,724	0.45	Socionext, Inc.	JPY	800	35,169	0.51
China Tourism Group Duty Free Corp. Ltd. 'A'	CNY	1,800	56,378	0.82	Sony Group Corp.	JPY	1,500	114,034	1.66
Contemporary Amperex Technology Co. Ltd. 'A'	CNY	200	11,408	0.17	Square Enix Holdings Co. Ltd.	JPY	1,300	60,401	0.88
Inner Mongolia Yili Industrial Group Co. Ltd. 'A'	CNY	9,700	43,597	0.63	Sumitomo Metal Mining Co. Ltd.	JPY	700	24,767	0.36
NARI Technology Co. Ltd. 'A'	CNY	6,300	22,287	0.32	Suntory Beverage & Food Ltd.	JPY	1,600	54,573	0.79
Ping An Insurance Group Co. of China Ltd. 'H'	HKD	7,500	49,632	0.72	Tanaseisha Co. Ltd.	JPY	2,900	15,716	0.23
Wuliangye Yibin Co. Ltd. 'A'	CNY	600	15,719	0.23	TechnoPro Holdings, Inc.	JPY	900	24,046	0.35
					Tokio Marine Holdings, Inc.	JPY	4,700	100,584	1.46
Hong Kong 5.85% (6.01%)					Tokyo Electron Ltd.	JPY	300	88,362	1.29
AIA Group Ltd.	HKD	15,600	173,489	2.52	Toyota Motor Corp.	JPY	4,900	67,316	0.98
BOC Hong Kong Holdings Ltd.	HKD	23,000	78,238	1.14	Ulvac, Inc.	JPY	900	37,928	0.55
Galaxy Entertainment Group Ltd.	HKD	9,000	59,500	0.86	Z Holdings Corp.	JPY	7,500	18,867	0.27
Hong Kong Exchanges & Clearing Ltd.	HKD	556	24,007	0.35	Jersey 0.31% (0.75%)				
Sun Hung Kai Properties Ltd.	HKD	3,500	47,848	0.70	Amcor plc, CDI	AUD	1,777	21,323	0.31
Techtronic Industries Co. Ltd.	HKD	1,709	19,072	0.28	Malaysia 0.70% (0.00%)				
					CIMB Group Holdings Bhd.	MYR	36,500	48,333	0.70
					Philippines 0.63% (0.71%)				
India 3.38% (2.39%)					Ayala Land, Inc.	PHP	32,760	18,066	0.26
HDFC Bank Ltd., ADR	USD	1,021	69,551	1.01	Metropolitan Bank & Trust Co.	PHP	26,107	25,324	0.37
ICICI Bank Ltd., ADR	USD	2,631	57,461	0.84					
Infosys Ltd., ADR	USD	1,768	31,877	0.47	Singapore 2.91% (2.81%)				
Reliance Industries Ltd., GDR	USD	1,186	72,939	1.06	Capitaland Investment Ltd.	SGD	1,502	4,132	0.06
					DBS Group Holdings Ltd.	SGD	1,200	30,349	0.44
Indonesia 1.68% (1.68%)					Keppel Corp. Ltd.	SGD	17,400	94,187	1.37
Bank Rakyat Indonesia Persero Tbk. PT	IDR	313,313	99,190	1.44	United Overseas Bank Ltd.	SGD	3,100	70,958	1.04
Telkom Indonesia Persero Tbk. PT	IDR	67,300	16,206	0.24					
					2,527,596 36.79				
					21,323 0.31				
					48,333 0.70				
					43,390 0.63				
					1,502 4,132 0.06				
					1,200 30,349 0.44				
					17,400 94,187 1.37				
					3,100 70,958 1.04				
					199,626 2.91				
					115,396 1.68				

Far East Fund **Portfolio Statement (continued)**

As at 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 94.31% (94.65%) (continued)				
South Korea 6.37% (9.09%)				
KB Financial Group, Inc.	KRW	1,389	53,547	0.78
Kia Corp.	KRW	541	25,500	0.37
KT Corp.	KRW	1,212	32,562	0.47
LG Chem Ltd.	KRW	39	18,599	0.27
Samsung Biologics Co. Ltd.	KRW	68	44,375	0.65
Samsung Electronics Co. Ltd.	KRW	3,640	159,998	2.33
Samsung SDI Co. Ltd.	KRW	134	62,948	0.92
SK Hynix, Inc.	KRW	673	40,120	0.58
			437,649	6.37
Taiwan 6.48% (10.60%)				
Chroma ATE, Inc.	TWD	9,000	52,956	0.77
CTBC Financial Holding Co. Ltd.	TWD	52,000	37,359	0.55
Delta Electronics, Inc.	TWD	4,000	37,255	0.54
MediaTek, Inc.	TWD	2,000	40,636	0.59
Taiwan Semiconductor Manufacturing Co. Ltd.	TWD	19,000	277,023	4.03
			445,229	6.48
Thailand 1.53% (0.66%)				
CP ALL PCL	THB	19,800	39,096	0.57
PTT Exploration & Production PCL	THB	5,000	25,532	0.37
Thai Oil PCL	THB	24,683	40,168	0.59
			104,796	1.53
United States of America 0.94% (0.00%)				
Yum China Holdings, Inc.	HKD	1,150	64,624	0.94
			64,624	0.94
Equities total			6,479,607	94.31
Total Value of Investments			6,818,076	99.24
Net other assets (2021: 1.21%)			52,433	0.76
Net assets attributable to shareholders			6,870,509	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 31 December 2021.

Far East Fund

Notes to the Financial Statements

for the accounting period 1st January 2022 to 31st December 2022

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 76.

2 NET CAPITAL LOSSES

The net capital (losses) during the period comprise:

	2022 US\$	2021 US\$
Non-derivative securities	(1,837,371)	(122,310)
Forward currency derivative contracts	(293)	(369)
Other currency losses	(8,088)	(3,409)
Transaction charges	(33,878)	(26,295)
Other income	23	–
Net capital (losses)	(1,879,607)	(152,383)

Losses from non-derivatives securities include realised gains of US\$ 37,378 (2021: US\$ 778,145) and change in unrealised losses of US\$ 1,874,749 (2021: US\$ 900,455).

Forward currency derivative contracts include realised gains of US\$ 293 (2021: US\$ (369)).

3 REVENUE

	2022 US\$	2021 US\$
Overseas dividends	171,709	176,641
Bank interest	480	38
Total revenue	172,189	176,679

4 EXPENSES

	2022 US\$	2021 US\$
Payable to the Fund Manager, associates of the Manager and agents of either of them:		
Annual management charge	(142,750)	(182,103)
Registration expenses	(1,765)	(1,897)
Directors' fees	(1,099)	(798)
	(145,614)	(184,798)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(2,928)	(3,452)
Safe custody fees	(5,258)	(6,115)
Interest payable	(479)	(266)
	(8,665)	(9,833)
Other expenses:		
Audit fee	(2,541)	(3,164)
Regulatory and professional fees	(3,491)	(3,516)
Publication charges	(972)	(1,659)
	(7,004)	(8,339)
Total expenses	(161,283)	(202,970)

5 TAXATION

	2022 US\$	2021 US\$
Analysis of charge in period:		
Overseas tax suffered	(18,427)	(19,541)
Total overseas taxation	(18,427)	(19,541)

6 DISTRIBUTIONS

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

	2022 US\$	2021 US\$
Final	–	–
Revenue deducted on cancellation of shares	267	945
Revenue received on creation of shares	(2)	(1,357)
Distributions for the year	265	(412)

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.

	2022 Assets US\$	2021 Assets US\$
Level 1: Quoted prices	6,818,076	8,852,433
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
Total value	6,818,076	8,852,433

8 DEBTORS

	2022 US\$	2021 US\$
Sales awaiting settlement	–	27,200
Accrued revenue	11,291	7,144
Receivable from the Fund Manager -		
Nominal shares	73,199	73,074
Overseas tax recoverable	378	419
Prepaid expenses	282	296
Total debtors	85,150	108,133

9 OTHER CREDITORS

	2022 US\$	2021 US\$
Purchases awaiting settlement	–	(12,517)
Amounts payable for cancellation of shares	–	(1,455)
Accrued expenses	(11,045)	(8,144)
Amounts payable to the Fund Manager	(11,339)	(14,699)
Total creditors	(22,384)	(36,815)

10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 77, 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, 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\$ 1,099 (2021: US\$ 798) with US\$ 341 (2021: US\$ 194) 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\$ 10,754 (December 2021: US\$ 14,544) in respect of the annual management charge, and US\$ 291 (December 2021: US\$ 155) in respect of registration expenses is due at the end of the accounting period and is included within amounts payable to the Fund Manager.

At the balance sheet date Preference Shareholders from within the Monument Re Group of which the Fund is a related party, hold 525,350 (2021: 548,130) 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 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	1,833,417	402	(50,106)	1,783,713

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2021: US\$ Nil).

