

Manager's annual report

For the period 1 January 2024 to 31 December 2024

**THE MARKS AND SPENCER
WORLDWIDE MANAGED FUND**



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The Marks and Spencer Worldwide Managed Fund

Manager, Registrar, dealing, administration and marketing

Marks and Spencer Unit Trust Management Limited

Authorised and regulated by the Financial Conduct Authority.

Investor helpline: 0808 005 5555 or +44 1244 688632 if calling from abroad. Lines are open from 8am to 6pm Monday to Friday (closed weekends and public holidays). Please be aware that opening hours may be restricted over the Christmas period. Please contact us for details. Calls may be recorded.

Head office and registered office

Kings Meadow
Chester Business Park
Chester CH99 9FB
Registered in England
No. 2253009

Correspondence address

M&S Bank
PO Box 329
Wyndham
NR18 8HA

Directors of the Manager

James Coyle (Chairman and non-Executive Director) (resigned 25 April 2024)

Jenny Goldie-Scot (Chairman and Non-Executive Director) (appointed 25 April 2024)

Paul Spencer (Chief Executive Officer and Director) (resigned 5 December 2024)

Colin O'Flaherty (Chief Executive Director) (appointed 3 December 2024)

Phillip Scott (Director)

Simon Calver (Non-Executive Director) (appointed 25 April 2024)

Investment manager

HSBC Global Asset Management (UK) Limited
8 Canada Square
London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Trustee

State Street Trustees Limited
Quartermile 3
10 Nightingale Way
Edinburgh EH3 9EG

Authorised and regulated by the Financial Conduct Authority.

Independent auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Manager's investment report

This section gives you confirmation of The Marks and Spencer Worldwide Managed Fund (the "Fund") objective. It also gives you the investment strategy employed by the investment adviser; and an economic, market and portfolio review for the period of the report.

Our objectives and methods

Objective

The Fund's objective is to achieve capital growth and income in the long term (five years or more).

Policy

To achieve its objective, the Fund will provide exposure to a range of asset classes including shares of companies (equities), bonds, money market instruments and alternative asset classes such as property and instruments that employ a strategy similar to hedge funds. The portfolio will be diversified globally by investing both in the UK and overseas. Investments in shares of companies, bonds, and money market instruments may be held indirectly via collective investment schemes, of which some or all are likely to track indices as part of their underlying objective, or directly in securities. Investments in alternative asset classes will be held indirectly via collective investment schemes or other instruments. There is no limit to the percentage which can be invested in collective investment schemes and there is no limit to the percentage of the Fund which can be invested in other collective investment schemes managed by the Manager, the Investment Manager, or an associate.

It is the intention where possible to invest in collective investment schemes managed by the Investment Manager.

The Fund may invest directly in derivatives instruments for efficient portfolio management which means investment techniques that aim to reduce risks, reduce costs, or generate additional capital or income with a level of risk that is consistent with the risk profile of the Fund. The collective investment schemes that the Fund may invest in may use derivatives for wider investment purposes in addition to efficient portfolio management.

The Fund will only invest in such collective investment schemes where this is consistent with the overall risk profile of the Fund.

The Manager's investment policy may mean that at times it is appropriate not to fully invest but to also hold cash or near cash. This will only occur when the Manager reasonably regards it as necessary to enable units to be redeemed or for the efficient management of the Fund in accordance with its objectives or purpose that may reasonably be regarded as ancillary to the objectives of the Fund.

The Manager has determined that the Fund will not invest directly in securities issued by companies that are considered, after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer, or trade of controversial weapons, including but not limited to cluster munitions and/or anti-personnel mines. Please refer to the investment restrictions section of the Prospectus.

Investment strategy

The Manager has appointed HSBC Global Asset Management (UK) Limited as investment manager ("Investment Manager") to provide investment management services to the Manager in respect of the Fund. The Fund invests in a range of asset classes in order to meet its objective.

The allocation to these asset classes will vary through time to reflect both the longer-term investment return expectations and shorter-term more tactical market views of the Investment Manager. The longer-term allocations across the various different asset classes are adjusted to meet the Objective and are reviewed at least annually. The short-term tactical asset allocation enables the Investment Manager to invest in asset types, regions and currencies it believes have a more positive outlook or to reduce exposure to those asset classes it considers to have a less favourable outlook.

The desired allocation to each asset class will be achieved by investing indirectly in collective investment schemes and other instruments or directly into shares of companies (equities) and bonds. The Fund is actively managed and will include investment in collective investment schemes a large proportion of which are likely to have objectives which aim to track various indices, which are sometimes referred to as being passively managed.

Manager's investment report (continued)

These collective investment schemes may track a diverse range of market specific, regional, and global indices in order to achieve the Objective of the Fund. The Investment Manager has full discretion to adjust the asset allocation to enable the Fund to meet its Objective.

The investment styles the Investment Manager can utilise may include selecting collective investment schemes in which to invest which may track indices as part of their objective and policy, tracking market capitalisation indices, and/or the use of suitable alternative weighting schemes that are not market weighted that the Investment Manager considers appropriate. This is sometimes referred to as Active Asset Allocation ("AAA").

The Investment Manager may use a combination of investment styles and allocation techniques to actively manage the Fund and these will vary from time to time. Under typical market conditions the Fund will have the following asset class exposures, but investors should be aware that these percentages will fluctuate based upon market movement and adjustments to the asset allocation to enable the Fund to meet its Objective. Further details of the underlying collective investment schemes which the Fund is invested in can be obtained from the Manager and will be disclosed in the annual and half yearly accounts.

Asset Class (terms in bold are described in the Definitions section of the Prospectus)	Exposure as a % of the Fund
Equity (shares of companies) • Global Equity	50% - 80%
Fixed Interest • Global Developed Market Government Bonds • Global Developed Market Corporate Bonds • Global High Yield Bonds • Asset-Backed Securities • Emerging Market Bonds – Hard Currency • Emerging Market Corporate Bonds • Emerging Market Bonds – Local Currency	10% - 50%
Alternative asset classes • Property and Property-Related Securities • Instruments that employ a strategy similar to Hedge Funds • Other alternative asset classes including Private Equity and Commodities	0% - 20%
Cash	0% - 10%

Use of benchmarks

The Fund is not managed with reference to a benchmark. To enable investors to assess the performance of the Fund, it is compared against the performance of the Investment Association mixed investment 40%-85% Shares sector. The Investment Association Mixed Investment 40-85% Shares sector has been selected to compare performance against because it consists of similar funds. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

Use of derivatives

The Fund may directly invest in exchange traded and over-the-counter derivatives in accordance with the investment restrictions within the Prospectus. In particular, equity index futures may be used to increase or reduce equity exposure and bond index futures may be used with the aim of managing the overall bond duration.

