



# PRACTICAL INVESTMENT FUND

ANNUAL  
REPORT  
15 SEPTEMBER 2021

CONSISTENT UNIT TRUST  
MANAGEMENT COMPANY LIMITED

# PRACTICAL INVESTMENT FUND

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# PRACTICAL INVESTMENT FUND

## Manager's and Advisers

### Manager

Consistent Unit Trust Management Company Limited

Registered Office and Main Office:

Fair Lorna House, Buckingham Road, Singleborough, Milton Keynes MK17 0RB

Telephone: 01296 711598

Website: [www.consistentunittrust.co.uk](http://www.consistentunittrust.co.uk)

(Authorised and regulated by the Financial Conduct Authority)

### Directors of the Manager

S. P. Ashfield (Chairman)

C. J. Lloyd

Ms. J. M. Sculley

T. C. Cornick

A. K. Watkins

### Secretary

Ms. J. M. Sculley

### Trustee

NatWest Trustee and Depositary Services Limited

Registered and Head office:

250 Bishopsgate, London EC2M 4AA

(Authorised and regulated by the Financial Conduct Authority)

### Administrators & Registrars

Yealand Administration Limited

Stuart House, St. John's Street, Peterborough PE1 5DD

Tel: 0345 850 8818

Fax: 01733 286870

email: [consistent@yealand.com](mailto:consistent@yealand.com)

Website: [www.yealand.com](http://www.yealand.com)

### Auditor

Shipleys LLP

Chartered Accountants & Statutory Auditors

10 Orange Street, Haymarket, London WC2H 7DQ

# PRACTICAL INVESTMENT FUND

## Manager's Report

for the year ended 15 September 2021

### History and Aims of the Fund

From its inception in 1941, the Practical Investment Fund has been designed to provide investors with above average capital growth and income through a wide spread of Investment Companies' ordinary shares and other selected financial securities. The results of the last 80 years demonstrate that these objectives have been achieved, despite many difficult years.

### Investment Strategy

The Practical Investment Fund is predominantly invested in Investment Trusts. These companies have managed to weather the storm due to their broad spread of investments.

Over the last twelve months the value of your units (accumulation) has increased by 29.4%, over the same period the FTSE All Share Index has increased by 22.5%. The income paid to unitholders over the past twelve months has increased by 4.09% and currently provides a yield of 3.04%.

The Fund has investments in 35 securities. As at 15 September 2021, of the Fund's net assets of £113 million, 96% was invested in UK and international securities including United States, Canada, Europe and the Pacific Basin. Of the remaining 4%, around 3% was in Collective Investment Schemes (unit trusts) and the final 1% was in cash and current assets.

We consider many factors when selecting Investment Companies. Confidence in the expertise of the management and its ability to achieve better than average performance over the years is essential. In addition, we look to take advantage of investment opportunities, for example, where an Investment Company is trading at a higher than average discount. An additional advantage for unitholders is that neither the Fund itself (nor the approved Investment Companies in the portfolio) pay capital gains tax on profits arising from sales of underlying investments, whereas a private investor when selling still has to pay tax on capital gains in excess of the exemption limit.

We believe our investment process and constant monitoring of the investment portfolio will enable the Fund to produce positive returns for its unitholders over the coming years. The compound annual increase in capital value and gross income has been 7.15% for the capital, and 6.41% for the income since 1941.

### Income

The final distribution for the year is 5.24p (2020 5.20p) per income unit. This will be paid to unitholders on 29 October 2021. The interim distribution made to unitholders in April 2021 was 3.40p (2020: 3.10p) making a total for the year of 8.64p (2020: 8.30p) per income unit, an increase of 4.09% over the previous year. It is the Managers' intention to continue to reduce the disparity between the interim and final distributions. As at 15 September 2021 the yield on the Income Units was 3.04%.

# PRACTICAL INVESTMENT FUND

## Manager's Report

continued

### Performance Record

#### Sector Performance to 15 September 2021 (%)

	1 year	3 years	5 years
Practical Investment Fund*	+29.4	+24.5	+49.2
FTSE All-Share Index TR	+22.5	+11.4	+31.9

\*Accumulation units which includes reinvested income.

### Significant Portfolio Changes

for the period from 16 September 2020 to 15 September 2021

	Cost £
<b>Top 5 purchases</b>	
Phoenix Group	2,240,863
Invesco Select Trust	1,414,612
Rio Tinto	1,060,218
Foreign & Colonial Investment Trust PLC	1,030,120
Henderson Far East Income Ltd	968,556
	<b>£6,714,369</b>
	<b>Proceeds £</b>
<b>Top 5 sales</b>	
Invesco Income Growth Trust PLC	3,371,762
Securities Trust of Scotland PLC	3,346,520
The City of London Investment Trust PLC	2,574,606
JPMorgan Global Emerging Markets Income Trust plc	2,074,574
Invesco Select Trust	1,584,299
	<b>£12,951,761</b>

### Investment Outlook

Our prudent investment policy should continue to achieve steady progress over the future years.