Far East Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

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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 Fund 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 Fund 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 2022 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	3,994,869	2,243	1,326	3,998,438	0.06	0.03
Funds	28,135	–	–	28,135	–	–
	<u>4,023,004</u>	<u>2,243</u>	<u>1,326</u>	<u>4,026,573</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	4,212,728	(2,134)	(3,540)	4,207,054	(0.05)	(0.08)
Funds	11,940	–	–	11,940	–	–
	<u>4,224,668</u>	<u>(2,134)</u>	<u>(3,540)</u>	<u>4,218,994</u>		
Total		<u>4,377</u>	<u>4,866</u>			
Percentage of Fund average net assets		<u>0.06%</u>	<u>0.07%</u>			

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

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

Far East Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

13 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.20% (2021: 0.22%). 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 77.

Currency exposures

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

Currency risk sensitivity

As at 31 December 2022 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies.

If the exchange rates at 31 December 2022 between US\$ and all other currencies had strengthened by 5% (2021: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 311,137 (2021: US\$ 412,578).

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.

	Monetary exposure US\$	Non- monetary exposure US\$	Total US\$
Currency 2022			
Australian Dollar	1,741	717,487	719,228
Chinese Yuan	–	149,389	149,389
Euro	18	–	18
Hong Kong Dollar	11	1,349,008	1,349,019
Indonesian Rupiah	–	115,396	115,396
Japanese Yen	3,675	2,527,596	2,531,271
Malaysian Ringgit	5	48,333	48,338
New Taiwan Dollar	1,720	538,872	540,592
New Zealand Dollar	3	–	3
Philippine Peso	–	43,390	43,390
Singapore Dollar	62	199,626	199,688
South Korean Won	5,799	437,649	443,448
UK Sterling	(21,938)	–	(21,938)
Thai Bhat	107	104,796	104,903
US Dollar	61,230	586,534	647,764
Currency 2021	US\$	US\$	US\$
Australian Dollar	8,386	830,365	838,751
Euro	19	–	19
Hong Kong Dollar	8	1,770,547	1,770,555
Indonesian Rupiah	–	150,886	150,886
Japanese Yen	24,249	3,323,491	3,347,740
South Korean Won	3,536	814,089	817,625
Malaysian Ringgit	6	–	6
New Zealand Dollar	2	–	2
Philippine Peso	–	63,186	63,186
Singapore Dollar	58	251,747	251,805
Taiwanese Dollar	2,220	949,722	951,942
Thai Bhat	112	58,766	58,878
UK Sterling	160	–	160
US Dollar	69,667	639,634	709,301

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 2022 and 31st December 2021 was:

	2022 US\$	2021 US\$
Assets		
Fixed rate financial assets	–	–
Floating rate financial assets	62,866	110,179
Financial assets not carrying interest	6,830,027	8,887,492
Liabilities		
Fixed rate financial liabilities	–	–
Floating rate financial liabilities	–	–
Financial liabilities not carrying interest	(22,384)	(36,815)

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

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

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

Other price risk sensitivity

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

As at 31 December 2022, had the fair value of equity securities and collective investment schemes increased/(decreased) by 5% (2021: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 340,904 (2021: US\$ 442,622).

Fair value of financial assets and financial liabilities

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

UK Capital Growth Fund

Fund Investment Report

Investment Policy

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

Types of Investment

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

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

Fund Performance

Over the 12 months to 31 December 2022 the Fund posted a total gross return of -5.1% compared with a return of 0.3% from FTSE All-Share Index in Sterling terms.

Review

2022 was a volatile year for financial markets as central banks raised interest rates to combat surging inflationary pressures. Even before Russia's invasion of Ukraine, inflation had been running at multi-decade highs in the United Kingdom (UK), the United States (US) and Europe. Thereafter, supply disruption related to the conflict pushed natural gas and grains prices – and in turn energy and food costs for consumers – sharply higher.

Equities were also hurt by concerns that the combination of high inflation and interest rates, the economic impact of the war in Ukraine and China's zero-Covid strategy could trigger a recession. That said, as the period progressed, weaker economic data spurred hopes that key central banks might slow the pace of interest rate hikes, which benefited stock markets. Towards the end of the year, sentiment was also boosted as China eased its stringent Covid controls, though the resulting surge of infections in the country raised fears about further disruption to global supply chains.

In the UK, politics were much in focus in the autumn when Chancellor Kwasi Kwarteng outlined plans for tax cuts and increased spending. The lack of detail on how the measures would be funded, along with the absence of the usual independent projections from the Office for Budget Responsibility triggered alarm that this could lead to additional government borrowing. Consequently, equities and government bonds declined sharply, and the Pound fell in value until it was almost equal with the US Dollar, reaching a record low at the end of September. These moves were largely reversed in subsequent months as markets welcomed the replacement of Kwarteng, and later, Prime Minister Liz Truss and Kwarteng with Rishi Sunak and Jeremy Hunt. The new chancellor and prime minister reversed most of the stimulus plans outlined by their predecessors and promised to focus on bringing down government borrowing.

Despite the turbulent backdrop, the FTSE All-Share posted a positive return over the period, outperforming most other developed markets. The index's sizeable weighting in energy stocks proved beneficial as prices of these commodities soared. The FTSE All-Share also benefited from the global focus of many of its companies. With Sterling falling against the US Dollar over the year, these firms' international earnings became more valuable. Furthermore, UK-listed firms continued to attract overseas takeover and private equity bids during the period.

The fund's underperformance relative to the FTSE All-Share was principally due to unfavourable sector allocation, especially the relatively lower exposure to energy companies. The energy sector performed well in 2022 as the Russia – Ukraine conflict pushed up oil and gas prices, which in turn boosted profits of many companies in the industry. However, we are cautious about the sector's prospects over the longer term given the likely future transition to renewable energy, and we believe that this area of the market is very challenged.

Performance was also impacted by the fund being overweight in the industrials, consumer discretionary and communication services sectors, all of which detracted. However, the underweight in financials and overweight in materials made modest positive contributions.

Stock selection also detracted in aggregate, albeit to a lesser extent. Picks in materials (where we did not own many of the mining stocks that performed well) and financials (where we did not have exposure to many banks) detracted. However, choices in consumer discretionary and communication services added value.

At the stock level, key detractors included the zero weights in stocks with sizeable weights in the index that performed well. Examples included energy companies Shell PLC and BP PLC, which were boosted over the period by gains in oil and gas prices and the subsequent increase in profits. The zero weights in AstraZeneca PLC (Healthcare) and Glencore PLC (Materials) were also unfavourable. Given its defensive profile and exposure to US dollar earnings, AstraZeneca held up well amid the market turbulence. Meanwhile, Glencore benefited from the surge in commodity prices after the Russian invasion.

The holding in investment firm Intermediate Capital Group PLC (Financials) was also unhelpful. The shares fell on disappointing earnings, while concerns over credit conditions in private asset markets were also a hindrance. Nevertheless, our investment thesis remains intact. Intermediate Capital has fewer closed-ended funds than its peers; these products are more susceptible to outflows. The firm has also managed its liquidity effectively during the recent sell-off and boasts a robust balance sheet.

Positive contributors included the new position in Aveva Group PLC (Information Technology), whose shares surged after a bid from Schneider Electric for the 41% of the company that it did not already own. We later profitably sold the stock. In addition, some of our holdings with exposure to consumer activity rebounded strongly in 2022 as Covid worries faded. One notable example was publisher and exhibitions company Informa PLC (Communication Services), which benefited from growing appetite for live in-person events in the wake of pandemic restrictions being lifted. The new holding in Ashted Group PLC (industrials) also added value. The equipment rental firm was buoyed by the transition to renewables as companies in the offshore energy industry continued to invest in infrastructure.

UK Capital Growth Fund

Fund Investment Report (continued)

Review (continued)

UK equities outperformed global markets in 2022, aided by the rotation to value and the UK stock market's appeal as an inflation hedge due to the bourse's sizeable exposure to energy and miners.

However, except in the mining sector, UK equities are still trading at very favourable valuations relative to global peers. Consequently, UK-listed global firms remain deeply discounted relative to overseas counterparts. This should continue to help UK firms attract takeover bids and stoke interest from private equity firms.

Despite fears about the cost-of-living squeeze, we think there is plenty to be optimistic about. UK consumers are now much less indebted than at the start of Covid, with higher aggregate savings, while wage growth remains strong and housing wealth is at an all-time high.

Overall, we will continue to focus on company fundamentals and use volatile markets to top up and buy favoured stocks to deliver solid, risk-adjusted returns.