Currency forward contracts will be used to gain exposure to currencies or with the aim of hedging against movements in the rate of exchange between sterling and the currency in which the bonds and other assets may be denominated.

The collective investment schemes that the Fund may invest in may use derivatives for wider investment purposes in addition to efficient portfolio management. The Fund will only invest in such collective investment schemes where this is consistent with the overall risk profile of the Fund.

Manager's investment report (continued)

Additional information

Where investment is made in collective investment schemes managed by the Manager, Investment Manager, or an associate, where possible the Fund will invest in the share class with a 0% annual management charge to ensure there is no element of double charging. However, in the case of Exchange Traded Funds "ETFs", managed by the Manager, Investment Manager, or an associate, which only have one share class, the Fund will be subject to the annual management charge of that share class. Similarly, where the Fund invests in collective investment schemes managed by third parties the Fund will be subject to the annual management charge applicable to those collective investment schemes. The Investment Manager shall ensure that the maximum annual management charge paid by the Fund when investing in third party collective investment schemes does not exceed 1%.

Review of the 12 months to 31 December 2024

Economic and market review

2024 was another strong year for asset returns, despite plenty of challenges along the way. Ongoing Artificial Intelligence (AI) enthusiasm, resilient US economic growth, global central bank policies and geopolitics were the key themes dominating markets in the year.

Global equities kept up the momentum seen in 2023, posting strong gains. The US market was once again amongst the top performing markets benefiting from economic growth surprising on the upside, the Federal Reserve (Fed) starting to cut rates and the strong performance of its technology sector. Within the technology sector, semiconductor names and the mega-cap technology companies, such as Nvidia, Amazon and Meta (Facebook), three of the seven stocks that make up the "Magnificent Seven", continued to reap the rewards of the ongoing AI mania and the excitement of its transformative potential on companies, industries and economies. They were key drivers of the US equity market performance and in turn, global equities over the year.

Elsewhere, equity markets in Europe generally underperformed global equities, with higher energy costs, lower export demand, political challenges in France and Germany and a slower manufacturing sector. Many emerging markets equity markets posted gains in 2024, however there was a stark divergence across regions and overall, they underperformed developed markets.

In line with the risk-on sentiment, the higher yielding areas of the fixed income market delivered the strongest performance, benefiting from elevated carry in the high interest rate environment and greater credit spread tightening than lower risk areas of the market.

Global government bonds struggled to gain traction as government bond yields rose due to markets pushing out rate cut expectations on stickier than expected inflation and robust global economic growth.

Despite elevated bond yields, gold emerged as one of the best-performing assets in 2024, achieving new all-time highs, in part driven by central bank purchases and elevated geopolitical tensions in the Middle East. Other commodities such as silver and alternatives such as hedge funds also performed strongly, whilst global property continued to lag given the high interest rate environment.

Portfolio Review

Over the year the M&S Worldwide Managed Fund delivered strong absolute returns of 11.75% gross of fees, 10.43% net. Active asset allocation detracted over the year. Notable detractors include the underweight to equity which we held in the first two months of the year, the preference for government bonds and the exposure to Brazil equity which we sold at the beginning of April. Conversely, our tilt towards gold and the trend and style factors exposures within alternatives added value.

Additionally, our intra-equity positions added value, with strong positive contribution from our tilt towards Spanish equities and European Banks within Europe. Within the US, our preference for US Tech, US Communication Services and US Utilities (which we added to portfolios in August 2024 and took profits from in December 2024) added value. Our overweight to Japan equities and the reduced exposure to property also added value.

Equity market momentum remains intact, and the economic picture is still resilient. We therefore continue to be tilted towards equity markets and focus on areas where economic performance and company profitability is likely to be strongest.

Manager's investment report (continued)

Within the US, we hold exposure to US Quality companies, given these companies have more resilient balance sheets amid fears of more persistent inflation. We are also tilted towards the US Communication Services sector, which enables us to maintain exposure to AI related advancements while mitigating the risk of a pullback in prices in the US Tech space where valuations are more stretched. On the AI theme, we continue to hold a preference for Taiwan within emerging markets, where AI is also a key driver of growth. We also like US Financials, which can act as a good hedge for resilience in the US's economy or cooling in mega-cap earnings, while also benefiting from the upcoming administration's deregulation in the sector.

The interest rate cutting cycle continues in Western markets, as inflation is slowly falling back to target and labour markets are cooling. Within fixed income, we hold a preference for UK gilts, where we think concerns about downside growth risks and falling inflation should support the performance.

Within Europe, the portfolio is tilted towards European Banks given attractive valuations and momentum, as well as Spanish equities, where Spain remains the fastest growing Eurozone economy. Within the UK space, we hold an overweight position to small-cap stocks, as these companies have more revenue generated domestically and can benefit from an improvement in the UK's economic backdrop. Within Japan, we prefer banks, as they are poised to benefit from further monetary policy normalisation and corporate governance reform.

Within emerging markets, we are tilted towards China A equities, given China's significant recent policy pivot, with more measures introduced to stabilise growth and address local governments debt, which should benefit most sectors across the economy. The portfolio also holds exposure to Turkish equities, which are benefiting from good economic momentum and a stable political backdrop.

We maintain increased exposure to gold as a hedge to economic and geopolitical risk.

Portfolio Performance

During the period under review, the value of the units in the Fund rose by 10.43% (net of fee) while the value of the IA Mixed Investment 40-85% Shares rose by 8.9%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation unit class. Returns based on a bid to bid basis). Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Outlook

We expect falling inflation, resilient growth, and robust corporate profits to persist in 2025, allowing the global rate cutting cycle to continue. This supports our base case for a soft landing of the economy, with inflation stabilising around 2% while economic growth is expected to stay positive, albeit below trend.

However, interest rate cutting cycles are likely to be shallower in 2025. This is driven by concerns around inflation, as the outlook for global trade policies and trade conflicts remains unclear. Recent Chinese policy support – including liquidity, fiscal and structural measures – can boost the economy out of the deflation trap.

