



True Potential Unit Trust Annual Report

for the year ended 07 March 2023

Contents

Report of the Authorised Fund Manager	3
Statement of the Authorised Fund Manager's Responsibilities	5
Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of True Potential Unit Trust ("the Trust") for the Year Ended 07 March 2023	6
Independent Auditor's report to the unitholders of True Potential Unit Trust	7
Accounting policies of True Potential Unit Trust	10
TPI Chief Investment Officer's foreword and commentary	12
Unit Trust	
- True Potential Threadneedle Monthly Income	13
Financial statements - True Potential Threadneedle Monthly Income	33
Remuneration	46
Further information	47
Appointments	48

Report of the Authorised Fund Manager ('AFM')

True Potential Administration (trading name of True Potential Administration LLP), as AFM, presents herewith the True Potential Unit Trust Annual Report for the year ended 07 March 2023.

True Potential Unit Trust ('the Trust') is a unit trust authorised by the Financial Conduct Authority ('FCA') whose effective date of authorisation by the FCA was 3 November 2015. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

The Trust was founded as an umbrella unit trust. An unlimited number of sub-funds may be included in the umbrella and the AFM may create additional sub-funds with the approval of the Trustee and of the FCA. The sub-funds represent segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and shall not be available for any such purpose.

The AFM is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Unit Trust consist predominantly of securities which are readily realisable and, accordingly, the Unit Trust has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The unitholders are not liable for the debts of the Unit Trust or Fund.

The base currency of the Unit Trust is UK sterling.

The Trust Deed can be inspected at the offices of the AFM.

Copies of the Prospectus and Key Investor Information Documents ('KIID's') are available on request free of charge from the AFM.

Investment objective and policy

The investment objective is to achieve regular income growth with prospects of capital growth. Income will be paid monthly where the level of income within the sub-fund allows.

The assets of the sub-fund are primarily invested in UK equities with the balance mainly in sterling denominated fixed interest securities with some limited exposure to non-sterling bonds. The Manager may invest in derivatives for Efficient Portfolio Management purposes in order to effectively manage exposures to currencies and underlying equity positions in the portfolio.

Derivatives and forward transactions may only be used for Efficient Portfolio Management. The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to unitholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

Please be aware that there is no guarantee that capital will be preserved.

Sub-funds

There is currently one sub-fund available in the Unit Trust:

True Potential Threadneedle Monthly Income

Changes affecting the Unit Trust during the year:

The method used to calculate global exposure has changed from the Commitment approach to Absolute Value at Risk (VaR).

The name of the sub-fund changed to True Potential Threadneedle Monthly Income with effect from 1 September 2022.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, I hereby certify the Annual Report on behalf of the AFM, True Potential Administration LLP.



Brian Shearing
Executive Partner
True Potential Administration LLP
27 June 2023



Keith McDonald
Head of Operations
True Potential Administration LLP
27 June 2023

Statement of the Authorised Fund Manager's Responsibilities

The Collective Investment Schemes sourcebook ('COLL') published by the FCA, requires the Authorised Fund Manager ('AFM') to prepare the financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net revenue and net capital gains on the property of the Trust for the year.

In preparing the financial statements the AFM is responsible for:

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

The AFM is responsible for the management of the Unit Trust in accordance with the trust deed , the Prospectus and COLL.

Statement of the Trustee’s Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the TRUE POTENTIAL UNIT TRUST (“the Trust”) for the Year Ended 7th March 2023.

The Trustee of True Potential Threadneedle Monthly Income must ensure that the Trust 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 Trust and its investors.

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

The Trustee must ensure that:

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

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust’s units and the application of the Trust’s income in accordance with the Regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

HSBC Bank plc

This report is given on the basis that no breaches are subsequently advised to us before the distribution date. We therefore reserve the right to amend the report in the light of such circumstances.

Yours sincerely,



Claire Sewell
Associate Director Trustee & Depositary

27 June 2023

Independent Auditor's Report to the Unitholders of True Potential Unit Trust ('the Trust')

Opinion

We have audited the financial statements of True Potential Unit Trust ("the Trust") for the year ended 7 March 2023 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Unitholders, Balance Sheet, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

> give a true and fair view of the financial position of the Trust at 7 March 2023 and of the net revenue and the net capital gains on the scheme property of the Trust for the year then ended; and

> have been properly prepared in accordance with the IA Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation.

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 described further in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the 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 Trust's ability to continue as a going concern for a period of at least 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.

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 our 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 course of 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on Other Matters Prescribed by the COLL Regulations

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

> Proper accounting records for the Trust have been kept and the accounts are in agreement with those records;

> We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and

> The information given in the Report of the Manager for the year is consistent with the financial statements.

Responsibilities of the Manager

As explained more fully in the Manager's Responsibilities Statement set out on page 5, 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.

Independent Auditor's Report to the Unitholders of True Potential Unit Trust ('the Trust') (continued)

Responsibilities of the Manager (continued)

In preparing the financial statements, the Manager is responsible for assessing the Trust'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 liquidate the Trust 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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 material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- > UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 and the IA Statement of Recommended Practice for Authorised Funds
- > the Financial Conduct Authority's Collective Investment Schemes Sourcebook
- > the Trust's Prospectus

We gained an understanding of how the Trust is complying with these laws and regulations by making enquiries of the Manager. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and the Trust's breaches register.

We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Manager was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Manager oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

We identified a heightened fraud risk in relation to:

- > Management override of controls; and
- > The completeness and classification of special dividends between revenue and capital

Independent Auditor's Report to the Unitholders of True Potential Unit Trust ('the Trust') (continued)

Extent the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

> Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity reviewing judgements made by the Manager in its calculation of accounting estimates for potential management bias.

> Using a third-party independent data source to assess the completeness of the special dividend population and determining whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies dividend payments.

> Assessing the Trust's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

> Completion of appropriate checklists and use of our experience to assess the Company's compliance with the IA Statement of Recommended Practice for Authorised Funds; and

> Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that 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 intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Use of Our Report

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") published by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust'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 Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.



Johnston Carmichael LLP

Bishop's Court

29 Albyn Place

Aberdeen

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30 June 2023

Accounting policies of True Potential Unit Trust

for the year ended 07 March 2023

a Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014, as amended in 2017.

The Manager has considered a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the Manager is satisfied the Fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

The financial statements have been changed to be disclosed in thousands from pounds last year. The prior year figures have been restated to show this.

b Valuation of investments

The purchase and sale of investments are included up to close of business on 7 March 2023, being the last business day.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 7 March 2023 with reference to quoted bid prices from reliable external sources.

Derivatives are valued at the price which would be required to close out the contract at the balance sheet date.

Where an observable market price is unreliable or does not exist, investments are valued at the Manager's best estimate of the amount that would be received from an immediate transfer at arm's length.

c Foreign exchange

The base currency of the Fund is UK sterling which is taken to be the Fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

d Revenue

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non-equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case.

Interest on bank deposits and short-term deposits is recognised on an accruals basis.

Interest on debt securities is recognised on an effective yield basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. The amortised amounts are accounted for as revenue or as an expense and form part of the distributable revenue of the Fund.

e Expenses

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accruals basis then reallocated to capital, net of any tax effect.

Bank interest paid is charged to revenue.

f Allocation of revenue and expenses to multiple types of unit

All revenue and expenses which are directly attributable to a particular unit type are allocated to that type. All revenue and expenses which are attributable to the Fund are allocated to the Fund and are normally allocated across the unit type pro rata to the net asset value of each type on a daily basis.

g Taxation

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 7 March 2023 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

Marginal tax relief has not been taken into account in respect of expenses offset against capital.

h Efficient Portfolio Management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for Efficient Portfolio Management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

i Dilution adjustment

A dilution adjustment is an adjustment to the unit price which is determined by the AFM in accordance with the COLL Sourcebook. The AFM may make a dilution adjustment to the price of a unit (which means that the price of a unit is above or below that which would have resulted from mid-market valuation) for the purposes of reducing dilution in the sub-fund (or to recover an amount which it has already paid or is reasonably expected to pay in the future) in relation to the issue or cancellation of unit. Please refer to the Prospectus for further information.

j Distribution policies

i Basis of distribution

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income units are paid to unitholders. Distributions in respect of accumulation units are retained in the fund and reflected in the unit price of this class of units.

ii Unclaimed distributions

Distributions to unitholders outstanding after 6 years are taken to the capital property of the Fund.

iii Revenue

All revenue is included in the final distribution with reference to policy d.

iv Expenses

Expenses incurred against the revenue of the sub-fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy e.

v Equalisation

Group 2 units are units purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 units. Equalisation is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholders but must be deducted from the cost of units for capital gains tax purposes. Equalisation per unit is disclosed in the Distribution table.

vi Marginal relief

Where a transfer is made between the revenue and capital of the same unit class no account is made for marginal tax relief in determining the distribution.

TPI Chief Investment Officer's foreword and commentary

The investment report that follows is provided by True Potential Investments LLP for appointed sub-delegate Columbia Threadneedle. Our sub-delegate is responsible for managing the True Potential Threadneedle Monthly Income fund aiming to provide an income stream that is paid monthly and with prospects for capital growth.

