



Electric & General Investment Fund

Annual Report including long form financial statements
for the year ended 30 June 2023

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Authorised status

The Electric & General Investment Fund (the 'Company'/the 'Fund') is an investment company with variable capital (ICVC) under regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 and is managed in accordance with the Financial Conduct Authority's (FCA) Collective Investment Schemes Sourcebook (COLL).

The Electric & General Investment Fund is a UCITS Scheme which complies with the requirement of the FCA 'COLL Rules', including the investment and borrowing powers in Chapter 5.

Shareholders are not liable for the debts of the Company.

Fund information

Investment objective and policy

The Company's investment objective is to seek to achieve long term (at least five years) capital growth with some potential for income.

To achieve the investment objective, the Company's investment policy is to invest principally (at least 80%) in a portfolio of global equities, and may also invest in other transferable securities, bonds (both corporate and government debt securities), collective investment schemes ('CIS'), warrants, money market instruments, cash, near cash and deposits. The Company may borrow and may enter into underwriting arrangements. It is the ACD's intention that derivatives and forward currency transactions will only be used for the purposes of efficient portfolio management, including hedging, as defined by the Regulations.

The Company is actively managed and has, with the exception of the above noted minimum, no limit to which it can be invested in each sector or asset type, nor is there any particular geographic focus. The Portfolio Manager has full flexibility to adjust the proportion of the property of the Company depending on their view of market conditions and the assets which it believes are most likely to achieve the Company's investment objective. From time to time the liquidity of the Company may be increased substantially if judged to be in the interests of investors.

The Company may invest in CIS which have different investment strategies or restrictions than the Company, including the ability to invest in derivatives for investment purposes and to gain exposure to assets which are not expressly listed above. Investment in CIS will usually be limited to those which invest primarily in the assets listed above and without exception, CIS will only be held in so far as the rules permit the Company to gain exposure to the assets held by those CIS.

A Glossary of Definitions which provides definitions to some of the technical language used in this document is available from www.yealand.com/policies.

The Company benefits from an Independent Director whose duties include the oversight of key elements of the Company's operation.

Comparator benchmark

To gauge the relative performance of the Fund, Shareholders may compare the Fund's performance against the Investment Association's Global Sector. This is not a performance target nor constrains the way in which the Fund is managed. For further information on the Sector and its intended use, please refer to the Fund's Prospectus.

Fund information
continued

Target market

Electric & General Investment Fund may be suitable for all eligible investors (be they retail clients, professional clients or eligible counterparties, each as defined in glossary to the UK Financial Conduct Authorities Handbook of Rules and Guidance) who are seeking long-term capital growth with some potential for income by investing principally in a portfolio of global equities, provided they can meet any minimum age and minimum investment amounts. Financial experience is not considered a necessity. However, investors must at least understand a product where capital is at risk and have the capacity to bear losses (possibly total) on their original investment, accepting risk to their capital.

The Fund may be suitable as a component of a portfolio and for investors who are looking to set aside their capital for the long term (at least five years), though shares may be redeemed on a daily basis.

The risk and reward profile for the Fund is set out in the Key Investor Information Document(s) for the Fund.

Any investor should be willing to accept price fluctuations.

Electric & General Investment Fund is unlikely to be compatible with the requirements of an investor:

- investors looking for guaranteed income or return;
- seeking full capital protection;
- who does not have sufficient resources to bear any loss resulting from the investment;
- who is not able to evaluate the risks and merits of the Fund; and/or
- with a short-term (less than five years) investment horizon

Investment manager

The investment manager to the Fund is Troy Asset Management Limited.

Distribution

Shareholders may own accumulation and/or income shares, which entitle them to a share in any allocation/distribution of income made by the Company. Normal distribution dates are the last day of February and 31 August for income accrued as at 31 December and 30 June respectively.

Future distributions may fluctuate depending on the mix of assets over any specific reporting period.

Annual Management Charge (AMC)

The AMC due to the Authorised Corporate Director is 0.04% per annum. An administration fee is payable to the Authorised Corporate Director at 0.12% on the first £50m, 0.08% on next £50m and 0.04% on the remaining NAV per annum.

The investment manager, Troy Asset Management Limited, receives a fee of 0.60% per annum.

If the Fund invests in a collective investment scheme operated by the above management group, then the Fund will receive rebates of any management fees on these investments or pay a reduced investment management fee to reflect this.

Investment manager's report for the year ended 30 June 2023

The Fund made good returns in the last 12 months, recovering from the negative results of the prior year. The year has not been without mishap for equity markets more broadly. Higher interest rates led to the rapid failure of several US regional banks and China's recovery from the pandemic has underwhelmed. Despite this, the global economy looks in better shape than many had expected. A widely anticipated global recession has been averted, at least for now, and inflation is moderating in most countries, allowing central banks to slow the pace of interest rate rises. Excitement about the promise of generative AI has emerged as a driving force for global equities, led by many of the large technology companies that performed so poorly last year.

The Fund performed well in these conditions, delivering a return of +17.2% which compares to the IA Global sector's average of +10.7% (Source: Lipper).

The top five contributors to returns were Meta Platforms ('Meta'), Microsoft, Fiserv, Visa, and Booking Holdings ('Booking'). Meta recovered strongly by addressing many of the concerns that had led to its decline in the prior year – showing sustained user growth and engagement; traction for *Reels*, which competes directly with TikTok; and adjustments to a bloated expense base. Whilst growth at Microsoft has slowed, the shares performed well thanks to the break-out success of ChatGPT, created by OpenAI, with whom Microsoft has a deep partnership. The adoption of generative AI augurs well for Microsoft's Azure services and the utility of Microsoft's productivity tools. Fiserv, Visa and Booking all performed well in the context of better-than-expected financial results, supported by robust consumer spending.