Global conditions are supportive of further market gains in 2025, but rising policy uncertainty is likely to translate to a more volatile market environment. Converging global growth gives neglected parts of global stock markets outside the US an opportunity to catch up. Emerging markets continue to trade at a valuation discount and have the potential to deliver strong returns. For emerging markets, the US dollar outlook is key: it is hard to forecast a materially weaker dollar in 2025, but a stronger dollar may not be guaranteed.

In light of the above, we maintain slightly higher exposure to riskier assets such as equities, which are supported by positive company earnings growth. We also focus on areas of the market that are better placed to benefit from the current market backdrop. For example, US Quality companies who have more resilient earnings and strong cash flows. We stay away from areas of the equity markets where economic growth is weaker, i.e. Europe. We balance the higher equity exposure with reduced exposure to higher risk fixed income, where we see less upside for now. We also like longer term government bonds where we see more potential upside from further rate cuts this year.

Portfolio statement

This section details all the different companies in which the Fund invests, by sector and country. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the fund accounting year (shown under bid value).

As at 31 December 2024

	Holding or nominal value of positions as at 31 December 2024	Bid Value (£)	% of Net Total Assets
UK EQUITIES AND CONVERTIBLES (0.00%; 31.12.23 12.36%)			
Healthcare equipment & services			
NMC Health	7,429	8	-
Real estate investment services			
Home REIT	65,525	9,108	-
Intu Properties REIT	53,801	-	-
UK COLLECTIVES AND INVESTMENT TRUSTS (40.85%; 31.12.23 36.36%)			40.85
Finablr	11,436	-	-
HSBC American Index Fund*	4,571,065	58,692,477	18.46
HSBC European Index Fund*	766,301	9,065,346	2.85
HSBC FTSE All-Share Index Fund*	533,554	2,053,649	0.65
HSBC FTSE All-World Index Fund*	7,582,031	20,274,351	6.38
HSBC Japan Index Fund*	4,033,738	6,103,046	1.92
HSBC Pacific Index Fund*	861,712	3,278,815	1.03
HSBC UK Gilt Index Fund*	6,482,652	5,317,719	1.67
HSBC US Multi Factor Equity Fund*	3,368,713	25,069,960	7.89
JPMorgan Investment Trust	1,693	5,028	-
Total United Kingdom		129,869,507	40.85
OVERSEAS SHARES (58.23%; 31.12.23 49.00%)			
ASIA (0.00%; 31.12.23 0.01%)			
Israel (0.00%; 31.12.23 0.01%)			
CONTINENTAL EUROPE (58.23%; 31.12.23 48.95%)			
Channel Islands (0.00%; 31.12.23 0.87%)			
France (0.97%; 31.12.23 0.00%)			
Amundi IBEX 35 UCITS ETF	13,174	3,084,033	0.97
Total France		3,084,033	0.97

Portfolio statement (continued)

This section details all the different companies in which the Fund invests, by sector and country. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the fund accounting year (shown under bid value).

As at 31 December 2024

	Holding or nominal value of positions as at 31 December 2024	Bid Value (£)	% of Net Total Assets
Germany (0.00%; 31.12.23 0.02%)			
Ireland (28.20%; 31.12.23 23.64%)			
HSBC Global Funds ICAV - Cross Asset Trend Fund*	585,008	4,738,198	1.49
HSBC Global Funds ICAV - Global Emerging Market Government Bond Index Fund*	492,835	3,275,165	1.03
HSBC Global Funds ICAV - Multi-Factor*	1,793,770	23,377,584	7.35
HSBC Global Sterling Liquidity Fund*	12,742,250	12,742,250	4.01
HSBC MSCI Emerging Markets UCITS ETF*	1,035,208	8,832,912	2.78
HSBC MSCI Taiwan Capped UCITS ETF*	27,159	1,723,782	0.54
Invesco FTSE 250 UCITS ETF	18,523	3,213,370	1.01
iShares Bloomberg Enhanced Roll Yield Commodity Swap UCITS ETF	1,127,260	6,631,788	2.09
iShares Digital Security UCITS ETF	90,335	654,215	0.21
iShares Edge MSCI ETF	5,570	9,553,146	3.00
iShares Global Timber & Forestry UCITS ETF	48,416	1,015,284	0.32
iShares Global Water UCITS ETF	33,052	1,702,178	0.53
Passim Structured Funds Cross Asset Trend Strategy B Acc	53,103	4,977,876	1.57
UBS (Irl) ETF - Global Gender Equality UCITS ETF	98,011	1,550,302	0.49
VanEck Semiconductor UCITS ETF	26,498	882,279	0.28
Xtrackers Artificial Intelligence & Big Data UCITS ETF	11,783	1,323,753	0.42
Xtrackers IE Physical Gold ETC	107,490	3,449,825	1.08
Total Ireland		89,643,907	28.20
Luxembourg (29.06%; 31.12.23 24.35%)			
Amundi MSCI Turkey UCITS ETF	27,995	1,084,013	0.34
Amundi Stoxx Europe 600 Banks UCITS ETF	117,474	3,310,417	1.04
HSBC GIF Global Corporate Bond*	583,088	4,794,507	1.51
HSBC GIF Global Emerging Markets Bond Fund*	430,871	2,580,615	0.81
HSBC GIF Global Emerging Markets Local Debt Fund*	2,036,063	11,955,613	3.76
HSBC GIF Global Equity Circular Economy*	124,818	1,402,060	0.44
HSBC GIF Global Equity Sustainable Healthcare*	187,366	1,776,117	0.56
HSBC GIF Global Government Bond*	2,519,222	21,651,953	6.81
HSBC GIF Global High Yield Bond Fund*	1,259,514	9,098,388	2.86
HSBC GIF Global Inflation Linked Bond Fund*	317,394	2,371,585	0.75
HSBC GIF Global Infrastructure Equity Fund*	1,258,046	11,036,531	3.47
HSBC GIF Global Real Estate Equity Fund*	1,463,977	10,674,738	3.36

Portfolio statement (continued)

This section details all the different companies in which the Fund invests, by sector and country. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the fund accounting year (shown under bid value).