UK Capital Growth Fund

Comparative Tables

for the accounting period 1st January 2022 to 31st December 2022

	Preference Shares		
	2022	2021	2020
	£	£	£
Change in net assets per share			
Opening net asset value per share	1.2304	1.1364	1.3058
Return before operating charges ¹	(0.0635)	0.1303	(0.1403)
Operating charges	(0.0244)	(0.0257)	(0.0223)
Return after operating charges	(0.0879)	0.1046	(0.1626)
Distributions on preference shares	(0.0121)	(0.0106)	(0.0068)
Closing net asset value per share	1.1304	1.2304	1.1364
after direct transaction costs ¹	(0.0016)	(0.0011)	(0.0014)

Performance

Return after charges	(7.14)%	9.20%	(12.45)%
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Other information

Closing net asset value (£)	26,860,947	31,999,136	33,443,068
Closing number of shares	23,761,432	26,006,314	29,427,973
Operating charges	2.12%	2.10%	2.10%
Direct transaction costs (note 13)	0.14%	0.09%	0.13%
Ongoing Charges Figure ("OCF") ²	2.12%	2.10%	2.10%

Prices

	2022	2021	2020	2019	2018
Highest offer share price (£)	1.3310	1.3430	1.3950	1.4170	1.4110
Lowest bid share price (£)	1.0150	1.1130	0.7990	1.0800	1.0760
Net distribution per share (£)	0.0121	0.0106	0.0068	0.0221	0.0175

Notes

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

²The 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 65, 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 2022 to 31st December 2022

	Notes	2022 US\$	2021 US\$
Income			
Net capital (losses)/gains	2	(3,100,780)	3,657,458
Revenue	3	1,114,981	1,344,488
Expenses	4	(733,249)	(938,510)
Net revenue before taxation		381,732	405,978
Taxation	5	(7,272)	(7,923)
Net revenue after taxation		374,460	398,055
Total return before distribution		(2,726,320)	4,055,513
Distributions	6	(374,460)	(398,052)
Change in Net Assets Attributable to Preference Shareholders from investment activities		(3,100,780)	3,657,461

Balance Sheet

as at 31st December 2022

	Notes	2022 US\$	2021 US\$
Assets:			
Fixed assets:			
Investments	7	32,389,539	43,528,172
Current assets:			
Debtors	8	501,013	499,967
Cash and bank balances		288,588	200,658
Total assets		33,179,140	44,228,797
Liabilities:			
Creditors:			
Distribution payable		(347,214)	(375,088)
Other creditors	9	(108,210)	(104,935)
Total liabilities		(455,424)	(480,023)
Equity:			
Nominal shares (note 14, page 80)		(411,878)	(406,265)
Total equity		(411,878)	(406,265)
Net Assets Attributable to Preference Shareholders		32,311,838	43,342,509

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2022 to 31st December 2022

	2022 US\$	2021 US\$
Opening Net Assets Attributable to Preference Shareholders	43,342,509	45,721,690
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	1,925,834	1,515,994
Amounts payable on cancellation of shares	(5,175,523)	(7,160,668)
	(3,249,689)	(5,644,674)
Difference on currency conversion	(4,680,202)	(392,873)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(3,100,780)	3,657,461
Unclaimed distributions	—	905
Closing Net Assets Attributable to Preference Shareholders	32,311,838	43,342,509

Distribution Table

for the accounting period 1st January 2022 to 31st December 2022

	Income £	Equalisation £	Distribution Payable 2022 £	Distribution Paid 2021 £
Group 1	0.0121	—	0.0121	0.0106
Group 2	0.0031	0.0090	0.0121	0.0106

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2021.

The notes on pages 64 to 66 form an integral part of the financial statements.

UK Capital Growth Fund

Portfolio Statement

As at 31st December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 100.24% (100.43%)				
Communication Services 4.74% (6.26%)				
Diversified Telecommunication Services 0.99% (2.61%)				
BT Group plc	GBP	236,246	318,432	0.99
			318,432	0.99
Media 3.75% (3.65%)				
Informa plc	GBP	124,247	926,057	2.86
ITV plc	GBP	317,764	287,297	0.89
			1,213,354	3.75
Communication Services total			1,531,786	4.74
Consumer Discretionary 13.55% (10.04%)				
Hotels, Restaurants & Leisure 8.80% (6.61%)				
Compass Group plc	GBP	43,426	1,001,672	3.10
InterContinental Hotels Group plc	GBP	9,156	522,505	1.61
SSP Group plc	GBP	182,779	503,503	1.56
Whitbread plc	GBP	26,453	817,803	2.53
			2,845,483	8.80
Household Durables 2.25% (2.01%)				
Berkeley Group Holdings plc	GBP	10,506	476,831	1.48
Crest Nicholson Holdings plc	GBP	87,585	249,068	0.77
			725,899	2.25
Textiles, Apparel & Luxury Goods 2.50% (1.42%)				
Burberry Group plc	GBP	33,096	807,789	2.50
			807,789	2.50
Consumer Discretionary total			4,379,171	13.55
Consumer Staples 21.31% (21.37%)				
Beverages 4.37% (4.86%)				
Diageo plc	GBP	32,188	1,413,277	4.37
			1,413,277	4.37
Food & Staples Retailing 2.17% (2.67%)				
Tesco plc	GBP	260,327	702,094	2.17
			702,094	2.17
Food Products 4.41% (3.72%)				
Associated British Foods plc	GBP	48,800	925,159	2.86
Tate & Lyle plc	GBP	58,305	498,813	1.55
			1,423,972	4.41
Household Products 3.96% (3.87%)				
Reckitt Benckiser Group plc	GBP	18,480	1,279,123	3.96
			1,279,123	3.96
Personal Products 6.40% (4.81%)				
Haleon plc	GBP	102,922	405,223	1.26
Unilever plc	GBP	33,027	1,661,474	5.14
			2,066,697	6.40
Tobacco 0.00% (1.44%)				
Consumer Staples total			6,885,163	21.31
Energy 0.00% (0.62%)				
Energy Equipment & Services 0.00% (0.62%)				
Financials 16.17% (18.05%)				
Banks 1.13% (3.93%)				
Barclays plc	GBP	191,999	366,120	1.13
			366,120	1.13
Capital Markets 8.90% (8.31%)				
Intermediate Capital Group plc	GBP	53,104	733,347	2.27
London Stock Exchange Group plc	GBP	11,707	1,004,941	3.11
Schroders plc	GBP	89,984	471,946	1.46
St. James's Place plc	GBP	50,457	664,624	2.06
			2,874,858	8.90
Insurance 6.14% (5.81%)				
Legal & General Group plc	GBP	302,985	909,352	2.81
Prudential plc	GBP	79,269	1,075,128	3.33
			1,984,480	6.14
Financials total			5,225,458	16.17
Health Care 7.26% (7.02%)				
Health Care Equipment & Supplies 3.79% (2.65%)				
ConvaTec Group plc	GBP	197,090	551,461	1.71
Smith & Nephew plc	GBP	50,538	673,290	2.08
			1,224,751	3.79

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 100.24% (100.43%) (continued)				
Pharmaceuticals 3.47% (4.37%)				
GSK plc	GBP	64,816	1,120,884	3.47
			1,120,884	3.47
Health Care total			2,345,635	7.26
Industrials 17.43% (18.02%)				
Aerospace & Defense 0.00% (0.78%)				
Airlines 0.18% (1.06%)				
easyJet plc	GBP	14,874	58,079	0.18
			58,079	0.18
Commercial Services & Supplies 1.54% (1.39%)				
Rentokil Initial plc	GBP	81,207	496,246	1.54
			496,246	1.54
Industrial Conglomerates 1.42% (2.98%)				
Melrose Industries plc	GBP	284,090	459,470	1.42
			459,470	1.42
Machinery 3.12% (2.94%)				
Rotork plc	GBP	80,736	297,769	0.92
Weir Group plc (The)	GBP	35,441	710,906	2.20
			1,008,675	3.12
Professional Services 6.86% (5.00%)				
Experian plc	GBP	25,161	851,409	2.64
RELX plc	GBP	49,542	1,363,546	4.22
			2,214,955	6.86
Trading Companies & Distributors 4.31% (3.87%)				
Ashtead Group plc	GBP	11,085	629,387	1.95
Ferguson plc	GBP	2,826	354,736	1.10
Howden Joinery Group plc	GBP	60,527	408,900	1.26
			1,393,023	4.31
Industrials total			5,630,448	17.43
Information Technology 3.18% (2.44%)				
Electronic Equipment, Instruments & Components 1.11% (0.00%)				
Spectris plc	GBP	9,946	359,169	1.11
			359,169	1.11
Software 2.07% (2.44%)				
Sage Group plc (The)	GBP	74,670	669,719	2.07
			669,719	2.07
Information Technology total			1,028,888	3.18
Materials 11.82% (14.03%)				
Chemicals 2.94% (3.03%)				
Elementis plc	GBP	127,118	183,956	0.57
Johnson Matthey plc	GBP	22,169	567,223	1.76
Synthomer plc	GBP	114,411	198,322	0.61
			949,501	2.94
Construction Materials 4.36% (3.99%)				
Breedon Group plc [#]	GBP	621,227	455,848	1.41
CRH plc	GBP	24,048	951,878	2.95
			1,407,726	4.36
Containers & Packaging 1.44% (1.34%)				
DS Smith plc	GBP	120,369	464,070	1.44
			464,070	1.44
Metals & Mining 3.08% (5.67%)				
Rio Tinto plc	GBP	14,290	996,669	3.08
			996,669	3.08
Materials total			3,817,966	11.82
Real Estate 2.74% (2.58%)				
Equity Real Estate Investment Trusts (REITs) 1.14% (0.86%)				
Derwent London plc	GBP	12,943	367,441	1.14
			367,441	1.14
Real Estate Management & Development 1.60% (1.72%)				
Grainger plc	GBP	170,927	518,145	1.60
			518,145	1.60
Real Estate total			885,586	2.74

UK Capital Growth Fund

Portfolio Statement (continued)

As at 31st December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets
Utilities 2.04% (0.00%)				
Electric Utilities 2.04% (0.00%)				
SSE plc	GBP	32,030	659,438	2.04
			659,438	2.04
Utilities total			659,438	2.04
Equities total			32,389,539	100.24
Total Value of Investments			32,389,539	100.24
Net other liabilities (2021: (0.43%))			(77,701)	(0.24)
Net assets attributable to shareholders			32,311,838	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 31 December 2021.