### Consistent Unit Trust Management Company Limited

29 October 2021

# PRACTICAL INVESTMENT FUND

## Investment Objective and Policy

This Fund is designed to provide investors with above average capital growth and increasing income from investment in a wide spread of UK and dollar denominated investment trusts, ordinary shares and other selected investments.

The Fund will invest mainly in a broad base of investment trusts which satisfy the Manager's criteria of sound long-term performance, a satisfactory discount to net asset value and income growth potential. However, equities are subject to short-term fluctuations and there is a risk that their value can decrease as well as increase. Currencies are also subject to the same risk. The Manager will attempt to minimise these risks by pursuing a policy of diversification and may also use other hedging mechanisms.

All or part of the Manager's periodic fee can be charged to capital instead of income and may accordingly constrain capital growth but will reduce the pressure to invest at an above average rate of income.

Normally the Fund will be fully invested save for an amount of cash to enable ready settlement of liabilities (including redemption of units) and the efficient management of the Fund both generally and in relation to its strategic objective. This amount of cash will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Fund, there may be times when the Manager considers stock markets around the world to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

The Fund may also utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The Manager must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

# PRACTICAL INVESTMENT FUND

## Portfolio Statement

as at 15 September 2021

Holding	Security	Value £	% of Total Net Assets
	<b>Canadian Trusts - 1.87% (2.12%)</b>		
58	Canadian & Foreign Securities	2,118,435	1.87
	<b>Collective Investment Schemes - 2.95% (2.37%)</b>		
2,950,000	Consistent Unit Trust - Income Units^	2,404,379	2.12
1,536,204	Janus Henderson Fixed Interest Monthly Income Fund GBP IQ (Inc)	936,931	0.83
		<u>3,341,310</u>	<u>2.95</u>
	<b>Equities - 6.14% (3.37%)</b>		
	<b>Basic Materials - 0.92% (0.00%)</b>		
	<b>Mining - 0.92% (0.00%)</b>		
20,000	Rio Tinto	1,043,800	0.92
	<b>Financials - 5.22% (3.37%)</b>		
	<b>Financial Services - 3.22% (2.46%)</b>		
285,000	3i Group	3,646,575	3.22
	<b>Life Insurance - 2.00% (0.91%)</b>		
350,000	Phoenix Group	2,262,400	2.00
		<u>6,952,775</u>	<u>6.14</u>
	<b>Investment Trusts - 88.14% (90.90%)</b>		
6,250,000	Aberforth Split Level Income Trust	5,325,000	4.70
2,740,000	City Merchants High Yield Trust	5,247,100	4.63
1,625,000	Dunedin Income Growth Investment Trust	5,248,750	4.64
780,000	Edinburgh Investment Trust	4,750,200	4.19
3,475,000	European Assets Trust	5,056,125	4.47
750,000	F&C Private Equity Trust	3,525,000	3.11
430,000	Foreign & Colonial Investment Trust PLC	3,771,100	3.33
1,250,000	Henderson Far East Income	3,725,000	3.29
1,750,000	Henderson High Income Trust	2,966,250	2.62
1,500,000	Henderson International Income Trust	2,400,000	2.12
652,500	International Biotechnology	4,763,250	4.21
4,000,000	Investors Capital Trust	3,920,000	3.46
675,000	JP Morgan Asian	2,838,375	2.51
225,000	JP Morgan Claverhouse	1,674,000	1.48
2,800,000	JPMorgan Elect Managed Income Trust	2,912,000	2.57
700,000	JPMorgan Emerging Markets Income Trust	1,022,000	0.90
1,100,000	JPMorgan Global Growth & Income	4,818,000	4.26

## PRACTICAL INVESTMENT FUND

### Portfolio Statement

as at 15 September 2021

continued

Holding	Security	Value £	% of Total Net Assets
<b><i>Investment Trusts - 88.14% (90.90%)</i></b>			
<b><i>- continued</i></b>			
630,000	JPMorgan Japan Smaller Companies Investment Trust plc	3,502,800	3.09
155,000	Law Debenture Corporation	1,181,100	1.04
6,339	Lazard World Trust Fund	18,703	0.02
425,000	Murray Income Trust	3,854,750	3.40
215,000	Murray International	2,382,200	2.10
600,000	Schroder Income Growth Fund	1,830,000	1.62
1,000,000	Scottish American Investment Company	5,080,000	4.49
400,000	Scottish Mortgage	5,460,000	4.82
900,000	Standard Life Equity Income Trust	3,123,000	2.76
675,000	Standard Life Private Equity	3,240,000	2.86
225,000	Temple Bar Investment Trust	2,340,000	2.07
725,000	The Merchants Trust	3,828,000	3.38
		99,802,703	88.14
<b>Investment assets</b>		112,215,223	99.10
<b>Net other assets</b>		1,019,969	0.90
<b>Net assets</b>		113,235,192	100.00

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated.

^Represents investment into a related party of the Manager.

The percentages in brackets show the equivalent % holdings as at 15 September 2020.



# PRACTICAL INVESTMENT FUND

## Comparative Tables

### Change in net assets per unit

	Income Units			Accumulation Units		
	Year ended 15 September 2021 p	Year ended 15 September 2020 p	Year ended 15 September 2019 p	Year ended 15 September 2021 p	Year ended 15 September 2020 p	Year ended 15 September 2019 p
<b>Opening net asset value per unit</b>	<b>206.90</b>	<b>229.03</b>	<b>232.65</b>	<b>1,207.01</b>	<b>1,283.11</b>	<b>1,259.33</b>
Return before operating charges†	63.39	(11.41)	6.91	357.77	(73.68)	26.29
Operating charges	(2.65)	(2.42)	(2.51)	(2.65)	(2.42)	(2.51)
<b>Return after operating charges†</b>	<b>60.74</b>	<b>(13.83)</b>	<b>4.40</b>	<b>355.12</b>	<b>(76.10)</b>	<b>23.78</b>
<i>Income units</i>						
Interim	(3.40)	(3.10)	(2.90)	n/a	n/a	n/a
Final	(5.24)	(5.20)	(5.12)	n/a	n/a	n/a
Distributions on income units	(8.64)	(8.30)	(8.02)	n/a	n/a	n/a
<b>Closing net asset value per unit</b>	<b>259.00</b>	<b>206.90</b>	<b>229.03</b>	<b>1,562.13</b>	<b>1,207.01</b>	<b>1,283.11</b>
<i>Accumulation units</i>						
Interim	n/a	n/a	n/a	19.83	17.36	15.69
Final	n/a	n/a	n/a	30.98	29.59	28.06
Retained distributions on accumulation units	n/a	n/a	n/a	50.81	46.95	43.75
†After direct transaction charges of	0.94	0.49	0.21	0.94	0.49	0.21
<b>Performance</b>						
Return after operating charges	29.4%	(6.0)%	1.9%	29.4%	(5.9)%	1.9%
<b>Other information</b>						
Closing net asset value (NAV)	£92,659,667	£79,239,425	£92,255,081	£20,575,525	£17,155,937	£20,020,343
Closing number of units	35,775,675	38,298,137	40,281,531	1,317,146	1,421,358	1,560,301
Operating charges total	1.13%	1.12%	1.12%	1.13%	1.12%	1.12%
Direct transaction charges	0.39%	0.23%	0.09%	0.39%	0.23%	0.09%
<b>Prices (p)</b>						
Highest	267.8	251.00	240.00	1,583.0	1,405.00	1,315.00
Lowest	199.5	147.40	209.40	1,163.0	839.00	1,133.00

Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting period.

The return after charges is calculated as the closing net asset value per share plus the distributions on income shares minus the open net asset value per share as a % of the opening net asset value per share.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average Net Asset Value for the accounting period.

# PRACTICAL INVESTMENT FUND

## Comparative Tables

continued

### Risk & Reward profile

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



The Fund is ranked in risk category 6 as its unit prices have experienced high rises and falls in value historically. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Fund.

Changes in currency exchange rates may cause the value of investments to decrease or increase.

Investing in other investment trusts may expose investors to increased risk due to less strict regulations and the use of derivatives.

The price of investment trusts may not reflect the value of the assets they hold. This can result in wide price changes of the investment trust shares.

For further risk information please see the prospectus.

### Risk warning

An investment in a Unit Trust should be regarded as a medium to long-term investment. Investors should be aware that the price of units and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

### Assessment of Value Report

We are required to undertake a formal review of the Fund in order to assess the value which Unitholders are receiving from their investments. This assessment considers elements such as the fees which are paid, the quality of services provided and the investment performance obtained. We are required to publish a report which summarises the outcome of the review and, if relevant, to take steps to address any instances of poor value. We publish a single Assessment of Value Report covering all our funds on our website. Copies of these reports can be obtained from <https://www.consistentunittrust.co.uk/literature/>.

## PRACTICAL INVESTMENT FUND

### **Statement of the Manager's Responsibilities in relation to the Report and Accounts of the Fund**

The Manager is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practices.

Financial Conduct Authority's Collective Investment Schemes sourcebook (the "COLL sourcebook") requires the Manager to prepare financial Statements for each financial year which give a true and fair view of the state of affairs of the Fund and of the net revenue and of the net losses on the property of the Fund for that year. In preparing the financial statements the Manager is required to:

- select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, including Financial Reporting Standard 102 'The financial reporting standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and in accordance with the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Association (IA) in May 2014, subject to any material departures, which are required to be disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The Manager is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Manager is aware:

- there is no relevant audit information of which the Fund's auditors are unaware; and
- the Manager has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## PRACTICAL INVESTMENT FUND

### **Certification of the Annual Report by Directors of the Manager**

This report is signed in accordance with the requirements of the COLL Sourcebook.

**S. P. Ashfield**

Director

**Ms. J. M. Sculley**

Director

**For Consistent Unit Trust Management Ltd  
Manager of the Practical Investment Fund**

29 October 2021

## PRACTICAL INVESTMENT FUND

### **Statement of the Trustee's responsibilities and Report of the Trustee to the Unitholders of the Practical Investment Fund (the 'Scheme') for the year ended 15 September 2021**

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 of 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 limits;
- 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 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.

Trustee & Depositary Services  
**NatWest Trustee and Depositary Services Limited**

29 October 2021

# PRACTICAL INVESTMENT FUND

## Independent Auditors' Report to the Unitholders of Practical Investment Fund

### Opinion

We have audited the financial statements of Practical Investment Fund ('the Fund'), for the year ending 15 September 2021, which comprise the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Statement of Total Return, the related notes and the Distribution Tables. 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 in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association (the 'Statement of Recommended Practice for Authorised Funds').

This report is made solely to the unitholders of the Fund, as a body, in accordance with Rule 4.5.12 of the Collective Investment Scheme Sourcebook (COLL) of the Financial Conduct Authority (FCA).

Our audit work has been undertaken so that we might state to the 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 15 September 2021 and of the net income and net capital gains on the property of the Fund for the year then ended;
- have been properly prepared in accordance with the Prospectus, the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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. 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# PRACTICAL INVESTMENT FUND

## **Independent Auditors' Report to the Unitholders of Practical Investment Fund**

continued

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Fund Manager's report and the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Fund Manager's report and the Manager's report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified material misstatements in the Fund Manager's report or the Manager's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

## PRACTICAL INVESTMENT FUND

### **Independent Auditors' Report to the Unitholders of Practical Investment Fund**

continued

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Alternative Investment Fund Manager remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Manager**

As explained more fully in the Manager's responsibilities statement, 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 liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

Irregularities, including fraud, are instances of noncompliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined the most significant are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the IMA SORP 2014) and the relevant tax and other compliance regulations in the jurisdictions in which the Fund operates.



## PRACTICAL INVESTMENT FUND

### **Independent Auditors' Report to the Unitholders of Practical Investment Fund**

continued

- We understood how the Fund is complying with those frameworks by making enquiries of management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of relevant correspondence received from regulatory and legal bodies.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by enquiring with management during the planning and execution phase of our audit. We considered the programs and controls that the Manger has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the finance team and management; and focused testing.

#### **Use of our report**

This report is made solely to the unitholders of the Fund, as a body, in accordance with Rule 4.5.12 of the Collective Investment Scheme Sourcebook (COLL) of the Financial Conduct Authority (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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Wood (Senior Statutory Auditor)

#### **For and on behalf of Shipleys LLP**

Chartered accountant and statutory auditor

10 Orange Street

Haymarket

London

WC2H 7DQ

29 October 2021

## PRACTICAL INVESTMENT FUND

### Statement of Total Return

for the year ended 15 September 2021

		15 September 2021		15 September 2020	
	Note	£	£	£	£
Income					
Net capital gains/(losses)	2		23,476,673		(10,404,441)
Revenue	3	5,069,490		5,076,619	
Expenses	4	(1,187,425)		(1,145,050)	
Interest payable and similar charges	4	-		-	
Net revenue before taxation		3,882,065		3,931,569	
Taxation	5	(9,402)		(6,312)	
Net revenue after taxation			3,872,663		3,925,257
Total return before distributions			27,349,336		(6,479,184)
Distributions	6		(3,869,660)		(3,927,499)
Change in net assets attributable to unitholders from investment activities			23,479,676		(10,406,683)

### Statement of Change in Net Assets Attributable to Unitholders

for the year ended 15 September 2021

		15 September 2021		15 September 2020	
		£	£	£	£
Opening net assets attributable to unitholders			96,395,362		112,275,424
Amounts receivable on issue of units		1,248,494		1,873,428	
Amounts payable on cancellation of units		(8,569,964)		(8,024,903)	
			(7,321,470)		(6,151,475)
Change in net assets attributable to unitholders from investment activities (see above)			23,479,676		(10,406,683)
Retained distributions on accumulation units			681,624		678,096
Closing net assets attributable to unitholders			113,235,192		96,395,362

The notes on pages 18 to 32 form an integral part of these Financial Statements.

## PRACTICAL INVESTMENT FUND

### Balance Sheet

as at 15 September 2021

	Note	15 September 2021 £	15 September 2020 £
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		112,215,223	95,202,559
<b>Current assets</b>			
Debtors	7	239,673	235,424
Cash and bank balances	9	2,722,212	3,052,578
		<u>2,961,885</u>	<u>3,288,002</u>
<b>Total assets</b>		<b><u>115,177,108</u></b>	<b><u>98,490,561</u></b>
<b>LIABILITIES</b>			
<b>Provision for liabilities</b>			
Net distributions payable on income units		(1,874,645)	(1,991,503)
Creditors	8	(67,271)	(103,696)
		<u>(1,941,916)</u>	<u>(2,095,199)</u>
<b>Total liabilities</b>		<b><u>(1,941,916)</u></b>	<b><u>(2,095,199)</u></b>
<b>Net assets attributable to unitholders</b>		<b><u>113,235,192</u></b>	<b><u>96,395,362</u></b>

The notes on pages 18 to 32 form an integral part of these Financial Statements.

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

### 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 accordance with FRS 102 and the Statement of Recommended Practice ("SORP") for Financial Statements of UK Authorised Funds issued by the Investment Association (IA) in May 2014, updated June 2017.

The financial statements have been prepared on the going concern basis.

The Certification of the Accounts by the Directors of the Manager can be found on page 10.

#### (b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following basis:

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment and does not form part of the distributable revenue.

Any reported revenue from an offshore reporting fund is recognised as revenue no later than the date on which the reporting fund makes the information available.

Interest on debt securities and bank and short-term deposits is recognised on an accrual basis.

In the case of debt securities any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation.

Derivative returns have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

All revenue includes withholding taxes but excludes irrecoverable tax credits.

#### (c) Treatment of stock and special dividends

The ordinary element of stocks 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.

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. The tax accounting treatment follows the treatment of the principal amount.

#### (d) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments and any applicable stamp duty reserve tax, are charged against revenue for the year on an accruals basis.

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 1. Accounting Policies continued

#### (e) Taxation

Corporation tax is provided at 20% on revenue, after deduction of expenses.

Deferred tax is provided on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

#### (f) Distribution policy

The net revenue after taxation as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to unitholders as dividend distributions. Any revenue deficit is funded from capital.

At the year end, there were no items of a capital nature.

Interim distributions may be made at the Investment Manager's discretion and the balance of revenue is distributed in accordance with the regulations.

Distributions not claimed within a six year period will be forfeited and added back to the capital of the Fund.

#### (g) Basis of valuation of investments

Listed investments are valued at close of business bid prices on the last business day of the accounting year excluding any accrued interest in the case of fixed and floating rate interest securities.

Collective investment schemes are valued at quoted bid price for dual priced funds and at quoted price for single priced funds, on the last business day of the accounting period.

Unlisted or suspended investments are valued by the Investment Manager taking into account where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

Market value is defined by the SORP as fair value, which generally is the bid value of each security.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 1. Accounting Policies continued

#### (h) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

#### (i) Dilution levy

The Manager may require a dilution levy on the sale and redemption of units if, in its opinion, the existing unitholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; on a scheme experiencing large levels of net sales relative to its size; on 'large deals'; in any case where the Manager is of the opinion that the interests of remaining unitholders require the imposition of a dilution levy.

### 2. Net capital gains/(losses)

	Year ended 15 September 2021 £	Year ended 15 September 2020 £
Non derivative securities	23,503,452	(10,384,398)
Currency losses	(17,073)	(14,291)
Transaction charges	(9,706)	(5,752)
<b>Net capital gains/(losses) on investments</b>	<b>23,476,673</b>	<b>(10,404,441)</b>

### 3. Revenue

	Year ended 15 September 2021 £	Year ended 15 September 2020 £
UK dividends: Ordinary	3,843,943	4,152,702
Overseas dividends	1,204,169	911,351
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	5,605	-
Interest distribution	15,669	-
Bank interest	104	1,303
Property income distribution	-	11,263
<b>Total revenue</b>	<b>5,069,490</b>	<b>5,076,619</b>

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 4. Expenses

	Year ended 15 September 2021 £	Year ended 15 September 2020 £
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	1,085,838	1,044,719
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee fees (including VAT)	64,979	62,260
Safe custody fees and other bank charges	10,830	12,162
	75,809	74,422
Other expenses		
Audit fee (including VAT)	8,464	8,464
Legal fees	-	78
Price publication	-	1,505
Printing costs	1,714	1,623
Registration fees	15,600	14,239
	25,778	25,909
Expenses	1,187,425	1,145,050
Interest payable and similar charges	-	-
<b>Total expenses</b>	<b>1,187,425</b>	<b>1,145,050</b>

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 5. Taxation

	Year ended 15 September 2021 £	Year ended 15 September 2020 £
(a) Analysis of charge for the year		
Overseas tax	9,402	6,312
Total tax charge (note 5b)	9,402	6,312
<b>Total tax charge</b>	<b>9,402</b>	<b>6,312</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	3,882,065	3,931,569
Corporation tax at 20%	776,413	786,314
Effects of:		
UK dividends: Ordinary	(769,910)	(830,540)
Overseas dividends	(240,834)	(182,270)
Movement in surplus management expenses	234,331	226,496
Overseas tax expensed	9,402	6,312
<b>Current tax charge for the year (note 5a)</b>	<b>9,402</b>	<b>6,312</b>
(c) Deferred Tax		
At the year end there is a potential deferred tax asset of £1,646,558 (15 September 2020: £1,412,227) in relation to surplus management expenses. It is unlikely that the Trust will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.		



# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 6. Distributions

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

	Year ended 15 September 2021 £	Year ended 15 September 2020 £
Interim distribution	1,510,651	1,458,690
Final distribution	2,282,664	2,412,107
	<u>3,793,315</u>	<u>3,870,797</u>
Revenue deducted on cancellation of units	89,802	72,855
Revenue received on issue of units	(13,457)	(16,153)
<b>Net distributions</b>	<u>3,869,660</u>	<u>3,927,499</u>
<b>Reconciliation of net revenue after taxation to net distributions:</b>		
Net revenue after taxation per		
Statement of Total Return	3,872,663	3,925,257
Undistributed revenue brought forward	382	2,624
Undistributed revenue carried forward	(3,385)	(382)
<b>Net distributions</b>	<u>3,869,660</u>	<u>3,927,499</u>

### 7. Debtors

	15 September 2021 £	15 September 2020 £
<b>Accrued income:</b>		
Dividends receivable	240,512	234,778
<b>Prepaid expenses</b>		
Registration fee	(839)	646
<b>Total debtors</b>	<u>239,673</u>	<u>235,424</u>

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

<b>8. Creditors</b>	<b>15 September 2021 £</b>	<b>15 September 2020 £</b>
Amounts payable on cancellations	6,031	44,273
<b>Accrued expenses:</b>		
Amounts payable to the Manager, or associates of the Manager and agents of either of them:		
Manager's periodic charge	47,577	46,307
Amounts payable to the Trustee, or associates of the Trustee and agents of either of them:		
Trustee fees (including VAT)	2,221	2,315
Safe custody and other bank charges	2,736	2,021
<b>Other expenses:</b>		
Audit fee (including VAT)	8,340	8,414
Printing costs	366	366
<b>Total creditors</b>	<b>67,271</b>	<b>103,696</b>

<b>9. Cash and bank balances</b>	<b>15 September 2021 £</b>	<b>15 September 2020 £</b>
Cash and Bank Balances	2,722,212	3,052,578

## 10. Related parties

Management fees payable to Consistent Unit Trust Management Company Limited (the Investment Manager) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Trustee and other fees payable to NatWest Trustee and Depositary Services Limited are disclosed in note 4 and amounts due at the year end are shown in note 8.

Consistent Unit Trust Management Company Limited and its associates had the following unitholdings in the Trust:

	<b>Held at 15 September 2021</b>	<b>Change in period</b>	<b>Held at 15 September 2020</b>
<b>Income units</b>			
Mr. S. P. Ashfield	81,167	-	81,167

During the year the Fund's Investments included one fund managed by the Investment Manager or by associates of the Investment Manager. At 15 September 2021 the Fund held one such investments.

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (15 September 2020: nil).

### 12. Risk management policies and disclosures

In pursuing its investment objectives, the Fund may hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Fund's operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue. In doing so, the Manager accepts market price risk and interest rate risk in relation to the investment portfolio.

The Fund may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the Fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the Manager.

The risks arising from financial instruments and the Manager's policies for the monitoring and managing of these risks are stated below in accordance with the Risk Management Policy of the Manager.

These policies have been consistent for both years through which these financial statements relate.

#### Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. This means the value of an investor's holding may go down as well as up and an investor may not recover the amount invested. Investors should consider the degree of exposure of the Fund in the context of all their investments.

The Fund's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the Fund Deed, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Fund will be exposed.

At the balance sheet date, if the price of the investments held by the Fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Unitholders would increase or decrease by approximately £11,221,522 (2020: £9,520,256).

#### Currency risk

Although the Fund's capital and income are denominated in sterling, a proportion of the Fund's investments may have currency exposure and, as a result, the income and capital value of the Fund are affected by currency movements.

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 12. Risk management policies and disclosures continued

#### Currency risk continued

The table below details the interest rate risk profile at the balance sheet date:

15 September 2021	Monetary exposure £	Non-monetary exposure £	Total £
Currency			
Canadian dollar	-	2,118,435	2,118,435
Sterling	1,019,969	110,096,788	111,116,757
	<b>1,019,969</b>	<b>112,215,223</b>	<b>113,235,192</b>
15 September 2020	Monetary exposure £	Non-monetary exposure £	Total £
Currency			
Canadian dollar	-	2,041,285	2,041,285
Sterling	1,192,803	93,161,273	94,354,076
	<b>1,192,803</b>	<b>95,202,559</b>	<b>96,395,362</b>

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Unitholders would increase or decrease by approximately £211,843 (2020: £204,128).

#### Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of changes in interest rates. The Fund may invest in fixed and floating rate securities. The revenue of these Funds may be affected by changes in interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 12. Risk management policies and disclosures continued

#### Interest rate risk continued

The table below details the interest rate risk profile at the balance sheet date:

15 September 2021	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Currency				
Canadian dollar	-	-	2,118,435	2,118,435
Sterling	3,659,143	-	109,399,530	113,058,673
	<b>3,659,143</b>	<b>-</b>	<b>111,517,965</b>	<b>115,177,108</b>

	Floating rate financial liabilities £	Financial assets not carrying liabilities £	Total £
Currency			
Sterling	-	1,941,916	1,941,916

15 September 2020	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Currency				
Canadian dollar	-	-	2,041,285	2,041,285
Sterling	3,052,578	919,111	92,477,586	96,449,275
	<b>3,052,578</b>	<b>919,111</b>	<b>94,518,872</b>	<b>98,490,561</b>

	Floating rate financial liabilities £	Financial assets not carrying liabilities £	Total £
Currency			
Sterling	-	2,095,199	2,095,199

Floating rate interest-bearing assets at the balance sheet date consist of bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates or the international equivalent).

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 12. Risk management policies and disclosures continued

#### **Interest rate risk** continued

At the balance sheet date, if interest rates increased or decreased by 10%, with all other variables held constant, the net assets attributable to Unitholders would increase or decrease by approximately £365,914 (2020: £305,258).

#### **Credit risk**

Credit risk arises from the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

There are no net borrowings or unlisted securities and so little exposure to credit risk.

#### **Liquidity risk**

Liquidity risk is the risk that a Fund cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised.

Under normal circumstances, a Fund will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemptions in the Fund, the Fund may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

There is little exposure to liquidity risk.

#### **Counterparty risk**

The risk that the counterparty will not deliver the investments for a purchase or the cash for a sale after the Fund has fulfilled its responsibilities which could result in the fund suffering a loss. The Investment Manager minimises the risk by conducting trades through only the most reputable counter parties.

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 12. Risk management policies and disclosures continued

#### Derivatives

The Fund may enter into derivative contracts for Efficient Portfolio Management (EPM) purposes.

Any EPM transaction must be economically appropriate and the exposure fully covered. The Manager monitors the use of derivatives to ensure EPM rules are satisfied.

In the opinion of the Manager there is no sophisticated derivative use within the Fund and accordingly a sensitivity analysis is not presented.

#### Fair value of financial assets and liabilities

Investments disclosed as at the balance sheet date are at fair value. Current assets and liabilities disclosed in the balance sheet are at amortised cost which is approximate to fair value.

### 13. Portfolio transaction costs

#### 15 September 2021

	Net purchase cost £	Commissions paid £		Taxes £		Purchases before transaction costs
Analysis of purchases	£	£	%	£	%	
Equities	15,715,775	42,950	0.27	64,977	0.41	15,823,702

**Total purchases after  
commissions and tax 15,715,775**

	Net sales proceeds £	Commissions paid £		Taxes £		Sales before transaction costs
Analysis of sales	£	£	%	£	%	
Equities	22,296,956	56,962	0.25	1,385	0.01	22,355,303

**Total sales after  
commissions and tax 22,296,956**

*Commission as a %  
of average net assets* 0.10%

*Taxes are a % of  
average net assets* 0.06%

# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 13. Portfolio transaction costs continued

#### 15 September 2020

Analysis of purchases	Net purchase cost £	Commissions paid £	%	Taxes £	%	Purchases before transaction costs
Equities	<u>19,379,245</u>	58,391	0.30	90,181	0.46	19,527,817

**Total purchases after  
commissions and tax** **19,379,245**

Analysis of sales	Net sales proceeds £	Commissions paid £	%	Taxes £	%	Sales before transaction costs
Equities	<u>24,734,967</u>	74,608	0.30	1,199	0.00	24,810,774

**Total sales after  
commissions and tax** **24,734,967**

*Commission as a %  
of average net assets* 0.13%

*Taxes are a % of  
average net assets* 0.09%

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on page 7. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

### 14. Portfolio dealing spread

The average portfolio dealing spread at 15 September 2021 is 1.17% (15 September 2020: 1.15%).



# PRACTICAL INVESTMENT FUND

## Notes to the Financial Statements

for the year ended 15 September 2021

continued

### 15. Fair value disclosure

Valuation technique	15 September 2021		15 September 2020	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1	108,855,210	-	92,895,385	-
Level 2	3,360,013	-	2,307,174	-
Level 3	-	-	-	-
	<b>112,215,223</b>	<b>-</b>	<b>95,202,559</b>	<b>-</b>

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

### 16. Unitholders funds

#### 15 September 2021

	Income	Accumulation
Opening number of units	38,298,137	1,421,358
Issued	266,445	40,264
Cancelled	(2,788,907)	(144,476)
<b>Closing number of units</b>	<b>35,775,675</b>	<b>1,317,146</b>

### 17. Remuneration

Total remuneration of individuals considered to comprise the entire staff of the Fund Manager for the financial year ending 31 August 2021 is:

	£
Fixed Remuneration	124,200
Variable Remuneration	64,213
<b>Total</b>	<b>188,413</b>

Full Time Equivalent number of staff 2

Analysis of senior management

	£
Senior management	143,214
Staff whose actions may have a material impact on the funds	143,214
Other	-

## PRACTICAL INVESTMENT FUND

### **Notes to the Financial Statements**

for the year ended 15 September 2021

continued

#### **18. Post balance sheet event**

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

## PRACTICAL INVESTMENT FUND

### Distribution Tables

for the year ended 15 September 2021

all prices are in pence per unit

#### Income Distribution

Class	Distribution	Units	Net revenue	Equalisation	Distribution payable 2021	Distribution paid 2020
Income	Interim	Group 1	3.4000	-	3.4000	3.1000
		Group 2	0.1614	3.2386	3.4000	3.1000
	Final	Group 1	5.2400	-	5.2400	5.2000
		Group 2	3.1076	2.1324	5.2400	5.2000

#### Accumulation Distribution

Class	Distribution	Units	Net revenue	Equalisation	Amount reinvested 2021	Amount reinvested 2020
Accumulation	Interim	Group 1	19.8263	-	19.8263	17.3603
		Group 2	0.9409	18.8854	19.8263	17.3603
	Final	Group 1	30.9775	-	30.9775	29.5917
		Group 2	18.3714	12.6061	30.9775	29.5917

Interim period: 16 September 2020 - 15 March 2021

Final period: 16 March 2021 - 15 September 2021

Group 1: Units purchased prior to a distribution period

Group 2: Units purchased during a distribution period

### Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents accrued revenue included in the purchase price of the units. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the units for capital gains tax purposes.

# PRACTICAL INVESTMENT FUND

## General Information

### Authorised Status

Practical Investment Fund (the Fund) is an Authorised Unit Trust Scheme established on 8 February 1941, and belongs to the 'securitised fund' category of such schemes. It is authorised under Section 243 of the Financial Services and Markets Act 2000.

The Fund does not intend to have an interest in immovable property.

Unitholders are not liable for the debts of the Fund.

### Head Office

Fair Lorna House, Buckingham Road, Singleborough, Milton Keynes MK17 0RD.

### Address for Service

The Head Office is the address in the United Kingdom for service on the Fund of notices or other documents required or authorised to be served on it.

### Base Currency

The base currency of the Fund is Pounds Sterling.

### Units

The Fund may issue income and accumulation units.

Holders of Income units are entitled to be paid the revenue attributable to such shares in respect of each annual accounting period in the currency of the relevant unit class.

Holders of Accumulation unit are not entitled to be paid the revenue attributable to such unit, but that revenue is retained and accumulated for the benefit of unitholders and is reflected in the price of units.

### Valuation Point

The scheme property of the Fund will normally be valued at 12:00 on each dealing day for the purpose of calculating the price at which units in the Fund may be issued, sold, repurchased or redeemed.

For the purpose of the pricing of units, a business day is defined as a day on which the dealing office of the Manager is open for the buying and selling of units. The Manager may at any time during a business day carry out an additional valuation of the property of the Fund if the Manager considers it desirable to do so, with the Trustee's approval.

# PRACTICAL INVESTMENT FUND

## General Information

continued

### Buying and Selling of Units

The Manager will accept orders for the purchase and sale of units on normal business days between 9.00am and 5.00pm. Instructions to buy or sell units may either be in writing to:

Yealand Administration Ltd, Stuart House, St John's Street, Peterborough PE1 5DD.

Or by telephone to:

0345 850 8818

The Manager has the right to establish facilities for recording telephone calls made or received on this telephone line.

A contract note giving details of the units purchased will be issued no later than the next business day after the business day on which an application to purchase units is received and instrumented by the Manager. Certificates will not be issued in respect of units. Ownership of units will be evidenced by an entry on the register of unitholders.

### Pricing

The prices of units are published in the Financial Times in the FT Managed Funds Services Authorised Unit Trust section under the heading: Consistent Unit Trust Management Company Limited.

### Other Information

The Trust Deed and of any Supplemental Deeds of the Fund, the Prospectus and the most recent annual and half-yearly reports may be inspected at the head office of the Manager at the address set out in the Directory and copies may be obtained free of charge upon application.

Unitholders who have complaints about the operation of the Company should in the first instance contact the Manager, or, following that, may make their complaint direct to the Financial Ombudsman Service, Exchange Tower, London E14 9SR.

### Risk Warning

An investment in a Unit Trust should be regarded as a medium to long-term investment. Investors should be aware that the price of units and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.





