

IFSL Church House UK Equity Growth Fund

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

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

CONTACT INFORMATION

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

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

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Directors of IFSL

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

Investment Manager

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

Authorised and regulated by the Financial Conduct Authority.

Trustee

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

Authorised and regulated by the Financial Conduct Authority.

Auditor (appointed 4 February 2023)

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

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

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

Telephone: 0207 131 4000

Authorised and regulated by the Financial Conduct Authority.

Directors of St Vincent St Fund Administration

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

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IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

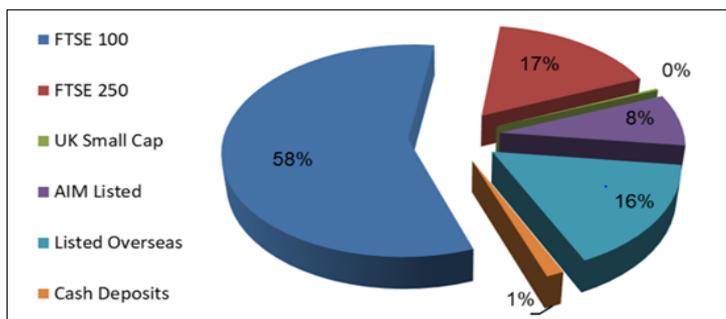
for the year ended 31 March 2023

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

Investment activities

Over the quarter to the end of September, the July rally in risk markets proved to be a mirage and investors have firmly returned to the bearish mood that has dominated this year, with the smaller capitalised indices bearing the biggest brunt. Despite a welcome decline in oil prices and the commodity sectors in general, consumer costs continued to overshoot expectations. Against this background of inflation uncertainty, markets have remained volatile with the consumer discretionary sector faring the worst.

IFSL Church House UK Equity Growth Fund - 30 September 2022



Source: Church House Investments Limited.

At the start of the Fund's year, shares in Spirax-Sacro Engineering fell significantly – we see this as a rare opportunity to add to our position in a unique business at a reasonable price and have been doing so. We have been adding to investments across the board, from Dechra Pharmaceuticals (who produce drugs for dogs, cats and horses), to Fevertree Drinks (tonic), to Auto Trader Group (the car dealing platform). We have increased our holdings in five of our top ten positions and many more further down. Howden Joinery Group, the leading kitchen supplier in the UK, was the one new name that we added to the portfolio – a business that we have followed for many years in the hope that we would get a chance to purchase shares after a panic and this is just what has happened. We hope and expect to hold Howdens for many years to come. Howden Joinery Group say that the average kitchen lasts for twenty years – a good holding period for their shares to aim for!

Moving onto the Fund's second quarter, as we have done throughout 2022, we took the opportunity of somewhat panicked markets to add to our core positions where valuations have reached discount levels. Subsequently, concentration in our top ten holdings is higher than it has previously been. Over the quarter we added to Croda International, Halma, Spirax-Sarco Engineering and Dechra Pharmaceuticals, whilst in the sales ledger we said goodbye to two of our longest-term holdings, Rio Tinto and Smith & Nephew.

We have been trimming Rio Tinto throughout the post Covid-19 crash commodity squeeze and fully exited the position in early July. Rio Tinto served us well over its twenty-year holding period, but we felt that ongoing troubles in the Chinese property sector may lead to structurally lower demand for iron ore for the foreseeable future. We sold medical devices company Smith & Nephew after one disappointing update too many. They have consistently underperformed global peers (Stryker Corp, J&J et al) and after successive uninspiring management changes, we feel that the business is not the leader that it once was and that the cash could be reinvested in more exciting businesses elsewhere in the portfolio.

We also trimmed our holdings in Compass Group and InterContinental Hotels Group on the back of a steady recovery in their shares since the market depths of 2020. The subsequent liquidity was reinvested in kitchen supplier Howden Joinery Group, housebuilder Berkeley Group Holdings, mixer-maker Fevertree Drinks and asset manager Schroders, amongst others.

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2023

Top 15 Holdings as at 30 September 2022:

RELX	5.33%
Diageo	5.05%
Halma	4.95%
Spirax-Sarco Engineering	4.72%
Diploma	4.49%
Croda International	4.37%
Unilever	4.08%
Roche Holding	3.56%
AstraZeneca	3.19%
Microsoft	3.03%
Dechra Pharmaceuticals	2.98%
Judges Scientific	2.65%
Greggs	2.59%
Beazley	2.58%
Ashtead Group	2.47%

Source: Church House Investments Limited.

Investment strategy and outlook

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

Gilts don't often hit the headlines, but that all changed in the week following Kwasi Kwarteng's 'Fiscal Statement' on 23 September. This was a shockingly inept display from the new Government, how did they expect markets to react, particularly the gilt market, when they announce 'spend, spend, spend' with no indication of how this was to be paid for.

The price of Gilts duly collapsed and, despite some disappointing misinformation on the topic from the BBC, it was true to say that the Gilt market had fallen into disarray and was not functioning properly. This was the moment when the Bank of England (BoE), correctly, stepped in to provide a backstop and some order was restored. The result is that available rates of interest for longer periods have reversed the falls of the past twelve years since the financial crisis of 2008/9. The shock was that it happened so quickly, leaving holders of longer-dated Gilts (and other fixed interest securities) nursing heavy capital losses.

Inflation is still the key to all this. Led by the US Federal Reserve, central banks, including the BoE, have been raising their base interest rates in an attempt to tackle it, and we expect to see more increases. Here, and in Europe, consumers and businesses are to be shielded from the prospect of massive jumps in fuel prices (though these are abating somewhat), which will provide significant relief. But central bank (and inept political) actions mean that a mild recession in the US looks likely now, while the European economy is already in recession as is, probably, ours.

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

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2023

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

Frankly, 2022 will be remembered as an ‘annus horribilis’ for investors, especially those with a ‘quality growth’ bias. Political shenanigans over the summer and autumn certainly didn’t help the UK market and there has been significant selling of UK shares from domestic and overseas holders. We have been busy within the Fund’s portfolio as numerous opportunities presented themselves. We have reduced the number of holdings in the portfolio again, there are now thirty-seven, down from forty-four at the start of the year. We exited eleven and initiated in four new positions. Gone from the portfolio are Rio Tinto and Smith & Nephew (both after 21 years), Melrose Industries, Hargreaves Lansdown and IntegraFin along with TT Electronics, Kainos and RWS Holdings in smaller companies.

Welcomed to the portfolio were a trio of businesses that we have had on our watchlist for a long time: kitchen supplier Howden Joinery, US rental equipment provider Ashtead Group (Sunbelt Rentals) and video game services business Keyword Studios. We also took a strategic decision to utilise the IFSL Church House UK Smaller Companies Fund in place of running many smaller company holdings in this portfolio as liquidity was becoming a problem. Of the remaining holdings in the portfolio, we added to thirty-two over the course of the calendar year.

Our portfolio companies are starting to make encouraging noises with indications that 2023 may be a better year. In November, Beazley raised a further £385m to support underwriting expansion in its growing cyber and speciality offerings, their shares have recently been promoted to the FTSE 100. In December, Ashtead Group announced that they expected their full-year results to be “ahead of our previous expectations” with growing volumes across their rental markets, driven by strength in US construction. Greggs have reported an 18% increase in sales for the fourth quarter, mitigating their rising input costs and JD Sports Fashion has reported a bumper festive period with sales up 20% on the previous year, surprising even the most bullish of analysts.

Despite the travails of 2022, the UK is home to some incredibly successful and resilient international and domestic companies (see our selection below). Whilst it is impossible, and pointless, to attempt to predict the direction of market trade winds for this coming year, we will continue to focus on investing in high quality UK listed businesses (with a smattering of international names to add diversity) that operate in unique circumstances and that we believe can grow at steady rates over the long-term.

Top 15 Holdings as at 31 March 2023:

RELX	5.81%
Diploma	5.05%
Halma	4.90%
Spirax-Sarco Engineering	4.88%
Diageo	4.76%
Croda International	3.96%
Unilever	3.95%
Greggs	3.84%
AstraZeneca	3.29%
JD Sports Fashion	3.10%
Microsoft	3.03%
Dechra Pharmaceuticals	2.88%
Judges Scientific	2.80%
Schroders	2.71%
Ashtead Group	2.68%

Source: Church House Investments Limited.

After a bruising 2022 we are pleased to report a better first calendar quarter for the Fund. We have always emphasised that it is the underlying growth and steady value creation by the businesses that we invest in that will drive returns for shareholders over the long-term. After the madness of last year, it is encouraging to see fundamentals beginning to reassert themselves in stock markets. As economist Benjamin Graham famously stated:

“In the short run, the market is a voting machine, but in the long run it is a weighing machine.”

The weight of quality businesses pulls through in the end, but investors must be armed and ready to deal with the madness of crowds in the meantime. Taking a contrarian view and refusing to be carried along by the crowd tends to favour the patient investor.

During 2022 we took the opportunity of often indiscriminate selling of stocks to increase our holdings in all our top ten positions. We also added three new world-class businesses to the portfolio: Ashtead Group, Howden Joinery Group and Keywords Studios.

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RELX has reclaimed its crown as our largest position, with their shares now trading comfortably above their pre-COVID peak. RELX has been a stalwart in the Fund for over twenty years and has never been in a better position as a business. Previously named Reed Elsevier, RELX's operations range from selling scientific journals (most famously the Lancet) to academics, to aggregating US automotive data used by insurers and to providing the LexisNexis platform used by lawyers across the globe. The unifying theme here is that RELX provide their customers with access to, and analysis of, key data that enables them to operate better and faster. This is high margin work and business is booming.

Greggs has leapfrogged AstraZeneca in our list of top holdings, it turns out that cost of living crisis or otherwise, us Brits cannot help but pick up a sausage roll or yum-yum in passing. Sales of 'athleisure' wear at JD Sports Fashion have proven similarly resilient. Not all UK Consumer businesses are made equal, as Greggs and JD keep demonstrating. Shares in global spirits (and Guinness) maker Diageo sold-off early in the year after they reported slowing growth in the US. We do not see this as a lasting issue and took the chance to add to our position.

Meanwhile, shares in veterinary drugs maker Dechra Pharmaceuticals are also unloved this year and we increased our position again – just as a dog is not for Christmas, neither are vet bills!

From a macro perspective, we are relieved that we have made it two successive quarters with the same Prime Minister and feel that we are close to the end of this rate hiking cycle. We strongly suspect that equity markets will welcome the end of central bank rate increases and do not expect the current share price discounts on offer in UK markets to persist. – carpe diem.

Church House Investments Limited
28 April 2023

Distributions

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>A Income (pence per unit)</u>				
Net income paid 31 May	0.2726	0.1690	-	0.3350
Net income paid 30 November		0.2320	0.2710	0.2610
<u>A Accumulation (pence per unit)</u>				
Net accumulation paid 31 May	0.3296	0.1760	-	0.4000
Net accumulation paid 30 November		0.2790	0.3250	0.3180
<u>B Income (pence per unit)</u>				
Net income paid 31 May	0.8410	0.8510	0.4370	0.8920
Net income paid 30 November		0.8250	0.9200	0.7770
<u>B Accumulation (pence per unit)</u>				
Net accumulation paid 31 May	1.0764	1.0490	0.5520	1.1140
Net accumulation paid 30 November		1.0510	1.1540	0.9750
<u>Z Income (pence per unit)</u>				
Net income paid 31 May	1.1002	1.1300	0.6840	N/A
Net income paid 30 November		1.0920	1.2210	0.2970
<u>Z Accumulation (pence per unit)</u>				
Net accumulation paid 31 May	1.3886	1.4210	0.9300	N/A
Net accumulation paid 30 November		1.3870	1.5180	0.0340

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2023

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Howden Joinery Group	1,682,371
IFSL Church House UK Smaller Companies 'B'	1,290,675
Dechra Pharmaceuticals	864,450
Halma	795,669
Fevertree Drinks	763,555
Spirax-Sarco Engineering	718,051
Ashtead Group	688,449
Schroders Vtg	534,157
Auto Trader Group	439,393
Greggs	401,871
Other purchases	3,378,481
Total purchases for the year	11,557,122
<u>Largest sales</u>	<u>Proceeds (£)</u>
Smith & Nephew	2,230,365
Frontier Developments	1,140,814
Bellevue Healthcare Trust	1,111,152
Melrose Industries	1,009,624
Rio Tinto	950,747
Kainos Group	743,685
TT Electronics	570,143
InterContinental Hotels Group	531,332
IntegraFin Holdings	515,453
Arix Bioscience	393,071
Other sales	454,983
Total sales for the year	9,651,369

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

AUTHORISED STATUS

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

GENERAL INFORMATION

Investment objective

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

Investment policy

The Fund is actively managed. At least 80% of the Fund's assets are invested in shares of UK companies (those incorporated or domiciled in the UK). The focus of the Fund is on larger capitalisation companies, which the Authorised Fund Manager (AFM) defines as those with a market capitalisation of at least £1bn at the time of purchase. Up to 20% of the Fund may be invested in other assets: the shares of companies with a smaller capitalisation, the shares of overseas companies, fixed interest securities (including floating rate notes, index linked or convertible fixed interest securities), money market instruments and cash.

Benchmark

Unitholders may compare the performance of the Fund against the FTSE 100 Index and the IA UK All Companies Shares sector.

Comparison of the Fund's performance against the IA UK All Companies sector will give unitholders an indication of how the Fund is performing against other similar funds in this peer group sector. The AFM has selected the FTSE 100 Index as a comparator benchmark as the AFM believes it best reflects the asset allocation of the Fund.

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

Rights and terms attaching to each unit class

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

Assessment of value

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

Changes in prospectus

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

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

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

GENERAL INFORMATION

Remuneration policy

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

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

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund				
Senior management	7	757,911	667,666	90,245
Risk takers and other identified staff	2	245,763	203,403	42,360
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0.06	6,366	5,608	758
Risk takers and other identified staff	0.02	2,064	1,708	356

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

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

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

DIRECTORS' STATEMENT

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



Allan Hamer
Director



Helen Redmond
Director

Investment Fund Services Limited
20 July 2023

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

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

In preparing those financial statements the AFM is required to:

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

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

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

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

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

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

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

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

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

The Trustee must ensure that:

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

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

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

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

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

NatWest Trustee and Depositary Services Limited
20 July 2023

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities set out on page 8, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

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

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

Our approach was as follows:

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

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

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Edinburgh

20 July 2023

Notes:

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

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

COMPARATIVE TABLE

<u>A Income units</u>	Year to 31.03.2023	Year to 31.03.2022	Year to 31.03.2021
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	193.56	187.01	145.48
Return before operating charges*	(1.27)	10.19	44.41
Operating charges	(2.80)	(3.20)	(2.62)
Return after operating charges*	(4.07)	6.99	41.79
Distributions on income units	(0.50)	(0.44)	(0.26)
Closing net asset value per unit	188.99	193.56	187.01
* after direct transaction costs of:	0.11	0.19	0.31
Performance			
Return after charges ^A	(2.10)%	3.74%	28.73%
Other information			
Closing net asset value	50,873,688	53,167,587	51,566,564
Closing number of units	26,918,116	27,467,986	27,573,648
Operating charges	1.56%	1.56%	1.56%
Direct transaction costs	0.06%	0.09%	0.18%
Prices (pence per unit)			
Highest unit price	197.80	223.50	191.60
Lowest unit price	165.80	174.30	139.20
<u>A Accumulation units</u>	Year to 31.03.2023	Year to 31.03.2022	Year to 31.03.2021
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	235.78	227.31	176.53
Return before operating charges*	(1.50)	12.36	53.97
Operating charges	(3.42)	(3.89)	(3.19)
Return after operating charges*	(4.92)	8.47	50.78
Distributions on accumulation units	(0.61)	(0.50)	(0.32)
Retained distributions on accumulation units	0.61	0.50	0.32
Closing net asset value per unit	230.86	235.78	227.31
* after direct transaction costs of:	0.13	0.23	0.37
Performance			
Return after charges ^A	(2.09)%	3.73%	28.77%
Other information			
Closing net asset value	4,748,013	5,161,982	5,453,795
Closing number of units	2,056,677	2,189,337	2,399,235
Operating charges	1.56%	1.56%	1.56%
Direct transaction costs	0.06%	0.09%	0.18%
Prices (pence per unit)			
Highest unit price	240.90	272.00	232.80
Lowest unit price	202.20	212.10	169.20

^A The return after charges is calculated using the underlying investments bid prices.

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

COMPARATIVE TABLE

<u>B Income units</u>	Year to 31.03.2023 pence	Year to 31.03.2022 pence	Year to 31.03.2021 pence
Change in net assets per unit			
Opening net asset value per unit	195.47	188.89	146.83
Return before operating charges*	(1.28)	10.25	44.88
Operating charges	(1.70)	(1.90)	(1.61)
Return after operating charges*	(2.98)	8.35	43.27
Distributions on income units	(1.67)	(1.77)	(1.21)
Closing net asset value per unit	190.82	195.47	188.89
* after direct transaction costs of:	0.11	0.20	0.19
Performance			
Return after charges ^A	(1.52)%	4.42%	29.47%
Other information			
Closing net asset value	14,331,784	13,914,892	10,324,612
Closing number of units	7,510,801	7,118,829	5,465,923
Operating charges	0.93%	0.93%	0.93%
Direct transaction costs	0.06%	0.09%	0.18%
Prices (pence per unit)			
Highest unit price	199.80	226.10	193.80
Lowest unit price	167.40	176.50	140.50
<u>B Accumulation units</u>			
Change in net assets per unit			
Opening net asset value per unit	247.80	237.40	183.18
Return before operating charges*	(1.47)	12.82	56.19
Operating charges	(2.16)	(2.42)	(1.97)
Return after operating charges*	(3.63)	10.40	54.22
Distributions on accumulation units	(2.13)	(2.20)	(1.53)
Retained distributions on accumulation units	2.13	2.20	1.53
Closing net asset value per unit	244.17	247.80	237.40
* after direct transaction costs of:	0.14	0.24	0.35
Performance			
Return after charges ^A	(1.46)%	4.38%	29.60%
Other information			
Closing net asset value	11,164,522	9,771,087	8,843,405
Closing number of units	4,572,431	3,943,174	3,725,110
Operating charges	0.93%	0.93%	0.93%
Direct transaction costs	0.06%	0.09%	0.18%
Prices (pence per unit)			
Highest unit price	253.20	285.40	243.00
Lowest unit price	213.30	222.80	175.60

^A The return after charges is calculated using the underlying investments bid prices.

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

COMPARATIVE TABLE

<u>Z Income units</u>	Year to 31.03.2023	Year to 31.03.2022	Period to 31.03.2021^A
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	197.41	190.78	166.20
Return before operating charges*	(1.31)	10.35	26.20
Operating charges	(1.21)	(1.37)	(0.64)
Return after operating charges*	(2.52)	8.98	25.56
Distributions on income units	(2.19)	(2.35)	(0.98)
Closing net asset value per unit	192.70	197.41	190.78
* after direct transaction costs of:	0.11	0.21	0.14
Performance			
Return after charges ^C	(1.28)%	4.71%	15.38%
Other information			
Closing net asset value	3,752,256	3,755,721	1,907,814
Closing number of units	1,947,244	1,902,508	1,000,000
Operating charges	0.66%	0.66%	0.66%
Direct transaction costs	0.06%	0.09%	0.18%
Prices (pence per unit)			
Highest unit price	201.80	228.50	195.90
Lowest unit price	169.10	178.50	162.90
<u>Z Accumulation units</u>			
Change in net assets per unit	Year to 31.03.2023	Year to 31.03.2022	Period to 31.03.2021^B
	pence	pence	pence
Opening net asset value per unit	248.94	237.83	208.02
Return before operating charges*	(1.45)	12.81	30.25
Operating charges	(1.53)	(1.70)	(0.44)
Return after operating charges*	(2.98)	11.11	29.81
Distributions on accumulation units	(2.78)	(2.94)	(0.96)
Retained distributions on accumulation units	2.78	2.94	0.96
Closing net asset value per unit	245.96	248.94	237.83
* after direct transaction costs of:	0.14	0.25	0.08
Performance			
Return after charges ^C	(1.20)%	4.67%	14.33%
Other information			
Closing net asset value	6,177,197	6,453,127	4,484,334
Closing number of units	2,511,473	2,592,210	1,885,486
Operating charges	0.66%	0.66%	0.66%
Direct transaction costs	0.06%	0.09%	0.18%
Prices (pence per unit)			
Highest unit price	254.40	286.50	243.40
Lowest unit price	214.60	223.80	202.30

^A Opening net asset value per unit on 1 July 2020.

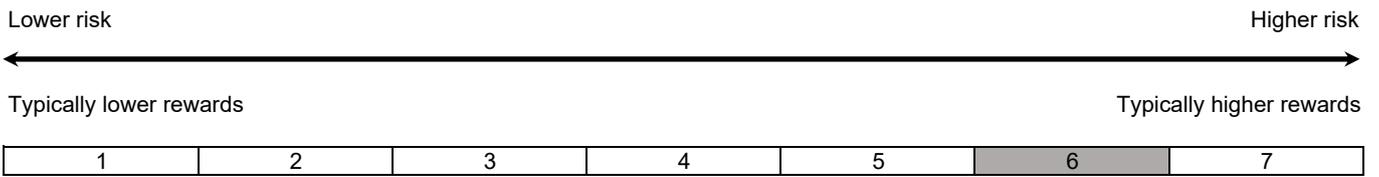
^B Opening net asset value per unit on 1 September 2020.

^C The return after charges is calculated using the underlying investments bid prices.

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

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

SYNTHETIC RISK AND REWARD INDICATOR



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

The Fund has been measured as 6 because its investments have experienced high volatility in the past. During the year the synthetic risk and reward indicator changed from 5 to 6.

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

PORTFOLIO STATEMENT

as at 31 March 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
UNITED KINGDOM EQUITIES (31 March 2022 - 81.36%)		
COMMUNICATION SERVICES (31 March 2022 - 3.58%)		
400,000 Auto Trader Group	2,425,600	2.66
Total Communication Services	2,425,600	2.66
CONSUMER DISCRETIONARY (31 March 2022 - 11.81%)		
105,000 Compass Group	2,129,400	2.34
125,000 Greggs	3,495,000	3.84
32,500 InterContinental Hotels Group	1,693,250	1.86
1,600,000 JD Sports Fashion	2,824,000	3.10
35,000 The Berkeley Group Holdings	1,476,650	1.62
600,000 Trainline	1,515,000	1.66
Total Consumer Discretionary	13,133,300	14.42
CONSUMER STAPLES (31 March 2022 - 9.54%)		
120,000 Diageo	4,329,000	4.76
150,000 Fevertree Drinks	1,902,000	2.09
85,000 Unilever	3,593,800	3.95
Total Consumer Staples	9,824,800	10.80
FINANCIALS (31 March 2022 - 10.21%)		
750,000 Barclays	1,096,950	1.21
378,000 Beazley	2,266,110	2.49
110,000 Close Brothers Group	1,002,650	1.10
27,500 London Stock Exchange Group	2,184,050	2.40
540,000 Schroders	2,469,960	2.71
Total Financials	9,019,720	9.91
HEALTH CARE (31 March 2022 - 10.33%)		
26,500 AstraZeneca	2,990,790	3.29
100,000 Dechra Pharmaceuticals	2,620,000	2.88
55,000 Genus	1,591,700	1.75
Total Health Care	7,202,490	7.92
INDUSTRIALS (31 March 2022 - 20.59%)		
50,000 Ashtead Group	2,444,000	2.68
165,000 Diploma	4,600,200	5.05
70,000 Experian	1,854,300	2.04
270,000 Howden Joinery Group	1,879,200	2.06
30,000 Judges Scientific	2,550,000	2.80
202,500 RELX	5,289,300	5.81
37,500 Spirax-Sarco Engineering	4,441,875	4.88
Total Industrials	23,058,875	25.32
INFORMATION TECHNOLOGY (31 March 2022 - 7.78%)		
202,500 Halma	4,465,125	4.90
77,000 Keywords Studios	2,148,300	2.36
Total Information Technology	6,613,425	7.26
MATERIALS (31 March 2022 - 5.91%)		
56,000 Croda International	3,607,520	3.96
Total Materials	3,607,520	3.96
REAL ESTATE (31 March 2022 - 1.61%)		
805,440 Shaftesbury Capital	916,591	1.01
Total Real Estate	916,591	1.01
Total United Kingdom Equities	75,802,321	83.26

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

PORTFOLIO STATEMENT

as at 31 March 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
EUROPEAN EQUITIES (31 March 2022 - 8.74%)		
16,500 Heineken	1,441,669	1.58
150,000 Investor	2,403,779	2.64
5,000 L'Oréal	1,804,261	1.98
10,000 Roche Holding	2,296,547	2.52
Total European Equities	<u>7,946,256</u>	<u>8.72</u>
UNITED STATES EQUITIES (31 March 2022 - 7.22%)		
20,000 Alphabet 'A'	1,630,222	1.79
5,500 Berkshire Hathaway 'B'	1,355,867	1.49
12,000 Microsoft	2,754,618	3.03
Total United States Equities	<u>5,740,707</u>	<u>6.31</u>
CLOSED-ENDED FUNDS (31 March 2022 - 1.41%)		
COLLECTIVE INVESTMENT SCHEMES (31 March 2022 - Nil)		
950,000 IFSL Church House UK Smaller Companies 'B'	1,303,400	1.43
Total Collective Investment Schemes	<u>1,303,400</u>	<u>1.43</u>
Portfolio of investments	90,792,684	99.72
Net other assets	254,776	0.28
Total net assets	<u><u>91,047,460</u></u>	<u><u>100.00</u></u>

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

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 March 2023

	Notes	31 March 2023		31 March 2022	
		£	£	£	£
Income:					
Net capital (losses)/gains	4		(2,151,848)		2,490,671
Revenue	6	1,633,459		1,705,251	
Expenses	7	<u>(1,132,987)</u>		<u>(1,230,784)</u>	
Net revenue before taxation		500,472		474,467	
Taxation	8	<u>(20,205)</u>		<u>(40,555)</u>	
Net revenue after taxation			<u>480,267</u>		<u>433,912</u>
Total return before distributions			(1,671,581)		2,924,583
Distributions	9		(480,267)		(433,755)
Change in net assets attributable to unitholders from investment activities			<u>(2,151,848)</u>		<u>2,490,828</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 March 2023

	31 March 2023		31 March 2022	
	£	£	£	£
Opening net assets attributable to unitholders		92,224,396		82,580,524
Amounts receivable on issue of units	7,338,644		13,835,856	
Amounts payable on cancellation of units	(6,547,096)		(6,849,914)	
Amounts payable on unit class conversions	<u>(78)</u>		<u>-</u>	
		791,470		6,985,942
Change in net assets attributable to unitholders from investment activities		(2,151,848)		2,490,828
Retained distribution on accumulation units		183,442		167,102
Closing net assets attributable to unitholders		<u>91,047,460</u>		<u>92,224,396</u>

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

BALANCE SHEET

as at 31 March 2023

	Notes	31 March 2023 £	31 March 2022 £
Assets:			
Fixed Assets:			
Investments	17	90,792,684	91,050,763
Current Assets:			
Debtors	10	620,362	610,870
Cash and bank balances		345,576	1,122,448
Total assets		<u>91,758,622</u>	<u>92,784,081</u>
Liabilities:			
Creditors:			
Bank overdrafts		-	40
Distribution payable on income units		157,980	128,500
Other creditors	11	553,182	431,145
Total liabilities		<u>711,162</u>	<u>559,685</u>
Net assets attributable to unitholders		<u><u>91,047,460</u></u>	<u><u>92,224,396</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

1 ACCOUNTING POLICIES

Basis of preparation

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

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

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

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

Revenue

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

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

Bank interest is accounted for on an accruals basis.

Allocation of revenue

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

Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis.

Valuation

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

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

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

Taxation

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

Exchange rates

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

2 DISTRIBUTION POLICIES

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

DISTRIBUTION POLICIES (continued)

Equalisation

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

Stock and special dividends

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

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

3 RISK MANAGEMENT POLICIES

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

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

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

Market price risk

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

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

Foreign currency risk

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

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

Credit and counterparty risk

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

Interest rate risk

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

Liquidity risk

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

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

4 NET CAPITAL (LOSSES)/GAINS

31 March 2023
£

31 March 2022
£

The net (losses)/gains on investments during the year comprise:

Non-derivative securities (losses)/gains	(2,155,066)	2,403,289
Losses on forward currency contracts	(902)	-
Currency gains	8,828	2,806
Capital special dividends	-	92,750
Transaction charges	(4,708)	(8,174)
Net capital (losses)/gains	(2,151,848)	2,490,671

5 PURCHASES, SALES AND TRANSACTION COSTS

31 March 2023
£

31 March 2022
£

Purchases excluding transaction costs:

Equities	10,218,820	18,352,109
Collective investment schemes	1,290,675	-
	11,509,495	18,352,109
Equities: Commissions	7,107	12,884
Taxes and other charges	40,520	67,905
Total purchases transaction costs	47,627	80,789
Purchases including transaction costs	11,557,122	18,432,898

Purchases transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.07%	0.07%
Taxes and other charges	0.40%	0.37%

Sales excluding transaction costs:

Equities	9,657,409	11,508,684
	9,657,409	11,508,684
Equities: Commissions	(6,010)	(6,817)
Taxes and other charges	(30)	(26)
Total sales transaction costs	(6,040)	(6,843)
Sales net of transaction costs	9,651,369	11,501,841

Sales transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.06%	0.06%
Taxes and other charges	0.00%	0.00%

Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:

Commissions	0.01%	0.02%
Taxes and other charges	0.05%	0.07%
	0.06%	0.09%

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

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

Transaction handling charges

These are charges payable to the depositary in respect of each transaction: £4,708 £8,174

Average portfolio dealing spread

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

Average portfolio dealing spread at the balance sheet date 0.13% 0.19%

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

6 REVENUE	31 March 2023 £	31 March 2022 £
UK dividends	1,380,081	1,475,398
UK dividends (unfranked)	28,800	29,148
Overseas dividends	213,172	200,703
Bank interest	11,406	2
Total revenue	<u>1,633,459</u>	<u>1,705,251</u>
7 EXPENSES	31 March 2023 £	31 March 2022 £
Payable to the AFM or associate:		
AFM's periodic charge	1,085,894	1,185,380
Registration fees	614	517
	<u>1,086,508</u>	<u>1,185,897</u>
Other expenses:		
Trustee's fees	23,425	27,495
Non-executive directors' fees	2,237	1,231
Safe custody fees	5,924	3,899
Financial Conduct Authority fee	832	1,006
Audit fee	8,701	7,800
KIID fee	2,960	1,856
FTSE listing fee	1,560	1,560
Price publication charge	780	-
Bank interest	60	40
	<u>46,479</u>	<u>44,887</u>
Total expenses	<u>1,132,987</u>	<u>1,230,784</u>
8 TAXATION	31 March 2023 £	31 March 2022 £
a Analysis of the tax charge for the year		
Overseas tax	20,205	40,555
Total tax charge (see note 8(b))	<u>20,205</u>	<u>40,555</u>
b Factors affecting the tax charge for the year		
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a unit trust (20%). The differences are explained below.		
Net revenue before taxation	500,472	474,467
Corporation tax at 20% (2022: 20%)	100,094	94,893
Tax effects of:		
Revenue not subject to taxation	(318,650)	(335,219)
Unrelieved excess management expenses	218,556	240,326
Overseas tax	20,205	40,555
Total tax charge (see note 8(a))	<u>20,205</u>	<u>40,555</u>

At 31 March 2023 the Fund has deferred tax assets of £2,883,040 (2022: £2,664,484) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

9 DISTRIBUTIONS

	31 March 2023	31 March 2022
	£	£
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Interim	237,868	236,233
Final	248,857	210,552
Deduct: Amounts received on issue of units	(10,513)	(17,951)
Add: Amounts deducted on cancellation of units	6,647	5,711
Equalisation on conversions	(53)	(790)
Revenue brought forward	(2,539)	-
Distributions	<u>480,267</u>	<u>433,755</u>
Net revenue after taxation	480,267	433,912
Undistributed revenue brought forward	215	58
Undistributed revenue carried forward	-	(215)
Prior year undistributed revenue	(215)	-
	<u>480,267</u>	<u>433,755</u>

10 DEBTORS

	31 March 2023	31 March 2022
	£	£
Amounts receivable for issue of units	344,501	235,114
Currency trades outstanding	-	902
Accrued income	231,126	348,732
Recoverable overseas withholding tax	44,735	26,122
Total debtors	<u>620,362</u>	<u>610,870</u>

11 OTHER CREDITORS

	31 March 2023	31 March 2022
	£	£
Amounts payable for cancellation of units	444,553	3,537
Purchases awaiting settlement	-	415,524
AFM's periodic charge and registration fees	94,511	137
Accrued expenses	14,117	11,947
Currency payable	1	-
Total other creditors	<u>553,182</u>	<u>431,145</u>

12 CONTINGENT ASSETS AND LIABILITIES

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

13 RELATED PARTIES

The AFM is involved in all transactions in the units of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due to/from the AFM in respect of unit transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the AFM in respect of the AFM's periodic charge and registration fees are disclosed in note 7. Amounts due (to)/from the AFM at the year end are £(194,563) (2022: £231,440).

14 UNIT CLASSES

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

A Income	1.50%
A Accumulation	1.50%
B Income	0.875%
B Accumulation	0.875%
Z Income	0.60%
Z Accumulation	0.60%

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

15 UNITHOLDERS' FUNDS RECONCILIATION

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

	A Income	A Accumulation	B Income
Opening units in issue at 1 April 2022	27,467,986	2,189,337	7,118,829
Units issued	1,262,750	44,561	721,355
Units cancelled	(1,788,879)	(180,744)	(331,207)
Units converted	(23,741)	3,523	1,824
Closing units in issue at 31 March 2023	26,918,116	2,056,677	7,510,801

	B Accumulation	Z Income	Z Accumulation
Opening units in issue at 1 April 2022	3,943,174	1,902,508	2,592,210
Units issued	875,347	59,106	588,876
Units cancelled	(259,718)	(14,370)	(669,613)
Units converted	13,628	-	-
Closing units in issue at 31 March 2023	4,572,431	1,947,244	2,511,473

16 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net assets by £4,539,634 (2022: £4,552,538). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

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

Foreign currency exposure at 31 March 2023

	Investments £	Net other assets £	Total £
Danish krone	-	6,301	6,301
Euro	3,245,930	9,868	3,255,798
Swedish krona	2,403,779	-	2,403,779
Swiss franc	2,296,547	24,892	2,321,439
US dollar	5,740,707	4,371	5,745,078
	13,686,963	45,432	13,732,395

Foreign currency exposure at 31 March 2022

	Investments £	Net other assets £	Total £
Danish krone	-	7,501	7,501
Euro	2,513,992	18,621	2,532,613
Swedish krona	2,518,867	-	2,518,867
Swiss franc	3,024,348	-	3,024,348
US dollar	7,213,409	64,571	7,277,980
	15,270,616	90,693	15,361,309

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £686,620 (2022: £768,065). A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 March 2023

31 March 2022

£

£

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

Financial assets floating rate	345,576	1,122,448
Financial assets non-interest bearing instruments	91,413,046	91,661,633
Financial liabilities floating rate	-	(40)
Financial liabilities non-interest bearing instruments	(711,162)	(559,645)
	91,047,460	92,224,396

As most of the Fund's financial assets are non-interest bearing, an interest rate sensitivity analysis has not been included.

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

RISK DISCLOSURES (continued)

Liquidity risk

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

		31 March 2023	31 March 2022
		£	£
Within one year:	Bank overdrafts	-	40
	Distribution payable on income units	157,980	128,500
	Other creditors	553,182	431,145
		<u>711,162</u>	<u>559,685</u>

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 March 2023		31 March 2022	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	89,489,284	-	91,050,763	-
Level 2 - Observable market data	1,303,400	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>90,792,684</u>	<u>-</u>	<u>91,050,763</u>	<u>-</u>

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

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

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

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

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

Level 3 - Valuation techniques using unobservable inputs.

18 POST BALANCE SHEET EVENTS

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

	Net Asset Value (pence per unit)		
	31 March 2023 ^A	14 July 2023	Movement (%)
A Income	189.40	187.70	(0.90)%
A Accumulation	231.00	229.30	(0.74)%
B Income	191.80	189.80	(1.04)%
B Accumulation	244.30	242.90	(0.57)%
Z Income	193.90	191.90	(1.03)%
Z Accumulation	246.10	244.90	(0.49)%

^A These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

IFSL CHURCH HOUSE UK EQUITY GROWTH FUND

DISTRIBUTION TABLE

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

Group 1: units purchased prior to 1 April 2022

Group 2: units purchased on or after 1 April 2022

		Net revenue 30 September 2022 pence per unit	Equalisation 30 September 2022 pence per unit	Distribution paid 30 November 2022 pence per unit	Distribution paid 30 November 2021 pence per unit
A Income	Group 1	0.2320	-	0.2320	0.2710
	Group 2	0.0160	0.2160	0.2320	0.2710
A Accumulation	Group 1	0.2790	-	0.2790	0.3250
	Group 2	-	0.2790	0.2790	0.3250
B Income	Group 1	0.8250	-	0.8250	0.9200
	Group 2	0.6730	0.1520	0.8250	0.9200
B Accumulation	Group 1	1.0510	-	1.0510	1.1540
	Group 2	0.5220	0.5290	1.0510	1.1540
Z Income	Group 1	1.0920	-	1.0920	1.2210
	Group 2	0.4840	0.6080	1.0920	1.2210
Z Accumulation	Group 1	1.3870	-	1.3870	1.5180
	Group 2	0.7430	0.6440	1.3870	1.5180

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

Group 1: units purchased prior to 1 October 2022

Group 2: units purchased on or after 1 October 2022

		Net revenue 31 March 2023 pence per unit	Equalisation 31 March 2023 pence per unit	Distribution paid 31 May 2023 pence per unit	Distribution paid 31 May 2022 pence per unit
A Income	Group 1	0.2726	-	0.2726	0.1690
	Group 2	0.2726	-	0.2726	0.1690
A Accumulation	Group 1	0.3296	-	0.3296	0.1760
	Group 2	0.1522	0.1774	0.3296	0.1760
B Income	Group 1	0.8410	-	0.8410	0.8510
	Group 2	0.4245	0.4165	0.8410	0.8510
B Accumulation	Group 1	1.0764	-	1.0764	1.0490
	Group 2	0.8743	0.2021	1.0764	1.0490
Z Income	Group 1	1.1002	-	1.1002	1.1300
	Group 2	0.9108	0.1894	1.1002	1.1300
Z Accumulation	Group 1	1.3886	-	1.3886	1.4210
	Group 2	1.1766	0.2120	1.3886	1.4210

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