Asset exposure is obtained by a directly invested approach of UK equities and bonds. Within bonds, the sub-delegate also invests in overseas company debt, but denominated in UK sterling. Yield is constructed at the portfolio level which allows, on the equity side, a mix of more traditional income-producing stocks, but also less mature stocks that may have more potential for growth. The subdelegate also invests in companies where there is turnaround potential. This includes the scope to resume paying dividends with future prospects for growth.

The period was a strong one for large capitalisation UK equity markets as they benefited from higher-than-average representation from commodity-oriented companies as well as from weaker sterling that boosted their earnings from overseas. The sub-delegate's larger-than-average allocation to defensive stocks amid market volatility in over the past 12 months was also additive to returns. That said, a portion of the fund was invested in UK mid-capitalisation stocks, which didn't benefit from the sterling weakness that presided over the past 12 months, but these companies were also burdened disproportionately by rising input costs including energy and wages. Within corporate bonds, returns were relatively weak with yields rising as investors digested the prospect of higher interest rates. The upshot for the rising bond yields is that the overall income environment has improved over the past 12 months, which has led to an increase in the overall income distribution of the fund.

Looking forward, the strength of our sub-delegate lies within their robust investment process and ability to select income-producing stocks with decent prospects for growth. Income sustainability is key for investors and, here at True Potential LLP, we believe our subdelegate will not take on extra risk simply to gain a higher yield and that they will stick with their stock-picking process and philosophy.

True Potential Investment LLP

03 March 2023

True Potential Threadneedle Monthly Income

Sub-Investment Manager's Report

This supplemental reporting is intended to provide you with an overview of portfolio activity during the period and should not be relied upon to make investment decisions or otherwise.

Investment Performance

Gross of fees, the fund returned 8.53% over the period and performed in line with its composite benchmark.

The fund's dividend last year increase by approximately 11.25%. Given that the underlying UK equity market dividends for last year are expected to have increased by circa 5% and that approximately 20% of the fund is invested in bonds the dividend growth from equity portion of the fund was more than 2.5x the growth rate of the underlying market. One of the biggest contributors to this was the reintroduction of Shell back into the fund as its 2nd largest absolute position. This should further help the fund in the current year as it will collect all 4 quarterly dividends as opposed to only 2 last year. And although Shell's formerly iconic dividend has recovered from its 2/3rd cut post Covid it is still only back to just over 60% of what it was originally

The fund's yield on an XD basis at its year end was 3.55%

The equity segment detracted from relative returns, while the sterling investment-grade (IG) segment made a positive contribution.

Within equities, sector allocation detracted due to the average underweight in energy (we had no exposure until the fourth quarter of 2022 when we initiated a position in Shell).

Security selection was favourable, especially in consumer staples, where the position in Imperial Brands was particularly beneficial.

As a defensive stock, Imperial Brands held up well amid market volatility in 2022. The multinational has benefited from increasing consumer interest in vapes; sales of the so-called 'next-generation products' climbed in the first half of 2022. The firm also secured market share gains in its combustible products. Furthermore, shares were boosted by speculation of takeover activity in the sector following fellow tobacco major Philip Morris' bid for Swedish Match.

Other notable contributors included private-equity group 3i and Pearson.

3i reported robust interim results. Total return on shareholders' funds and net asset value were ahead of the previous year, partly thanks to favourable currency effects. Portfolio companies in the value-for-money sector experienced positive earnings growth. 3i boasts a strong investment track record, along with a diversified portfolio and exposure.

Educational publisher Pearson had a strong start to the reporting period as shares were boosted by multiple takeover bids from US private equity group Apollo, though ultimately a deal was not agreed. Later, shares were further boosted by encouraging earning updates. In early March, Pearson reported forecast-beating results for 2022; revenues and profits both rose. Management expressed confidence about sales growth in 2023, aided by increased demand for the firm's English language courses and adult retraining offerings.

Detractors included the zero weight in BP and, for much of the year, Shell (which was added to the fund in the fourth quarter of 2022). Energy companies performed strongly over the period as oil and gas prices were driven to unusually high levels by the ongoing war in Ukraine. Both BP and Shell reported higher profits.

The lack of exposure to HSBC was also a hindrance. The bank benefited from rising interest rates and improved sentiment towards Asia-focused names since China announced it was easing its stringent Covid controls. In addition, HSBC's 2022 results were well received.

Sub-Investment Activities

Within equities, we opened positions in Shell, Reckitt Benckiser, SSE and Standard Chartered.

Shell boasts strong cashflows and a dominant market position as Britain's premier provider of performance fuel and engine oils. The scale of its business enables it to optimise profitability in most market environments.

Shares of global consumer staples giant Reckitt Benckiser were attractively valued. Since the resignation of the CEO in September, the chairman has been running the business and has done well, in our view. The company is maintaining competitive pricing relative to peers and is effectively managing rising input costs, which should help operating margins hold up well. Reckitt Benckiser has also invested to boost product penetration and drive brand expansion.

As a leading developer and operator of renewable energy and low-carbon infrastructure in electricity transmission and

distribution, SSE has strong ESG credentials. The firm operates a balanced portfolio of assets, including electricity networks and renewables, enabling it to perform well in volatile market conditions. The holding provides exposure to real assets in the UK, and the stock's dividend profile is attractive.

Multinational bank Standard Chartered has long been on our radar, given the company's strong management team, which has been in place for over eight years. We took advantage of the stock's attractive valuation to initiate a position, which was funded by halving the active weight in Phoenix Group. Standard Chartered, like most UK large-cap banks, has significant liquidity and a very strong capital position, so in our view, should be insulated from the fallout of the recent collapse of SVB Bank.

We profitably sold Stagecoach after the transport operator's shares were boosted by multiple takeover bids. We also exited JD Wetherspoon due to concerns over the company's balance sheet and the independence of directors. Other sales included Compass and Morgan Advanced Materials. As mentioned, we reduced our holding in Phoenix Group; we felt that the capital markets day in December failed to generate sufficient clarity on the firm's dividend growth prospects.

In the sterling IG segment, within the primary market, we participated in several new issues from banks including Crédit Agricole, Banco Santander and Toronto-Dominion. Elsewhere in financials, we participated in offerings from insurers Zurich and MetLife and social-housing provider Sanctuary. We increased exposure to utilities by participating in new issues from Northumbrian Water, Vier Gas Transport and Ørsted (renewable energy), among others. In other sectors, we bought new bonds from IBM, PepsiCo, real-estate firm Vonovia, Aramco Gas Pipelines, biotechnology company Amgen and the Church Commissioners for England.

In the secondary market, we increased exposure to Volkswagen and British American Tobacco. Sales included JPMorgan, BP and AbbVie. We reduced positions including BT.

Investment Strategy and Outlook

Recent falls in energy prices have fuelled hopes that the cost-of-living crisis may be close to a peak. Meanwhile, corporates remain positive, as reflected in the high level of M&A interest in UK companies. Overseas bidders and private equity firms have also been attracted by the UK market's deeply discounted valuations relative to global peers. The UK market is home to many world-leading businesses with favourable prospects, and the sell-off in 2022 has opened up many opportunities in some of these shares, which are trading at distressed levels.

Additionally, our role in investing in companies goes beyond valuations; we feel that engagement is key and see ourselves as owners and not renters of businesses. Our longstanding constructive engagement approach enables us to take a contrarian and long-term view.

As patient, conviction investors, we will continue to avoid whipsaw momentum trades and concentrate on company fundamentals to target strong, risk-adjusted returns.

Turning to IG credit, while the combination of stubbornly high inflation and a tight labour market continue to present a challenge for policymakers, the peak in UK interest rates is surely close.

Market valuations (on a credit-spread basis) have moved from being attractive - i.e. wide of short- and longer-term averages - to being more balanced and closer to those levels. As we ended February, sterling IG spreads were a little above 5-year and 20-year averages.

Nevertheless, yields - another way of valuing the market - were much higher through the last month after the large decline since the middle of October last year. This is good news for those seeking income.

Over the coming year, our team of analysts expects corporate credit quality to deteriorate by a small amount in Europe, albeit from a strong starting point.

Meanwhile, low levels of market and spread volatility were noted during February, while fund flows appear to have become more balanced, coincident with poorer market performance.

All things considered, our outlook on the current prospects for spreads is fairly neutral.

