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# Family Charities Ethical Trust

Manager's Interim Report and Accounts

For the period 1st April 2023 to 30th September 2023.

(Interim, Unaudited).

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# Management and Professional Services

## **Manager and Registrar**

Family Investment Management Limited  
16 West Street  
Brighton BN1 2RE  
Tel: 01273 724570  
Fax: 01273 736958

### *Executive Directors:*

S.T. Nyahasha  
J. Islam  
P.J. Herz

### *Non-Executive Directors:*

S.A.H. Williams  
M.E. Hind

Registered in England No. 1915516

The Manager is authorised and regulated by the Financial Conduct Authority.

The Manager is a member of the Investment Association.

This report is issued and approved by the Manager.

## **Investment Advisor**

State Street Global Advisors Limited  
20 Churchill Place  
Canary Wharf  
London E14 5HJ  
Authorised and regulated by the Financial Conduct Authority.

## **Trustee**

State Street Trustees Limited  
20 Churchill Place  
Canary Wharf  
London E14 5HJ  
Authorised and regulated by the Financial Conduct Authority.

## **Auditor**

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

OneFamily is a trading name for Family Investment Management Limited, which is a wholly owned subsidiary of Family Assurance Friendly Society Limited, a Friendly Society incorporated in England and Wales under the Friendly Societies Act 1992, Registration Number 939F.

# Manager's Report

## Investment Objective and Policy

The investment objective of the Family Charities Ethical Trust is to achieve long-term growth over a ten-year period by directly investing in UK shares in companies that can demonstrate strong environmental, social and governance practices. It aims to achieve its growth by re-investing any income arising from the investments the Trust holds and through any capital appreciation (increase in value) of the assets held.

To achieve its objective the policy of the Trust is to track the Financial Times Stock Exchange ('FTSE') 4Good UK 50 Total Return Share Index ('the Index'). The Index represents the 50 largest companies by market capitalisation quoted on the London Stock Exchange that can demonstrably show they are working towards the following ethical standards:

- Environmental sustainability
- Adapting to and mitigating climate change
- Countering bribery
- Upholding and supporting human rights
- Ensuring good supply-chain labour standards

The Index also avoids investment in companies involved in the production of products such as tobacco and weapons.

In order to track the Index, the Trust will hold shares in the companies that make up the Index and can also use derivatives such as FTSE 100 Index-linked futures to help replicate the performance of companies within the Index that also appear in the FTSE 100. By holding these derivatives the Trust will have some indirect exposure to companies that are not included in the Index and which may not necessarily meet its ethical criteria. These derivatives are used for efficient portfolio management, by avoiding the need to undertake daily trading and thereby reducing the cost of transactions to be borne by the Trust, and to otherwise reduce risk and to generate additional growth.

The Trust may not consist of the exact composition and weighting of the Index in circumstances where the Manager has determined that this is expedient for reasons of poor liquidity or excessive cost to the Trust.

Where appropriate the Trust may use transferable securities, approved money market instruments, and units in collective investment schemes, although these are not currently used under the existing investment strategy.

Generally, the Trust will remain fully invested subject to the holding of cash or near cash to enable the pursuit of the Trust's investment objective or to assist in the redemption of units or the efficient management of the Trust.

The Trust's target benchmark for performance is the FTSE4Good UK 50 Total Return Share Index. It is expected that the associated tracking error will be 0.2%, although this cannot be guaranteed. The benchmark has been selected as it matches the investment policy of the Trust.

Because the Family Charities Ethical Trust follows an index which has ethical criteria and uses ethical screening, we cannot invest in certain sectors and companies. This could mean the Trust carries greater risk than a Trust which has no such restrictions.

The value of the Index can fall as well as rise and since the Trust aims to track the performance of the Index, the value of your investments may also fall as well as rise. As a result, your capital is at risk and you may not receive back the amount you have invested.

Although the objective of the Trust is to achieve long-term growth, due to volatility of the markets this may not be achieved over the short term. The Trust aims to achieve a positive return over an investment period of ten years and therefore investors in the Trust should expect to be invested for at least this length of time. There is no guarantee that capital growth will be achieved over this period, or over any specific time period.

There have been no changes to the Prospectus during the period.

# Manager's Report - continued

## Trust Performance

This report covers the period from 1st April 2023 to 30th September 2023. During this time, the Family Charities Ethical Trust (Income) recorded a gross of fee return of 0.1% (March 2023: 2.6%) while, over the same period, the Family Charities Ethical Trust (Accumulation) returned 1.2% (March 2023: 4.5%) compared to the FTSE4Good UK 50 Total Return Share Index of 1.3%. The net of fee returns are shown in the table below. The difference in performance between the Family Charities Ethical Trust (Accumulation) and the benchmark is mainly due to the management charge being taken from the Trust. The difference between Family Charities Ethical Trust (Income) and Family Charities Ethical Trust (Accumulation) is due to the distribution being paid out to income unitholders at year-end.

| 6 Months                            |                              |
|-------------------------------------|------------------------------|
| 01/04/2023 – 30/09/2023             |                              |
| Family Charities Ethical Trust Inc* | (0.7%)<br>(March 2023: 1.1%) |
| Family Charities Ethical Trust Acc* | 0.5%<br>(March 2023: 3.0%)   |

Source: (Family Charities Ethical Trust Inc & Family Charities Ethical Trust Acc) OneFamily, basis bid to bid net of tax on dividend, (FTSE4Good UK 50 TR Share Index) State Street Global Advisors (SSGA).

\* Trust performance is based on price movement calculated using a nominal price at close, which will include all charges & distributions payable. The benchmark is not affected by any charges.

Please note that the figures in this section shown in brackets denote negative returns.

## Market Update

UK equities experienced a volatile semi-annual period, with a sharp decline in the first half of the reporting period (Q2 - 2023) followed by a strong recovery in the second half of the reporting period (Q3 - 2023). The main drivers of the market performance were the fluctuations in commodity prices, currency movements, interest rates and consumer confidence.

Over the first half of the reporting period (Q2 - 2023), the UK economy produced mild economic growth, with Gross Domestic Product (GDP) rising by 0.2% quarter on quarter, beating forecasts. However, in the second half of the reporting period (Q3 - 2023) the UK GDP is estimated to have shown no growth. During the reporting period, the International Monetary Fund (IMF) upgraded its forecast for UK real GDP growth for 2023 to positive 0.4% year on year, and up sharply from its previous negative growth estimate of -0.3%.

The large UK-quoted diversified energy and basic materials groups were the most sensitive to these factors, as they suffered from a broad-based weakness in commodity prices and a strong sterling in the first half of the reporting period but rebounded from a sharp recovery in crude oil prices and a weak sterling in the latter half. These sectors also benefited from their exposure to the US dollar, which strengthened against most major currencies over the period.

The domestically focused areas of the market also faced significant challenges in the initial months, as the Bank of England (BoE) raised rates twice in response to stronger than expected UK jobs market numbers, wage growth and core inflation readings. This resulted in a sharp sell-off in UK gilts (rising yields), which weighed on some sectors such as housebuilders, consumer staples and real estate.

However, these sectors recovered well later in the reporting period, as signs of improving UK consumer confidence and hopes that base interest rates may have peaked boosted their prospects. The sell-off in long-dated gilts moderated somewhat and long-term fixed mortgage rates fell, which supported the housing market and other consumer discretionary areas. Some travel and leisure companies, such as pub groups and transport operators, also outperformed over the quarter.

