



# Ninety One Funds Series ii Interim Report and Accounts

For the period ended 30 June 2023



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\*The above information collectively forms the Authorised Corporate Director's Report

# American Franchise Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide capital growth (to grow the value of your investment) over at least 5 years.

The Fund invests primarily (at least two-thirds) in the shares of USA companies (those incorporated in, domiciled in, or that have significant economic exposure to, the USA) and in related derivatives (financial contracts whose value is linked to the price of the shares of such USA companies).

The Fund focuses on investing in companies believed to be of high quality, which are typically associated with strong brands or franchises.

Investment opportunities are identified using in-depth analysis and research on individual companies.

The Fund may at times invest in a relatively small number of companies. These companies may be of any size and in any industry sector.

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party) and derivatives.

Derivatives (financial contracts whose value is linked to the price of an underlying asset) may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Fund is actively managed. This means the Investment Manager is free to select investments with the aim of achieving the Fund's objectives.

The S&P 500 Net Return Index is used for performance comparison. The Fund does not seek to replicate the index.

The Investment Association North America Sector (a peer group of broadly similar funds) average is an additional measure by which you can compare the Fund's performance.

## Performance record

|   | 6 months (%) |
|---|--------------|
| American Franchise Fund 'I' accumulation shares | 13.89*       |
| Performance comparison index                    | 10.32**      |
| Peer group sector average                       | 8.36**       |

Past performance is not a reliable indicator of future results, losses may be made.

## American Franchise Fund (continued)

### Performance

The Fund delivered a positive return over the period and outperformed its benchmark and peer group sector average.

### Factors helping performance

At the sector level, stock selection in health care and a lack of exposure to energy were the biggest contributors. At the individual level, microchip designer NVIDIA's latest quarterly results beat estimates, and the company delivered a much-improved outlook compared to a few months ago, with its Data Center business unit in particular enjoying strong growth. The company also showcased how its products could benefit from increased demand for artificial intelligence (AI) at its annual developer conference in March.

Facebook owner Meta outperformed, with positive engagement trends across the business, and growth in both users and ad impressions. In addition, Meta announced a reduction in its cost guidance for the year and increased its share buyback. Software producer Adobe contributed, riding the wave of tech stocks lifted by perceived winners of artificial intelligence (AI).

Dental company Align Technology had a robust six months, with Europe showing unexpected strength and improving trends in orthodontic case starts. The company also announced a US\$250m accelerated stock repurchase program. Software company Cadence Design was another holding to deliver forecast-beating quarterly results and guidance, prompting a swathe of broker upgrades. The results highlighted accelerating demand for key hardware too, with their tools mandatory at the leading edge given exponential increases in design complexity.

### Factors hindering performance

At the sector level, holdings in consumer discretionary detracted from returns. At the individual level, wealth manager Charles Schwab slipped back amid concerns following the collapse of Silicon Valley Bank that Schwab could also face increased deposit withdrawals, shrinking its deposit base and impacting the net interest income Schwab earns from its investments in longer-dated US government-backed securities. We continue to hold as we believe the company's capital position remains strong, it has several sources of liquidity and net new business remained robust in Q2.

Life sciences company Agilent Technologies slipped back after its relatively conservative outlook masked some robust results, with broad based strength across its key end markets, including in China and Europe which both beat expectations, and so we continue to hold. Medical technology company Becton Dickinson fell on little specific news, masking its positive quarterly results. Management raised guidance and are confident of achieving margin expansion during the fiscal year, due to reduced margin impact from residual COVID-testing revenues, raw material costs easing and operating leverage, and so we still hold financial data company Factset was another detractor, on little specific news.

HR outsourcing provider Automatic Data Processing has slipped back after its updated fiscal 2023 guidance reduced the outlook for one of its key services division after growth normalised following the pandemic faster than expected. That said, we continue to expect long-term secular growth in this particular division, which works with small and medium-sized businesses, and so continue to hold.

We continue to hold all of these detractors.

### Portfolio activity

#### Significant purchases

Charles Schwab – we added to Schwab in April following its weakness related to the collapse of SVB Bank. The company's flows have remained robust, and we are confident in its long-term outlook.

## American Franchise Fund (continued)

Texas Instruments – we opened a new position in semiconductor company Texas Instruments, as it was trading at an attractive valuation. As we use more electronic devices, and those devices increase in complexity, the demand for TI's products grows so we see long-term demand for the company's products.

Zoetis – we added to this animal health company given its defensive characteristics, secular growth drivers (NBAP) and reasonable valuation. We believe the market's long-term expectations do not fully capture the opportunity for biologic growth in the animal health pharma industry, for which Zoetis holds the clear leadership position.

### Significant Sales

Electronic Arts: We exited this holding as the investment case evolved negatively. Capital allocation has been poor, and growth is therefore increasingly reliant on FIFA, which comes with its own tail risks.

NVIDIA – we trimmed this position after its strong performance. We continue to see it as a long-term holding.

### Outlook

As we move into the second half of 2023, the risk of a global recession remains high. Although some headline figures have eased, inflation is proving persistent and elevated. Despite pausing rates after 10 consecutive hikes, the US Federal Reserve has signalled that it intends to resume interest rate increases amid a growing consensus that more tightening is needed to quash inflationary pressures. However, what hasn't changed is the fact that in uncertain times, the best defence against inflation remains pricing power, which is the most valuable characteristic companies can possess in such an environment, together with a reasonable starting valuation.

Looking ahead, while there is still some time to run until the rate environment normalises, we believe investors' attention will start to turn more towards business fundamentals, especially as earnings forecasts across the market have retraced from elevated levels. Furthermore, although it is still not clear when the interest rate cycle will normalise, it is notable that quality has historically outperformed as a style in the years after a hiking cycle has ended and in previous recessionary environments. As the economic outlook comes under increasing pressure – which may ultimately lead to rates being lowered – quality companies' earnings and cash flows could prove to be more robust. However, if rates do prove to be higher for longer, quality companies still could be well positioned due to their balance sheet strength. Regardless of the path of future rates, we believe that if we do enter a more challenging time for corporate profitability, earnings resilience and strong balance sheets are likely to be the keys for equity returns going forward.

We do not believe the current environment has significantly changed the fundamentals of the companies we own, which continue to compound cashflows at attractive rates. We remain comfortable that the quality attributes we seek (enduring competitive advantages, dominant market positions, strong balance sheets, lower cyclicality, low capital intensity, sustainable cash generation and disciplined capital allocation) are all suited to both current conditions and for uncertain times ahead. The companies we own have invested substantially to reinforce their business models, with significant exposure to key long-term trends such as data usage and digitalisation, ageing populations and health care, and nutrition and wellness.

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\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.

\*\*Benchmark (S&P 500 NDR Index) and peer group sector average (Investment Association North America sector) shown for performance comparison purposes only.

## American Franchise Fund (continued)

### Risk and reward profile\*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of the investments made by the Fund.

The Fund appears towards the higher end of the Risk and Reward Indicator scale. This is because the Fund invests in the shares of companies, whose values tend to fluctuate widely.

#### The following risks may not be fully captured by the Risk and Reward Indicator:

**Concentrated portfolio:** The portfolio invests in a relatively small number of individual holdings. This may mean wider fluctuations in value than more broadly invested portfolios.

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

**Geographic/Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.

**Style Bias:** The use of a specific investment style or philosophy can result in particular portfolio characteristics that are different to more broadly invested portfolios. These differences may mean that, in certain market conditions, the value of the portfolio may decrease while more broadly invested portfolios might grow.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.  
The full list of the Fund's risks are contained in Appendix VI of the Ninety One Funds Series Omnibus prospectus.

# Asia Pacific Franchise Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide capital growth (to grow the value of your investment) over at least 5 years.

The Fund invests primarily (at least two-thirds) in the shares and in related derivatives (financial contracts whose value is linked to the price of such shares) of Asia Pacific ex Japan companies (those incorporated in, domiciled in, or that have significant economic exposure to Asia Pacific excluding Japan).

The Asia Pacific region, excluding Japan includes Australia, Hong Kong, Singapore, Malaysia, Thailand, Taiwan, South Korea, the Philippines, Indonesia, China, India, New Zealand and Vietnam.

The Fund focuses on investing in companies believed to be of high quality which are typically associated with strong brands or franchises.

Investment opportunities are identified using in-depth analysis and research on individual companies.

The Fund may at times invest in a relatively small number of companies. These companies may be of any size and in any industry sector.

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party) and derivatives.

Derivatives (financial contracts whose value is linked to the price of an underlying asset) may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Fund is actively managed. This means the Investment Manager is free to select investments with the aim of achieving the Fund's objectives.

The MSCI AC Asia Pacific ex Japan Net Return Index is used for performance comparison. The Fund does not seek to replicate the index.

The Investment Association Asia Pacific excluding Japan Sector (a peer group of broadly similar funds) average is an additional measure by which you can compare the Fund's performance.

## Performance record

|   | 6 months (%) |
|---|--------------|
| Asia Pacific Franchise Fund 'I' accumulation shares | -2.36*       |
| Performance comparison index                        | -2.52**      |
| Peer group sector average                           | -2.62**      |

Past performance is not a reliable indicator of future results, losses may be made.

## Asia Pacific Franchise Fund (continued)

### Performance

The Fund delivered a negative return over the period, marginally outperforming its benchmark and peer group sector average.

### Factors helping performance

At the sector level, stock selection in IT and communication services benefitted the portfolio. At the individual level, microchip designer NVIDIA's latest quarterly results beat estimates, and the company delivered a much-improved outlook compared to a few months ago, with its Data Center business unit in particular enjoying strong growth. The company also showcased how its products could benefit from increased demand for artificial intelligence (AI) at its annual developer conference in March.

Samsung Electronics was among beneficiaries of the interest in AI, particularly after NVIDIA's strong outlook, with investors confident they could also be well positioned to benefit. Encouragingly, the company said it will maintain current levels of capital expenditure through 2023, highlighting Samsung's strategic mindset of continuing to invest even in more volatile times. TSMC was another beneficiary of the anticipated AI opportunity. TSMC maintained its capital expenditure guidance of US\$32-36bn, given the structural tailwinds, and reiterated its capacity planning is based on long-term customer demand. Such capital expenditure investment could help TSMC to maintain its competitive advantages and retain its technological leadership.

Gaming company NetEase gained on signs that the environment for Chinese gaming publishers was becoming more normalised after China announced further domestic and foreign online game approvals over the period. Underlying fundamentals and recent results remain strong. Elsewhere in the space, gaming operator Aristocrat Leisure contributed, with results benefiting from strength in its North America division.

### Factors hindering performance

Exposure to the health care sector was the biggest detractor at the sector level. Individually, clinical research provider Hangzhou Tigermed was the biggest laggard. The stock was negatively impacted by weaker sentiment to China and the macro environment has led to short term concern around the biotech funding backdrop due to rising global rates. However, Tigermed's order backlog and long-term fundamentals remain strong, and we believe macro headwinds could be temporary. Chinese construction software company Glodon detracted, with softer top-line momentum and broader weaker investor sentiment to the region weighing on the stock. However, we met with management during a trip to China and continue to hold the stock as we are generally optimistic on the long-term fundamentals and opportunities.

Domino's Pizza Enterprises, the company's largest franchisee outside of the US, had a challenging period after price rises to counter rising costs were met with weak consumer demand, particularly in Asia and Europe, hurting margins. While results were clearly disappointing, the company's management has historically been able to adjust to various conditions in multiple markets and we continue to hold as we believe they will be able to achieve the same this time.

Insurance company AIA detracted on little specific news. Results met consensus expectations, with new business value increasing by 6% (in constant currency terms) for the second half of 2022 as the worst effect of COVID disruptions began to wear off. Global packaging company Amcor fell after a weaker demand environment and cautious tone from management. We believe the company is managing a difficult operating environment well. Amcor's strong pricing power means they have been able to pass through the bulk of recent raw material price increases. We continue to hold all of these detractors.



## Asia Pacific Franchise Fund (continued)

### Portfolio activity

#### Significant purchases

Glodon – A slower-than-expected first half of 2023 resulted in share price weakness. After speaking with the company, our confidence in the long-term investment case was reaffirmed and we added to the position.

Carsales.com – we opened a position in this Australian advertising business in recognition of the business continuing to execute on recent acquisitions and also retaining capital discipline around future acquisitions.

#### Significant Sales

Alibaba – we trimmed the position in order to add exposure to higher conviction businesses. We also feel that Alibaba's proposition to consumers is not differentiated enough to stop some level of market share erosion.

NVIDIA – We exited the position following strong performance over the past year. The investment case remains strong but valuations are becoming stretched.

### Outlook

As we move into the second half of 2023, the risk of a global recession remains high. While developed markets continue their battle against sticky inflation, the picture in China is equally as challenging, but for different reasons. The reopening of China's economy has not been as successful as investors had hoped, with growth remaining below consensus estimates. A slew of data, from industrial activity to business investment, also paints a difficult picture for the months ahead.

There are three core drivers behind the sluggishness, namely weaker exports, consumer confidence and continued geopolitical tensions with the US. However, we believe there is greater clarity regarding the government's direction of travel. The key policy focus will now be on expanding domestic consumption by stabilising growth, employment and inflation, with emphasis on high-quality development, improving technological innovation in particular. New Premier Li Qiang also sought to reassure the country's private sector, promising equal treatment for private and state firms, and that the environment for entrepreneurial businesses will improve.

Overall, we strongly believe that macro events, policy and sentiment driven market volatility have distorted markets away from fundamentals, which is the main driver of long-term share price performance. We visited over a dozen companies on the ground during the second quarter and were encouraged at what we saw. The same secular trends that led us to be invested in these quality companies remain in place. We remain comfortable that the quality attributes we seek across the portfolio – enduring competitive advantages, dominant market positions, strong balance sheets, lower cyclicalities, low capital intensity, sustainable cash generation and disciplined capital allocation – are all suited to both current conditions and for uncertain times ahead.

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\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation share class, net of fees in GBP.

\*\*Benchmark (MSCI AC Asia Pacific ex Japan NDR Index and peer group sector average (Investment Association Asia Pacific ex Japan sector) shown for performance comparison purposes only.

## Asia Pacific Franchise Fund (continued)

### Risk and reward profile\*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of the investments made by the Fund.

The Fund appears towards the middle of the risk and reward indicator scale. This is because the Fund invests in the shares of companies, whose values tend to fluctuate widely.

#### **The following risks may not be fully captured by the Risk and Reward Indicator:**

**Concentrated portfolio:** The portfolio invests in a relatively small number of individual holdings. This may mean wider fluctuations in value than more broadly invested portfolios.

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Emerging market:** These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

**Geographic/Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.

**Style Bias:** The use of a specific investment style or philosophy can result in particular portfolio characteristics that are different to more broadly invested portfolios. These differences may mean that, in certain market conditions, the value of the portfolio may decrease while more broadly invested portfolios might grow.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.  
The full list of the Fund's risks are contained in Appendix VI of the Ninety One Funds Series Omnibus prospectus.

# Global Strategic Equity Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide capital growth (to grow the value of your investment) over at least 5 years.

The Fund invests primarily (at least two-thirds) in the shares of companies around the world and in related derivatives (financial contracts whose value is linked to the price of the shares of such companies).

The Fund focuses on investing in companies expected to become more profitable due to operational and/or structural improvements.

Investment opportunities are identified using in-depth analysis and research on individual companies.

These companies may be of any size and in any industry sector.

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party) and derivatives.

Derivatives (financial contracts whose value is linked to the price of an underlying asset) may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Fund is actively managed. This means the Investment Manager is free to select investments with the aim of achieving the Fund's objectives.

The MSCI AC World Net Return Index is used for performance comparison and risk management. The Fund does not seek to replicate the index.

The Investment Association Global Sector (a peer group of broadly similar funds) average is an additional measure by which you can compare the Fund's performance.

## Performance record

|  | 6 months (%) |
|--|--------------|
| Global Strategic Equity Fund 'I' accumulation shares | 12.91*       |
| Performance comparison index                         | 7.80**       |
| Peer group sector average                            | 6.55**       |

Past performance is not a reliable indicator of future results, losses may be made.

## Global Strategic Equity Fund (continued)

### Performance

The Fund delivered a positive return over the period and outperformed its benchmark and peer group sector average.

### Factors helping performance

Stock selection in the technology sector was the leading positive, with semiconductor business NVIDIA the leading stock contributor over the period. NVIDIA's continued strong performance was mainly due to analysts raising their revenue and earnings forecasts for 2023 and 2024 after seeing record orders for AI (artificial intelligence) chips, particularly from large customers in China as they tried to get ahead of any future protectionist restrictions. The excitement around AI also lifted Broadcom. Shares in Lam Research did well following indications that market pricing in the semiconductor cycle was bottoming, supported by industry commentary that inventories have declined.

Stock selection and underweight positioning in financials was also a significant positive. Banks recovered when it became clear that the problems experienced by Silicon Valley Bank did not necessarily apply to larger banks, so did not represent as much of a systemic risk to the sector as initially feared. This helped to lift Italian financial UniCredit, which also benefited from management comments that suggested favourable business trends and highlighted the potential for higher shareholder distributions.

World Wrestling Entertainment outperformed on increasing expectation of a positive outcome for content rights negotiations and the value accretion associated with the merger with UFC (Ultimate Fight Club), the market leader in mixed martial arts content. Italian luxury car producer Ferrari re-rated over the period in anticipation of the successful release of its new Purosangue model.

### Factors hindering performance

Exposure to the consumer discretionary sector weighed on performance where not holding Tesla detracted from relative returns. Being underweight Apple and not owning Meta Platforms, the owner of Facebook, also hindered relative performance as large cap technology stocks continued to lead the market higher over the quarter.

Universal Music Group underperformed following disappointing streaming results and increasing concerns regarding AI and its implications for the long-term prospects of the music industry; we exited the position. Stock selection and an overweight position in materials detracted from performance. A slight fall in the gold price held back Canadian miner Barrick Gold. We still hold the stock as Barrick Gold has benefited from the former Randgold CEO restructuring the organisation into a more decentralised organisation with a greater focus on operational excellence, value creation and capital discipline. Elsewhere in energy, US oil major Exxon Mobil underperformed due to lower oil prices as demand weakened on a slowing global economy. Our conviction in the stock remains as Exxon has streamlined its upstream and downstream portfolios to consist predominantly of high quality, low cost assets which have structurally advantaged competitive positions and good growth potential.

### Portfolio activity

#### Significant purchases

Amazon: Distribution & Retail. Operational momentum at Amazon is improving. This is most clear in its retail business where outperformance in Q1 and management targets to return North American Retail segment profitability to pre-pandemic levels is not yet reflected in consensus estimates.

Accenture: Software & Services. Accenture is a quality company specialising in IT services and consultancy. We believe it is well placed to deliver relative operational outperformance, allowing for its premium multiple to be maintained while benefiting from strong compounding of earnings. In the long-term it could deliver revenue and profit growth assisted by moderate margin expansion and share buybacks.

## Global Strategic Equity Fund (continued)

### Significant Sales

Alphabet: Media & Entertainment. Alphabet has strongly re-rated over the past six months, but it is not without risks. Despite recent upgrades and a reasonable valuation, fundamentally the digital advertising cycle will likely provide a headwind during any economic slowdown in the next 12 months. There are also question marks over the impact of artificial intelligence (AI) tools on its core search business and, unlike others, it has yet to review its cost base, needing to ramp investment into the AI space, causing a potential shorter term drag on returns.

Bayer AG: Pharmaceuticals Biotechnology & Life Sciences. We sold the shares following disappointing results and growth trends which raised competitive concerns and undermined our investment thesis. Furthermore, the expectation in the share price from the arrival of the new CEO and his ability to turn the business around has started to wain slightly. We still like this company but foresee tough times for the medium term.

### Outlook

As we move into the second half of 2023, investors and global equity markets are navigating a complex economic landscape. Consumer spending has remained robust, with higher saving ratios, stronger household balance sheets, longer term fixed rate mortgages, record low unemployment, reasonable wage inflation and still pent-up demand following the end of COVID lockdowns. It has surprised many market participants as to how slowly interest rate rises are actually impacting economy-wide consumption. The chief influence on markets in the coming months remains the shift in monetary policies around the world. As central banks in developed economies continue tightening monetary policy to curb inflationary pressures rate rises - which have historically worked with a roughly 15-18 month lag - may eventually cause a pullback in equities and a rotation into more defensive companies if the market begins pricing in more recessionary conditions in Q423 or 2024.

Consensus forecasts tend to incorporate expectation of a slowdown or mild recession later in the year, with many advocating a preference for staying exposed to Quality as a style. The danger here is that the Quality/Growth valuation spread versus more cyclical value stocks is back to the extremes last seen in 2000. Market leadership to this point has been continuing in the cyclical growth tech sector reflecting the global economy and corporate earnings staying stronger for longer. Sectors like renewable energy, electric vehicles, and artificial intelligence continue to hold promising growth potential. However, with discount rates much more elevated, cyclical value stocks are performing better as both growth and inflation stay higher than expected and this could easily continue over the summer period, in part due to investor positioning, with evidence of more breadth appearing in markets in the past few weeks.