Threadneedle Asset Management Limited - a sub-delegate of True Potential Investments LLP

29 March 2023

Portfolio changes*for the year ended 07 March 2023*

The following represents the top ten purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£000s
Purchases:	
Shell	9,640
Reckitt Benckiser	3,679
SSE	2,757
Standard Chartered	2,445
UK Treasury Gilt 1.5% 22/07/2026	1,741
UK Treasury Gilt 0.625% 31/07/2035	1,239
Direct Line Insurance Group	1,207
AstraZeneca	1,173
BT Group	968
RS Group	883
Subtotal	<u>25,732</u>
Total cost of purchases, including the above, for the year	<u><u>60,472</u></u>
	Proceeds
	£000s
Sales:	
RS Group	4,332
AstraZeneca	3,191
Compass Group	3,157
Phoenix Group Holdings	2,780
Imperial Brands	1,995
UK Treasury Gilt 1.5% 22/07/2026	1,606
Haleon	1,341
Stagecoach Group	1,231
3i Group	1,131
UK Treasury Gilt 0.625% 31/07/2035	1,064
Subtotal	<u>21,828</u>
Total proceeds from sales, including the above, for the year	<u><u>45,403</u></u>

Portfolio statement

as at 07 March 2023

Investment	Nominal value or holding	Market value (£000s)	% of total net assets
Fixed Income - 19.80% (07/03/22 - 19.49%)			
Corporate Bonds - 18.97% (07/03/22 - 18.53%)			
AA Bond 3.25% 31/07/2050	£100,000	79	0.04
AIB Group 2.875% 30/05/2031*	€135,000	109	0.06
Akelius Residential Property 2.375% 15/08/2025	£130,000	119	0.07
Amgen 5.65% 02/03/2053	\$76,000	64	0.03
Amgen 5.75% 02/03/2063	\$195,000	163	0.09
Anglian Water Osprey Financing 2% 31/07/2028	£200,000	160	0.09
Anglian Water Services Financing 2.625% 15/06/2027	£100,000	90	0.05
Anglian Water Services Financing 2.75% 26/10/2029	£200,000	175	0.10
Anglo American Capital 3.375% 11/03/2029	£200,000	177	0.10
Annington Funding 2.924% 06/10/2051	£100,000	55	0.03
Annington Funding 4.75% 09/08/2033	£100,000	88	0.05
APT Pipelines 2.5% 15/03/2036	£100,000	67	0.04
APT Pipelines 3.125% 18/07/2031	£300,000	244	0.13
APT Pipelines 4.25% 26/11/2024	£200,000	195	0.11
Aroundtown 3% 16/10/2029	£440,000	305	0.17
Asciano Finance 5% 19/09/2023	£200,000	198	0.11
Aster Treasury 1.405% 27/01/2036	£100,000	67	0.04
AT&T 4.25% 01/06/2043	£300,000	238	0.13
AT&T 7% 30/04/2040	£250,000	274	0.15
Australia and New Zealand Banking Group 1.809% 16/09/2031*	£300,000	251	0.14
Autostrade per l'Italia SpA 2.25% 25/01/2032	€100,000	70	0.04
Aviva 4% 03/06/2055*	£100,000	79	0.04
Aviva 5.125% 04/06/2050*	£100,000	91	0.05
Axa 5.625% 16/01/2054*	£100,000	94	0.05
Bacardi 4.7% 15/05/2028 private placement	\$400,000	324	0.18
Banco Santander 4.75% 30/08/2028*	£200,000	193	0.11
Bank of America 1.667% 02/06/2029*	£725,000	601	0.33
Bank of America 3.584% 27/04/2031*	£300,000	267	0.15
Bank of Ireland 7.594% 06/12/2032*	£100,000	101	0.06
Banque Federative du Credit Mutuel 1.875% 26/10/2028	£100,000	84	0.05
Barclays 3.25% 12/02/2027	£200,000	182	0.10
Barclays 5.746% 09/08/2033	\$200,000	163	0.09
Barclays 5.75% 14/09/2026	£189,000	191	0.09
Barclays 8.407% 14/11/2032*	£100,000	105	0.06
BAT International Finance 2.25% 26/06/2028	£485,000	394	0.22
BAT International Finance 6% 24/11/2034	£100,000	89	0.05
Berkshire Hathaway Finance 3.85% 15/03/2052	\$175,000	119	0.07
Blend Funding 2.922% 05/04/2056	£200,000	127	0.07
BNP Paribas 5.75% 13/06/2032	£200,000	201	0.11

Portfolio statement (continued)

as at 07 March 2023

Investment	Nominal value or holding	Market value (£000s)	% of total net assets
Fixed Income - 19.80% (07/03/22 - 19.49%) (continued)			
Corporate Bonds - 18.97% (07/03/22 - 18.53%) (continued)			
Bpce 2.5% 30/11/2032*	£100,000	82	0.04
British Telecommunications 5.75% 13/02/2041	£100,000	94	0.05
Broadgate Financing 4.821% 05/07/2036	£85,000	82	0.04
Bunzl Finance 1.5% 30/10/2030	£146,000	110	0.06
BUFA Finance 4% perpetual*	£200,000	138	0.08
Cadent Finance 2.125% 22/09/2028	£200,000	168	0.09
Cadent Finance 2.25% 10/10/2035	£200,000	138	0.08
Cadent Finance 2.625% 22/09/2038	£200,000	135	0.07
Cadent Finance 2.75% 22/09/2046	£250,000	150	0.08
Church Commissioners for England 3.625% 14/07/2052	£100,000	78	0.04
Commerzbank 8.625% 28/02/2033*	£100,000	102	0.06
Cooperatieve Rabobank 4.625% 23/05/2029	£200,000	185	0.10
Credit Agricole 1.874% 09/12/2031*	£100,000	84	0.05
Credit Agricole 4.875% 23/10/2029	£500,000	490	0.27
Credit Suisse Group 2.125% 15/11/2029*	£426,000	310	0.17
Credit Suisse Group 2.25% 09/06/2028*	£100,000	78	0.04
Credit Suisse Group 7.375% 07/09/2033*	£100,000	94	0.05
Danske Bank 4.625% 13/04/2027*	£129,000	126	0.07
Deutsche Bank 1.875% 22/12/2028*	£200,000	163	0.09
Deutsche Bank 6.125% 12/12/2030*	£200,000	196	0.11
Deutsche Telekom 3.125% 06/02/2034	£100,000	84	0.05
Diageo Finance 2.75% 08/06/2038	£100,000	75	0.04
Digital Stout Holding 2.75% 19/07/2024	£111,000	107	0.06
Digital Stout Holding 3.3% 19/07/2029	£210,000	180	0.10
Digital Stout Holding 3.75% 17/10/2030	£300,000	258	0.14
DS Smith 2.875% 26/07/2029	£300,000	255	0.14
E.ON International Finance 6.25% 03/06/2030	£550,000	574	0.31
E.ON International Finance 6.375% 07/06/2032	£395,000	421	0.23
Eastern Power Networks 1.875% 01/06/2035	£100,000	71	0.04
Eastern Power Networks 8.5% 31/03/2025	£120,000	126	0.07
Electricite de France 5.125% 22/09/2050	£200,000	169	0.09
Electricite de France 5.5% 17/10/2041	£100,000	91	0.05
Electricite de France 5.625% 25/01/2053	£100,000	90	0.05
Electricite de France 6% 23/01/2114	£100,000	91	0.05
ENW Finance 4.893% 24/11/2032	£116,000	112	0.06
Eversholt Funding 2.742% 30/06/2040	£100,000	71	0.04
Eversholt Funding 3.529% 07/08/2042	£100,000	73	0.04
Experian Finance 3.25% 07/04/2032	£100,000	87	0.05
Fidelity National Information Services 3.36% 21/05/2031	£200,000	173	0.09

Portfolio statement (continued)

as at 07 March 2023

Investment	Nominal value or holding	Market value (£000s)	% of total net assets
Fixed Income - 19.80% (07/03/22 - 19.49%) (continued)			
Corporate Bonds - 18.97% (07/03/22 - 18.53%) (continued)			
Fiserv 2.25% 01/07/2025	£180,000	169	0.09
Fiserv 3% 01/07/2031	£250,000	210	0.12
Ford Motor Credit 4.535% 06/03/2025	£200,000	192	0.11
Gatwick Funding 2.5% 15/04/2032	£100,000	82	0.04
GE Capital UK Funding Unlimited 5.875% 18/01/2033	£370,000	377	0.21
GlaxoSmithKline Capital 1.25% 12/10/2028	£170,000	142	0.08
Glencore Finance Europe 3.125% 26/03/2026	£100,000	94	0.05
Goldman Sachs Group 1.5% 07/12/2027	£100,000	84	0.05
Goldman Sachs Group 1.875% 16/12/2030	£168,000	130	0.07
Greensaif Pipelines Bidco 6.129% 23/02/2038	\$200,000	169	0.09
GSK Consumer Healthcare Cap 3.375% 29/03/2038	£100,000	79	0.04
Heathrow Funding 2.75% 13/10/2031	£200,000	169	0.09
Heathrow Funding 2.75% 09/08/2051	£300,000	180	0.10
Heathrow Funding 6.75% 03/12/2028	£300,000	310	0.17
Home Group 3.125% 27/03/2043	£100,000	71	0.04
HSBC Holdings 1.75% 24/07/2027*	£575,000	504	0.28
HSBC Holdings 3% 29/05/2030	£236,000	201	0.11
HSBC Holdings 5.402% 11/08/2033*	\$200,000	161	0.09
HSBC Holdings 8.201% 16/11/2034*	£298,000	316	0.17
Imperial Brands Finance 5.5% 28/09/2026	£340,000	333	0.18
Imperial Brands Finance 8.125% 15/03/2024	£50,000	51	0.03
ING Groep 6.25% 20/05/2033*	€200,000	196	0.11
International Business Machines 4.875% 06/02/2038	£317,000	299	0.16
Intesa Sanpaolo 2.625% 11/03/2036	£100,000	68	0.04
Jigsaw Funding 3.375% 05/05/2052	£100,000	74	0.04
KBC Group 1.25% 21/09/2027*	£100,000	86	0.05
KBC Group 5.5% 20/09/2028*	£100,000	99	0.05
Kraft Heinz Foods 4.125% 01/07/2027	£575,000	550	0.30
La Banque Postale 5.625% 21/09/2028*	£100,000	98	0.05
Land Securities Capital Markets 2.375% 29/03/2029	£255,000	229	0.13
Legal & General Group 3.75% 26/11/2049*	£200,000	169	0.09
Legal & General Group 5.125% 14/11/2048*	£210,000	197	0.11
Libra Longhurst Group Treasury 3.25% 15/05/2043	£100,000	73	0.04
Lloyds Bank 2.707% 03/12/2035*	£200,000	153	0.08
Longstone 4.896% 19/04/2036	£100,000	92	0.05
LVMH Moët Hennessy Louis Vuitton 1.125% 11/02/2027	£200,000	175	0.10
M&G 5.625% 20/10/2051*	£300,000	274	0.15
Magallanes 5.141% 15/03/2052	\$200,000	135	0.07
Magallanes 5.391% 15/03/2062	\$180,000	120	0.07
MAHLE GmbH 2.375% 14/05/2028	€200,000	134	0.07