# Manager's Report - continued

## Activity

Below is the market capitalisation split of the Trust.

| Index                          | Family Charities<br>Ethical Trust<br>September 2023 % | Benchmark<br>September 2023 % |
|--------------------------------|---|-------------------------------|
| FTSE4Good UK 50 TR Share Index | 96.7%   | 100%                          |
| Net Other Assets               | 3.3%  |                               |

There has been no material change in the portfolio composition in the period (March 2023: Same).

## Going Concern

The Manager has undertaken an assessment of the Trust's ability to meet its liabilities as they fall due, including the investment portfolio liquidity, and is satisfied that the Trust has adequate financial resources to continue in operation for at least 12 months from the date of approval of these financial statements, therefore it is appropriate to adopt the going concern basis in preparing the financial statements.

## Outlook

Equity performance has been supported by lower market rates, which have partially offset weaker corporate earnings. However, we do not see the rally in equities being able to sustain itself through the remainder of 2023. The US equity market advance has been led by a narrow group of mega-cap stocks that benefited from the drop-in rates and earnings that beat lowered expectations. For the rest of the year, we expect earnings to soften further. We have concerns about worsening fundamentals, weaker demand as financial conditions tighten, and elevated margin pressures driven by still high levels of inflation.

We anticipate volatility over the balance of 2023 into early 2024 as the economy digests tighter credit conditions, slow growth, and geopolitical tensions. We believe equities will outperform when investors have confidence that economic growth will return to trend levels – such outperformance tends to come six to nine months ahead of trend growth being achieved. We will maintain a close eye on allocations as we continue to monitor macroeconomic factors – the pace of disinflation, the response of central banks, and the extent of economic slowdown.

# Manager's Report - continued

## Ongoing Charges Figure (OCF)

| <i>At period ended</i> | <i>OCF %</i> |
|------------------------|--------------|
| September 2023*        | 1.50         |
| March 2023             | 1.50         |

\* Annualised

The OCF is a measure of the Trust's ongoing charges. Apart from the initial charge, all other expenses are included in the OCF. The OCF is an accepted standard for the comparison of cost for authorised trusts, recognised throughout Europe.

## Trust Tracking Error

| <i>At period ended</i> | <i>Ex-Ante Tracking Error %</i> | <i>Ex-Post Tracking Error %*</i> |
|------------------------|---------------------------------|----------------------------------|
| September 2023         | 0.04                            | 0.06                             |

\* Annualised

As the Trust is an equity index tracker which holds the majority of securities within the benchmark we would expect low tracking error, which explains the difference between the anticipated tracking error of 0.20% compared to the realised of 0.06%.

For index-tracking UCITS (Undertakings for Collective Investments in Transferable Securities), the tracking error is usually defined as the volatility of the difference between the return of the index-tracking UCITS' portfolio and the return of the benchmark or index. The tracking error helps measure the quality of the replication.

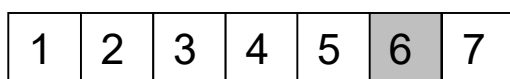
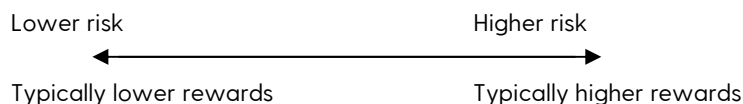
Ex-ante tracking error is calculated using a forecasting model.

Ex-post tracking error is calculated using historical returns.

## Authorised Status

The Family Charities Ethical Trust is an Authorised Unit Trust Scheme under section 243 of the Financial Services & Markets Act 2000 and is categorised as a UCITS Scheme under the FCA's Collective Investment Schemes Sourcebook (COLL). The Trust was authorised on 30th March 1982, under registration number 108371. The unitholders are not liable for the debts of the Trust.

## Risk and Reward Profile



The risk and reward profile is designed to give you a guide to the Trust's level of risk and potential for growth. The higher the number, the greater the potential for growth but the greater the risk.

The Trust has a category of six (March 2023: Same); this is due to the fact that the risk and reward profile is based on volatility of price movement over a five-year period. Therefore, the more the price moves during that period the higher the risk and reward profile will be.

The risk and reward profile is a measure of the Trust's past volatility in returns, and is therefore not an indicator of future performance.

# Manager's Report - continued

## Comparative Table

### Trust size

| <i>At period ended</i> | <i>Net Asset Value (£)</i> |
|------------------------|----------------------------|
| September 2021         | 259,128,255                |
| September 2022         | 271,038,442                |
| March 2023             | 308,685,843                |
| September 2023         | 316,311,609                |

| <i>At period ended</i> | <i>No. of Units in issue</i> |                     | <i>Net Asset Value Per Unit (pence)</i> |                     |
|------------------------|------------------------------|---------------------|---|---------------------|
|                        | <i>Income</i>                | <i>Accumulation</i> | <i>Income</i>                           | <i>Accumulation</i> |
| September 2021         | 580,954.0575                 | 30,613,564.0992     | 526.36                                  | 836.32              |
| September 2022         | 546,851.9200                 | 32,041,941.2450     | 516.89                                  | 836.96              |
| March 2023             | 465,552.4253                 | 32,705,383.8253     | 573.93                                  | 935.67              |
| September 2023         | 401,584.2043                 | 33,401,794.9081     | 576.62                                  | 940.06              |

### Unit price range and income history

| <i>Accounting Period</i> | <i>Income Unit Prices</i>     |                               | <i>Accumulation Unit Prices</i> |                               | <i>Annual Income (net)</i>     |                                      |
|--------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|--------------------------------|--------------------------------------|
|                          | <i>Highest Buying (pence)</i> | <i>Lowest Selling (pence)</i> | <i>Highest Buying (pence)</i>   | <i>Lowest Selling (pence)</i> | <i>Income Per Unit (pence)</i> | <i>Accumulation Per Unit (pence)</i> |
| 2019                     | 575.60                        | 509.10                        | 837.90                          | 741.10                        | 15.6496                        | 22.7829                              |
| 2020                     | 591.70                        | 402.80                        | 886.50                          | 603.50                        | 13.2018                        | 19.7774                              |
| 2021                     | 522.60                        | 390.50                        | 806.60                          | 642.80                        | 7.8141                         | 12.0594                              |
| 2022                     | 584.70                        | 507.50                        | 916.40                          | 795.30                        | 11.9447                        | 18.7196                              |
| 2023                     | 606.30                        | 513.60                        | 970.10                          | 821.80                        | 10.8025                        | 17.2858                              |
| 2024*                    | 597.30                        | 552.10                        | 973.80                          | 900.10                        | —                              | —                                    |

\* to the 30th September 2023 only

Past performance should not be seen as an indication of future performance.

Investors are reminded that the price of units and the income from them is not guaranteed and may go down as well as up.



# Manager's Report - continued

## Portfolio Statement

The sector percentage figures give the current reporting period percentage first followed by the percentage at the previous Annual Accounting date (March 2023). All investments held are listed on Official Exchanges unless otherwise stated.