Security traded on another regulated market.

UK Capital Growth Fund

Notes to the Financial Statements

for the accounting period 1st January 2022 to 31st December 2022

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1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 76.

2 NET CAPITAL (LOSSES)/GAINS

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

	2022 US\$	2021 US\$
Non-derivative securities	(3,085,021)	3,680,092
Other currency gains/(losses)	910	(1,748)
Transaction charges	(16,669)	(20,886)
Net capital (losses)/gains	(3,100,780)	3,657,458

(Losses)/gains from non-derivatives securities include realised gains of US\$ 840,561 (2021: US\$ 1,295,256 - realised losses) and change in unrealised losses of US\$ 3,925,582 (2021: US\$ 2,384,567 - unrealised losses).

3 REVENUE

	2022 US\$	2021 US\$
Overseas dividends	1,096,527	1,344,327
Bank interest	1,923	161
Scrip dividends	10,616	–
Unfranked Component of Real Estate Investment Income	5,915	–
Total revenue	1,114,981	1,344,488

4 EXPENSES

	2022 US\$	2021 US\$
Payable to the Fund Manager, associates of the Manager and agents of either of them:		
Annual management charge	(689,516)	(888,649)
Registration expenses	(1,425)	(1,635)
Directors' fees	(4,800)	(3,921)
	(695,741)	(894,205)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(14,144)	(16,634)
Safe custody fees	(3,020)	(3,843)
Interest payable	(304)	(763)
	(17,468)	(21,240)
Other expenses:		
Audit fee	(12,536)	(14,192)
Regulatory and professional fees	(2,191)	(1,159)
Publication charges	(5,313)	(7,714)
	(20,040)	(23,065)
Total expenses	(733,249)	(938,510)

5 TAXATION

	2022 US\$	2021 US\$
Analysis of charge in period:		
Overseas tax suffered	(7,272)	(7,923)
Total overseas taxation	(7,272)	(7,923)

6 DISTRIBUTIONS

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

	2022 US\$	2021 US\$
Final	(356,742)	(380,941)
	(356,742)	(380,941)
Revenue deducted on cancellation of shares	(32,150)	(24,112)
Revenue received on creation of shares	14,432	7,001
Distributions for the year	(374,460)	(398,052)

Details of the distribution per share are set out on page 61.

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.

	2022 Assets US\$	2021 Assets US\$
Level 1: Quoted prices	32,389,539	43,528,172
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
Total value	32,389,539	43,528,172

8 DEBTORS

	2022 US\$	2021 US\$
Accrued revenue	86,898	91,675
Prepaid expenses	1,681	1,401
Receivable from Fund Manager – Nominal shares	411,878	406,265
Overseas tax recoverable	556	626
Total debtors	501,013	499,967

9 OTHER CREDITORS

	2022 US\$	2021 US\$
Amounts payable for cancellation of shares	(37,171)	(13,613)
Accrued expenses	(19,874)	(22,342)
Amounts payable to the Fund Manager	(51,165)	(68,980)
Total creditors	(108,210)	(104,935)

10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 77, 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, 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\$ 4,800 (2021: US\$ 3,921) with US\$ 1,520 (2021: US\$ 947) 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\$ 51,035 (December 2021: US\$ 68,840) in respect of the annual management charge, and US\$ 130 (December 2021: US\$ 140) 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 of which the Fund is a related party, hold 18,630,317 (2021: 20,556,635) 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 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	26,006,314	1,393,720	(3,638,602)	23,761,432

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date. (2021: US\$ Nil).

UK Capital Growth Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

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 Fund 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 Fund 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 2022 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	8,797,127	3,290	41,527	8,841,944	0.04	0.47
	<u>8,797,127</u>	<u>3,290</u>	<u>41,527</u>	<u>8,841,944</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	12,202,384	(5,083)	(330)	12,196,971	(0.04)	(0.00)
	<u>12,202,384</u>	<u>(5,083)</u>	<u>(330)</u>	<u>12,196,971</u>		
Total		<u>8,373</u>	<u>41,857</u>			
Percentage of Fund average net assets		<u>0.02%</u>	<u>0.12%</u>			

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

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

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.15% (2021: 0.14%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

UK Capital Growth Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

14 FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 77.

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.

Currency risk sensitivity

As the base currency of the Fund is UK Sterling and dealing with the preference shareholders takes place in UK Sterling as well, there will be no material impact of exchange rate fluctuations on the net assets attributable to preference shareholders.

Net foreign currency assets	Monetary exposure	Non-monetary exposure	Total
Currency 2022	US\$	US\$	US\$
Euro	24,049	–	24,049
UK Sterling	(102,013)	32,389,539	32,287,526
US Dollar	263	–	263
Currency 2021	US\$	US\$	US\$
Euro	2,229	–	2,229
UK Sterling	(188,153)	43,528,172	43,340,019
US Dollar	261	–	261

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 2022 and 31st December 2021 was:

	2022	2021
Assets	US\$	US\$
Fixed rate financial assets	–	–
Floating rate financial assets	288,588	200,658
Financial assets not carrying interest	32,478,674	43,621,874
Liabilities	US\$	US\$
Fixed rate financial liabilities	–	–
Floating rate financial liabilities	–	–
Financial liabilities not carrying interest	(455,424)	(480,023)

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

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

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

Other price risk sensitivity

As at 31 December 2022 the Fund was exposed to other market price risk due to its investments in equities. The percentage of the net assets held in these investments are disclosed in the Portfolio Statement of the Fund. The sensitivity analysis assumes a change in the market price of equities and exchange traded funds while holding all other variables constant. In practice all other variables are unlikely to remain constant, and changes in some of the variables may be correlated.

As at 31 December 2022, had the fair value of equity securities increased/(decreased) by 5% (2021: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,619,477 (2021: US\$ 2,176,409).

Fair value of financial assets and financial liabilities

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

Europe Fund

Fund Investment Report

Investment Policy

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

Types of Investment

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

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

Fund Performance

Over the 12 months to 31 December 2022 the Fund posted a total gross return of -11.4% compared with a return of -12.0% from the FTSE World Europe ex UK Index in Euro terms.

Review

2022 was a challenging year for global equity markets, including Europe. Even before Russia's invasion of Ukraine in February, inflationary pressures had been building due to pent-up demand from the pandemic, and lingering supply chain issues. A further rise in energy prices due to the war continued to push inflation well beyond central bank targets to its highest levels in a generation. Having downplayed these risks through much of 2021, major central banks raised interest rates aggressively in 2022.

As the year progressed, concerns shifted to the prospect of recession as global growth slowed. Towards the end of the year, however, cooling inflation spurred equity market rallies, amid hopes that key central banks would slow the pace of rate rises. Sentiment was further boosted by optimism about China's reopening following the relaxation of its strict Covid-related measures.

In the United States (US), there was a rapid increase in interest rates by the Federal Reserve. However, a slowdown in the pace of rate rises at the end of 2022 raised hopes that rates could be approaching their peak, particularly as US inflation fell for the fifth consecutive month in November. On the political front, the Republican Party narrowly took control of the lower house of Congress, but the Democrats kept hold of the Senate, a result that was viewed as better than expected for President Biden.

In continental Europe, sentiment was affected by the war in Ukraine, record Eurozone inflation and a severe energy crisis. These factors led to fears of a deep recession as higher bills squeezed consumer budgets and caused corporate operating costs to surge. The European Central Bank embarked somewhat later than other central banks on a series of rate rises. Within the Eurozone, however, there were early indications that inflation had started to ebb.

Hungary, Ireland and the Netherlands were the worst performing countries, while Turkey, Greece and Portugal gained over the year. In sector terms, energy was the standout performer, thanks to gains in oil and gas prices during the period. Financials benefited as interest rates climbed and the relatively defensive utilities, healthcare and communication services sectors also outperformed as investors sought safe havens. In contrast, real estate, technology and materials fared poorly, as did the consumer discretionary sector.

The portfolio outperformed its benchmark index over the year. Stock selection detracted in aggregate, but country and sector positioning were beneficial, helped by the overweightings in France and the financial sector.

Top relative contributors included Prosus N.V. (Netherlands), Shell plc (UK) and Allianz SE (Germany). Technology investment firm Prosus N.V. outperformed as the Chinese economy started to re-open, while Shell plc benefited from high energy prices. Allianz SE outperformed amid strength in the financial sector, which is a beneficiary of higher interest rates.