Portfolio statement (continued)

as at 07 March 2023

Investment	Nominal value or holding	Market value (£000s)	% of total net assets
Fixed Income - 19.80% (07/03/22 - 19.49%) (continued)			
Corporate Bonds - 18.97% (07/03/22 - 18.53%) (continued)			
Marston's Issuer 5.1576% 15/10/2027*	£70,000	43	0.02
Metropolitan Life Global Funding 5% 10/01/2030	£264,000	263	0.14
Mitchells & Butler Finance 5.574% 15/12/2030	£136,000	36	0.02
Mitchells & Butler Finance 6.013% 15/12/2028	£130,000	87	0.05
Morgan Stanley 5.789% 18/11/2033*	£275,000	277	0.15
Motability Operations Group 1.5% 20/01/2041	£138,000	80	0.04
Motability Operations Group 1.75% 03/07/2029	£100,000	84	0.05
Motability Operations Group 2.125% 18/01/2042	£100,000	64	0.03
National Grid Electricity Transmission 1.125% 07/07/2028	£350,000	284	0.16
Nationwide Building Society 0.25% 14/09/2028	€100,000	71	0.04
Nationwide Building Society 6.178% 07/12/2027*	£100,000	102	0.06
Nats (En Route) 1.375% 31/03/2031	£120,000	101	0.06
Nats (En Route) 1.75% 30/09/2033	£100,000	73	0.04
Natwest Group 2.105% 28/11/2031*	€212,000	180	0.10
NatWest Group 3.619% 29/03/2029*	€325,000	292	0.16
NatWest Markets 6.375% 08/11/2027	£100,000	104	0.06
Netflix 3.625% 15/06/2030	€460,000	380	0.21
New York Life Global Funding 1.25% 17/12/2026	£100,000	87	0.05
New York Life Global Funding 1.5% 15/07/2027	£250,000	217	0.12
NewRiver REIT 3.5% 07/03/2028	£250,000	215	0.12
NGG Finance 5.625% 18/06/2073*	€362,000	352	0.19
NIE Finance 2.5% 27/10/2025	£130,000	121	0.07
NIE Finance 5.875% 01/12/2032	£100,000	104	0.06
Northern Powergrid Northeast 1.875% 16/06/2062	£100,000	48	0.03
Northumbrian Water Finance 2.375% 05/10/2027	£275,000	243	0.13
Northumbrian Water Finance 4.5% 14/02/2031	£164,000	155	0.09
Northumbrian Water Finance 6.375% 28/10/2034	£135,000	144	0.08
Orange 3.25% 15/01/2032	£200,000	173	0.09
Orange 8.125% 20/11/2028	£90,000	103	0.06
P3 Group 1.625% 26/01/2029	€100,000	69	0.04
Pacific Gas and Electric 4.95% 01/07/2050	\$120,000	81	0.04
Paragon Treasury 2% 07/05/2036	£215,000	149	0.08
Peabody Capital 2.75% 02/03/2034	£100,000	79	0.04
Pension Insurance 5.625% 20/09/2030	£200,000	182	0.10
PepsiCo 3.55% 22/07/2034	£298,000	265	0.15
Petroleos Mexicanos 3.75% 16/11/2025	£180,000	162	0.09
Petroleos Mexicanos 3.75% 16/04/2026	€100,000	80	0.04
Phoenix Group Holdings 5.625% 28/04/2031	£210,000	190	0.10
Places For People Treasury 2.5% 26/01/2036	£100,000	71	0.04
Porterbrook Rail Finance 4.625% 04/04/2029	£114,000	107	0.06

Portfolio statement (continued)

as at 07 March 2023

Investment	Nominal value or holding	Market value (£000s)	% of total net assets
Fixed Income - 19.80% (07/03/22 - 19.49%) (continued)			
Corporate Bonds - 18.97% (07/03/22 - 18.53%) (continued)			
Rentokil Initial 5% 27/06/2032	£100,000	96	0.05
RHP Finance 3.25% 05/02/2048	£100,000	74	0.04
Sagax 1.125% 30/01/2027	€100,000	74	0.04
Sanctuary Capital 2.375% 14/04/2050	£100,000	58	0.03
Santander UK 10.0625% perpetual	£100,000	143	0.08
Scottish Hydro Electric Transmission 2.25% 27/09/2035	£200,000	144	0.08
Segro 5.125% 06/12/2041	£100,000	96	0.05
Severn Trent Utilities Finance 2% 02/06/2040	£150,000	94	0.05
Severn Trent Utilities Finance 2.625% 22/02/2033	£200,000	161	0.09
Severn Trent Utilities Finance 4.625% 30/11/2034	£100,000	94	0.05
SGSP Australia Assets 3.25% 29/07/2026	\$200,000	155	0.08
Shell International Finance 1.75% 10/09/2052	£100,000	47	0.03
Southern Gas Network 3.1% 15/09/2036	£300,000	227	0.12
Southern Water Services Finance 2.375% 28/05/2028	£534,000	457	0.25
Southern Water Services Finance 3% 28/05/2037	£200,000	144	0.08
Telefonica Emisiones 5.445% 08/10/2029	£200,000	200	0.11
Telefonica Europe 4.375% perpetual*	€100,000	87	0.05
Telereal Securitisation 1.9632% 10/12/2033*	€100,000	89	0.05
Telereal Securitisation 4.9741% 10/12/2033	£80,000	35	0.02
Tesco Property Finance 1 7.6227% 13/07/2039	£250,000	221	0.12
Thames Water 2.375% 03/05/2023	£100,000	99	0.05
Thames Water Kemble Finance 4.625% 19/05/2026	£100,000	89	0.05
Thames Water Utilities Finance 2.625% 24/01/2032	£450,000	362	0.20
Thames Water Utilities Finance 3.5% 25/02/2028	£250,000	230	0.13
The CoOperative Bank Finance 6% 06/04/2027*	£100,000	94	0.05
Time Warner Cable 5.25% 15/07/2042	£225,000	186	0.10
TorontoDominion Bank 2.875% 05/04/2027	£179,000	163	0.09
Trafford Centre 28/07/2038*	£50,000	41	0.02
Triodos Bank 2.25% 05/02/2032*	€200,000	135	0.07
UBS Group 7% perpetual*	\$200,000	167	0.09
UNITE Group 3.5% 15/10/2028	£100,000	88	0.05
United Utilities Water Finance 0.875% 28/10/2029	£100,000	77	0.04
UnitedHealth Group 4.95% 15/05/2062	\$34,000	27	0.01
University College London 1.625% 04/06/2061	£100,000	49	0.03
University of Oxford 2.544% 08/12/2117	£100,000	53	0.03
Verizon Communications 1.875% 19/09/2030	£100,000	79	0.04
Verizon Communications 1.875% 03/11/2038	£275,000	170	0.09
Verizon Communications 2.5% 08/04/2031	£100,000	82	0.05
Vier Gas Transport 0.125% 10/09/2029	€100,000	69	0.04
Vier Gas Transport 0.5% 10/09/2034	€100,000	59	0.03