More defensive companies naturally lagged as equity markets rebounded. Three of the top five detractors to the Fund's returns in the year – Roche, Medtronic and Becton Dickinson – are healthcare companies. These three are adjusting to higher input costs and/or slower growth rates as covid testing revenues subside. Roche also announced some disappointing R&D results. Elsewhere, Diageo's growth is normalising after a period of super-normal expansion, and despite reporting some encouraging operating results, PayPal continues to suffer from a mix of internal and external problems. We expect these to be addressed imminently by new management.

Dividend

The Fund will provisionally pay holders of its Income share class a final dividend of 1.41 pence per share, giving a total dividend for the year ended 30 June 2023 of 1.66 pence per share.

Portfolio activity

Portfolio turnover has remained elevated as the Fund takes advantage of stock market volatility to enhance the profile of the Fund. There was one new investment in the London Stock Exchange Group, already described in the Fund's Interim Report. There were no exits from the Fund, which ended the year with 27 holdings.

The larger transactions mostly consist of reductions to investments in software, internet, and payments companies. Their sharply higher share prices make their valuations less attractive than before. The funds were reallocated to increase the size of existing investments in Adobe, Diageo, Heineken, and Roche, all of which experienced weaker share-price performance in the period under review. As they deal with shorter-term challenges, we remain optimistic about their longer-term prospects. They bring further diversification, stability, and value to the portfolio – underpinning our confidence in the Fund's potential.

Investment manager's report
for the year ended 30 June 2023
continued

Outlook

This remains a highly unusual and testing time for financial markets. The dramatic change in monetary conditions, shifts in the economic outlook, and post-pandemic reverberations are leading to heightened volatility. As we reflect on the last year, the pattern of the Fund's performance has been far more variable than expected, and yet we take encouragement from three things. First, current conditions further validate the expectation that great companies can become mispriced, leading us to make changes to the portfolio that we believe should enhance prospective returns. Second, a noisy environment can reward those with the patience to maintain a longer-term perspective. We take some pride in holding our nerve in the difficult moments of last year and keeping courage in our convictions. This is testament to the quality of Troy's team, its investment culture and business stability, all of which are conducive to long-term decision-making. And third, we are confident that there will be many future challenges to overcome, providing potential to further distinguish the portfolio's returns.

We continue to see the Fund consisting of companies that are resilient to unexpected setbacks and adaptable to a rapidly changing economy. We view them as attractively valued for their exceptional financial productivity and prospects for steady growth.

Troy Asset Management Limited
14 July 2023

Net asset value per share, price record and comparative tables

Change in net asset value per share

All prices quoted are based on bid price

	Income shares			Accumulation shares		
	Year ended 30 June 2023 p	Year ended 30 June 2022 p	Year ended 30 June 2021 p	Year ended 30 June 2023 p	Year ended 30 June 2022 p	Year ended 30 June 2021 p
Opening net asset value per share	260.88	292.94	246.98	266.72	298.40	249.78
Return before operating charges [†]	47.40	(28.50)	50.34	48.35	(29.16)	50.90
Operating charges	(2.48)	(2.52)	(2.28)	(2.48)	(2.52)	(2.28)
Return after operating charges[†]	44.92	(31.02)	48.06	45.87	(31.68)	48.62
Distributions on income shares						
Interim	(0.25)	(0.10)	(0.70)	n/a	n/a	n/a
Final	(1.41)	(0.94)	(1.40)	n/a	n/a	n/a
Total distributions on income shares	(1.66)	(1.04)	(2.10)	0.00	0.00	0.00
Closing net asset value per share	304.14	260.88	292.94	312.59	266.72	298.40
Retained distributions on accumulation shares						
Interim	n/a	n/a	n/a	0.25	0.10	0.71
Final	n/a	n/a	n/a	1.45	0.95	1.42
[†] after direct transaction costs of	0.08	0.06	0.04	0.08	0.06	0.04

Performance

Return after operating charges	17.2%	(10.6)%	19.5%	17.2%	(10.6)%	19.5%
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Other information

Closing net asset value (NAV)	£101,103,408	£94,615,263	£113,666,133	£1,522,887	£1,385,216	£1,294,788
Closing number of shares	33,242,624	36,267,220	38,802,203	487,177	519,351	433,912
Operating charges	0.88%	0.86%	0.88%	0.88%	0.86%	0.88%
Direct transaction costs	0.03%	0.02%	0.02%	0.03%	0.02%	0.02%

Prices (p)

Highest	305.6	319.0	295.4	312.6	324.9	299.4
Lowest	259.7	251.6	239.6	265.5	256.3	242.3

KIID risk and reward profile

The numerical risk and reward indicator as published in the latest Key Investor Information Document (KIID) is a rating of 6 for both the income and accumulation share class (2022: category 6). The share classes are ranked in risk category 6 as funds of this type have experienced much higher rises and falls historically.

For more information on the Fund risk and reward profile please refer to the most up to date KIID which is available from the Authorised Corporate Director or at www.yealand.com/fund/electric-general-investment-fund/ under documents.