As at 31 December 2024

	Holding or nominal value of positions as at 31 December 2024	Bid Value (£)	% of Net Total Assets
HSBC GIF Investment Grade Securitised Credit Bond*	301,347	2,421,074	0.76
HSBC GIF Multi-Asset Style Factors*	307,987	3,114,339	0.98
Lyxor MSCI Millennials ESG Filtered UCITS ETF	66,027	869,576	0.27
Xtrackers CSI300 Swap UCITS ETF	352,960	4,244,313	1.34
Total Luxembourg		92,385,839	29.06
Spain (0.00%; 31.12.23 0.04%)			
Switzerland (0.00%; 31.12.23 0.03%)			
NORTH AMERICA (0.00%; 31.12.23 0.04%)			
Bermuda (0.00%; 31.12.23 0.03%)			
Cayman Islands (0.00%; 31.12.23 0.01%)			
FORWARD FOREIGN EXCHANGE CONTRACTS (0.28%); 31.12.23 0.30%)			
Sold Swiss franc CHF2,562,921 for UK sterling £2,260,045 (expires 16/01/2025)		(2,444)	-
Sold EUR €10,235,351 for UK sterling £8,472,781 (expires 16/01/2025)		3,537	-
Sold US dollar \$77,348,983 for UK sterling £60,898,861 (expires 16/01/2025)		(870,146)	(0.27)
Sold UK sterling £102,357 for US dollar \$130,086 (expires 16/01/2025)		1,527	-
Sold UK sterling £3,557,041 for Japanese yen ¥691,880,824 (expires 16/01/2025)		(34,725)	(0.01)
Total Forward Foreign Exchange Contracts		(902,251)	(0.28)
FUTURE CONTRACTS ((0.12%); 31.12.23 0.13%)			
Future March 2025 CME S&P S&P Emini Communication Services	23	(107,158)	(0.03)
Future March 2025 CME S&P500 Emini	30	(228,754)	(0.07)
Future March 2025 CME XAF Financial	20	(58,089)	(0.02)
Future March 2025 OSE Topix Banks Index	101	359	-
Total Futures Contracts		(393,642)	(0.12)

Portfolio statement (continued)

This section details all the different companies in which the Fund invests, by sector and country. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the fund accounting year (shown under bid value).

As at 31 December 2024

	Holding or nominal value of positions as at 31 December 2024	Bid Value (£)	% of Net Total Assets
Portfolio of investments		313,687,393	98.68
Net other assets		4,207,064	1.32
Net assets		317,894,457	100.00
Investments			
Equity		9,116	-
Collective Investment Schemes		314,974,170	99.08
Forward foreign exchange contracts		(902,251)	(0.28)
Future contracts		(393,642)	(0.12)
Portfolio of investments		313,687,393	98.68

* Investment managed by or associated with the Manager/HSBC Group

The securities held are approved and are admitted to an official listing unless otherwise specified.

The counterparty for the futures is HSBC.

Net asset value per unit and comparative table

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the income distributions made.

Income

Change in net assets per unit	31.12.24	31.12.23	31.12.22
Opening net asset value per unit	571.14p	538.66p	595.10p
Return before operating charges*	66.27p	48.58p	(42.96p)
Operating charges**	(6.84p)	(6.16p)	(6.21p)
Return after operating charges*	59.43p	42.42p	(49.17p)
Distributions on income unit	(13.40p)	(9.94p)	(7.27p)
Closing net asset value per unit	617.17p	571.14p	538.66p
*after direct transaction costs of:***	0.10p	0.07p	0.09p

Performance

Return after charges	10.41%	7.88%	(8.26%)
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Other information

Closing net asset value	£8,775,826	£9,841,592	£9,963,201
Closing number of units	1,421,942	1,723,136	1,849,636
Operating charges	1.23%	1.22%	1.21%
Direct transaction costs	0.02%	0.01%	0.02%

Prices

Highest unit price	635.61p	575.61p	597.24p
Lowest unit price	560.73p	532.90p	518.69p

** The operating charges include all costs borne by the Fund, except for direct transaction costs. It includes the operating charges of any collective investment schemes in which the Fund invests.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Net asset value per unit and comparative table (continued)

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the accumulation distributions made.

Accumulation

Change in net assets per unit	31.12.24	31.12.23	31.12.22
Opening net asset value per unit	994.01p	920.93p	1,003.81p
Return before operating charges*	115.69p	83.67p	(72.37p)
Operating charges**	(11.90p)	(10.59p)	(10.51p)
Return after operating charges*	103.79p	73.08p	(82.88p)
Distributions on accumulation unit	(23.45p)	(17.07p)	(12.30p)
Retained distributions on accumulation unit	23.45p	17.07p	12.30p
Closing net asset value per unit	1,097.80p	994.01p	920.93p
*after direct transaction costs of:***	0.18p	0.11p	0.15p

Performance

Return after charges	10.44%	7.94%	(8.26%)
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Other information

Closing net asset value	£309,118,631	£543,940,807	£544,074,223
Closing number of units	28,158,003	54,721,988	59,078,809
Operating charges	1.23%	1.22%	1.21%
Direct transaction costs	0.02%	0.01%	0.02%

Prices

Highest unit price	1,117.58p	994.15p	1,007.56p
Lowest unit price	975.74p	917.56p	881.83p

** The operating charges include all costs borne by the Fund, except for direct transaction costs. It includes the operating charges of any collective investment schemes in which the Fund invests.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Ongoing charges

For the 12 month period to 31 December 2024: **1.23%**

For the 12 month period to 31 December 2023: **1.22%**

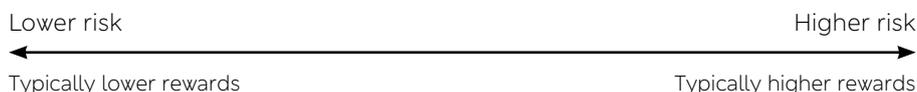
The ongoing charges measure the annual charges and expenses of an investment fund. These will affect the returns to the investor. Most European investment funds highlight the ongoing charges to help you compare the annual charges and expenses of different funds.

Ex-distribution (XD) dates: **1 January and 1 July**

Income payment dates: **28 February and 31 August**

Underlying fund charges in this report are in relation to the Fund holding investments in other collective investment schemes but excludes holdings in investment trusts.

Risk and reward profile



1	2	3	4	5	6	7
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More about this rating

The rating is based on price volatility over the last five years. As it is based on historical data, it may not be a reliable indicator of the future risk profile of the Fund. The rating is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment.

Why is this Fund in category 5?

This Fund is classified in category 5 because its price or simulated data has shown medium to high fluctuations historically.

The risk rating has increased because the measured volatility of the Fund's price has increased for a successive number of weeks.

Authorised status

The Fund is an authorised unit trust under Section 243 of the Financial Services and Markets Act 2000 (authorisation orders) and the Financial Conduct Authority Handbook and is categorised as a UK Undertakings for Collective Investment in Transferable Securities (UCITS) scheme.

Trustee report

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of The Marks and Spencer Worldwide Managed Fund ('the Trust') for the Period Ended 31 December 2024.

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

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

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

The Depositary must ensure that:

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

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

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

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

State Street Trustees Limited
4 April 2025

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net income and net capital gains on the property of the Trust for the period.

In preparing the financial statements the Manager is responsible for:

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

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

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Certification of financial statements by Directors of the Manager

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.



Colin O'Flaherty (Chief Executive)



Phillip Scott (Director)

For and on behalf of Marks and Spencer Unit Trust Management Limited.
4 April 2025

Independent auditor's report

Independent auditor's report to the unitholders of The Marks and Spencer Worldwide Managed Fund ('the Trust')

Opinion

We have audited the financial statements of the Trust for the year ended 31 December 2024 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables and the accounting policies set out on pages 23 and 24.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 31 December 2024 and of the net revenue and the net capital gains on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease their operations, and as they have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Trust's business model, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Trust will continue in operation.

Independent auditor's report (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud.

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Trust's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Manager;
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We also performed procedures including:

- Evaluating the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Trust is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Trust's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Manager (Marks and Spencer Unit Trust Management Limited) is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year 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 matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities

As explained more fully in their statement set out on page 16, the Manager is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.



David Swift

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

4 April 2025

Statement of total return

This section details the income of the Fund over the period of the report and explains how this income is distributed to the investors. It also provides an analysis of increases and decreases in net assets over the accounting year.

For the year ended 31 December 2024

	Notes	31.12.24		31.12.23	
		£	£	£	£
Income					
Net capital gains	2		35,490,641		32,059,891
Revenue	3	14,768,488		15,906,502	
Expenses	4	(5,174,600)		(6,124,140)	
Interest payable and similar charges		(13,840)		(10,139)	
Net revenue before taxation		9,580,048		9,772,223	
Taxation	5	(1,603)		(1,446)	
Net revenue after taxation			9,578,445		9,770,777
Total return before distributions			45,069,086		41,830,668
Distributions/Accumulations	6		(9,665,294)		(9,843,697)
Change in net assets attributable to Unitholders			35,403,792		31,986,971

Statement of change in net assets attributable to Unitholders

For the year ended 31 December 2024

	31.12.24		31.12.23	
	£	£	£	£
Opening net assets attributable to Unitholders		553,782,399		554,037,424
Amounts receivable on issue of units	612,477		811,168	
Less: Amounts payable on cancellation of units	(281,311,381)		(42,610,258)	
		(280,698,904)		(41,799,090)
Dilution Levy		271,082		12,719
Change in net assets attributable to Unitholders from investment activities (see above)		35,403,792		31,986,971
Retained distribution on accumulation units		9,135,649		9,544,092
Unclaimed distributions over 6 years old		439		283
Closing net assets attributable to Unitholders		317,894,457		553,782,399

The notes on pages 23 to 34 are an integral part of these financial statements.

Balance sheet

As at 31 December 2024

	Notes	31.12.24		31.12.23	
		£	£	£	£
ASSETS					
Fixed assets:					
Investments			314,988,709		543,709,605
Current assets:					
Debtors	8	825,598		2,006,194	
Cash and bank balances	9	3,901,091		9,184,392	
Total current assets			4,726,689		11,190,586
TOTAL ASSETS			319,715,398		554,900,191
LIABILITIES					
Investment liabilities			(1,301,316)		(171,266)
Creditors:					
Distribution payable		(102,252)		(75,558)	
Other creditors	10	(417,373)		(870,968)	
Total Creditors			(519,625)		(946,526)
TOTAL LIABILITIES			(1,820,941)		(1,117,792)
Net assets attributable to Unitholders			317,894,457		553,782,399

The notes on pages 23 to 34 are an integral part of these financial statements.

Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in compliance with FRS102 and in accordance with the Statement of 'Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association in May 2014 (and amended in June 2017). Unless otherwise stated all accounting policies are consistent with those of the prior year.

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

(b) Recognition of revenue

Interest and revenue from fixed interest stocks is recognised on an effective yield basis.

Interest from bank deposits is recognised on an accrual basis. All other revenue is recognised on a receipts basis.

Revenue from quoted equities is recognised net of attributable tax credits when the security is quoted ex-dividend.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

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

The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

(c) Treatment of expenses

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

The Manager's periodic charge is deducted from revenue for the purpose of calculating the distribution.

(d) Distribution policy

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution.

In order to conduct a controlled dividend flow, interim distributions will be at the Manager's discretion, up to a maximum of the distributable revenue for the year.

All remaining revenue is distributed in accordance with the Collective Investment Schemes Sourcebook.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Fund.

(e) Basis of valuation of investments

The investments, including derivatives, are valued at bid market value, excluding any accrued revenue, at 5pm on 31 December 2024, being the last working day of the accounting year.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their value.

Notes to the financial statements

(continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

(f) Taxation

Provision is made for taxation at current rates on the excess of taxable investment revenue over expenses. Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(g) Exchange rates

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 5pm on 31 December 2024, being the last working day of the accounting year.

For the year ended 31 December 2024

2. Net capital gains on investments

	31.12.24 £	31.12.23 £
The net capital gains on investments during the year comprise:		
Transaction charges	(36,751)	(5,233)
Currency gains/(losses)	168,319	(21,264)
Gains on non-derivative securities	35,936,604	26,917,466
Gains on derivative contracts	434,708	1,011,730
(Losses)/gains on forward foreign exchange contracts	(1,012,239)	4,157,192
Net capital gains on investments	35,490,641	32,059,891
Amounts included in net gains on investments in respect of special dividends which were treated as capital	22,635	13,949

3. Revenue

	31.12.24 £	31.12.23 £
UK dividends	2,624,134	5,783,414
Overseas dividends	18,137	145,210
Unfranked income	104,870	72,910
Property income	9,450	66,010
Bank interest	205,408	208,395
Dividend distributions from overseas authorised ICVC's and unit trusts	3,907,990	4,023,360
Interest on bonds and other interest bearing securities	7,810,552	5,571,656
HMRC interest	3	-
Deposit interest	87,944	35,547
Total revenue	14,768,488	15,906,502

Notes to the financial statements

(continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

4. Expenses

	31.12.24 £	31.12.23 £
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	<u>4,970,530</u>	<u>5,916,154</u>
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Trustee fee	45,888	53,213
Safe custody fee	55,606	51,111
	<u>101,494</u>	<u>104,324</u>
Other expenses:		
Registration fee	87,144	95,370
Audit fee	16,712	7,920
FCA fee	(1,280)	372
	<u>102,576</u>	<u>103,662</u>
Total expenses	<u>5,174,600</u>	<u>6,124,140</u>

5. Taxation

	31.12.24 £	31.12.23 £
(a) Analysis of charge in year		
Overseas tax	1,603	3,075
Recoverable Income tax	-	(67)
Reclaimable tax written off	-	77,803
Windfall overseas tax recoveries	-	(79,365)
Total tax charge for year (note 5a)	<u>1,603</u>	<u>1,446</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:

Notes to the financial statements

(continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

	31.12.24	31.12.23
	£	£
Net revenue before taxation	9,580,048	9,772,223
Corporation tax at 20%	1,916,010	1,954,445
Effects of:		
Revenue not subject to taxation	(1,310,052)	(1,990,397)
Current year expenses utilised	(726,913)	(37,063)
Realised gains on non-qualifying offshore fund	67,962	38,777
Unrealised gains on non-qualifying offshore fund	91,770	34,238
Irrecoverable overseas tax charged	1,603	3,075
Reclaimable tax written off	-	77,803
Windfall overseas tax recoveries	-	(79,365)
Recoverable Income tax	(38,777)	(67)
Adjustments in respect of prior years	-	-
Current tax charge for year (note 5b)	1,603	1,446

(c) Provision for deferred taxation

At 31 December 2024 there is a potential deferred tax asset of £11,164,975 (31.12.23: £11,891,888) in relation to surplus management expenses of £55,824,872 (31.12.23: £59,459,437). It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of amounts received on the issue of units and amounts deducted on the cancellation of units, and comprise:

	31.12.24	31.12.23
	£	£
Interim dividend distribution	5,674,075	5,497,831
Final dividend distribution	3,662,493	4,219,654
	9,336,568	9,717,485
Add: Amount deducted on cancellation of units	330,573	127,563
Deduct: Income received on issue of units	(1,847)	(1,351)
Net distribution for the year	9,665,294	9,843,697

7. Movement between net revenue and distributions

	31.12.24	31.12.23
	£	£
Net revenue after taxation	9,578,445	9,770,777
Tax on special dividends treated as capital	86,718	73,015
Movement in net income property	131	(95)
Net distribution	9,665,294	9,843,697

Notes to the financial statements

(continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

8. Debtors

	31.12.24	31.12.23
	£	£
Amounts receivable for issue of units	153	152
Sales awaiting settlement	-	18,598
Accrued revenue	658,178	1,814,227
Income tax recoverable	35,556	15,016
Overseas tax recoverable	130,967	157,457
VAT recoverable	744	744
Total debtors	825,598	2,006,194

9. Cash and bank balances

	31.12.24	31.12.23
	£	£
Cash and bank balances	2,792,545	6,863,908
Amounts held at derivative clearing houses and brokers	1,108,546	2,320,484
Total cash and bank balances	3,901,091	9,184,392

10. Creditors

	31.12.24	31.12.23
	£	£
Amounts payable for cancellation of units	81,708	278,432
Accrued expenses	335,665	592,536
Total creditors	417,373	870,968

11. Reconciliation of units

	Income	Accumulation
Opening units issued at 01.01.24	1,723,136	54,721,988
Units issued	3,400	57,100
Units cancelled	(281,600)	(26,634,200)
Units converted	(22,994)	13,115
Closing units at 31.12.24	1,421,942	28,158,003

12. Equalisation

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

13. Contingent liabilities and outstanding commitments

There were no contingent liabilities & outstanding commitments at the balance sheet date (31.12.23: no contingent liabilities and outstanding commitments).

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

14. Risk in relation to financial instruments

In accordance with its investment objectives and policies, the Fund holds certain financial instruments.

These comprise:

- Securities held in accordance with the investment objectives and policies;
- Cash and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors' monies which are invested on their behalf.

The Fund does not trade in financial instruments to make short-term speculative gains.

It buys investments with the intention of giving long term capital growth and above average income.

The Manager may use derivative transactions for the purpose of efficient portfolio management (EPM).

Permitted transactions include derivatives transactions (involving options, futures and contracts for differences), or forward transactions in a currency.

Overall responsibility for the Marks & Spencer Unit Trust Funds rests with the Board of Directors of Marks & Spencer Unit Trust Management Limited (M&SUTM), which is part of the HSBC group. The performance of the Fund, and the individual investment managers to the Fund, is monitored by the M&SUTM Business Committee on a monthly basis. This Committee reports any findings or recommendations to the Board of Directors. HSBC Global Asset Management, as the overall investment manager to the Fund, also provides its own separate performance analysis to the Board of Directors on a quarterly basis. The accountability for Fund performance and the selection or de-selection of investment managers sits with the Board of Directors. They are responsible for ensuring that the Fund is managed in accordance with the Fund's investment objective, policy and risk profile.

The main risks arising from the Fund's financial instruments are market price risk, foreign currency risk, interest rate risk, liquidity risk and credit/counterparty risk. The Manager has policies for managing each of these risks and these are summarised below. These policies have remained unchanged for the current and prior year.

Notes to the financial statements

(continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

Market price risk

The Fund's investment portfolio is exposed to market price fluctuations. As most of the Fund is invested in shares on the stock market, such price movements can significantly affect the Fund value.

The risk is reduced by having a spread of investments in the Fund, as shown in the portfolio statement in this report.

In addition, we ensure that the Fund complies with the investment guidelines and investment and borrowing powers set out in the Trust Deed and the Prospectus. This is done through daily checks and quarterly reviews. If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £31,368,739 (31.12.23: £54,353,834). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £31,368,739 (31.12.23: £54,353,834). These calculations assume all other variables remain constant.

Foreign currency risk

Foreign currency risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Manager may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

Revenue received in other currencies is converted to sterling on the date of receipt.

The balance sheet can be affected by movements in foreign exchange rates. The table below shows the foreign currency holdings at the report date. As the Fund invests mainly on the UK stock market, there is usually very little investment in foreign currency assets. The US dollar exposure in the current year relates to amounts held at derivative clearing houses and brokers, and the non-monetary exposure is due to shares held in the portfolio that are denominated in US dollar.

Net currency monetary/non-monetary assets and liabilities consist of:

	Net Foreign Currency assets/(liabilities)			Net Foreign Currency assets/(liabilities)		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	31.12.24	31.12.24	31.12.24	31.12.23	31.12.23	31.12.23
	£	£	£	£	£	£
Sterling	2,136,166	166,330,111	168,466,277	8,150,764	317,906,625	326,057,389
Danish krone	9,861	-	9,861	10,338	-	10,338
Euro	208,127	7,856,074	8,064,201	555,921	13,127,216	13,683,137
Japanese yen	203,224	359	203,583	-	(64,645)	(64,645)
Swiss franc	-	(2,444)	(2,444)	-	-	-
US dollar	1,649,686	139,503,293	141,152,979	1,527,037	212,569,143	214,096,180
Total	4,207,064	313,687,393	317,894,457	10,244,060	543,538,339	553,782,399

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £14,942,818 (31.12.23: £22,772,501). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £14,942,818 (31.12.23: £22,772,501).

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

Interest rate risk

Interest rate risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in interest rates.

Cash balances are held with HSBC Bank plc and interest is earned at a rate linked to the UK base rate, or international equivalent.

At the year end date 1.23% (31.12.23: 1.66%) of the Fund's assets by value were interest bearing.

A change in interest rates would not have a significant impact on the Fund.

Liquidity risk

This is the risk that the Fund does not have enough liquid assets, such as cash, to cover any liabilities that become due.

The main liability of the Fund is the redemption of any units that Unitholders may wish to sell. All of the Fund's financial liabilities are payable on demand. To manage this risk, the majority of the Fund's assets are in shares of large companies in the UK which can usually be sold immediately to raise cash to settle any liabilities.

In addition, a small percentage of the Fund is held as cash in Sterling with the custodian, HSBC, and interest is earned at a rate linked to the UK base rate.

Credit/counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase), or cash (sale) after the Fund has fulfilled its responsibilities.

The extent of this risk is usually limited as amount awaiting settlement from transactions at any point is only a small proportion of the Fund.

This risk is managed by the investment adviser, carefully selecting the authorised counterparties they deal with and dealing only on eligible stock markets. Cash in the Fund is held with the custodian, HSBC. The Trustee appoints the custodian and has the regulatory responsibility for monitoring them.

The Fund's assets held with banks and with the Trustee are also exposed to credit risk. The banks and Trustee used by the Fund are subject to regular review.

Notes to the financial statements

(continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

15. Financial derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies. The use of derivatives can create additional counterparty risks.

Details of the policy adopted by the Manager for managing counterparty and other risks are set out in the Notes to the financial statements. The types of derivatives held at the year end were forward currency contracts. Details of the individual contracts are shown on the portfolio statement on pages 8 to 11, and the total position by the counterparty at the year end is summarised below:

The market value for each category of derivatives was as follows:

Counterparty

	Forward currency	
	31.12.24	31.12.23
	£	£
HSBC	-	63,409
CACIB France	-	1,769,252
UBS	1,527	-
Credit Agricole	3,537	-

Eligible collateral types are approved by the Manager and may consist of cash, UK Gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities. As at 31 December 2024, there was no collateral held (31.12.23: no collateral held) in respect of forward currency contracts.

16. Ultimate controlling party and related party transactions

The Manager is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the Manager is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the Manager and its associates held 0.03% (31.12.23: 41.27%) of the Fund's units in issue. Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 3, 4, 8 and 10 to the financial statements and the statement of change in net assets attributable to Unitholders and the portfolio statement. Within note 3, revenue relating to related parties totalled £8,943,144 (31.12.2023: £10,680,398), and within note 8, accrued income of £613,556 (31.12.2023: £1,516,473) is from related parties. Within note 10, accrued expenses (including amounts due to associates and agents) of £294,116 (31.12.23: £499,909) are due to the Manager. At the year end the Fund held £267,422,774 (31.12.23: £379,505,183) in HSBC Holdings, the parent company of the Manager. During the period transactions in HSBC Holdings totalled £664,363,721 (31.12.23: £352,491,270). There were no units held by the Trustee or its associates.

Notes to the financial statements

(continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

17. Portfolio of transaction costs

For the year ended 31 December 2024

	Value	Commissions		Taxes	Other expenses		
	£	£	%	£	%	£	%
Analysis of total purchase costs							
Equity transactions	4,044,000	123	-	2,432	0.06	2	-
Fund transactions	303,693,993	6,138	-	-	-	-	-
Corporate actions	24,382	-	-	-	-	-	-
Total purchases before transaction costs	307,762,375	6,261		2,432		2	
Transaction costs	8,695						
Total purchases after commission and tax	307,771,070						

	Value	Commissions		Taxes	Other expenses		
	£	£	%	£	%	£	%
Analysis of total sales costs							
Equity transactions	79,769,678	71,479	0.09	-	-	411	-
Fund transactions	493,643,242	5,376	-	-	-	-	-
Corporate actions	159,409	-	-	-	-	-	-
Total sales before transaction costs	573,572,329	76,855				411	
Transaction costs	(77,266)						
Total sales after Commission and Tax	573,495,063						

The Fund had paid £2,731 as commission on purchases and sales derivative transactions for the year ended 31.12.24.

Commissions, taxes and other expenses as % of average Net Assets

Commissions	0.02%
Taxes	0.00%
Other expenses	0.00%

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

At the balance sheet date the portfolio dealing spread was 0.07%, being the difference between the respective bid and offer prices for the Funds investments.