Portfolio statement (continued)

as at 07 March 2023

Investment	Nominal value or holding	Market value (£000s)	% of total net assets
Fixed Income - 19.80% (07/03/22 - 19.49%) (continued)			
Corporate Bonds - 18.97% (07/03/22 - 18.53%) (continued)			
Vier Gas Transport 4.625% 26/09/2032	€300,000	273	0.15
Virgin Money UK 2.625% 19/08/2031*	£450,000	381	0.21
Virgin Money UK 3.125% 22/06/2025*	£100,000	96	0.05
Virgin Money UK 5.125% 11/12/2030*	£100,000	94	0.05
Vodafone Group 3% 12/08/2056	£100,000	57	0.03
Volkswagen Financial Services 2.125% 18/01/2028	£500,000	428	0.24
Vonovia 5% 23/11/2030	€200,000	172	0.09
Wellcome Trust 4.625% 25/07/2036	£125,000	126	0.07
Wells Fargo 2.125% 24/09/2031	£200,000	155	0.09
Wells Fargo 2.5% 02/05/2029	£315,000	265	0.15
Welltower 4.8% 20/11/2028	£400,000	378	0.21
Western Power Distribution 1.625% 07/10/2035	£600,000	396	0.22
Western Power Distribution 2.375% 16/05/2029	£200,000	168	0.09
Western Power Distribution 3.5% 16/10/2026	£100,000	94	0.05
WPP Finance 2013 2.875% 14/09/2046	£100,000	59	0.03
WPP Finance 3.75% 19/05/2032	£100,000	86	0.05
Yorkshire Water Finance 1.75% 26/11/2026	£198,000	175	0.10
Yorkshire Water Finance 5.5% 28/04/2035	£100,000	99	0.05
Zurich Finance (Ireland) DAC 5.125% 23/11/2052*	€189,000	172	0.09
Total Corporate Bonds		<u>34,556</u>	<u>18.97</u>
Government Bonds - 0.63% (07/03/22 - 0.73%)			
Jersey International Bond 2.875% 06/05/2052	£100,000	68	0.04
Kreditanstalt fuer Wiederaufbau 0.75% 07/12/2027	€85,000	72	0.04
UK Treasury Gilt 0.625% 31/07/2035	£141,000	95	0.05
UK Treasury Gilt 1.25% 22/10/2041	£409,365	257	0.14
UK Treasury Gilt 1.25% 31/07/2051	£239,000	125	0.07
UK Treasury Gilt 1.5% 22/07/2026	£160,000	148	0.08
UK Treasury Gilt 1.75% 07/09/2037	£238,000	178	0.10
UK Treasury Gilt 4.125% 29/01/2027	£200,000	201	0.11
Total Government Bonds		<u>1,144</u>	<u>0.63</u>
Mortgage Bonds - 0.05% (07/03/22 - 0.04%)			
Broadgate Financing 5.098% 05/04/2035	£110,000	89	0.05
Supranational Bonds - 0.15% (07/03/22 - 0.19%)			
European Investment Bank 0.875% 15/05/2026	£304,000	273	0.15

True Potential Threadneedle Monthly Income

Portfolio statement (continued)

as at 07 March 2023

Investment	Nominal value or holding	Market value (£000s)	% of total net assets
Fixed Income - 19.80% (07/03/22 - 19.49%) (continued)			
Total Fixed Income		<u>36,062</u>	<u>19.80</u>
Equities - 75.55% (07/03/22 - 77.73%)			
United Kingdom - 71.75% (07/03/22 - 73.80%)			
Basic Materials - 0.93% (07/03/22 - 0.91%)			
Johnson Matthey	77,866	<u>1,686</u>	<u>0.93</u>
Industrials - 14.81% (07/03/22 - 18.06%)			
BAE Systems	473,427	4,314	2.37
DS Smith	602,686	2,027	1.11
Hays	1,858,611	2,225	1.22
IMI	122,979	1,968	1.08
Melrose Industries	1,052,371	1,714	0.94
Rentokil Initial	1,151,452	5,988	3.29
RS Group	460,000	4,455	2.45
Smiths Group	169,652	2,990	1.64
Wincanton	577,170	<u>1,284</u>	<u>0.71</u>
		26,965	14.81
Consumer Goods - 9.28% (07/03/22 - 7.63%)			
Imperial Brands	337,000	6,753	3.71
Reckitt Benckiser	62,500	3,631	2.00
Tate & Lyle	365,311	2,890	1.59
Unilever	87,493	<u>3,605</u>	<u>1.98</u>
		16,879	9.28
Consumer Services - 10.00% (07/03/22 - 13.45%)			
Firstgroup	1,604,258	1,704	0.94
Hostmore	71,124	9	0.00
ITV	2,037,267	1,787	0.98
Marks & Spencer Group	1,566,206	2,508	1.38
Pearson	556,443	4,802	2.64
Rank Group	745,305	619	0.34
RELX	156,834	3,999	2.20
Tesco	1,066,605	<u>2,764</u>	<u>1.52</u>
		18,192	10.00
Health Care - 9.45% (07/03/22 - 11.55%)			
AstraZeneca	113,750	12,340	6.78
GSK	337,083	<u>4,860</u>	<u>2.67</u>
		17,200	9.45

True Potential Threadneedle Monthly Income

Portfolio statement (continued)

as at 07 March 2023

Investment	Nominal value or holding	Market value (£000s)	% of total net assets
Equities - 75.55% (07/03/22 - 77.73%) (continued)			
United Kingdom - 71.75% (07/03/22 - 73.80%) (continued)			
Financials - 10.62% (07/03/22 - 10.95%)			
3i Group	352,500	5,777	3.17
Chesnara	505,751	1,477	0.81
Direct Line Insurance Group	1,351,034	2,369	1.30
Legal & General Group	1,114,861	2,961	1.63
Phoenix Group Holdings	427,500	2,705	1.49
Secure Trust Bank	119,257	954	0.52
Standard Chartered	392,500	3,087	1.70
		<u>19,330</u>	<u>10.62</u>
Technology - 2.18% (07/03/22 - 3.16%)			
Spirent Communications	2,195,000	3,962	2.18
Telecommunications - 1.83% (07/03/22 - 1.95%)			
BT Group	2,275,000	3,327	1.83
Utilities - 4.35% (07/03/22 - 2.81%)			
Centrica	2,334,312	2,453	1.35
Pennon Group	138,210	1,173	0.64
SSE	160,000	2,762	1.52
United Utilities	150,000	1,526	0.84
		<u>7,914</u>	<u>4.35</u>
Real Estate Investment Trusts - 2.41% (07/03/22 - 3.32%)			
LondonMetric Property	1,196,769	2,256	1.24
Supermarket Income REIT	2,405,104	2,121	1.17
		<u>4,377</u>	<u>2.41</u>
Equity Investment Instruments - 0.00% (07/03/22 - 0.01%)			
Unbound Group	22,464	1	-
Oil & Gas - 5.89 (07/03/22 - 0.00%)			
Shell	412,500	10,715	5.89
		<u>130,548</u>	<u>71.75</u>
Total United Kingdom			
Jersey - 2.21% (07/03/22 - 2.50%)			
Industrials - 2.21% (07/03/22 - 2.50%)			
Ferguson Newco	34,603	4,017	2.21
Total Jersey		<u>4,017</u>	<u>2.21</u>

True Potential Threadneedle Monthly Income

Portfolio statement (continued)

as at 07 March 2023

Investment	Nominal value or holding	Market value (£000s)	% of total net assets
Equities - 75.55% (07/03/22 - 77.73%) (continued)			
Bermuda - 1.59% (07/03/22 - 1.43%)			
Financials - 1.59% (07/03/22 - 1.43%)			
Hiscox	269,591	2,893	1.59
Total Bermuda		2,893	1.59
Total Equities		137,458	75.55
Closed-Ended Funds - 0.46% (07/03/22 - 0.43%)			
Guernsey - 0.46% (07/03/22 - 0.43%)			
Sherborne Investors Guernsey C	1,520,651	829	0.46
Total Closed-Ended Funds		829	0.46
Forward Currency Contracts - (0.03) % (07/03/22 - 0.00%)			
Sell Euro	€2,039,555	(1,820)	
Buy UK sterling	£1,808,002	1,808	
Expiry date 4 April 2023		(12)	(0.01)
Sell US dollar	\$2,612,971	(2,200)	
Buy UK sterling	£2,165,254	2,165	
Expiry date 4 April 2023		(35)	(0.02)
Sell UK sterling	£10,997	(11)	
Buy Euro	€12,369	11	
Expiry date 4 April 2023		-	-
Total Forward Currency Contracts		(47)	(0.03)
Portfolio of investments		174,302	95.78
Other net assets		7,672	4.22
Total net assets		181,974	100.00

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 7 March 2022.

* Floating interest security.

SUMMARY OF PORTFOLIO INVESTMENTS

as at 07 March 2023

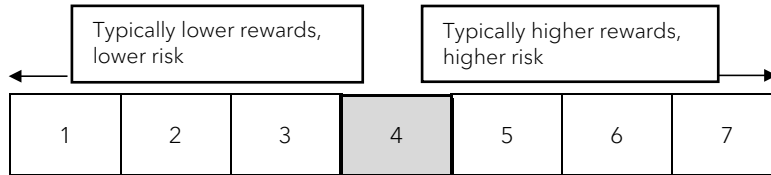
	07 March 2023		07 March 2022	
	Bid-Market value	Total net assets	Bid-Market value	Total net assets
	£000s	%	£000s	%
Credit breakdown*				
Investments of investment grade	33,423	18.36	27,170	17.61
Investments of below investment grade	1,589	0.87	2,190	1.42
Unrated bonds	1,050	0.57	719	0.46
Total bonds	36,062	19.80	30,079	19.49
Forward currency contracts - assets	-	-	20	0.01
Equities	137,458	75.55	119,859	77.73
Closed-ended funds	829	0.46	656	0.43
Investments as shown in the balance sheet	174,349	95.81	150,614	97.66
Forward currency contracts - liabilities	(47)	(0.03)	(15)	(0.01)
Total value of investments	174,302	95.78	150,599	97.65

*Ratings supplied by S&P, followed by Moody's.

Risk and reward profile

The risk and reward profile relates to both unit classes in the Fund.

The risk and reward indicator table demonstrates where the sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the sub-fund. The shaded area in the table below shows the sub-fund's ranking on the risk and reward indicator.