Assessment of value report

We are required to undertake a formal review of the Fund in order to assess the value which Shareholders are receiving from their investments. This assessment considers elements such as the fees which are paid, the quality of services provided and the investment performance obtained. We are required to publish a report which summarises the outcome of the review and, if relevant, to take steps to address any instances of poor value. We publish an Assessment of value report specific to each Yealand Fund by 31 January each year. Copies of these reports can be obtained from the Yealand website, via the document link on each respective Fund page - <https://yealand.com/funds/>.

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes Sourcebook published by the FCA, ('the COLL Rules') require the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net income and net gains or losses on the property of the Fund for the period.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Fund in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

Approval of the annual report by the Authorised Corporate Director (ACD)

In accordance with the requirements of a UCITS which complies with the requirements of the FCA COLL as per COLL 4.5.8B R, we hereby approve the report on behalf of Yealand Fund Services Limited for the year ended 30 June 2023.

Rob Leedham
On behalf of Yealand Fund Services Limited,
the Authorised Fund Manager
31 August 2023

Simon Longfellow
Independent Director
31 August 2023

Statement of the Depositary's responsibilities and report of the Depositary to the Shareholders of Electric & General Investment Fund (the 'Company') for the year ended 30 June 2023

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- I. has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- II. has observed the investment and borrowing powers and restrictions applicable to the Company.

*NatWest Trustee and Depositary Services Limited
31 August 2023*

Independent auditor's report to the shareholders of Electric & General Investment Fund (the 'Fund')

Opinion

We have audited the financial statements of Electric & General Investment Fund ('the Fund'), for the year ended 30 June 2023 which comprise the Statement of change in net assets attributable to shareholders, the Balance sheet, the Statement of total return, the related notes and the Distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association (the 'Statement of Recommended Practice for Authorised Funds').

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 30 June 2023 and of the net revenue and net capital gains on the property of the Fund for the year then ended;
- have been properly prepared in accordance with the Prospectus, the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the shareholders of Electric & General Investment Fund (the 'Fund') (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Fund Manager's report and the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Fund Manager's report and the ACD's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified material misstatements in the Fund Manager's report or the ACD's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of ACD remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Authorised Corporate Director

As explained more fully in the ACD's responsibilities statement, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Irregularities, including fraud, are instances of noncompliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined the most significant are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the IMA SORP 2014) and the relevant tax and other compliance regulations in the jurisdictions in which the Fund operates.
- We understood how the Fund is complying with those frameworks by making enquiries of management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of relevant correspondence received from regulatory and legal bodies.

Independent auditor's report to the shareholders of Electric & General Investment Fund (the 'Fund') (continued)

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- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by enquiring with management during the planning and execution phase of our audit. We considered the programs and controls that the ACD has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
 - Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the finance team and management; and focused testing.

Use of our report

This report is made solely to the shareholders of the Fund, as a body, in accordance with Rule 4.5.12 of the Collective Investment Scheme Sourcebook (COLL) of the Financial Conduct Authority (FCA). Our audit work has been undertaken so that we might state to the Fund's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Wood
Senior Statutory Auditor
For and on behalf of
Shipleys LLP
Chartered accountant and statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ
31 August 2023

Portfolio statement
 as at 30 June 2023

Holding	Investment	Market value £'000	% of total net assets
EQUITIES - 99.65% (98.41%)			
Europe (ex UK) - 23.80% (18.80%)			
France - 4.35% (3.37%)			
6,000	L'Oréal	2,200	2.14
3,063	LVMH Moët Hennessy Louis Vuitton	2,270	2.21
		<u>4,470</u>	<u>4.35</u>
Netherlands - 5.98% (3.40%)			
89,803	Heineken Holding	6,137	5.98
Switzerland - 13.47% (12.03%)			
55,850	Alcon	3,636	3.55
52,718	Novartis	4,170	4.06
25,015	Roche Holding	6,013	5.86
		<u>13,819</u>	<u>13.47</u>
	Total Europe (ex UK)	<u>24,426</u>	<u>23.80</u>
North America - 63.83% (70.99%)			
11,894	Adobe Systems	4,573	4.46
33,146	Agilent Technologies	3,133	3.05
69,002	Alphabet 'A'	6,495	6.33
22,218	American Express Company	3,044	2.97
7,181	Becton Dickinson & Company	1,491	1.45
1,667	Booking Holdings	3,540	3.45
49,607	Fiserv	4,921	4.80
9,610	Intuit	3,463	3.37
17,253	Mastercard 'A'	5,336	5.20
44,287	Medtronic	3,068	2.99
19,372	Meta Platforms 'A'	4,372	4.26
22,123	Microsoft	5,924	5.77
7,634	Moody's	2,087	2.03
58,461	PayPal Holdings	3,068	2.99
7,402	S&P Global	2,334	2.27
18,992	Take-Two Interactive Software	2,197	2.14
34,607	Visa 'A'	6,463	6.30
		<u>65,509</u>	<u>63.83</u>

Portfolio statement
 as at 30 June 2023
continued

Holding	Investment	Market value £'000	% of total net assets
EQUITIES - 99.65% (98.41%) - continued			
United Kingdom - 12.02% (8.62%)			
85,674	Diageo	2,895	2.82
150,162	Experian	4,530	4.41
20,572	London Stock Exchange	1,721	1.68
77,921	Unilever	3,193	3.11
		<u>12,339</u>	<u>12.02</u>
	TOTAL EQUITIES	<u>102,274</u>	<u>99.65</u>
	Portfolio of investments	102,274	99.65
	Net other assets	352	0.35
	Net assets	<u>102,626</u>	<u>100.00</u>
	Summary portfolio of investments	Market value £'000	% of Investments
	Equities	<u>102,274</u>	<u>100.00</u>
	Portfolio of investments	<u>102,274</u>	<u>100.00</u>