Notes to the financial statements

(continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

17. Portfolio of transaction costs (continued)

For the year ended 31 December 2023

	Value	Commissions		Taxes	Other expenses		
	£	£	%	£	%	£	%
Analysis of total purchase costs							
Equity transactions	4,679,688	983	0.02	14,098	0.30	7,544	0.16
Fund transactions	229,877,735	22,735	0.01	-	-	-	-
Corporate actions	64,349	-	-	-	-	-	-
Total purchases before transaction costs	234,621,772	23,718		14,098		7,544	
Transaction costs	45,360						
Total purchases after commission and tax	234,667,132						

	Value	Commissions		Taxes	Other expenses		
	£	£	%	£	%	£	%
Analysis of total sales costs							
Equity transactions	8,172,401	1,627	0.02	-	-	180	-
Fund transactions	259,003,846	18,093	0.01	-	-	-	-
Corporate actions	693,108	-	-	-	-	-	-
Total sales before transaction costs	267,869,355	19,720				180	
Transaction costs	(19,900)						
Total sales after Commission and Tax	267,849,455						

The Fund had paid £1,140 as commission on purchases and sales derivative transactions for the year ended 31.12.23.

Commissions, taxes and other expenses as % of average Net Assets

Commissions	0.01%
Taxes	0.00%
Other expenses	0.00%

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

At the balance sheet date the portfolio dealing spread was 0.05%, being the difference between the respective bid and offer prices for the Funds investments.

Notes to the financial statements

(continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 31 December 2024

18. Fair value of investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

Level 1: unadjusted quoted prices 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 (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 31 December 2024

Category	1	2	3	Total
Investment Assets	£	£	£	£
Equities	3,227,514	129,855,363	-	133,082,877
Pooled investment vehicles	46,461,991	135,438,418	-	181,900,409
Derivatives	359	5,064	-	5,423
	49,689,864	265,298,845	-	314,988,709
Investment Liabilities				
Derivatives	(394,001)	(907,315)	-	(1,301,316)
	(394,001)	(907,315)	-	(1,301,316)

For the year ended 31 December 2023

Category	1	2	3	Total
Investment Assets	£	£	£	£
Equities	80,073,367	-	-	80,073,367
Pooled investment vehicles	76,361,556	384,700,241	-	461,061,797
Derivatives	741,780	1,832,661	-	2,574,441
	157,176,703	386,532,902	-	543,709,605
Investment Liabilities				
Derivatives		(171,266)		(171,266)
	-	(171,266)	-	(171,266)

19. Stock lending activities

The Fund does not currently undertake stock lending.

20. Post balance sheet events

There were no material post balance sheet events which have a bearing on the understanding of the financial statements.

Distribution tables

For the year ended 31 December 2024

Group 1: Units purchased prior to 1 January 2024

Group 2: Units purchased between 1 January 2024 to 30 June 2024

Interim	Net income 2024 pence per unit	Equalisation 2024 pence per unit	Distribution paid 2024 pence per unit	Distribution paid 2023 pence per unit
Income units				
Group 1	6.2090	-	6.2090	5.5546
Group 2	4.3272	1.8818	6.2090	5.5546
Accumulation units				
Group 1	10.8060	-	10.8060	9.4965
Group 2	7.5310	3.2750	10.8060	9.4965

Group 1: Units purchased prior to 1 July 2024

Group 2: Units purchased between 1 July 2024 to 31 December 2024

Final	Net income 2024 pence per unit	Equalisation 2024 pence per unit	Distribution payable 2024 pence per unit	Distribution paid 2023 pence per unit
Income units				
Group 1	7.1910	-	7.1910	4.3849
Group 2	4.9228	2.2682	7.1910	4.3849
Accumulation units				
Group 1	12.6438	-	12.6438	7.5730
Group 2	8.6556	3.9882	12.6438	7.5730

Important changes

There were no changes made to the Fund's Prospectus during the reporting period ending 31 December 2024.

The following changes were made to the Fund's Key Investor Information Document during the reporting period ending 31 December 2024:

KIID update 13 February 2024

- Update to "Charges" to update the Ongoing Charge figure and the ongoing charge date.
- Update to "Past Performance" to add performance figures for the Fund and Benchmark for 2023.

KIID update 10 June 2024

- Update to "Charges" to update the Ongoing Charge figure and the ongoing charge date.
- Update to "Charges" to update the Dilution levy charged for Units sold.
- Update to "Practical Information" to update the address for the M&S Savings and Investments Team to PO Box 329, Wymondham, NR18 8HA

Remuneration (Unaudited)

Marks and Spencer Unit Trust Management Limited (M&SUTM) is the authorised Fund Manager and operator of four Unit Trust Funds governed by the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive. Under the UCITS V Directive, the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year.

No staff are directly employed by M&SUTM. Staff employed by Marks and Spencer Financial Services plc (M&SFS) carry out a number of activities on behalf of M&SUTM. M&SUTM does not directly manage the investments held in the Funds. Fund management has been delegated to HSBC Global Asset Management (UK) Limited (AMEU), who is not currently sub-delegating management of the Fund to any investment adviser. M&SUTM, M&SFS, and AMEU are part of the HSBC Holdings plc Group. HSBC Global Asset Management (UK) Limited is an authorised UCITS Management Company and complies with the Financial Conduct Authority's remuneration rules applicable to UCITS management companies.

We consider that the remuneration information of employees of M&SFS and AMEU, carrying out activities for M&SUTM UCITS Funds, is not materially relevant for the M&SUTM UCITS Funds taking into account the other activities carried out by these employees for HSBC Group. Accordingly, no remuneration related information has been provided.

The up-to-date remuneration policy of the Manager, including, but not limited to, a description of how remuneration and benefits are determined and the governance arrangements for determining remuneration and benefits is available at:

<https://bank.marksandspencer.com/pdf/IVRemunerationPolicy.pdf>

A paper copy is available from the Manager free of charge upon request.

The Task Force on Climate-related Financial Disclosures (TCFD)

The Manager is not required to produce a Task Force on Climate-related Financial Disclosure (TCFD) report for the Fund. This is because the total assets under management of the Manager are below the regulatory threshold for reporting.

Important information

A copy of the latest Assessment of Value Report for our unit trusts is available on our website at <https://bank.marksandspencer.com/save-invest/investments/>. We continually review our unit trusts to ensure they deliver the good value our investors expect from us and to help investors assess whether they are getting value for money from their unit trust. The Financial Conduct Authority (FCA) now requires asset management firms to publish an Assessment of Value Report each year.

The report details our overall assessment of value rating for each fund and any actions or further reviews we are undertaking where applicable.

Please call 0808 005 5555 if you would like to receive this information in an alternative format such as large print, Braille or audio.