The sub-fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the sub-fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

Where the sub-fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

The Fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Fund.

The organisation from which the Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Fund.

For further information please refer to the KIID.

For full details on risk factors for the Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator during the year.

Comparative tables

The following disclosures give a unitholder an indication of the performance of a unit in the sub-fund. It also discloses the operating charges and direct transaction costs applied to each unit. Operating charges are those charges incurred in operating the sub-fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income		
	2023	2022	2021
	p	p	p
Change in net assets per unit			
Opening net asset value per unit	108.69	111.31	108.56
Return before operating charges*	10.01	1.94	6.68
Operating charges	(0.82)	(0.86)	(0.75)
Return after operating charges*	9.19	1.08	5.93
Distributions+	(4.12)	(3.70)	(3.18)
Closing net asset value per unit	113.76	108.69	111.31
*after direct transaction costs of:	0.13	0.11	0.10
Performance			
Return after charges	8.46%	0.97%	5.46%
Other information			
Closing net asset value (£000s)	77,287	59,501	58,231
Closing number of units	67,939,318	54,742,856	52,312,291
Operating charges++	0.72%	0.72%	0.72%
Direct transaction costs	0.11%	0.09%	0.10%
Prices			
Highest unit price (p)	119.2	124.5	115.1
Lowest unit price (p)	102.2	109.3	86.19

+Rounded to 2 decimal places.

++Operating charges are those charges incurred in operating the Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Comparative tables (continued)

A Accumulation

	2023	2022	2021
	p	p	p
Change in net assets per unit			
Opening net asset value per unit	135.64	134.64	127.43
Return before operating charges*	12.61	2.06	8.11
Operating charges	(1.04)	(1.06)	(0.90)
Return after operating charges*	11.57	1.00	7.21
Distributions+	(5.21)	(4.55)	(3.78)
Retained distribution on accumulation units+	5.21	4.55	3.78
Closing net asset value per unit	147.21	135.64	134.64
* after direct transaction costs of:	0.17	0.14	0.12
Performance			
Return after charges	8.53%	0.74%	5.66%
Other information			
Closing net asset value (£000s)	104,687	94,718	75,908
Closing number of units	71,113,172	69,830,484	56,377,926
Operating charges++	0.72%	0.72%	0.72%
Direct transaction costs	0.11%	0.09%	0.10%
Prices			
Highest unit price (p)	149.8	153.7	138.0
Lowest unit price (p)	130.0	135.8	101.2

+Rounded to 2 decimal places.

++Operating charges are those charges incurred in operating the Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Distribution tables*for the year ended 07 March 2023***Distributions on A Income units in pence per unit**

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
04.05.22	group 1	month 1	0.307	-	0.307	0.293
04.05.22	group 2	month 1	0.164	0.143	0.307	0.293
01.06.22	group 1	month 2	0.307	-	0.307	0.293
01.06.22	group 2	month 2	-	0.307	0.307	0.293
04.07.22	group 1	month 3	0.307	-	0.307	0.293
04.07.22	group 2	month 3	-	0.307	0.307	0.293
04.08.22	group 1	month 4	0.307	-	0.307	0.293
04.08.22	group 2	month 4	-	0.307	0.307	0.293
02.09.22	group 1	month 5	0.307	-	0.307	0.293
02.09.22	group 2	month 5	-	0.307	0.307	0.293
04.10.22	group 1	interim	0.307	-	0.307	0.293
04.10.22	group 2	interim	-	0.307	0.307	0.293
04.11.22	group 1	month 7	0.307	-	0.307	0.293
04.11.22	group 2	month 7	-	0.307	0.307	0.293
02.12.22	group 1	month 8	0.307	-	0.307	0.293
02.12.22	group 2	month 8	-	0.307	0.307	0.293
04.01.23	group 1	month 9	0.307	-	0.307	0.293
04.01.23	group 2	month 9	-	0.307	0.307	0.293
03.02.23	group 1	month 10	0.307	-	0.307	0.293
03.02.23	group 2	month 10	-	0.307	0.307	0.293
03.03.23	group 1	month 11	0.307	-	0.307	0.293
03.03.23	group 2	month 11	-	0.307	0.307	0.293
04.04.23	group 1	final	0.742	-	0.742	0.479
04.04.23	group 2	final	0.185	0.557	0.742	0.479

Equalisation

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

Month 1 distributions:

Group 1 Units purchased before 8 March 2022

Group 2 Units purchased 8 March 2022 to 7 April 2022

Month 2 distributions:

Group 1 Units purchased before 8 April 2022

Group 2 Units purchased 8 April 2022 to 7 May 2022

Distribution table (continued)*for the year ended 07 March 2023***Month 3 distributions:**

Group 1	Units purchased before 8 May 2022
Group 2	Units purchased 8 May 2022 to 7 June 2022

Month 4 distributions:

Group 1	Units purchased before 8 June 2022
Group 2	Units purchased 8 June 2022 to 7 July 2022

Month 5 distributions:

Group 1	Units purchased before 8 July 2022
Group 2	Units purchased 8 July 2022 to 7 August 2022

Interim distributions:

Group 1	Units purchased before 8 August 2022
Group 2	Units purchased 8 August 2022 to 7 September 2022

Month 7 distributions:

Group 1	Units purchased before 8 September 2022
Group 2	Units purchased 8 September 2022 to 7 October 2022

Month 8 distributions:

Group 1	Units purchased before 8 October 2022
Group 2	Units purchased 8 October 2022 to 7 November 2022

Month 9 distributions:

Group 1	Units purchased before 8 November 2022
Group 2	Units purchased 8 November 2022 to 7 December 2022

Month 10 distributions:

Group 1	Units purchased before 8 December 2022
Group 2	Units purchased 8 December 2022 to 7 January 2023

Month 11 distributions:

Group 1	Units purchased before 8 January 2023
Group 2	Units purchased 8 January 2023 to 7 February 2023

Final distributions:

Group 1	Units purchased before 8 February 2023
Group 2	Units purchased 8 February 2023 to 7 March 2023

Distribution tables (continued)*for the year ended 07 March 2023***Distributions on A Accumulation units in pence per unit**

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
04.05.22	group 1	month 1	0.738	-	0.738	0.487
04.05.22	group 2	month 1	0.526	0.212	0.738	0.487
01.06.22	group 1	month 2	0.485	-	0.485	0.593
01.06.22	group 2	month 2	0.186	0.299	0.485	0.593
04.07.22	group 1	month 3	0.323	-	0.323	0.356
04.07.22	group 2	month 3	0.155	0.168	0.323	0.356
04.08.22	group 1	month 4	0.394	-	0.394	0.968
04.08.22	group 2	month 4	0.138	0.256	0.394	0.968
02.09.22	group 1	month 5	0.351	-	0.351	0.208
02.09.22	group 2	month 5	0.197	0.154	0.351	0.208
04.10.22	group 1	interim	0.744	-	0.744	0.681
04.10.22	group 2	interim	0.316	0.428	0.744	0.681
04.11.22	group 1	month 7	0.371	-	0.371	0.000
04.11.22	group 2	month 7	0.217	0.154	0.371	0.000
02.12.22	group 1	month 8	0.297	-	0.297	0.228
02.12.22	group 2	month 8	0.147	0.150	0.297	0.228
04.01.23	group 1	month 9	0.498	-	0.498	0.502
04.01.23	group 2	month 9	0.260	0.238	0.498	0.502
03.02.23	group 1	month 10	0.228	-	0.228	0.109
03.02.23	group 2	month 10	0.103	0.125	0.228	0.109
03.03.23	group 1	month 11	0.184	-	0.184	0.117
03.03.23	group 2	month 11	0.083	0.101	0.184	0.117
04.04.23	group 1	final	0.597	-	0.597	0.305
04.04.23	group 2	final	0.216	0.381	0.597	0.305

Equalisation

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

Accumulation distributions

Holders of accumulation units should add the distributions received thereon to the cost of the units for capital gains tax purposes.