Detractors included Teleperformance SE (France) and Kingspan Group plc (Ireland). Call centre business Teleperformance SE is facing a probe into working practices in Colombia; following the announcement, we called the company's management to seek reassurance. Building insulation firm Kingspan Group plc announced that the level of new orders had deteriorated, although the trend towards energy efficiency remains supportive. Speciality chemicals firm Sika AG (Switzerland) was another laggard as investors rotated away from stocks which typically perform better when the economy is growing.

New holdings included Prosus N.V. Class N (Netherlands), Adyen N.V. (Netherlands) and SAP SE (Germany). Technology investment firm Prosus N.V. has exposure to high quality growth assets, including Chinese gaming firm Tencent. China is starting to reopen, and recently there have been fewer regulatory concerns surrounding the Chinese internet industry. Adyen N.V. is a payments business with strong management and an attractive foothold in the US market. SAP SE is successfully transitioning its business to the cloud.

Sales included TotalEnergies S.E. (France) and Shell plc (UK) following a period of good returns; we were unsure that energy prices would have much further to climb.

The post-lockdown economic recovery has boosted corporate profits, though the hurdle for growth is now higher. Some sectors remain under strain from the virus, but restrictions have been lifted in most of the world and China has now announced plans to follow suit. More importantly, future growth will be impacted by the ongoing war in Ukraine and its effect on energy prices, interest rates and the cost of living.

Europe Fund

Fund Investment Report (continued)

Review (continued)

In the US, Biden divides opinion and disagreements between Democrats and Republicans continue, hampering law-making and executive policy. After protracted negotiations and fifteen rounds of ballots, Kevin McCarthy was appointed as speaker of the House of Representatives. Germany's left-leaning coalition favours policies which are economically supportive and pro-European, though the implications of the right-wing election win in Italy are less clear. Increases in defence spending loom, as do measures to reduce dependence on Russian energy and alleviate the impact on consumers.

In European equities, there are reasons to remain optimistic. Company valuations have been reset due to higher interest rates and, over the longer term, share prices tend to follow earnings. As a result, good companies can continue to grow, and their lower valuations have created opportunities in the current climate. In managing this fund, our focus is on stock selection, informed by economic 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 2022 to 31st December 2022

	Preference Shares		
	2022	2021	2020
Change in net assets per share	EUR	EUR	EUR
Opening net asset value per share	<u>7.5128</u>	<u>6.0436</u>	<u>5.8765</u>
Return before operating charges ¹	(0.8732)	1.6174	0.2887
Operating charges	(0.1454)	(0.1482)	(0.1216)
Return after operating charges	(1.0186)	<u>1.4692</u>	<u>0.1671</u>
Distributions on preference shares	(0.0132)	—	—
Closing net asset value per share	<u>6.4810</u>	<u>7.5128</u>	<u>6.0436</u>
after direct transaction costs ¹	(0.0192)	(0.0089)	(0.0077)

Performance

Return after charges	(13.56%)	24.31%	2.84%
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Other information

Closing net asset value (EUR)	22,585,582	28,205,404	23,452,663
Closing number of shares	3,484,908	3,754,312	3,880,574
Operating charges	2.19%	2.15%	2.20%
Direct transaction costs (note 13)	0.29%	0.13%	0.14%
Ongoing Charges Figure (“OCF”) ²	2.19%	2.15%	2.20%

Prices

	2022	2021	2020	2019	2018
Highest offer share price (EUR)	8.0920	7.9750	6.5390	6.2530	5.6120
Lowest bid share price (EUR)	5.7120	5.9740	4.0370	4.4070	4.3440
Net distribution per share (EUR)	0.0132	—	—	—	—

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 73, 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 2022 to 31st December 2022

	Notes	2022 US\$	2021 US\$
Income			
Net capital (losses)/gains	2	(4,013,010)	6,701,994
Revenue	3	771,435	757,587
Expenses	4	(525,625)	(645,653)
Net revenue before taxation		245,810	111,934
Taxation	5	(188,317)	(188,674)
Net revenue/(expenses) after taxation		57,493	(76,740)
Total return before distribution		(3,955,517)	6,625,254
Distributions	6	(57,493)	756
Change in Net Assets Attributable to Preference Shareholders from investment activities		(4,013,010)	6,626,010

Balance Sheet

as at 31st December 2022

	Notes	2022 US\$	2021 US\$
Assets:			
Fixed assets:			
Investments	7	24,081,438	31,823,626
Current assets:			
Debtors	8	99,737	99,103
Cash and bank balances		259,357	317,195
Total assets		24,440,532	32,239,924
Liabilities:			
Creditors:			
Distribution payable		(49,173)	—
Other creditors	9	(191,340)	(69,403)
Total liabilities		(240,513)	(69,403)
Equity:			
Nominal shares (note 14, page 80)		(96,010)	(95,337)
Total equity		(96,010)	(95,337)
Net Assets Attributable to Preference Shareholders		24,104,009	32,075,184

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2022 to 31st December 2022

	2022 US\$	2021 US\$
Opening Net Assets Attributable to Preference Shareholders	32,075,184	28,701,368
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	89,554	77,707
Amounts payable on cancellation of shares	(1,994,031)	(1,082,950)
	(1,904,477)	(1,005,243)
Difference on currency conversion	(2,053,688)	(2,246,954)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(4,013,010)	6,626,010
Unclaimed distributions	—	3
Closing Net Assets Attributable to Preference Shareholders	24,104,009	32,075,184

Distribution Table

for the accounting period 1st January 2022 to 31st December 2022

	Income	Equalisation	Distribution Payable 2022	Distribution Paid 2021
	€	€	€	€
Group 1	0.0132	—	0.0132	—
Group 2	0.0132	0.0000	0.0132	—

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2021.

The notes on pages 72 to 74 form an integral part of the financial statements.

Europe Fund

Portfolio Statement

As at 31 December 2022

Investment	Currency	Holding	Market Value US\$	% of Net Assets	Investment	Currency	Holding	Market Value US\$	% of Net Assets
Equities 99.91% (99.22%)					Equities 99.91% (99.22%) (continued)				
Belgium 1.21% (2.29%)					United Kingdom 1.22% (1.88%)				
KBC Group NV	EUR	4,514	291,265	1.21	Allfunds Group plc	EUR	42,020	295,304	1.22
			291,265	1.21				295,304	1.22
Denmark 6.08% (5.61%)					Equities total				
DSV A/S	DKK	1,035	162,872	0.68	Total Value of Investments			24,081,438	99.91
Novo Nordisk A/S 'B'	DKK	6,908	929,934	3.86	Net other assets (2021: 0.78%)			22,571	0.09
Tryg A/S	DKK	15,686	372,569	1.54				24,104,009	100.00
			1,465,375	6.08	Net assets attributable to shareholders				
Finland 2.25% (1.02%)									
Nordea Bank Abp	EUR	35,025	377,386	1.57					
UPM-Kymmene OYJ	EUR	4,412	165,037	0.68					
			542,423	2.25					
France 28.51% (30.88%)									
Air Liquide SA	EUR	4,308	612,772	2.54					
AXA SA	EUR	23,048	643,471	2.67					
BNP Paribas SA	EUR	8,936	509,836	2.11					
Cie de Saint-Gobain	EUR	12,085	589,801	2.45					
Hermes International	EUR	176	273,296	1.13					
Kering SA	EUR	103	52,582	0.22					
L'Oreal SA	EUR	650	232,216	0.96					
LVMH Moët Hennessy Louis									
Vuitton SE	EUR	1,368	997,890	4.14					
Pernod Ricard SA	EUR	2,040	402,555	1.67					
Publicis Groupe SA	EUR	5,595	356,239	1.48					
Remy Cointreau SA	EUR	1,294	218,888	0.91					
Safran SA	EUR	5,145	642,984	2.67					
Sanofi	EUR	5,487	528,436	2.19					
Schneider Electric SE	EUR	2,592	363,376	1.51					
Teleperformance	EUR	1,873	448,158	1.86					
			6,872,500	28.51					
Germany 20.53% (11.01%)									
Allianz SE	EUR	3,566	765,335	3.17					
Bayer AG	EUR	9,112	471,935	1.96					
Beiersdorf AG	EUR	1,171	133,783	0.55					
Deutsche Telekom AG	EUR	12,410	247,457	1.03					
Hannover Rueck SE	EUR	659	130,920	0.54					
Infineon Technologies AG	EUR	7,713	234,475	0.97					
Mercedes-Benz Group AG	EUR	8,980	588,441	2.44					
MTU Aero Engines AG	EUR	2,515	544,064	2.26					
Muenchener									
Rueckversicherungs-									
Gesellschaft AG	EUR	1,591	515,162	2.14					
SAP SE	EUR	5,859	602,342	2.50					
Siemens AG	EUR	3,449	476,158	1.98					
Siemens Healthineers AG	EUR	4,786	238,481	0.99					
			4,948,553	20.53					
Ireland 4.79% (6.49%)									
CRH plc	EUR	12,101	477,967	1.98					
Linde plc	EUR	1,252	407,733	1.69					
Smurfit Kappa Group plc	EUR	7,298	269,176	1.12					
			1,154,876	4.79					
Italy 1.08% (5.26%)									
Moncler SpA	EUR	4,915	260,226	1.08					
			260,226	1.08					
Luxembourg 0.00% (0.60%)									
Netherlands 15.13% (9.79%)									
Adyen NV	EUR	156	216,434	0.90					
Airbus SE	EUR	5,946	708,440	2.94					
ASML Holding NV	EUR	1,683	909,570	3.77					
Davide Campari-Milano NV	EUR	13,516	137,467	0.57					
ING Groep NV	EUR	40,881	498,946	2.07					
Koninklijke Ahold Delhaize NV	EUR	8,314	238,682	0.99					
Prosus NV	EUR	10,283	710,368	2.95					
STMicroelectronics NV	EUR	6,397	225,976	0.94					
			3,645,883	15.13					
Norway 1.57% (2.31%)									
DNB Bank ASA	NOK	19,153	377,899	1.57					
			377,899	1.57					
Spain 1.88% (0.00%)									
Amadeus IT Group SA	EUR	8,717	452,407	1.88					
			452,407	1.88					
Sweden 3.17% (3.44%)									
Atlas Copco AB 'A'	SEK	18,508	219,972	0.91					
Sandvik AB	SEK	29,926	544,313	2.26					
			764,285	3.17					
Switzerland 12.49% (18.64%)									
ABB Ltd.	CHF	7,552	229,813	0.95					
Cie Financiere Richemont SA	CHF	5,290	687,663	2.85					
Holcim AG	CHF	3,444	178,706	0.74					
Nestle SA	CHF	4,066	473,389	1.97					
Novartis AG	CHF	4,701	426,777	1.77					
Roche Holding AG	CHF	398	125,438	0.52					
Sika AG	CHF	857	206,410	0.86					
UBS Group AG	CHF	36,565	682,246	2.83					
			3,010,442	12.49					