### As at 30th September 2023

|   | <i> Holding</i> | <i> Market<br/>Value<br/>£'000</i> | <i> % of total<br/>net assets</i> |
|---|-----------------|------------------------------------|-----------------------------------|
| <b>Investments</b>                                |                 |                                    |                                   |
| <b>UK - Equities (96.43%; 95.53%)</b>             |                 |                                    |                                   |
| <b><i>Basic Materials</i></b>                     |                 |                                    |                                   |
| <b>Chemicals (0.48%; 0.62%)</b>                   |                 |                                    |                                   |
| Croda International                               | 30,718          | 1,510                              | 0.48                              |
| <b>Forest Products &amp; Paper (0.99%; 0.95%)</b> |                 |                                    |                                   |
| Mondi   | 112,964         | 1,550                              | 0.49                              |
| Smurfit Kappa Group                               | 57,353          | <u>1,565</u>                       | <u>0.50</u>                       |
|   |                 | <b>3,115</b>                       | <b>0.99</b>                       |
| <b>Iron &amp; Steel (0.00%; 0.00%)</b>            |                 |                                    |                                   |
| Evrac (suspended)                                 | 110,000         | –                                  | –                                 |
| <b>Mining (6.30%; 6.71%)</b>                      |                 |                                    |                                   |
| Anglo American                                    | 270,195         | 6,121                              | 1.94                              |
| Antofagasta                                       | 81,732          | 1,168                              | 0.37                              |
| Rio Tinto   | 243,883         | <u>12,619</u>                      | <u>3.99</u>                       |
|   |                 | <b>19,908</b>                      | <b>6.30</b>                       |
| <b><i>Communications</i></b>                      |                 |                                    |                                   |
| <b>Advertising (0.56%; 0.69%)</b>                 |                 |                                    |                                   |
| WPP   | 241,280         | 1,769                              | 0.56                              |
| <b>Media (0.72%; 0.68%)</b>                       |                 |                                    |                                   |
| Informa   | 305,176         | 2,290                              | 0.72                              |
| <b>Telecommunications (1.72%; 2.15%)</b>          |                 |                                    |                                   |
| BT Group  | 1,387,216       | 1,618                              | 0.51                              |
| Vodafone Group                                    | 4,968,721       | <u>3,817</u>                       | <u>1.21</u>                       |
|   |                 | <b>5,435</b>                       | <b>1.72</b>                       |
| <b><i>Cyclical Consumer Goods</i></b>             |                 |                                    |                                   |
| <b>Apparel (0.52%; 0.68%)</b>                     |                 |                                    |                                   |
| Burberry Group                                    | 86,977          | 1,660                              | 0.52                              |
| <b>Distribution/Wholesale (0.69%; 0.71%)</b>      |                 |                                    |                                   |
| Bunzl   | 74,341          | 2,174                              | 0.69                              |
| <b>Entertainment (2.08%; 2.27%)</b>               |                 |                                    |                                   |
| Entain  | 139,746         | 1,304                              | 0.41                              |
| Flutter Entertainment                             | 39,489          | <u>5,288</u>                       | <u>1.67</u>                       |
|   |                 | <b>6,592</b>                       | <b>2.08</b>                       |
| <b>Food Service (2.47%; 2.45%)</b>                |                 |                                    |                                   |
| Compass Group                                     | 390,209         | 7,804                              | 2.47                              |
| <b>Lodging (0.71%; 0.64%)</b>                     |                 |                                    |                                   |
| Intercontinental Hotels Group                     | 37,235          | 2,261                              | 0.71                              |
| <b>Retail (0.62%; 0.56%)</b>                      |                 |                                    |                                   |
| Next  | 26,818          | 1,956                              | 0.62                              |
| <b><i>Energy</i></b>                              |                 |                                    |                                   |
| <b>Oil &amp; Gas (9.94%; 8.32%)</b>               |                 |                                    |                                   |
| Shell   | 1,207,004       | 31,455                             | 9.94                              |
| <b><i>Financial</i></b>                           |                 |                                    |                                   |
| <b>Banks (14.92%; 13.00%)</b>                     |                 |                                    |                                   |
| Barclays  | 3,469,848       | 5,515                              | 1.74                              |
| HSBC Holdings                                     | 4,420,528       | 28,508                             | 9.01                              |

## Manager's Report - continued

### Portfolio Statement - continued

As at 30th September 2023

|  | <i> Holding</i> | <i> Market<br/>Value<br/>£'000</i> | <i> % of total<br/>net assets</i> |
|--|-----------------|------------------------------------|-----------------------------------|
| <b>Investments</b>                                   |                 |                                    |                                   |
| <b>Banks – continued</b>                             |                 |                                    |                                   |
| Lloyds Banking Group                                 | 14,386,443      | 6,383                              | 2.02                              |
| NatWest Group  | 1,211,126       | 2,853                              | 0.90                              |
| Standard Chartered                                   | 519,691         | <u>3,939</u>                       | <u>1.25</u>                       |
|  |                 | <b>47,198</b>                      | <b>14.92</b>                      |
| <b>Diversified Financial Services (2.88%; 2.38%)</b> |                 |                                    |                                   |
| London Stock Exchange Group                          | 101,487         | 8,354                              | 2.64                              |
| Schroders  | 184,776         | <u>752</u>                         | <u>0.24</u>                       |
|  |                 | <b>9,106</b>                       | <b>2.88</b>                       |
| <b>Insurance (3.39%; 3.83%)</b>                      |                 |                                    |                                   |
| Aviva  | 600,174         | 2,339                              | 0.74                              |
| Legal & General Group                                | 1,306,719       | 2,907                              | 0.92                              |
| Prudential   | 616,222         | <u>5,477</u>                       | <u>1.73</u>                       |
|  |                 | <b>10,723</b>                      | <b>3.39</b>                       |
| <b>Private Equity (1.40%; 1.11%)</b>                 |                 |                                    |                                   |
| 3i Group   | 213,253         | <b>4,421</b>                       | <b>1.40</b>                       |
| <b>REITS (0.61%; 0.63%)</b>                          |                 |                                    |                                   |
| Segro  | 269,390         | <b>1,938</b>                       | <b>0.61</b>                       |
| <b>Industrial</b>                                    |                 |                                    |                                   |
| <b>Electronics (0.51%; 0.58%)</b>                    |                 |                                    |                                   |
| Halma  | 83,444          | <b>1,617</b>                       | <b>0.51</b>                       |
| <b>Diversified Machinery (0.49%; 0.60%)</b>          |                 |                                    |                                   |
| Spirax-Sarco Engineering                             | 16,202          | <b>1,543</b>                       | <b>0.49</b>                       |
| <b>Non-Cyclical Consumer Goods</b>                   |                 |                                    |                                   |
| <b>Beverages (4.75%; 5.54%)</b>                      |                 |                                    |                                   |
| Diageo   | 494,953         | <b>15,017</b>                      | <b>4.75</b>                       |
| <b>Commercial Services (7.04%; 6.63%)</b>            |                 |                                    |                                   |
| Experian   | 205,185         | 5,522                              | 1.75                              |
| Intertek Group                                       | 35,541          | 1,461                              | 0.46                              |
| Relx   | 424,528         | 11,781                             | 3.72                              |
| Rentokil Initial                                     | 574,427         | <u>3,505</u>                       | <u>1.11</u>                       |
|  |                 | <b>22,269</b>                      | <b>7.04</b>                       |
| <b>Cosmetics/Personal Care (8.49%; 8.36%)</b>        |                 |                                    |                                   |
| Haleon   | 1,190,457       | 4,056                              | 1.28                              |
| Unilever   | 561,387         | <u>22,801</u>                      | <u>7.21</u>                       |
|  |                 | <b>26,857</b>                      | <b>8.49</b>                       |
| <b>Food (1.83%; 1.81%)</b>                           |                 |                                    |                                   |
| Associated British Foods                             | 79,511          | 1,644                              | 0.52                              |
| Tesco  | 1,569,163       | <u>4,146</u>                       | <u>1.31</u>                       |
|  |                 | <b>5,790</b>                       | <b>1.83</b>                       |
| <b>Healthcare-Products (0.62%; 0.68%)</b>            |                 |                                    |                                   |
| Smith & Nephew                                       | 192,401         | <b>1,967</b>                       | <b>0.62</b>                       |
| <b>Household Products/Wares (2.94%; 3.04%)</b>       |                 |                                    |                                   |
| Reckitt Benckiser Group                              | 160,417         | <b>9,291</b>                       | <b>2.94</b>                       |
| <b>Pharmaceuticals (13.65%; 13.16%)</b>              |                 |                                    |                                   |
| AstraZeneca  | 268,007         | 29,749                             | 9.40                              |
| GSK  | 900,825         | <u>13,439</u>                      | <u>4.25</u>                       |
|  |                 | <b>43,188</b>                      | <b>13.65</b>                      |
| <b>Technology</b>                                    |                 |                                    |                                   |
| <b>Software (0.71%; 0.53%)</b>                       |                 |                                    |                                   |
| The Sage Group                                       | 225,706         | <b>2,232</b>                       | <b>0.71</b>                       |

