

# IFSL Church House Balanced Equity Income Fund

**Annual Report and Audited Financial Statements**  
for the year ended 31 March 2023

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### CONTACT INFORMATION

#### Authorised Fund Manager (AFM) and Registrar (from 1 October 2022)

Investment Fund Services Limited (IFSL)  
Marlborough House  
59 Chorley New Road  
Bolton  
BL1 4QP

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

#### Directors of IFSL

Andrew Staley (Non-Executive)  
Allan Hamer  
Dom Clarke - appointed 30 January 2023  
Helen Redmond  
Helen Derbyshire  
Sally Helston  
Guy Sears (Independent Non-Executive)  
Sarah Peaston (Independent Non-Executive)

#### Investment Manager

Church House Investments Limited  
York House  
6 Coldharbour  
Sherborne  
Dorset  
DT9 4JW

Authorised and regulated by the Financial Conduct Authority.

#### Trustee

NatWest Trustee and Depositary Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

Authorised and regulated by the Financial Conduct Authority.

#### Auditor (appointed 4 February 2023)

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

#### Authorised Fund Manager (AFM) and Registrar (to 30 September 2022)

St Vincent St Fund Administration (a trading name of Evelyn Partners Fund Solutions Limited)  
45 Gresham Street  
London  
EC2V 7BG

Telephone: 0207 131 4000

Authorised and regulated by the Financial Conduct Authority.

#### Directors of St Vincent St Fund Administration

Andrew Baddeley  
Brian McLean  
James Gordon - resigned 29 July 2022  
Mayank Prakash  
Neil Coxhead - appointed 12 July 2022  
Dean Buckley (Independent Non-Executive)  
Linda Robinson (Independent Non-Executive)  
Victoria Muir (Independent Non-Executive)  
Sally Macdonald (Independent Non-Executive) - appointed 1 June 2022  
Paul Wyse (Non-Executive)

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

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## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

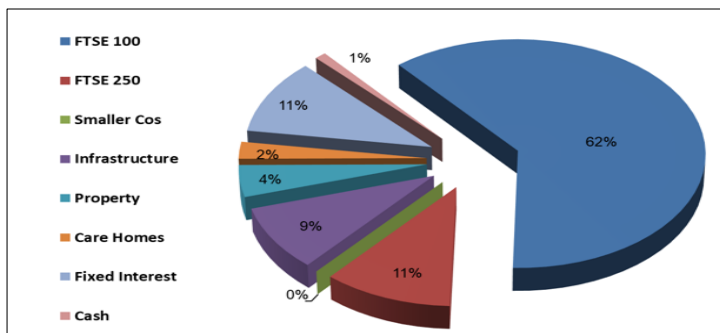
### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2023

#### Investment commentary – for the first six months of the year, 1 April 2022 to 30 September 2022

##### Investment activities

After a comparatively calm first six months of 2022, the IFSL Church House Balanced Equity Income Fund was shaken by the dramatic re-pricing in fixed interest markets and the knock-on effect this had had on infrastructure and property investments and, of course, the fixed interest holdings in the portfolio. The areas that are supposed to provide the 'balance' did the opposite. To be clear about this, we are not concerned with the long-term prospects and dividend/interest paying capabilities of these investments, just that in the short-term they have been, rather dramatically, 're-priced'. Here is the overall disposition at the end of the Fund's first half:



Source: Church House Investments Limited

Over the three months to the end of June, we saw weakness in the mining and materials companies, notably Rio Tinto, which fell back with metals prices, but also the packaging company DS Smith and Croda International, though it is quite hard to see many similarities between these three. Halma, 3i Group and Howden Joinery Group were also poor performers, loosely grouped under 'Industrials' there is precious little similarity here either. We added to Howden Joinery Group at the end of June, considering that the 35% fall in their share price was overdone. Greggs was another casualty, suffering a further 26% fall.

The staple goods companies provided some positive performance for us, both Unilever and Reckitt Benckiser Group gained around 7%. The pharmaceutical companies, AstraZeneca and GSK gained by a similar amount. The same was not true of Smith & Nephew, which slipped again. GSK are 'spinning-off' their consumer health side, Haleon (Panadol, Voltaren, Sensodyne et al) in the next few weeks. This was the business that Unilever tried to buy from GSK for £50 billion last year, it looks likely to have a lower value in the market. BAE Systems was a positive contributor again though, if anything, they appear to be 'talking down' expectations.

##### Top 15 Holdings as at 30 September 2022:

|                                     |       |
|-------------------------------------|-------|
| AstraZeneca                         | 6.00% |
| Unilever                            | 4.40% |
| Diageo                              | 4.30% |
| GSK                                 | 3.60% |
| RELX                                | 3.50% |
| BAE Systems                         | 3.30% |
| Croda International                 | 2.90% |
| Reckitt Benckiser Group             | 2.80% |
| Aviva                               | 2.70% |
| Bunzl                               | 2.60% |
| BBGI Global Infrastructure          | 2.60% |
| SDCL Energy Efficiency Income Trust | 2.50% |
| National Grid                       | 2.50% |
| Halma                               | 2.50% |
| Barclays                            | 2.50% |

Source: Church House Investments Limited

Over the latter three months to the end of September, we sold the remaining holdings in Compass Group and Rentokil Initial, good companies, but not ones that are going to provide the level of dividends (and dividend growth) that we seek. We have also sold the disappointing Smith & Nephew.

Relative to its size in the portfolio, the big negative has been GSK, which suffered a steep fall. The period had started well with the successful divestment of Haleon, which is now a separately listed FTSE 100 company. But then their shares began a steep fall (down 27% over the quarter) with growing concerns over US litigation surrounding Zantac, the ulcer and heartburn drug. GSK have stated that the US Food and Drug Administration had concluded that there was no causal association between Zantac and the development of cancer.

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2023

We sold the holding in Haleon that we received in the spin-off and added to GSK with the proceeds, considering that 'new GSK' may be in a position to provide a growing dividend. The long-standing holdings in Diageo and Unilever provided some of the few positive returns, as did Sage Group. We added further to Howden Joinery Group along with Lloyds Banking Group and Reckitt Benckiser Group and, in energy saving and infrastructure, to Harmony Energy Income Trust and SDCL Energy Efficiency Income Trust.

#### Investment strategy and outlook

An appalling quarter on so many fronts ended at just about the worst point possible for investors. It had started reasonably well with an improvement in equity and bond markets through July and early August. Putin's 'gas attack' on Europe in mid-August put paid to this, and energy prices leapt again, adding to concerns here as UK inflation for July breached the 10% mark.

Gilts don't often hit the headlines, but that all changed in the week following Kwasi Kwarteng's 'Fiscal Statement' on 23 September 2022. This was a shockingly inept display from the new government, how did they expect markets to react, particularly the gilt market, when they announce 'spend, spend, spend' with no indication of how this was to be paid for. The price of gilts duly collapsed and it was true to say that the gilt market had fallen into disarray and was not functioning properly. This was the moment when the Bank of England (BoE), correctly, stepped in to provide a backstop and some order was restored. The result is that available rates of interest for longer periods have reversed the falls of the past twelve years since the financial crisis of 2008/2009. The shock was that it happened so quickly, leaving holders of longer-dated gilts (and other fixed interest securities) nursing heavy capital losses.

Inflation is still the key to all this. Led by the US Federal Reserve, central banks, including the BoE, have been raising their base interest rates in an attempt to tackle it, and we expect to see more increases.

Here, and in Europe, consumers and businesses are to be shielded from the prospect of massive jumps in fuel prices (though these are abating somewhat), which will provide significant relief. But central bank (and inept political) actions mean that a mild recession in the US looks likely now, while the European economy is already in recession as is, probably, ours.

The better side of the coin is that, for the first time in years, there are decent returns on offer across UK asset classes. We consider that the equity market, along with gilt and credit markets, have now 'priced-in' a lot of bad news (it has been relentless). We expect to see the value in the Fund reflected in better returns, and dividends, over the course of the year ahead.

#### **Investment commentary – for the second six months of the year, 1 October 2022 to 31 March 2023**

A calmer final calendar quarter of 2022 saw us make few substantive changes. Exposure to FTSE 100 stocks was a shade lower following the sale of the remaining holding in BT Group, which had been a perennial disappointment. We did add further to the (relatively) new holding in 3i Group after their half-year figures and further presentations on the prospects for Action, the European discount retailer that they control, and their single largest investment. We have also added to the existing holdings in Bellway (unfashionable, a housebuilder!) and to Cranswick, the meat processor, who reported decent interim figures, including a modest dividend increase, in tricky times, both looking good value now.

Early in the quarter, we added a new fixed interest holding, a 5.5% bond from KBC Group due in 2028, the area of the corporate fixed interest markets that we consider to be the 'sweet spot'. The commercial property companies are showing some signs of life after a desperate year for the sector, we added to our holding in Primary Health Properties after an encouraging meeting with their Finance Director, Richard Howell. We like their unique portfolio and feel that the sell-off in their shares was unjustified, simply a result of being in a depressed sector.

Over the first calendar quarter of 2023, a modest shuffling in positions of the top holdings (see below) reflects continuing strong performance from BAE Systems and RELX and poor performance from the financials, Aviva and, most notably, Barclays. Other than a modest 'top slice' of the biggest holding, AstraZeneca, which had a good run-up in February, we have not made any changes to these holdings. All the companies in the list have increased their dividends over the year (though GSK is not a 'clean' comparison having split off Haleon last year, their policy is now for a 'progressive' dividend).

The Financial holdings were generally detractors from performance. Close Bros sank after significantly raising provisions on its legal lending business and the insurers Aviva and Phoenix fell back with the dour mood in the banks. Another sector to struggle was Infrastructure where there was pressure on valuations of their (long-term) projects (from last year's move up in long-term interest rates). We sold the last of our holding in Triple Point Energy Transition, which we felt was unlikely to achieve sufficient scale to achieve its aims.

**IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

**AUTHORISED INVESTMENT MANAGER'S REPORT**

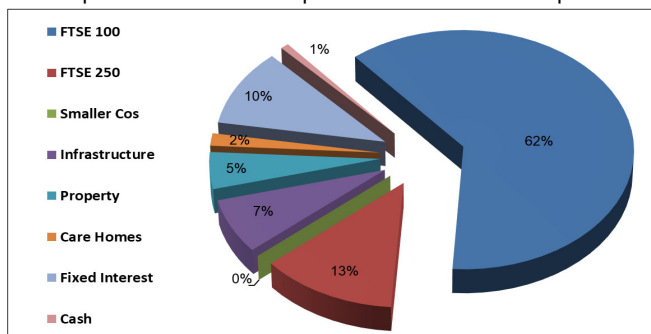
for the year ended 31 March 2023

Top 15 Holdings as at 31 March 2023:

|                         |       |
|-------------------------|-------|
| AstraZeneca             | 5.95% |
| Unilever                | 4.39% |
| RELX                    | 3.86% |
| BAE Systems             | 3.77% |
| Diageo                  | 3.74% |
| GSK                     | 3.66% |
| Reckitt Benckiser Group | 2.74% |
| Croda International     | 2.73% |
| National Grid           | 2.70% |
| Bunzl                   | 2.67% |
| Aviva                   | 2.58% |
| Sage Group              | 2.47% |
| Halma                   | 2.46% |
| Schroders               | 2.36% |
| Barclays                | 2.34% |

Source: Church House Investments Limited

The disposition of the Fund's portfolio at the end of the period is shown below:



Source: Church House Investments Limited

Church House Investments Limited

28 April 2023

**Distributions**

|  | <u>Year 2023</u> | <u>Year 2022</u> | <u>Year 2021</u> | <u>Year 2020</u> |
|--|------------------|------------------|------------------|------------------|
| <u>A Income (pence per unit)</u>       |                  |                  |                  |                  |
| Net income paid 31 May                 | 2.9401           | 2.2150           | 1.9150           | 2.3520           |
| Net income paid 30 November            |                  | 2.9250           | 2.7750           | 2.3480           |
| <u>A Accumulation (pence per unit)</u> |                  |                  |                  |                  |
| Net accumulation paid 31 May           | 4.9835           | 3.6380           | 3.0630           | 3.6580           |
| Net accumulation paid 30 November      |                  | 4.8590           | 4.4910           | 3.7080           |
| <u>B Income (pence per unit)</u>       |                  |                  |                  |                  |
| Net income paid 31 May                 | 3.3749           | 2.5850           | 2.2180           | 2.7150           |
| Net income paid 30 November            |                  | 3.3030           | 3.1630           | 2.6460           |
| <u>B Accumulation (pence per unit)</u> |                  |                  |                  |                  |
| Net accumulation paid 31 May           | 5.8131           | 4.2710           | 3.5770           | 4.2350           |
| Net accumulation paid 30 November      |                  | 5.5450           | 5.1540           | 4.2020           |

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2023

#### Portfolio changes

| <u>Largest purchases</u>            | <u>Cost (£)</u>     |
|-------------------------------------|---------------------|
| GSK                                 | 995,379             |
| KBC Group 5.5% 20.09.28             | 477,300             |
| UK Treasury 1.5% 22.07.26           | 448,140             |
| Lloyds Banking Group                | 439,026             |
| Primary Health Properties           | 405,249             |
| Harmony Energy Income Trust         | 398,472             |
| Howden Joinery Group                | 382,457             |
| Aviva                               | 308,194             |
| SDCL Energy Efficiency Income Trust | 228,000             |
| Tritax Big Box REIT                 | 211,185             |
| Other purchases                     | 666,907             |
| Total purchases for the year        | 4,960,309           |
| <u>Sales</u>                        | <u>Proceeds (£)</u> |
| Smith & Nephew                      | 1,215,424           |
| BT Group                            | 863,553             |
| Bellevue Healthcare Trust           | 636,460             |
| Rentokil Initial                    | 607,145             |
| Compass Group                       | 567,030             |
| UK Treasury 1.5% 22.07.26           | 471,940             |
| Haleon                              | 379,162             |
| Triple Point Energy Transition      | 364,663             |
| Greggs                              | 263,593             |
| AstraZeneca                         | 229,652             |
| Total sales for the year            | 5,598,622           |

## **IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

### **AUTHORISED STATUS**

IFSL Church House Balanced Equity Income Fund (the Fund) is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is a UCITS scheme operating under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

### **GENERAL INFORMATION**

#### **Investment objective**

The investment objective of the Fund is to provide income and capital growth over the long term (at least five years).

#### **Investment policy**

The Fund is actively managed. At least 70% of the Fund's assets are invested in shares of UK companies (those incorporated or domiciled in the UK). The focus of the Fund is on larger capitalisation companies, which the Authorised Fund Manager (AFM) defines as those with a market capitalisation of at least £1bn at the time of purchase. Up to 30% of the Fund may be invested in other assets: the shares of companies with a smaller capitalisation, sterling denominated fixed interest securities (including floating rate notes, index linked or convertible fixed interest securities), money market instruments and cash.

#### **Benchmark**

Unitholders may compare the performance of the Fund against the FTSE 350 Higher Yield Index and the IA Mixed Investment 40%-85% Shares sector.

Comparison of the Fund's performance against IA Mixed Investment 40%-85% Shares sector will give unitholders an indication of how the Fund is performing against other similar funds in this peer group sector. The AFM has selected the FTSE 350 Higher Yield Index as a comparator benchmark as the AFM believes it best reflects the asset allocation of the Fund.

The benchmarks are not targets for the Fund, nor is the Fund constrained by the benchmarks.

#### **Rights and terms attaching to each unit class**

A unit of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each unit in the event the Fund is wound up are on the same proportional basis.

#### **Assessment of value**

The AFM is required to carry out an assessment of value at least annually and publish its findings in a report to investors. IFSL Church House Balanced Equity Income Fund is assessed and reported on, in a composite report which the AFM publishes on the website [www.ifslfunds.com](http://www.ifslfunds.com). The next report is expected to be published in a composite report by 31 December 2023.

#### **Changes in prospectus**

On 1 October 2022, Investment Fund Services Limited became AFM of the Fund. On this date, the Fund name changed from SVS Church House Balanced Equity Income Fund to IFSL Church House Balanced Equity Income Fund.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the AFM's range, can be requested by the investor at any time.



## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### GENERAL INFORMATION

#### Remuneration policy

In line with the requirements of UCITS V, Investment Fund Services Limited, the AFM, is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2022 (the AFM's year end) are set out below:

|   | Number of identified staff | Total remuneration paid | Fixed remuneration paid | Variable remuneration paid |
|---|----------------------------|-------------------------|-------------------------|----------------------------|
|   |                            | £                       | £                       | £                          |
| <b>Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund</b> |                            |                         |                         |                            |
| Senior management   | 7                          | 757,911                 | 667,666                 | 90,245                     |
| Risk takers and other identified staff  | 2                          | 245,763                 | 203,403                 | 42,360                     |
| <b>Allocation of total remuneration of the employees of the AFM to the Fund</b>                         |                            |                         |                         |                            |
| Senior management   | 0.04                       | 4,499                   | 3,963                   | 536                        |
| Risk takers and other identified staff  | 0.02                       | 1,458                   | 1,207                   | 251                        |

The total number of staff employed by the AFM's group was 236 as at 30 September 2022. The total remuneration paid to those staff was £14,048,823 of which £5,197,123 is attributable to the AFM.

The allocation of remuneration to the Fund is based on Assets Under Management (AUM) and the figures disclosed only include remuneration paid to individuals directly employed by the AFM's group. The way these disclosures are calculated may change in the future.

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### DIRECTORS' STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.



Allan Hamer  
Director



Helen Redmond  
Director

Investment Fund Services Limited  
20 July 2023

### STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Fund Manager (AFM) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Fund and of the net revenue and net capital losses on the scheme property of the Fund for the year.

In preparing those financial statements the AFM is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The AFM is required to keep proper accounting records and to manage the Fund in accordance with the COLL rules, the Trust Deed and the Prospectus. The AFM is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The AFM is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the AFM to take all necessary steps to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE

#### **Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of IFSL Church House Balanced Equity Income Fund ("the Scheme") for the Period Ended 31 March 2023.**

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Trustee must ensure that:

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

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations and the Scheme documents; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

NatWest Trustee and Depositary Services Limited  
20 July 2023

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

#### Opinion

We have audited the financial statements of IFSL Church House Balanced Equity Income Fund ("the Fund") for the year ended 31 March 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 March 2023 and of the net revenue and net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

#### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

#### **Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority ("the FCA")**

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Trust Deed;
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

#### **Responsibilities of the Manager**

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities set out on page 7, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

#### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the Investment Management Association's Statement of Recommended Practice (IA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified fraud risks in relation to incomplete or inaccurate revenue recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. In response to our fraud risk, we tested the appropriateness of management's classification of material special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

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

#### Use of our report

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP  
Statutory Auditor  
Edinburgh

20 July 2023

Notes:

1. The maintenance and integrity of the Investment Fund Services Limited website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

COMPARATIVE TABLE

**A Income units**

| <b>Change in net assets per unit</b> | <b>Year to<br/>31.03.2023<br/>pence</b> | <b>Year to<br/>31.03.2022<br/>pence</b> | <b>Year to<br/>31.03.2021<br/>pence</b> |
|--------------------------------------|---|---|---|
| Opening net asset value per unit     | 182.73                                  | 177.90                                  | 154.88                                  |
| Return before operating charges*     | (4.38)                                  | 13.03                                   | 30.11                                   |
| Operating charges                    | (2.88)                                  | (3.21)                                  | (2.83)                                  |
| Return after operating charges*      | (7.26)                                  | 9.82                                    | 27.28                                   |
| Distributions on income units        | (5.87)                                  | (4.99)                                  | (4.26)                                  |
| Closing net asset value per unit     | 169.60                                  | 182.73                                  | 177.90                                  |

\* after direct transaction costs of: 0.06 0.13 0.26

**Performance**

Return after charges<sup>A</sup> (3.97)% 5.52% 17.61%

**Other information**

|                          |            |            |            |
|--------------------------|------------|------------|------------|
| Closing net asset value  | 42,395,106 | 46,536,947 | 44,527,512 |
| Closing number of units  | 24,997,792 | 25,467,493 | 25,030,101 |
| Operating charges        | 1.72%      | 1.71%      | 1.71%      |
| Direct transaction costs | 0.04%      | 0.07%      | 0.16%      |

**Prices (pence per unit)**

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 187.40 | 197.00 | 180.10 |
| Lowest unit price  | 152.50 | 170.50 | 148.30 |

**A Accumulation units**

| <b>Change in net assets per unit</b>         | <b>Year to<br/>31.03.2023<br/>pence</b> | <b>Year to<br/>31.03.2022<br/>pence</b> | <b>Year to<br/>31.03.2021<br/>pence</b> |
|--|---|---|---|
| Opening net asset value per unit             | 303.92                                  | 288.06                                  | 244.54                                  |
| Return before operating charges*             | (6.70)                                  | 21.11                                   | 48.04                                   |
| Operating charges                            | (4.87)                                  | (5.25)                                  | (4.52)                                  |
| Return after operating charges*              | (11.57)                                 | 15.86                                   | 43.52                                   |
| Distributions on accumulation units          | (9.84)                                  | (8.13)                                  | (6.77)                                  |
| Retained distributions on accumulation units | 9.84                                    | 8.13                                    | 6.77                                    |
| Closing net asset value per unit             | 292.35                                  | 303.92                                  | 288.06                                  |

\* after direct transaction costs of: 0.11 0.21 0.41

**Performance**

Return after charges<sup>A</sup> (3.81)% 5.51% 17.80%

**Other information**

|                          |           |           |           |
|--------------------------|-----------|-----------|-----------|
| Closing net asset value  | 2,557,237 | 2,960,995 | 3,203,881 |
| Closing number of units  | 874,713   | 974,280   | 1,112,245 |
| Operating charges        | 1.72%     | 1.71%     | 1.71%     |
| Direct transaction costs | 0.04%     | 0.07%     | 0.16%     |

**Prices (pence per unit)**

|                    |        |        |        |
|--------------------|--------|--------|--------|
| Highest unit price | 311.60 | 323.70 | 288.50 |
| Lowest unit price  | 258.30 | 280.10 | 234.20 |

<sup>A</sup> The return after charges is calculated using the underlying investments bid prices.

IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

COMPARATIVE TABLE

| <b><u>B Income units</u></b>                 | <b>Year to<br/>31.03.2023</b> | <b>Year to<br/>31.03.2022</b> | <b>Year to<br/>31.03.2021</b> |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Change in net assets per unit</b>         | <b>pence</b>                  | <b>pence</b>                  | <b>pence</b>                  |
| Opening net asset value per unit             | 190.24                        | 184.56                        | 160.11                        |
| Return before operating charges*             | (4.56)                        | 13.50                         | 31.17                         |
| Operating charges                            | (1.91)                        | (2.07)                        | (1.86)                        |
| Return after operating charges*              | (6.47)                        | 11.43                         | 29.31                         |
| Distributions on income units                | (6.68)                        | (5.75)                        | (4.86)                        |
| Closing net asset value per unit             | 177.09                        | 190.24                        | 184.56                        |
| <br>   |                               |                               |                               |
| * after direct transaction costs of:         | 0.07                          | 0.13                          | 0.33                          |
| <br>   |                               |                               |                               |
| <b>Performance</b>                           |                               |                               |                               |
| Return after charges <sup>A</sup>            | (3.40)%                       | 6.19%                         | 18.31%                        |
| <br>   |                               |                               |                               |
| <b>Other information</b>                     |                               |                               |                               |
| Closing net asset value                      | 10,733,702                    | 10,722,596                    | 7,315,254                     |
| Closing number of units                      | 6,061,107                     | 5,636,227                     | 3,963,564                     |
| Operating charges                            | 1.09%                         | 1.08%                         | 1.09%                         |
| Direct transaction costs                     | 0.04%                         | 0.07%                         | 0.16%                         |
| <br>   |                               |                               |                               |
| <b>Prices (pence per unit)</b>               |                               |                               |                               |
| Highest unit price                           | 195.20                        | 205.00                        | 187.10                        |
| Lowest unit price                            | 159.00                        | 177.70                        | 153.30                        |
| <br>   |                               |                               |                               |
| <b><u>B Accumulation units</u></b>           | <b>Year to<br/>31.03.2023</b> | <b>Year to<br/>31.03.2022</b> | <b>Year to<br/>31.03.2021</b> |
| <b>Change in net assets per unit</b>         | <b>pence</b>                  | <b>pence</b>                  | <b>pence</b>                  |
| Opening net asset value per unit             | 319.45                        | 300.88                        | 253.81                        |
| Return before operating charges*             | (6.93)                        | 22.02                         | 50.01                         |
| Operating charges                            | (3.27)                        | (3.45)                        | (2.94)                        |
| Return after operating charges*              | (10.20)                       | 18.57                         | 47.07                         |
| Distributions on accumulation units          | (11.36)                       | (9.43)                        | (7.78)                        |
| Retained distributions on accumulation units | 11.36                         | 9.43                          | 7.78                          |
| Closing net asset value per unit             | 309.25                        | 319.45                        | 300.88                        |
| <br>   |                               |                               |                               |
| * after direct transaction costs of:         | 0.12                          | 0.22                          | 0.45                          |
| <br>   |                               |                               |                               |
| <b>Performance</b>                           |                               |                               |                               |
| Return after charges <sup>A</sup>            | (3.19)%                       | 6.17%                         | 18.55%                        |
| <br>   |                               |                               |                               |
| <b>Other information</b>                     |                               |                               |                               |
| Closing net asset value                      | 6,926,844                     | 7,285,588                     | 6,680,819                     |
| Closing number of units                      | 2,239,869                     | 2,280,632                     | 2,220,461                     |
| Operating charges                            | 1.09%                         | 1.08%                         | 1.09%                         |
| Direct transaction costs                     | 0.04%                         | 0.07%                         | 0.16%                         |
| <br>   |                               |                               |                               |
| <b>Prices (pence per unit)</b>               |                               |                               |                               |
| Highest unit price                           | 327.70                        | 339.70                        | 301.40                        |
| Lowest unit price                            | 272.50                        | 294.30                        | 243.10                        |

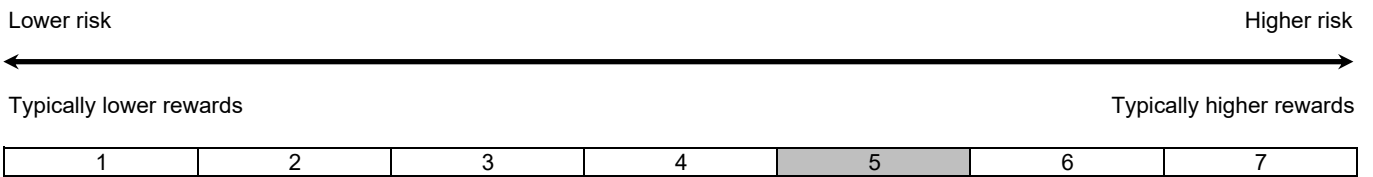
<sup>A</sup> The return after charges is calculated using the underlying investments bid prices.

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class in the year. Direct transaction costs are the total charges for the year, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the average net asset value over the year and the average units in issue for the pence per unit figures.



**IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

**SYNTHETIC RISK AND REWARD INDICATOR**



This indicator aims to give you a measure of the price movement of the Fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio are used.

The Fund has been measured as 5 because its investments have experienced moderate to high volatility in the past. During the year the synthetic risk and reward indicator has remained unchanged.

**IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

**PORTFOLIO STATEMENT**

as at 31 March 2023

| Holding or nominal value  | Bid value<br>£   | Percentage of total net assets<br>% |
|---|------------------|-------------------------------------|
| <b>DEBT SECURITIES</b> (31 March 2022 - 10.16%)                           |                  |                                     |
| <b>AA- TO A+</b> (31 March 2022 - 0.93%)                                  |                  |                                     |
| 700,000 Phoenix Group Holdings 5.75% Perp                                 | 555,457          | 0.89                                |
| 350,000 UK Treasury Index-Linked 4.125% 22.07.30                          | 1,218,283        | 1.94                                |
| Total AA- to A+   | 1,773,740        | 2.83                                |
| <b>A TO A-</b> (31 March 2022 - 1.99%)                                    |                  |                                     |
| 500,000 KBC Group 5.5% 20.09.28   | 492,335          | 0.79                                |
| 218,000 Southern Water Services Index Linked Wrapped Bonds 3.706% 31.03.: | 523,813          | 0.84                                |
| Total A to A-   | 1,016,148        | 1.63                                |
| <b>BBB+ TO BBB</b> (31 March 2022 - 3.25%)                                |                  |                                     |
| 1,500,000 Barclays 3.75% 22.11.30   | 1,365,000        | 2.18                                |
| 250,000 Heathrow Funding 3.334% 12.09.39                                  | 477,800          | 0.76                                |
| 700,000 Yorkshire Building Society 3.375% 13.09.28                        | 601,426          | 0.96                                |
| Total BBB+ to BBB   | 2,444,226        | 3.90                                |
| <b>BBB- TO UNRATED</b> (31 March 2022 - 3.99%)                            |                  |                                     |
| 500,000 SSE 3.74% Perp  | 455,625          | 0.73                                |
| 1,000,000 Virgin Money UK 2.625% 19.08.31                                 | 830,590          | 1.33                                |
| Total BBB- to Unrated   | 1,286,215        | 2.06                                |
| <b>Total Debt Securities</b>  | <b>6,520,329</b> | <b>10.42</b>                        |
| <b>UNITED KINGDOM EQUITIES</b> (31 March 2022 - 76.67%)                   |                  |                                     |
| <b>COMMUNICATION SERVICES</b> (31 March 2022 - 1.89%)                     |                  |                                     |
| <b>CONSUMER DISCRETIONARY</b> (31 March 2022 - 7.26%)                     |                  |                                     |
| 47,000 Bellway  | 1,051,390        | 1.68                                |
| 40,000 Greggs   | 1,118,400        | 1.79                                |
| 400,000 Kingfisher  | 1,035,600        | 1.65                                |
| 32,500 The Berkeley Group Holdings  | 1,371,175        | 2.19                                |
| Total Consumer Discretionary  | 4,576,565        | 7.31                                |
| <b>CONSUMER STAPLES</b> (31 March 2022 - 12.40%)                          |                  |                                     |
| 150,000 Britvic   | 1,344,750        | 2.15                                |
| 30,000 Cranswick  | 910,200          | 1.45                                |
| 65,000 Diageo   | 2,344,875        | 3.74                                |
| 27,500 Reckitt Benckiser Group  | 1,717,100        | 2.74                                |
| 65,000 Unilever   | 2,748,200        | 4.39                                |
| Total Consumer Staples  | 9,065,125        | 14.47                               |
| <b>FINANCIALS</b> (31 March 2022 - 15.88%)                                |                  |                                     |
| 85,000 3i Group   | 1,425,025        | 2.28                                |
| 400,000 Aviva   | 1,616,400        | 2.58                                |
| 1,000,000 Barclays  | 1,462,600        | 2.34                                |
| 102,500 Close Brothers Group  | 934,288          | 1.49                                |
| 2,500,000 Lloyds Banking Group  | 1,195,125        | 1.91                                |
| 200,000 Phoenix Group Holdings  | 1,084,400        | 1.73                                |
| 74,000 Rathbones Group  | 1,414,880        | 2.26                                |
| 323,529 Schroders   | 1,479,822        | 2.36                                |
| Total Financials  | 10,612,540       | 16.95                               |
| <b>HEALTH CARE</b> (31 March 2022 - 10.38%)                               |                  |                                     |
| 33,000 AstraZeneca  | 3,724,380        | 5.95                                |
| 160,000 GSK   | 2,290,240        | 3.66                                |
| Total Health Care   | 6,014,620        | 9.61                                |

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### PORTFOLIO STATEMENT

as at 31 March 2023

| Holding or<br>nominal value                           | Bid<br>value<br>£ | Percentage of<br>total net assets<br>% |
|---|-------------------|--|
| <b>INDUSTRIALS</b> (31 March 2022 - 10.35%)           |                   |  |
| 240,000 BAE Systems                                   | 2,361,120         | 3.77                                   |
| 55,000 Bunzl  | 1,669,250         | 2.67                                   |
| 160,000 Howden Joinery Group                          | 1,113,600         | 1.78                                   |
| 92,500 RELX   | 2,416,100         | 3.86                                   |
| Total Industrials                                     | 7,560,070         | 12.08                                  |
| <b>INFORMATION TECHNOLOGY</b> (31 March 2022 - 4.68%) |                   |  |
| 70,000 Halma  | 1,543,500         | 2.46                                   |
| 200,000 Sage Group                                    | 1,548,800         | 2.47                                   |
| Total Information Technology                          | 3,092,300         | 4.93                                   |
| <b>MATERIALS</b> (31 March 2022 - 6.94%)              |                   |  |
| 26,500 Croda International                            | 1,707,130         | 2.73                                   |
| 25,000 Rio Tinto                                      | 1,360,250         | 2.17                                   |
| 335,000 Smith (DS)                                    | 1,055,585         | 1.69                                   |
| Total Materials                                       | 4,122,965         | 6.59                                   |
| <b>REAL ESTATE</b> (31 March 2022 - 4.20%)            |                   |  |
| 175,000 Land Securities Group                         | 1,091,300         | 1.74                                   |
| 850,000 Primary Health Properties                     | 860,200           | 1.37                                   |
| 387,735 Shaftesbury Capital                           | 441,242           | 0.70                                   |
| 1,490,000 Target Healthcare REIT                      | 1,040,020         | 1.66                                   |
| 500,000 Tritax Big Box REIT                           | 693,000           | 1.11                                   |
| Total Real Estate                                     | 4,125,762         | 6.58                                   |
| <b>UTILITIES</b> (31 March 2022 - 2.69%)              |                   |  |
| 155,000 National Grid                                 | 1,690,275         | 2.70                                   |
| Total Utilities                                       | 1,690,275         | 2.70                                   |
| <b>Total United Kingdom Equities</b>                  |                   | <b>50,860,222</b>                      |
| <b>CLOSED-ENDED FUNDS</b> (31 March 2022 - 12.75%)    |                   |  |
| 950,000 BBGI Global Infrastructure                    | 1,428,800         | 2.28                                   |
| 1,100,000 GCP Infrastructure Investments              | 949,300           | 1.52                                   |
| 852,500 Harmony Energy Income Trust                   | 976,112           | 1.56                                   |
| 1,433,166 SDCL Energy Efficiency Income Trust         | 1,200,993         | 1.92                                   |
| Total Closed-Ended Funds                              | 4,555,205         | 7.28                                   |
| <b>UNQUOTED SECURITIES</b> (31 March 2022 - Nil)      |                   |  |
| 750,000 Ceravision <sup>A</sup>                       | -                 | -                                      |
| 2,620 Ultra PRT <sup>A</sup>                          | -                 | -                                      |
| Total Unquoted Securities                             | -                 | -                                      |
| <b>Portfolio of investments</b>                       |                   | <b>61,935,756</b>                      |
| <b>Net other assets</b>                               |                   | <b>677,133</b>                         |
| <b>Total net assets</b>                               |                   | <b>62,612,889</b>                      |

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

<sup>A</sup> These shares are unlisted and are valued at zero, based on the latest information received.

**IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

**STATEMENT OF TOTAL RETURN**

for the year ended 31 March 2023

|   | Notes | 31 March 2023    |                    | 31 March 2022    |                  |
|---|-------|------------------|--------------------|------------------|------------------|
|   |       | £                | £                  | £                | £                |
| Income:   |       |                  |                    |                  |                  |
| Net capital (losses)/gains  | 4     |                  | (4,325,421)        |                  | 2,017,273        |
| Revenue   | 6     | 2,673,925        |                    | 2,312,669        |                  |
| Expenses  | 7     | <u>(894,702)</u> |                    | <u>(942,045)</u> |                  |
| Net revenue before taxation   |       | 1,779,223        |                    | 1,370,624        |                  |
| Taxation  | 8     | <u>-</u>         |                    | <u>-</u>         |                  |
| Net revenue after taxation  |       |                  | <u>1,779,223</u>   |                  | <u>1,370,624</u> |
| Total return before distributions   |       |                  | (2,546,198)        |                  | 3,387,897        |
| Distributions   | 9     |                  | (2,227,048)        |                  | (1,836,072)      |
| Change in net assets attributable to unitholders from investment activities |       |                  | <u>(4,773,246)</u> |                  | <u>1,551,825</u> |

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

for the year ended 31 March 2023

|   | 31 March 2023 |                   | 31 March 2022 |                   |
|---|---------------|-------------------|---------------|-------------------|
|   | £             | £                 | £             | £                 |
| Opening net assets attributable to unitholders                              |               | 67,506,126        |               | 61,727,466        |
| Amounts receivable on issue of units  | 4,663,033     |                   | 8,335,998     |                   |
| Amounts payable on cancellation of units                                    | (5,126,574)   |                   | (4,407,269)   |                   |
| Amounts payable on unit class conversions                                   | <u>(9)</u>    |                   | <u>-</u>      |                   |
|   |               | (463,550)         |               | 3,928,729         |
| Change in net assets attributable to unitholders from investment activities |               | (4,773,246)       |               | 1,551,825         |
| Retained distribution on accumulation units                                 |               | 343,559           |               | 298,106           |
| Closing net assets attributable to unitholders                              |               | <u>62,612,889</u> |               | <u>67,506,126</u> |

**IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

**BALANCE SHEET**

as at 31 March 2023

|   | Notes | 31 March 2023<br>£       | 31 March 2022<br>£       |
|---|-------|--------------------------|--------------------------|
| <b>Assets:</b>                                |       |                          |                          |
| <b>Fixed Assets:</b>                          |       |                          |                          |
| Investments                                   | 17    | 61,935,756               | 67,219,727               |
| <b>Current Assets:</b>                        |       |                          |                          |
| Debtors                                       | 10    | 725,238                  | 734,359                  |
| Cash and bank balances                        |       | 1,043,000                | 288,448                  |
| Total assets                                  |       | <u>63,703,994</u>        | <u>68,242,534</u>        |
| <b>Liabilities:</b>                           |       |                          |                          |
| <b>Creditors:</b>                             |       |                          |                          |
| Distribution payable                          |       | 939,532                  | 709,801                  |
| Other creditors                               | 11    | 151,573                  | 26,607                   |
| Total liabilities                             |       | <u>1,091,105</u>         | <u>736,408</u>           |
| <b>Net assets attributable to unitholders</b> |       | <u><u>62,612,889</u></u> | <u><u>67,506,126</u></u> |

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### 1 ACCOUNTING POLICIES

##### **Basis of preparation**

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 ("FRS 102") and in accordance with the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

There are no material events that have been identified that may cast significant doubt about the Fund's ability to continue as a going concern for the next twelve months from the date these financial statements are authorised for issue. The Authorised Fund Manager (AFM) believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

##### **Revenue**

Dividends from quoted ordinary securities are recognised when the security is quoted ex-dividend.

Interest on debt securities is recognised on an accruals basis. Accrued interest purchased and sold on debt securities is excluded from the capital cost of these securities and is treated as revenue. Interest earned from debt securities is accounted for on an effective yield basis. Effective yield is where the interest arising on the security that is purchased at a discount or premium to the maturity value is amortised and recognised at a consistent rate over the life of the security.

Dividends from non-quoted securities are recognised when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

##### **Allocation of revenue**

Revenue, attributable after expenses to multiple unit classes, with the exception of the AFM's periodic charge, which is directly attributable to individual unit classes, is allocated to unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the revenue is incurred.

##### **Expenses**

All expenses, other than those relating to purchase and sale of investments, are split equally between capital and revenue on an accruals basis.

##### **Valuation**

The valuation point was 12:00 on 31 March 2023 being the last valuation point of the accounting year.

Listed investments are valued at fair value which is the bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the AFM's best estimate of the amount that would be received from the immediate transfer at arm's length in a manner designed to show fair value. This modelling takes into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

##### **Taxation**

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

##### **Exchange rates**

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 31 March 2023 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

#### 2 DISTRIBUTION POLICIES

The distribution policy of the Fund is to distribute or accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### DISTRIBUTION POLICIES (continued)

The Fund is less than 60% invested in qualifying investments (as defined by SI 2006/964, Reg. 20) and will pay a dividend distribution.

#### Equalisation

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

#### Stock and special dividends

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue of the Fund. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

### 3 RISK MANAGEMENT POLICIES

In pursuing its investment objective, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities held in accordance with the investment objectives and policies together with cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

The Fund is managed according to COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) the authorised funds are required to comply with a number of investment rules that require the spreading of risk.

#### Market price risk

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

#### Foreign currency risk

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as some of the Fund's assets and income may be denominated in currencies other than sterling which is the Fund's functional currency.

The AFM has identified three principal areas where foreign currency risk could impact the Fund. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally movements in exchange rates affecting income received by the Fund. The Fund converts all receipts of income received in currency into sterling on the day of receipt.

#### Credit and counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the AFM as an acceptable counterparty.

#### Interest rate risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### RISK MANAGEMENT POLICIES (continued)

##### Liquidity risk

The Fund's assets comprise mainly of readily realisable securities. The main liability of the Fund is the redemption of any units that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Fund's assets is regularly reviewed by the AFM.

| <b>4 NET CAPITAL (LOSSES)/GAINS</b>   | <b>31 March 2023</b>    | <b>31 March 2022</b>     |
|---|-------------------------|--------------------------|
|   | <b>£</b>                | <b>£</b>                 |
| The net (losses)/gains on investments during the year comprise:   |                         |                          |
| Realised gains on investments   | 56,915                  | 73,334                   |
| Unrealised (losses)/gains on investments  | (4,378,445)             | 1,873,234                |
| Currency losses   | (385)                   | -                        |
| Capital special dividends   | -                       | 77,053                   |
| Transaction charges   | (3,506)                 | (6,348)                  |
| <b>Net capital (losses)/gains</b>   | <b>(4,325,421)</b>      | <b>2,017,273</b>         |
| <br>  |                         |                          |
| <b>5 PURCHASES, SALES AND TRANSACTION COSTS</b>   | <b>31 March 2023</b>    | <b>31 March 2022</b>     |
|   | <b>£</b>                | <b>£</b>                 |
| Purchases excluding transaction costs:  |                         |                          |
| Equities  | 4,013,696               | 8,616,964                |
| Debt securities   | 925,440                 | 1,935,497                |
|   | <u>4,939,136</u>        | <u>10,552,461</u>        |
| Equities: Commissions   | 2,218                   | 4,968                    |
| Taxes and other charges   | 18,955                  | 37,204                   |
| Total purchases transaction costs   | <u>21,173</u>           | <u>42,172</u>            |
| <b>Purchases including transaction costs</b>  | <b><u>4,960,309</u></b> | <b><u>10,594,633</u></b> |
| <br>  |                         |                          |
| Purchases transaction costs expressed as a percentage of the principal amount:                                      |                         |                          |
| Equities: Commissions   | 0.06%                   | 0.06%                    |
| Taxes and other charges   | 0.47%                   | 0.43%                    |
| <br>  |                         |                          |
| Sales excluding transaction costs:  |                         |                          |
| Equities  | 5,129,493               | 5,080,756                |
| Debt securities   | 471,940                 | 468,370                  |
|   | <u>5,601,433</u>        | <u>5,549,126</u>         |
| Equities: Commissions   | (2,791)                 | (3,275)                  |
| Taxes and other charges   | (20)                    | (14)                     |
| Total sales transaction costs   | <u>(2,811)</u>          | <u>(3,289)</u>           |
| <b>Sales net of transaction costs</b>   | <b><u>5,598,622</u></b> | <b><u>5,545,837</u></b>  |
| <br>  |                         |                          |
| Sales transaction costs expressed as a percentage of the principal amount:  |                         |                          |
| Equities: Commissions   | 0.05%                   | 0.06%                    |
| Taxes and other charges   | 0.00%                   | 0.00%                    |
| <br>  |                         |                          |
| Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year: |                         |                          |
| Commissions   | 0.01%                   | 0.01%                    |
| Taxes and other charges   | 0.03%                   | 0.06%                    |
|   | <u>0.04%</u>            | <u>0.07%</u>             |

No significant in-specie transfers were identified in the year (2022: nil).

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

##### Transaction handling charges

These are charges payable to the depositary in respect of each transaction: £3,506 £6,348

##### Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date 0.18% 0.17%



**IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2023

| <b>6 REVENUE</b>   | <b>31 March 2023</b> | <b>31 March 2022</b> |
|--|----------------------|----------------------|
|  | <b>£</b>             | <b>£</b>             |
| UK dividends   | 1,939,196            | 1,718,771            |
| UK dividends (unfranked)   | 219,702              | 217,522              |
| Overseas dividends   | 148,049              | 172,896              |
| Interest on debt securities  | 359,611              | 203,478              |
| Bank interest  | 6,855                | 2                    |
| Other income   | 512                  | -                    |
| <b>Total revenue</b>   | <b>2,673,925</b>     | <b>2,312,669</b>     |
| <b>7 EXPENSES</b>  | <b>31 March 2023</b> | <b>31 March 2022</b> |
|  | <b>£</b>             | <b>£</b>             |
| Payable to the AFM or associate:   |                      |                      |
| AFM's periodic charge  | 857,228              | 906,937              |
| Registration fees  | 308                  | 311                  |
|  | <b>857,536</b>       | <b>907,248</b>       |
| Other expenses:  |                      |                      |
| Trustee's fees   | 17,000               | 19,983               |
| Non-executive directors' fee   | 2,237                | 1,231                |
| Audit fee  | 8,703                | 7,800                |
| Safe custody fees  | 4,401                | 2,349                |
| Financial Conduct Authority fee  | 513                  | 732                  |
| Price publication charge   | 780                  | -                    |
| KIID fee   | 1,972                | 1,142                |
| FTSE licence fee   | 1,560                | 1,560                |
|  | <b>37,166</b>        | <b>34,797</b>        |
| <b>Total expenses</b>  | <b>894,702</b>       | <b>942,045</b>       |
| <b>8 TAXATION</b>  | <b>31 March 2023</b> | <b>31 March 2022</b> |
|  | <b>£</b>             | <b>£</b>             |
| a Analysis of the tax charge for the year  |                      |                      |
| <b>Total tax charge</b> (see note 8(b))  | <b>-</b>             | <b>-</b>             |
| b Factors affecting the tax charge for the year  |                      |                      |
| The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a unit trust (20%). The differences are explained below. |                      |                      |
| Net revenue before taxation  | 1,779,223            | 1,370,624            |
| Corporation tax at 20% (2022: 20%)   | 355,845              | 274,125              |
| Tax effects of:  |                      |                      |
| Revenue not subject to taxation  | (417,552)            | (378,333)            |
| Unrelieved excess management expenses  | 61,707               | 104,208              |
| <b>Total tax charge</b> (see note 8(a))  | <b>-</b>             | <b>-</b>             |

At 31 March 2023 the Fund has deferred tax assets of £1,430,991 (2022: £1,369,284) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### 9 DISTRIBUTIONS

|   | 31 March 2023    | 31 March 2022    |
|---|------------------|------------------|
|   | £                | £                |
| The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise: |                  |                  |
| Interim   | 1,110,727        | 1,016,210        |
| Final   | 1,113,330        | 842,651          |
| Deduct: Amounts received on issue of units  | (37,701)         | (51,692)         |
| Add: Amounts deducted on cancellation of units  | 40,835           | 29,403           |
| Equalisation on conversions   | (8)              | (500)            |
| Revenue brought forward   | (135)            | -                |
| <b>Distributions</b>  | <u>2,227,048</u> | <u>1,836,072</u> |
| Net revenue after taxation  | 1,779,223        | 1,370,624        |
| Expenses paid from capital  | 447,825          | 471,023          |
| Marginal tax relief   | -                | (5,482)          |
| Undistributed revenue brought forward   | 283              | 190              |
| Undistributed revenue carried forward   | -                | (283)            |
| Prior year undistributed revenue  | (283)            | -                |
|   | <u>2,227,048</u> | <u>1,836,072</u> |

#### 10 DEBTORS

|                                       | 31 March 2023  | 31 March 2022  |
|---------------------------------------|----------------|----------------|
|                                       | £              | £              |
| Amounts receivable for issue of units | 267,866        | 81,966         |
| Sales awaiting settlement             | -              | 169,941        |
| Accrued income                        | 457,372        | 482,452        |
| <b>Total debtors</b>                  | <u>725,238</u> | <u>734,359</u> |

#### 11 OTHER CREDITORS

|   | 31 March 2023  | 31 March 2022 |
|---|----------------|---------------|
|   | £              | £             |
| Amounts payable for cancellation of units   | 66,878         | 15,220        |
| AFM's periodic charge and registration fees | 72,403         | 77            |
| Accrued expenses                            | 12,292         | 11,310        |
| <b>Total other creditors</b>                | <u>151,573</u> | <u>26,607</u> |

#### 12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 March 2023 (2022: nil).

#### 13 RELATED PARTIES

The AFM is involved in all transactions in the units of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due to/from the AFM in respect of unit transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the AFM in respect of the AFM's periodic charge and registration fees are disclosed in note 7. Amounts due from the AFM at the year end are £128,585 (2022: £66,669).

#### 14 UNIT CLASSES

The unit classes in issue for the Fund and the annual management charge for each unit class is as follows:

|                |        |
|----------------|--------|
| A Income       | 1.50%  |
| A Accumulation | 1.50%  |
| B Income       | 0.875% |
| B Accumulation | 0.875% |

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### 15 UNITHOLDERS' FUNDS RECONCILIATION

During the year the AFM has issued, cancelled and converted units from one unit class to another as set out below:

|   | A Income          | A Accumulation   |
|---|-------------------|------------------|
| Opening units in issue at 1 April 2022  | 25,467,493        | 974,280          |
| Units issued                            | 1,315,444         | 1,464            |
| Units cancelled                         | (1,762,581)       | (101,373)        |
| Units converted                         | (22,564)          | 342              |
| Closing units in issue at 31 March 2023 | <u>24,997,792</u> | <u>874,713</u>   |
|   | B income          | B Accumulation   |
| Opening units in issue at 1 April 2022  | 5,636,227         | 2,280,632        |
| Units issued                            | 770,652           | 325,521          |
| Units cancelled                         | (371,560)         | (363,436)        |
| Units converted                         | 25,788            | (2,848)          |
| Closing units in issue at 31 March 2023 | <u>6,061,107</u>  | <u>2,239,869</u> |

#### 16 RISK DISCLOSURES

##### Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net assets by £3,096,788 (2022: £3,017,728). A five per cent decrease would have an equal and opposite effect.

##### Foreign currency risk

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

##### Foreign currency exposure at 31 March 2023:

|      | Investments<br>£ | Net other assets<br>£ | Total<br>£ |
|------|------------------|-----------------------|------------|
| Euro | -                | 9                     | 9          |
|      | <u>-</u>         | <u>9</u>              | <u>9</u>   |

##### Foreign currency exposure at 31 March 2022

|           | Investments<br>£ | Net other assets<br>£ | Total<br>£    |
|-----------|------------------|-----------------------|---------------|
| US dollar | -                | 20,176                | 20,176        |
|           | <u>-</u>         | <u>20,176</u>         | <u>20,176</u> |

##### Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by nil (2022: £1,009). A five per cent increase would have an equal and opposite effect.

##### Interest rate risk

**31 March 2023**  
£

**31 March 2022**  
£

The interest rate risk profile of financial assets and liabilities consists of the following:

|  |                   |                   |
|--|-------------------|-------------------|
| Financial assets floating rate                         | 1,043,000         | 288,448           |
| Financial assets interest bearing instruments          | 6,520,329         | 6,865,175         |
| Financial assets non-interest bearing instruments      | 56,140,665        | 61,088,911        |
| Financial liabilities non-interest bearing instruments | (1,091,105)       | (736,408)         |
|  | <u>62,612,889</u> | <u>67,506,126</u> |

##### Interest rate risk sensitivity on debt securities (based on the weighted modified duration)

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A half of one per cent increase in interest rates would have the effect of decreasing the return and net assets by £148,667 (2022: £195,080). A half of one per cent decrease would have an equal and opposite effect.

##### Debt security credit analysis

**31 March 2023**

**31 March 2022**  
Bid value (£)

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| Investments of investment grade    | 6,520,329        | 5,588,853        |
| Investments below investment grade | -                | -                |
| Unrated                            | -                | 1,276,322        |
| <b>Total of debt securities</b>    | <u>6,520,329</u> | <u>6,865,175</u> |

## IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### RISK DISCLOSURES (continued)

##### Liquidity risk

The following table provides a maturity analysis of the Fund's financial liabilities:

|                  |                      | 31 March 2023    | 31 March 2022  |
|------------------|----------------------|------------------|----------------|
|                  |                      | £                | £              |
| Within one year: | Distribution payable | 939,532          | 709,801        |
|                  | Other creditors      | 151,573          | 26,607         |
|                  |                      | <u>1,091,105</u> | <u>736,408</u> |

#### 17 FAIR VALUE HIERARCHY FOR INVESTMENTS

| Basis of valuation               | 31 March 2023     |                 | 31 March 2022     |                 |
|----------------------------------|-------------------|-----------------|-------------------|-----------------|
|                                  | Assets (£)        | Liabilities (£) | Assets (£)        | Liabilities (£) |
| Level 1 - Quoted prices          | 56,633,711        | -               | 61,699,032        | -               |
| Level 2 - Observable market data | 5,302,045         | -               | 5,520,695         | -               |
| Level 3 - Unobservable data      | -                 | -               | -                 | -               |
|                                  | <u>61,935,756</u> | <u>-</u>        | <u>67,219,727</u> | <u>-</u>        |

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:

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

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

Level 3 - Valuation techniques using unobservable inputs.

#### 18 POST BALANCE SHEET EVENTS

Since 31 March 2023, the Net Asset Value per unit has changed as follows:

|                | Net Asset Value per unit (pence) |              |              |
|----------------|----------------------------------|--------------|--------------|
|                | 31 March 2023 <sup>A</sup>       | 14 July 2023 | Movement (%) |
| A Income       | 172.70                           | 164.10       | (4.98)%      |
| A Accumulation | 292.70                           | 282.90       | (3.35)%      |
| B Income       | 180.50                           | 171.70       | (4.88)%      |
| B Accumulation | 309.30                           | 299.90       | (3.04)%      |

<sup>A</sup> These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

**IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND**

**DISTRIBUTION TABLE**

**Interim distribution for the period from 1 April 2022 to 30 September 2022**

Group 1: units purchased prior to 1 April 2022

Group 2: units purchased on or after 1 April 2022

|                |         | Net revenue<br>30 September 2022<br>pence per unit | Equalisation<br>30 September 2022<br>pence per unit | Distribution paid<br>30 November 2022<br>pence per unit | Distribution paid<br>30 November 2021<br>pence per unit |
|----------------|---------|--|---|---|---|
| A Income       | Group 1 | 2.9250   | -   | 2.9250  | 2.7750  |
|                | Group 2 | 1.4950   | 1.4300  | 2.9250  | 2.7750  |
| A Accumulation | Group 1 | 4.8590   | -   | 4.8590  | 4.4910  |
|                | Group 2 | 4.8590   | -   | 4.8590  | 4.4910  |
| B Income       | Group 1 | 3.3030   | -   | 3.3030  | 3.1630  |
|                | Group 2 | 2.2830   | 1.0200  | 3.3030  | 3.1630  |
| B Accumulation | Group 1 | 5.5450   | -   | 5.5450  | 5.1540  |
|                | Group 2 | 3.6390   | 1.9060  | 5.5450  | 5.1540  |

**Final distribution for the period from 1 October 2022 to 31 March 2023**

Group 1: units purchased prior to 1 October 2022

Group 2: units purchased on or after 1 October 2022

|                |         | Net revenue<br>31 March 2023<br>pence per unit | Equalisation<br>31 March 2023<br>pence per unit | Distribution paid<br>31 May 2023<br>pence per unit | Distribution paid<br>31 May 2022<br>pence per unit |
|----------------|---------|--|---|--|--|
| A Income       | Group 1 | 2.9401   | -   | 2.9401   | 2.2150   |
|                | Group 2 | 1.7693   | 1.1708  | 2.9401   | 2.2150   |
| A Accumulation | Group 1 | 4.9835   | -   | 4.9835   | 3.6380   |
|                | Group 2 | 2.8781   | 2.1054  | 4.9835   | 3.6380   |
| B Income       | Group 1 | 3.3749   | -   | 3.3749   | 2.5850   |
|                | Group 2 | 1.2188   | 2.1561  | 3.3749   | 2.5850   |
| B Accumulation | Group 1 | 5.8131   | -   | 5.8131   | 4.2710   |
|                | Group 2 | 4.0439   | 1.7692  | 5.8131   | 4.2710   |

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