*Figures in brackets refer to the proportion of the Fund invested in the equivalent investments as at 30 June 2022.
 All investments are in ordinary stocks and shares except where otherwise stated.*

Summary of major portfolio changes

The total purchases and top ten sales for the reporting period

Purchases	Cost £'000	Sales	Proceeds £'000
Roche Holding	2,451	Microsoft	3,839
Heineken Holding	2,266	Meta Platforms 'A'	3,011
London Stock Exchange	1,534	Visa 'A'	2,907
Agilent Technologies	1,353	Mastercard 'A'	2,373
Adobe Systems	1,253	Agilent Technologies	1,826
Diageo	1,217	Alphabet 'A'	1,793
Booking Holdings	732	Moody's	1,232
PayPal Holdings	693	Intuit	1,217
Meta Platforms 'A'	529	American Express Company	855
S&P Global	518	Becton Dickinson & Company	719

Statement of total return
for the year ended 30 June 2023

		30 June 2023		30 June 2022	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	4		15,783		(11,517)
Revenue	6	1,248		1,088	
Expenses	7	(874)		(976)	
Interest payable and similar charges	9	-		-	
Net revenue before taxation		374		112	
Taxation	8	(193)		(172)	
Net revenue/(expense) after taxation			181		(60)
Total return before distributions			15,964		(11,577)
Distributions	9		(578)		(400)
Change in net assets attributable to shareholders from investment activities			15,386		(11,977)

Statement of change in net assets attributable to shareholders
for the year ended 30 June 2023

		30 June 2023		30 June 2022	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			96,000		114,961
Amounts receivable on issue of shares		6,201		8,175	
Amounts payable on cancellation of shares		(14,969)		(15,164)	
			(8,768)		(6,989)
Change in net assets attributable to shareholders from investment activities (see above)			15,386		(11,977)
Retained distribution on accumulation shares			8		5
Closing net assets attributable to shareholders			102,626		96,000

Balance sheet
 as at 30 June 2023

	Note	30 June 2023 £'000	30 June 2022 £'000
Assets:			
Investments		102,274	94,475
Current assets:			
Debtors	10	83	78
Cash and bank balances		917	1,867
		<u>1,000</u>	<u>1,945</u>
Total assets		<u>103,274</u>	<u>96,420</u>
Liabilities:			
Provisions for liabilities:			
Net distributions payable on income shares		(471)	(342)
Creditors	11	<u>(177)</u>	<u>(78)</u>
Total liabilities		<u>(648)</u>	<u>(420)</u>
Net assets attributable to shareholders		<u>102,626</u>	<u>96,000</u>

Notes to the financial statements

as at 30 June 2023

1. Accounting policies

A. Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by The Investment Association (IA) in May 2014, updated June 2017.

Where applicable a balance sheet item line is included for cash and cash equivalent investments. Whereby, representing highly liquid cash investments held in the base currency of the Fund, that are readily convertible to a known amount of cash, and are subject to an insignificant risk of change.

The ACD is confident that the Company will continue in operation for the foreseeable future. The Company has adequate financial resources and its assets consist of securities which are readily realisable. As such, the financial statements have been prepared on a going concern basis.

The base currency of the Company is Sterling and is taken to be the 'functional currency' of the Company.

B. Valuation of investments

Listed investments are valued at bid market value at 23:59 on the balance sheet date net of any accrued interest which is included in the balance sheet as an income related item. Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting period. Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from independent reliable sources, financial performance and other relevant factors.

C. Foreign exchange

Transactions in foreign currencies are recorded in Sterling at the rate ruling at the date of the transactions.

Assets and liabilities denominated in overseas currencies have been translated into Sterling at the rates of exchange ruling at 23:59 on the last business day of the accounting period. Exchange rate differences arising on the translation are recognised in the statement of total return for the year.

D. Financial derivative instruments

- I. Currency contracts and options - Spot and forward currency contracts and options are marked to market daily and the change in value is recorded as an unrealised gain or loss. Realised gains or losses, equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed, are recorded upon delivery or receipt of the currency or, if a spot or forward currency contract is offset by entering into another spot or forward currency contract with the same broker, upon settlement of the net gain or loss.
- II. Futures contracts - Futures contracts are marked to market daily and an appropriate gain or loss for the change in value ('variation margin') is recorded by the Fund as realised.
- III. Options - Options are marked to market daily and an appropriate gain or loss for the change in value ('variation margin') is recorded by the Fund as realised.
- IV. Efficient portfolio management - Where appropriate, certain permitted transactions such as derivatives or forward currency transactions are used for efficient management. Where such transactions 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 transactions 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 on such transactions open at the period end are reflected in the balance sheet at their mark to market value.

E. Revenue

Dividends from quoted equity and non-equity shares are recognised net of attributable tax credits when the security is quoted ex-dividend. Overseas dividends received after the deduction of withholding tax are shown gross of taxation, with the taxation consequences shown within the tax charge. Dividends are recognised as either revenue or capital depending upon the nature and circumstances of the dividend receivable.