Positive structural growth drivers in many industries we are exposed to persist, and the re-opening of the Chinese economy, whilst proving slower than expected, if boosted by some well targeted stimulus could provide useful cyclical tailwinds as we move forward. As always, the market outlook is unclear and we are retaining a diversified portfolio, with a broad range of stocks, that can withstand different macroeconomic scenarios. We continue to focus on companies with either disruptive growth potential, the ability to compound high returns or companies successfully restructuring, all of which are undervalued and where a positive change in sentiment is delivering the opportunity to outperform. Having benefited from our tilt towards cyclical growth stocks in the past 6-9 months, we have continued to add some cyclical and defensive value stocks whilst taking some profits in our most overbought semi-conductor and growth names. Supply shortages continue to amplify normal inventory cycles and so the bull-whip effect will likely continue to leave investors uncertain of the true underlying demand in a number of industries. Market valuations have moved up since the start of the year and, for the first time since 2007, a US earnings yield/bond yield crossover has occurred, with the higher bond yields again tempting investors.

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\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation share class, net of fees in GBP.

\*\*Benchmark (MSCI All Countries World NDR Index) and peer group sector average (Investment Association Global sector) shown for performance comparison purposes only.

## Global Strategic Equity Fund (continued)

### Risk and reward profile\*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of the investments made by the Fund.

The Fund appears towards the higher end of the Risk and Reward Indicator scale. This is because the Fund invests in the shares of companies, whose values tend to fluctuate widely.

#### **The following risks may not be fully captured by the Risk and Reward Indicator:**

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Emerging market:** These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

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\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.  
The full list of the Fund's risks are contained in Appendix VI of the Ninety One Funds Series Omnibus prospectus.

# Global Total Return Credit Fund

## **Summary of the Fund's investment objective and policy**

The Fund aims to provide total returns comprised of income and capital growth (to grow the value of your investment) over at least a full credit cycle (this objective may be measured over at least 5 years).

The Fund targets a positive return of Overnight SONIA +4% before fees over a full credit cycle (which may be measured over 5-year rolling periods).

While the Fund aims to achieve a positive return and its performance target, there is no guarantee that either will be achieved over the full credit cycle, or over any period of time, and there is a risk of loss.

A credit cycle means the economic conditions over which the cost of borrowing initially increases, then decreases and then stabilises. Credit cycles can vary in length and typically last between 3 and 7 years.

The Fund invests primarily (at least two-thirds) in bonds (or similar debt-based assets) issued by borrowers around the world (including but not limited to emerging markets) and in related derivatives (financial contracts whose value is linked to the price of such bonds (or similar debt-based assets)).

These bonds (or similar debt-based assets) may be denominated in any currency, have any credit rating or be unrated, and may be issued by any borrower e.g. governments or companies. They may also have a fixed or floating rate and/or coupon, and may be of any duration (measures the sensitivity of the value of bonds (or similar debt-based assets) to change in interest rates).

The Fund may invest up to 20% of its assets in structured credit instruments (assets whose value and level of income payments depend on the underlying assets held by/for the business that issues them).

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party) and derivatives.

Derivatives (financial contracts whose value is linked to the price of an underlying asset) may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Fund is actively managed. This means the Investment Manager is free to select investments with the aim of achieving the Fund's objectives.

The Fund cannot replicate the target benchmark index. The benchmark index is not investable and therefore cannot be replicated.

The Investment Association £ Strategic Bond Sector (a peer group of broadly similar funds) average is an additional measure by which you can compare the Fund's performance.

## Global Total Return Credit Fund (continued)

### Performance record

|   | 6 months (%) |
|---|--------------|
| Global Total Return Credit Fund 'I' accumulation shares | 3.65*        |
| Performance comparison index                            | 4.00**       |
| Peer group sector average                               | 0.67**       |

Past performance is not a reliable indicator of future results, losses may be made.

### Total deemed income distributions per 'I' accumulation shares

|                          |            |
|--------------------------|------------|
| 6 months to 30 June 2023 | 2.77 pence |
| 6 months to 30 June 2022 | 1.99 pence |

### Performance

The Fund delivered a positive return over the period, underperforming its benchmark but outperforming the peer group sector average.

### Factors hindering performance

The key detractor from returns from an asset class perspective was exposure to emerging market high-yield issuers. Despite the portfolio's limited exposure to this area of the market, a combination of weak market sentiment early in the period and then pressure on the real estate issuers in Eastern Europe and Asia (especially China) drove underperformance. This meant that looking at the portfolio's performance through a sector lens, the real estate sector was the principal detractor, given the challenges facing the sector.

European investment-grade bond holdings also detracted. Inflation in Europe remained troublesome for policymakers, prompting the European Central Bank to raise its key interest rates. The Central Bank also signalled its plans to cease reinvesting cash from maturing bonds purchased under the Asset Purchase Programme from July onwards, which will remove some support for the asset class.

In both instances, we believe current market prices are not reflective of the underlying fundamentals of the companies issuing the bonds held in the portfolio and thus we continue to hold these positions.

### Factors helping performance

From an asset class perspective, performance was largely driven by the portfolio's exposure to structured credit (collateralised loan obligations - CLOs). CLOs recovered from the market turmoil seen at the end of last year following the UK 'mini budget' and were helped by an improvement in investors' appetite for risk.

The short-duration high-yield credit market segment also featured near the top of the performance table, through a combination of credit spread tightening (spreads and prices are inversely related) and the favourable carry (income) the asset class provides. Other positive contributors to performance included exposure to US investment-grade bonds, which benefitted from the sharp fall in US Treasury yields seen at various stages in the period (bond prices and yields are inversely related).

From a sector perspective, areas of the market such as media and leisure contributed the most to performance.

### Portfolio activity

#### Significant purchases

We increased our exposure to highly rated (AAA/AA) CLOs (collateralised debt obligations) with this part of the market still looking particularly compelling in terms of attractive carry and low default risk. This was done by rotating out of single A rated tranches that had outperformed.



## Global Total Return Credit Fund (continued)

### Significant Sales

Following the strong rally in January, we sold a number of our US investment-grade holdings into strength, as these benefited from both substantial spread compression and the rally in US Treasury yields.

Within our high-yield positions we saw a substantial outperformance of lower-rated debt (CCC/B) in Q1 and used the March market volatility to selectively rotate out of some of these positions into BB rated bonds, which had underperformed on a risk-adjusted basis. We have since taken profit on some of the portfolio's high-yield holdings, which had rallied over Q2 and looked less attractive from a spread perspective.

### Outlook

While there is undoubtedly ongoing uncertainty around global economic growth, inflation trends and the behaviour of central banks, markets have enjoyed a strong recovery since the volatility sparked by Silicon Valley Bank's collapse in Q1. However, we are wary of reading too much into this strong asset price recovery, and we expect the road ahead to remain bumpy, which could ultimately create opportunities.

While market technicals – such as supply/demand dynamics, fund flows, central bank quantitative tightening (QT) momentum, and interest-rate volatility – have been key factors driving markets for the past year, we believe company fundamentals (i.e., corporate health/strength) will increasingly come to the fore.

Corporate fundamentals are generally starting from a position of strength, with reasonable leverage levels, manageable maturity walls, and strong interest coverage all features across large parts of the credit market. As macroeconomic conditions weaken, we will inevitably see an increase in default rates, but we believe this rise may be less pronounced than in previous recessions given the factors mentioned above. That said, in an environment where default rates are rising, idiosyncratic (company-specific) credit risk abounds, with events surrounding Credit Suisse and Silicon Valley Bank being clear examples. Therefore, we think investors should generally favour companies with more defensive end markets and with sufficient margins and liquidity to absorb higher funding costs and any potential economic weakness ahead.

More broadly, yields remain elevated relative to history, offering investors compelling valuations, and a dramatically improved income profile relative to the start of 2022. Not only does this higher level of income mark a shift in regime for investors who have been starved of yield for many years – boding well for the outlook for asset class demand – it also has historically shown itself to be a source of higher quality and less volatile returns for credit investors. Furthermore, higher yields also typically provide a buffer to absorb further market stresses. With regards to spreads, dispersion is currently very high, with a large proportion of both the investment-grade and high-yield market trading either significantly tighter or wider than the overall index spread; this creates potentially compelling bottom-up opportunities for investors that follow flexible and dynamic approaches. As the market begins to increasingly discriminate between issuer fundamentals, sector dispersion in credit markets will likely increase further.

We have continued to pivot the portfolio towards higher carry (higher income) holdings such as structured credit and selective parts of the short duration high-yield and bank capital markets, given their attractive income profile and favourable downside characteristics. At the same time, we have reduced exposure to bonds whose spreads are nearing their tightest (lowest) level in history as we believe these offer limited potential for further price appreciation or attractive income: this has been most apparent in parts of high-yield market (BB rated credit) and select positions in the investment-grade rated bond market.

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\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.  
\*\* Benchmark: Overnight SONIA + 4% (LIBOR 3 Month GBP + 4% pre 30.11.21) and peer group sector average (Investment Association £ Strategic Bond) shown for performance comparison purposes only.

## Global Total Return Credit Fund (continued)

### Risk and reward profile\*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of the investments made by the Fund.

The Fund appears towards the middle of the risk and reward indicator scale. This is because the mix of assets it invests in tends to produce returns which fluctuate more than those of cash funds but less than those of funds which solely invest in the shares of companies.

#### The following risks may not be fully captured by the Risk and Reward Indicator:

**Default:** There is a risk that the issuers of fixed income investments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss.

**Derivatives:** The use of derivatives may increase overall risk by magnifying the effect of both gains and losses leading to large changes in value and potentially large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Government securities exposure:** The Fund may invest more than 35% of its assets in securities issued or guaranteed by a permitted sovereign entity, as defined in the definitions section of the Fund's prospectus.

**Interest rate:** The value of fixed income investments (e.g. bonds) tends to decrease when interest rates rise.

**Liquidity:** There may be insufficient buyers or sellers of particular investments giving rise to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than might be anticipated.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.  
The full list of the Fund's risks are contained in Appendix VI of the Ninety One Funds Series Omnibus prospectus.

# American Franchise Fund

## Portfolio statement

As at 30 June 2023

| Asset   | Holding | Market value (£'000) | Percentage of net assets (%) |
|---|---------|----------------------|------------------------------|
| <b>Consumer discretionary 10.14% (31.12.22: 14.53%)</b> |         |                      |                              |
| <b>Leisure goods</b>                                    |         |                      |                              |
| Activision Blizzard                                     | 273,697 | 17,975               | 3.35                         |
| <b>Retailers</b>  |         |                      |                              |
| O'Reilly Automotive                                     | 17,386  | 12,878               | 2.40                         |
| <b>Travel and leisure</b>                               |         |                      |                              |
| Starbucks   | 156,800 | 12,234               | 2.28                         |
| Booking   | 5,394   | 11,328               | 2.11                         |
|   |         | <b>23,562</b>        | <b>4.39</b>                  |
| <b>Consumer staples 7.11% (31.12.22: 5.85%)</b>         |         |                      |                              |
| <b>Beverages</b>  |         |                      |                              |
| Monster Beverage  | 321,297 | 14,590               | 2.72                         |
| Diageo  | 316,299 | 10,667               | 1.99                         |
|   |         | <b>25,257</b>        | <b>4.71</b>                  |
| <b>Food producers</b>                                   |         |                      |                              |
| Nestle  | 136,020 | 12,864               | 2.40                         |
| <b>Financials 11.39% (31.12.22: 12.37%)</b>             |         |                      |                              |
| <b>Finance and credit services</b>                      |         |                      |                              |
| S&P Global  | 55,284  | 17,308               | 3.23                         |
| FactSet Research Systems                                | 43,747  | 13,682               | 2.55                         |
|   |         | <b>30,990</b>        | <b>5.78</b>                  |
| <b>Investment banking and brokerage</b>                 |         |                      |                              |
| Charles Schwab  | 376,704 | 17,020               | 3.17                         |
| Tradeweb Markets  | 176,778 | 9,523                | 1.78                         |
| State Street USD Liquidity LVNAV Fund                   | 433,000 | 3,569                | 0.66                         |
|   |         | <b>30,112</b>        | <b>5.61</b>                  |
| <b>Health care 17.08% (31.12.22: 16.97%)</b>            |         |                      |                              |
| <b>Medical equipment and services</b>                   |         |                      |                              |
| Becton Dickinson  | 73,689  | 15,178               | 2.83                         |
| Alcon   | 221,147 | 14,150               | 2.64                         |
| Stryker   | 54,312  | 12,954               | 2.41                         |
| Align Technology  | 41,946  | 11,335               | 2.11                         |
| Agilent Technologies                                    | 91,627  | 8,555                | 1.59                         |
| West Pharmaceutical Services                            | 28,183  | 8,408                | 1.57                         |
| IDEXX Laboratories                                      | 20,580  | 8,043                | 1.50                         |
|   |         | <b>78,623</b>        | <b>14.65</b>                 |
| <b>Pharmaceuticals and biotechnology</b>                |         |                      |                              |
| Zoetis  | 95,756  | 13,012               | 2.43                         |
| <b>Industrials 5.49% (31.12.22: 6.77%)</b>              |         |                      |                              |
| <b>Industrial support services</b>                      |         |                      |                              |
| Automatic Data Processing                               | 87,916  | 15,047               | 2.81                         |
| Visa  | 77,724  | 14,400               | 2.68                         |
|   |         | <b>29,447</b>        | <b>5.49</b>                  |

**Portfolio statement (continued)**  
**As at 30 June 2023**

| Asset                                       | Holding | Market value (£'000) | Percentage of net assets (%) |
|---|---------|----------------------|------------------------------|
| <b>Real estate 2.69% (31.12.22: 2.85%)</b>  |         |                      |                              |
| <b>Real estate investment and services</b>  |         |                      |                              |
| CoStar                                      | 202,491 | 14,432               | 2.69                         |
| <b>Technology 44.83% (31.12.22: 40.42%)</b> |         |                      |                              |
| <b>Software and computer services</b>       |         |                      |                              |
| Microsoft                                   | 182,335 | 48,298               | 9.00                         |
| Alphabet                                    | 333,661 | 31,422               | 5.86                         |
| Autodesk                                    | 137,899 | 22,481               | 4.19                         |
| Adobe                                       | 58,699  | 22,453               | 4.19                         |
| Dolby Laboratories                          | 264,621 | 17,260               | 3.22                         |
| Intuit                                      | 46,176  | 16,643               | 3.10                         |
| Meta Platforms                              | 72,775  | 16,204               | 3.02                         |
| VeriSign                                    | 88,956  | 15,673               | 2.92                         |
| Cadence Design Systems                      | 65,760  | 11,883               | 2.22                         |
|   |         | <b>202,317</b>       | <b>37.72</b>                 |
| <b>Technology hardware and equipment</b>    |         |                      |                              |
| NVIDIA                                      | 53,815  | 17,377               | 3.24                         |
| ASML  | 19,140  | 10,943               | 2.04                         |
| Texas Instruments                           | 70,417  | 9,843                | 1.83                         |
|   |         | <b>38,163</b>        | <b>7.11</b>                  |
| Portfolio of investments                    |         | 529,632              | 98.73                        |
| Net other assets*                           |         | 6,820                | 1.27                         |
| <b>Net assets</b>                           |         | <b>536,452</b>       | <b>100.00</b>                |

\*The net other assets figure includes any bank or short term cash deposits.  
Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

# Asia Pacific Franchise Fund

## Portfolio statement

As at 30 June 2023

| Asset   | Holding   | Market value (£'000) | Percentage of net assets (%) |
|---|-----------|----------------------|------------------------------|
| <b>Australia 15.09% (31.12.22: 12.13%)</b>      |           |                      |                              |
| Aristocrat Leisure                              | 456,654   | 9,230                | 4.81                         |
| CSL   | 59,510    | 8,633                | 4.50                         |
| REA   | 62,529    | 4,681                | 2.44                         |
| carsales.com                                    | 289,100   | 3,605                | 1.88                         |
| Domino's Pizza Enterprises                      | 114,913   | 2,792                | 1.46                         |
|   |           | <b>28,941</b>        | <b>15.09</b>                 |
| <b>Cayman Islands 18.56% (31.12.22: 18.04%)</b> |           |                      |                              |
| Tencent   | 467,600   | 15,647               | 8.16                         |
| NetEase   | 622,052   | 9,572                | 4.99                         |
| Alibaba   | 754,344   | 6,181                | 3.23                         |
| Meituan   | 339,460   | 4,186                | 2.18                         |
|   |           | <b>35,586</b>        | <b>18.56</b>                 |
| <b>China 20.16% (31.12.22: 21.30%)</b>          |           |                      |                              |
| Kweichow Moutai                                 | 61,272    | 11,250               | 5.87                         |
| Shenzhen Mindray Bio-Medical Electronics        | 236,169   | 7,688                | 4.01                         |
| Glodon  | 1,840,560 | 6,509                | 3.40                         |
| Hangzhou Tigermed Consulting HKD                | 1,176,800 | 5,296                | 2.76                         |
| Chongqing Fuling Zhacai                         | 2,615,058 | 5,199                | 2.71                         |
| Beijing Kingsoft Office Software                | 31,093    | 1,594                | 0.83                         |
| Hangzhou Tigermed Consulting CNY                | 158,900   | 1,113                | 0.58                         |
|   |           | <b>38,649</b>        | <b>20.16</b>                 |
| <b>Hong Kong 5.77% (31.12.22: 7.77%)</b>        |           |                      |                              |
| AIA   | 1,386,400 | 11,066               | 5.77                         |
| Real Gold Mining‡                               | 1,507,000 | -                    | -                            |
|   |           | <b>11,066</b>        | <b>5.77</b>                  |
| <b>India 6.95% (31.12.22: 6.49%)</b>            |           |                      |                              |
| HDFC Bank                                       | 580,513   | 9,512                | 4.96                         |
| Hindustan Unilever                              | 148,216   | 3,823                | 1.99                         |
|   |           | <b>13,335</b>        | <b>6.95</b>                  |
| <b>Jersey 2.64% (31.12.22: 3.04%)</b>           |           |                      |                              |
| Ancor   | 652,320   | 5,071                | 2.64                         |
| <b>Netherlands 5.17% (31.12.22: 4.76%)</b>      |           |                      |                              |
| Heineken  | 62,868    | 5,076                | 2.65                         |
| ASML  | 8,438     | 4,824                | 2.52                         |
|   |           | <b>9,900</b>         | <b>5.17</b>                  |
| <b>South Korea 8.96% (31.12.22: 6.72%)</b>      |           |                      |                              |
| Samsung Electronics                             | 396,750   | 17,190               | 8.96                         |
| <b>Taiwan 9.78% (31.12.22: 8.53%)</b>           |           |                      |                              |
| Taiwan Semiconductor Manufacturing              | 1,285,357 | 18,764               | 9.78                         |

**Portfolio statement (continued)**  
**As at 30 June 2023**

| Asset  | Holding   | Market value<br>(£'000) | Percentage of<br>net assets<br>(%) |
|--|-----------|-------------------------|------------------------------------|
| <b>United States 3.85% (31.12.22: 7.41%)</b> |           |                         |                                    |
| Dolby Laboratories                           | 59,931    | 3,909                   | 2.04                               |
| Agilent Technologies                         | 37,259    | 3,479                   | 1.81                               |
|  |           | <b>7,388</b>            | <b>3.85</b>                        |
| <b>Vietnam 2.62% (31.12.22: 2.69%)</b>       |           |                         |                                    |
| Vietnam Dairy Products                       | 2,110,675 | <b>5,024</b>            | <b>2.62</b>                        |
| Portfolio of investments                     |           | 190,914                 | 99.55                              |
| Net other assets*                            |           | 867                     | 0.45                               |
| <b>Net assets</b>                            |           | <b>191,781</b>          | <b>100.00</b>                      |

\* The net other assets figure includes any bank or short term cash deposits.

‡ Suspended Security.

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

# Global Strategic Equity Fund

## Portfolio statement

As at 30 June 2023

| Asset   | Holding   | Market value (£'000) | Percentage of net assets (%) |
|---|-----------|----------------------|------------------------------|
| <b>Australia 2.05% (31.12.22: 1.89%)</b>      |           |                      |                              |
| IGO   | 414,531   | 3,298                | 1.12                         |
| Santos  | 698,642   | 2,750                | 0.93                         |
|   |           | <b>6,048</b>         | <b>2.05</b>                  |
| <b>Austria 0.88% (31.12.22: 0.60%)</b>        |           |                      |                              |
| Erste Group Bank                              | 94,945    | 2,590                | 0.88                         |
| <b>Canada 4.55% (31.12.22: 3.05%)</b>         |           |                      |                              |
| Barrick Gold                                  | 581,394   | 7,640                | 2.59                         |
| RB Global                                     | 124,423   | 5,791                | 1.96                         |
|   |           | <b>13,431</b>        | <b>4.55</b>                  |
| <b>Cayman Islands 5.39% (31.12.22: 1.17%)</b> |           |                      |                              |
| Trip.com                                      | 161,400   | 4,433                | 1.50                         |
| NetEase                                       | 286,500   | 4,409                | 1.49                         |
| Tencent                                       | 128,200   | 4,290                | 1.45                         |
| Alibaba                                       | 343,000   | 2,810                | 0.95                         |
|   |           | <b>15,942</b>        | <b>5.39</b>                  |
| <b>China 0.64% (31.12.22: 2.19%)</b>          |           |                      |                              |
| Fuyao Glass Industry                          | 485,699   | 1,890                | 0.64                         |
| <b>Denmark 0.96% (31.12.22: 1.60%)</b>        |           |                      |                              |
| Novo Nordisk                                  | 22,722    | 2,848                | 0.96                         |
| <b>France 2.32% (31.12.22: 3.26%)</b>         |           |                      |                              |
| Pernod Ricard                                 | 39,405    | 6,845                | 2.32                         |
| <b>Germany 0.00% (31.12.22: 2.29%)</b>        |           |                      |                              |
| <b>Ireland 2.90% (31.12.22: 1.10%)</b>        |           |                      |                              |
| Accenture                                     | 21,780    | 5,311                | 1.80                         |
| Allegion                                      | 34,330    | 3,245                | 1.10                         |
|   |           | <b>8,556</b>         | <b>2.90</b>                  |
| <b>Isle Of Man 0.50% (31.12.22: 1.45%)</b>    |           |                      |                              |
| Entain  | 118,654   | 1,480                | 0.50                         |
| <b>Italy 2.86% (31.12.22: 2.48%)</b>          |           |                      |                              |
| UniCredit                                     | 458,108   | 8,456                | 2.86                         |
| <b>Japan 2.73% (31.12.22: 3.22%)</b>          |           |                      |                              |
| Sony  | 59,400    | 4,202                | 1.42                         |
| Shimamura                                     | 52,000    | 3,864                | 1.31                         |
|   |           | <b>8,066</b>         | <b>2.73</b>                  |
| <b>Jersey 0.00% (31.12.22: 1.71%)</b>         |           |                      |                              |
| <b>Mexico 1.42% (31.12.22: 1.05%)</b>         |           |                      |                              |
| Grupo Mexico                                  | 1,107,740 | 4,201                | 1.42                         |
| <b>Netherlands 3.58% (31.12.22: 6.26%)</b>    |           |                      |                              |
| Ferrari                                       | 31,957    | 8,192                | 2.77                         |
| NN  | 82,444    | 2,406                | 0.81                         |
|   |           | <b>10,598</b>        | <b>3.58</b>                  |

**Portfolio statement (continued)**  
**As at 30 June 2023**

| Asset  | Holding   | Market value (£'000) | Percentage of net assets (%) |
|--|-----------|----------------------|------------------------------|
| <b>Singapore 1.27% (31.12.22: 1.73%)</b>       |           |                      |                              |
| Yangzijiang Shipbuilding                       | 4,315,500 | 3,748                | 1.27                         |
| <b>South Korea 1.72% (31.12.22: 1.37%)</b>     |           |                      |                              |
| LG Energy Solution                             | 15,325    | 5,076                | 1.72                         |
| <b>Switzerland 0.00% (31.12.22: 2.41%)</b>     |           |                      |                              |
| <b>Taiwan 3.20% (31.12.22: 3.58%)</b>          |           |                      |                              |
| Taiwan Semiconductor Manufacturing             | 330,000   | 4,817                | 1.63                         |
| MediaTek                                       | 266,000   | 4,646                | 1.57                         |
|  |           | <b>9,463</b>         | <b>3.20</b>                  |
| <b>United Kingdom 8.53% (31.12.22: 8.06%)</b>  |           |                      |                              |
| Unilever                                       | 169,386   | 6,937                | 2.35                         |
| Reckitt Benckiser                              | 80,386    | 4,746                | 1.61                         |
| AstraZeneca                                    | 39,565    | 4,481                | 1.52                         |
| London Stock Exchange                          | 36,654    | 3,061                | 1.04                         |
| BP   | 657,014   | 3,031                | 1.03                         |
| Intertek                                       | 68,547    | 2,907                | 0.98                         |
|  |           | <b>25,163</b>        | <b>8.53</b>                  |
| <b>United States 53.72% (31.12.22: 47.25%)</b> |           |                      |                              |
| Microsoft                                      | 68,200    | 18,065               | 6.13                         |
| NVIDIA   | 32,383    | 10,458               | 3.54                         |
| Exxon Mobil                                    | 116,712   | 9,848                | 3.33                         |
| World Wrestling Entertainment                  | 113,181   | 9,657                | 3.27                         |
| Amazon.com                                     | 92,508    | 9,358                | 3.17                         |
| Newmont  | 221,713   | 7,352                | 2.49                         |
| Generac  | 57,927    | 6,755                | 2.29                         |
| Lam Research                                   | 12,564    | 6,362                | 2.15                         |
| Apple  | 41,390    | 6,205                | 2.10                         |
| UnitedHealth                                   | 15,832    | 5,968                | 2.02                         |
| Tapestry                                       | 175,008   | 5,925                | 2.01                         |
| Kroger   | 159,313   | 5,835                | 1.98                         |
| Morgan Stanley                                 | 86,074    | 5,801                | 1.96                         |
| Mastercard                                     | 18,500    | 5,672                | 1.92                         |
| Chemed   | 13,359    | 5,662                | 1.92                         |
| Dolby Laboratories                             | 85,745    | 5,593                | 1.89                         |
| Thermo Fisher Scientific                       | 12,728    | 5,178                | 1.75                         |
| General Motors                                 | 162,328   | 4,903                | 1.66                         |
| VeriSign                                       | 25,275    | 4,453                | 1.51                         |
| Broadcom                                       | 6,454     | 4,401                | 1.49                         |
| Jacobs Solutions                               | 45,744    | 4,278                | 1.45                         |
| Texas Roadhouse                                | 43,116    | 3,799                | 1.29                         |
| Air Products and Chemicals                     | 15,352    | 3,579                | 1.21                         |
| Citigroup                                      | 96,204    | 3,521                | 1.19                         |
|  |           | <b>158,628</b>       | <b>53.72</b>                 |
| Portfolio of investments                       |           | 293,029              | 99.22                        |
| Net other assets*                              |           | 2,299                | 0.78                         |
| <b>Net assets</b>                              |           | <b>295,328</b>       | <b>100.00</b>                |

\*The net other assets figure includes any bank or short term cash deposits.

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.



# Global Total Return Credit Fund

## Portfolio statement

As at 30 June 2023

| Asset   | Holding       | Market value<br>(£'000) | Percentage of<br>net assets<br>(%) |
|---|---------------|-------------------------|------------------------------------|
| <b>Collective investment schemes 3.57% (31.12.22: 1.08%)</b>              |               |                         |                                    |
| iShares USD Short Duration High Yield Corp Bond UCITS ETF                 | 73,956        | 4,910                   | 1.31                               |
| iShares USD Corp Bond UCITS ETF   | 58,418        | 4,668                   | 1.25                               |
| iShares Core EUR Corp Bond UCITS ETF                                      | 38,100        | 3,780                   | 1.01                               |
|   |               | <b>13,358</b>           | <b>3.57</b>                        |
| <b>Bonds 90.84% (31.12.22: 95.34%)</b>                                    |               |                         |                                    |
| <b>Collateralised loan obligations 18.89% (31.12.22: 16.43%)</b>          |               |                         |                                    |
| Ares European CLO IX FRN 5.475% 14/10/2030                                | EUR 4,000,000 | 3,174                   | 0.85                               |
| Barings Euro CLO 2018-1 FRN 4.677% 15/04/2031                             | EUR 3,300,000 | 2,686                   | 0.72                               |
| Carlyle Global Market Strategies Euro CLO 2015-3<br>FRN 4.827% 15/07/2030 | EUR 3,300,000 | 2,649                   | 0.71                               |
| Barings Euro CLO 2018-1 FRN 5.477% 15/04/2031                             | EUR 3,050,000 | 2,386                   | 0.64                               |
| Carlyle Global Market Strategies Euro CLO 2015-3<br>FRN 5.727% 15/07/2030 | EUR 2,900,000 | 2,276                   | 0.61                               |
| Euro-Galaxy VI CLO FRN 4.605% 11/04/2031                                  | EUR 2,750,000 | 2,206                   | 0.59                               |
| Ares European CLO XIV FRN 4.325% 21/10/2033                               | EUR 2,500,000 | 2,105                   | 0.56                               |
| Cairn CLO IX FRN 5.561% 25/04/2032  | EUR 2,750,000 | 2,105                   | 0.56                               |
| Oak Hill European Credit Partners III FRN 6.15% 22/07/2030                | EUR 2,520,000 | 2,084                   | 0.56                               |
| St Paul's CLO III-R FRN 5.577% 15/01/2032                                 | EUR 2,650,000 | 2,054                   | 0.55                               |
| Allegro CLO VII FRN 7.1603% 13/06/2031                                    | USD 2,500,000 | 1,872                   | 0.50                               |
| Voya Clo 2017-4 FRN 7.0103% 15/10/2030                                    | USD 2,500,000 | 1,870                   | 0.50                               |
| St Paul's CLO VIII FRN 7.777% 17/07/2030                                  | EUR 2,325,000 | 1,735                   | 0.46                               |
| Tiaa Clo III FRN 7.0103% 16/01/2031                                       | USD 2,300,000 | 1,708                   | 0.46                               |
| Newhaven II CLO FRN 5.648% 16/02/2032                                     | EUR 2,150,000 | 1,695                   | 0.45                               |
| Arbour CLO VI FRN 5.173% 15/11/2031                                       | EUR 2,000,000 | 1,662                   | 0.44                               |
| Oak Hill European Credit Partners VI FRN 4.4% 20/01/2032                  | EUR 2,000,000 | 1,647                   | 0.44                               |
| OZLME IV FRN 5.968% 27/07/2032  | EUR 2,000,000 | 1,560                   | 0.42                               |
| Carlyle Global Market Strategies Euro CLO 2016-2<br>FRN 5.577% 15/04/2034 | EUR 1,954,000 | 1,541                   | 0.41                               |
| Aurium CLO IV FRN 5.477% 16/01/2031                                       | EUR 2,000,000 | 1,526                   | 0.41                               |
| Avoca CLO XIX FRN 4.877% 15/10/2031                                       | EUR 1,750,000 | 1,467                   | 0.39                               |
| Contego CLO X FRN 6.978% 15/11/2036                                       | EUR 1,550,000 | 1,333                   | 0.36                               |
| CIFC Funding 2012-II-R FRN 6.8004% 20/01/2028                             | USD 1,700,000 | 1,319                   | 0.35                               |
| Adagio V CLO FRN 6.377% 15/10/2031  | EUR 1,700,000 | 1,292                   | 0.35                               |
| Phoenix Park CLO FRN 5.712% 29/10/2031                                    | EUR 1,500,000 | 1,220                   | 0.33                               |
| Harvest CLO XIX FRN 4.826% 14/04/2031                                     | EUR 1,500,000 | 1,200                   | 0.32                               |
| Cairn CLO VIII FRN 5.092% 30/10/2030                                      | EUR 1,450,000 | 1,177                   | 0.32                               |
| CVC Cordatus Loan Fund XII FRN 5.411% 23/01/2032                          | EUR 1,400,000 | 1,136                   | 0.30                               |
| Providus CLO II FRN 5.527% 15/07/2031                                     | EUR 1,315,000 | 1,076                   | 0.29                               |
| CVC Cordatus Loan Fund V FRN 6.155% 21/07/2030                            | EUR 1,250,000 | 1,008                   | 0.27                               |
| Carlyle Euro CLO 2017-3 FRN 7.757% 15/01/2031                             | EUR 1,400,000 | 989                     | 0.26                               |
| Oak Hill European Credit Partners VII FRN 8.5% 20/10/2031                 | EUR 1,288,000 | 976                     | 0.26                               |
| Ares European CLO VI FRN 5.877% 15/04/2030                                | EUR 1,200,000 | 960                     | 0.26                               |
| Golub Capital Partners CLO 22B FRN 6.7504% 20/01/2031                     | USD 1,250,000 | 956                     | 0.26                               |
| Richmond Park CLO 1 FRN 6.176% 14/07/2031                                 | EUR 1,100,000 | 907                     | 0.24                               |
| Jubilee CLO 2018-XX FRN 5.969% 19/07/2031                                 | EUR 1,100,000 | 882                     | 0.24                               |
| Adagio VI CLO FRN 5.842% 30/04/2031                                       | EUR 1,100,000 | 854                     | 0.23                               |
| Avoca CLO XXI FRN 4.677% 15/04/2033                                       | EUR 1,000,000 | 816                     | 0.22                               |
| Ares European CLO IX FRN 4.175% 14/10/2030                                | EUR 1,000,000 | 815                     | 0.22                               |
| Blackrock European CLO IX FRN 5.926% 15/12/2032                           | EUR 1,000,000 | 805                     | 0.22                               |
| Ares European CLO VIII FRN 6.977% 17/04/2032                              | EUR 1,000,000 | 803                     | 0.22                               |
| Harvest CLO VIII FRN 7.727% 15/01/2031                                    | EUR 1,040,000 | 782                     | 0.21                               |
| Ares European CLO IX FRN 7.475% 14/10/2030                                | EUR 1,000,000 | 760                     | 0.20                               |
| Providus CLO VIII FRN 5.387% 20/05/2037                                   | EUR 886,000   | 753                     | 0.20                               |

**Portfolio statement (continued)**  
**As at 30 June 2023**

| Asset  | Holding       | Market value (£'000) | Percentage of net assets (%) |
|--|---------------|----------------------|------------------------------|
| <b>Collateralised loan obligations 18.89% (31.12.22: 16.43%) (continued)</b> |               |                      |                              |
| Harvest CLO XVIII FRN 7.807% 15/10/2030                                      | EUR 1,000,000 | 725                  | 0.19                         |
| Aqueduct European Clo 7-2022 FRN 5.2474% 15/03/2036                          | EUR 706,000   | 607                  | 0.16                         |
| Sound Point Euro Clo IX Funding FRN 5.937% 15/01/2032                        | EUR 700,000   | 596                  | 0.16                         |
| CVC Cordatus Loan Fund XXIV FRN 6.721% 23/10/2034                            | EUR 600,000   | 515                  | 0.14                         |
| Sculptor European CLO V FRN 6.426% 14/01/2032                                | EUR 580,000   | 460                  | 0.12                         |
| Richmond Park CLO 1 FRN 8.276% 14/07/2031                                    | EUR 550,000   | 453                  | 0.12                         |
| Blackrock European CLO IV FRN 7.977% 15/07/2030                              | EUR 500,000   | 375                  | 0.10                         |
| Adagio CLO VII FRN 8.205% 10/10/2031   | EUR 500,000   | 359                  | 0.10                         |
| Phoenix Park CLO FRN 8.502% 29/10/2031                                       | EUR 450,000   | 341                  | 0.09                         |
| Contego CLO III FRN 5.477% 15/10/2030  | EUR 400,000   | 313                  | 0.08                         |
| Bain Capital Euro CLO 2019-1 FRN 5.577% 15/04/2032                           | EUR 300,000   | 240                  | 0.06                         |
| Contego CLO IV FRN 5.861% 23/01/2030   | EUR 305,000   | 235                  | 0.06                         |
| Harvest CLO XVIII FRN 5.727% 15/10/2030                                      | EUR 300,000   | 230                  | 0.06                         |
| Blackrock European CLO V FRN 7.617% 16/07/2031                               | EUR 250,000   | 185                  | 0.05                         |
| Carlyle Global Market Strategies Euro CLO 2014-3 FRN 4.861% 25/01/2032       | EUR 200,000   | 161                  | 0.04                         |
|  |               | <b>70,622</b>        | <b>18.89</b>                 |
| <b>Corporate bonds 71.95% (31.12.22: 78.91%)</b>                             |               |                      |                              |
| Telecom Italia 5.303% 30/05/2024   | USD 7,249,000 | 5,578                | 1.49                         |
| Banjijay 6.5% 01/03/2026   | EUR 5,446,000 | 4,640                | 1.24                         |
| Jaguar Land Rover Automotive 5.875% 15/11/2024                               | EUR 5,330,000 | 4,574                | 1.22                         |
| BPCE 5.7% 22/10/2023   | USD 5,133,000 | 4,034                | 1.08                         |
| TeamSystem FRN 6.927% 15/02/2028   | EUR 4,424,000 | 3,688                | 0.99                         |
| CPUK Finance 6.5% 28/08/2026   | GBP 3,824,000 | 3,626                | 0.97                         |
| Open Text 6.9% 01/12/2027  | USD 4,408,000 | 3,547                | 0.95                         |
| Credit Agricole 7.875% Perpetual   | USD 4,360,000 | 3,409                | 0.91                         |
| ING 6.75% Perpetual  | USD 4,490,000 | 3,383                | 0.90                         |
| TK Elevator Midco FRN 7.927% 15/07/2027                                      | EUR 3,910,000 | 3,332                | 0.89                         |
| Prime Healthcare Services 7.25% 01/11/2025                                   | USD 4,432,000 | 3,318                | 0.89                         |
| CSC 5.25% 01/06/2024   | USD 4,185,000 | 3,077                | 0.82                         |
| Charter Communications Operating 6.384% 23/10/2035                           | USD 3,956,000 | 3,032                | 0.81                         |
| Olympus Water 9.625% 15/11/2028  | EUR 3,683,000 | 3,027                | 0.81                         |
| Skandinaviska Enskilda Banken 1.375% 31/10/2028                              | EUR 3,510,000 | 2,972                | 0.79                         |
| Ford Motor Credit 6.86% 05/06/2026   | GBP 3,035,000 | 2,960                | 0.79                         |
| Resorts World Las Vegas 4.625% 16/04/2029                                    | USD 4,400,000 | 2,859                | 0.76                         |
| Lloyds Banking 3.87% 09/07/2025  | USD 3,692,000 | 2,841                | 0.76                         |
| KBC 4.75% Perpetual  | EUR 3,400,000 | 2,809                | 0.75                         |
| Newell Brands 4.7% 01/04/2026  | USD 3,734,000 | 2,766                | 0.74                         |
| SBB Treasury 1.125% 26/11/2029   | EUR 5,504,000 | 2,743                | 0.73                         |
| GLP Capital 4% 15/01/2031  | USD 3,900,000 | 2,660                | 0.71                         |
| Sirius XM Radio 5.5% 01/07/2029  | USD 3,660,000 | 2,584                | 0.69                         |
| Connect Finco 6.75% 01/10/2026   | USD 3,370,000 | 2,581                | 0.69                         |
| United Group FRN 6.573% 15/02/2026   | EUR 3,112,000 | 2,545                | 0.68                         |
| Abercrombie & Fitch Management 8.75% 15/07/2025                              | USD 3,050,000 | 2,457                | 0.66                         |
| BNP Paribas 6.625% Perpetual   | USD 3,168,000 | 2,413                | 0.65                         |
| VICI Properties 4.125% 15/08/2030  | USD 3,490,000 | 2,412                | 0.64                         |
| Multiversity FRN 7.5% 30/10/2028   | EUR 2,822,000 | 2,390                | 0.64                         |
| TalkTalk Telecom 3.875% 20/02/2025   | GBP 2,920,000 | 2,358                | 0.63                         |
| Berry Global 4.875% 15/07/2026   | USD 3,074,000 | 2,350                | 0.63                         |
| Deutsche Telekom International Finance 8.75% 15/06/2030                      | USD 2,480,000 | 2,331                | 0.62                         |
| Vodafone 6.25% 03/10/2078  | USD 2,941,000 | 2,297                | 0.61                         |
| ING 2.5% 15/02/2029  | EUR 2,700,000 | 2,267                | 0.61                         |
| Nationwide Building Society 5.875% Perpetual                                 | GBP 2,420,000 | 2,256                | 0.60                         |
| Lumen Technologies 4% 15/02/2027   | USD 3,590,000 | 2,109                | 0.56                         |
| Cimpress 7% 15/06/2026   | USD 2,947,000 | 2,100                | 0.56                         |
| QVC 4.375% 01/09/2028  | USD 4,607,000 | 2,081                | 0.56                         |
| Lorca Telecom Bondco 4% 18/09/2027   | EUR 2,643,000 | 2,069                | 0.55                         |
| QVC 4.45% 15/02/2025   | USD 2,990,000 | 2,048                | 0.55                         |
| BPCE 2.277% 20/01/2032   | USD 3,370,000 | 2,044                | 0.55                         |
| Carnival 9.875% 01/08/2027   | USD 2,490,000 | 2,041                | 0.55                         |
| Iberdrola International 2.25% Perpetual                                      | EUR 2,900,000 | 2,041                | 0.55                         |
| Svenska Handelsbanken 6.25% Perpetual  | USD 2,600,000 | 2,008                | 0.54                         |
| Heimstaden Bostad 2.625% Perpetual   | EUR 4,960,000 | 1,990                | 0.53                         |
| Morgan Stanley 3.622% 01/04/2031   | USD 2,775,000 | 1,968                | 0.53                         |
| Techem Verwaltungsgesellschaft 675 2% 15/07/2025                             | EUR 2,390,000 | 1,948                | 0.52                         |

**Portfolio statement (continued)**  
**As at 30 June 2023**

| Asset  | Holding       | Market value (£'000) | Percentage of net assets (%) |
|--|---------------|----------------------|------------------------------|
| <b>Corporate bonds 71.95% (31.12.22: 78.91%) (continued)</b> |               |                      |                              |
| NatWest 5.516% 30/09/2028                                    | USD 2,504,000 | 1,937                | 0.52                         |
| Viasat 6.5% 15/07/2028                                       | USD 2,930,000 | 1,937                | 0.52                         |
| NCL 3.625% 15/12/2024  | USD 2,530,000 | 1,920                | 0.51                         |
| INEOS Quattro Finance 1 3.75% 15/07/2026                     | EUR 2,527,000 | 1,905                | 0.51                         |
| Sprint Capital 8.75% 15/03/2032                              | USD 1,990,000 | 1,889                | 0.50                         |
| Carnival 1% 28/10/2029                                       | EUR 3,480,000 | 1,864                | 0.50                         |
| CCO 7.375% 01/03/2031  | USD 2,410,000 | 1,850                | 0.49                         |
| Ardagh Metal Packaging Finance 6% 15/06/2027                 | USD 2,370,000 | 1,839                | 0.49                         |
| HSBC 8.201% 16/11/2034                                       | GBP 1,810,000 | 1,831                | 0.49                         |
| Enel 6.375% Perpetual  | EUR 2,080,000 | 1,798                | 0.48                         |
| United Group 3.625% 15/02/2028                               | EUR 2,610,000 | 1,776                | 0.47                         |
| Bellis Acquisition 3.25% 16/02/2026                          | GBP 2,117,000 | 1,772                | 0.47                         |
| LABL 10.5% 15/07/2027  | USD 2,330,000 | 1,771                | 0.47                         |
| Mileage Plus 6.5% 20/06/2027                                 | USD 2,216,000 | 1,753                | 0.47                         |
| Warnermedia 4.054% 15/03/2029                                | USD 2,410,000 | 1,732                | 0.46                         |
| Lowe's 4.5% 15/04/2030                                       | USD 2,190,000 | 1,675                | 0.45                         |
| Marriott International 4.625% 15/06/2030                     | USD 2,220,000 | 1,673                | 0.45                         |
| Bausch Health 4.875% 01/06/2028                              | USD 3,590,000 | 1,672                | 0.45                         |
| Credit Agricole 4.875% 23/10/2029                            | GBP 1,800,000 | 1,672                | 0.45                         |
| British Telecommunications 9.625% 15/12/2030                 | USD 1,680,000 | 1,623                | 0.43                         |
| UBS 7% Perpetual   | USD 2,088,000 | 1,596                | 0.43                         |
| Telefonica Europe 8.25% 15/09/2030                           | USD 1,750,000 | 1,595                | 0.43                         |
| Rabobank 4.625% Perpetual                                    | EUR 2,000,000 | 1,558                | 0.42                         |
| Sprint Capital 6.875% 15/11/2028                             | USD 1,810,000 | 1,508                | 0.40                         |
| Digital Dutch Finco 1% 15/01/2032                            | EUR 2,490,000 | 1,505                | 0.40                         |
| LKQ 5.75% 15/06/2028   | USD 1,916,000 | 1,498                | 0.40                         |
| HCA 5.625% 01/09/2028  | USD 1,900,000 | 1,497                | 0.40                         |
| Erste Group Bank 6.5% Perpetual                              | EUR 1,800,000 | 1,494                | 0.40                         |
| Altice France 10.5% 15/05/2027                               | USD 3,122,000 | 1,488                | 0.40                         |
| Enel Finance America 7.1% 14/10/2027                         | USD 1,781,000 | 1,479                | 0.40                         |
| Deutsche Bank 4.875% 01/12/2032                              | USD 2,215,000 | 1,473                | 0.39                         |
| Verisure Midholding 5.25% 15/02/2029                         | EUR 1,979,000 | 1,470                | 0.39                         |
| Georgia-Pacific 7.75% 15/11/2029                             | USD 1,620,000 | 1,443                | 0.39                         |
| NatWest 7.416% 06/06/2033                                    | GBP 1,490,000 | 1,441                | 0.39                         |
| Morgan Stanley 4.813% 25/10/2028                             | EUR 1,630,000 | 1,414                | 0.38                         |
| Vodafone 7.875% 15/02/2030                                   | USD 1,507,000 | 1,356                | 0.36                         |
| VICI Properties 4.25% 01/12/2026                             | USD 1,830,000 | 1,353                | 0.36                         |
| Orange 9% 01/03/2031   | USD 1,390,000 | 1,346                | 0.36                         |
| Energean Israel Finance 5.375% 30/03/2028                    | USD 1,810,000 | 1,289                | 0.34                         |
| Nykredit Realkredit 5.5% 29/12/2032                          | EUR 1,500,000 | 1,260                | 0.34                         |
| BNP Paribas 5.335% 12/06/2029                                | USD 1,611,000 | 1,252                | 0.33                         |
| HSBC 7.336% 03/11/2026                                       | USD 1,510,000 | 1,227                | 0.33                         |
| MPT Operating Partnership 2.55% 05/12/2023                   | GBP 1,252,000 | 1,205                | 0.32                         |
| Nationwide Building Society 6.178% 07/12/2027                | GBP 1,245,000 | 1,205                | 0.32                         |
| Vodafone 4.125% 04/06/2081                                   | USD 1,930,000 | 1,203                | 0.32                         |
| Bank of America 5.015% 22/07/2033                            | USD 1,539,000 | 1,177                | 0.31                         |
| Nobel Bidco 3.125% 15/06/2028                                | EUR 1,704,000 | 1,148                | 0.31                         |
| Carnival 10.125% 01/02/2026                                  | EUR 1,270,000 | 1,143                | 0.31                         |
| TotalEnergies 1.75% Perpetual                                | EUR 1,370,000 | 1,137                | 0.30                         |
| Braskem Netherlands Finance 4.5% 31/01/2030                  | USD 1,670,000 | 1,131                | 0.30                         |
| ARD Finance 5% 30/06/2027                                    | EUR 1,698,051 | 1,126                | 0.30                         |
| Altice France 5.125% 15/01/2029                              | USD 1,991,000 | 1,120                | 0.30                         |
| Sirius XM Radio 4% 15/07/2028                                | USD 1,650,000 | 1,116                | 0.30                         |
| Trivium Packaging Finance FRN 7.073% 15/08/2026              | EUR 1,310,000 | 1,106                | 0.30                         |
| Bath & Body Works 6.75% 01/07/2036                           | USD 1,556,000 | 1,100                | 0.29                         |
| Bellis Finco 4% 16/02/2027                                   | GBP 1,480,000 | 1,098                | 0.29                         |
| DNB Bank 4.875% Perpetual                                    | USD 1,450,000 | 1,078                | 0.29                         |
| Mauser Packaging Solutions 9.25% 15/04/2027                  | USD 1,470,000 | 1,071                | 0.29                         |
| JPMorgan Chase & Co FRN 6.2703% 24/02/2028                   | USD 1,350,000 | 1,070                | 0.29                         |
| Nationwide Building Society 5.75% Perpetual                  | GBP 1,240,000 | 1,059                | 0.28                         |
| Vmed O2 UK Financing I 4.5% 15/07/2031                       | GBP 1,370,000 | 1,037                | 0.28                         |
| Newell Brands 5.875% 01/04/2036                              | USD 1,510,000 | 997                  | 0.27                         |
| INEOS Finance 2.875% 01/05/2026                              | EUR 1,240,000 | 973                  | 0.26                         |
| Wynn Las Vegas 5.5% 01/03/2025                               | USD 1,250,000 | 970                  | 0.26                         |
| HSBC 6.375% Perpetual  | USD 1,280,000 | 969                  | 0.26                         |
| Dollar General 5% 01/11/2032                                 | USD 1,270,000 | 968                  | 0.26                         |
| Ardagh Metal Packaging Finance 3% 01/09/2029                 | EUR 1,520,000 | 968                  | 0.26                         |
| Dell International 5.3% 01/10/2029                           | USD 1,240,000 | 966                  | 0.26                         |

**Portfolio statement (continued)**  
**As at 30 June 2023**

| Asset  | Holding       | Market value (£'000) | Percentage of net assets (%) |
|--|---------------|----------------------|------------------------------|
| <b>Corporate bonds 71.95% (31.12.22: 78.91%) (continued)</b> |               |                      |                              |
| Morgan Stanley 5.948% 19/01/2038                             | USD 1,240,000 | 965                  | 0.26                         |
| Bank of America 4.948% 22/07/2028                            | USD 1,240,000 | 959                  | 0.26                         |
| Lloyds Banking 5.871% 06/03/2029                             | USD 1,220,000 | 954                  | 0.25                         |
| Enel Finance International 7.5% 14/10/2032                   | USD 1,080,000 | 942                  | 0.25                         |
| Chrome Holdco 5% 31/05/2029                                  | EUR 1,460,000 | 935                  | 0.25                         |
| Jaguar Land Rover Automotive 6.875% 15/11/2026               | EUR 1,100,000 | 935                  | 0.25                         |
| Outfront Media Capital 4.25% 15/01/2029                      | USD 1,405,000 | 932                  | 0.25                         |
| InterContinental Hotels 3.375% 08/10/2028                    | GBP 1,080,000 | 915                  | 0.24                         |
| News 3.875% 15/05/2029                                       | USD 1,314,000 | 913                  | 0.24                         |
| Digital Euro Finco 2.5% 16/01/2026                           | EUR 1,140,000 | 912                  | 0.24                         |
| NatWest 4.067% 06/09/2028                                    | EUR 1,080,000 | 898                  | 0.24                         |
| MPT Operating Partnership 3.5% 15/03/2031                    | USD 1,656,000 | 898                  | 0.24                         |
| At Home 4.875% 15/07/2028                                    | USD 2,152,000 | 891                  | 0.24                         |
| Barclays 2.645% 24/06/2031                                   | USD 1,386,000 | 874                  | 0.23                         |
| Iceland Bondco 4.375% 15/05/2028                             | GBP 1,107,000 | 866                  | 0.23                         |
| Comcast 5.5% 15/11/2032                                      | USD 1,050,000 | 856                  | 0.23                         |
| MPT Operating Partnership 3.692% 05/06/2028                  | GBP 1,190,000 | 822                  | 0.22                         |
| United Group FRN 7.448% 15/05/2025                           | EUR 960,000   | 818                  | 0.22                         |
| Comcast 7.05% 15/03/2033                                     | USD 900,000   | 815                  | 0.22                         |
| Discovery Communications 3.95% 20/03/2028                    | USD 1,065,000 | 780                  | 0.21                         |
| CSC 4.5% 15/11/2031  | USD 1,420,000 | 779                  | 0.21                         |
| BCP V Modular Services Finance 6.75% 30/11/2029              | EUR 1,190,000 | 772                  | 0.21                         |
| Electricite de France 4.25% 25/01/2032                       | EUR 900,000   | 763                  | 0.20                         |
| CPI Property 1.5% 27/01/2031                                 | EUR 1,620,000 | 750                  | 0.20                         |
| SCIL IV FRN 7.625% 01/11/2026                                | EUR 880,000   | 741                  | 0.20                         |
| SCIL IV 5.375% 01/11/2026                                    | USD 1,020,000 | 732                  | 0.20                         |
| Electricite de France 2.875% Perpetual                       | EUR 1,000,000 | 732                  | 0.20                         |
| Skandinaviska Enskilda Banken 5.125% Perpetual               | USD 1,000,000 | 727                  | 0.19                         |
| JPMorgan Chase & Co 4.851% 25/07/2028                        | USD 920,000   | 715                  | 0.19                         |
| Morgan Stanley 5.148% 25/01/2034                             | EUR 790,000   | 709                  | 0.19                         |
| JPMorgan Chase & Co 4.912% 25/07/2033                        | USD 920,000   | 705                  | 0.19                         |
| Heimstaden Bostad 3% Perpetual                               | EUR 1,650,000 | 699                  | 0.19                         |
| Jaguar Land Rover Automotive 7.75% 15/10/2025                | USD 880,000   | 697                  | 0.19                         |
| Ford Motor Credit 6.95% 06/03/2026                           | USD 880,000   | 697                  | 0.19                         |
| Barclays 8.875% Perpetual                                    | GBP 746,000   | 687                  | 0.18                         |
| SBB Treasury FRN 3.831% 08/02/2024                           | EUR 900,000   | 686                  | 0.18                         |
| Samhallsbyggnadsbolaget i Norden 1.75% 14/01/2025            | EUR 970,000   | 684                  | 0.18                         |
| Olympus Water 5.375% 01/10/2029                              | EUR 1,140,000 | 682                  | 0.18                         |
| Electricite de France 6.25% 23/05/2033                       | USD 789,000   | 629                  | 0.17                         |
| CCO 6.375% 01/09/2029  | USD 841,000   | 625                  | 0.17                         |
| NatWest 4.771% 16/02/2029                                    | EUR 718,000   | 607                  | 0.16                         |
| CPI Property 4.875% Perpetual                                | EUR 1,741,000 | 597                  | 0.16                         |
| Dollar General 5.45% 05/07/2033                              | USD 755,000   | 588                  | 0.16                         |
| UBS 7.75% 01/03/2029   | EUR 618,000   | 588                  | 0.16                         |
| Adient Global 3.5% 15/08/2024                                | EUR 691,221   | 582                  | 0.16                         |
| United Group 4.875% 01/07/2024                               | EUR 670,000   | 569                  | 0.15                         |
| Chart Industries 7.5% 01/01/2030                             | USD 666,000   | 537                  | 0.14                         |
| Barclays 5.262% 29/01/2034                                   | EUR 620,000   | 530                  | 0.14                         |
| Jaguar Land Rover Automotive 2.2% 15/01/2024                 | EUR 620,000   | 522                  | 0.14                         |
| Morgan Stanley 6.342% 18/10/2033                             | USD 620,000   | 518                  | 0.14                         |
| Telefonica Europe 3% Perpetual                               | EUR 600,000   | 509                  | 0.14                         |
| Bausch Health 6.125% 01/02/2027                              | USD 978,000   | 492                  | 0.13                         |
| MPT Operating Partnership 3.325% 24/03/2025                  | EUR 640,000   | 491                  | 0.13                         |
| Adient Global 7% 15/04/2028                                  | USD 597,000   | 478                  | 0.13                         |
| CPI Property 3.75% Perpetual                                 | EUR 1,760,000 | 443                  | 0.12                         |
| Nationwide Building Society 4.85% 27/07/2027                 | USD 490,000   | 374                  | 0.10                         |
| UBS 2.125% 13/10/2026  | EUR 460,000   | 368                  | 0.10                         |
| CPUK Finance 4.875% 28/08/2025                               | GBP 380,000   | 360                  | 0.10                         |
| Shimao 5.6% 15/07/2026                                       | USD 4,507,000 | 357                  | 0.10                         |
| Kaisa 9.375% 30/06/2024                                      | USD 5,037,000 | 252                  | 0.07                         |
| Landesbank Baden-Wuerttemberg 4% Perpetual                   | EUR 400,000   | 244                  | 0.06                         |
| Olympus Water 6.25% 01/10/2029                               | USD 330,000   | 188                  | 0.05                         |
| Kaisa 11.7% 11/11/2025                                       | USD 3,290,000 | 171                  | 0.05                         |
| Electricite de France 5.7% 23/05/2028                        | USD 200,000   | 158                  | 0.04                         |
| Rabobank 3.25% Perpetual                                     | EUR 200,000   | 142                  | 0.04                         |
| Heimstaden Bostad 3.375% Perpetual                           | EUR 190,000   | 82                   | 0.02                         |
| Zhenro Properties 6.63% 07/01/2026                           | USD 3,250,000 | 32                   | 0.01                         |

**Portfolio statement (continued)**  
**As at 30 June 2023**

| Asset   | Holding       | Market value (£'000) | Percentage of net assets (%) |
|---|---------------|----------------------|------------------------------|
| <b>Corporate bonds 71.95% (31.12.22: 78.91%) (continued)</b>          |               |                      |                              |
| Kaisa 8.5% 30/06/2022   | USD 410,000   | 20                   | 0.01                         |
| Zhenro Properties 7.875% 14/04/2024                                   | USD 670,000   | 20                   | 0.01                         |
|   |               | <b>269,045</b>       | <b>71.95</b>                 |
| <b>Derivatives – futures (0.24%) (31.12.22: 0.10%)</b>                |               |                      |                              |
| US Treasury Note 10 Year Futures 20/09/2023                           | 135           | (175)                | (0.05)                       |
| US Treasury Note 5 Year Futures 29/09/2023                            | 413           | (715)                | (0.19)                       |
|   |               | <b>(890)</b>         | <b>(0.24)</b>                |
| <b>Derivatives – options 0.06% (31.12.22: 0.00%)</b>                  |               |                      |                              |
| Bank of America 0.045 Put Option August 2023                          | 44,230,000    | 185                  | 0.05                         |
| Bank of America 0.0525 Put Option August 2023                         | 23,950,000    | 32                   | 0.01                         |
|   |               | <b>217</b>           | <b>0.06</b>                  |
| <b>Derivatives – credit default swaps (0.01%) (31.12.22: 0.00%)</b>   |               |                      |                              |
| Citigroup Markit Itrax 100 BPS 20/06/2028                             |               | 124                  | 0.03                         |
| Citigroup Markit Itrax Xover 100 BPS 20/06/2028                       |               | 112                  | 0.03                         |
| Citigroup Markit Itrax Xover 100 BPS 20/06/2028                       |               | 59                   | 0.02                         |
| Citigroup Markit Itrax 100 BPS 20/06/2028                             |               | (60)                 | (0.02)                       |
| CitiGroup Markit CDX 100 BPS 20/06/2028                               |               | (74)                 | (0.02)                       |
| Citigroup Markit Itrax 100 BPS 20/06/2028                             |               | (82)                 | (0.02)                       |
| CitiGroup Markit CDX 100 BPS 20/06/2028                               |               | (101)                | (0.03)                       |
|   |               | <b>(22)</b>          | <b>(0.01)</b>                |
| <b>Forward foreign exchange contracts (0.68%) (31.12.22: (2.09%))</b> |               |                      |                              |
| <b>Forward currency contracts</b>                                     |               |                      |                              |
| <b>Euro</b>   |               |                      |                              |
| Buy EUR   | 4,240,000     | for GBP (3,644,955)  | (2)                          |
| Sell EUR  | (182,752,176) | for GBP 156,565,439  | (475)                        |
| <b>US dollar</b>  |               |                      |                              |
| Buy USD   | 7,410,000     | for GBP (5,873,712)  | (16)                         |
| Sell USD  | (232,502,130) | for GBP 181,746,251  | (2,058)                      |
|   |               |                      | <b>(2,551)</b>               |
|   |               |                      | <b>(0.68)</b>                |
| Portfolio of investments <sup>^</sup>                                 |               | 349,779              | 93.54                        |
| Net other assets <sup>*</sup>   |               | 24,165               | 6.46                         |
| <b>Net assets</b>   |               | <b>373,944</b>       | <b>100.00</b>                |

<sup>^</sup> Including derivative liabilities.

<sup>\*</sup> The net other assets figure includes any bank or short term cash deposits.

Securities shown as FRNs represent Floating Rate Notes - debt instruments that pay a floating rate of interest, usually based on an accepted market benchmark rate such as SONIA.

Fixed interest securities are traded on a regulated market, unless otherwise stated.

The collective investment schemes investments, credit default swaps and the forward foreign exchange contracts are not listed.

## Portfolio Analysis

As at 30 June 2023

### Portfolio analysis

| Asset                              | 30.06.23             |                              | 31.12.22             |                              |
|------------------------------------|----------------------|------------------------------|----------------------|------------------------------|
|                                    | Market value (£'000) | Percentage of net assets (%) | Market value (£'000) | Percentage of net assets (%) |
| Bonds                              | 339,667              | 90.84                        | 342,287              | 95.34                        |
| Collective investment schemes      | 13,358               | 3.57                         | 3,887                | 1.08                         |
| Derivatives                        | (695)                | (0.19)                       | 328                  | 0.10                         |
| Forward foreign exchange contracts | (2,551)              | (0.68)                       | (7,525)              | (2.09)                       |
| Net other assets                   | 24,165               | 6.46                         | 19,982               | 5.57                         |
| <b>Net assets</b>                  | <b>373,944</b>       | <b>100.00</b>                | <b>358,959</b>       | <b>100.00</b>                |

### Credit Breakdown\*

| Asset              | 30.06.23             |                              | 31.12.22             |                              |
|--------------------|----------------------|------------------------------|----------------------|------------------------------|
|                    | Market value (£'000) | Percentage of net assets (%) | Market value (£'000) | Percentage of net assets (%) |
| AAA                | 4,784                | 1.27                         | 2,164                | 0.60                         |
| AA                 | 11,398               | 3.05                         | 6,460                | 1.80                         |
| A                  | 57,923               | 15.51                        | 48,440               | 13.52                        |
| BBB                | 108,094              | 28.90                        | 120,809              | 33.65                        |
| BB                 | 59,712               | 15.93                        | 80,884               | 22.52                        |
| B                  | 80,142               | 21.46                        | 71,858               | 20.00                        |
| CCC                | 17,119               | 4.57                         | 11,626               | 3.24                         |
| C                  | 495                  | 0.15                         | 46                   | 0.01                         |
| <b>Total bonds</b> | <b>339,667</b>       | <b>90.84</b>                 | <b>342,287</b>       | <b>95.34</b>                 |

\* Bond ratings are Ninety One approximations.

# Authorised Corporate Director's Report

## **Authorised Corporate Director's report**

The Authorised Corporate Director (the "ACD") of Ninety One Funds Series ii (the "Company") is Ninety One Fund Managers UK Limited. The ACD is the sole director of the Company.

## **Authorised status**

The Company is an investment company with variable capital incorporated in England and Wales under registered number IC125 and authorised by the Financial Conduct Authority (the "FCA") with effect from 7 September 2001

The Company is structured as an umbrella company in that different sub-funds (the "Funds") may be established from time to time by the ACD with the approval of the FCA. The Company currently comprises four Funds.

The Company (and therefore the Funds) has been certified by the FCA as complying with the FCA Collective Investment Scheme ("COLL") Sourcebook and the Collective Investment Schemes (Amendment etc) (EU Exit) Regulations 2019 No.325 including any amendments or updates made in relation thereto. The Company has an unlimited duration.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and policy applicable to that Fund. Investment of the assets of each of the Funds must comply with the investment objective and policy of the relevant Fund.

Under English law, the Funds are segregated portfolios of assets and the assets of a Fund belong exclusively to that Fund. The assets of a Fund shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each Fund charges will be allocated between share classes in accordance with their terms of issue. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the shareholders generally. This will normally be pro rata to the net asset value of the relevant Funds. Shareholders are not liable for the debts of the Company.

## **Accounting period covered by these accounts**

The accounting period covered in these accounts is from 1 January 2023 to 30 June 2023.

## **Changes during the accounting period**

### **Changes made following required notice:**

There were no fundamental changes to the Funds that required shareholder approval nor were there any significant changes to the operation of the Funds requiring pre-notification.

**Authorised Corporate Director's Report (continued)**

**Other changes made:**

There were no changes made during the period under review.

**John Green**

Director of the ACD

30 August 2023

**Adam Fletcher**

Director of the ACD



# American Franchise Fund

## Comparative tables

As at 30 June 2023

Net Asset Value and Ongoing Charges Figure

|                                       | 'A' Class (Accumulation shares) |            |            |            | 'A' Class (GBP Hedged Accumulation shares) |          |          |          |
|---------------------------------------|---------------------------------|------------|------------|------------|--|----------|----------|----------|
|                                       | 30.06.23                        | 31.12.22   | 31.12.21   | 31.12.20   | 30.06.23                                   | 31.12.22 | 31.12.21 | 31.12.20 |
| Closing net asset value (£'000)       | 139,765                         | 124,171    | 159,254    | 111,489    | 694  | 559      | 767      | 1,206    |
| Closing number of shares              | 19,701,854                      | 19,860,844 | 21,844,039 | 19,625,019 | 170,322                                    | 162,068  | 166,257  | 331,624  |
| Closing net asset value per share (p) | 709.40                          | 625.20     | 729.05     | 568.10     | 407.75                                     | 344.69   | 461.32   | 363.64   |
| Operating charges                     | 1.59%                           | 1.59%      | 1.58%      | 1.58%      | 1.63%                                      | 1.62%    | 1.61%    | 1.61%    |

  

|   | 'A' Class (USD Accumulation shares) |            |            |           | 'B' Class (Accumulation shares) |          |          |          |
|---|-------------------------------------|------------|------------|-----------|---------------------------------|----------|----------|----------|
|   | 30.06.23                            | 31.12.22   | 31.12.21   | 31.12.20  | 30.06.23                        | 31.12.22 | 31.12.21 | 31.12.20 |
| Closing net asset value (USD'000)/(£'000) | 106,286                             | 89,518     | 118,123    | 13,294    | 5,439                           | 5,105    | 6,593    | 5,665    |
| Closing number of shares                  | 11,838,128                          | 11,884,706 | 12,014,546 | 1,713,372 | 730,973                         | 779,366  | 865,386  | 956,606  |
| Closing net asset value per share (c)/(p) | 897.82                              | 753.22     | 983.17     | 775.87    | 744.08                          | 654.96   | 761.83   | 592.17   |
| Operating charges                         | 1.59%                               | 1.59%      | 1.58%      | 1.58%     | 1.34%                           | 1.34%    | 1.33%    | 1.33%    |

  

|                                       | 'I' Class (Accumulation shares) |            |            |            | 'R' Class (Accumulation shares) |           |           |           |
|---------------------------------------|---------------------------------|------------|------------|------------|---------------------------------|-----------|-----------|-----------|
|                                       | 30.06.23                        | 31.12.22   | 31.12.21   | 31.12.20   | 30.06.23                        | 31.12.22  | 31.12.21  | 31.12.20  |
| Closing net asset value (£'000)       | 286,910                         | 269,659    | 386,131    | 329,914    | 8,999                           | 7,870     | 9,054     | 7,194     |
| Closing number of shares              | 58,395,544                      | 62,507,447 | 77,334,913 | 85,432,490 | 1,840,443                       | 1,830,906 | 1,815,296 | 1,860,348 |
| Closing net asset value per share (p) | 491.32                          | 431.40     | 499.30     | 386.17     | 488.97                          | 429.87    | 498.76    | 386.72    |
| Operating charges                     | 0.84%                           | 0.84%      | 0.83%      | 0.83%      | 1.09%                           | 1.09%     | 1.08%     | 1.08%     |

  

|   | 'S' Class (Accumulation shares) |           |           |           | 'S' Class (USD Accumulation shares) <sup>1</sup> |          |          |          |
|---|---------------------------------|-----------|-----------|-----------|--|----------|----------|----------|
|   | 30.06.23                        | 31.12.22  | 31.12.21  | 31.12.20  | 30.06.23   | 31.12.22 | 31.12.21 | 31.12.20 |
| Closing net asset value (£'000)/(USD'000) | 10,595                          | 9,675     | 11,511    | 9,144     | 10   | 8        | 11       | –        |
| Closing number of shares                  | 1,716,849                       | 1,792,104 | 1,856,213 | 1,920,674 | 10,000   | 10,000   | 10,000   | –        |
| Closing net asset value per share (p)/(c) | 617.13                          | 539.86    | 620.15    | 476.06    | 100.47   | 83.66    | 107.57   | –        |
| Operating charges                         | 0.09%                           | 0.09%     | 0.08%     | 0.08%     | 0.09%  | 0.08%    | 0.09%    | –        |

<sup>1</sup> Launched 4 October 2021.

# Asia Pacific Franchise Fund

## Comparative tables

As at 30 June 2023

Net Asset Value and Ongoing Charges Figure

|                                       | 'A' Class (Accumulation shares) |           |           |           | 'B' Class (Accumulation shares) |          |          |          |
|---------------------------------------|---------------------------------|-----------|-----------|-----------|---------------------------------|----------|----------|----------|
|                                       | 30.06.23                        | 31.12.22  | 31.12.21  | 31.12.20  | 30.06.23                        | 31.12.22 | 31.12.21 | 31.12.20 |
| Closing net asset value (£'000)       | 32,379                          | 35,412    | 50,222    | 55,864    | 2,319                           | 2,469    | 2,839    | 3,162    |
| Closing number of shares              | 4,523,067                       | 4,812,829 | 6,029,519 | 6,182,983 | 31,218                          | 32,383   | 32,966   | 33,934   |
| Closing net asset value per share (p) | 715.87                          | 735.79    | 832.93    | 903.51    | 7,428.23                        | 7,625.68 | 8,610.71 | 9,316.96 |
| Operating charges                     | 1.63%                           | 1.65%     | 1.63%     | 1.62%     | 1.38%                           | 1.39%    | 1.38%    | 1.37%    |

  

|                                       | 'I' Class (Accumulation shares) |            |            |            | 'J' Class (Accumulation shares) <sup>1</sup> |            |            |            |
|---------------------------------------|---------------------------------|------------|------------|------------|--|------------|------------|------------|
|                                       | 30.06.23                        | 31.12.22   | 31.12.21   | 31.12.20   | 30.06.23                                     | 31.12.22   | 31.12.21   | 31.12.20   |
| Closing net asset value (£'000)       | 107,282                         | 127,082    | 174,043    | 226,776    | 34,609                                       | 35,578     | 43,471     | 22,373     |
| Closing number of shares              | 28,916,852                      | 33,455,679 | 40,780,575 | 49,354,921 | 34,681,497                                   | 34,833,541 | 37,920,439 | 18,145,688 |
| Closing net asset value per share (p) | 371.00                          | 379.85     | 426.78     | 459.48     | 99.79  | 102.14     | 114.64     | 123.30     |
| Operating charges                     | 0.88%                           | 0.89%      | 0.88%      | 0.87%      | 0.78%  | 0.79%      | 0.78%      | 0.77%      |

  

|                                       | 'R' Class (Accumulation shares) |           |           |           |
|---------------------------------------|---------------------------------|-----------|-----------|-----------|
|                                       | 30.06.23                        | 31.12.22  | 31.12.21  | 31.12.20  |
| Closing net asset value (£'000)       | 15,192                          | 16,080    | 21,487    | 22,054    |
| Closing number of shares              | 7,160,065                       | 7,391,115 | 8,768,381 | 8,338,468 |
| Closing net asset value per share (p) | 212.17                          | 217.56    | 245.05    | 264.48    |
| Operating charges                     | 1.13%                           | 1.14%     | 1.13%     | 1.12%     |

1. Launched 1 June 2020.

# Global Strategic Equity Fund

## Comparative tables

As at 30 June 2023

Net Asset Value and Ongoing Charges Figure

|   | 'A' Class (Accumulation shares) |           |            |            | 'A' Class (USD Accumulation shares) |          |          |          |
|---|---------------------------------|-----------|------------|------------|-------------------------------------|----------|----------|----------|
|   | 30.06.23                        | 31.12.22  | 31.12.21   | 31.12.20   | 30.06.23                            | 31.12.22 | 31.12.21 | 31.12.20 |
| Closing net asset value (£'000)/(USD'000) | 114,288                         | 106,442   | 139,837    | 122,743    | 1,712                               | 1,467    | 89       | 70       |
| Closing number of shares                  | 8,898,100                       | 9,323,243 | 10,226,832 | 10,912,240 | 105,510                             | 106,895  | 4,833    | 4,581    |
| Closing net asset value per share (p)/(c) | 1,284.42                        | 1,141.69  | 1,367.36   | 1,124.82   | 1,622.43                            | 1,372.81 | 1,840.20 | 1,533.04 |
| Operating charges                         | 1.61%                           | 1.61%     | 1.60%      | 1.60%      | 1.61%                               | 1.59%    | 1.60%    | 1.60%    |

  

|                                       | 'I' Class (Accumulation shares) |            |            |            | 'I' Class (GBP Hedged Accumulation shares) |           |            |            |
|---------------------------------------|---------------------------------|------------|------------|------------|--|-----------|------------|------------|
|                                       | 30.06.23                        | 31.12.22   | 31.12.21   | 31.12.20   | 30.06.23                                   | 31.12.22  | 31.12.21   | 31.12.20   |
| Closing net asset value (£'000)       | 140,695                         | 132,955    | 171,435    | 268,157    | 222  | 4,018     | 32,168     | 37,566     |
| Closing number of shares              | 41,223,129                      | 43,988,410 | 47,715,711 | 91,411,443 | 142,449                                    | 3,033,582 | 18,035,249 | 25,972,894 |
| Closing net asset value per share (p) | 341.30                          | 302.25     | 359.28     | 293.35     | 155.73                                     | 132.45    | 178.36     | 144.64     |
| Operating charges                     | 0.86%                           | 0.86%      | 0.85%      | 0.85%      | 0.89%                                      | 0.89%     | 0.88%      | 0.88%      |

  

|                                       | 'R' Class (Accumulation shares) |            |            |            | 'S' Class (Accumulation shares) |           |           |           |
|---------------------------------------|---------------------------------|------------|------------|------------|---------------------------------|-----------|-----------|-----------|
|                                       | 30.06.23                        | 31.12.22   | 31.12.21   | 31.12.20   | 30.06.23                        | 31.12.22  | 31.12.21  | 31.12.20  |
| Closing net asset value (£'000)       | 32,888                          | 29,570     | 37,490     | 31,764     | 5,881                           | 5,742     | 8,847     | 7,544     |
| Closing number of shares              | 10,522,346                      | 10,670,002 | 11,351,984 | 11,750,605 | 1,338,846                       | 1,481,593 | 1,934,867 | 2,035,959 |
| Closing net asset value per share (p) | 312.55                          | 277.13     | 330.25     | 270.32     | 439.24                          | 387.54    | 457.22    | 370.52    |
| Operating charges                     | 1.11%                           | 1.11%      | 1.10%      | 1.10%      | 0.11%                           | 0.11%     | 0.10%     | 0.10%     |

# Global Total Return Credit Fund

## Comparative tables

As at 30 June 2023

Net Asset Value and Ongoing Charges Figure

|                                       | 'A' Class (Accumulation shares) <sup>1</sup> |           |           |          | 'A' Class (Income-2 shares) |           |            |          |
|---------------------------------------|--|-----------|-----------|----------|-----------------------------|-----------|------------|----------|
|                                       | 30.06.23                                     | 31.12.22  | 31.12.21  | 31.12.20 | 30.06.23                    | 31.12.22  | 31.12.21   | 31.12.20 |
| Closing net asset value (£'000)       | 5,419  | 5,524     | 6,718     | -        | 7,013                       | 7,388     | 10,453     | 14       |
| Closing number of shares              | 6,103,242                                    | 6,438,100 | 6,804,484 | -        | 8,694,587                   | 9,194,407 | 10,756,115 | 14,355   |
| Closing net asset value per share (p) | 88.80  | 85.80     | 98.73     | -        | 80.66                       | 80.35     | 97.18      | 100.09   |
| Operating charges                     | 1.35%  | 1.36%     | 1.35%     | -        | 1.35%                       | 1.36%     | 1.35%      | 1.42%    |

  

|                                       | 'I' Class (Accumulation shares) |             |             |             | 'I' Class (Income-2 shares) |            |            |          |
|---------------------------------------|---------------------------------|-------------|-------------|-------------|-----------------------------|------------|------------|----------|
|                                       | 30.06.23                        | 31.12.22    | 31.12.21    | 31.12.20    | 30.06.23                    | 31.12.22   | 31.12.21   | 31.12.20 |
| Closing net asset value (£'000)       | 118,022                         | 110,020     | 197,276     | 114,531     | 35,648                      | 34,594     | 45,891     | 493      |
| Closing number of shares              | 113,311,830                     | 109,644,442 | 171,893,021 | 101,682,391 | 42,719,247                  | 41,740,953 | 46,060,828 | 483,224  |
| Closing net asset value per share (p) | 104.16                          | 100.34      | 114.77      | 112.64      | 83.45                       | 82.88      | 99.63      | 102.01   |
| Operating charges                     | 0.75%                           | 0.76%       | 0.75%       | 0.79%       | 0.75%                       | 0.76%      | 0.75%      | 0.82%    |

  

|                                       | 'K' Class (Accumulation shares) |           |           |           | 'K' Class (Income-2 shares) |            |            |            |
|---------------------------------------|---------------------------------|-----------|-----------|-----------|-----------------------------|------------|------------|------------|
|                                       | 30.06.23                        | 31.12.22  | 31.12.21  | 31.12.20  | 30.06.23                    | 31.12.22   | 31.12.21   | 31.12.20   |
| Closing net asset value (£'000)       | 7,433                           | 6,418     | 7,360     | 8,278     | 10,161                      | 14,781     | 25,343     | 42,116     |
| Closing number of shares              | 7,049,323                       | 6,324,567 | 6,354,387 | 7,296,354 | 12,033,403                  | 17,641,891 | 25,212,430 | 41,000,904 |
| Closing net asset value per share (p) | 105.44                          | 101.48    | 115.83    | 113.46    | 84.44                       | 83.78      | 100.52     | 102.72     |
| Operating charges                     | 0.55%                           | 0.56%     | 0.55%     | 0.56%     | 0.55%                       | 0.56%      | 0.55%      | 0.56%      |

  

|                                       | 'R' Class (Accumulation shares) <sup>1</sup> |          |          |          | 'R' Class (Income-2 shares) <sup>1</sup> |           |           |          |
|---------------------------------------|--|----------|----------|----------|--|-----------|-----------|----------|
|                                       | 30.06.23                                     | 31.12.22 | 31.12.21 | 31.12.20 | 30.06.23                                 | 31.12.22  | 31.12.21  | 31.12.20 |
| Closing net asset value (£'000)       | 217  | 318      | 411      | -        | 5,061                                    | 5,103     | 6,378     | -        |
| Closing number of shares              | 242,558                                      | 368,066  | 415,936  | -        | 6,173,740                                | 6,265,306 | 6,507,186 | -        |
| Closing net asset value per share (p) | 89.57  | 86.33    | 98.84    | -        | 81.97                                    | 81.46     | 98.02     | -        |
| Operating charges                     | 0.85%  | 0.86%    | 0.85%    | -        | 0.85%                                    | 0.86%     | 0.85%     | -        |

  

|                                       | 'S' Class (Accumulation shares) <sup>1</sup> |             |            |          |
|---------------------------------------|--|-------------|------------|----------|
|                                       | 30.06.23                                     | 31.12.22    | 31.12.21   | 31.12.20 |
| Closing net asset value (£'000)       | 184,970                                      | 174,813     | 37,538     | -        |
| Closing number of shares              | 203,853,752                                  | 200,630,277 | 37,912,291 | -        |
| Closing net asset value per share (c) | 90.74  | 87.13       | 99.01      | -        |
| Operating charges                     | 0.10%  | 0.11%       | 0.10%      | -        |

<sup>1</sup> Launched 4 October 2021.

## Notes to the Aggregated Financial Statements

For the period ended 30 June 2023

### **Accounting policies**

The semi-annual financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022 and are described in those annual financial statements.

### **John Green**

Director of the ACD

### **Adam Fletcher**

Director of the ACD

30 August 2023

# American Franchise Fund

## Statement of total return

For the period ended 30 June 2023

|   | 30.06.23 |               | 30.06.22 |                  |
|---|----------|---------------|----------|------------------|
|   | £'000    | £'000         | £'000    | £'000            |
| <b>Income</b>   |          |               |          |                  |
| Net capital gains/(losses)  |          | 67,003        |          | (120,478)        |
| Revenue   | 1,951    |               | 2,264    |                  |
| Expenses  | (2,879)  |               | (3,129)  |                  |
| Interest payable and similar charges  | (1)      |               | (1)      |                  |
| Net expense before taxation   | (929)    |               | (866)    |                  |
| Taxation  | (414)    |               | (323)    |                  |
| Net expense after taxation  |          | (1,343)       |          | (1,189)          |
| <b>Total return before distribution</b>   |          | <b>65,660</b> |          | <b>(121,667)</b> |
| Distribution  |          | (1)           |          | -                |
| <b>Change in net assets attributable to shareholders from investment activities</b> |          | <b>65,659</b> |          | <b>(121,667)</b> |

## Statement of change in net assets attributable to shareholders

For the period ended 30 June 2023

|  | 30.06.23 |                | 30.06.22 |                |
|--|----------|----------------|----------|----------------|
|  | £'000    | £'000          | £'000    | £'000          |
| <b>Opening net assets attributable to shareholders</b>                       |          | <b>491,403</b> |          | <b>660,973</b> |
| Amounts receivable on creation of shares                                     | 24,433   |                | 31,004   |                |
| Amounts payable on cancellation of shares                                    | (45,043) |                | (43,793) |                |
|  |          | (20,610)       |          | (12,789)       |
| Change in net assets attributable to shareholders from investment activities |          | 65,659         |          | (121,667)      |
| <b>Closing net assets attributable to shareholders</b>                       |          | <b>536,452</b> |          | <b>526,517</b> |

## Balance sheet

As at 30 June 2023

|  | 30.06.23 |                | 31.12.22 |                |
|--|----------|----------------|----------|----------------|
|  | £'000    | £'000          | £'000    | £'000          |
| <b>Assets</b>                                  |          |                |          |                |
| Investments assets                             |          | 529,632        |          | 490,222        |
| Current assets                                 |          |                |          |                |
| Debtors  | 1,545    |                | 426      |                |
| Cash and bank balances                         | 6,408    |                | 2,200    |                |
| Total other assets                             |          | 7,953          |          | 2,626          |
| <b>Total assets</b>                            |          | <b>537,585</b> |          | <b>492,848</b> |
| <b>Liabilities</b>                             |          |                |          |                |
| Creditors                                      |          |                |          |                |
| Other creditors                                | 1,133    |                | 1,445    |                |
| <b>Total liabilities</b>                       |          | <b>1,133</b>   |          | <b>1,445</b>   |
| <b>Net assets attributable to shareholders</b> |          | <b>536,452</b> |          | <b>491,403</b> |

## Asia Pacific Franchise Fund

### Statement of total return

For the period ended 30 June 2023

|   | 30.06.23 |                | 30.06.22 |                 |
|---|----------|----------------|----------|-----------------|
|   | £'000    | £'000          | £'000    | £'000           |
| <b>Income</b>   |          |                |          |                 |
| Net capital losses  |          | (5,881)        |          | (26,206)        |
| Revenue   | 1,904    |                | 2,161    |                 |
| Expenses  | (1,110)  |                | (1,257)  |                 |
| Interest payable and similar charges  | (9)      |                | -        |                 |
| Net revenue before taxation   | 785      |                | 904      |                 |
| Taxation  | (132)    |                | (129)    |                 |
| Net revenue after taxation  |          | 653            |          | 775             |
| <b>Total return before distribution</b>   |          | <b>(5,228)</b> |          | <b>(25,431)</b> |
| Distribution  |          | (21)           |          | (24)            |
| <b>Change in net assets attributable to shareholders from investment activities</b> |          | <b>(5,249)</b> |          | <b>(25,455)</b> |

### Statement of change in net assets attributable to shareholders

For the period ended 30 June 2023

|  | 30.06.23 |                | 30.06.22 |                |
|--|----------|----------------|----------|----------------|
|  | £'000    | £'000          | £'000    | £'000          |
| <b>Opening net assets attributable to shareholders</b>                       |          | <b>216,621</b> |          | <b>292,062</b> |
| Amounts receivable on creation of shares                                     | 44,508   |                | 19,322   |                |
| Amounts payable on cancellation of shares                                    | (64,127) |                | (45,578) |                |
|  |          | (19,619)       |          | (26,256)       |
| Dilution adjustment  |          | 28             |          | -              |
| Change in net assets attributable to shareholders from investment activities |          | (5,249)        |          | (25,455)       |
| <b>Closing net assets attributable to shareholders</b>                       |          | <b>191,781</b> |          | <b>240,351</b> |

### Balance sheet

As at 30 June 2023

|  | 30.06.23 |                | 31.12.22 |                |
|--|----------|----------------|----------|----------------|
|  | £'000    | £'000          | £'000    | £'000          |
| <b>Assets</b>                                  |          |                |          |                |
| Investments assets                             |          | 190,914        |          | 214,201        |
| Current assets                                 |          |                |          |                |
| Debtors  | 549      |                | 2,011    |                |
| Cash and bank balances                         | 1,316    |                | 1,241    |                |
| Total other assets                             |          | 1,865          |          | 3,252          |
| <b>Total assets</b>                            |          | <b>192,779</b> |          | <b>217,453</b> |
| <b>Liabilities</b>                             |          |                |          |                |
| Provisions for liabilities                     |          | 366            |          | 538            |
| Creditors                                      |          |                |          |                |
| Other creditors                                | 632      |                | 294      |                |
| Total other liabilities                        |          | 632            |          | 294            |
| <b>Total liabilities</b>                       |          | <b>998</b>     |          | <b>832</b>     |
| <b>Net assets attributable to shareholders</b> |          | <b>191,781</b> |          | <b>216,621</b> |

## Global Strategic Equity Fund

### Statement of total return

For the period ended 30 June 2023

|   | 30.06.23 |               | 30.06.22 |                 |
|---|----------|---------------|----------|-----------------|
|   | £'000    | £'000         | £'000    | £'000           |
| <b>Income</b>   |          |               |          |                 |
| Net capital gains/(losses)  |          | 33,361        |          | (70,644)        |
| Revenue   | 3,743    |               | 4,497    |                 |
| Expenses  | (1,665)  |               | (1,909)  |                 |
| Interest payable and similar charges  | (3)      |               | (1)      |                 |
| Net revenue before taxation   | 2,075    |               | 2,587    |                 |
| Taxation  | (499)    |               | (542)    |                 |
| Net revenue after taxation  |          | 1,576         |          | 2,045           |
| <b>Total return before distribution</b>   |          | <b>34,937</b> |          | <b>(68,599)</b> |
| Distribution  |          | (31)          |          | (47)            |
| <b>Change in net assets attributable to shareholders from investment activities</b> |          | <b>34,906</b> |          | <b>(68,646)</b> |

### Statement of change in net assets attributable to shareholders

For the period ended 30 June 2023

|  | 30.06.23 |                | 30.06.22 |                |
|--|----------|----------------|----------|----------------|
|  | £'000    | £'000          | £'000    | £'000          |
| <b>Opening net assets attributable to shareholders</b>                       |          | <b>279,946</b> |          | <b>389,843</b> |
| Amounts receivable on creation of shares                                     | 4,878    |                | 4,390    |                |
| Amounts payable on cancellation of shares                                    | (24,402) |                | (22,125) |                |
|  |          | (19,524)       |          | (17,735)       |
| Change in net assets attributable to shareholders from investment activities |          | 34,906         |          | (68,646)       |
| <b>Closing net assets attributable to shareholders</b>                       |          | <b>295,328</b> |          | <b>303,462</b> |

### Balance sheet

As at 30 June 2023

|  | 30.06.23 |                | 31.12.22 |                |
|--|----------|----------------|----------|----------------|
|  | £'000    | £'000          | £'000    | £'000          |
| <b>Assets</b>                                  |          |                |          |                |
| Investments assets                             |          | 293,029        |          | 273,560        |
| Current assets                                 |          |                |          |                |
| Debtors  | 811      |                | 714      |                |
| Cash and bank balances                         | 6,160    |                | 6,639    |                |
| Total other assets                             |          | 6,971          |          | 7,353          |
| <b>Total assets</b>                            |          | <b>300,000</b> |          | <b>280,913</b> |
| <b>Liabilities</b>                             |          |                |          |                |
| Creditors                                      |          |                |          |                |
| Bank overdrafts                                | -        |                | 514      |                |
| Other creditors                                | 4,672    |                | 453      |                |
| <b>Total liabilities</b>                       |          | <b>4,672</b>   |          | <b>967</b>     |
| <b>Net assets attributable to shareholders</b> |          | <b>295,328</b> |          | <b>279,946</b> |



## Global Total Return Credit Fund

### Statement of total return

For the period ended 30 June 2023

|   | 30.06.23 |               | 30.06.22 |                 |
|---|----------|---------------|----------|-----------------|
|   | £'000    | £'000         | £'000    | £'000           |
| <b>Income</b>   |          |               |          |                 |
| Net capital gains/(losses)  |          | 3,546         |          | (56,362)        |
| Revenue   | 11,753   |               | 7,512    |                 |
| Expenses  | (818)    |               | (1,066)  |                 |
| Interest payable and similar charges  | (153)    |               | (3)      |                 |
| Net revenue before taxation   | 10,782   |               | 6,443    |                 |
| Taxation  | -        |               | (1)      |                 |
| Net revenue after taxation  |          | 10,782        |          | 6,442           |
| <b>Total return before distributions</b>  |          | <b>14,328</b> |          | <b>(49,920)</b> |
| Distributions   |          | (10,985)      |          | (6,584)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |          | <b>3,343</b>  |          | <b>(56,504)</b> |

### Statement of change in net assets attributable to shareholders

For the period ended 30 June 2023

|  | 30.06.23 |                | 30.06.22 |                |
|--|----------|----------------|----------|----------------|
|  | £'000    | £'000          | £'000    | £'000          |
| <b>Opening net assets attributable to Shareholders</b>                       |          | <b>358,959</b> |          | <b>337,368</b> |
| Amounts receivable on creation of shares                                     | 33,339   |                | 126,992  |                |
| Amounts payable on cancellation of shares                                    | (30,779) |                | (57,327) |                |
|  |          | 2,560          |          | 69,665         |
| Dilution adjustment  |          | -              |          | 385            |
| Change in net assets attributable to shareholders from investment activities |          | 3,343          |          | (56,504)       |
| Retained distributions on accumulation shares                                |          | 9,079          |          | 5,032          |
| Unclaimed distributions  |          | 3              |          | -              |
| <b>Closing net assets attributable to shareholders</b>                       |          | <b>373,944</b> |          | <b>355,946</b> |

### Balance sheet

As at 30 June 2023

|  | 30.06.23 |                | 31.12.22 |                |
|--|----------|----------------|----------|----------------|
|  | £'000    | £'000          | £'000    | £'000          |
| <b>Assets</b>                                  |          |                |          |                |
| Investments assets                             |          | 353,537        |          | 347,133        |
| Current assets                                 |          |                |          |                |
| Debtors  | 5,479    |                | 5,263    |                |
| Cash and bank balances                         | 19,916   |                | 16,600   |                |
| Total other assets                             |          | 25,395         |          | 21,863         |
| <b>Total assets</b>                            |          | <b>378,932</b> |          | <b>368,996</b> |
| <b>Liabilities</b>                             |          |                |          |                |
| Investment liabilities                         |          | 3,758          |          | 8,156          |
| Creditors                                      |          |                |          |                |
| Bank overdrafts                                | 168      |                | 174      |                |
| Distribution payable                           | 639      |                | 643      |                |
| Other creditors                                | 423      |                | 1,064    |                |
| Total other liabilities                        |          | 1,230          |          | 1,881          |
| <b>Total liabilities</b>                       |          | <b>4,988</b>   |          | <b>10,037</b>  |
| <b>Net assets attributable to shareholders</b> |          | <b>373,944</b> |          | <b>358,959</b> |

# Global Total Return Credit Fund

## Distribution tables

For the period ended 30 June 2023

### Interim distribution paid 31 March 2023

Group 1 – Shares purchased before 1 January 2023

Group 2 – Shares purchased between 1 January and 31 January 2023

|  | Net<br>Income<br>pence | Equalisation<br>pence | Distribution<br>paid<br>31.03.23<br>pence | Distribution<br>paid<br>31.03.22<br>pence |
|--|------------------------|-----------------------|---|---|
| <b>'A' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.3436                 | –                     | 0.3436                                    | 0.1480                                    |
| Group 2                                | 0.0479                 | 0.2957                | 0.3436                                    | 0.1480                                    |
| <b>'A' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4167                 | –                     | 0.4167                                    | 0.2540                                    |
| Group 2                                | 0.1110                 | 0.3057                | 0.4167                                    | 0.2540                                    |
| <b>'I' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4543                 | –                     | 0.4543                                    | 0.2276                                    |
| Group 2                                | 0.2070                 | 0.2473                | 0.4543                                    | 0.2276                                    |
| <b>'I' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4300                 | –                     | 0.4300                                    | 0.2605                                    |
| Group 2                                | 0.2120                 | 0.2180                | 0.4300                                    | 0.2605                                    |
| <b>'K' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4772                 | –                     | 0.4772                                    | 0.2498                                    |
| Group 2                                | 0.2114                 | 0.2658                | 0.4772                                    | 0.2498                                    |
| <b>'K' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4348                 | –                     | 0.4348                                    | 0.2629                                    |
| Group 2                                | 0.1691                 | 0.2657                | 0.4348                                    | 0.2629                                    |
| <b>'R' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.3834                 | –                     | 0.3834                                    | 0.1887                                    |
| Group 2                                | 0.3834                 | –                     | 0.3834                                    | 0.1887                                    |
| <b>'R' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4226                 | –                     | 0.4226                                    | 0.2564                                    |
| Group 2                                | 0.0299                 | 0.3927                | 0.4226                                    | 0.2564                                    |
| <b>'S' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4440                 | –                     | 0.4440                                    | 0.2501                                    |
| Group 2                                | 0.2489                 | 0.1951                | 0.4440                                    | 0.2501                                    |

**Interim distribution paid 30 April 2023**

Group 1 – Shares purchased before 1 February 2023

Group 2 – Shares purchased between 1 February and 28 February 2023

|  | Net<br>Income<br>pence | Equalisation<br>pence | Distribution<br>paid<br>30.04.23<br>pence | Distribution<br>paid<br>30.04.22<br>pence |
|--|------------------------|-----------------------|---|---|
| <b>'A' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.3426                 | –                     | 0.3426                                    | 0.2308                                    |
| Group 2                                | 0.1188                 | 0.2238                | 0.3426                                    | 0.2308                                    |
| <b>'A' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4130                 | –                     | 0.4130                                    | 0.3257                                    |
| Group 2                                | 0.1305                 | 0.2825                | 0.4130                                    | 0.3257                                    |
| <b>'I' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4530                 | –                     | 0.4530                                    | 0.3174                                    |
| Group 2                                | 0.1145                 | 0.3385                | 0.4530                                    | 0.3174                                    |
| <b>'I' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4263                 | –                     | 0.4263                                    | 0.3342                                    |
| Group 2                                | 0.2141                 | 0.2122                | 0.4263                                    | 0.3342                                    |
| <b>'K' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4758                 | –                     | 0.4758                                    | 0.3390                                    |
| Group 2                                | 0.1752                 | 0.3006                | 0.4758                                    | 0.3390                                    |
| <b>'K' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4311                 | –                     | 0.4311                                    | 0.3373                                    |
| Group 2                                | 0.1228                 | 0.3083                | 0.4311                                    | 0.3373                                    |
| <b>'R' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.3823                 | –                     | 0.3823                                    | 0.2685                                    |
| Group 2                                | 0.3823                 | –                     | 0.3823                                    | 0.2685                                    |
| <b>'R' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4189                 | –                     | 0.4189                                    | 0.3287                                    |
| Group 2                                | 0.0237                 | 0.3952                | 0.4189                                    | 0.3287                                    |
| <b>'S' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4427                 | –                     | 0.4427                                    | 0.3257                                    |
| Group 2                                | 0.2386                 | 0.2041                | 0.4427                                    | 0.3257                                    |

**Interim distribution paid 31 May 2023**

Group 1 - Shares purchased before 1 March 2023

Group 2 - Shares purchased between 1 March and 31 March 2023

|  | Net<br>Income<br>pence | Equalisation<br>pence | Distribution<br>paid<br>31.05.23<br>pence | Distribution<br>paid<br>31.05.22<br>pence |
|--|------------------------|-----------------------|---|---|
| <b>'A' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.3346                 | -                     | 0.3346                                    | 0.2317                                    |
| Group 2                                | 0.0886                 | 0.2460                | 0.3346                                    | 0.2317                                    |
| <b>'A' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4024                 | -                     | 0.4024                                    | 0.3257                                    |
| Group 2                                | 0.1170                 | 0.2854                | 0.4024                                    | 0.3257                                    |
| <b>'I' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4432                 | -                     | 0.4432                                    | 0.3187                                    |
| Group 2                                | 0.2883                 | 0.1549                | 0.4432                                    | 0.3187                                    |
| <b>'I' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4156                 | -                     | 0.4156                                    | 0.3344                                    |
| Group 2                                | 0.1708                 | 0.2448                | 0.4156                                    | 0.3344                                    |
| <b>'K' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4657                 | -                     | 0.4657                                    | 0.3404                                    |
| Group 2                                | 0.2699                 | 0.1958                | 0.4657                                    | 0.3404                                    |
| <b>'K' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4204                 | -                     | 0.4204                                    | 0.3375                                    |
| Group 2                                | 0.2184                 | 0.2020                | 0.4204                                    | 0.3375                                    |
| <b>'R' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.3739                 | -                     | 0.3739                                    | 0.2696                                    |
| Group 2                                | 0.3739                 | -                     | 0.3739                                    | 0.2696                                    |
| <b>'R' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4084                 | -                     | 0.4084                                    | 0.3289                                    |
| Group 2                                | 0.0494                 | 0.3590                | 0.4084                                    | 0.3289                                    |
| <b>'S' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4338                 | -                     | 0.4338                                    | 0.3272                                    |
| Group 2                                | 0.4338                 | -                     | 0.4338                                    | 0.3272                                    |

**Interim distribution paid 30 June 2023**

Group 1 - Shares purchased before 1 April 2023

Group 2 - Shares purchased between 1 April and 30 April 2023

|  | Net<br>Income<br>pence | Equalisation<br>pence | Distribution<br>paid<br>30.06.23<br>pence | Distribution<br>paid<br>30.06.22<br>pence |
|--|------------------------|-----------------------|---|---|
| <b>'A' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.3163                 | -                     | 0.3163                                    | 0.2745                                    |
| Group 2                                | 0.0783                 | 0.2380                | 0.3163                                    | 0.2745                                    |
| <b>'A' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.3848                 | -                     | 0.3848                                    | 0.3640                                    |
| Group 2                                | 0.1392                 | 0.2456                | 0.3848                                    | 0.3640                                    |
| <b>'I' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4227                 | -                     | 0.4227                                    | 0.3676                                    |
| Group 2                                | 0.1629                 | 0.2598                | 0.4227                                    | 0.3676                                    |
| <b>'I' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.3976                 | -                     | 0.3976                                    | 0.3739                                    |
| Group 2                                | 0.1695                 | 0.2281                | 0.3976                                    | 0.3739                                    |
| <b>'K' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4453                 | -                     | 0.4453                                    | 0.3895                                    |
| Group 2                                | 0.1883                 | 0.2570                | 0.4453                                    | 0.3895                                    |
| <b>'K' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.4022                 | -                     | 0.4022                                    | 0.3775                                    |
| Group 2                                | 0.1684                 | 0.2338                | 0.4022                                    | 0.3775                                    |
| <b>'R' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.3561                 | -                     | 0.3561                                    | 0.3118                                    |
| Group 2                                | 0.3561                 | -                     | 0.3561                                    | 0.3118                                    |
| <b>'R' Class (Income-2 shares)</b>     |                        |                       |   |   |
| Group 1                                | 0.3906                 | -                     | 0.3906                                    | 0.3677                                    |
| Group 2                                | 0.2135                 | 0.1771                | 0.3906                                    | 0.3677                                    |
| <b>'S' Class (Accumulation shares)</b> |                        |                       |   |   |
| Group 1                                | 0.4169                 | -                     | 0.4169                                    | 0.3685                                    |
| Group 2                                | 0.1290                 | 0.2879                | 0.4169                                    | 0.3685                                    |

**Interim distribution payable 31 July 2023**

Group 1 - Shares purchased before 1 May 2023

Group 2 - Shares purchased between 1 May and 31 May 2023

|  | Net<br>Income<br>pence | Equalisation<br>pence | Distribution<br>payable<br>31.07.23<br>pence | Distribution<br>paid<br>31.07.22<br>pence |
|--|------------------------|-----------------------|--|---|
| <b>'A' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.3857                 | -                     | 0.3857                                       | 0.2502                                    |
| Group 2                                | 0.0802                 | 0.3055                | 0.3857                                       | 0.2502                                    |
| <b>'A' Class (Income-2 shares)</b>     |                        |                       |  |   |
| Group 1                                | 0.4469                 | -                     | 0.4469                                       | 0.3365                                    |
| Group 2                                | 0.1313                 | 0.3156                | 0.4469                                       | 0.3365                                    |
| <b>'I' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.5044                 | -                     | 0.5044                                       | 0.3382                                    |
| Group 2                                | 0.2959                 | 0.2085                | 0.5044                                       | 0.3382                                    |
| <b>'I' Class (Income-2 shares)</b>     |                        |                       |  |   |
| Group 1                                | 0.4621                 | -                     | 0.4621                                       | 0.3458                                    |
| Group 2                                | 0.1761                 | 0.2860                | 0.4621                                       | 0.3458                                    |
| <b>'K' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.5281                 | -                     | 0.5281                                       | 0.3594                                    |
| Group 2                                | 0.2762                 | 0.2519                | 0.5281                                       | 0.3594                                    |
| <b>'K' Class (Income-2 shares)</b>     |                        |                       |  |   |
| Group 1                                | 0.4675                 | -                     | 0.4675                                       | 0.3492                                    |
| Group 2                                | 0.3427                 | 0.1248                | 0.4675                                       | 0.3492                                    |
| <b>'R' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.4263                 | -                     | 0.4263                                       | 0.2866                                    |
| Group 2                                | 0.4263                 | -                     | 0.4263                                       | 0.2866                                    |
| <b>'R' Class (Income-2 shares)</b>     |                        |                       |  |   |
| Group 1                                | 0.4539                 | -                     | 0.4539                                       | 0.3401                                    |
| Group 2                                | 0.0312                 | 0.4227                | 0.4539                                       | 0.3401                                    |
| <b>'S' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.4884                 | -                     | 0.4884                                       | 0.3421                                    |
| Group 2                                | 0.0974                 | 0.3910                | 0.4884                                       | 0.3421                                    |

**Interim distribution payable 31 August 2023**

Group 1 - Shares purchased before 1 June 2023

Group 2 - Shares purchased between 1 June and 30 June 2023

|  | Net<br>Income<br>pence | Equalisation<br>pence | Distribution<br>payable<br>31.08.23<br>pence | Distribution<br>paid<br>31.08.22<br>pence |
|--|------------------------|-----------------------|--|---|
| <b>'A' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.3768                 | -                     | 0.3768                                       | 0.3230                                    |
| Group 2                                | 0.1087                 | 0.2681                | 0.3768                                       | 0.3230                                    |
| <b>'A' Class (Income-2 shares)</b>     |                        |                       |  |   |
| Group 1                                | 0.4364                 | -                     | 0.4364                                       | 0.4001                                    |
| Group 2                                | 0.1442                 | 0.2922                | 0.4364                                       | 0.4001                                    |
| <b>'I' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.4942                 | -                     | 0.4942                                       | 0.4205                                    |
| Group 2                                | 0.1940                 | 0.3002                | 0.4942                                       | 0.4205                                    |
| <b>'I' Class (Income-2 shares)</b>     |                        |                       |  |   |
| Group 1                                | 0.4514                 | -                     | 0.4514                                       | 0.4114                                    |
| Group 2                                | 0.2129                 | 0.2385                | 0.4514                                       | 0.4114                                    |
| <b>'K' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.5180                 | -                     | 0.5180                                       | 0.4415                                    |
| Group 2                                | 0.2416                 | 0.2764                | 0.5180                                       | 0.4415                                    |
| <b>'K' Class (Income-2 shares)</b>     |                        |                       |  |   |
| Group 1                                | 0.4568                 | -                     | 0.4568                                       | 0.4155                                    |
| Group 2                                | 0.1586                 | 0.2982                | 0.4568                                       | 0.4155                                    |
| <b>'R' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.4175                 | -                     | 0.4175                                       | 0.3577                                    |
| Group 2                                | 0.4175                 | -                     | 0.4175                                       | 0.3577                                    |
| <b>'R' Class (Income-2 shares)</b>     |                        |                       |  |   |
| Group 1                                | 0.4434                 | -                     | 0.4434                                       | 0.4044                                    |
| Group 2                                | 0.0351                 | 0.4083                | 0.4434                                       | 0.4044                                    |
| <b>'S' Class (Accumulation shares)</b> |                        |                       |  |   |
| Group 1                                | 0.4798                 | -                     | 0.4798                                       | 0.4105                                    |
| Group 2                                | 0.3744                 | 0.1054                | 0.4798                                       | 0.4105                                    |

**Equalisation**

Equalisation 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.

## Climate related disclosures

This report discloses the Ninety One Funds Series ii's exposure to, and management of, climate risk consistent with the Taskforce for Climate-Related Disclosures (TCFD) framework and recommended disclosures.

These disclosures should be read alongside Ninety One's Integrated Annual Report and Sustainability and Stewardship Report where we explain how Ninety One at a firm-level aligns to the recommended TCFD requirements.

While the firm's approach is consistent with how each product analyses climate-related risks and opportunities, we provide specific information on scenario analysis and metrics specific to the Funds below.

### **Scenario analysis and impact of climate-related risks and opportunities**

Different products will have varying degrees of exposure to the effects of climate change and the financial risks of the transition to a lower-carbon economy, depending on their underlying issuers' geographical focus and sector allocation. Exposure to climate risks and opportunities should be considered alongside the underlying issuers' ability to manage those risks and adapt their existing business operations and products to a lower-carbon economy.

Portfolio managers, supported by their investment teams, are responsible for analysing climate risks and opportunities within their portfolios and determining how these risks might affect portfolio holdings. Ninety One has based its analysis of the impact of climate risk on the three TCFD scenarios for greenhouse gas (GHG) emissions pathways and the inferred carbon prices developed by the Network for Greening of the Financial System ("NGFS"). The corresponding portfolio level impacts are inferred from exposure to carbon-intensive assets and their underlying revenue exposure to physical and transition risks.

Transition risks may impact the profitability of companies through direct financial costs such as increased carbon prices or companies could lose market share as customers choose equivalent products with lower emissions. Physical risks such as heat waves can reduce working hours, floods or wildfires can damage fixed assets and droughts can lower water supply affecting production levels.

### **Orderly transition scenario**

In an orderly transition scenario, emissions are reduced in a measured way to meet global climate goals through strict climate policies and via innovation. The level of emissions released into the atmosphere falls sharply between 2020 and 2035. Carbon prices increase to USD 100 by 2030 and rise sharply to around USD 450 by 2050. The impact of physical and transition risks is relatively subdued.

### **Disorderly transition scenario**

In a disorderly transition scenario, minimal progress is made to reduce emissions by 2030 which results in a delayed knee-jerk reaction from governments, regulators and companies to reduce emissions in the period thereafter. Higher transition risks pervade with policies diverging across countries and sectors creating disorderly characteristics companies will need to deal with. The need for innovation and large capital investments albeit at a later stage could impact the profitability of carbon-intensive companies.

Carbon prices are likely to remain flat until 2030 and then increase sharply above USD 100 by 2035 and continue to rise sharply to about USD 400 by 2050 leading to higher transition risks.



**Climate related disclosures (continued)**

Ninety One, in its paper “A disorderly transition”, highlights that the world is probably at the start of a “disorderly transition”. Ninety One believes there are five economically important, high-emitting sectors where successful transitions can generate powerful change. These are power, buildings, mobility, industry, and agriculture which together generate more than 90% of global emissions. Ninety One believes that transition investments or transition finance is required to support high emitters in their efforts to reduce emissions in the long run.

**Hothouse-world scenario**

The hothouse-world scenario will materialise if the world continues on its current path over a long-term trajectory. Global GHG emissions remain flat until 2040 then gradually increase until 2050 leading to near catastrophic temperature increases.

Efforts to curb global warming will prove ineffective in this three-degree-plus scenario. Carbon prices will remain flat until 2050 and with critical temperature thresholds exceeded, severe physical risks and the irreversible impacts of sea levels rising will impact companies while transition risks are subdued.

Extreme weather events are more frequent, weather pattern changes will harm food supply leading to vast human migration. Physical risks will intensify and affect corporates:

| <b>What changes are associated with global warming?</b> | <b>What example hazards follow from these?</b>           | <b>How could these changes affect corporates?</b>   |
|---|--|---|
| Heat waves  | Loss of work hours due to physical & mental health       | Lower output, higher employee health costs          |
| Floods  | Loss and damage to physical business assets              | Investment costs to replace lost and damaged assets |
| Droughts  | Lost water supply to critical assets e.g. power stations | Reduced output from these assets                    |
| Crop heat stress  | Loss of crops, lower agricultural yields                 | Reduced crop output, higher food input prices       |

## American Franchise Fund

### Orderly transition scenario

#### Exposure to transition and physical risk

American Franchise Fund's exposure to "carbon intensive sectors" is 9.7%, which is primarily driven by holdings in the Beverages sector, with smaller exposures to the Packaged Foods & Meats and the Real Estate sectors.<sup>1</sup> Assets in climate-intensive sectors are overall deemed to be more exposed to the impacts of climate transition risk. All the underlying companies' revenues in these sectors are in geographies that are highly exposed to stringent climate regulations, such as the United States and the European Union.

The Fund has exposure to geographies where the underlying issuers' revenues are exposed to the potential physical impacts of climate risk, such as the United States. Losses from acute physical risk will be difficult to predict but may result in interruptions to production and damage to physical operations. The impact from chronic physical risks is more difficult to predict and will emerge primarily over the longer term and will be more subdued in the net-zero scenario.

#### Possible mitigations /climate-related opportunities

The Fund's primary exposure to physical and transition risk is in the United States. The United States government passed one of the most ambitious and potentially impactful climate policies in its history in 2022 when it passed the Inflation Reduction Act. This suggests that the world's highest emitter is taking significant action to mitigate the risks of climate change and invest in climate-transition technologies. The underlying companies are also preparing for the implementation of a Climate Disclosure Rule by the Securities and Exchange Commission, which will support their own decarbonisation efforts.

### Disorderly transition scenario

#### Exposure to transition and physical risk

The American Franchise Fund has exposure to the United States via the Beverages and Real Estate Services industries. Under this scenario, underlying companies in the Beverages sector will likely face increased production costs due to changing input prices, such as higher energy, carbon and water costs. The underlying companies in the Real Estate sector, which depend on energy-hungry data centres, will face higher energy and carbon costs. Physical risks will likely remain subdued for both industries.

#### Possible mitigations/climate-related opportunities

The underlying companies in both sectors are embedding resource-efficient practices in their businesses, including engaging with their own suppliers, which will enable them to navigate transition risks more effectively.

In the Beverages sector, more efficient modes of production and distribution ought to reduce operating costs and increase their production capacity, resulting in increased revenues. The underlying companies in the Real Estate sector should benefit from the development and expansion of more carbon-efficient buildings, resulting in increased revenues and a better competitive positioning given shifting consumer preferences.

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<sup>1</sup> Based on the TCFD guidance on "carbon intensive-sectors" in the non-financial sector i.e., Energy, Transportation, Materials and Buildings and Agriculture, Food and Forest Products.

## American Franchise Fund (continued)

The use of lower emission sources of energy in both sectors should also lead to reduced sensitivity to changes in the cost of carbon. Finally, with the underlying companies' revenues primarily coming from the United States, these companies should benefit from the incentives provided under the United States' Inflation Reduction Act.

To help underlying companies continue to manage and mitigate these risks, we undertake direct engagement with holdings where we feel it's most material and where we have the greatest ability to influence.

### **Hothouse world scenario**

#### **Exposure to transition and physical risk**

The American Franchise Fund has a high exposure to companies in the United States, where weather patterns vary significantly by region. Companies with significant fixed assets (real estate/production facilities) may therefore be exposed to the impact of severe weather. Industries such as agriculture that are heavily dependent on favourable weather patterns will also be more severely impacted. Although the Fund has no direct exposure to the agricultural sector, the Beverages sector to which the Fund is exposed depends on agricultural supply chains. This sector can expect an increase in the annual variability of agricultural commodities' yields, as well as yield loss, significantly impacting supply costs. Production capacity will likely also be negatively impacted, further impacting revenue and earnings opportunities.

#### **Possible mitigations/climate-related opportunities**

Given its focus on high-quality, capital-light sustainable businesses, with zero exposure to heavily capital intensive, high-emission sectors such as energy, utilities and resources, the underlying companies in the American Franchise Fund are better positioned to navigate the potential risks and opportunities of transition and physical risks arising from climate change even under a hothouse world scenario.

In addition, the United States, where the underlying companies' revenues are primarily generated, is investing to mitigate climate transition and physical risks. This is most notably via the Inflation Reduction Act which seeks to direct nearly US\$400 billion in federal funding to substantially lower the country's emissions, primarily by incentivising clean energy. The impact of this legislation should benefit most companies in the Fund in the long run.

### **Short and long-term outlook**

In the short term, under the net-zero scenario, carbon prices remain subdued until 2025 whereafter they increase gradually, which will drive up the costs for more carbon intensive sectors or those that are unable to decarbonize. Given the Fund's shorter holding period (5-7 years), the financial impact on the underlying assets of the Fund is expected to be relatively low. Even so, we engage with our holdings where it's most material and where we have the greatest possibility of influence to ensure they are well-positioned to navigate this transition.

Over the longer term (>7 years) transition risks may impact the profitability of companies, through direct financial costs such as increased carbon prices, capital investments in new technologies, substitutions to lower emissions products and customer behaviours. Sub-optimal performance and large losses may impact companies' credit ratings and increase their risk premiums.

Ninety One generally invests in companies which have a competitive advantage and where pass through of costs is possible (passing on the additional carbon cost to customers helps maintain profitability), mitigating the impact of likely increases in carbon price. Through engagement we encourage high emitters to develop and adopt net-zero transition plans to reduce their transition risk over time.

## American Franchise Fund (continued)

As mentioned above, given its focus on high-quality, capital-light sustainable businesses, with zero exposure to heavily capital intensive, high-emission sectors such as energy, utilities and resources, the American Franchise Fund is well positioned to navigate the potential risks and opportunities of transition and physical risks arising from climate change.

| <b>Metrics for corporate holdings</b>  | <b>Fund</b> | <b>Benchmark</b> |
|--|-------------|------------------|
| Scope 1 & 2 emissions (tCO <sub>2</sub> e*)                                      | 1,480       | 21,702           |
| Scope 3 emissions (tCO <sub>2</sub> e*)  | 33,521      | 158,311          |
| Scope 1 & 2 footprint (tCO <sub>2</sub> e/mGBP invested**)                       | 2           | 32               |
| Scope 1 & 2 weight average carbon intensity (tCO <sub>2</sub> e/mGBP revenue***) | 16          | 120              |
| % of corporate emissions data coverage (including estimates):                    | 100%        | 100%             |

\*tCO<sub>2</sub>e – Tons of Carbon Emissions

\*\*tCO<sub>2</sub>e/mGBP invested – Tons of Carbon Emissions per million pounds invested

\*\*\*tCO<sub>2</sub>e/mGBP – Tons of Carbon Emissions per million pounds of company revenues

## Asia Pacific Franchise Fund

### Orderly transition scenario

#### Exposure to transition and physical risk

Asia Pacific Franchise Fund's exposure to "carbon intensive sectors"<sup>2</sup> is 16.4%, which is primarily driven by holdings in the Beverages sector, with some exposure coming from the Paper & Plastic Packaging and the Packaged Foods & Meats sectors. Assets in climate intensive sectors are overall deemed to be more exposed to the impacts of climate transition risk. The underlying companies' revenues come from a mix of geographies, some of which are exposed to stringent climate regulations, such as China and Australia, and others which may develop more rigorous climate regulations in the future.

The Fund has exposure to geographies where the underlying issuers' revenues are exposed to the potential physical impacts of climate risk, such as China and Australia. Losses from acute physical risk will be difficult to predict but may result in interruptions to production and damage to physical operations. The impact from chronic physical risks is more difficult to predict and will emerge primarily over the longer term and will be more subdued in the net-zero scenario.

#### Possible mitigations/climate-related opportunities

The Fund's primary exposure to physical risks is predominantly from China. China has a comprehensive government strategy that covers climate mitigation and adaptation, and although no substantial emissions reductions are expected before 2030, significant progress is being made in renewables and end-use sectors.

Of the Fund's most carbon-intensive sectors, its largest exposure is to a company in the Distillers and Vintners industry. Its primary product line is dependent on a special type of agricultural product that can only be found in one area in China which may leave it more exposed to the impact of acute weather events. Ninety One continues to engage with these companies on their environmental and decarbonisation strategies to mitigate the risks of climate change.

### Disorderly transition scenario

#### Exposure to transition and physical risk

Under a disorderly transition scenario, the Beverages sector, which is the carbon-intensive sector the Asia Pacific Franchise Fund is primarily exposed to, would likely face steep input price cost rises due to instability in supply chains and regulations. Physical risks will likely remain subdued.

#### Possible mitigations/climate-related opportunities

Currently, the water-intensive Beverages industry is well positioned to manage the risks associated with a disorderly transition given it has been undertaking water conservation initiatives and managing the risk of water scarcity for decades. In addition, companies in this sector, are also looking to improve the carbon profile of their businesses and working with their own suppliers to optimise processes and to encourage them to set science-based targets (SBTi).

To help underlying companies continue to manage and mitigate these risks, we undertake direct engagement with holdings where we feel it's most material and where we have the greatest ability to influence.

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<sup>2</sup> Based on the TCFD guidance on "carbon intensive-sectors" in the non-financial sector i.e., Energy, Transportation, Materials and Buildings and Agriculture, Food and Forest Products.

## Asia Pacific Franchise Fund (continued)

### Hothouse world scenario

#### Exposure to transition and physical risk

The Asia Pacific Franchise Fund has a large exposure to China, which is deemed to be highly vulnerable to climate change effects. Within China, weather patterns vary significantly by region and companies with significant fixed assets (real estate/production facilities) may therefore be exposed to the impact of severe weather.

#### Possible mitigations/climate-related opportunities

The Fund does not invest directly in industries with high fixed asset bases or in industries such as agriculture that are heavily dependent on favourable weather patterns and which will be more severely impacted. However, its underlying companies' supply chains, for example in the Beverages sector, are dependent on agricultural commodities that would be at risk in this scenario. The Beverages sector can thus expect an increase in the annual variability of agricultural commodities' yields, as well as increased yield loss, significantly impacting supply costs. Production capacity will likely also be negatively impacted, further impacting revenue and earnings opportunities.

Given its focus on high-quality, capital-light sustainable businesses, with zero exposure to heavily capital intensive, high-emission sectors such as energy, utilities and resources, the underlying companies in the Fund are better positioned to navigate the potential risks and opportunities of transition and physical risks arising from climate change even under a hothouse world scenario.

In addition, China, as well as Australia – two geographies that are highly vulnerable to transition and physical risks and to which the Fund's carbon-intensive underlying companies are most exposed to – are making significant progress in mitigating the risks from climate change. China, for example, is driving significant increase in renewable energy capacity installations, whilst Australia has recently raised the ambition of its 2030 climate target. These efforts should stand to benefit all the underlying companies in the long run.

#### Short- and long-term outlook

In the short term, under the net-zero scenario, carbon prices remain subdued until 2025 whereafter they increase gradually, which will drive up the costs for more carbon intensive sectors or those that are unable to decarbonise. Given the Fund's shorter holding period (5-7 years), the financial impact on the underlying assets of the Fund is expected to be relatively low. Even so, we engage with our holdings where it's most material and where we have the greatest possibility of influence to ensure they are well-positioned to navigate this transition.

Over the longer term (>7 years) transition risks may impact the profitability of companies, through direct financial costs such as increased carbon prices, capital investments in new technologies, substitutions to lower emissions products and customer behaviours. Sub-optimal performance and large losses may impact companies' credit ratings and increase their risk premiums.

Ninety One generally invests in companies which have competitive advantage and where pass through of costs is possible (passing on the additional carbon cost to customers helps support profitability), mitigating the impact of likely increase in carbon price. Through engagement we encourage high emitters to develop and adopt net-zero transition plans to reduce their transition risk over time.

## Asia Pacific Franchise Fund (continued)

As mentioned above, given its focus on high-quality, capital-light sustainable businesses, with zero exposure to heavily capital intensive, high-emission sectors such as energy, utilities and resources, the Asia Pacific Franchise Fund is well positioned to navigate the potential risks and opportunities of transition and physical risks arising from climate change.

| Metrics for corporate holdings  | Fund   | Benchmark |
|---|--------|-----------|
| Scope 1 & 2 emissions (tCO <sub>2</sub> e)                                    | 3,155  | 29,325    |
| Scope 3 emissions (tCO <sub>2</sub> e)  | 24,198 | 111,403   |
| Scope 1 & 2 footprint (tCO <sub>2</sub> e/mGBP invested)                      | 13     | 123       |
| Scope 1 & 2 weight average carbon intensity (tCO <sub>2</sub> e/mGBP revenue) | 49     | 304       |
| % of corporate emissions data coverage (including estimates):                 | 100%   | 100%      |

\*tCO<sub>2</sub>e – Tons of Carbon Emissions

\*\*tCO<sub>2</sub>e/mGBP invested – Tons of Carbon Emissions per million pounds invested

\*\*\*tCO<sub>2</sub>e/mGBP – Tons of Carbon Emissions per million pounds of company revenues

# Global Strategic Equity Fund

## Orderly transition scenario

### Exposure to transition and physical risk

Global Strategic Equity Fund's exposure to "carbon intensive sectors" is 24% which is primarily driven by holdings in the Oil, Gas & Consumable Fuels, Metals & Mining and Automobiles sectors.<sup>3</sup> Assets in climate intensive sectors are deemed to be more exposed to the impacts of climate transition risk. 14% of the Fund's underlying issuers' revenues in these sectors are in geographies that are highly exposed to current and future stringent climate regulations such as the United States, United Kingdom, and the European Union.

The Fund has exposure to geographies where the underlying issuers' revenues are exposed to the potential physical impacts of climate risk. Losses from acute physical risk will be difficult to predict but may result in interruptions to physical assets and damage to physical operations. These impacts may include, for example, reduced revenue from decreased production capacity resulting from transport difficulties or supply chain interruptions, increased operating costs or increased capital costs. The impact from chronic physical risks is more difficult to predict and will emerge primarily over the longer term, and will be more subdued in the net zero scenario.

### Possible mitigations/climate-related opportunities

The Fund's primary exposure to physical and transition risk is in the United States. The United States government passed one of the most ambitious and potentially impactful climate policies in its history in 2022 when it passed the Inflation Reduction Act. This suggests that the world's highest emitter is taking significant action to mitigate the risks of climate change and invest in climate-transition technologies. The underlying companies are also preparing for the implementation of a Climate Disclosure Rule by the Securities and Exchange Commission, which will support their own decarbonisation efforts.

## Disorderly transition scenario

### Exposure to transition and physical risk

Under a disorderly transition scenario, the Oil, Gas & Consumable Fuels sector, which is the carbon-intensive sector the Global Strategic Equity Fund is primarily exposed to, would likely face steep increases in carbon taxes, mandatory capital expenditures required for decarbonisation and possible decreased demand due to sudden stringent regulatory changes. Physical risk will likely remain subdued.

### Possible mitigations/climate-related opportunities

The underlying company with the highest portfolio weight in the Oil, Gas and Consumable Fuels sector is developing renewable energy technologies and helping to improve energy efficiency. A strategic pivot to a more proactive approach to addressing GHG reductions provides opportunities for companies to deliver significant real-world carbon-reduction investment projects, especially by focusing on areas which have a large addressable market. It also provides a competitive advantage to carbon capture and storage (CCS), hydrogen and biofuels initiatives. In the Automobiles sector, one of the Fund's underlying companies has demonstrated a strong commitment to maintaining its position as a leader in the high-end automotive industry by embracing the future of electric mobility aiming for an ambitious level of electrification by 2030 across its entire range.

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<sup>3</sup> Based on the TCFD guidance on "carbon intensive-sectors" in the non-financial sector i.e., Energy, Transportation, Materials and Buildings and Agriculture, Food and Forest Products.



## Global Strategic Equity Fund (continued)

The underlying companies in both sectors are embedding resource-efficient practices in their businesses, including engaging with their own suppliers, which will enable them to effectively navigate these transition risks.

To help underlying companies continue to manage and mitigate their exposure to transition risks, Ninety One undertakes direct engagement with holdings where we feel it is most material and where we have the greatest ability to influence.

### Hothouse world scenario

#### Exposure to transition and physical risk

The Global Strategic Equity Fund has concentrated exposures to companies in the United States, where weather patterns vary significantly by region. Companies with significant fixed assets (real estate/production facilities) may therefore be more exposed to the impact of severe weather. Industries such as agriculture that are heavily dependent on favourable weather patterns will be more severely impacted.

#### Possible mitigations/climate-related opportunities

Although the Fund has no direct exposure to the agricultural sector, many other sectors which the Fund is exposed to depend on agricultural supply chains. These sectors will be impacted by the agriculture sector if changes in weather patterns influence changes in crop yields. They will also be affected by the knock-on effects of increased demand and costs which may further impact supply chains, and therefore production capacity, revenue, and earnings opportunities.

#### Short- and long-term outlook

In the short term, under the net-zero scenario, carbon prices remain subdued until 2025 whereafter they increase gradually, which will drive up costs for more carbon intensive sectors or those that are unable to decarbonise. Given the shorter holding period (<5 years) of the underlying securities in the Fund the financial impact on the underlying assets of the Fund is expected to be relatively low. Even so, we engage with our holdings where it's most material and where we have the greatest possibility of influence to ensure they are well-positioned to navigate this transition.

Over the longer term (>5 years) transition risks may impact the profitability of companies, through direct financial costs such as increased carbon prices, capital investments in new technologies, substitutions to lower emissions products and customer behaviour. Sub-optimal performance and large losses may impact companies' credit ratings and increase their risk premiums. Under both orderly and disorderly transition scenarios, we expect significant opportunities for companies that are directly helping to drive decarbonisation through their core products and services. Some examples of such companies are in the Semi-Conductor and Electrical Equipment sectors.

Ninety One generally invests in companies which have a competitive advantage and where pass through of costs is possible (passing on the additional carbon cost to customers help support profitability), mitigating the impact of the likely increase in carbon price. Through engagement we encourage high emitters to develop and adopt net-zero transition plans to reduce their transition risk over time.

| Metrics for corporate holdings  | Fund   | Benchmark |
|---|--------|-----------|
| Scope 1 & 2 emissions (tCO <sub>2</sub> e)                                    | 12,490 | 19,535    |
| Scope 3 emissions (tCO <sub>2</sub> e)  | 95,662 | 131,315   |
| Scope 1 & 2 footprint (tCO <sub>2</sub> e/mGBP invested)                      | 33     | 52        |
| Scope 1 & 2 weight average carbon intensity (tCO <sub>2</sub> e/mGBP revenue) | 107    | 142       |
| % of corporate emissions data coverage (including estimates):                 | 100%   | 100%      |

## Global Total Return Credit Fund

### Orderly transition scenario

#### Exposure to transition and physical risk

The Global Total Return Credit Fund's exposure to "carbon intensive sectors"<sup>4</sup> is 12.7%, which primarily comes from the Beverages sector, with some exposure coming from the Chemicals, Power Generation and the Real Estate sectors. Given the skew of the portfolio to corporate issuers within the largest developed markets, which commonly have high exposure to transition risk, the overall transition risk potential impact on the portfolio is high.

The Fund has exposure to geographies where the underlying issuers' revenues are exposed to the potential physical impacts of climate risk albeit we are unable to give a definitive figure due to data quality and coverage concerns. Losses from acute physical risk will be difficult to predict but may result in interruptions to physical assets and damage to physical operations. These impacts may include, for example, reduced revenue from decreased production capacity resulting from transport difficulties or supply chain interruptions, increased operating costs or increased capital costs. The impact from chronic physical risks is more difficult to predict and will emerge primarily over the longer term, and will be more subdued in the net-zero scenario.

#### Possible mitigations/climate-related opportunities

The Fund's primary exposure to physical and transition risk is in the United States. The United States government passed one of the most ambitious and potentially impactful climate policies in its history in 2022 when it passed the Inflation Reduction Act. This suggests that the world's highest emitter is taking significant action to mitigate the risks of climate change and invest in climate-transition technologies. The underlying companies are also preparing for the implementation of a Climate Disclosure Rule by the Securities and Exchange Commission, which will support their own decarbonisation efforts.

### Disorderly transition scenario

#### Exposure to transition and physical risk

Under the disorderly transition scenario there is a sudden drop in carbon emissions by the end of the decade, which will require large investments in innovation and a sudden shift from carbon intensive products, operations, and industries. This pivot may negatively impact underlying issuers' profitability, particularly those in carbon-intensive sectors.

#### Possible mitigations/climate-related opportunities

Within the Fund we assess and consistently monitor the transition risk and transition potential of each investment in the portfolio using our proprietary transition alignment evaluation framework. This not only better allows us to understand the transition risk of any individual investment, but also of the portfolio. The more negative a view we have on a company's carbon vulnerability, the bigger we perceive the transition risk to be, and depending on the corresponding business and management score, we can identify where our engagement focus should be.

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<sup>4</sup> Based on the TCFD guidance on "carbon intensive-sectors" in the non-financial sector i.e., Energy, Transportation, Materials and Buildings and Agriculture, Food and Forest Products.

## Global Total Return Credit Fund (continued)

Our portfolio is skewed towards companies with lower carbon intensity than the credit market average. This is in line with our fundamental investment process, which leads us to prefer less capital-intensive sectors. Capital-intensive sectors are where the bulk of emissions exist. In addition, although we do not shy away from companies and industries vulnerable to transition risk, we believe our process drives us towards companies that have better-defined approaches to transition, which over time should lead to investments with lower carbon emissions than the broader market.

To help underlying companies continue to manage and mitigate these risks, we undertake direct engagement with holdings where we feel it's most material and where we have the greatest ability to influence.

### **Hothouse world scenario**

#### **Exposure to transition and physical risk**

The Fund has a high exposure to companies in the United States and Europe, where weather patterns vary significantly by region. Companies with significant fixed assets (real estate / production facilities) may therefore be exposed to the impact of severe weather. Industries, such as agriculture, that are heavily dependent on favourable weather patterns will also be more severely impacted. The Fund has limited direct exposure to the agricultural sector.

#### **Possible mitigations/climate-related opportunities**

To help underlying companies continue to manage and mitigate exposure to transition and physical risks, we undertake direct engagement with holdings where we feel it's most material and where we have the greatest ability to influence.

### **Short- and long-term outlook**

In the short term, under the net-zero scenario, carbon prices remain subdued until 2025 whereafter they increase gradually, which will drive up the costs for more carbon intensive sectors or those that are unable to decarbonise. Given the Fund's shorter holding period (1-2 years), the financial impact on the underlying assets of the Fund is expected to be relatively low. Even so, we engage with our holdings where it's most material and where we have the greatest possibility of influence to ensure they are well-positioned to navigate this transition.

Over the longer term (>5 years) transition risks may impact the profitability of companies and debt issuers, through direct financial costs such as increased carbon prices, capital investments in new technologies, substitutions to lower emissions products and customer behaviour. Sub-optimal performance and large losses may impact debt issuers' credit ratings and increase their risk premiums.

Our approach to sustainability centres on identifying enduring companies that have attractive long-term growth drivers and whose business models include well-defined approaches to navigating the transition to a low-carbon world. Each investment, across all credit asset classes from European high yield to specialist categories like structured credit is subject to a comprehensive sustainability appraisal.

## Global Total Return Credit Fund (continued)

This appraisal forms part of our detailed fundamental analysis process and comprises two proprietary key elements: a sustainability framework assessment, and a transition alignment evaluation (focusing on climate risk) both are crucial elements in allowing us to monitor and report on sustainability metrics across the portfolio.

| <b>Metrics for corporate holdings</b>   | <b>Fund</b> | <b>Benchmark</b> |
|---|-------------|------------------|
| Scope 1 & 2 emissions (tCO <sub>2</sub> e)                                    | 25,222      | 54,903           |
| Scope 3 emissions (tCO <sub>2</sub> e)  | 145,285     | 287,972          |
| Scope 1 & 2 footprint (tCO <sub>2</sub> e/mGBP invested)                      | 58          | 122              |
| Scope 1 & 2 weight average carbon intensity (tCO <sub>2</sub> e/mGBP revenue) | 123         | 275              |
| % of corporate emissions data coverage (including estimates):                 | 100%        | 99%              |

\*tCO<sub>2</sub>e – Tons of Carbon Emissions

\*\*tCO<sub>2</sub>e/mGBP invested – Tons of Carbon Emissions per million pounds invested

\*\*\*tCO<sub>2</sub>e/mGBP – Tons of Carbon Emissions per million pounds of company revenues

## Securities Financing Transactions ('SFTs') (Unaudited)

As at 30 June 2023

At 30 June 2023 there were no securities out on loan and no collateral held.

# Other information

## **ISA status**

During the period under review, the shares of the funds met the requirements for eligibility to be held in a stocks and shares ISA as determined by the regulations which govern ISAs.

Ninety One Fund Managers Limited offer the 'A' shares of the funds through its own ISA plan.

## **Distributions**

Where a distribution is to be paid, it has been calculated as at 30 June 2023 and will be distributed to shareholders, where applicable, on 31 August 2023. For accumulations shares income distribution payments are deemed to be paid on 31 August 2023.

## **Telephone calls**

Telephone calls may be recorded for training and quality assurance purposes.

## **Cross holding table**

There were no cross holdings between sub-funds in Ninety One Funds Series ii as at 30 June 2023.

# Glossary

## Active management

An active investment approach is one where a portfolio manager aims to beat the market through research, analysis and his/her judgement. (See also passive management).

## Asset allocation

A fund's allotment to different asset classes.

## Asset class

The main types of investment available. The traditional asset classes are equities, bonds and cash.

## Bear market

A market where prices fall consistently over a long period of time. Investors are referred to as 'bearish' if they believe prices are going to fall.

## Benchmark

A comparative performance index.

## Bond

A form of loan issued by a government or company. Typically, an investor should receive a regular coupon and the return of the principal originally lent when the bond matures.

Note: Not all bonds are interest bearing (see zero coupon bond), and not all bonds are fixed rate (e.g. index linked, floating rate and stepped rate bonds).

## Bottom-up investing

An investment approach that concentrates on the analysis of individual companies and considers the company's history, management and potential as more important than macroeconomic trends.

## Bull market

A market where prices rise consistently over a long period of time. Investors are referred to as 'bullish' if they believe prices are going to rise.

## CCS

Carbon Capture and Storage is the process of capturing carbon dioxide before it enters the atmosphere, transporting it, and storing it, usually from the source, say a biomass power plant, in an under-ground geological formation.

## Carbon footprint

This figure is derived by taking the sum of the 'financed emissions' based on the percentage held of each assessable security's enterprise value. This is normalised by dividing by the total amount of dollars invested in the securities to give a comparable footprint.

Carbon 'scope': Scope 1 & 2 emissions are a proxy for how efficiently a company is managing its carbon emissions; the upstream part of Scope 3 provides an indicator of the carbon emissions in a company's supply chain; and the downstream part of Scope 3 is representative of the carbon emissions of a company's products as they are used during their life-cycle.

- Scope 1 relates to the direct emissions from owned or controlled sources, for example fuel burned on site and company owned vehicles.
- Scope 2 relates to the indirect emissions from the generation of purchased energy, steam, heating and cooling for the company's own use.
- Scope 3 There are 15 separate categories of Scope 3 emissions including eight that relate to the supply chain and seven that relate to the emissions of the products once they are sold/used.

## Carbon intensity

This measures the carbon emissions of a given entity per US\$ million of products or services sold (rev-enu). At the portfolio or index level, the figure takes the weighted average carbon intensity of each assessable security in the portfolio/index to determine an overall carbon intensity.

## Glossary (continued)

### Cash

The most liquid form in which to store capital. While it is regarded as a safe asset class, over time the purchasing power of cash tends to be eroded by inflation.

### Central bank base rate

The basic rate of interest set by a central bank that determines the cost of borrowing.

### Commodities

An asset class which comprises physical assets such as oil, base and precious metals and agricultural produce.

### Credit rating agency

An institution that assigns credit ratings to debt issuers, such as companies and governments. Standard & Poor's and Moody's are well-known examples.

### Credit risk

The risk that a bond issuer or borrower will be unable to meet their contractual obligations.

### Credit spread

The differences in yield between 'risk-free' bonds, such as gilts or US treasuries, and non-treasury (or gilt) bonds, which are identical in all respects except for the quality of their rating. Corporate bonds tend to offer additional yield to compensate investors for the potential risk of default.

### Currency risk

The risk of incurring losses of foreign assets due to adverse movements in exchange rates between domestic and foreign currencies.

### Deflation

As opposed to inflation, it describes conditions in which there is a widespread, consistent decline in prices. It conveys the rarer occurrence of the money in one's pocket actually increasing in buying power, rather than the more usual opposite.

### Derivatives

An instrument whose value depends on the performance of an underlying security or rate which requires no initial exchange of principal. Options, futures and swaps are all examples of derivatives.

### Developed markets

Refers to industrialised countries with relatively high levels of economic productivity, high standards of living and stable economies.

### Disinflation

Refers to a slowing down in price growth, as opposed to deflation where prices are already falling.

### Diversification

Holding a range of assets to reduce risk.

### Dividend

The portion of company net profits paid out to shareholders.

### Dividend yield

The annual dividend per share divided by the current share price.

### Duration

A measure of a bond investment's sensitivity to changes in interest rates. The longer the duration, the more sensitive it is. Calculating 'duration' for a fixed income investment such as a bond is a complicated sum. It takes into account the current value of the bond, the coupon or interest payment, the book cost, and the number of years the bond has left to run. Put simply, the higher the duration number the higher the potential return (and the greater the risk).

### Emerging markets

Countries in the process of industrialising which tend to have rapidly growing economies.

### Emerging market debt

Debt issued by governments and corporates in emerging markets.



## Glossary (continued)

### Equity

Refers to shares. A share in a company provides an investor with part ownership of that company.

### Fixed income

An investment that provides a return in the form of fixed periodic payments and the eventual return of principal at maturity.

### Future

An obligation to buy or sell an asset on a specific date in the future at an agreed price.

### GHG

Greenhouse Gas

### Gilt

A bond that is issued by the British government which is generally considered low risk. Bonds issued by South African and Irish governments are also referred to as gilts.

### Hedging

A technique seeking to offset or minimise the exposure to specific risk by entering an opposing position.

### High yield bond

A below investment grade rated bond, providing the investor with greater returns due to its higher default risk. (See Junk bond).

### Index-linked bonds

Bonds whose coupons and principal payment are linked to movements in inflation.

### Inflation

Describes conditions in which there have been a consistent rise in prices.

### Initial public offering (IPO)

The first public sale of a company's equity resulting in a quoted stock price on a stock exchange.

### Interest

The return earned on funds which have been deposited, loaned, or invested.

### Investment grade bonds

Bonds considered of the highest quality by credit rating agencies. The threshold credit rating for Standard & Poor's is BBB and Baa3 for Moody's.

### Liabilities

Financial obligations that must be met.

### Liquidity

The ease with which an asset can be sold at a reasonable price for cash.

### Long dated bond

A bond with usually 15 years or more remaining before redemption, at which point the principal is paid to the holder.

### Long-term investment

Holding an asset for an extended period of time. Depending on the security, a long-term asset can be held for as little as one year or for as long as 30 years.

### Macroeconomic

Refers to the big trends in an economy as a whole, such as inflation and unemployment, while microeconomic forces refer to the factors affecting individual situations or companies.

### Market capitalisation

The total value of a company's equity, calculated by the number of shares multiplied by their market price.

### Maturity

With regards to bonds, maturity refers to the time at which the principal of the bond is repayable and it ceases to exist. In terms of a pension fund, it conveys the average age of the membership and the time until benefits are payable.

### Outperformance

The return of a fund in excess of the comparative performance index.

### Overweight

When a fund has greater exposure to an asset than the comparative performance index.

## Glossary (continued)

### Peer group

A group of funds that can be compared with one another for performance purposes. A peer group will usually be based on the funds' investment scope, for example UK equities.

### Performance

The results of an investment over a given period.

### Portfolio

A grouping of financial assets, such as equities, bonds and cash equivalents. Portfolios are held directly by investors and/or managed by financial professionals.

### Rally

A swift rise.

### Real estate

An asset class comprising buildings and land.

### Risk premium

The extra return expected by an investor in compensation for holding a risky asset.

### SBTi

Science Based Targets initiative defines and promotes best practices in emissions reductions and net-zero targets in line with climate science. Provides target setting methods and guidance to companies to set science-based targets in line with the latest climate science.

### Security

A general term for a tradable financial instrument.

### Short-term investment

Investments that are held for or mature in 12 months or less.

### Standard deviation

A measure of risk, deriving from the historic volatility of a particular asset.

### Top-down investing

Contrasting with bottom-up analysis, a top-down approach to investment analysis begins with an assessment of macroeconomic factors, then business cycles before moving on to look at individual sectors and companies.

### Treasuries

Debt securities issued by the US government. Treasuries fall under three categories: treasury bills (T-bills), treasury notes (T-notes) and treasury bonds (T-bonds).

### Underweight

When a fund has less exposure to an asset than the benchmark.

### Volatility

Price movements. Standard deviation is a measure of an asset's historic volatility.

### Year-to-date (YTD)

Refers to the period extending from the beginning of the current calendar year to the present date.

### Yield

A measure of the income return earned on an investment. In the case of a share the yield expresses the annual dividend payment as the percentage of the market price of the share. In the case of a property, it is the rental income as a percentage of the capital value. In the case of a bond the running yield (or flat or current yield) is the annual interest payable as a percentage of the current market price. The redemption yield (or yield to maturity) allows for any gain or loss of capital which will be realised at the maturity date.

### Yield curve

A graphical representation of all the yields of bonds of the same quality with maturities ranging from the shortest to the longest available.

### Yield spread

The difference in yield between different bonds.

### Yield to maturity

The annualised return (internal rate of return) that would be earned on a bond if held to maturity.

# Directory

## **Authorised Corporate Director (ACD)**

### **Ninety One Fund Managers UK Limited**

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