## Manager's Report - continued

### Portfolio Statement - continued

As at 30th September 2023

|  | <i> Holding</i> | <i> Market Value<br/> £'000</i> | <i> % of total<br/> net assets</i> |
|--|-----------------|---------------------------------|------------------------------------|
| <b>Investments</b>                             |                 |                                 |                                    |
| <b><i>Utilities</i></b>                        |                 |                                 |                                    |
| <b>Electric (3.79%; 4.12%)</b>                 |                 |                                 |                                    |
| National Grid                                  | 822,765         | 8,063                           | 2.55                               |
| SSE  | 244,162         | <u>3,930</u>                    | <u>1.24</u>                        |
|  |                 | <b>11,993</b>                   | <b>3.79</b>                        |
| <b>Gas (0.61%; nil)</b>                        |                 |                                 |                                    |
| Centrica                                       | 1,241,917       | <b>1,918</b>                    | <b>0.61</b>                        |
| <b>Total UK Equities</b>                       |                 | <b>304,997</b>                  | <b>96.43</b>                       |
| <b>Overseas Equities (0.30%; 0.30%)</b>        |                 |                                 |                                    |
| Coca-Cola HBC                                  | 42,612          | <b>958</b>                      | <b>0.30</b>                        |
| <b>Total Overseas Equities</b>                 |                 | <b>958</b>                      | <b>0.30</b>                        |
| <b>Futures (0.00%; 0.01%)</b>                  |                 |                                 |                                    |
| FTSE 100 (GBP)                                 | 8               | <b>10</b>                       | <b>0.00</b>                        |
| <b>Total Futures</b>                           |                 | <b>10</b>                       | <b>0.00</b>                        |
| <b>Investment Assets</b>                       |                 | <u><b>305,965</b></u>           | <u><b>96.73</b></u>                |
| <b>Net Other Assets*</b>                       |                 | <u><b>10,347</b></u>            | <u><b>3.27</b></u>                 |
| <b>Total Net Assets at 30th September 2023</b> |                 | <u><u><b>316,312</b></u></u>    | <u><u><b>100.00</b></u></u>        |

\* The Net Other Assets comprise debtors, cash balances and creditors as disclosed in notes 8, 9 and 10.

There has been no major change to the assets held, the portfolio continues to be in line with the underlying index that it follows.

# Statement of Manager's Responsibilities

## In relation to the Report and Accounts of the Trust

The Collective Investment Schemes Sourcebook published by the Financial Conduct Authority ("the COLL Rules") require the Manager to prepare financial statements for each accounting period, which give a true and fair view of the financial position of the Trust and of the net income and the net gains or losses on the property of the Trust for the period.

In preparing the financial statements the Manager is responsible for:

- (a) Selecting suitable accounting policies and then applying them consistently;
- (b) Making judgements and estimates that are reasonable and prudent;
- (c) Following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- (d) Complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (and amended in June 2017);
- (e) Keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- (f) Assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- (g) 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;
- (h) Such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- (i) Taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager confirms that all requirements have been met in preparing the financial statements.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, Full Prospectus and COLL rules.

The Manager is responsible for the maintenance and integrity of the OneFamily website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In pursuing its investment objective set out on page 4 the Trust holds a number of financial instruments. These comprise:

Equity and non-equity shares. These are held in accordance with the Trust's investment objective and policies;

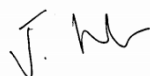
Cash, liquid resources and short term debtors and creditors that arise directly from its operations; and

Unitholders' funds which represent investors' monies which are invested on their behalf.

It is, and has been throughout the period under review, the Trust's policy that no trading in financial instruments, other than on the Trust's account, shall be undertaken (March 2023: Same).

## Director's Statement

This Report is signed in accordance with the requirements of the Collective Investment Schemes Sourcebook.



Jim Islam  
Director



Philippa Herz  
Director

30th November 2023

# Statement of Total Return

For the period 1st April 2023 to 30th September 2023

|  |      | September<br>2023 |              | September<br>2022 |                 |
|--|------|-------------------|--------------|-------------------|-----------------|
|  | Note | £'000             | £'000        | £'000             | £'000           |
| Income   |      |                   |              |                   |                 |
| Net capital losses   | 3    |                   | (2,022)      |                   | (26,304)        |
| Revenue  | 4    | 5,861             |              | 5,367             |                 |
| Expenses   | 5    | (2,349)           |              | (2,175)           |                 |
| Net revenue before taxation  |      | <u>3,512</u>      |              | <u>3,192</u>      |                 |
| Taxation   | 6    | <u>—</u>          |              | <u>—</u>          |                 |
| Net revenue after taxation<br>for the period   |      |                   | <u>3,512</u> |                   | <u>3,192</u>    |
| <b>Total return before distribution</b>  |      |                   | 1,490        |                   | (23,112)        |
| Finance costs: Distributions   | 7    |                   | <u>—</u>     |                   | <u>—</u>        |
| <b>Change in net assets attributable to<br/>unitholders from investment activities</b> |      |                   | <u>1,490</u> |                   | <u>(23,112)</u> |

# Statement of Change in Net Assets Attributable to Unitholders

For the period 1st April 2023 to 30th September 2023

|   | September<br>2023 |                        | September<br>2022 |                        |
|---|-------------------|------------------------|-------------------|------------------------|
|   | £'000             | £'000                  | £'000             | £'000                  |
| <b>Opening Net Assets Attributable to Unitholders</b>                                   |                   | 308,686                |                   | 288,000                |
| Movement due to sale and repurchase of units:   |                   |                        |                   |                        |
| Amounts receivable on issue of units  | 14,077            |                        | 10,947            |                        |
| Less: Amounts payable on cancellation of units  | <u>(7,941)</u>    |                        | <u>(4,797)</u>    |                        |
|   |                   | 6,136                  |                   | 6,150                  |
| Change in net assets attributable to unitholders from investment activities (see above) |                   | 1,490                  |                   | (23,112)               |
| Retained distribution on accumulation Units   |                   | <u>—</u>               |                   | <u>—</u>               |
| <b>Closing Net Assets Attributable to Unitholders</b>                                   |                   | <u>316,312</u>         |                   | <u>271,038</u>         |
| <b>Opening Income Units</b>   |                   | 465,552.4253           |                   | 570,128.6911           |
| Units issued  |                   | 10,076.0703            |                   | 12,249.0868            |
| Units cancelled   |                   | <u>(74,044.2913)</u>   |                   | <u>(35,525.8579)</u>   |
| <b>Closing Income Units</b>   |                   | <u>401,584.2043</u>    |                   | <u>546,851.9200</u>    |
| <b>Opening Accumulation Units</b>   |                   | 32,705,383.8253        |                   | 31,341,695.4225        |
| Units issued  |                   | 1,494,616.0195         |                   | 1,213,266.7446         |
| Units cancelled   |                   | <u>(798,204.9367)</u>  |                   | <u>(513,020.9221)</u>  |
| <b>Closing Accumulation Units</b>   |                   | <u>33,401,794.9081</u> |                   | <u>32,041,941.2450</u> |