Notes to the financial statements

as at 30 June 2023

continued

1. Accounting policies - continued**E. Revenue - continued**

Revenue from unquoted equity investments is recognised when the dividend is declared.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment and is treated as revenue. The effective yield basis amortises or accretes any discount or premium on the purchase of an investment over its remaining life based on estimated future cashflows. For interest on index linked debt securities with a maturity date 10+ years future cashflows have been estimated using a prudent approach and an estimated aged yield has been used based on a 10 year average.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the scheme and does not form part of the distributable income. Deemed distributions and reportable income from offshore funds are calculated and are included in revenue. Rebates of annual management charges (AMC rebates) from underlying funds are accounted for on an accruals basis and are recognised as revenue or capital in line with the distribution policies of the underlying funds.

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Fund is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares. The ordinary element of stocks received in lieu of cash dividends are recognised as revenue of the Fund. Any enhancement above the cash dividend is treated as capital. Interest on bank and other cash deposits is recognised on an accruals basis.

F. Expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments) are charged against revenue for the year on an accruals basis, with the exception of the investment manager's fee which is charged two thirds to capital for the purpose of determining the distribution.

G. Directors' and Officers' Liability Insurance

Directors' and Officers' Liability insurance cover is held by the Company in respect of the Directors and is renewed annually.

H. Policy on Director's Remuneration

The Company's policy is for the Independent Directors to be remunerated in the form of fees payable immediately after each quarter end.

I. Taxation

Provision is made for corporation tax at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset.

Offshore income gains from funds, without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

J. Deferred taxation

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply, based on tax rates substantially enacted by the balance sheet date.

A deferred tax asset is recognised to the extent that it is expected to be utilised, based on the likelihood of taxable profits arising in the next twelve month period from which the future reversal of timing differences could be deducted.

Deferred tax assets and liabilities are not discounted to reflect the time value of money, unless material.

Notes to the financial statements

as at 30 June 2023

continued

2. Distribution policy

The Fund will distribute all revenue disclosed in the financial statements (less expenses and taxation) subject to an adjustment for other expenses deemed to be of a capital nature. Should expenses and taxation exceed revenue, there will be no distribution and the shortfall will be met from capital.

Income earned in an interim accounting period may not all be distributed immediately but retained and used to ensure that distributions paid throughout the year are broadly similar. This policy of 'smoothing' may be used.

Interim distributions may be made at the ACD's discretion.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the Fund.

3. Risk management policies

In pursuing its investment objective the Fund holds a number of financial instruments. These comprise equity, fixed income securities, foreign currency contracts and cash.

Short-term debtors and creditors that arise directly from its operations are not considered financial instruments.

The main risks arising from the Fund's financial instruments are market price, currency and interest rate risks. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Shares in the Fund should generally be regarded as long term investments.

- I. Market risk – Arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of adverse price movements. The ACD meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective. The ACD has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.
- II. Foreign currency risk – A portion of the Fund's assets and income are denominated in currencies other than Sterling, which is the currency of shares in the Fund. The income and capital value of the Fund's investments can be significantly affected by foreign currency translation movements. The principal area where foreign currency risk could impact the Fund is movement in exchange rates affecting the value of investments. The ACD has the responsibility for monitoring the foreign currency risk of the Fund and does this by reviewing the underlying exposure to foreign currencies on the security holdings and cash positions. Where it is considered necessary the manager will use forward foreign currency contracts to reduce the risk to this underlying foreign currency exposure. The purpose of any forward foreign currency contract is to manage the currency risk arising from the Fund's investment activities. Open positions, which are all covered, are included in the net current assets attributable to shareholders as shown in the balance sheet. Numerical disclosure of the foreign currency risk profile is made in note 15 of the notes to the financial statements.
- III. Interest rate risk – The risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in the interest rate environment, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of income receivable from fixed interest securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Numerical disclosure of the interest rate risk profile is made in note 15 of the notes to the financial statements.

Notes to the financial statements

as at 30 June 2023

continued

3. Risk management policies - continued

IV. Liquidity risk – The Fund’s assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the Fund is the redemption of any shares that investors may wish to sell.

V. Credit risk – Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities.

The Fund minimises this risk by conducting trades through reputable counter parties.

VI. Fair value – There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
4 Net capital gains/(losses)		
The net capital gains/(losses) on investments during the period comprise:		
Non-derivative securities	15,786	(11,515)
Transaction charges	(3)	(2)
Net capital gains/(losses) on investments	<u>15,783</u>	<u>(11,517)</u>

5 Portfolio Transaction costs

Year ended 30 June 2023

Analysis of purchases	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Purchases before transaction costs £'000
Equities	13,714	5	0.04	14	0.10	13,695
Total purchases after commissions and tax	<u>13,714</u>					

Analysis of sales	Net sales proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Sales before transaction costs £'000
Equities	21,695	7	0.03	-	-	21,702
Total sales after commissions and tax	<u>21,695</u>					

Commission % of average NAV 0.01

Taxes % of average NAV 0.01

Notes to the financial statements

as at 30 June 2023

continued
5 Portfolio Transaction costs - continued

Year ended 30 June 2022

Analysis of purchases	Net purchase	Commissions		Taxes		Purchases
	cost	paid		%		£'000
	£'000	£'000	%	£'000	%	transaction
Equities	15,972	7	0.04	6	0.04	costs
						£'000
Total purchases after						
commissions and tax	15,972					

Analysis of sales	Net sales	Commissions		Taxes		Sales
	proceeds	paid		%		£'000
	£'000	£'000	%	£'000	%	transaction
Equities	24,011	8	0.03	-	-	costs
						£'000
Total sales after						
commissions and tax	24,011					

Commission % of average NAV 0.01

Taxes % of average NAV 0.01

Direct transaction costs are fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the Fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

Portfolio dealing spread

	30 June 2023	30 June 2022
Average portfolio spread	0.01%	0.02%

The average portfolio spread is the difference between the bid and offer prices of the weighted underlying investments, divided by the offer price expressed as a percentage.

	Year ended	Year ended
	30 June 2023	30 June 2022
	£'000	£'000
6 Revenue		
UK franked dividends	239	242
Non-taxable overseas dividends	949	844
Bank interest	60	2
Total revenue	1,248	1,088

Notes to the financial statements

as at 30 June 2023

continued

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
7 Expenses		
Payable to the ACD, associates of the ACD and agents of either of them:		
AMC	40	46
Administration fees	99	106
Independent Director's emoluments	24	21
Price publication fees	2	2
Registration fees	42	41
	<u>207</u>	<u>216</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	33	37
Safe custody fees	5	4
	<u>38</u>	<u>41</u>
Other expenses		
Audit fees	8	8
Directors and officers liability insurance	13	13
Investment manager fees	597	691
Price publication fees	6	5
Printing and publication costs	5	2
	<u>629</u>	<u>719</u>
Total expenses	<u>874</u>	<u>976</u>
8 Taxation		
a. Analysis of the tax charge for the period		
Overseas withholding tax	193	172
Current tax charge (note 8b)	193	172
Total tax charge	<u>193</u>	<u>172</u>
<i>Corporation tax has been provided at a rate of 20%.</i>		
b. Factors affecting the tax charge for the period		
Net revenue before taxation	<u>374</u>	<u>112</u>
<i>The tax charged for the period is lower than the standard 20% rate of corporation tax applicable to open ended investment companies (OEICs). The differences are explained below:</i>		
Corporation tax at 20% thereon (2022: 20%):	75	22
Effects of:		
UK Franked investment income	(48)	(48)
Non-taxable investment income	(190)	(169)
Movement in excess management expenses	163	195
	<u>0</u>	<u>0</u>
UK corporation tax	<u>0</u>	<u>0</u>
Overseas withholding tax	193	172
Current tax charge for the period (note 8a)	<u>193</u>	<u>172</u>

At 30 June 2023 the Company has unrelieved excess management expenses of £11,232,391 (2022: £10,418,521). It is unlikely that there will be sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £2,246,478 (2022: 2,083,704) has not been recognised.

Notes to the financial statements

as at 30 June 2023

continued

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
9 Finance costs		
The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
Interim accumulation	1	-
Interim distribution	85	40
Final accumulation	7	5
Final distribution	471	343
Net distributions for the period	<u>564</u>	<u>388</u>
Add: Income deducted on cancellation of shares	21	23
Deduct: Income received on issue of shares	(7)	(11)
Net distribution for the period	<u>578</u>	<u>400</u>
Interest	-	-
Total finance costs	<u><u>578</u></u>	<u><u>400</u></u>
Reconciliation of distribution:		
Net revenue/(expense) after taxation	181	(60)
Add: Capitalised investment manager's fee	397	460
Net distribution for the period	<u><u>578</u></u>	<u><u>400</u></u>

Details of the distribution per share are set out in the distribution table.

	30 June 2023 £'000	30 June 2022 £'000
10 Debtors		
Amounts receivable on issues	5	-
<i>Accrued income:</i>		
Franked income receivable	69	68
<i>Pre-paid expenses</i>		
Amounts payable to the ACD, or associates of the ACD:		
Price publication fees	2	3
<i>Other expenses</i>		
Insurance - Directors liability insurance	7	7
Total debtors	<u><u>83</u></u>	<u><u>78</u></u>

Notes to the financial statements

as at 30 June 2023

continued

	30 June 2023 £'000	30 June 2022 £'000
11 Creditors		
Amounts payable on cancellations	(95)	(2)
<i>Accrued expenses</i>		
Amounts payable to the ACD, or associates of the ACD:		
AMC	(3)	(4)
Administration fee	(9)	(8)
Registration fee	(2)	(1)
Amounts payable to the Depositary, or associates of the Depositary:		
Depositary fee	(3)	(3)
Safe custody fee	(2)	(2)
<i>Other:</i>		
Advisory fee	(53)	(49)
Audit fee	(8)	(8)
Printing fee	(2)	(1)
Total creditors	<u>(177)</u>	<u>(78)</u>
12 Shareholders funds	Year ended 30 June 2023	Year ended 30 June 2023
The Fund has two share classes, Accumulation and Income.	Shares Accumulation	Shares Income
Opening number of shares	519,351	36,267,220
Shares issued	14,537	2,184,447
Shares cancelled	(46,711)	(5,209,043)
Closing number of shares	<u>487,177</u>	<u>33,242,624</u>

13 Commitments, contingent liabilities and contingent assets

As at 30 June 2023 there were no outstanding contingent liabilities or commitments (2022: nil).

14 Related parties

Yealand Fund Services Limited, is regarded as a controlling party by virtue of having the ability to act in concert in respect of the operations of the Fund.

The aggregated monies received through creations and liquidations are disclosed in the statement of change in shareholders net assets, amounts due to/from Yealand Fund Services Limited in respect of share transactions at the year end are disclosed in notes 10 and 11.

Management fees and registration fees payable to Yealand Fund Services Limited, are disclosed in note 7 and amounts due at the year end are disclosed in notes 10 and 11.

A shareholder with a holding in excess of 20% of the value of the Company may be able to exercise significant influence over the financial and operating policies of the Company with reference to shareholders' voting rights at general meetings and as such is deemed to be a related party.

At 30 June 2023 there are no material shareholders in excess of 20%.

Notes to the financial statements

as at 30 June 2023

continued

15 Financial instruments

The main risks from the Fund's holdings of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 3.

Numerical disclosures relating to the Fund are as follows:

	30 June 2023	30 June 2022
	£'000	£'000
Foreign currency risk		
Euro	10,623	6,514
Swiss franc	13,819	11,540
United States dollar	65,615	68,268
	<u>90,057</u>	<u>86,322</u>
Interest rate risk profile of financial assets and liabilities:		
Financial assets with floating interest rates		
Euro	16	16
United States dollar	37	39
Sterling	864	1,812
	<u>917</u>	<u>1,867</u>
Financial assets not carrying interest		
Euro	10,607	6,498
Swiss franc	13,819	11,540
United States dollar	65,578	68,229
Sterling	12,353	8,283
	<u>102,357</u>	<u>94,550</u>
Financial liabilities not carrying interest		
Sterling	(648)	(417)
Total assets and liabilities		
Euro	10,623	6,514
Swiss franc	13,819	11,540
United States dollar	65,615	68,268
Sterling	12,569	9,678
	<u>102,626</u>	<u>96,000</u>

The Fund's net cash holdings of £916,953 (2022: £1,867,203) are held in floating rate deposit accounts, whose rates are determined by the Bank of England base rate or other local interest rates as appropriate to the currency.

Benchmark rates of index-linked stocks

The floating rate financial assets comprise variable rate securities, bank balances which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

Derivatives and other financial instruments

Sensitivity analysis is not shown because the maximum exposure of derivatives is not significant to the Fund. Open positions at the balance sheet date, which are all covered, are included in the net current assets.

Notes to the financial statements

as at 30 June 2023

continued

16 Fair value disclosure

Valuation technique	30 June 2023		30 June 2022	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Level 1	102,274	-	94,475	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<u>102,274</u>	<u>0</u>	<u>94,475</u>	<u>0</u>

Level 1. Fair value based on a quoted price for an identical instrument in an active market and generally will include quoted equities, some highly liquid bonds and exchange traded derivatives.

Level 2. Fair value based on the price of a recent transaction for an identical instrument and will generally include holdings in other schemes.

Level 3. Fair value based on a valuation technique that relies significantly on non-observable market data and will generally include unquoted private equities, property and other values not primarily derived from observable market data. Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from independent reliable sources and financial performance.

17 UCITS periodic disclosure

Remuneration policy

Yealand Fund Services Limited rewards its staff fairly and appropriately for their contribution to the growth and success of the business and the provision of a high level of service to clients. The remuneration policy is designed to be consistent with, and promote, sound and effective risk management.

The remuneration of staff is reviewed annually, taking into account individual performance and market rates for the role being undertaken. Any bonus arrangement is also reviewed annually to ensure alignment with Yealand Fund Services Limited's aims of the growth and success of the business and the provision of a high level of service to clients. There is no direct link to investment performance and bonuses do not encourage excessive risk taking.

Remuneration: Year ended 31 December 2022	Number of staff	Fixed remuneration £'000	Variable remuneration £'000	Total remuneration £'000
Total remuneration	39	1,842	150	1,992
Senior management	3	454	83	537
Staff who have a material impact on Funds' risk profile	3	454	83	537
Staff holding control functions	4	537	93	630

The staff members included in the above analysis support the entirety of the funds managed by the ACD. It is not considered feasible or useful to attempt to apportion these figures to individual funds. Details of the ACD's most recent remuneration policy, including a description of how remuneration and benefits are calculated and awarded, are available at <https://yealand.com/policies/>. A paper copy is also available free of charge upon request.

18 Post balance sheet events

There were no material post balance sheet events which have a bearing on the understanding of the financial statements.

Distribution table
 for the year ended 30 June 2023
 in pence per share

Income shares

Interim dividend

Group 1 shares - Shares purchased prior to 1 July 2022

Group 2 shares - Shares purchased from 1 July 2022 to 31 December 2022

	Net revenue	Equalisation	Paid on 28 February 2023	Paid on 28 February 2022
Group 1	0.2479	-	0.2479	0.1027
Group 2	0.2317	0.0162	0.2479	0.1027

Final dividend

Group 1 shares - Shares purchased prior to 1 January 2023

Group 2 shares - Shares purchased from 1 January 2023 to 30 June 2023

	Net revenue	Equalisation	Payable on 31 August 2023	Paid on 31 August 2022
Group 1	1.4159	-	1.4159	0.9445
Group 2	0.6671	0.7488	1.4159	0.9445

Accumulation shares

Interim dividend

Group 1 shares - Shares purchased prior to 1 July 2022

Group 2 shares - Shares purchased from 1 July 2022 to 31 December 2022

	Net revenue	Equalisation	Allocated on 28 February 2023	Allocated on 28 February 2022
Group 1	0.2513	-	0.2513	0.1043
Group 2	0.0488	0.2025	0.2513	0.1043

Final dividend

Group 1 shares - Shares purchased prior to 1 January 2023

Group 2 shares - Shares purchased from 1 January 2023 to 30 June 2023

	Net revenue	Equalisation	Allocation on 31 August 2023	Allocated on 31 August 2022
Group 1	1.4501	-	1.4501	0.9466
Group 2	0.8905	0.5596	1.4501	0.9466

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares, and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax, but must be deducted from the cost of shares for capital gains tax purposes.

General information

Buying and selling shares through Yealand Fund Services Limited

On purchasing shares, you will receive a contract note confirming your purchase, which will be issued the business day after the deal has been priced. As proof of ownership, your name will be recorded on the register following receipt of payment and full registration details.

The Company is valued daily at 10:00a.m. Monday to Friday. The prices calculated at these valuations will determine the price at which your deal is transacted. The Company is priced on a forward basis, i.e. all deals struck before the 10:00 a.m. valuation point receive prices calculated at that valuation point.

The ACD may vary the initial charge up to the maximum permitted by giving the Depositary notice of the change and amending the Prospectus.

Subject to the COLL Rules, the basis upon which prices may be calculated and any discounts on the initial charge are at the discretion of the ACD.

The minimum initial investment in the Fund which any one person can purchase, and the minimum holding in Income Shares and Accumulation Shares is £1,000. The ACD at its discretion can waive these requirements.

Shares may be purchased or redeemed by telephoning 0345 850 0255 or writing to: Yealand Fund Services Limited, Stuart House, St John's Street, Peterborough, PE1 5DD. For your protection calls are recorded. A contract note will be issued to confirm any sale of shares with payment being issued on the third business day following the pricing of the sale and all necessary renunciation documentation being received by the ACD. The time for telephone deals is 09:00 – 17:00 every business day.

Shares can also be bought and sold through a regulated financial adviser or fund supermarket.

ACD's approach to dilution

Unusually high levels of buying and selling may increase the Company's dealing costs and affect the value of its assets. This is known as 'dilution'.

To prevent this and to protect the interests of the majority of shareholders, the ACD at its discretion may charge a dilution levy. If charged, the dilution levy will be paid into the Company for the benefit of shareholders and will become part of the property of the Company.

Revenue

The Company offers accumulation and income shares which entitle shareholders to a share in any distribution of the revenue made by the Company, less expenses and applicable taxation, provided they retain those shares until and including the Company's dividend dates i.e. 31 December and 30 June each year. Any revenue to be distributed to shareholders is paid out on the Company's dividend pay dates i.e. end of February and the end of August each year. The revenue may be paid to shareholders directly to certain bank and building society accounts (BACS), by cheque or reinvested in the Company.

Tax

Capital gains

Authorised Funds are currently exempt from capital gains tax on the disposal of their investments. UK residents who are individuals or trusts may be liable to UK taxation of capital gains arising from the sale or other disposal of shares in the Company, if their total gains from all sources exceed the exemption limit for the tax year in which the disposal takes place. UK corporates will be subject to corporation tax on chargeable gains on profits made on the disposal of their shares in the Company.

Income tax

The following paragraphs summarise the basis of taxation on distributions, based on current legislation. It should be noted that the bases and levels of taxation are subject to change.

UK resident individuals are taxed on the sum of their distributions in excess of the tax-free dividend allowance of £1,000. Basic rate taxpayers will pay 8.75% income tax on dividends received in excess of the dividend allowance, higher rate taxpayers will pay 33.75% income tax, and additional rate taxpayers will pay 39.35% income tax. The dividend allowance is not available to Trusts.

Investors are advised to seek professional advice.

General information

continued

Tax - continued

Corporate holders

For corporate shareholders, where the gross income from which the dividend distribution is made is not wholly franked investment income, part of the distribution is received as an annual payment. Corporate shareholders will be subject to corporation tax on the non-franked element of distributions, which will be covered by the tax withheld by the Fund.

The amount of tax recoverable on dividends deemed to be annual payments will match the corporation tax paid by the Fund.

It should be noted that levels and bases of tax are subject to change.

If investors are in any doubt as to their taxation position they should consult their professional advisor.

Emoluments of the Independent Director

The Company's board of Directors shall be comprised of an Independent Director in addition to the ACD. The Independent Director shall receive fees for their services to the Company, such fees being payable out of the property attributable to the Company.

The Independent Director as at the date of this report is Simon Longfellow.

The Independent Director shall retire after serving no more than three years in office and their reappointment, or the appointment of alternative or additional Directors, shall be subject to a Shareholder vote at the relevant annual general meeting of the Company and subject to FCA approval in accordance with the Regulations.

The aggregate remuneration of the Independent Directors shall not exceed £250,000 per annum.

As at the date of this report the aggregate remuneration was:

	Directors Emoluments £	Employers NIC £	Total Remuneration £
S. Longfellow	22,500	1,883	<u>24,383</u>

A daily accrual based on such agreed sum is made and fees are payable at the end of each quarter.

Further information

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Company during the period it covers and the result of those activities at the end of the period.

The following are available online at www.yealand.com or at the registered office of the ACD:

- Current
 - Price
 - Yield
 - Distribution rates
- Key Investor Information Document (KIID)
- Report & Accounts

The Company Prospectus is available free of charge on request from the ACD.

For more information about the activities and performance of the Company during the period, please contact the ACD at the address as noted on page 30, or online at <http://electricandgeneral.com>.

Directory

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Website: www.yealand.com

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Independent Director of Electric & General Investment Fund

Simon Longfellow

Fund administration, dealing and registration

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