Month 1 distributions:

Group 1 Units purchased before 8 March 2022

Group 2 Units purchased 8 March 2022 to 7 April 2022

Distribution tables (continued)

for the year ended 07 March 2023

Month 2 distributions:

- Group 1 Units purchased before 8 April 2022
- Group 2 Units purchased 8 April 2022 to 7 May 2022

Month 3 distributions:

- Group 1 Units purchased before 8 May 2022
- Group 2 Units purchased 8 May 2022 to 7 June 2022

Month 4 distributions:

- Group 1 Units purchased before 8 June 2022
- Group 2 Units purchased 8 June 2022 to 7 July 2022

Month 5 distributions:

- Group 1 Units purchased before 8 July 2022
- Group 2 Units purchased 8 July 2022 to 7 August 2022

Interim distributions:

- Group 1 Units purchased before 8 August 2022
- Group 2 Units purchased 8 August 2022 to 7 September 2022

Month 7 distributions:

- Group 1 Units purchased before 8 September 2022
- Group 2 Units purchased 8 September 2022 to 7 October 2022

Month 8 distributions:

- Group 1 Units purchased before 8 October 2022
- Group 2 Units purchased 8 October 2022 to 7 November 2022

Month 9 distributions:

- Group 1 Units purchased before 8 November 2022
- Group 2 Units purchased 8 November 2022 to 7 December 2022

Month 10 distributions:

- Group 1 Units purchased before 8 December 2022
- Group 2 Units purchased 8 December 2022 to 7 January 2023

Month 11 distributions:

- Group 1 Units purchased before 8 January 2023
- Group 2 Units purchased 8 January 2023 to 7 February 2023

Final distributions:

- Group 1 Units purchased before 8 February 2023
- Group 2 Units purchased 8 February 2023 to 7 March 2023

Financial statements - True Potential Threadneedle Monthly Income

Statement of total return

for the year ended 07 March 2023

	Notes	2023		2022	
		£000s	£000s	£000s	£000s
Income:					
Net capital gains/(losses)	2		8,966		(3,993)
Revenue	3	6,017		4,781	
Expenses	4	(1,192)		(1,116)	
Interest payable and similar charges		(11)		(1)	
Net revenue before taxation		<u>4,814</u>		<u>3,664</u>	
Taxation	5	-		-	
Net revenue after taxation			<u>4,814</u>		<u>3,664</u>
Total return/(deficit) before distributions			13,780		(329)
Distributions	6		<u>(6,006)</u>		<u>(4,779)</u>
Change in net assets attributable to unitholders from investment activities			<u>7,774</u>		<u>(5,108)</u>

Statement of change in net assets attributable to unitholders

for the year ended 07 March 2023

		2023		2022	
		£000s	£000s	£000s	£000s
Opening net assets attributable to unitholders			154,219		134,139
Amounts receivable on issue of units		67,380		57,640	
Amounts payable on cancellation of units		<u>(50,949)</u>		<u>(35,312)</u>	
			16,431		22,328
Change in net assets attributable to unitholders from investment activities			7,774		(5,108)
Retained distribution on accumulation units			3,550		2,860
Closing net assets attributable to unitholders			<u>181,974</u>		<u>154,219</u>

Balance Sheet

as at 07 March 2023

	Notes	2023 £000s	2022 £000s
Assets:			
Fixed assets:			
Investments		174,349	150,614
Current assets:			
Debtors	7	3,160	1,842
Cash and bank balances	8	5,424	2,259
Total assets		<u>182,933</u>	<u>154,715</u>
Liabilities:			
Investment liabilities		(47)	(15)
Creditors:			
Distribution payable	6	(504)	(262)
Other creditors	9	(408)	(219)
Total liabilities		<u>(959)</u>	<u>(496)</u>
Net assets attributable to unitholders		<u>181,974</u>	<u>154,219</u>

Notes to the financial statements
for the year ended 07 March 2023

1. Accounting policies
The accounting policies are disclosed on pages 10 to 11.

2. Net capital gains/(losses)	2023	2022
	£000s	£000s
Non-derivative securities - gains/(losses)	8,749	(4,665)
Currency gains/(losses)	13	(7)
Forward currency contracts	(228)	36
Capital special dividend	432	643
Net capital gains/(losses)	<u>8,966</u>	<u>(3,993)</u>

3. Revenue	2023	2022
	£000s	£000s
UK revenue	4,431	3,798
Unfranked revenue	209	154
Overseas revenue	178	76
Interest on debt securities	1,149	753
Bank Interest	50	-
Total revenue	<u>6,017</u>	<u>4,781</u>

4. Expenses	2023	2022
	£000s	£000s
Payable to the AFM and associates		
Annual management charge	1,192	1,116
Total expenses	<u>1,192</u>	<u>1,116</u>

The annual management charge includes the AFM's periodic charge, investment management fees and other permitted charges relating to the operation of the sub-fund.

The annual management charge included an audit fee of £10,014 inclusive of VAT (2022: £7,140 inclusive of VAT).

5. Taxation	2023	2022
	£000s	£000s
a) Analysis of tax charge for the year		
Total taxation (note 5b)	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

for the year ended 07 March 2023

5. Taxation (continued)

b) Factors affecting the tax current charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2022: 20%).

The differences are explained below:

	2023	2022
	£000s	£000s
Net revenue before taxation	4,814	3,664
Corporation tax @ 20%	963	733
Effects of:		
UK revenue	(886)	(760)
Overseas revenue	(36)	(15)
Excess management expenses (utilised)/carried forward	(41)	42
Total taxation (note 5a)	-	-

c) Provision for deferred tax

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £38,000 (2022: £79,000).

6. Distributions

The distributions take account of revenue added on the issue of units and income deducted on the cancellation of units and comprise:

	2023	2022
	£000s	£000s
Month 1 income distribution	177	155
Month 1 accumulation distribution	528	286
Month 2 income distribution	167	154
Month 2 accumulation distribution	319	353
Month 3 income distribution	167	158
Month 3 accumulation distribution	208	220
Month 4 income distribution	171	157
Month 4 accumulation distribution	259	608
Month 5 income distribution	175	150
Month 5 accumulation distribution	231	128
Interim income distribution	185	148
Interim accumulation distribution	498	419
Month 7 income distribution	191	148
Month 7 accumulation distribution	253	-
Month 8 income distribution	193	151
Month 8 accumulation distribution	204	149

Notes to the financial statements (continued)
for the year ended 07 March 2023

6. Distributions (continued)

Month 9 income distribution	194	150
Month 9 accumulation distribution	340	331
Month 10 income distribution	197	151
Month 10 accumulation distribution	156	74
Month 11 income distribution	201	154
Month 11 accumulation distribution	129	79
Final income distribution	504	262
Final accumulation distribution	425	213
	<u>6,072</u>	<u>4,798</u>
Equalisation:		
Amounts deducted on cancellation of units	151	104
Amounts added on issue of units	(217)	(123)
Total net distributions	<u>6,006</u>	<u>4,779</u>
Reconciliation between net revenue and distributions:	2023	2022
	£000s	£000s
Net revenue after taxation per Statement of total return	4,814	3,664
Expenses paid from capital	1,192	1,116
Undistributed revenue carried forward	-	(1)
Distributions	<u>6,006</u>	<u>4,779</u>

Details of the distribution per unit are disclosed in the Distribution table.

7. Debtors	2023	2022
	£000s	£000s
Amounts receivable on issue of units	1,905	877
Accrued revenue	1,255	965
Total debtors	<u>3,160</u>	<u>1,842</u>

8. Cash and bank balances	2023	2022
	£000s	£000s
Total cash and bank balances	<u>5,424</u>	<u>2,259</u>

Notes to the financial statements (continued)

for the year ended 07 March 2023

9. Other creditors	2023	2022
	£000s	£000s
Amounts payable on cancellation of units	210	106
Purchases awaiting settlement	73	-
Accrued expenses:		
Payable to the AFM and associates		
Annual management charge	125	113
Total accrued expenses	125	113
Total other creditors	408	219

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities (2022: same).

11. Units in issue

The following reflects the change in units in issue for each unit class in the year:

	A Income
Opening units in issue	54,742,856
Total units issued in the year	31,656,585
Total units cancelled in the year	(18,460,123)
Closing units in issue	67,939,318
	A Accumulation
Opening units in issue	69,830,484
Total units issued in the year	22,146,408
Total units cancelled in the year	(20,863,720)
Closing units in issue	71,113,172

For the year ended 7 March 2023, the annual management charge for each unit class is as follows:

A Income	0.72%
A Accumulation	0.72%

Further information in respect of the return per unit is disclosed in the Comparative table.

On the winding up of a Fund all the assets of the Fund will be realised and apportioned to the unit classes in relation to the net asset value on the closure date. Unitholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each unit class has the same rights on winding up.

12. Related party transactions

True Potential Investment, as Manager, is a related party due to its ability to act in respect of the operations of the Fund.

The AFM acts as principal in respect of all transactions of units in the Fund. The aggregate monies received and paid through the creation and cancellation of units are disclosed in the Statement of change in net assets attributable to unitholders.

Amounts payable to the AFM and its associates are disclosed in note 4. The amount due to the AFM and its associates at the balance sheet date is disclosed in note 9.

Notes to the financial statements (continued)
for the year ended 07 March 2023

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income unit has decreased from 113.76p to 110.84p and the A Accumulation unit has decreased from 147.21p to 144.64p as at 26 June 2023. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

Direct transaction costs include fees and commissions paid to advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commissions		Taxes		Other Expenses		Purchases after transaction costs
2023	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	34,678	12	0.03	168	0.48	1	-	34,859
Bonds*	25,613	-	-	-	-	-	-	25,613
Total	60,291	12		168		1		60,472

	Purchases before transaction costs	Commissions		Taxes		Other Expenses		Purchases after transaction costs
2022	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	29,860	5	0.02	134	0.45	1	-	30,000
Bonds*	21,053	-	-	-	-	-	-	21,053
Total	50,913	5		134		1		51,053

	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
2023	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	30,810	(10)	0.03	-	-	-	-	30,800
Bonds*	12,825	-	-	-	-	-	-	12,825
Total	43,635	(10)		-		-		43,625

Notes to the financial statements (continued)
for the year ended 07 March 2023

14. Transaction costs (continued)

	Sales before transaction costs	Commissions		Taxes		Other Expenses		Sales after transaction costs
2022	£000s	£000s	%	£000s	%	£000s	%	£000s
Equities	9,056	(3)	(0.03)	-	-	-	-	9,053
Bonds*	14,466	-	-	-	-	-	-	14,466
Total	23,522	(3)		-		-		23,519

* No direct transaction costs were incurred in these transactions.