# Balance Sheet

As at 30th September 2023

|   |      | September<br>2023 |                | March<br>2023  |       | September<br>2022 |       |
|---|------|-------------------|----------------|----------------|-------|-------------------|-------|
|   | Note | £'000             | £'000          | £'000          | £'000 | £'000             | £'000 |
| <b>Assets</b>                                     |      |                   |                |                |       |                   |       |
| <b>Fixed Assets</b>                               |      |                   |                |                |       |                   |       |
| <b>Investment Assets</b>                          |      |                   | 305,965        | 295,852        |       | 260,511           |       |
| <b>Current Assets</b>                             |      |                   |                |                |       |                   |       |
| Debtors   | 8    | 800               |                | 2,411          |       | 531               |       |
| Cash and bank balances                            | 9    | <u>9,932</u>      |                | <u>11,018</u>  |       | <u>10,596</u>     |       |
| <b>Total Other Assets</b>                         |      |                   | <u>10,732</u>  | <u>13,429</u>  |       | <u>11,127</u>     |       |
| <b>Total Assets</b>                               |      |                   | <u>316,697</u> | <u>309,281</u> |       | <u>271,638</u>    |       |
| <b>Liabilities</b>                                |      |                   |                |                |       |                   |       |
| <b>Investment Liabilities</b>                     |      |                   | –              | –              |       | 230               |       |
| Creditors   | 10   | 385               |                | 545            |       | 370               |       |
| Distributions payable<br>on Income units          |      | <u>–</u>          |                | <u>50</u>      |       | <u>–</u>          |       |
| <b>Total Other Liabilities</b>                    |      |                   | <u>385</u>     | <u>595</u>     |       | <u>370</u>        |       |
| <b>Total Liabilities</b>                          |      |                   | <u>385</u>     | <u>595</u>     |       | <u>600</u>        |       |
| <b>Net Assets Attributable to<br/>Unitholders</b> |      |                   | <u>316,312</u> | <u>308,686</u> |       | <u>271,038</u>    |       |

The accompanying notes form part of the financial statements.

# Notes to the Financial Statements

## 1. Accounting Policies

### *(a) Basis of Accounting*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014 (AF SORP 2014) (and amended in June 2017) and Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. No changes have been made to accounting policies or to the accounting estimates used in applying these policies.

The property of the Trust is stated as at close of business on the 29th September 2023, being the last business day of the financial period. The difference between the valuation at the close of business and that at the pricing point is disclosed in Note 12. The difference between these valuations is not considered to be material.

### *Going Concern*

The Manager has undertaken an assessment of the Trust's ability to meet its liabilities as they fall due, including the investment portfolio liquidity, and is satisfied that the Trust has adequate financial resources to continue in operation for at least 12 months from the date of approval of these financial statements, therefore it is appropriate to adopt the going concern basis in preparing the financial statements.

### *(b) Revenue*

Dividends on equities, investment trusts and property income trusts are recognised when the security is quoted ex-dividend, and are shown net of any attributable tax credits. Interest on cash balances and other income are accounted for on an accruals basis. Underwriting commission is recognised when the issue takes place.

### *(c) Valuation*

All investments are valued at their fair value as at close of business on the 29th September 2023, being the last business day of the financial period. The fair value is determined using the fair value hierarchy as stated in the accounts.

Listed investments have been valued at bid value as at close of business on the Balance Sheet date, and are shown net of any accrued interest which is included in the Balance Sheet as a debtor.

Any unlisted, delisted, suspended or unapproved securities are valued at the Manager's best estimate. It takes into account, where appropriate, latest dealing prices, valuations from independent reliable sources, financial performance, liquidity discounts and other relevant factors.

Any open positions in derivative contracts or forward foreign currency transactions at the period end are included in the Balance Sheet at their Mark to Market value.

### *(d) Taxation*

Current tax is provided for on the revenue liable to corporation tax less deductible expenses.

Deferred tax is provided for on all timing differences that have originated but not reversed by the Balance Sheet date. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

### *(e) Foreign Currencies*

The functional and presentational currency of the Trust is pound sterling (GBP).

Assets and liabilities have been translated into sterling at the exchange rate prevailing at the valuation point. Non-Sterling receipts and payments are translated at the rates applicable on the date of settlement. Any gains or losses arising from holding assets or liabilities denominated in currencies other than sterling are recognised as capital or income depending on the nature of the underlying item.

### *(f) Distribution Policy*

The net income of the Trust is regarded as the amount available for distribution; no adjustment is made in respect of either management expenses or stock dividends. Management expenses, to the extent that it is permitted, are charged against income.

On or before the distribution date, the Manager will allocate the available income to the units of each type in issue. In the case of income units, unit holders will receive a distribution of income. In the case of accumulation units, the distribution will be transferred to the capital property of the Trust.

Any unclaimed distributions are transferred to the Trust's capital account six years after the distribution became payable.

### *(g) Special Dividends*

These were recognised as either income or capital depending upon the nature and circumstances of the dividend receivable.

### *(h) Treatment of Stock Dividends*

The Trust may elect to take up stock paid in lieu of a cash dividend. These stocks are recorded in the accounts at a value equal to the dividend cash equivalent. These dividends have been recognised as income and form part of the distribution.

In the case of enhanced stock dividends, the amount by which such dividends exceed the cash dividends is treated as capital and does not form part of the distribution.



# Notes to the Financial Statements - continued

## 1. Accounting Policies - continued

### (i) Treatment of Stock Lending

Stock lending income is recognised on an accruals basis net of associated costs. The Trust has not undertaken any Securities Financing Transactions during the accounting period in that it has not engaged in stock lending or stock borrowing, or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.

### (j) Treatment of Expenses

All expenses, except for those relating to the purchases and sales of investments are charged initially against income.

### (k) Significant Judgements and Sources of Estimation Uncertainty

There are no significant judgements or sources of estimation uncertainty.

## 2. Distribution Policy

All revenue received by the Trust less accrued income, revenue expenses and taxation is allocated to unit holders and either accumulated in the case of Accumulation Units, or distributed to unit holders in the case of Income Units. Distributions are made in accordance with the COLL Sourcebook..

|  | September<br>2023<br>£'000 | September<br>2022<br>£'000 |
|--|----------------------------|----------------------------|
|--|----------------------------|----------------------------|

## 3. Net Capital Losses on Investments

The net losses on investments during the period comprise:

|                           |                |                 |
|---------------------------|----------------|-----------------|
| Losses on investments     | (2,060)        | (25,891)        |
| Gains/(losses) on futures | <u>38</u>      | <u>(413)</u>    |
| Net losses on investments | <u>(2,022)</u> | <u>(26,304)</u> |

Factors affecting the capital movements on investments are available in the investment review on pages 5 & 6.

## 4. Revenue

|  |              |              |
|--|--------------|--------------|
| UK dividends                           | 5,784        | 5,274        |
| UK property income distributions (PID) | 23           | –            |
| Overseas dividends                     | 13           | 54           |
| Bank interest                          | 29           | 3            |
| Foreign currency gains                 | <u>12</u>    | <u>36</u>    |
|  | <u>5,861</u> | <u>5,367</u> |

## 5. Expenses

### Payable to the Manager, associates of the Manager and agents of either of them:

|                           |              |              |
|---------------------------|--------------|--------------|
| Manager's periodic charge | <u>2,349</u> | <u>2,175</u> |
| <b>Total Expenses</b>     | <u>2,349</u> | <u>2,175</u> |

The Manager bears all the expenses of the Trust out of its own fee, including the auditor's remuneration of £8,190 including VAT (September 2022: £7,500).

## Notes to the Financial Statements - continued

|  | September<br>2023<br>£'000 | September<br>2022<br>£'000 |
|--|----------------------------|----------------------------|
| <b>6. Taxation</b>                     |                            |                            |
| a.) Analysis of charge in the period   |                            |                            |
| Current tax:                           |                            |                            |
| UK corporation tax on net income       | —                          | —                          |
| Adjustment in respect of prior periods | <u>—</u>                   | <u>—</u>                   |
|  | —                          | —                          |
| Foreign tax                            | <u>—</u>                   | <u>—</u>                   |
| Total current tax (note b)             | —                          | —                          |
| Deferred tax (note c)                  | <u>—</u>                   | <u>—</u>                   |
| Total taxation                         | <u><u>—</u></u>            | <u><u>—</u></u>            |

Corporation tax has been provided at a rate of 20% (March 2023: 20%)

### b.) Factors affecting total tax charge for the period

The tax assessed for the period is different from the standard rate of corporation tax in the UK for an Authorised Unit Trust (20%). The differences are explained below.

|   |                 |                 |
|---|-----------------|-----------------|
| Net revenue before taxation   | <u>3,512</u>    | <u>3,192</u>    |
| Tax at standard rate of 20%   | 702             | 639             |
| Non taxable income*   | (1,159)         | (1,066)         |
| Excess allowable expenses   | 457             | 427             |
| Overseas withholding tax suffered                                       | <u>—</u>        | <u>—</u>        |
| Total tax charge for period (note a)                                    | <u><u>—</u></u> | <u><u>—</u></u> |
| c.) Provision for deferred tax  |                 |                 |
| Provision at start of period  | —               | —               |
| Deferred tax charge in Statement of Total Return<br>for period (note a) | <u>—</u>        | <u>—</u>        |
| Provision at end of period  | <u><u>—</u></u> | <u><u>—</u></u> |

\* As an Authorised Unit Trust these items (franked dividends) are not subject to Corporation Tax.

The Trust is exempt from Capital Gains Tax.

The Trust has not recognised a deferred tax asset of £6,811k (March 2023: £6,354k), which has arisen as a result of having unutilised management expenses. These expenses will only be utilised if the tax treatment of capital gains or the Trust's investment profile changes.

## 7. Finance Costs

### Distributions

Distributions are accumulated on an annual basis at the year-end accounting date.

## Notes to the Financial Statements - continued

|   | September<br>2023<br>£'000 | March<br>2023<br>£'000 | September<br>2022<br>£'000 |
|---|----------------------------|------------------------|----------------------------|
| <b>8. Debtors</b>                             |                            |                        |                            |
| Amounts falling due within 1 year             |                            |                        |                            |
| Amount receivable for creation of units       | 139                        | –                      | 16                         |
| Accrued income - UK dividends                 | 555                        | 2,166                  | 368                        |
| Accrued income - overseas dividends           | –                          | 133                    | 35                         |
| Accrued bank interest                         | <u>4</u>                   | <u>3</u>               | <u>–</u>                   |
|   | 698                        | 2,302                  | 419                        |
| Amounts falling due after more than 1 year    |                            |                        |                            |
| Overseas tax recoverable                      | <u>102</u>                 | <u>109</u>             | <u>112</u>                 |
|   | 102                        | 109                    | 112                        |
| Total debtors                                 | <u><u>800</u></u>          | <u><u>2,411</u></u>    | <u><u>531</u></u>          |
| <b>9. Cash and Bank Balances</b>              |                            |                        |                            |
| Cash and bank balances                        | 9,909                      | 10,896                 | 10,149                     |
| Futures margin balances                       | <u>23</u>                  | <u>122</u>             | <u>447</u>                 |
|   | <u><u>9,932</u></u>        | <u><u>11,018</u></u>   | <u><u>10,596</u></u>       |
| <b>10. Creditors</b>                          |                            |                        |                            |
| Amounts payable for the cancellation of units | 3                          | 144                    | 16                         |
| Accrued expenses                              | <u>382</u>                 | <u>401</u>             | <u>354</u>                 |
|   | <u><u>385</u></u>          | <u><u>545</u></u>      | <u><u>370</u></u>          |

### 11. Related Party Transactions

The Manager of Family Charities Ethical Trust, Family Investment Management Limited, is a wholly owned subsidiary of Family Assurance Friendly Society Limited (“the Society”), being the ultimate controlling party. The Society and Family Charities Ethical Trust are deemed to be related parties.

All unit creations and cancellations, and all balances due as at 30th September 2023 in respect of creations and cancellations, as disclosed in the Balance Sheet, are executed with the Manager (March 2023: Same).

Total Management charges incurred during the period are disclosed in note 5.

Family Equity Plan Limited, being a subsidiary of Family Assurance Friendly Society Limited, is deemed to be a related party of Family Charities Ethical Trust.

As at 30th September 2023, their holdings in Family Charities Ethical Trust were:

| Accumulation Units | £<br>(millions)      | Units<br>(millions) | Unit purchases<br>during period<br>(millions) | Unit sales<br>during period<br>(millions) |
|--------------------|----------------------|---------------------|---|---|
| Society            | 18.05                | 1.92                | –   | 0.07                                      |
| Family Equity Plan | <u>292.83</u>        | <u>31.15</u>        | <u>1.49</u>                                   | <u>0.64</u>                               |
|                    | <u><u>310.88</u></u> | <u><u>33.07</u></u> | <u><u>1.49</u></u>                            | <u><u>0.71</u></u>                        |

On accumulation units as at 30th September 2023 there was an outstanding balance of £145,096 payable to Family Equity Plan. There were no outstanding balances from the Society.

## Notes to the Financial Statements - continued

### 11. Related Party Transactions - continued

| Income Units       | £<br>(millions) | Units<br>(millions) | Unit purchases<br>during period<br>(millions) | Unit sales<br>during period<br>(millions) |
|--------------------|-----------------|---------------------|---|---|
| Family Equity Plan | <u>0.29</u>     | <u>0.05</u>         | <u>0.01</u>                                   | <u>0.00</u>                               |
|                    | <u>0.29</u>     | <u>0.05</u>         | <u>0.01</u>                                   | <u>0.00</u>                               |

On income units as at 30th September 2023 there were no outstanding balance from Family Equity Plan.

As at 31st March 2023, their holdings in Family Charities Ethical Trust were:

| Accumulation Units | £<br>(millions) | Units<br>(millions) | Unit purchases<br>during year<br>(millions) | Unit sales<br>during year<br>(millions) |
|--------------------|-----------------|---------------------|---|---|
| Society            | 18.62           | 1.99                | 0.00  | 0.15                                    |
| Family Equity Plan | <u>283.51</u>   | <u>30.30</u>        | <u>2.47</u>                                 | <u>0.85</u>                             |
|                    | <u>302.13</u>   | <u>32.29</u>        | <u>2.47</u>                                 | <u>1.00</u>                             |

On accumulation units as at 31st March 2023 there was an outstanding balance of £12,549 payable to Family Equity Plan. There were no outstanding balances from the Society.

| Income Units       | £<br>(millions) | Units<br>(millions) | Unit purchases<br>during year<br>(millions) | Unit sales<br>during year<br>(millions) |
|--------------------|-----------------|---------------------|---|---|
| Family Equity Plan | <u>0.23</u>     | <u>0.04</u>         | <u>0.00</u>                                 | <u>0.02</u>                             |
|                    | <u>0.23</u>     | <u>0.04</u>         | <u>0.00</u>                                 | <u>0.02</u>                             |

On income units as at 31st March 2023 there were no outstanding balances from Family Equity Plan.

### 12. Risk Management

Financial Instruments are valued at fair value in accordance with Financial Reporting Standard 102, chapters 11 and 12, as disclosed in note 1(c).

#### Management of risk

The principal risks arising from the Trust's financial instruments are market price and credit risks. The Manager reviews (and agrees with the Trustee) policies for managing each of these risks. These policies have remained unchanged since the beginning of the period to which these financial statements relate, and the preceding period.

#### Fair values of financial instruments

All of the financial assets of the Trust are held at fair value or fair value equivalent.

##### *Financial liabilities and equity instruments*

The units of the Trust are puttable equity instruments, which means that the unitholder can sell at their discretion the units they hold, back to the Trust for cash for the price quoted that day.

- At the Balance Sheet date the liability to redeem units to the unitholders was £316,311,609 (March 2023: £308,685,843).

The fair value of the Trust at pricing point, is derived from the cancellation price of the units as at 10.00am on 29th September 2023, which is the lowest redeemable value of the Trust.

The fair value of the Trust as at close is derived from the closing price of the units as at 30th September 2023.

## Notes to the Financial Statements - continued

### 12. Risk Management - continued

#### Fair values of financial instruments - continued

Set out below is a comparison of the Trust's financial liabilities and equity instruments at the fair bid value as at close and the pricing point of the Trust.

|   |                | Fair Value<br>at close<br>£ | Fair Value<br>at pricing point<br>£ |
|---|----------------|-----------------------------|-------------------------------------|
| <b>Primary financial liabilities and equity instruments held or issued to finance the Trust's operations:</b> |                |                             |                                     |
| Liability to redeem units   | September 2023 | 316,311,609                 | 318,035,855                         |
|   | March 2023     | 308,685,843                 | 309,018,562                         |

#### Valuation of financial instruments carried at fair value

Fair values are determined using the following fair value hierarchy that reflects the significance of the inputs in measuring fair value:

##### Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

##### Level 2

Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly. The Trust currently has no assets of Level 2.

##### Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The table below summarises the fair values of the Trust's financial assets that are accounted for at fair value, analysed by the valuation methodology used by the Group to derive the financial instruments fair value:

|                |                  |                  |                  |                |
|----------------|------------------|------------------|------------------|----------------|
| September 2023 | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
| Equities       | 305,955          | –                | 0                | 305,955        |
| Futures Assets | 10               | –                | –                | 10             |
| Total          | <u>305,965</u>   | <u>–</u>         | <u>0</u>         | <u>305,965</u> |
| March 2023     | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
| Equities       | 295,821          | –                | 0                | 295,821        |
| Futures Assets | 31               | –                | –                | 31             |
| Total          | <u>295,852</u>   | <u>–</u>         | <u>0</u>         | <u>295,852</u> |

#### Currency rate risk

The Trust may invest in foreign equities, which are priced in local currency. The local value is converted to sterling at the prevailing exchange rate for valuation purposes. The Trust is exposed to the possibility of sharp currency movements, which can affect the value of the portfolio on a daily basis.

The Trust may be subject to short term exposure to exchange rate movement, for instance where there is a difference between the date when the investment purchase or sale is entered into and the date when settlement of the proceeds occurs. When the Trust enters into such a transaction which will involve the buying and selling of foreign currency in order to complete, a forward contract is entered into at the same time as the initial transaction in order to eliminate exchange rate risk.

# Notes to the Financial Statements - continued

## 12. Risk Management - continued

### Currency rate risk - continued

The Trust receives income in currencies other than sterling and movements in exchange rates can affect the sterling values of this income. The Trust converts all receipts of income into sterling on or near the date of receipt. However, it does not hedge or otherwise seek to avoid rate movement risk on income accrued but not received.

The Trust currently invests predominantly in UK equities; therefore, no additional disclosure has been shown.

### Derivative risk

The Manager may employ derivatives solely for the purposes of Efficient Portfolio Management with the aim of reducing the risk profile of the Trust, using a derivative that is the closest match to the FTSE4Good.

The derivative exposure to the Trust obtained through efficient portfolio management techniques as at 30th September 2023 was 0.00% (March 2023: 0.00%).

### Credit risk

Certain security transactions that the Trust enters into expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Trust has fulfilled its responsibilities.

A 5% increase in default or loss rate on trade receivables will have an impact of nil (March 2023: nil) on the Net Asset Value of the Trust.

The Trust only buys and sells investments through brokers, which have been approved by the Investment Advisor as an acceptable counter-party. The Manager undertakes periodic visits to the Investment Advisor to confirm that delegated functions are being performed in accordance with Financial Conduct Authority's rules.

### Liquidity risk

The Trust's assets comprise mainly of readily realisable securities, which can be readily sold. The main liability of the Trust is the redemption of any units that investors wish to sell.

### Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements.

The Investment Advisor meets monthly (or more often if appropriate) to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameter described above and seeks to ensure that the individual stocks also meet the risk reward profile that is acceptable.

The Trust closely follows the FTSE4Good UK 50, and as such is almost solely invested in high quality UK equities. Any movement in equity prices will have a direct and linear impact on the value of assets in the Trust and consequently the unit price.

Sensitivity to the most relevant risk has been assessed through tracking error (see page 7); therefore, no additional disclosure has been shown.

A 5% increase in the value of the Trust's portfolio would have the effect of increasing the return and net assets by £15,298,271 (March 2023: £14,792,577).

The Manager does not use derivative instruments to hedge the investment portfolio against market risk, as in their opinion the cost of such a process would result in an unacceptable reduction in the potential for capital growth.

### Leverage exposure risk

The Trust currently is not exposed to leverage; therefore, no additional disclosure has been shown.

## Notes to the Financial Statements - continued

### 12. Risk Management - continued

#### Russian exposure risk

Following the events in Ukraine, State Street Global Advisors (SSGA) has suspended the purchase of Russian securities in all portfolios for the foreseeable future. SSGA's overall exposure to Russian securities, from a valuation standpoint, is less than 0.01% of their total assets under management (estimated as of March 3, 2022), which are primarily invested in portfolios tracking various equity and fixed income indexes.

With respect to investment pools and funds that SSGA sponsor and manage (including Exchange Traded Funds) (collectively, the "SSGA Funds") and client investment accounts they manage, where the investment strategy for such SSGA Funds and client investment accounts is to track an index, SSGA intend to continue to manage those Funds and client accounts to track such indexes as those indexes are revised by the index providers, subject to market conditions, applicable sanctions requirements, and/or Russian capital controls or other counter measures allowing for or restricting the sale of current holdings.

SSGA will continue to manage portfolios in alignment with client objectives, subject to market conditions, and are carefully considering ongoing market, regulatory and fiduciary duties as they navigate this evolving situation.

The Trust's exposure to Russia is as follows:

As at 30th September 2023:

| Stock        | £'000    | % of NAV     |
|--------------|----------|--------------|
| Evrax        | 0        | 0.00%        |
| <b>Total</b> | <u>0</u> | <u>0.00%</u> |

As at 31st March 2023

| Stock        | £'000    | % of NAV     |
|--------------|----------|--------------|
| Evrax        | 0        | 0.00%        |
| <b>Total</b> | <u>0</u> | <u>0.00%</u> |

### 13. Portfolio Transaction Costs

The Trust incurs broker charges and transfer taxes as a necessary part of buying and selling the Trust's underlying investments in order to achieve the investment objective.

Broker commission and transfer taxes are paid by the Trust on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments.

|  | Purchases before<br>transaction costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Total<br>£'000 |
|--|--|----------------------|----------------|----------------|
| <b>September 2023</b>                    |  |                      |                |                |
| Ordinary Shares                          | 21,391   | 3                    | 105            | 21,499         |
| Corporate Actions                        | —  | —                    | —              | —              |
| <b>Total</b>                             | <u>21,391</u>                                  | <u>3</u>             | <u>105</u>     | <u>21,499</u>  |
| Transaction cost %<br>of purchases total |  | 0.01%                | 0.49%          |                |
| Transaction cost %<br>of average NAV     |  | 0.00%                | 0.03%          |                |

## Notes to the Financial Statements - continued

### 13. Portfolio Transaction Costs - continued

|  | Purchases<br>before<br>transaction costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Total<br>£'000 |
|--|---|----------------------|----------------|----------------|
| <b>March 2023</b>                        |   |                      |                |                |
| Ordinary Shares                          | 45,217  | 5                    | 221            | 45,443         |
| Corporate Actions                        | 31,652  | –                    | –              | 31,652         |
| Total                                    | <u>76,869</u>                                     | <u>5</u>             | <u>221</u>     | <u>77,095</u>  |
| Transaction cost %<br>of purchases total |   | 0.01%                | 0.49%          |                |
| Transaction cost %<br>of average NAV     |   | 0.00%                | 0.08%          |                |

|                                      | Sales<br>before<br>transaction costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Total<br>£'000 |
|--------------------------------------|---|----------------------|----------------|----------------|
| <b>September 2023</b>                |   |                      |                |                |
| Ordinary Shares                      | 9,307   | (2)                  | 0              | 9,305          |
| Corporate Actions                    | –   | –                    | –              | –              |
| Total                                | <u>9,307</u>                                  | <u>(2)</u>           | <u>0</u>       | <u>9,305</u>   |
| Transaction cost %<br>of sales total |   | 0.02%                | 0.00%          |                |
| Transaction cost %<br>of average NAV |   | 0.00%                | 0.00%          |                |

|                                      | Sales<br>before<br>transaction costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Total<br>£'000 |
|--------------------------------------|---|----------------------|----------------|----------------|
| <b>March 2023</b>                    |   |                      |                |                |
| Ordinary Shares                      | 28,809  | (4)                  | 0              | 28,805         |
| Corporate Actions                    | 32,574  | –                    | –              | 32,574         |
| Total                                | <u>61,383</u>                                 | <u>(4)</u>           | <u>0</u>       | <u>61,379</u>  |
| Transaction cost %<br>of sales total |   | 0.01%                | 0.00%          |                |
| Transaction cost %<br>of average NAV |   | 0.00%                | 0.00%          |                |

Average portfolio dealing spread at 30th September 2023 is 0.04%, (March 2023: 0.05%).

### 14. Contingent Liabilities

As at 30th September 2023 there were no contingent liabilities (March 2023: none).



## Notes to the Financial Statements - continued

### 15. Non-Eligible Markets

As at 30th September 2023 there were no securities held that trade on non-eligible markets (March 2023: none).

### 16. Unit Classes

The Trust issues two classes of units, income and accumulation. The annual management charge for both classes is 1.5% of the Trust's Net Asset Value, calculated monthly.

### 17. Post Balance Sheet Events

As at the close of business on the balance sheet date the Net Asset Value of the accumulation unit class was 940.06p, and the income unit class was 576.62p. As at 10am on 7th November 2023, the Net Asset Value of the accumulation unit class was 913.77p, and the income unit class was 560.50p. This represents a decrease of 2.80% from the year-end value. This is not considered significant.

# General Information

## Remuneration Policy:

Following the implementation of UCITS V in the UK, Family Investment Management Limited (FIML) the UCITS management company is required to comply with the UCITS Remuneration Code disclosure requirements for annual accounting periods ending after 18th March 2016. UCITS V introduces a requirement for UCITS management companies to have remuneration policies, complying with certain remuneration principles, covering their key staff and a requirement to make those policies transparent. FIML does not remunerate directly as the employees are paid by the Society (Family Assurance Friendly Society Limited) and seconded to FIML. Based on the activities carried out on a pro rata basis between FIML and other group companies we are satisfied that there is no senior management and risk takers, whose professional activities would have a material impact on FIML's risk profile or the risk profiles of the UCITS. Most of the UCITS remuneration requirements, where possible, are being met by the Society's adoption of the best practice of the 2018 UK Corporate Governance Code and through reporting against the principles of the AFM Corporate Governance Code for Mutual Insurers. We are also aligned to the requirements of the Remuneration Code (the latter governed by the Financial Conduct Authority). The UCITS remuneration requirements that are not being met (i.e. variable remuneration in instruments; retention; deferral) we believe can be justifiably dis-applied due to FIML's size, internal organisation and the nature scope and complexity of its activities.

The Remuneration Policy of the Manager, which describes how remuneration and benefits are determined and awarded, and the associated governance arrangements, is available at [www.onefamily.com](http://www.onefamily.com), within the Society's Annual Report or a copy of the Annual Report can be requested free of charge from the Manager

## Launch:

The Trust was launched on 31st March 1982 at an initial offer price of 50p.

## Distributions:

The annual accounting year ends on 31st March with an interim accounting date on 30th September. It is the policy of the Manager to only distribute income following the annual accounting date. Income is paid net of Income Tax, and distribution certificates are distributed on the 31st May.

## Reports:

Manager's reports for the Family Charities Ethical Trust are published twice a year. The Interim report on 30th November, and the Annual report on 31st July.

## Prices:

The Trust is priced on a single pricing basis. This single price is the price at which you can sell your units back to the Manager, and also the price at which you can buy units from the Manager.

Prices are calculated as at 10.00am on each business day.

Prices and the estimated yield generated by the Trust are published on Trustnet's website [www.trustnet.com](http://www.trustnet.com). Prices are also available on [www.onefamily.com](http://www.onefamily.com), or by contacting our Customer Services Team on 0344 8 920 920 (telephone calls may be recorded or monitored).

## Units:

During the period The Family Charities Ethical Trust issued accumulation units and income units.

## Buying and selling units:

The Manager can receive written requests to buy or sell units during normal business hours. The units will be bought and sold following the next price calculation.

## Cancellation rights:

Investors entering into a contract to purchase units will have the right to cancel said purchase within 14 days of receipt of the cancellation notice. Please note that, for lump sum investments, clients who exercise their right to cancel may be charged for any market loss (shortfall) incurred.

## Full Prospectus:

The Full Prospectus for the Family Charities Ethical Trust is available on request from the Manager and on [www.onefamily.com](http://www.onefamily.com).

## Yield:

The historical yield of the Trust is quoted on Trustnet's website [www.trustnet.com](http://www.trustnet.com). The yield shown reflects the distributions paid or declared by the Trust over the past twelve months, as a percentage of the unit price of the Trust. It does not include any initial sum paid in order to invest in the Trust and investors may be subject to tax on distributions.

## Other Trusts managed by Family Investment Management Limited:

The Full Prospectuses and latest Report and Accounts for any of the Authorised Funds managed by Family Investment Management Limited are available upon request and on [www.onefamily.com](http://www.onefamily.com).

## Assessment of Value

The Manager has prepared an Assessment of Value document in relation to the Family Charities Ethical Trust, this document is available on the Manager's website [www.onefamily.com](http://www.onefamily.com) and is reviewed annually.

If you would like to invest in the Family Charities Ethical Trust please ring our Customer Services Team on **0344 8 920 920**.  
Telephone calls may be recorded or monitored for training purposes.

**Managed by**

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Member of the Investment Association  
Authorised and regulated by the Financial Conduct Authority

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