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

The comparative percentage figures in brackets are as at 31 December 2021.

Europe Fund

Notes to the Financial Statements

for the accounting period 1st January 2022 to 31st December 2022

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1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the Aggregated Financial Statements on page 76.

2 NET CAPITAL (LOSSES)/GAINS

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

	2022 US\$	2021 US\$
Non-derivative securities	(3,953,707)	6,718,352
Forward currency derivative contracts	—	—
Other currency (losses)/gains	(32,050)	5,811
Transaction charges	(27,253)	(22,169)
Net capital (losses)/gains	(4,013,010)	6,701,994

(Losses)/gains from non-derivatives securities include realised gains of US\$ 1,964,889 (2021: US\$ 3,530,143 realised gains) and change in unrealised losses of US\$ 5,918,596 (2021: US\$ 3,188,209 unrealised gains).

Forward currency derivative contracts include realised gains of US\$ Nil (2021: US\$ Nil).

3 REVENUE

	2022 US\$	2021 US\$
Overseas dividends	769,654	757,577
Bank interest	1,781	10
Total revenue	771,435	757,587

4 EXPENSES

	2022 US\$	2021 US\$
Payable to the Fund Manager, associates of the Manager and agents of either of them:		
Annual management charge	(491,312)	(605,165)
Registration expenses	(1,273)	(1,440)
Directors' fees	(3,686)	(2,769)
	(496,271)	(609,374)
Payable to the Fiduciary Custodian, associates of the Fiduciary Custodian and agents of either of them:		
Fiduciary Custodian's fees	(10,078)	(11,392)
Safe custody fees	(6,605)	(6,581)
Interest payable	(520)	(228)
	(17,203)	(18,201)
Other expenses:		
Audit fee	(7,756)	(11,365)
Regulatory and professional fees	(1,629)	(746)
Publication charges	(2,766)	(5,967)
	(12,151)	(18,078)
Total expenses	(525,625)	(645,653)

5 TAXATION

	2022 US\$	2021 US\$
Analysis of charge in period:		
Overseas tax suffered	(188,317)	(188,674)
Total overseas taxation	(188,317)	(188,674)

6 DISTRIBUTIONS

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

	2022 US\$	2021 US\$
Final	(48,515)	—
	(48,515)	—
Revenue deducted on cancellation of shares	(9,358)	760
Revenue received on creation of shares	380	(4)
Distributions for the year	(57,493)	756

Details of the distribution per share are set out on page 70.

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.

	2022 Assets US\$	2021 Assets US\$
Level 1: Quoted prices	24,081,438	31,823,626
Level 2: Observable market data	—	—
Level 3: Unobservable data	—	—
Total value	24,081,438	31,823,626

8 DEBTORS

	2022 US\$	2021 US\$
Receivable from Fund Manager - Nominal shares	96,010	95,337
Overseas tax recoverable	2,567	2,737
Prepaid expenses	1,160	1,029
Total debtors	99,737	99,103

9 OTHER CREDITORS

	2022 US\$	2021 US\$
Amounts payable for cancellation of shares	—	(2,206)
Accrued expenses	(13,592)	(16,432)
Purchases awaiting settlement	(139,450)	—
Amounts payable to the Fund Manager	(38,298)	(50,765)
Total creditors	(191,340)	(69,403)

10 RELATED PARTY TRANSACTIONS

Monument International Fund Managers (IOM) Limited (Fund Manager) provides services to the company under the terms of a management agreement (page 77, 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 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\$ 3,686 (2021: US\$ 2,769) with US\$ 1,088 (2021: US\$ 661) 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\$ 38,160 (December 2021: US\$ 50,648) in respect of the annual management charge, and US\$ 138 (December 2021: US\$ 117) 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, of which the Fund is a related party, hold 1,909,877 (2021: 2,097,721) 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 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	3,754,312	13,040	(282,444)	3,484,908

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2021: US\$ Nil).

Europe Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

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 Fund 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 Fund 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 2022 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	31,335,882	20,554	30,381	31,386,817	0.07	0.10
	<u>31,335,882</u>	<u>20,554</u>	<u>30,381</u>	<u>31,386,817</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	33,161,324	(21,463)	(19)	33,139,842	(0.06)	(0.00)
	<u>33,161,324</u>	<u>(21,463)</u>	<u>(19)</u>	<u>33,139,842</u>		
Total		42,017	30,400			
Percentage of Fund average net assets		<u>0.17%</u>	<u>0.12%</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 2021 Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases:						
Purchases (excluding in-specie and corporate action activity):						
Equity	16,310,506	11,432	18,960	16,340,898	0.07	0.12
	<u>16,310,506</u>	<u>11,432</u>	<u>18,960</u>	<u>16,340,898</u>		
Sales:						
Sales (excluding in-specie and corporate action activity):						
Equity	17,713,275	(10,894)	(3)	17,702,378	(0.06)	(0.00)
	<u>17,713,275</u>	<u>(10,894)</u>	<u>(3)</u>	<u>17,702,378</u>		
Total		22,326	18,963			
Percentage of Fund average net assets		<u>0.07%</u>	<u>0.06%</u>			

Europe Fund

Notes to the Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

13 DIRECT TRANSACTION COSTS (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.06% (2021: 0.16%). 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 77.

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 and the currency in which dealing with the preference shareholders takes place. This has the effect that the Balance Sheet and Statement of Total Return can be affected by currency movements.

Currency risk sensitivity

As at 31 December 2022 the Fund was exposed to currency risk through the assets and liabilities denominated in foreign currencies other than Euros.

If the exchange rates at 31 December 2022 between Euros and all other currencies had strengthened by 5% (2021: 5%), with all other variables held constant, this would have decreased the net assets attributable to preference shareholders by US\$ 286,806 (2021: US\$ 496,293).

A weakening of the Euros 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 2022			
Czech Koruna	25	–	25
Danish Krone	41	1,465,375	1,465,416
Euro	(95,558)	18,463,437	18,367,879
Hungarian Forint	11	–	11
Norwegian Krone	15	377,899	377,914
Swedish Krona	50	764,285	764,335
Swiss Franc	352	3,010,442	3,010,794
UK Sterling	117,628	–	117,628
US Dollar	7	–	7
Currency 2021	US\$	US\$	US\$
Czech Koruna	24	–	24
Danish Krone	42	1,800,257	1,800,299
Euro	(51,461)	22,200,775	22,149,314
Hungarian Forint	11	–	11
Norwegian Krone	4	740,315	740,319
Swedish Krona	50	1,101,890	1,101,940
Swiss Franc	279	5,980,389	5,980,668
UK Sterling	300,982	–	300,982
US Dollar	1,627	–	1,627

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 2022 and 31st December 2021 was:

	2022	2021
Assets	US\$	US\$
Fixed rate financial assets	–	–
Floating rate financial assets	259,357	317,195
Financial assets not carrying interest	24,085,165	31,827,392
Liabilities	2022	2021
	US\$	US\$
Fixed rate financial liabilities	–	–
Floating rate financial liabilities	–	–
Financial liabilities not carrying interest	(240,513)	(69,403)

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 2022 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 2022, had the fair value of equity securities increased/(decreased) by 5% (2021: 5%), with all other variables held constant, the net assets attributable to preference shareholders would have increased/(decreased) by US\$ 1,204,072 (2021: US\$ 1,591,181).

Fair value of financial assets and financial liabilities

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

Aggregated Financial Statements for Monument International Funds (IOM) Limited

Statement of Total Return

for the accounting period 1st January 2022 to 31st December 2022

	Notes	2022 US\$	2021 US\$
Income			
Net capital (losses)/gains	2	(35,430,619)	25,248,768
Revenue	3	3,402,181	3,449,816
Expenses	4	(3,297,639)	(4,097,480)
Net revenue/(expense) before taxation		104,542	(647,664)
Taxation	5	(488,201)	(478,102)
Net expense after taxation		(383,659)	(1,125,766)
Total return before distribution		(35,814,278)	24,123,002
Distributions	6	(427,277)	(345,473)
Change in Net Assets Attributable to Preference Shareholders from investment activities		(36,241,555)	23,777,529

Statement of Change in Net Assets Attributable to Preference Shareholders

for the accounting period 1st January 2022 to 31st December 2022

	2022 US\$	2021 US\$
Opening Net Assets Attributable to Preference Shareholders	200,766,353	197,333,652
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	4,031,634	3,712,234
Amounts payable on cancellation of shares	(15,445,999)	(21,341,532)
	(11,414,365)	(17,629,298)
Difference on currency conversion	(7,902,606)	(2,719,951)
Change in Net Assets Attributable to Preference Shareholders from investment activities (see above)	(36,241,555)	23,777,529
Unclaimed distributions	855	4,421
Closing Net Assets Attributable to Preference Shareholders	145,208,682	200,766,353

Balance Sheet

as at 31st December 2022

	Notes	2022 US\$	2021 US\$
Assets:			
Fixed assets:			
Investments	7	144,034,452	198,956,067
Current assets:			
Debtors	8	2,506,886	2,354,562
Cash and bank balances		1,900,137	2,421,989
Total assets		148,441,475	203,732,618
Liabilities:			
Creditors:			
Distribution payable		(423,200)	(375,088)
Other creditors	9	(668,104)	(463,099)
Total liabilities		(1,091,304)	(838,187)
Equity:			
Management shares	14	(10)	(10)
Nominal shares (note 14, page 79)		(2,141,479)	(2,128,068)
Total equity		(2,141,489)	(2,128,078)
Net Assets Attributable to Preference Shareholders		145,208,682	200,766,353

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 76 to 80 form an integral part of the financial statements.

The Annual Report and Accounts were approved and authorised for issue by the Board of Directors of Monument International Funds (IOM) Limited and signed on its behalf by:

Director
24th February 2023

Director
24th February 2023

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

Notes to the Financial Statements

for the accounting period 1st January 2022 to 31st December 2022

GENERAL INFORMATION

Monument 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 2022 was US\$ 186,650 (31 December 2021: US\$ 190,251).

(2) Aggregation

The Aggregated Financial Statements represent the sum of the Company's individual sub-funds. Further analysis of the Distribution and the Net Asset position can be found within the Financial Statements of the individual sub-funds.

(3) Recognition of revenue

Dividends on quoted equities and preference shares are recognised when the security is traded ex-dividend and together with interest and other revenue receivable are stated gross of withholding taxes.

Special dividends are treated as a repayment of capital, unless there is sufficient evidence that they should be treated as revenue.

Stock dividends are recognised as revenue on the basis of the market value of the shares at the date they are first quoted ex-dividend.

Interest on debt securities and bank and short-term deposits is recognised on the effective interest rate basis.

Interest included in the value of purchases and sales of fixed and floating rate securities is treated as revenue. In the case of debt securities purchased at a significant premium or discount to the maturity value, the discount is amortised over the life of the security and accounted for as interest on debt securities.

Net capital gains and losses are not included in the amount of net revenue/(expenses) available for distribution in each sub-fund.

(4) Expenses (including management expenses)

All expenses other than those relating to the purchase and sale of investments, which are charged against capital, are recognised on an accruals basis and are charged against revenue. The allocation of other expenses to each sub-fund is based on the proportion of the Company's net assets attributable to each sub-fund on the day the expense is charged.

(5) Valuation of Investments

The investments of the Company are valued at fair value (usually bid value) at 16:00 (UK time), being the valuation point on the last working day of the accounting period.

(6) Exchange Rates

The functional currency is the currency of the primary economic environment in which the sub funds operate. The Gilt and Income Fund, UK Capital Growth Fund and Europe Fund sub funds have functional currencies of GBP and Euro respectively and a presentation currency of US\$. These three sub funds are different as they predominantly invest in assets and issue shares in Sterling and Euro respectively.

The assets and liabilities in each sub-fund expressed in foreign currencies at the end of the accounting period are translated into each sub-fund's functional currency at the exchange rates ruling at 16:00 (UK time), on that date. Revenue items denominated in foreign currency are translated into each sub-fund's functional currency at the exchange rates ruling at the date of transaction.

The presentation currency of the Company is US Dollars. The assets, liabilities and revenue items including the distributions of each sub-fund are translated into US Dollars at the exchange rate ruling at 16:00 (UK time), at the end of each accounting period.

Foreign exchange translation adjustments arising from the translation of the sub-funds into the Company's presentation currency are included within the Statement of Change in Net Assets Attributable to Preference Shareholders.

(7) Taxation

The taxation charge represents withholding taxes and capital gains tax deducted at source. The Company is taxed at 0% on its profits in the Isle of Man. Any capital gains realised may be subject to tax in the countries of origin. All liabilities in respect of taxes payable on realised gains are provided for as soon as there is a reasonable certainty that a liability will crystallise.

(8) Equalisation

Equalisation is that proportion of the total distribution payment which represents a return of capital.

The payment represents the average amount of revenue accrued in the price of shares at the dates of purchase, and reflects the fact that the purchase price included an element of net revenue accrued awaiting distribution.

Equalisation can only occur on the first distribution following a purchase of shares. The amount is not liable to UK Income Tax and should be deducted from the cost of the shares for Capital Gains Tax purposes.

(9) Distributions

The net revenue available for distribution for each sub-fund at the end of each distribution period will be paid as a dividend distribution. Should the expenses of a sub-fund (including taxation) exceed its revenue, there will be no distribution and the shortfall will be met by the capital account of the sub-fund.

(10) Financial instruments

Where appropriate, certain permitted financial instruments such as derivative contracts or forward foreign exchange contracts may be used for the purpose of efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in "Revenue" or "Expenses" in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in "Net capital gains" in the Statement of Total Return.

Any positions in respect of such instruments open at the period end are reflected in the portfolio statement at their market value. The amounts held at brokers clearing houses in respect of these financial instruments are included in the cash and bank balances in the Financial Statements of the individual sub-funds.

2 NET CAPITAL (LOSSES)/GAINS

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

	2022 US\$	2021 US\$
Non-derivative securities	(35,239,236)	25,396,859
Forward currency derivative contracts	475	(872)
Other currency losses	(49,044)	(8,411)
Transaction charges	(142,981)	(140,045)
Other income	167	1,237
Net capital (losses)/gains	(35,430,619)	25,248,768

3 REVENUE

	2022 US\$	2021 US\$
Overseas dividends	3,083,674	3,266,712
Bank interest	17,567	1,616
Interest on debt securities	284,409	181,488
Scrip dividends	10,616	–
Unfranked Component of Real Estate Investment Income	5,915	–
Total revenue	3,402,181	3,449,816

4 EXPENSES

	2022 US\$	2021 US\$
Payable to the Fund Manager, associates of the Manager and agents of either of them:		
Annual management charge	(3,071,602)	(3,841,827)
Registration expenses	(12,103)	(13,167)
Directors' fees	(23,188)	(17,465)
	(3,106,893)	(3,872,459)

Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

4 EXPENSES (CONTINUED)

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

Fiduciary Custodian's fees	(64,319)	(74,025)
Safe custody fees	(30,492)	(33,747)
Interest payable	(2,069)	(2,366)
	<u>(96,880)</u>	<u>(110,138)</u>
Other expenses:		
Audit fee	(55,649)	(67,337)
Regulatory and professional fees	(16,739)	(11,461)
Publication charges	(21,478)	(36,085)
	<u>(93,866)</u>	<u>(114,883)</u>
Total expenses	<u>(3,297,639)</u>	<u>(4,097,480)</u>

5 TAXATION

	2022 US\$	2021 US\$
Analysis of charge in period:		
Overseas tax suffered	(488,201)	(478,102)
Total overseas taxation	<u>(488,201)</u>	<u>(478,102)</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:

	2022 US\$	2021 US\$
Interim	–	–
Final	(432,759)	(380,941)
	<u>(432,759)</u>	<u>(380,941)</u>
Revenue deducted on cancellation of shares	(207)	36,683
Revenue received on creation of shares	5,689	(1,215)
Distributions for the year	<u>(427,277)</u>	<u>(345,473)</u>

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

7 INVESTMENTS

Fair Value Hierarchy

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

8 DEBTORS

	2022 US\$	2021 US\$
Sales awaiting settlement	140,966	27,200
Accrued Bank Interest	1,878	–
Receivable from Fund Manager - Nominal and management shares	2,141,489	2,128,078
Overseas tax recoverable	5,281	5,628
Accrued revenue	210,314	187,137
Prepaid expenses	6,958	6,519
Total debtors	<u>2,506,886</u>	<u>2,354,562</u>

9 OTHER CREDITORS

	2022 US\$	2021 US\$
Amounts payable for cancellation of shares	(93,343)	(25,871)
Purchases awaiting settlement	(240,312)	(12,517)
Accrued expenses	(107,024)	(107,677)
Amounts payable to the Fund Manager	(227,425)	(317,034)
Total creditors	<u>(668,104)</u>	<u>(463,099)</u>

10 MATERIAL CONTRACTS AND RELATED PARTY CONTRACTS

Management and Investment Manager Agreements

The following contracts which are or may be significant have been entered into by the Company:

- Management Agreement dated 29th December 1989 (as amended) between the Company and the Manager whereby the latter has been appointed to act as the Manager in accordance with the Authorised Collective Investment Schemes Regulations 2010. The activities of the Manager include managing the Company's business, investments and administrative affairs and distributing and promoting the distribution of its Participating Redeemable Preference Shares including by way of offer for sale, subject to the overall supervision of the Directors. The Regulations allow for the delegation of the Manager's functions.

The Manager's remuneration comes from two principal sources:

- The Manager is entitled to retain the amount which is the difference between the proceeds for the Preference Shares sold to the applicant and the cost of the Manager of those shares.
 - A management charge payable monthly at an annual rate of 1.95% of the underlying property of each sub-fund (calculated on an offer basis) for all sub-funds except the Gilt and Income Fund which has a rate of 1.25% and the Managed Currency Fund which has a rate of 1%.
- The principal activities of the Investment Manager are the giving of investment advice and the provision of discretionary and non-discretionary Investment Management Services to Momentum 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 (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 S.A., Jersey Branch, a subsidiary of BNP Paribas. BNP Paribas is a member of a major securities exchange, and at 31st December 2022 had a credit rating of A-1 (2021: A-1). At 31st December 2022 and 31st December 2021, substantially all cash and bank balances, sales awaiting settlement and investments are placed in custody with BNP Paribas S.A., 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 funds.

Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

11 FINANCIAL INSTRUMENTS (CONTINUED)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Capital risk management

The capital of the Company is represented by the net assets attributable to holders of redeemable preference shares. The amount of net asset attributable to holders of redeemable shares can change significantly on a daily basis, as the sub funds are subject to daily subscriptions and redemptions at the discretion of shareholders, as well as changes resulting from their performance. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Company.

In order to maintain the capital structure, the Company's policy is to perform the following:

- Monitor the level of daily subscriptions and redemptions relative to the assets it expects to be able to liquidate and adjust the amount of distributions the sub funds pay to redeemable preference shareholders.
- Redeem and issue new shares in accordance with the constitutional documents of the Company, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Board of Directors and the Manager monitor capital on the basis of the value of net assets attributable to redeemable preference shareholders.

12 DIRECT TRANSACTION COSTS

Please refer to the individual sub-fund notes to the financial statements.

13 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date (2021: US\$ Nil).

14 CAPITAL AND RESERVES

Authorised Share Capital	2022 US\$	2021 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.

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 2022 to 31st December 2022

14 CAPITAL AND RESERVES (continued)

	No. of Shares	Aggregated Total US\$	Managed US\$	Worldwide Equity US\$	Managed Currency US\$
Management shares					
Balance as at 01.01.22	10	10	10		
Issued during the year	—	—	—		
Redeemed during the year	—	—	—		
Balance as at 31.12.22	10	10	10		
Nominal shares \$0.0025 each					
Balance as at 01.01.22		2,128,068	550,503	223,649	59,893
Issued during the year		18,123	1,962	2,507	130
Redeemed during the year		(4,712)	(9)	(979)	—
Balance as at 31.12.22		2,141,479	552,456	225,177	60,023
Nominal shares – number of shares					
Balance as at 01.01.22		851,227,138	220,201,285	89,459,446	23,957,036
Issued during the year		7,248,892	784,932	1,002,807	51,993
Redeemed during the year		(1,884,593)	(3,705)	(391,395)	—
Balance as at 31.12.22		856,591,437	220,982,512	90,070,858	24,009,029
Preference Shares \$0.0025 each					
Balance as at 01.01.22		183,782	27,472	18,346	3,911
Issued during the year		4,712	9	979	—
Redeemed during the year		(18,123)	(1,962)	(2,507)	(130)
Balance as at 31.12.22		170,371	25,519	16,818	3,781
Preference Shares – number of shares					
Balance as at 01.01.22		73,511,779	10,988,630	7,338,223	1,564,194
Issued during the year		1,884,593	3,705	391,395	—
Redeemed during the year		(7,248,892)	(784,932)	(1,002,807)	(51,993)
Balance as at 31.12.22		68,147,480	10,207,403	6,726,811	1,512,201
Share premium					
Balance as at 01.01.22		116,006,096	19,704,520	14,257,397	559,412
Premium relating to shares (Redeemed)/issued during the year		(4,608,690)	(1,222,798)	68,409	(19,089)
Balance as at 31.12.22		111,397,406	18,481,722	14,325,806	540,323
Capital reserve					
Balance as at 01.01.22		84,576,475	16,334,510	18,924,024	(56,513)
(Decrease)/increase in the year		(50,935,570)	(9,222,443)	(10,756,060)	905
Balance as at 31.12.22		33,640,905	7,112,067	8,167,964	(55,608)
Net assets attributable to Preference Shareholders comprises:					
Share capital		170,371	25,519	16,818	3,781
Share premium		111,397,406	18,481,722	14,325,806	540,323
Capital reserve		33,640,905	7,112,067	8,167,964	(55,608)
Total as at 31.12.22		145,208,682	25,619,308	22,510,588	488,496

Notes to the Aggregated Financial Statements (continued)

for the accounting period 1st January 2022 to 31st December 2022

14 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 01.01.22					
Issued during the year					
Redeemed during the year					
Balance as at 31.12.22					
Nominal shares \$0.0025 each					
Balance as at 01.01.22	570,072	149,275	73,074	406,265	95,337
Issued during the year	3,247	348	126	9,097	706
Redeemed during the year	(108)	(98)	(1)	(3,484)	(33)
Balance as at 31.12.22	573,211	149,525	73,199	411,878	96,010
Nominal shares – number of shares					
Balance as at 01.01.22	228,028,646	59,710,131	29,229,851	162,506,136	38,134,607
Issued during the year	1,298,876	139,132	50,106	3,638,602	282,444
Redeemed during the year	(43,013)	(39,318)	(402)	(1,393,720)	(13,040)
Balance as at 31.12.22	229,284,509	59,809,945	29,279,555	164,751,018	38,404,011
Preference Shares \$0.0025 each					
Balance as at 01.01.22	48,982	6,085	4,584	65,017	9,385
Issued during the year	108	98	1	3,484	33
Redeemed during the year	(3,247)	(348)	(126)	(9,097)	(706)
Balance as at 31.12.22	45,843	5,835	4,459	59,404	8,712
Preference Shares – number of shares					
Balance as at 01.01.22	19,592,932	2,433,757	1,833,417	26,006,314	3,754,312
Issued during the year	43,013	39,318	402	1,393,720	13,040
Redeemed during the year	(1,298,876)	(139,132)	(50,106)	(3,638,602)	(282,444)
Balance as at 31.12.22	18,337,069	2,333,943	1,783,713	23,761,432	3,484,908
Share premium					
Balance as at 01.01.22	10,228,806	17,710,255	5,089,840	36,481,853	11,974,013
Premium relating to shares (Redeemed)/issued during the year	(592,647)	(332,733)	(74,558)	(1,815,919)	(619,355)
Balance as at 31.12.22	9,636,159	17,377,522	5,015,282	34,665,934	11,354,658
Capital reserve					
Balance as at 01.01.22	933,530	17,687,067	3,866,432	6,795,639	20,091,786
(Decrease) in the year	(3,784,720)	(8,597,302)	(2,015,664)	(9,209,139)	(7,351,147)
Balance as at 31.12.22	(2,851,190)	9,089,765	1,850,768	(2,413,500)	12,740,639
Net assets attributable to Preference Shareholders comprises:					
Share capital	45,843	5,835	4,459	59,404	8,712
Share premium	9,636,159	17,377,522	5,015,282	34,665,934	11,354,658
Capital reserve	(2,851,190)	9,089,765	1,850,768	(2,413,500)	12,740,639
Total as at 31.12.22	6,830,812	26,473,122	6,870,509	32,311,838	24,104,009

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% (2021: 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.

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Price Publication

Monument International Fund Managers (IOM) Limited publishes prices for each of the sub Funds which are available on the Monument Re Limited website, www.monument.im/mifm.

Directors' Fees

The annual remuneration of each non-executive director was increased from USD 8,500, effective since 2016, to GBP 10,000 effective from 1st May 2022. This was approved at the Company's Annual General Meeting held on 12 April 2022. All Directors except the Non Executive Directors waive their right to any Directors fees.

Approval of Financial Statements

The Financial Statements were approved by the Board of Directors on 24th February 2023.

A copy of the Financial Statements is available on the Monument Re Limited website, www.monument.im/mifm or on request from the Manager.

Issued by

**Monument 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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