Capital events amount of £1,778,000 (2022: £4,892,000) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year :

2023	£000s	% of average net asset value
Commission	22	0.01
Taxes	168	0.10
Other Expenses	1	0.00
2022	£000s	% of average net asset value
Commission	8	0.01
Taxes	134	0.08
Other Expenses	1	0.00

b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.23% (2022: 0.25%).

15 Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the AFM as being the main risks from the Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the AFM's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the AFM, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

(i) Other price risk

The Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

Notes to the financial statements (continued)

for the year ended 07 March 2023

15 Risk management policies (continued)

a Market risk (continued)

(i) Other price risk (continued)

The main element of the portfolio of investments which is exposed to this risk is equities which are disclosed in the Portfolio statement.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Fund is exposed to price fluctuations, which are monitored by the AFM in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 7 March 2023, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £8,715,095 (2022: £7,529,960).

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

The foreign currency risk profile of the Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Total net foreign currency exposure*
2023	£'000
Euro	1,798
US dollar	2,501
Total foreign currency exposure	<u>4,299</u>

	Total net foreign currency exposure*
2022	£'000
Euro	1,867
US dollar	732
Total foreign currency exposure	<u>2,599</u>

At 7 March 2023, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £16,807 (2022: £742). Forward currency contracts are used to manage the portfolio exposure to currency movements.

* Please note the financial instruments and cash holdings and net debtors and creditors has been merged with total net foreign currency exposure.

Notes to the financial statements (continued)
for the year ended 07 March 2023

15 Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes.

During the year the Fund's direct exposure to interest rates consisted of cash and bank balances and interest-bearing securities.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The value of interest-bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 7 March 2023, if interest rates increased or decreased by 25 points, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £107,000 (2022: £108,516).

The Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2023						
Euro	333	-	1,452	26	(13)	1,798
UK sterling	12,547	-	24,973	141,067	(912)	177,675
US dollar	661	-	1,519	355	(34)	2,501
	13,541	-	27,944	141,448	(959)	181,974

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2022						
Euro	639	-	1,189	39	-	1,867
UK sterling	7,473	-	22,297	122,331	(481)	151,620
US dollar	159	-	581	7	(15)	732
	8,271	-	24,067	122,377	(496)	154,219

b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

This includes counterparty risk and issuer risk.

Notes to the financial statements (continued)
for the year ended 07 March 2023

15 Risk management policies (continued)

b Credit risk (continued)

The Trustee has appointed the custodian to provide custody services for the assets of the Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Fund. The Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Summary of Portfolio investments.

The Fund holds cash and cash deposits with financial institutions which potentially exposes the Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Fund of default.

c Liquidity risk

A significant risk is the cancellation of units which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of units at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in units in the Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded unit capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in unit prices, and make dealing in any quantity difficult.

The Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Fund may not be able to immediately sell such securities.

To reduce liquidity risk the AFM will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts these are payable in less than one year.

d Fair value of financial assets and financial liabilities

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

To ensure this, the fair value pricing committee is a body appointed by the AFM to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£'000	£'000
Quoted prices	139,705	-
Observable market data	34,644	(47)
	<u>174,349</u>	<u>(47)</u>

Notes to the financial statements (continued)
for the year ended 07 March 2023

15 Risk management policies (continued)

d Fair value of financial assets and financial liabilities (continued)

	Investment assets	Investment liabilities
Basis of valuation	2022	2022
	£'000	£'000
Quoted prices	121,644	-
Observable market data	28,970	(15)
	<u>150,614</u>	<u>(15)</u>

No securities in the portfolio of investments are valued using valuation techniques.

e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

f Derivatives

The Fund may employ derivatives with the aim of reducing the Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The AFM monitors that any exposure is covered globally to ensure adequate cover is available to meet the Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Fund at any given time and may not exceed 100% of the net asset value of the property of the Fund.

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Fund may transact in derivative contracts which potentially exposes the Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored.

Forward currency transactions are only undertaken with the custodians appointed by the Trustee.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

(ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

There have been no leveraging arrangements in the year.

Notes to the financial statements (continued)
for the year ended 07 March 2023

15 Risk management policies (continued)

f Derivatives (continued)

(iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date the global exposure is as follows:

	Gross exposure value £'000	% of the total net asset value
Investment		
Forward Currency Contracts		
Value of short position - Euro	1,809	0.99
Value of short position - US dollar	2,200	1.21

There have been no collateral arrangements in the year.

Remuneration

True Potential Administration LLP (TPA) has established a Remuneration Policy in accordance with the SYSC 19E (UCITS Remuneration code) FCA rules. The policy is designed to ensure that TPA’s remuneration practises are consistent and promote sound and effective risk management, do not encourage risk taking which is inconsistent with the risk profiles of the funds that TPA manages and do not impair TPA’s duties to act in accordance with the interests of the funds.

The TPA board of directors is responsible for the exercise of competent and independent judgement on the remuneration policies and practices and the incentives created for managing risk.

The remuneration policy is intended to ensure the continued ability to attract and retain the most qualified employees and to provide a solid basis for succession planning, in connection with the annual assessment of the remuneration of the code staff, developments in market practice are assessed systematically.

Pay is designed to reflect success or failure against a range of competencies which are assessed annually. These competencies for staff cover both financial and non-financial metrics and specific behavioural competencies including compliance matters. When determining compensation, including variable compensation, managers and the Board will consider:

- Overall firm performance;
- Collective performance of the relevant team; and,
- Individual performance relative to role requirements (including performance against agreed financial and non-financial objectives where relevant) and with specific attention to stand out performance.

Board considerations may also include, but are not limited to:

- The appropriate balance between fixed and variable components of remuneration;
- Restrictions on guaranteed remuneration and early termination payments;
- Payment of variable remuneration in the form of units/shares in the funds managed by TPA;
- Deferral periods; and
- Performance adjustments.

Table to show the aggregate remuneration split by senior Management, other MRTs and Administrative staff for TPA				
Financial Year ending 31 December 2022				
	Fixed £000	Variable £000	Total £000	Number
Senior Management	401	9	410	3
Other MRTs				
Administrative staff	512	61	573	14
Total	913	70	983	17

Further Information

Distributions and reporting dates

Where net revenue is available it is distributed/allocated from the sub-funds as below. In the event of a distribution, unitholders will receive a tax voucher.

XD dates	8 March	Final	payment/ allocation dates	4 April
	8 April	Month 1		4 May
	9 May	Month 2		1 June
	8 June	Month 3		4 July
	8 July	Month 4		4 August
	8 August	Month 5		2 September
	8 September	Interim		4 October
	10 October	Month 7		4 November
	8 November	Month 8		2 December
	8 December	Month 9		4 January
	10 January	Month 10		4 February
	8 February	Month 11		4 March

Reporting dates	7 March	Annual
	7 September	Interim

Buying and selling units

The property of the sub-funds is valued at 5pm on each business day, and the prices of units are calculated as at that time. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

The minimum initial investment and holding apply to the sub-funds as follows:

	Minimum initial Investment and holding
A Income units	£1
A Accumulation units	£1
B Income units*	£100,000
B Accumulation units*	£100,000

* Unit class not currently available for investment.

The minimum initial and subsequent investment amounts, minimum holding requirements and the preliminary and redemption charges may be waived by the AFM at its discretion. Further details can be found in the prospectus.

Benchmark

The sub-fund's performance can be assessed by comparison to the Investment Association's Flexible Investment Sector Average (as a comparator benchmark). The benchmark may be used as a guide to compare and assess the performance of the sub-fund. Our aim is to help you monitor how your investment is performing. The AFM believes this is an appropriate comparator benchmark, given the multi-asset nature and relative risk profile of the sub-fund. The sub-fund does not use the benchmark as a target, nor is the sub-fund constrained by it. The mix of assets in the sub-fund may vary from those of the benchmark (and its constituents). Accordingly, it should be used for reference purposes only.

Appointments

AFM and Registered Office

True Potential Administration LLP
Newburn House
Gateway West
Newburn Riverside
Newcastle Upon Tyne NE15 8NX
Telephone: 0191 500 8807
Authorised and regulated by the Financial Conduct Authority

Administrator and Registrar

True Potential Administration LLP
Newburn House
Gateway West
Newburn Riverside
Newcastle Upon Tyne NE15 8NX
Telephone: 0191 500 8807
Authorised and regulated by the Financial Conduct Authority

Partners of the AFM

Peter Coward
Thomas Finch (appointed 28 November 2022)
Neil Johnson (resigned 28 February 2023)
Keith McDonald
Michael Martin
Brian Shearing
Christine Montgomery (resigned 21 December 2022)
Simon White
True Potential LLP

Independent Non-Executive Partners of the AFM

Michael Martin
Christine Montgomery (resigned 21 December 2022)
Simon White

Non-Executive Partners of the AFM

Peter Coward

Investment Manager

True Potential Investments LLP
Newburn House
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Newburn Riverside
Newcastle Upon Tyne NE15 8NX
Authorised and regulated by the Financial Conduct Authority

Trustee

HSBC Bank plc
8 Canada Square
London E14 5HQ
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Auditor

Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL