

# Waystone Management (UK) Limited



**Waystone Management (UK) Limited**

WS Verbatim Funds  
(formerly DMS Verbatim Funds)

**Annual Report and Financial Statements**  
*For the year 1 January 2020 to 31 December 2020*

**AUTHORISED CORPORATE DIRECTOR ('ACD')**

Waystone Management (UK) Limited  
2nd floor  
20-22 Bedford Row  
Holborn  
London WC1R 4EB  
*(Authorised and regulated by the Financial Conduct Authority 'FCA')*

**DIRECTORS OF THE ACD**

A.M. Berry (appointed 30 April 2020)  
B. Primrose (resigned on 5 March 2020)  
C. O'Donnell  
C. T. Finch (resigned on 5 March 2020)  
G.L. Brooks (resigned on 7 February 2020)  
N. C. White (appointed on 5 March 2020; resigned 4 September 2020)  
S. Anderson (resigned on 7 February 2020)  
S. Chaudhri (resigned on 7 February 2020)  
S. P. White (appointed on 7 February 2020)  
T.K. Madigan (appointed on 7 February 2020)  
S. M. Dancygier (appointed on 6 January 2021)

**INVESTMENT MANAGER**

Liontrust Investment Partners LLP (in respect of the Funds,  
excluding WS Verbatim Portfolio 5 Income Fund)  
2 Savoy Court  
London WC2R 0EZ  
*(Authorised and regulated by the FCA)*

Sarasin & Partners LLP (in respect of WS Verbatim Portfolio  
5 Income Fund)  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU  
*(Authorised and regulated by the FCA)*

**DEPOSITARY**

CACEIS Bank, UK Branch  
Broadwalk House  
5 Appold Street  
London EC2A 2DA  
*(Authorised and regulated by the Financial Conduct Authority, the  
Prudential Regulation Authority and the ACPR (Autorite de Controle  
Prudentiel et de Resolution))*

**ADMINISTRATOR**

CACEIS Bank, UK Branch  
Broadwalk House  
5 Appold Street  
London EC2A 2DA

**REGISTRAR**

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2nd floor  
20-22 Bedford Row  
Holburn  
London WC1R 4EB

**TRANSFER AGENT**

FNZ TA Services Limited  
Level 7  
2 Redman Place  
Stratford  
London E20 1JQ

**AUDITORS**

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2A 1AG

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## ACD's Report

### AUTHORISED STATUS

WS Verbatim Funds ("the Company") is an open-ended investment company ('OEIC') with variable capital incorporated in England and Wales under registered number IC000808 and authorised by the Financial Conduct Authority ('FCA'), with effect from 22 January 2010.

The Company is a non-UCITS retail scheme ("NURS").

No sub-fund held an interest in any sub-fund at any time.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make further payment to the Company after they have paid the price on purchase of the shares.

### SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

#### Name Change

Host Capital Limited, the Authorised Corporate Director (ACD) of the Company was acquired by DMS Governance in August 2019. As a result of the acquisition, Host Capital Limited has changed its name to DMS Investment Management Services (UK) Limited with effect from 7 February 2020 (the Effective Date). In order to ensure consistency with the name change of the ACD, the name of the Company has changed from HC Verbatim Funds to DMS Verbatim Funds with effect from the Effective Date. The names of each sub-fund have also changed as follows:

#### Sub-Fund Old Name

HC Verbatim Portfolio 3 Fund  
 HC Verbatim Portfolio 4 Fund  
 HC Verbatim Portfolio 5 Income Fund  
 HC Verbatim Portfolio 5 Growth Fund  
 HC Verbatim Portfolio 6 Fund  
 HC Verbatim Portfolio 7 Fund

#### Sub-Fund New Name

DMS Verbatim Portfolio 3 Fund  
 DMS Verbatim Portfolio 4 Fund  
 DMS Verbatim Portfolio 5 Income Fund  
 DMS Verbatim Portfolio 5 Growth Fund  
 DMS Verbatim Portfolio 6 Fund  
 DMS Verbatim Portfolio 7 Fund

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

#### Global Market Events

The ACD is continuously assessing the impact that the global market events might have on the Company and its sub-funds. The Directors are monitoring closely the Company's liquidity and valuation dynamics. The NAV per share on 9 April 2021 are presented in the table overleaf. At the signing date of these financial statements, the Directors do not have concerns that the Company or its sub-funds cannot continue in the foreseeable future.

## ACD's Report continued

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD continued

## Global Market Events continued

Sub-Fund	Class	NAV per Share 09 April 2021
WS Verbatim Portfolio 3 Fund	A Accumulation	1.5990
WS Verbatim Portfolio 3 Fund	B Accumulation	1.7241
WS Verbatim Portfolio 4 Fund	A Accumulation	1.7344
WS Verbatim Portfolio 4 Fund	B Accumulation	1.8717
WS Verbatim Portfolio 5 Growth Fund	A Accumulation	1.8418
WS Verbatim Portfolio 5 Growth Fund	B Accumulation	1.9893
WS Verbatim Portfolio 5 Income Fund	A Income	1.3292
WS Verbatim Portfolio 5 Income Fund	B Income	1.4389
WS Verbatim Portfolio 6 Fund	A Accumulation	1.8643
WS Verbatim Portfolio 6 Fund	B Accumulation	2,0186
WS Verbatim Portfolio 7 Fund	A Accumulation	2.1003
WS Verbatim Portfolio 7 Fund	B Accumulation	2.2812

**Re-Brand**

The ACD forms part of the DMS Group. Over the past 12 months the DMS Group has received regulatory approval from its regulators in the UK, Ireland, Luxembourg and the Cayman Islands to add the MDO Group of companies and the MontLake Group of companies to the DMS Group of companies. Each separate group has its own management company business having its own separate brand. In line with the strategic objectives of the broader group to offer governance and management services on a global basis, it has been decided to re-brand the three group's combined service offering under the common name of Waystone Group.

As a result, DMS Investment Management Services (UK) Limited has change its name to Waystone Management (UK) Limited with effect from on or around 22 March 2021 (the "Effective Date"). In order to reflect the change of name of the ACD, the name of the Company and the Sub-Funds have changed to the new names set out below with effect from the Effective Date.

Sub-Fund Current Name	Sub-Fund New Name
DMS Verbatim Funds	WS Verbatim Funds
DMS Verbatim Portfolio 3 Fund	WS Verbatim Portfolio 3 Fund
DMS Verbatim Portfolio 4 Fund	WS Verbatim Portfolio 4 Fund
DMS Verbatim Portfolio 5 Income Fund	WS Verbatim Portfolio 5 Income Fund
DMS Verbatim Portfolio 5 Growth Fund	WS Verbatim Portfolio 5 Growth Fund
DMS Verbatim Portfolio 6 Fund	WS Verbatim Portfolio 6 Fund
DMS Verbatim Portfolio 7 Fund	WS Verbatim Portfolio 7 Fund

There will be no change to the investment approach or risk profiles of the Sub-Funds.

**REMUNERATION**

The ACD is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the Directive

The fixed remuneration paid by the ACD to its staff in respect of all funds it manages in the year ended 31 December 2020 was £838,691 and was shared among 12 members of staff. All 12 ACD staff members were fully or partially involved in the activities of the Company. The ACD did not pay any variable remuneration. The ACD staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Company or any other alternative investment fund the ACD is the AIFM of. None of the ACD's staff actions had a material impact on the risk profile of the Company. The remuneration policies were reviewed during the year and were judged to continue to be appropriate and had been implemented throughout the period.

## Director's Statement

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

The Directors are of the opinion it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominately of securities that are readily realisable and, accordingly, the Company has adequate resources to continue in operational existence for the foreseeable future.

Waystone Management (UK) Limited  
 ACD of *WS Verbatim Funds*  
 30 April 2021

## Statement of ACD's Responsibilities

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

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') and Investment Fund Sourcebook (the 'FUND Sourcebook') requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net revenue and of the net capital gains/losses on the scheme property of the Company for that year. In preparing those financial statements, the ACD is required to:

- select suitable accounting policies, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the financial statements in accordance with the requirements of the Investment Association Statement of Recommended Practice ("IA SORP"); and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company or a sub-fund will continue in business.

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

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the ACD has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.

## Statement of Depositary's Responsibilities

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the COLL Sourcebook, the FUND Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

## Report of the Depositary

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the COLL Sourcebook, the FUND Sourcebook and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has, otherwise, ensured the proper operation of the Company.

CACEIS Bank, UK Branch  
30 April 2021

## Alternative Investment Fund Manager's Directive

In accordance with the Alternative Investment Fund Managers Directive (the 'Directive'), the ACD in its capacity as Alternative Investment Manager ('AIM') is required to disclose specific information in relation to the following aspects of the Company's management:

### LEVERAGE AND BORROWING

Leverage is defined as any method by which the Company increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways - the 'Gross method' and the 'Commitment method' - and the Company must not exceed maximum exposures under both methods.

'Gross method' exposure is calculated as the sum of all positions of the Company (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes.

'Commitment method' exposure is also calculated as the sum of all positions of the Company (both positive and negative), but after netting off derivative and security positions as specified by the Directive.

For the "Gross method", the following has been excluded:

- the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the Alternative Investment Fund ('AIF') that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value and which provide a return no greater than the rate of the 3-month high quality government bond;
- cash borrowings that remain in cash or cash equivalents as defined above and where the amounts of that payable are known.

The ACD will not employ Leverage in respect of its management of the Company save where it undertakes certain derivatives and forward transactions for the purposes described in the prospectus (Appendix III) and subject at all times to the requirements and restrictions set out in the Regulations insofar as they relate to Non-UCITS Retail Schemes (NURS). Therefore, the Company will not be regarded as a type of fund using Leverage on a substantial basis (as described in the AIFM Directive).

### LIQUIDITY

The Company is managed so that the liquidity profile of the Company is aligned with the requirement in relation to each fund to meet redemption requests from Shareholders on each Dealing Day. In normal circumstances, redemption requests will be processed as set out per the Prospectus. However, in exceptional circumstances, if there is insufficient liquidity in a fund to meet redemption requests, the ACD may ultimately need to temporarily suspend dealing in that fund (please refer to the "Suspension of dealings in the Company" section contained in the Prospectus).

The ACD has other tools to deal with temporary liquidity constraints in relation to a fund. As per the Prospectus, a fund may (i) borrow cash to meet redemptions within the limits; or (ii) apply the in specie redemption provisions.

To manage and monitor liquidity risk, the ACD maintains liquidity risk management policies and procedures. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits and periodic stress testing of the liquidity risk under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

This policy has been applied consistently throughout the review period and as a result the Manager has not introduced any new arrangements for managing the Company's liquidity. If the ACD's policy for managing liquidity should change materially, investors will be notified appropriately.

Please refer to Note 13, Derivative and other Financial instruments, for further details of the liquidity risk management of the Company.

### RISK MANAGEMENT POLICY NOTE

Please refer to Note 13, Derivative and other Financial instruments, in the Notes to the financial statements, where the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks are set out.

## Independent Auditor's Report to the Shareholders of WS Verbatim Funds

### Opinion

We have audited the financial statements of WS Verbatim Funds (the 'Company') for the year ended 31 December 2020. These financial statements comprise together the statement of accounting policies and combined notes and the individual financial statements of each of the following sub-funds ('the sub-funds') of the Company:

- WS Verbatim Portfolio 3 Fund (formerly DMS Verbatim Portfolio 3 Fund)
- WS Verbatim Portfolio 4 Fund (formerly DMS Verbatim Portfolio 4 Fund)
- WS Verbatim Portfolio 5 Income Fund (formerly DMS Verbatim Portfolio 5 Income Fund)
- WS Verbatim Portfolio 5 Growth Fund (formerly DMS Verbatim Portfolio 5 Growth Fund)
- WS Verbatim Portfolio 6 Fund (formerly DMS Verbatim Portfolio 6 Fund)
- WS Verbatim Portfolio 7 Fund (formerly DMS Verbatim Portfolio 7 Fund)

The individual financial statements for each of the Company's sub-funds comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, notes to the financial statements and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 UK Authorised Funds' issued by the Investment Association in May 2014.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 December 2020 and of the net revenue and net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014, the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Authorised Corporate Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and each of the sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company and each of the sub-funds cease to continue as a going concern.

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks associated with the Company's and each of the sub-fund's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and analysed how those risks might affect the Company's and each of the sub-fund's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the Authorised Corporate Director with respect to going concern are described in the 'Responsibilities of the Authorised Corporate Director' section of this report.

## Independent Auditor's Report to the Shareholders of WS Verbatim Funds continued

**Other information**

The Authorised Corporate Director is responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. 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.

**Opinion on other matters prescribed by the Collective Investment Schemes sourcebook**

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised Corporate Director's Report (which comprises information in the inside front cover, the authorised status, the investment objectives and policies, investment manager's reports, portfolio statements, and summaries of material portfolio changes) 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 the Collective Investment Schemes sourcebook requires us to report to you if in our opinion:

- proper accounting records for the Company or a sub-fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

**Responsibilities of the Authorised Corporate Director**

As explained more fully in the Statement of ACD's Responsibilities, the Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director is responsible for assessing the Company's and each of the sub-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 Authorised Corporate Director either intends to terminate a sub-fund, wind up the Company or to cease operations, or has no realistic alternative but to do so.

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

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

A further description of our responsibilities 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.

## Independent Auditor's Report to the Shareholders of WS Verbatim Funds continued

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and industry in which it operates. We determined that the following laws and regulations were most significant: Collective Investment Schemes Sourcebook, Investment Association Statement of Recommended Practice and UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. We enquired of management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the breaches register. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Company's operations, including the nature of its revenue sources, and of its objective to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement
  - the Company's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the Company operates
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included checking completeness of journal entries and identifying and testing journal entries, in particular manual journal entries processed at the year-end for financial statements preparation. We also reviewed the financial statements disclosures and the corresponding supporting documentation.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

**Use of our report**

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook. Our audit work has been undertaken so that we might state to the Company's shareholders 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 Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Grant Thornton UK LLP**

Statutory Auditor, Chartered Accountants  
London, United Kingdom  
30 April 2021

## Statement of Accounting Policies and Combined Notes

### 1 ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently in both the current and prior year, are set out below:

#### (a) *Basis of accounting*

These financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and in accordance with the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", issued by the Investment Association, (the "IA SORP") in May 2014.

#### (b) *Realised and unrealised gains and losses*

Realised gains or losses have been calculated as the proceeds from disposal less book cost.

Unrealised gain/losses are calculated with reference to the original recorded value of the asset or liability, and only the element of gain/loss within the accounting period is recorded in the Financial Statements. All unrealised and realised gains are capital in nature and do not form part of the Fund's distributable income.

#### (c) *Recognition of revenue*

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

Rebates of annual management charges on underlying investments are accounted for on an accruals basis and recognised as revenue or capital in line with the treatment of the charge on the underlying fund.

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.

Reportable income from funds with 'Reporting Fund' status for UK tax purposes is recognised when the information is made available by the Reporting Fund.

Revenue on debt securities is accounted for on a straight line amortisation basis.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

#### (d) *Treatment of stock and special dividends*

The ordinary element of stock dividends 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. Amounts recognised as capital are deducted from the cost of the investment. The tax treatment follows the treatment of the principal amount.

#### (e) *Treatment of expenses*

All expenses, except for those relating to the purchase and sale of investments, are charged initially against revenue on an accrual basis.

Rebates on the fees payable to the Investment Managers are accounted for on an accruals basis and recognised as capital based on the expense policy of the underlying fund. Rebates on the fees payable to the Investment Manager are disclosed separately in the Notes to the Financial Statements.

#### (f) *Allocation of revenue and expenses to multiple share classes and sub-funds*

Any revenue or expense not directly attributable to a particular share class or sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and sub-funds, unless a different allocation method is more appropriate. In this fund the pro-rata allocation to the net assets method are used.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

## Statement of Accounting Policies and Combined Notes continued

**1 ACCOUNTING POLICIES** continued**(g) Taxation**

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

Offshore income gains, from funds without reporting status, are liable to capital gains tax at 20% and any resulting charge is deducted from capital.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method 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, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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.

**(h) Distribution policy**

Surplus revenue after taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital. For the purposes of calculating the distribution, on WS Verbatim Portfolio 5 Income Fund only, all expenses are charged to capital. This may cause capital erosion and constrain capital growth.

Interim distributions may be made at the ACD's discretion. Final distributions are made in accordance with the COLL Sourcebook.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

**(i) Basis of valuation of investments**

Quoted investments are valued at closing bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting period. Accrued interest on fixed interest securities is included in revenue.

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

**(j) 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.

**(k) Forward Currency Contracts**

A forward currency contract obligates the Fund to receive or deliver a fixed quantity of foreign currency at a specified price on an agreed future date. These contracts are valued at the forward rate and the Fund's equity therein, representing unrealised gains or losses on the contracts, is included in the Balance Sheet. Realised and unrealised gains and losses are included in Net capital gains/(losses) within the Statement of Total Return.

**(l) Going concern**

The ACD is of the opinion it is appropriate to continue to adopt a going concern basis in the preparation of the accounts as the assets of the company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

**(m) Use of estimates and judgements**

In the application of the Company's accounting policies as detailed above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## Statement of Accounting Policies and Combined Notes continued

**1 ACCOUNTING POLICIES** continued**(m) Use of estimates and judgements (continued)**

No critical judgements have been made by management in applying the accounting policies of the entity. Furthermore, there are no significant areas of estimation uncertainty affecting the carrying amounts of assets and liabilities at reporting date.

**(n) Dilution levy**

The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; where a sub-fund is experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy. No dilution levy was charged during the year ended 31 December 2020 (31 December 2019: Nil).

**(o) Cash flow statement**

The sub-funds are exempt from the requirement to produce a cash flow statement in accordance with Section 7 of FRS 102.

**2 RELATED PARTY TRANSACTIONS**

Waystone Management (UK) Limited ('the ACD') is regarded as a related party by virtue of having the ability to act in respect of the operations of the Company.

Management fees paid to the ACD are disclosed in note 4 and amounts due at the year end are disclosed in note 9 in each sub-fund.

The monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to shareholders of the sub-funds. The amounts outstanding at the year end in respect of these monies are shown in notes 7 and 9 in each sub-fund.

As part of the investment strategy, the sub-funds may from time to time hold shares in other collective investment schemes managed by the same Investment Manager or for which Waystone Management (UK) Limited is also the ACD.

The WS Verbatim Portfolio 3 Fund, WS Verbatim Portfolio 4 Fund, WS Verbatim Portfolio 5 Income Fund, WS Verbatim Portfolio 5 Growth Fund, WS Verbatim Portfolio 6 and WS Verbatim Portfolio 7 Fund each hold investments in schemes managed by the same Investment Manager. The fair values of the investments as at 31 December 2020 are presented in the table below. The Investment Manager of WS Verbatim Portfolio 5 Income Fund rebates to the respective sub-fund the proportion of the investment management fee they collect from the underlying schemes in respect of the value of the sub-fund's investment in these schemes. The Investment Manager of the rest of the sub-funds rebates to the relevant sub-fund the proportion of the investment management fee they collect from the sub-fund in respect of the value of the sub-fund's investment in these schemes.

<b>Fund</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
WS Verbatim Portfolio 3 Fund	4,368,744	4,577,773
WS Verbatim Portfolio 4 Fund	15,522,529	15,693,138
WS Verbatim Portfolio 5 Income Fund	4,126,322	5,832,545
WS Verbatim Portfolio 5 Growth Fund	18,088,431	21,884,403
WS Verbatim Portfolio 6 Fund	9,266,088	8,780,995
WS Verbatim Portfolio 7 Fund	7,614,167	7,943,561

## Statement of Accounting Policies and Combined Notes continued

**3 SHAREHOLDER FUNDS**

The share classes and annual management charges applicable to each sub-fund are as follows:

<b>Fund</b>	<b>Class</b>	<b>%</b>
WS Verbatim Portfolio 3 Fund	'A' Accumulation	1.40
WS Verbatim Portfolio 3 Fund	'B' Accumulation	0.65
WS Verbatim Portfolio 4 Fund	'A' Accumulation	1.40
WS Verbatim Portfolio 4 Fund	'B' Accumulation	0.65
WS Verbatim Portfolio 5 Income Fund	'A' Income	1.40
WS Verbatim Portfolio 5 Income Fund	'B' Income	0.65
WS Verbatim Portfolio 5 Growth Fund	'A' Accumulation	1.40
WS Verbatim Portfolio 5 Growth Fund	'B' Accumulation	0.65
WS Verbatim Portfolio 6 Fund	'A' Accumulation	1.40
WS Verbatim Portfolio 6 Fund	'B' Accumulation	0.65
WS Verbatim Portfolio 7 Fund	'A' Accumulation	1.40
WS Verbatim Portfolio 7 Fund	'B' Accumulation	0.65

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the Fund Information of each sub-fund.

**4 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

In pursuing the investment objectives, a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes to reduce or eliminate risks or to enhance the performance of the Company.

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the funds. The ACD requires that the appointed investment manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the funds managed.

The main risks from the sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

**i. Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis.

Certain transactions in securities that the sub-funds enter into expose them to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the sub-fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

**ii. Interest rate risk**

Interest rate risk is the risk that the value of the sub-funds investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

Investment in collective investment schemes exposes the sub-funds to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

Numerical disclosure of the interest rate risk profile is made in note 13i of the Notes to the Financial Statements of the sub-funds.

## Statement of Accounting Policies and Combined Notes continued

**4 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS** continued**iii. Foreign currency risk**

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

Numerical disclosure of the foreign currency risk profile is made in note 13ii of the Notes to the Financial Statements of the sub-funds.

**iv. Liquidity risk**

The main liability of the Company is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the ACD will ensure that a substantial portion of the sub-funds' assets consist of readily realisable securities.

All financial liabilities are payable in one year or less, or on demand.

**v. Market price risk**

Market price risk is the risk that the value of the sub-funds' financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the sub-funds hold.

Market price risk represents the potential loss the sub-funds may suffer through holding market positions in the face of price movements. The sub-fund's investment portfolios are exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

Numerical disclosure of the market price sensitivity is made in note 13iv of the Notes to the financial statements of the sub-funds.

**vi. Fair value of financial assets and financial liabilities**

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

**vii. Derivatives**

Disclosure is made in note 13iii of the Notes to the Financial Statements of the sub-funds.

**viii. Counterparty risk**

Counterparty risk is the risk of entering into an arrangement with a counterparty, which is itself subject to financial risks which may affect its ability to trade as a going concern.

Cash and bank balances consist primarily of cash. It is included in "Cash and bank balances" on the balance sheet.

**ix. Capital Management**

The capital structure of the sub-funds at year end consists of the net assets of the sub-funds attributable to shareholders.

The sub-funds are not subject to any external capital requirements.

To fund redemptions as they arise, the ACD will ensure a substantial portion of the sub-fund's assets consist of readily realisable securities.

The sub-funds have not employed any significant levels of leverage during the year.

**5 PORTFOLIO TRANSACTION COSTS**

Disclosure is made in note 14 of the Notes to the Financial Statements of the sub-funds.

## ACD's Report

### INVESTMENT OBJECTIVE AND POLICY

WS Verbatim Portfolio 3 Fund (the 'Fund') will use a broadly defensive investment strategy with the aim of achieving capital growth over the medium to longer term.

The Fund will seek to achieve its objective through investment in Collective Investment Schemes (regulated and unregulated) as well as directly held transferable securities (including exchange traded notes), derivatives, cash, deposits (including certificates of deposit), warrants, and money market instruments. Investment may be made globally but foreign currency exposure through non-UK investments may be hedged back into Sterling.

The Fund may also gain exposure (directly and indirectly) to alternatives, including but not limited to, property, commodities, hedge funds, private equity, infrastructure and loans, through investment in Collective Investment Schemes and transferable securities. Use may also be made of stock lending, borrowing, cash holdings and derivatives. It is intended that derivatives will be used for investment purposes as well as for efficient portfolio management but the ACD does not anticipate that such use of derivatives will have any significant adverse effect on the risk profile of the Fund. In particularly volatile markets, the Investment Manager may temporarily hold more than 10% in cash provided it is in accordance with the investment objective of the Fund. As the Investment Manager has the discretion to borrow up to 10% of the value of the property of the Fund, this facility may be used to help manage liquidity.

Waystone Management (UK) Limited  
*ACD of WS Verbatim Portfolio 3 Fund*

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT****Year ended 31 December 2020****INVESTMENT REVIEW**

Over the 12 months under review, the Fund produced a return of 3.5% (Source: Morningstar, B Acc shares).

As would be expected against such unprecedented developments, the portfolio saw a significant drawdown over the first quarter of 2020, although this should be seen in the context of the worst three months since 1987 for the FTSE 100, what we call the 'News at Ten Index'. Once again, the benefits of diversification were clear from Q1 returns, with the handful of funds posting positive numbers largely fixed income vehicles.

Looking at our equity exposure, there were few surprises, with UK funds typically among the worst hit – Fidelity Special Situations for example – amid a range of double-digit falls.

Over Q2, with governments and central banks launching rescue packages, equities retraced a large part of their losses. This rally drove much healthier performance for the underlying funds overall and in terms of top performers, many of the hardest-hit holdings in Q1 were among the best performers over the following three months including UBS US Growth.

After a turbulent first quarter, we felt that having been broadly neutral in terms of our tactical positioning since 2018, the sell off gave us scope to take advantage of increasingly cheap equity valuations. We were keen not to rush into markets but started making small tactical shifts in the second quarter as flows allowed. We reduced our growth exposure in the US for example (via the UBS US Growth Fund), tilting slightly towards value options as we continue to believe America's large-cap growth names (led by the FAANGs) are overvalued. Where possible, we also added exposure to our favoured markets, including Asia and emerging markets and smaller companies.

After the strong bounceback in the second quarter, Q3 was a slower, albeit still positive, period for most markets, driving a solid return for the Fund.

The US remains the market where the dislocation between economic reality and equity hope is starkest and continued to post strong performance despite selloffs in some of the largest tech names in September. Our positions in funds such as UBS US Growth, JPM US Equity Income and Fidelity Index US were among the strongest contributors over the quarter but our underweight exposure to a market we have long considered expensive remains a detractor.

Elsewhere, the UK was among the weaker equity markets, weighed down by fears of a second wave of Coronavirus and fresh Brexit chaos, and holdings such as Fidelity Index UK and Fidelity Special Situations were among the detractors in Q3.

In terms of trades, we sold our position in Stewart Investors Global Emerging Market Leaders and recycled into the Legg Mason Martin Currie Global Emerging Markets Fund. Within any region, we tend to hold a tracker fund plus value and growth options to provide balanced exposure. In emerging markets, we have held the Stewart fund as our 'growth' option for many years but felt it was an opportune time to move to an out-and-out growth vehicle from Martin Currie, which currently has more than 30% in China.

Given the invigorating effect of vaccine news on markets in the latter part of the year, it is little surprise to find improving sentiment among investors. In the November edition of the monthly Bank of America (BofA) Fund Manager survey, figures revealed falling cash levels among professional investors and a net 46% of asset allocators overweight equities, the highest level since January 2018. This saw an increase in exposure to small caps, emerging markets and value, and emerging markets is the asset class most believe will outperform in 2021, ahead of the S&P 500, oil and gold. Technology continues to be seen as the most crowded trade – and all of these show views shifting towards our long-term thinking.

Initial stronger performance in the 'Biden/vaccine bounce' came from companies benefiting from the economy reopening, such as consumer and leisure sectors, while those positioned for a stay-at-home scenario did less well, including technology. What recent events have allowed investors to do is recalibrate their expectations for many companies, a vaccine 'floor' if you will, creating more certainty around valuations given the fact a return to normality is at least in sight.

We have also seen a pronounced value spike – positive for our portfolios given the slight value tilt – but predicting a sustained resurgence for this part of the market has often proved the kiss of death in recent years. As ever, we are cautious about extrapolating short-term data into long-term outcomes – even given the largest one-day crash in momentum stocks in history over the month – but there are undeniably encouraging signs. Exhibit one for the value case is Biden's expected infrastructure programme and the 'Green Industrial Revolution' in the UK, which could be positive for sectors such as industrials, materials, consumer discretionary and – with a potential knock-on impact on bond yields – financials.

Top holdings over Q4 included Fidelity Special Situations as a prime example of this value resurgence and Fidelity Index UK, with the market enjoying a stronger end to 2020.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT** continued**INVESTMENT REVIEW (continued)**

For our part, we always want to prepare rather than react and believe our calls earlier in the year to add small caps, Asia and emerging markets are starting to bear fruit. Despite the Biden effect in the US, we still have concerns about narrow market leadership and believe tech companies could face further corrections, even without crushing Antitrust regulation.

**MARKET COMMENTARY**

We came into 2020 with positive news on trade wars and Brexit, two issues that had dogged sentiment for the whole of the previous year and before that – and there only mere rumblings of a viral outbreak in China. 12 months later and we remain in unprecedented territory, with many countries in, out and now back into lockdown, social distancing still in place, and millions of people working at home.

Just a month after the S&P 500 hit a record high on 19 February, the ongoing spread of Coronavirus and an oil-centred dispute between Russia and Opec saw markets tip into bear territory and growing fears about impending recession. Markets initially treated these events as a classic growth scare and reacted in typical 'bear' fashion; the difference to previous declines was the speed, with the slowest bull run in history very quickly giving way to one of the rapidest bear markets.

After the deep declines, we saw a huge stimulus effort from central banks and governments and this activity was able put a floor under markets, with equities bouncing back (far quicker than after the tech crash or global financial crisis) and, particularly in the US, reaching a series of fresh records as the year progressed. This continued through summer as economies started to open up but we become increasingly concerned with a growing dislocation between what we called market hope and economic reality.

On the policy front, we saw announcements from the US Federal Reserve and Bank of England (BoE) in September, with the former sending out what it called 'strong and powerful guidance' that interest rates will remain near zero until at least the end of 2023. The central bank also said it would not tighten policy until inflation has been 'moderately above' above 2% for some time, confirming plans to run the economy hot until well into recovery from Covid-19.

Later in the year, the BoE delayed a potential rate cut until the Brexit situation was clear and markets are pricing in a one-in-four chance of a reduction in 2021 to help the Covid recovery along, which would take rates into negative territory for the first time. If the outlook for inflation weakens further, the Monetary Policy Committee said it stands ready to take whatever action is necessary to achieve its remit, which suggests negative rates are on the table.

Coming into the second half of the year, attention turned to the US election, and markets had become increasingly jittery towards the end of October, with concerns around Covid-19 running out of control and fresh lockdowns blunting the positive impact of a predicted victory for Joe Biden in the US. The first days of November brought the long-awaited election, which proved every bit as tumultuous as expected and initially denied markets any of the certainty they craved.

Fears of a long drawn-out melee in the US had most investors expecting another challenging month but then came news of a vaccine from Pfizer/BioNTech, with early tests suggesting it could prevent more than 90% of people from getting Covid-19. With close to 60 million cases and over 1.4 million deaths around the world, this news caused great excitement in markets, with the S&P 500 and Dow Jones quickly rocketing back towards all-time high territory once again. Equities were pushed through these levels later in November, and global stocks actually registered the strongest month on record, on the back of a successful trial from US company Moderna and further positive vaccine news from Oxford AstroZeneca. In the UK, we saw the endgame of the four-and-a-half year Brexit fiasco, with the UK and EU unveiling a deal on Christmas Eve that should help markets start 2021 on firmer footing and allow companies to plan ahead and invest for the future. The US election also ended with a promise of a return to more traditional politics under President-elect Joe Biden, potentially alleviating the trade wars that have hit sentiment in recent years.

Despite rays of light, November also brought sobering economic news in the shape of Chancellor Rishi Sunak's Spending Review, suggesting persistent scars from Covid-19. Figures from the OECD predict the UK's recovery from the pandemic will lag behind every other major economy apart from Argentina, with the Organisation warning against any cutting of government spending despite spiralling debt levels. Against a backdrop of heavy government expenditure, the OECD said nations need to continue to make use of record-low borrowing costs to spend on protecting businesses and households.

**OUTLOOK**

With 2020 showing the lack of value in economic guesswork, what is worth saying as we head into another year? There is clearly considerable economic uncertainty despite vaccine news, with spiralling unemployment and huge debt burdens – and these are global rather than regional issues; for once, most of the world is genuinely in the same boat so we are likely to see ongoing collaboration between central banks and governments to support recovery.

ACD's Report continued

**INVESTMENT MANAGER'S REPORT** *continued*

**OUTLOOK (continued)**

After a difficult year – and longer if we consider the shadow of trade wars – 2021 does at least promise the end of three market-influencing factors, which could mean more market clarity than has been the case for some time: the first is the transition from Donald Trump to Joe Biden, the second is a reduction in the impact of Covid-19, and the third is the Brexit fiasco.

In the US, a broader return to more traditional politics and calmer approach to international relations should be positive after a long period of trade volatility and increasingly protectionist policies. Covid-19 has reminded everyone we are all one species and more can be achieved together than divided.

Elsewhere, the hope is that the vaccines already announced, and others to come, bring an end to Covid uncertainty and recent market moves suggest investors have at least been able to recalibrate expectations for many companies now that some return to normality is in sight. Finally, after more than four years of wrangling, the Brexit situation has reached its endgame, for good or ill, and I echo the view of our UK equity manager at Liontrust Anthony Cross, who has said that once the politicians get out of the way, companies can come in and make the best of whatever situation emerges.

There remains uncertainty in all three of these areas but, if nothing else, they should bring more clarity to markets in 2021. This may help to restore the disconnect between stock market hope and economic reality, which, for us, has continued to undermine surging stock markets throughout this year.

To reiterate, a huge part of record market levels has come from just a few 'Covid resistant' technology businesses and if we, at the very least, see some clarity return in 2021 (as those obfuscating forces recede), there should be more of a level playing field where fundamentals can shine through. The last two months of 2020 saw broader market performance, including a strong bounce for many deeply bruised value names, and if that continues, there should be stronger support for markets than the increasingly narrow leadership that persisted throughout much of 2020.

Liontrust Investment Partners LLP

*Investment Manager*

January 2021

ACD's Report continued

COMPARATIVE TABLES

Changes in net asset per share

	A		B		A		B	
	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation	
	£	£	£	£	£	£	£	
<b>Opening net asset value per share</b>	<b>1.5435</b>	<b>1.6522</b>	<b>1.4337</b>	<b>1.5237</b>	<b>1.4989</b>	<b>1.5810</b>		
Return before operating charges <sup>1</sup>	0.0781	0.0811	0.1414	0.1442	(0.0350)	(0.0370)		
Operating charges <sup>2</sup>	(0.0318)	(0.0218)	(0.0316)	(0.0157)	(0.0302)	(0.0203)		
<b>Return after operating charges<sup>3</sup></b>	<b>0.0463</b>	<b>0.0593</b>	<b>0.1098</b>	<b>0.1285</b>	<b>(0.0652)</b>	<b>(0.0573)</b>		
Gross distributions on accumulation shares	(0.0078)	(0.0173)	(0.0042)	(0.0174)	(0.0024)	(0.0149)		
Retained gross distributions on accumulation shares <sup>4</sup>	0.0078	0.0173	0.0042	0.0174	0.0024	0.0149		
<b>Closing net asset value per share</b>	<b>1.5898</b>	<b>1.7115</b>	<b>1.5435</b>	<b>1.6522</b>	<b>1.4337</b>	<b>1.5237</b>		
<b>*After direct transaction costs of<sup>5</sup></b>	<b>0.0000</b>	<b>0.0000</b>	<b>-</b>	<b>-</b>	<b>0.0001</b>	<b>0.0001</b>		
<b>Performance</b>								
Return after charges <sup>6</sup>	3.00%	3.59%	7.66%	8.43%	(4.35%)	(3.62%)		
<b>Other information</b>								
Closing net asset value (£)	6,562,506	54,412,157	8,232,279	53,643,441	8,552,405	51,310,512		
Closing number of shares	4,127,728	31,791,584	5,333,415	32,473,511	5,965,286	33,675,692		
Operating charges <sup>7</sup>	2.08%	1.33%	2.09%	1.34%	2.04%	1.29%		
Direct transaction costs <sup>8</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>Prices</b>								
Highest share price <sup>9</sup>	1.5985	1.7208	1.5633	1.6696	1.5092	1.5940		
Lowest share price <sup>9</sup>	1.3774	1.4763	1.4348	1.5249	1.4335	1.5234		

Footnotes:

<sup>1</sup> The "return before operating charges" is calculated as the "return after operating charges" plus the "operating charges".

<sup>2</sup> The Operating Charges shows the relevant operating expenses, excluding performance fees, expressed by reference to the average number of shares in issue during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.

<sup>3</sup> Calculated as the "closing net asset value per share" plus the "distributions" minus the "opening net asset value per share".

<sup>4</sup> The total amount retained is calculated as the total amount distributed.

<sup>5</sup> Total direct transaction costs expressed by reference to the average number of shares in issue at each valuation point during the year.

<sup>6</sup> The "return after charges" is calculated as the "return after operating charges" per share divided by the "opening net asset value per share".

<sup>7</sup> The Operating Charges shows the relevant annualised operating expenses, excluding performance fees, expressed by reference to the average of the net asset values at each valuation point during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.

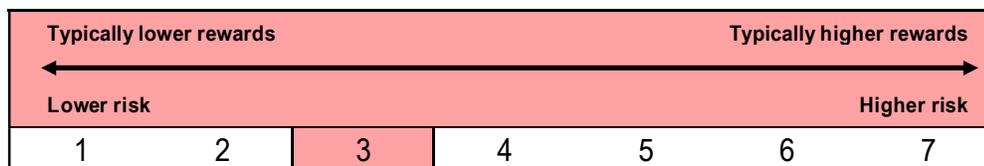
<sup>8</sup> Total direct transaction costs expressed by reference to the average of the net asset values at each valuation point during the year.

<sup>9</sup> The highest and lowest price from the published Net Asset Value.

ACD's Report continued

**FUND INFORMATION**

**SYNTHETIC RISK AND REWARD INDICATOR**



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

This Fund is ranked at 3 because funds of this type have experienced low to medium rises and falls in value in the past. 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.

Please note the Fund's risk category may change in the future.

Any specific risks as a result of investing in this Fund can be found in the Risk section of the Prospectus.

**FUND PERFORMANCE TO 31 DECEMBER 2020 (%)**

	Year to 31/12/2016	Year to 31/12/2017	Year to 31/12/2018	Year to 31/12/2019	Year to 31/12/2020	Since launch
WS Verbatim Portfolio 3 Fund	11.24%	6.21%	(3.48)%	8.66%	3.44%	76.02%

The performance of the Fund is based on the published price per 'B' Accumulation share which includes reinvested income. (Source: Morningstar)

The Fund is managed with the aim to maintain within its risk band, consistent with broadly defensive investment strategy, rather than to deliver a target return. There is no constraining benchmark or suitable comparator available. Investors can assess the Fund's performance by comparison of its total return over the medium to longer term to the Fund's Investment objective.

ACD's Report continued

**PORTFOLIO STATEMENT**  
AS AT 31 DECEMBER 2020

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.12.20 %	31.12.19 %
COLLECTIVE INVESTMENT SCHEMES				
279,000	Artemis Global Emerging Markets	409,488	0.67	
2,814,482	AXA Sterling Buy and Maintain Credit	4,247,053	6.97	
15,577	Baring Europe Select	750,011	1.23	
160,000	Downing Strategic Micro-Cap*	92,800	0.15	
157,679	Fidelity Index Emerging Markets	296,326	0.49	
939,200	Fidelity Index Europe ex UK	1,598,237	2.62	
300,400	Fidelity Index Pacific ex Japan	523,747	0.86	
1,803,421	Fidelity Index UK	2,362,842	3.88	
382,292	Fidelity Index US	1,061,204	1.74	
3,226,205	Fidelity Money Builder Income	4,242,459	6.96	
39,793	Fidelity Special Situations	1,373,259	2.25	
502,908	Goldman Sachs Sterling Liquid Reserve	502,908	0.82	
675,314	JPMorgan US Equity Income	2,090,772	3.43	
107,792	Jupiter European Opportunities*	784,726	1.29	
1,205,839	Legal & General All Stocks Gilt Index	3,083,330	5.06	
10,144,742	Legal & General Sterling Corporate Bond Index	6,176,119	10.13	
3,143,000	Legal & General UK Property	2,776,526	4.55	
69,866	Legg Mason IF Martin Currie Emerging Markets	329,351	0.54	
320,300	LF Lindsell Train UK Equity	1,049,559	1.72	
523,550	Liontrust European Income	1,359,972	2.23	
484,536	Liontrust Asia Income	701,027	1.15	
368,559	Liontrust Macro Equity Income	1,259,440	2.07	
250,617	Liontrust UK Growth	1,048,305	1.72	
181,640	M&G Property Portfolio	1,674,194	2.75	
149,148	River and Mercantile UK Micro Cap*	319,177	0.52	
3,140,169	Royal London Corporate Bond	4,025,696	6.60	
613,304	Royal London Index Linked	1,937,426	3.18	
182,000	Schroder Asia Pacific*	1,112,020	1.82	
840,807	UBS US Growth	1,899,973	3.12	
37,247	Vanguard Global Bond Index	6,200,137	10.16	
		<u>55,288,084</u>	<u>90.68</u>	
	<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>	<u>55,288,084</u>	<u>90.68</u>	<u>86.95</u>
	<b>Portfolio of Investments</b>	<b>55,288,084</b>	<b>90.68</b>	<b>86.95</b>
	Net other assets	5,686,579	9.32	13.05
	<b>Net assets</b>	<u><b>60,974,663</b></u>	<u><b>100.00</b></u>	<u><b>100.00</b></u>

\* Listed shares in closed end investment company

All investments are Collective Investment Schemes unless otherwise stated.

ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES**  
 FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Purchases</b>	<b>Cost £</b>
Fidelity Index UK	705,170
Fidelity Index Europe ex UK	617,486
Liontrust Asia Income	612,952
Fidelity Index Pacific ex Japan	466,847
Legg Mason IF Martin Currie Emerging Markets	315,908
Vanguard Global Bond Index	220,339
AXA Sterling Buy and Maintain Credit	93,837
Legal & General UK Property	85,155
Liontrust Macro Equity Income	77,781
Royal London Corporate Bond	65,771
Legal & General All Stocks Gilt Index	58,421
Liontrust European Income	53,468
JPMorgan US Equity Income	47,812
Fidelity Special Situations	45,988
Fidelity Index US	14,666
Artemis Global Emerging Markets	13,828
Fidelity Index Emerging Markets	5,930
First State Global Emerging Markets Leaders	4,240
<b>Total purchases</b>	<b><u>3,505,599</u></b>

The summary of material portfolio changes represents all purchases for the year.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES** continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Sales</b>	<b>Proceeds £</b>
Legal & General All Stocks Gilt Index	1,361,112
Vanguard Global Bond Index	617,619
Liontrust GF Asia Income	612,951
Fidelity Index Pacific ex Japan	450,769
First State Global Emerging Markets Leaders	347,332
Artemis Global Emerging Markets	9,244
Fidelity Index US	7,283
Fidelity Index Emerging Markets	3,696
Fidelity Index Europe ex UK	1,527
M&G Property Portfolio	806
Royal London Corporate Bond	159
<b>Total sales</b>	<b><u>3,412,498</u></b>

The summary of material portfolio changes represents all sales for the year.

Financial Statements

**STATEMENT OF TOTAL RETURN  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
Income					
Net capital gains	2		1,453,407		4,351,429
Revenue	3	1,309,015		1,314,893	
Expenses	4	(653,457)		(686,570)	
Net revenue before taxation		655,558		628,323	
Taxation	5	(55,223)		(10,824)	
Net revenue after taxation			600,335		617,499
<b>Total return before distributions</b>			<b>2,053,742</b>		<b>4,968,928</b>
Distributions	6		(612,222)		(605,581)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,441,520</b>		<b>4,363,347</b>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>Opening net assets attributable to shareholders</b>			61,884,720		59,862,917
Amounts receivable on issue of shares		7,147,560		5,523,612	
Amounts payable on cancellation of shares		(10,081,419)		(8,451,592)	
			(2,933,859)		(2,927,980)
Change in net assets attributable to shareholders from investment activities			1,441,520		4,363,347
Retained distribution on accumulation shares	6		582,282		586,436
<b>Closing net assets attributable to shareholders</b>			<b>60,974,663</b>		<b>61,884,720</b>

Financial Statements continued

**BALANCE SHEET  
AS AT 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed assets</b>					
Investments			55,288,084		53,811,596
<b>Current assets</b>					
Debtors	7	111,671		203,752	
Cash and bank balances	8	5,743,180		8,169,976	
<b>Total current assets</b>			<u>5,854,851</u>		<u>8,373,728</u>
<b>Total assets</b>			<u>61,142,935</u>		<u>62,185,324</u>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Creditors	9	(168,272)		(300,604)	
<b>Total creditors</b>			<u>(168,272)</u>		<u>(300,604)</u>
<b>Total liabilities</b>			<u>(168,272)</u>		<u>(300,604)</u>
<b>Net assets attributable to shareholders</b>	13		<u><u>60,974,663</u></u>		<u><u>61,884,720</u></u>

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

1 ACCOUNTING POLICIES

Refer to the Statement of Accounting Policies and Combined Notes

2 NET CAPITAL GAINS/(LOSSES)

The net capital gains during the year comprise:

Non-derivative securities\*

Rebates from underlying investments

Transaction charges

**Net capital gains**

	31.12.20 £	31.12.19 £
Non-derivative securities*	1,444,405	4,339,808
Rebates from underlying investments	9,948	11,621
Transaction charges	(946)	-
<b>Net capital gains</b>	<b>1,453,407</b>	<b>4,351,429</b>

\*Includes realised gains of £129,435 (31 December 2019: £1,089,588) and unrealised gains of £1,314,970 (31 December 2019: £3,250,220).

3 REVENUE

Bank interest

Franked UK dividends

Unfranked UK dividends

Offshore funds dividends

Offshore funds interest

Rebates from underlying funds

**Total revenue**

	31.12.20 £	31.12.19 £
Bank interest	1,139	2,548
Franked UK dividends	426,439	482,827
Unfranked UK dividends	659,771	765,997
Offshore funds dividends	26,301	31,788
Offshore funds interest	192,832	28,622
Rebates from underlying funds	2,533	3,111
<b>Total revenue</b>	<b>1,309,015</b>	<b>1,314,893</b>

4 EXPENSES

**Payable to the ACD, associates of the ACD and agents of either of them:**

ACD's periodic charge\*

**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Safe custody and other bank charges

**Other expenses:**

Regulatory costs

Investment manager's fee

Other expenses

**Total expenses**

	31.12.20 £	31.12.19 £
ACD's periodic charge*	455,427	472,443
	455,427	472,443
Safe custody and other bank charges	7,816	8,913
	7,816	8,913
Regulatory costs	99	100
Investment manager's fee	153,716	157,482
Other expenses	36,399	47,632
	190,214	205,214
<b>Total expenses</b>	<b>653,457</b>	<b>686,570</b>

\*Audit fees of £9,084+VAT+3% expenses for the year ended 31 December 2020 (31 December 2019: £8,250+VAT) have been borne by the ACD out of its periodic charge.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

5 TAXATION

(a) Analysis of the tax charge in the year

	31.12.20 £	31.12.19 £
Corporation tax	42,553	25,066
Corporation tax prior period adjustment	12,670	(14,242)
<b>Current tax charge (Note 5(b))</b>	<b>55,223</b>	<b>10,824</b>

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31 December 2019: 20%). The differences are explained below:

	31.12.20 £	31.12.19 £
Net revenue before taxation	655,558	628,323
Corporation tax at 20%	131,112	125,665
<b>Effects of:</b>		
Income in capital	1,990	2,324
Adjustment to prior year corporation tax	12,670	(14,242)
Revenue not subject to corporation tax	(90,549)	(102,923)
<b>Total tax charge (Note 5(a))</b>	<b>55,223</b>	<b>10,824</b>

(c) Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

6 DISTRIBUTIONS

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

	31.12.20 £	31.12.19 £
Final	582,282	586,436
Add: Revenue paid on cancellation of shares	62,290	43,171
Deduct: Revenue received on issue of shares	(32,350)	(24,026)
<b>Net distributions for the year</b>	<b>612,222</b>	<b>605,581</b>

Details of the distributions per Share are set out in the distribution table on page 35.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

6 DISTRIBUTIONS continued

	31.12.20 £	31.12.19 £
<b>Distributions represented by:</b>		
Net revenue after taxation	600,335	617,499
Prior year undistributed revenue/Undistributed revenue carried forward	11,918	(11,918)
Net movement in revenue account	(31)	
<b>Net distributions for the year</b>	<b>612,222</b>	<b>605,581</b>

7 DEBTORS

	31.12.20 £	31.12.19 £
Amounts due for rebates from underlying funds	3,907	11,784
Amounts receivable on issue of shares	12	12,393
Franked UK dividends	22,046	13,663
Distributions from Regulated Collective Investment Schemes		
Franked Investment Income	-	11,698
Unfranked Investment Income	59,675	130,795
Prepaid expenses	984	1,541
Income tax recoverable	25,047	21,878
<b>Total debtors</b>	<b>111,671</b>	<b>203,752</b>

8 CASH AND BANK BALANCES

	31.12.20 £	31.12.19 £
Bank balances:		
Revenue account <sup>(1)</sup>	-	836
Cash account <sup>(2)</sup>	5,743,180	8,169,140
<b>Bank balances</b>	<b>5,743,180</b>	<b>8,169,976</b>

(1) Cash held with Citibank Europe Plc, UK Branch.

(2) Cash held with CACEIS Bank, UK Branch. There is no distinction between revenue and capital for cash balances held at CACEIS Bank, UK Branch.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

9 CREDITORS

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
Amounts payable for cancellation of shares	32,695	109,418
Corporation tax payable	42,553	23,232
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	37,922	39,545
	<u>37,922</u>	<u>39,545</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	428	266
	<u>428</u>	<u>266</u>
Other accrued expenses:		
Investment manager's fee	51,394	118,896
Other expenses	3,280	9,247
	<u>54,674</u>	<u>128,143</u>
<b>Total creditors</b>	<u>168,272</u>	<u>300,604</u>

10 RELATED PARTY TRANSACTIONS

Disclosure is made in note 2 of the Statement of Accounting Policies and Combined Notes.

11 SHARE CLASSES

Disclosure is made in note 3 of the Statement of Accounting Policies and Combined Notes.

12 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no contingent liabilities or outstanding commitments at the balance sheet date (31 December 2019: Nil).

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks are disclosed in Note 4 of the Statement of Accounting Policies and Combined Notes. Disclosure specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk and derivatives.

*i. Interest rate risk*

The table below shows the direct interest rate risk profile:

	31.12.20 £	31.12.19 £
<b>Floating rate assets:</b>		
Pound Sterling	5,743,180	8,169,976
	5,743,180	8,169,976
<b>Assets on which interest is not paid:</b>		
Pound Sterling	55,399,755	54,015,348
	55,399,755	54,015,348
<b>Liabilities on which interest is not paid:</b>		
Pound Sterling	(168,272)	(300,604)
	(168,272)	(300,604)
<b>Net assets</b>	<b>60,974,663</b>	<b>61,884,720</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

*ii. Currency risk*

The table below shows the direct currency risk profile:

	31.12.20 £	31.12.19 £
<b>Currency:</b>		
Pound Sterling	60,974,663	61,884,720
<b>Net assets</b>	<b>60,974,663</b>	<b>61,884,720</b>

*iii. Derivatives*

The Fund may use derivatives for investment purposes; the Net Asset Value may therefore, at times, increase in volatility and the risk profile may change. However, it is the Investment Manager's intention that the Fund, owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of its underlying investments.

The Fund did not hold any derivatives at year end (as set out in the Portfolio Statement) (31 December 2019: none).

*iv. Market price risk*

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rates or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements - stock specific risk and market risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

If the market prices were to increase or decrease by 1%, the NAV would increase or decrease by £552,881 (31 December 2019: £538,116) if all other variables remained constant.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

14 PORTFOLIO TRANSACTION COSTS

Commissions and taxes as a % of average net assets.

	2020	2019
Commissions	0.00%	0.00%
Taxes	0.00%	0.00%

Commission and taxes as a % of relevant purchase and sales amounts

Purchases 31 December 2020	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	3,504,653	946	0.0270%	-	0.0000%

Total purchases including commissions and taxes £3,505,599.

Purchases 31 December 2019	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	11,343,918	-	0.0000%	-	0.0000%

Total purchases including commissions and taxes £11,343,918.

Sales 31 December 2020	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	3,412,498	-	0.0000%	-	0.0000%

Total sales including commissions and taxes £3,412,498.

Sales 31 December 2019	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	15,541,269	-	0.0000%	-	0.0000%

Total sales including commissions and taxes £15,541,269.

The portfolio transaction cost tables above include direct transaction costs suffered by the Fund during the year.

For the Fund's investment in Collective Investment Schemes there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

The average portfolio dealing spread for the year ended 31 December 2020 is 0.3853% (31 December 2019: 0.3867%). This spread is the difference between the values determined respectively by reference to the bid and offer prices of the investments.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

15 VALUATION OF FINANCIAL INSTRUMENTS

Fair values

Section 11 of FRS 102 and 3. 100 of the IA SORP establish a hierarchy to be used to estimate the fair value of investments that are publicly traded or whose fair value can be reliably measured if they are not publicly traded. The levels of the hierarchy are as follows:

- (1) The unadjusted quoted price in an active market for identical assets or liabilities.
- (2) Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- (3) Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2020.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	2,308,723	52,979,361	-	55,288,084

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2019.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	2,086,847	51,724,749	-	53,811,596

16 RECONCILIATION OF MOVEMENT IN SHARES

Share Class	A Accumulation	B Accumulation
Opening number of shares	5,333,415	32,473,511
Shares created	740,001	3,679,030
Shares cancelled	(1,945,688)	(4,360,957)
<b>Closing number of shares</b>	<b>4,127,728</b>	<b>31,791,584</b>

## Financial Statements continued

## DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2020 - IN PENCE PER SHARE

## Final

Group 1 Shares purchased prior to 1 January 2020

Group 2 Shares purchased on or after 1 January 2020 to 31 December 2020

'A' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	0.7813	-	0.7813	0.4206
Group 2	-	0.7813	0.7813	0.4206

'B' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	1.7301	-	1.7301	1.7368
Group 2	1.1960	0.5341	1.7301	1.7368

## EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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 shares for Capital Gains Tax purposes.

## ACD's Report

### INVESTMENT OBJECTIVE AND POLICY

WS Verbatim Portfolio 4 Fund (the 'Fund') will use a broadly cautious managed investment strategy with the aim of achieving capital growth over the medium to longer term.

The Fund will seek to achieve its objective through investment in Collective Investment Schemes (regulated and unregulated) as well as directly held transferable securities (including exchange traded notes), derivatives, cash, deposits (including certificates of deposit), warrants and money market instruments. Investment may be made globally but foreign currency exposure through non UK investments may be hedged back into Sterling.

The Fund may also gain exposure (directly and indirectly) to alternatives, including but not limited to, property, commodities, hedge funds, private equity, infrastructure and loans, through investment in Collective Investment Schemes and transferable securities.

Use may also be made of stock lending, borrowing, cash holdings and derivatives. It is intended that derivatives may be used for investment purposes as well as for efficient portfolio management but the ACD does not anticipate that such use of derivatives will have any significant adverse effect on the risk profile of the Fund. In particularly volatile markets, the Investment Manager may temporarily hold more than 10% in cash provided it is in accordance with the investment objective of the Fund. As the Investment Manager has the discretion to borrow up to 10% of the value of the property of the Fund, this facility may be used to help manage liquidity.

Waystone Management (UK) Limited  
*ACD of WS Verbatim Portfolio 4 Fund*

## ACD's Report

## INVESTMENT MANAGER'S REPORT

Year ended 31 December 2020

## INVESTMENT REVIEW

Over the 12 months under review, the Fund produced a return of 3.4% (Source: Morningstar, B Acc shares).

As would be expected against such unprecedented developments, the portfolio saw a significant drawdown over the first quarter of 2020, although this should be seen in the context of the worst three months since 1987 for the FTSE 100, what we call the 'News at Ten Index'. Once again, the benefits of diversification were clear from Q1 returns, with the handful of funds posting positive numbers largely fixed income vehicles.

Looking at our equity exposure, there were few surprises, with UK funds typically among the worst hit – Fidelity Special Situations for example – amid a range of double-digit falls.

Over Q2, with governments and central banks launching rescue packages, equities retraced a large part of their losses. This solid rally drove much healthier performance for the funds overall and in terms of top performers, many of the hardest-hit funds in Q1 were among the best performers over the following three months including UBS US Growth, Fidelity Special Situations and Schroder Asia Pacific.

After a turbulent first quarter, we felt that having been broadly neutral in terms of our tactical positioning since 2018, the selloff gave us scope to take advantage of increasingly cheap equity valuations. We were keen not to rush into markets but started making small tactical shifts in the second quarter as flows allowed. We reduced our growth exposure in the US for example (via the UBS US Growth Fund), tilting slightly towards value options as we continue to believe America's large-cap growth names (led by the FAANGs) are overvalued. Where possible, we also added exposure to our favoured markets, including Asia and emerging markets and smaller companies.

After the strong bounceback in the second quarter, Q3 was a slower, albeit still positive, period for most markets, driving a solid return for the Fund.

The US remains the market where the dislocation between economic reality and equity hope is starkest and continued to post strong performance despite selloffs in some of the largest tech names in September. Our positions in funds such as UBS US Growth, JPM US Equity Income and Fidelity Index US were among the strongest contributors over the quarter but our underweight exposure to a market we have long considered expensive remains a detractor.

Elsewhere, the UK was among the weaker equity markets, weighed down by fears of a second wave of Coronavirus and fresh Brexit chaos, and holdings such as Fidelity Index UK and Fidelity Special Situations were among the detractors in Q3.

In terms of trades, we sold our position in Stewart Investors Global Emerging Market Leaders and recycled into the Legg Mason Martin Currie Global Emerging Markets Fund. Within any region, we tend to hold a tracker fund plus value and growth options to provide balanced exposure. In emerging markets, we have held the Stewart fund as our 'growth' option for many years but felt it was an opportune time to move to an out-and-out growth vehicle from Martin Currie, which currently has more than 30% in China.

Given the invigorating effect of vaccine news on markets in the latter part of the year, it is little surprise to find improving sentiment among investors. In the November edition of the monthly Bank of America (BoFA) Fund Manager survey, figures revealed falling cash levels among professional investors and a net 46% of asset allocators overweight equities, the highest level since January 2018. This saw an increase in exposure to small caps, emerging markets and value, and emerging markets is the asset class most believe will outperform in 2021, ahead of the S&P 500, oil and gold. Technology continues to be seen as the most crowded trade – and all of these show views shifting towards our long-term thinking.

Initial stronger performance in the 'Biden/vaccine bounce' came from companies benefiting from the economy reopening, such as consumer and leisure sectors, while those positioned for a stay-at-home scenario did less well, including technology. What recent events have allowed investors to do is recalibrate their expectations for many companies, a vaccine 'floor' if you will, creating more certainty around valuations given the fact a return to normality is at least in sight.

We have also seen a pronounced value spike – positive for our portfolios given the slight value tilt – but predicting a sustained resurgence for this part of the market has often proved the kiss of death in recent years. As ever, we are cautious about extrapolating short-term data into long-term outcomes – even given the largest one-day crash in momentum stocks in history over the month – but there are undeniably encouraging signs. Exhibit one for the value case is Biden's expected infrastructure programme and the 'Green Industrial Revolution' in the UK, which could be positive for sectors such as industrials, materials, consumer discretionary and – with a potential knock-on impact on bond yields – financials.

Top holdings over Q4 included Fidelity Special Situations as a prime example of this value resurgence and Fidelity Index UK, with the market enjoying a stronger end to 2020.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT (continued)****INVESTMENT REVIEW (continued)**

For our part, we always want to prepare rather than react and believe our calls earlier in the year to add small caps, Asia and emerging markets are starting to bear fruit. Despite the Biden effect in the US, we still have concerns about narrow market leadership and believe tech companies could face further corrections, even without crushing Antitrust regulation.

**MARKET COMMENTARY**

We came into 2020 with positive news on trade wars and Brexit, two issues that had dogged sentiment for the whole of the previous year and before that – and there only mere rumblings of a viral outbreak in China. 12 months later and we remain in unprecedented territory, with many countries in, out and now back into lockdown, social distancing still in place, and millions of people working at home.

Just a month after the S&P 500 hit a record high on 19 February, the ongoing spread of Coronavirus and an oil-centred dispute between Russia and Opec saw markets tip into bear territory and growing fears about impending recession. Markets initially treated these events as a classic growth scare and reacted in typical 'bear' fashion; the difference to previous declines was the speed, with the slowest bull run in history very quickly giving way to one of the rapidest bear markets.

After the deep declines, we saw a huge stimulus effort from central banks and governments and this activity was able put a floor under markets, with equities bouncing back (far quicker than after the tech crash or global financial crisis) and, particularly in the US, reaching a series of fresh records as the year progressed. This continued through summer as economies started to open up but we become increasingly concerned with a growing dislocation between what we called market hope and economic reality.

On the policy front, we saw announcements from the US Federal Reserve and Bank of England (BoE) in September, with the former sending out what it called 'strong and powerful guidance' that interest rates will remain near zero until at least the end of 2023. The central bank also said it would not tighten policy until inflation has been 'moderately above' above 2% for some time, confirming plans to run the economy hot until well into recovery from Covid-19.

Later in the year, the BoE delayed a potential rate cut until the Brexit situation was clear and markets are pricing in a one-in-four chance of a reduction in 2021 to help the Covid recovery along, which would take rates into negative territory for the first time. If the outlook for inflation weakens further, the Monetary Policy Committee said it stands ready to take whatever action is necessary to achieve its remit, which suggests negative rates are on the table.

Coming into the second half of the year, attention turned to the US election, and markets had become increasingly jittery towards the end of October, with concerns around Covid-19 running out of control and fresh lockdowns blunting the positive impact of a predicted victory for Joe Biden in the US. The first days of November brought the long-awaited election, which proved every bit as tumultuous as expected and initially denied markets any of the certainty they craved.

Fears of a long drawn-out melee in the US had most investors expecting another challenging month but then came news of a vaccine from Pfizer/BioNTech, with early tests suggesting it could prevent more than 90% of people from getting Covid-19. With close to 60 million cases and over 1.4 million deaths around the world, this news caused great excitement in markets, with the S&P 500 and Dow Jones quickly rocketing back towards all-time high territory once again. Equities were pushed through these levels later in November, and global stocks actually registered the strongest month on record, on the back of a successful trial from US company Moderna and further positive vaccine news from Oxford AstroZeneca.

In the UK, we saw the endgame of the four-and-a-half year Brexit fiasco, with the UK and EU unveiling a deal on Christmas Eve that should help markets start 2021 on firmer footing and allow companies to plan ahead and invest for the future. The US election also ended with a promise of a return to more traditional politics under President-elect Joe Biden, potentially alleviating the trade wars that have hit sentiment in recent years.

Despite rays of light, November also brought sobering economic news in the shape of Chancellor Rishi Sunak's Spending Review, suggesting persistent scars from Covid-19. Figures from the OECD predict the UK's recovery from the pandemic will lag behind every other major economy apart from Argentina, with the Organisation warning against any cutting of government spending despite spiralling debt levels. Against a backdrop of heavy government expenditure, the OECD said nations need to continue to make use of record-low borrowing costs to spend on protecting businesses and households.

**OUTLOOK**

With 2020 showing the lack of value in economic guesswork, what is worth saying as we head into another year? There is clearly considerable economic uncertainty despite vaccine news, with spiralling unemployment and huge debt burdens – and these are global rather than regional issues; for once, most of the world is genuinely in the same boat so we are likely to see ongoing collaboration between central banks and governments to support recovery.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT (continued)****OUTLOOK (continued)**

After a difficult year – and longer if we consider the shadow of trade wars – 2021 does at least promise the end of three market-influencing factors, which could mean more market clarity than has been the case for some time: the first is the transition from Donald Trump to Joe Biden, the second is a reduction in the impact of Covid-19, and the third is the Brexit fiasco.

In the US, a broader return to more traditional politics and calmer approach to international relations should be positive after a long period of trade volatility and increasingly protectionist policies. If nothing else, Covid-19 has reminded everyone we are all one species and more can be achieved together than divided.

Elsewhere, the hope is that the vaccines already announced, and others to come, bring an end to Covid uncertainty and recent market moves suggest investors have at least been able to recalibrate expectations for many companies now that some return to normality is in sight.

Finally, after more than four years of wrangling, the Brexit situation has reached its endgame, for good or ill, and I echo the view of our UK equity manager at Liontrust Anthony Cross, who has said that once the politicians get out of the way, companies can come in and make the best of whatever situation emerges.

There remains uncertainty in all three of these areas but, if nothing else, they should bring more clarity to markets in 2021. This may help to restore the disconnect between stock market hope and economic reality, which, for us, has continued to undermine surging stock markets throughout this year.

To reiterate, a huge part of record market levels has come from just a few 'Covid resistant' technology businesses and if we, at the very least, see some clarity return in 2021 (as those obfuscating forces recede), there should be more of a level playing field where fundamentals can shine through. The last two months of 2020 saw broader market performance, including a strong bounce for many deeply bruised value names, and if that continues, there should be stronger support for markets than the increasingly narrow leadership that persisted throughout much of 2020.

Liontrust Investment Partners LLP  
*Investment Manager*  
January 2021

ACD's Report continued

COMPARATIVE TABLES

Changes in net asset per share

	31 December 2020		31 December 2019		31 December 2018	
	A Accumulation £	B Accumulation £	A Accumulation £	B Accumulation £	A Accumulation £	B Accumulation £
<b>Opening net asset value per share</b>	<b>1.6506</b>	<b>1.7683</b>	<b>1.5016</b>	<b>1.5970</b>	<b>1.5829</b>	<b>1.6708</b>
Return before operating charges <sup>1</sup>	0.0803	0.0837	0.1837	0.1955	(0.0485)	(0.0514)
Operating charges <sup>2</sup>	(0.0342)	(0.0238)	(0.0347)	(0.0242)	(0.0328)	(0.0224)
<b>Return after operating charges<sup>3</sup></b>	<b>0.0461</b>	<b>0.0599</b>	<b>0.1490</b>	<b>0.1713</b>	<b>(0.0813)</b>	<b>(0.0738)</b>
Gross distributions on accumulation shares	(0.0138)	(0.0246)	(0.0080)	(0.0221)	(0.0048)	(0.0177)
Retained gross distributions on accumulation shares <sup>4</sup>	0.0138	0.0246	0.0080	0.0221	0.0048	0.0177
<b>Closing net asset value per share</b>	<b>1.6967</b>	<b>1.8282</b>	<b>1.6506</b>	<b>1.7683</b>	<b>1.5016</b>	<b>1.5970</b>
*After direct transaction costs of <sup>5</sup>	0.0000	0.0000	0.0001	0.0001	0.0001	0.0001
<b>Performance</b>						
Return after charges <sup>6</sup>	2.79%	3.39%	9.92%	10.73%	(5.14%)	(4.42%)
<b>Other information</b>						
Closing net asset value (£)	6,320,516	93,558,726	7,919,089	96,226,740	7,856,422	84,813,847
Closing number of shares	3,725,165	51,175,317	4,797,646	54,418,952	5,232,127	53,109,870
Operating charges <sup>7</sup>	2.11%	1.36%	2.13%	1.39%	2.09%	1.34%
Direct transaction costs <sup>8</sup>	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%
<b>Prices</b>						
Highest share price <sup>9</sup>	1.7105	1.8430	1.6644	1.7829	1.6046	1.7021
Lowest share price <sup>9</sup>	1.4142	1.5170	1.5026	1.5981	1.4987	1.5938

Footnotes:

<sup>1</sup> The "return before operating charges" is calculated as the "return after operating charges" plus the "operating charges".

<sup>2</sup> The Operating Charges shows the relevant operating expenses, excluding performance fees, expressed by reference to the average number of shares in issue during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.

<sup>3</sup> Calculated as the "closing net asset value per share" plus the "distributions" minus the "opening net asset value per share".

<sup>4</sup> The total amount retained is calculated as the total amount distributed.

<sup>5</sup> Total direct transaction costs expressed by reference to the average number of shares in issue at each valuation point during the year.

<sup>6</sup> The "return after charges" is calculated as the "return after operating charges" per share divided by the "opening net asset value per share".

<sup>7</sup> The Operating Charges shows the relevant annualised operating expenses, excluding performance fees, expressed by reference to the average of the net asset values at each valuation point during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.

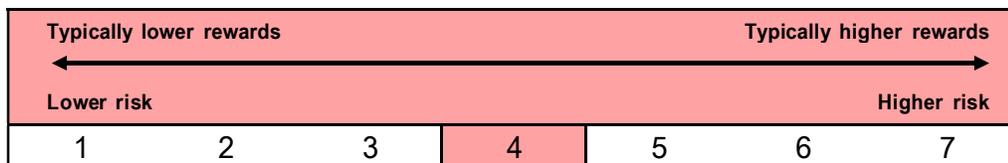
<sup>8</sup> Total direct transaction costs expressed by reference to the average of the net asset values at each valuation point during the year.

<sup>9</sup> The highest and lowest price from the published Net Asset Value.

ACD's Report continued

**FUND INFORMATION**

**SYNTHETIC RISK AND REWARD INDICATOR**



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

This Fund is ranked at 4 because funds of this type have experienced medium rises and falls in value in the past. 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.

Please note the Fund's risk category may change in the future.

Any specific risks as a result of investing in this Fund can be found in the Risk section of the Prospectus.

**FUND PERFORMANCE TO 31 DECEMBER 2020 (%)**

	Year to 31/12/2016	Year to 31/12/2017	Year to 31/12/2018	Year to 31/12/2019	Year to 31/12/2020	Since launch
WS Verbatim Portfolio 4 Fund	9.57%	8.45%	(4.38)%	11.14%	3.37%	85.23%

The performance of the Fund is based on the published price per 'B' Accumulation share which includes reinvested income. (Source: Morningstar)

The Fund is managed with the aim to maintain within its risk band, consistent with broadly cautious managed investment strategy, rather than to deliver a target return. There is no constraining benchmark or suitable comparator available. Investors can assess the Fund's performance by comparison of its total return over the medium to longer term to the Fund's Investment objective.

## ACD's Report continued

## PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2020

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.12.19 %	31.12.18 %
COLLECTIVE INVESTMENT SCHEMES				
564,175	Artemis Global Emerging Markets	828,040	0.83	
5,001,620	AXA Sterling Buy and Maintain Credit	7,547,445	7.56	
901,957	AXA US Short Duration High Yield	830,432	0.83	
310,000	Downing Strategic Micro-Cap*	179,800	0.18	
252,286	Fidelity Index Emerging Markets	474,121	0.47	
933,499	Fidelity Index Europe ex UK	1,588,535	1.59	
1,033,985	Fidelity Index Pacific Ex Japan	1,802,753	1.80	
3,087,075	Fidelity Index UK	4,044,686	4.05	
762,820	Fidelity Index US	2,117,511	2.12	
3,947,028	Fidelity Money Builder Income	5,190,342	5.20	
126,073	Fidelity Special Situations	4,350,774	4.36	
1,433,871	JPMorgan US Equity Income	4,439,266	4.44	
260,800	Jupiter European Opportunities*	1,898,624	1.90	
1,669,897	Legal & General All Stocks Gilt Index	4,269,926	4.28	
10,969,029	Legal & General Sterling Corporate Bond Index	6,677,945	6.69	
5,550,500	Legal & General UK Property	4,903,312	4.91	
154,538	Legg Mason IF Martin Currie Emerging Markets	728,492	0.73	
858,870	LF Lindsell Train UK Equity	2,814,345	2.82	
1,392,200	Liontrust European Income	3,616,379	3.62	
2,737,357	Liontrust Asia Income	3,960,408	3.97	
243,400	Liontrust GF High Yield Bond	2,816,065	2.82	
786,640	Liontrust Macro Equity Income	2,688,106	2.69	
583,703	Liontrust UK Growth	2,441,571	2.44	
459,374	M&G Property Portfolio	4,234,100	4.24	
210,164	River and Mercantile UK Micro Cap*	449,751	0.45	
4,468,516	Royal London Corporate Bond	5,728,638	5.73	
681,475	Schroder Asia Pacific*	4,163,812	4.17	
1,480,927	UBS US Growth	3,346,450	3.35	
29,242	Vanguard Global Bond Index	4,867,644	4.87	
		<u>92,999,273</u>	<u>93.11</u>	
	TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>92,999,273</u>	<u>93.11</u>	<u>89.00</u>
	<b>Portfolio of Investments</b>	<b>92,999,273</b>	<b>93.11</b>	89.00
	Net other assets	6,879,969	6.89	11.00
	<b>Net assets</b>	<u><b>99,879,242</b></u>	<u><b>100.00</b></u>	<u>100.00</u>

\* Listed shares in closed end investment company

All investments are Collective Investment Schemes unless otherwise stated.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES**  
 FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Purchases</b>	<b>Cost £</b>
Liontrust Asia Income	3,449,316
Fidelity Index Pacific Ex Japan	2,977,280
Fidelity Special Situations	1,060,996
Legg Mason IF Martin Currie Emerging Markets	701,625
Fidelity Index UK	172,037
AXA Sterling Buy and Maintain Credit	166,758
Liontrust Macro Equity Income	166,013
Vanguard Global Bond Index	158,844
Legal & General UK Property	150,383
Liontrust European Income	142,179
Royal London Corporate Bond	117,494
JPMorgan US Equity Income	101,518
Legal & General All Stocks Gilt Index	61,573
Fidelity Index Europe ex UK	37,799
Fidelity Index US	29,264
Artemis Global Emerging Markets	27,962
Fidelity Index Emerging Markets	9,487
First State Global Emerging Markets Leaders	9,042
<b>Total purchases</b>	<b><u>9,539,570</u></b>

The summary of material portfolio changes represents all purchases for the year.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES** continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Sales</b>	<b>Proceeds £</b>
Liontrust GF Asia Income	3,447,930
Fidelity Index Pacific Ex Japan	1,994,145
Fidelity Index Pacific Ex Japan	1,600,665
Fidelity Money Builder Income	1,466,761
Royal London Corporate Bond	1,003,547
First State Global Emerging Markets Leaders	741,851
UBS US Growth	495,783
Artemis Global Emerging Markets	18,692
Fidelity Index US	14,532
Fidelity Index Emerging Markets	5,913
<b>Total sales</b>	<b><u>10,789,819</u></b>

The summary of material portfolio changes represents all sales for the year.

Financial Statements

**STATEMENT OF TOTAL RETURN  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
Income					
Net capital gains	2		1,660,687		8,700,945
Revenue	3	2,455,113		2,300,605	
Expenses	4	(1,007,757)		(1,047,671)	
Net revenue before taxation		1,447,356		1,252,934	
Taxation	5	(74,887)		(21,289)	
Net revenue after taxation			1,372,469		1,231,645
<b>Total return before distributions</b>			3,033,156		9,932,590
Distributions	6		(1,380,521)		(1,223,595)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,652,635</b>		<b>8,708,995</b>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>Opening net assets attributable to shareholders</b>			104,145,829		92,670,269
Amounts receivable on issue of shares		6,024,400		10,398,153	
Amounts payable on cancellation of shares		(13,252,873)		(8,874,371)	
			(7,228,473)		1,523,782
Change in net assets attributable to shareholders from investment activities			1,652,635		8,708,995
Retained distribution on accumulation shares	6		1,309,251		1,242,783
<b>Closing net assets attributable to shareholders</b>			<b>99,879,242</b>		<b>104,145,829</b>

## Financial Statements continued

BALANCE SHEET  
AS AT 31 DECEMBER 2020

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed assets</b>					
Investments			92,999,273		92,689,451
<b>Current assets</b>					
Debtors	7	216,701		529,384	
Cash and bank balances	8	6,979,813		11,322,942	
<b>Total current assets</b>			<u>7,196,514</u>		<u>11,852,326</u>
<b>Total assets</b>			<u>100,195,787</u>		<u>104,541,777</u>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Creditors	9	(316,545)		(395,948)	
<b>Total creditors</b>			<u>(316,545)</u>		<u>(395,948)</u>
<b>Total liabilities</b>			<u>(316,545)</u>		<u>(395,948)</u>
<b>Net assets attributable to shareholders</b>	13		<u><u>99,879,242</u></u>		<u><u>104,145,829</u></u>

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

1 ACCOUNTING POLICIES

Refer to the Statement of Accounting Policies and Combined Notes

2 NET CAPITAL GAINS/(LOSSES)

The net capital gains during the year comprise:

Non-derivative securities\*

Rebates from underlying investments

Transaction charges

**Net capital gains**

	31.12.20 £	31.12.19 £
Non-derivative securities*	1,620,182	8,657,410
Rebates from underlying investments	41,890	43,535
Transaction charges	(1,385)	-
<b>Net capital gains</b>	<b>1,660,687</b>	<b>8,700,945</b>

\*Includes realised gains of £274,070 (31 December 2019: £3,523,569) and unrealised gains of £1,345,792 (31 December 2019: £5,133,841).

3 REVENUE

Bank interest

Franked UK dividends

Unfranked UK dividends

Offshore funds dividends

Offshore funds interest

Rebates from underlying funds

**Total revenue**

	31.12.20 £	31.12.19 £
Bank interest	2,626	2,521
Franked UK dividends	1,031,880	952,783
Unfranked UK dividends	1,129,590	1,165,880
Offshore funds dividends	166,719	153,455
Offshore funds interest	118,398	20,223
Rebates from underlying funds	5,900	5,743
<b>Total revenue</b>	<b>2,455,113</b>	<b>2,300,605</b>

4 EXPENSES

**Payable to the ACD, associates of the ACD and agents of either of them:**

ACD's periodic charge\*

**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Safe custody and other bank charges

	31.12.20 £	31.12.19 £
ACD's periodic charge*	695,938	712,216
	695,938	712,216
Safe custody and other bank charges	11,475	14,523
	11,475	14,523

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 4 EXPENSES continued

	31.12.20 £	31.12.19 £
<b>Other expenses:</b>		
Regulatory costs	99	100
Investment manager's fee	247,569	253,781
Other expenses	52,676	67,051
	<u>300,344</u>	<u>320,932</u>
<b>Total expenses</b>	<u>1,007,757</u>	<u>1,047,671</u>

\*Audit fees of £9,084+VAT+3% expenses for the year ended 31 December 2020 (31 December 2019: £8,250+VAT) have been borne by the ACD out of its periodic charge.

## 5 TAXATION

## (a) Analysis of the tax charge in the year

	31.12.20 £	31.12.19 £
Corporation tax	58,130	38,046
Corporation tax prior period adjustment	16,757	(16,757)
<b>Current tax charge (Note 5(b))</b>	<u>74,887</u>	<u>21,289</u>

## (b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31 December 2019: 20%). The differences are explained below:

	31.12.20 £	31.12.19 £
Net revenue before taxation	1,447,356	1,252,934
Corporation tax at 20%	<u>289,471</u>	<u>250,587</u>
<b>Effects of:</b>		
Income in capital	8,378	8,707
Adjustment to prior year corporation tax	16,757	(16,757)
Revenue not subject to corporation tax	(239,719)	(221,248)
<b>Total tax charge (Note 5(a))</b>	<u>74,887</u>	<u>21,289</u>

## (c) Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 6 DISTRIBUTIONS

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

	31.12.20 £	31.12.19 £
Final	1,309,251	1,242,783
Add: Revenue paid on cancellation of shares	117,959	59,581
Deduct: Revenue received on issue of shares	(46,689)	(78,769)
<b>Net distributions for the year</b>	<b>1,380,521</b>	<b>1,223,595</b>

Details of the distributions per Share are set out in the distribution table on page 54.

	31.12.20 £	31.12.19 £
<b>Distributions represented by:</b>		
Net revenue after taxation	1,372,469	1,231,645
Prior year undistributed revenue/Undistributed revenue carried forward	8,050	(8,050)
Net movement in revenue account	2	-
<b>Net distributions for the year</b>	<b>1,380,521</b>	<b>1,223,595</b>

## 7 DEBTORS

	31.12.20 £	31.12.19 £
Amounts due for rebates from underlying funds	14,652	37,725
Amounts receivable on issue of shares	-	132,851
Franked UK dividends	74,592	34,737
Distributions from Regulated Collective Investment Schemes		
Franked Investment Income	-	66,087
Unfranked Investment Income	76,246	225,242
Prepaid expenses	1,040	1,486
Income tax recoverable	50,171	31,256
<b>Total debtors</b>	<b>216,701</b>	<b>529,384</b>

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 8 CASH AND BANK BALANCES

	31.12.20	31.12.19
	£	£
Bank balances:		
Revenue account <sup>(1)</sup>	-	984
Cash account <sup>(2)</sup>	6,979,813	11,321,958
<b>Bank balances</b>	<b>6,979,813</b>	<b>11,322,942</b>

(1) Cash held with Citibank Europe Plc, UK Branch.

(2) Cash held with CACEIS Bank, UK Branch. There is no distinction between revenue and capital for cash balances held at CACEIS Bank, UK Branch.

## 9 CREDITORS

	31.12.20	31.12.19
	£	£
Amounts payable for cancellation of shares	111,810	89,232
Corporation tax payable	58,130	38,046
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	59,278	62,289
	59,278	62,289
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	820	1,961
	820	1,961
Other accrued expenses:		
Investment manager's fee	82,377	188,019
Other expenses	4,130	16,401
	86,507	204,420
<b>Total creditors</b>	<b>316,545</b>	<b>395,948</b>

## 10 RELATED PARTY TRANSACTIONS

Disclosure is made in note 2 of the Statement of Accounting Policies and Combined Notes.

## 11 SHARE CLASSES

Disclosure is made in note 3 of the Statement of Accounting Policies and Combined Notes.

## 12 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent liabilities or outstanding commitments at the balance sheet date (31 December 2019: nil).

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 4 of the Statement of Accounting Policies and Combined Notes. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

## i. Interest rate risk

The table below shows the direct interest rate risk profile:

	31.12.20 £	31.12.19 £
<b>Floating rate assets:</b>		
Pound Sterling	6,979,813	11,322,942
	<u>6,979,813</u>	<u>11,322,942</u>
<b>Assets on which interest is not paid:</b>		
Pound Sterling	93,215,974	93,218,835
	<u>93,215,974</u>	<u>93,218,835</u>
<b>Liabilities on which interest is not paid:</b>		
Pound Sterling	(316,545)	(395,948)
	<u>(316,545)</u>	<u>(395,948)</u>
<b>Net assets</b>	<u>99,879,242</u>	<u>104,145,829</u>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

## ii. Currency risk

The table below shows the direct currency risk profile:

	31.12.20 £	31.12.19 £
<b>Currency:</b>		
Pound Sterling	99,879,242	104,145,829
<b>Net assets</b>	<u>99,879,242</u>	<u>104,145,829</u>

## iii. Derivatives

The Fund may use derivatives for investment purposes; the Net Asset Value may therefore, at times, increase in volatility and the risk profile may change. However, it is the Investment Manager's intention that the Fund, owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of its underlying investments.

The Fund did not hold any derivatives at year end (as set out in the Portfolio Statement) (31 December 2019: none).

## iv. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rates or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the sub-fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements - stock specific risk and market risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

If the market prices were to increase or decrease by 1%, the NAV would increase or decrease by £929,993 (31 December 2019: £926,895) if all other variables remained constant.

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 14 PORTFOLIO TRANSACTION COSTS

Commissions and taxes as a % of average net assets.

	2020	2019
Commissions	0.00%	0.00%
Taxes	0.00%	0.01%

## Commission and taxes as a % of relevant purchase and sales amounts

Purchases 31 December 2020	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	9,538,185	1,385	0.0145%	-	0.0000%

Total purchases including commissions and taxes £9,539,570.

Purchases 31 December 2019	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	27,111,477	2,005	0.0074%	11,170	0.0412%

Total purchases including commissions and taxes £27,124,652.

Sales 31 December 2020	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	10,789,819	-	0.0000%	-	0.0000%

Total sales including commissions and taxes £10,789,819.

Sales 31 December 2019	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	28,499,107	489	0.0017%	7	0.0000%

Total sales including commissions and taxes £28,498,611.

The portfolio transaction cost tables above include direct transaction costs suffered by the Fund during the year.

For the Fund's investment in Collective Investment Schemes there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

The average portfolio dealing spread for the year ended 31 December 2020 is 0.4417% (31 December 2019: 0.3871%). This spread is the difference between the values determined respectively by reference to the bid and offer prices of the investments.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

15 VALUATION OF FINANCIAL INSTRUMENTS

Fair values

Section 11 of FRS 102 and 3. 100 of the IA SORP establish a hierarchy to be used to estimate the fair value of investments that are publicly traded or whose fair value can be reliably measured if they are not publicly traded. The levels of the hierarchy are as follows:

- (1) The unadjusted quoted price in an active market for identical assets or liabilities.
- (2) Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- (3) Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2020.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	6,691,987	86,307,286	-	92,999,273

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2019.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	5,874,431	86,815,020	-	92,689,451

16 RECONCILIATION OF MOVEMENT IN SHARES

Share Class	A Accumulation	B Accumulation
Opening number of shares	4,797,646	54,418,952
Shares created	209,456	3,318,607
Shares cancelled	(1,281,937)	(6,562,242)
<b>Closing number of shares</b>	<b>3,725,165</b>	<b>51,175,317</b>

## Financial Statements continued

## DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2020 - IN PENCE PER SHARE

## Final

Group 1 Shares purchased prior to 1 January 2020

Group 2 Shares purchased on or after 1 January 2020 to 31 December 2020

'A' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	1.3757	-	1.3757	0.8015
Group 2	-	1.3757	1.3757	0.8015

'B' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	2.4582	-	2.4582	2.2131
Group 2	1.8011	0.6571	2.4582	2.2131

## EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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 shares for Capital Gains Tax purposes.

## ACD's Report

### INVESTMENT OBJECTIVE AND POLICY

WS Verbatim Portfolio 5 Income Fund (the 'Fund') will use a broadly cautious balanced investment strategy with the aim of achieving income with some potential for capital growth over the medium to longer term.

The Fund will seek to achieve its objective through investment in Collective Investment Schemes (regulated and unregulated) as well as directly held transferable securities (including exchange traded notes), derivatives, cash, deposits (including certificates of deposit), warrants, and money market instruments. Investment may be made globally but foreign currency exposure through non UK investments may be hedged back into Sterling.

The Fund may also gain exposure (directly and indirectly) to alternatives, including but not limited to, property, commodities, hedge funds, private equity, infrastructure and loans, through investment in Collective Investment Schemes and transferable securities.

The equity element of the portfolio will have a bias towards stocks generating a high and sustainable income.

Use may also be made of stock lending, borrowing, cash holdings and derivatives. It is intended that derivatives may be used for investment purposes as well as for efficient portfolio management but the ACD does not anticipate that such use of derivatives will have any significant adverse effect on the risk profile of the Fund. In particularly volatile markets, the Investment Manager may temporarily hold more than 10% in cash provided it is in accordance with the investment objective of the Fund. As the Investment Manager has the discretion to borrow up to 10% of the value of the property of the Fund, this facility may be used to help manage liquidity.

Waystone Management (UK) Limited  
*ACD of WS Verbatim Portfolio 5 Income Fund*

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT**

Year ended 31 December 2020

**INVESTMENT REVIEW**

The Fund delivered mid-single digit absolute returns in 2020 but struggled against the composite benchmark. The global pandemic led to low yielding 'growth' companies (as opposed to income generating companies, which are better suited to the objectives of the fund) outperforming over 2020.

Below we include a review of some key transactions across the year. Activity in the early part of the year was higher than usual as we undertook a thorough stress-testing exercise for all of our Equities in response to the unfolding COVID-19 crisis.

**Buys**

Home Depot was purchased within the fund over the year. The instruction to 'stay at home' precipitated an increase in demand for home improvement goods and we saw Home Depot as a key beneficiary.

As households sought to hoard consumer staples in the face of the unprecedented crisis, we took the decision to increase our weighting in Unilever as a key beneficiary.

Consumer behaviour moved online at an unprecedented rate, bringing forward years' worth of anticipated growth in this area. United Parcel Service (UPS) was purchased as a key link in the chain to support the online purchases as volumes inevitably increased.

Merck & Co was purchased within the fund – the diversified pharmaceuticals business will be at the forefront of combatting the health crisis and as the owner of the world's largest cancer drug (Keytruda) continues to benefit from a long-term thematic tailwind.

Whilst not immune from disruption associated with the pandemic, we took the opportunity on weakness to add to Vodafone which has a resilient c. 6% yield supportive of the fund's objectives.

**Sells**

Schroder Oriental Income was disposed of over the course of the year, long serving manager Matthew Dobbs stepped back from management of the fund and we had higher conviction in alternative strategies.

Diversified Swedish holding company Investor AB was also disposed of, following strong performance we recycled the capital into holdings where we had a higher level of conviction.

Global drinks manufacturer Diageo was also disposed of. Whilst 'off trade' (domestic) sales remained resilient the 'on trade' (commercial) business, where profitability tends to be higher, was severely impacted.

Whilst the long-term prospects for the Asian insurance business of Prudential remain strong, sales needed to be made to manage the position size and the stock started and ended the year at the same c. 1% of the portfolio.

Following strong performance in the timber price, Weyerhaeuser was sold as we saw limited further upside in our valuation of the business.

\*All figures sourced via Sarasin & Partners LLP (internal system data 31.12.20)

**PERFORMANCE OF THE FUND**

It was a good year for Sterling denominated Credit, the IBOXX Sterling Corporate Bond All Maturities Index rose 8.6% for the year (Source: FE Analytics). However, the total year return for 2020 masks a high degree of volatility, the same IBOXX Sterling Corporate Bond All Maturities Index was down c. (-) 10.2% for the year during the nadir of the COVID-19 Crisis in March. The lows came as spreads blew out sharply when the market digested the full scale of the impact before recovering almost as quickly when Central Banks acted promptly and decisively to provide record amounts of liquidity (including backstopping so-called 'Fallen-Angel' high quality Credit issuers for the first time).

The fund's global approach to Equity selection provided some protection as against a more UK -centric approach, the MSCI ACWI rose c. (+) 12.7% for the year vs. (-) 13.2% for MSCI United Kingdom (Source: FE Analytics). However, the picture was not so supportive for dividend paying companies (the MSCI ACWI High Dividend Yield Index was (-) 1.4% for the year) as companies were forced to slash shareholder pay-outs and preserve cash in order to weather one of the deepest global recessions on record.

Against this backdrop, the fund delivered respectable net unit price returns of (+) 4.5% (B Income shares) for the year (Source: FE Analytics).

The objectives of the fund remain to produce a stable and growing nominal income in excess of 3.75% and this continues to be a challenge in an environment where yields across the benchmark indices remain at or near historic lows.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT (continued)****PERFORMANCE OF THE FUND (continued)**

Performance was behind the composite benchmark, this is primarily owing to the fact that the fund is structurally underrepresented towards low-yielding, high growth tech companies which provided leadership for much of the year.

**MARKET COMMENTARY**

We cannot yet be sure how this pandemic will end, but with the mass deployment of vaccines now under way, today's high infection rates could be materially lower in a few months' time. Financial markets were quick to respond last year, scenting better times ahead despite the daunting economic challenges we still face today. After what was one of the shortest bear markets in history, asset prices climbed and volatility fell on an almost linear trajectory, right through to year end. Global equities posted a 14% return in 2020, despite what was, in Britain's case, the deepest recession in 300 years.

It was not only equities that prospered last year; government bonds, credit, hedge funds, commodities, residential real estate and infrastructure all showed positive gains, alongside windfalls for investors in gold, silver and the digital or crypto currencies. This near 'universal' asset appreciation is not hard to explain. In the face of economic lockdown, policy makers drew on their playbook from the 2008 financial crisis but this time with greater urgency and scale. They executed massive central bank bond purchases, direct market intervention and simultaneous fiscal programmes. While this succeeded in blunting the economic impact, it was also rocket fuel for financial markets. Bond yields collapsed, interest rates fell to zero or below (and central bankers committed to holding them there) while personal savings rates soared (triggering a wave of retail stock buying). The result was a higher equity risk premium as earnings yields on stocks looked attractive relative to bonds or cash – this led to a wholesale re-rating of risk assets.

**OUTLOOK**

With vaccines being rolled out and the pipeline for additional coronavirus vaccines promising, hopes of returning to normal look increasingly realistic. However the time required to deploy the vaccine globally, and for economies and societies to reopen fully, cannot be underestimated. With many countries still grappling with rising cases and returning to lockdowns, the immediate picture remains challenging for businesses and societies.

To revive economies, policy makers continue to draw on their play book from the 2008 financial crisis but with greater urgency and scale. Central banks globally have shifted towards a more dovish monetary policy, potentially seeing lower rates for longer and a willingness to sustain higher inflation. Trillions in fiscal stimulus has also been pledged, targeting societal inequality with 'levelling up' policies, and industry stimulus such as the UK's 'Green Budget'. Crucially, government's mentality towards debt has shifted, meaning we're unlikely to see a return to the austerity that followed the 2008 crisis.

Over the long term, we think 2020 provides a window into the future industrial landscape. We expect trends that the pandemic accelerated, such as e-commerce and working from home, are here to stay. Further opportunities will be driven by the shift to a more digital world, new automation, climate change mitigation and adaptation, demographic trends and by shifts in consumption patterns in both the emerging and the developed markets.

Beyond the pandemic, there are other risks we are monitoring closely. Rising inequality is our greatest worry and the consequences of the virus disproportionately affecting lower skilled, lower income populations.

Despite the daunting infection data seen today, we remain positive on the prospects for a cyclical economic recovery in 2021 supported by international vaccination efforts. Ultimately, this combined with continued support from central banks should lead to an attractive environment for risk assets.

Sarasin & Partners LLP  
*Investment Manager*  
 January 2021

ACD's Report continued

COMPARATIVE TABLES

Changes in net asset per share

	31 December 2020		31 December 2019		31 December 2018	
	A Income £	B Income £	A Income £	B Income £	A Income £	B Income £
<b>Opening net asset value per share</b>	1.2855	1.3752	1.1913	1.2651	1.2912	1.3608
Return before operating charges <sup>1</sup>	0.0710	0.0752	0.1617	0.1719	(0.0321)	(0.0340)
Operating charges <sup>2</sup>	(0.0239)	(0.0160)	(0.0243)	(0.0158)	(0.0240)	(0.0154)
<b>Return after operating charges<sup>3</sup></b>	0.0471	0.0592	0.1374	0.1561	(0.0561)	(0.0494)
Gross distributions on income shares	(0.0412)	(0.0397)	(0.0432)	(0.0460)	(0.0438)	(0.0463)
<b>Closing net asset value per share</b>	1.2914	1.3947	1.2855	1.3752	1.1913	1.2651
*After direct transaction costs of <sup>5</sup>	0.0005	0.0006	0.0002	0.0002	0.0002	0.0003
<b>Performance</b>						
Return after charges <sup>6</sup>	3.66%	4.30%	11.53%	12.34%	(4.34%)	(3.63%)
<b>Other information</b>						
Closing net asset value (£)	1,756,653	18,045,085	2,400,397	21,267,459	1,865,314	19,706,106
Closing number of shares	1,360,211	12,938,116	1,867,301	15,464,929	1,565,775	15,576,940
Operating charges <sup>7</sup>	1.97%	1.23%	1.92%	1.17%	1.94%	1.19%
Direct transaction costs <sup>8</sup>	0.04%	0.04%	0.01%	0.01%	0.02%	0.02%
<b>Prices</b>						
Highest share price <sup>9</sup>	1.3067	1.4087	1.3081	1.3991	1.3086	1.3795
Lowest share price <sup>9</sup>	1.0077	1.0794	1.1962	1.2704	1.2005	1.2747

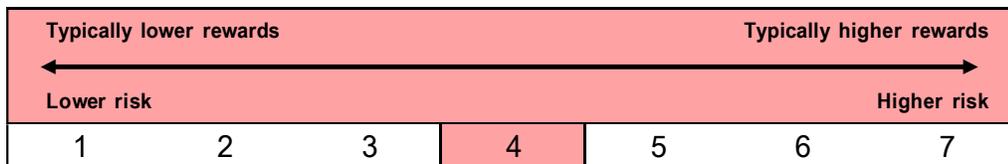
Footnotes:

- <sup>1</sup> The "return before operating charges" is calculated as the "return after operating charges" plus the "operating charges".
- <sup>2</sup> The Operating Charges shows the relevant operating expenses, excluding performance fees, expressed by reference to the average number of shares in issue during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.
- <sup>3</sup> Calculated as the "closing net asset value per share" plus the "distributions" minus the "opening net asset value per share".
- <sup>4</sup> The total amount retained is calculated as the total amount distributed.
- <sup>5</sup> Total direct transaction costs expressed by reference to the average number of shares in issue at each valuation point during the year.
- <sup>6</sup> The "return after charges" is calculated as the "return after operating charges" per share divided by the "opening net asset value per share".
- <sup>7</sup> The Operating Charges shows the relevant annualised operating expenses, excluding performance fees, expressed by reference to the average of the net asset values at each valuation point during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.
- <sup>8</sup> Total direct transaction costs expressed by reference to the average of the net asset values at each valuation point during the year.
- <sup>9</sup> The highest and lowest price from the published Net Asset Value.

ACD's Report continued

FUND INFORMATION

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

This Fund is ranked at 4 because funds of this type have experienced medium rises and falls in value in the past. 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.

Please note the Fund's risk category may change in the future.

Any specific risks as a result of investing in this Fund can be found in the Risk section of the Prospectus.

FUND PERFORMANCE TO 31 DECEMBER 2020 (%)

	Year to 31/12/2016	Year to 31/12/2017	Year to 31/12/2018	Year to 31/12/2019	Year to 31/12/2020	Since launch
WS Verbatim Portfolio 5 Income Fund	13.81%	7.84%	(3.74)%	12.75%	4.49%	109.19%

The performance of the Fund is based on the published price per 'B' Income share. (Source: Morningstar)

The Fund is managed with the aim to maintain within its risk band, consistent with broadly cautious balanced investment strategy, rather than to deliver a target return. There is no constraining benchmark or suitable comparator available. Investors can assess the Fund's performance by comparison of its total return over the medium to longer term to the Fund's Investment objective.

ACD's Report continued

**PORTFOLIO STATEMENT**  
AS AT 31 DECEMBER 2020

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.12.20 %	31.12.19 %
	COLLECTIVE INVESTMENT SCHEMES			
122,300	International Public Partnerships*	207,910	1.05	
792,000	Sarasin Global Higher Dividend	1,418,472	7.16	
1,550,000	Sarasin Global Higher Dividend Sterling Hedge	2,707,850	13.67	
193,236	Sequoia Economic Infrastructure Income*	212,173	1.07	
	<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>	<b>4,546,405</b>	<b>22.95</b>	<b>30.08</b>
	FIXED INTEREST			
80,000	A2D Funding II 4.5% Bonds 30/09/2026	93,392	0.47	
100,000	A2Dominion Housing Group 3.5% Bonds 15/11/2028	113,248	0.57	
200,000	AA Bond Co 2.75% Bonds 31/07/2043	196,244	0.99	
200,000	Affordable Housing Finance 2.893% Bonds 11/08/2043	274,752	1.39	
139,000	Arqiva Financing 5.34% Bonds 30/12/2037	176,784	0.89	
100,000	BPCE 5.25% Bonds 16/04/2029	128,912	0.65	
100,000	Comcast 5.5% Bonds 23/11/2029	139,249	0.70	
110,000	Credit Suisse Group 2.25% 09/06/2028	116,490	0.59	
100,000	Credit Suisse Group 2.75% 08/08/2025	109,030	0.55	
100,000	CYBG 4% Bonds 25/09/2026	109,237	0.55	
100,000	Dignity Finance 4.6956% Bonds 31/12/2049	80,474	0.41	
150,000	DWR Cymru 6.015% Bonds 31/03/2028	205,140	1.04	
100,000	Eastern Power Networks 8.5% Bonds 31/03/2025	131,648	0.66	
50,000	Electricite de France 5.125% Bonds 22/09/2050	81,302	0.41	
100,000	EMH Treasury 4.5% Bonds 29/01/2044	152,918	0.77	
70,000	European Investment Bank 3.875% 08/06/2037	103,841	0.52	
100,000	Fuller Smith & Turner 6.875% Bonds 30/04/2028	120,140	0.61	
103,380	Great Rolling Stock 6.875% Bonds 27/07/2035	136,050	0.69	
78,987	Greater Gabbard OFTO 4.137% Bonds 29/11/2032	94,705	0.48	
133,000	HSBC Holdings 5.75% Bonds 20/12/2027	167,815	0.85	
100,000	Investec Bank 4.25% Bonds 24/07/2028	103,521	0.52	
100,000	Legal & General 5.5% Bonds 27/06/2064	132,469	0.67	
200,000	Lloyds Bank 7.625% Bonds 22/04/2025	253,596	1.28	
70,000	Network Rail Infrastructure 4.75% Bonds 29/11/2035	109,806	0.55	
200,000	Places for People Homes 2.875% Bonds 17/08/2026	219,274	1.11	
150,000	Prudential 5.625% Bonds 20/10/2051	179,838	0.91	
200,000	RAC Bond 4.87% Bonds 06/05/2046	212,974	1.08	
100,000	Retail Charity 4.375% Bonds 29/07/2023	99,803	0.50	
60,000	Retail Charity 4.5% Bonds 20/06/2028	59,859	0.30	
40,000	Retail Charity 5% Bonds 12/04/2026	44,607	0.23	
100,000	Retail Charity 4.25% Bonds 30/03/2026	99,344	0.50	
10,000	Royal Bank for Reconstruction & Development 1% 21/12/2029	10,549	0.05	
202,000	Royal Bank of Scotland 3.622% 14/08/2030	217,003	1.10	
100,000	RWE 4.75% 31/01/2034	138,417	0.70	
200,000	Scottish South Energy 8.375% Bonds 20/11/2028	309,646	1.57	
122,000	Southern Water Services 2.375% 28/05/2028	129,879	0.66	
150,000	Southern Water Services 3% 28/05/2037	170,240	0.86	
150,000	Standard Chartered 5.125% Bonds 06/06/2034	191,763	0.97	

ACD's Report continued

PORTFOLIO STATEMENT *continued*

AS AT 31 DECEMBER 2020

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.12.20 %	31.12.19 %
	FIXED INTEREST <i>continued</i>			
97,091	Tesco Property Finance 5.8006% Bonds 13/10/2040	133,103	0.67	
100,000	Thames Water Utilitie Cayman Finance 3.5% Bonds 25/02/2028	115,529	0.58	
150,000	THFC Funding No 2 6.35% Bonds 08/07/2039	259,148	1.31	
150,000	Transport for London 3.875% Bonds 23/07/2042	216,080	1.09	
200,000	UNITE USAF II 3.921% Bonds 30/06/2025	219,884	1.11	
89,907	UPP Bond 1 Issuer 4.9023% Bonds 28/02/2040	112,003	0.57	
200,000	Vodafone Group 3% Bonds 12/08/2056	231,476	1.17	
81,602	Wods Transmission 3.446% Bonds 24/08/2034	95,438	0.48	
200,000	Welltower 4.5% Bonds 01/12/2034	257,630	1.30	
	TOTAL FIXED INTEREST	<u>7,054,250</u>	<u>35.63</u>	<u>36.62</u>
	EQUITIES			
	BANKS			
6,700	Bank of Nova Scotia	264,309	1.33	
2,380	Credicorp	285,560	1.45	
		<u>549,869</u>	<u>2.78</u>	<u>1.98</u>
	FINANCIAL SERVICES			
11,200	Admiral Group	325,472	1.64	
109,000	Apax Global Alpha	209,062	1.06	
85,000	BBGI Global Infrastructure	147,560	0.75	
2,460	CME	327,372	1.65	
3,772	Investor AB	202,408	1.02	
167,300	Legal General Group	445,185	2.24	
15,380	Prudential	207,169	1.05	
		<u>1,864,228</u>	<u>9.41</u>	<u>8.64</u>
	FOOD & BEVERAGE			
12,000	Associated British Foods	271,680	1.37	
17,700	Compass	241,251	1.22	
		<u>512,931</u>	<u>2.59</u>	<u>2.19</u>
	HEALTH CARE			
4,110	Merck & Co.	245,859	1.24	
8,000	Pfizer	215,254	1.09	
		<u>461,113</u>	<u>2.33</u>	<u>0.75</u>
	INDUSTRIAL GOODS & SERVICES			
94,700	DS Smith Holding	354,746	1.79	
50	Givaudan	154,495	0.78	
3,350	Rio Tinto	183,245	0.93	
2,010	Siemens	212,156	1.07	
		<u>904,642</u>	<u>4.57</u>	<u>4.97</u>
	OIL & GAS			
55,000	Enel	407,432	2.06	
		<u>407,432</u>	<u>2.06</u>	<u>3.92</u>

## ACD's Report continued

## PORTFOLIO STATEMENT continued

AS AT 31 DECEMBER 2020

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.12.20 %	31.12.19 %
	PERSONAL & HOUSEHOLD GOODS			
3,900	Colgate-Palmolive	243,624	1.23	
720	Home Depot	139,818	0.71	
2,450	Reckitt Benckiser	160,279	0.81	
6,735	Unilever	295,801	1.49	
		<u>839,522</u>	<u>4.24</u>	<u>0.64</u>
	RETAIL ESTATE			
1,125	Crown Castle	130,964	0.66	
		<u>130,964</u>	<u>0.66</u>	<u>3.17</u>
	RUBBER PRODUCTS			
9,400	Bridgestone	225,392	1.14	
		<u>225,392</u>	<u>1.14</u>	<u>1.12</u>
	TECHNOLOGY			
1,149	Accenture	219,327	1.11	
1,760	Broadcom	563,752	2.84	
6,940	Cisco Systems	227,045	1.15	
6,485	Taiwan Semiconductor Manufacturing	517,351	2.61	
		<u>1,527,475</u>	<u>7.71</u>	<u>4.36</u>
	TELECOMMUNICATIONS			
345,650	Vodafone	418,029	2.11	
		<u>418,029</u>	<u>2.11</u>	<u>0.69</u>
	TRANSPORTATION			
1,200	United Parcel Service	147,684	0.75	
		<u>147,684</u>	<u>0.75</u>	<u>0.69</u>
	TOTAL EQUITIES	<u>7,989,281</u>	<u>40.35</u>	<u>32.43</u>
	<b>Portfolio of Investments</b>	<b>19,589,936</b>	<b>98.93</b>	<b>99.13</b>
	Net other assets	211,802	1.07	0.87
	<b>Net assets</b>	<b><u>19,801,738</u></b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

\* Listed shares in closed end investment company

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

ACD's Report continued

**PORTFOLIO STATEMENT** continued

AS AT 31 DECEMBER 2020

**Credit ratings analysis of debt instruments**

**% of Total  
Net Assets**

Investment Grade Securities	33.08
Non Investment Grade Securities	0.41
Not rated	2.14

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35.63

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## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES**  
 FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Purchases</b>	<b>Cost £</b>
Home Depot	281,915
Unilever	274,999
United Parcel Service	263,501
Merck & Co.	261,647
Vodafone	253,856
European Investment Bank 3.875% 08/06/2037	252,445
Credicorp	236,865
Colgate-Palmolive	224,162
Cisco Systems	217,259
Vodafone Group 3% Bonds 12/08/2056	215,168
Royal Bank of Scotland 3.622% 14/08/2030	209,143
Siemens	197,251
Verizon Communications 1.875% 19/09/2030	194,960
Southern Water Services 3% 28/05/2037	160,121
Reckitt Benckiser	153,948
Prudential 5.625% Bonds 20/10/2051	152,423
BGI Global Infrastructure	143,546
Sarasin Global Higher Dividend	141,500
Crown Castle	139,499
Prudential	133,562
Other Purchases	1,973,617
<b>Total purchases</b>	<b>6,081,387</b>

The summary of material portfolio changes represents all purchases for the year.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES** continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Sales</b>	<b>Proceeds £</b>
Sarasin Global Higher Dividend	1,173,805
Sarasin Global Higher Dividend Sterling Hedge	644,751
Schroder Oriental Income	373,534
Investor AB	281,603
Diageo	261,041
United Parcel Service	260,285
Prudential	249,064
Weyerhaeuser	245,609
Scottish Widows 7.00% Bonds 16/06/2043	234,000
RWE AG 5.625% Bonds 06/12/2023	229,229
GlaxoSmithKline Capital 5.25% Bonds 19/12/2033	224,170
Segro	222,768
Aviva 6.625% Bonds 03/06/2041	213,068
Verizon Communications 1.875% 19/09/2030	208,482
Home Depot	198,943
AT&T 7.00% Bonds 30/04/2040	195,790
Wales & West Utilities 5% Bonds 07/03/2028	188,058
Royal Dutch Shell	176,784
Rio Tinto	165,971
Total	164,268
Other Sales	4,127,466
<b>Total sales</b>	<b>10,038,689</b>

The summary of material portfolio changes represents all sales for the year.

Financial Statements

**STATEMENT OF TOTAL RETURN  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
Income					
Net capital gains	2		206,227		2,053,492
Revenue	3	711,731		882,525	
Expenses	4	(259,731)		(283,064)	
Interest payable and similar charges		(51)		(32)	
Net revenue before taxation		451,949		599,429	
Taxation	5	(28,556)		(47,322)	
Net revenue after taxation			423,393		552,107
<b>Total return before distributions</b>			629,620		2,605,599
Distributions	6		(646,251)		(796,507)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(16,631)</b>		<b>1,809,092</b>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>Opening net assets attributable to shareholders</b>			23,667,856		21,571,420
Amounts receivable on issue of shares		1,296,783		2,942,963	
Amounts payable on cancellation of shares		(5,146,270)		(2,655,619)	
			(3,849,487)		287,344
Change in net assets attributable to shareholders from investment activities			(16,631)		1,809,092
<b>Closing net assets attributable to shareholders</b>			<b>19,801,738</b>		<b>23,667,856</b>

Financial Statements continued

**BALANCE SHEET  
AS AT 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed assets</b>					
Investments			19,589,936		23,462,914
<b>Current assets</b>					
Debtors	7	266,877		237,428	
Cash and bank balances	8	70,988		354,427	
<b>Total current assets</b>			<u>337,865</u>		<u>591,855</u>
<b>Total assets</b>			<u>19,927,801</u>		<u>24,054,769</u>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Creditors	9	(35,896)		(234,620)	
Distribution payable on Income shares		(90,167)		(152,293)	
<b>Total creditors</b>			<u>(126,063)</u>		<u>(386,913)</u>
<b>Total liabilities</b>			<u>(126,063)</u>		<u>(386,913)</u>
<b>Net assets attributable to shareholders</b>	13		<u><u>19,801,738</u></u>		<u><u>23,667,856</u></u>

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

1 ACCOUNTING POLICIES

Refer to the Statement of Accounting Policies and Combined Notes

2 NET CAPITAL GAINS/(LOSSES)

The net capital gains during the year comprise:

Non-derivative securities\*

Currency gains/(losses)

Rebates from underlying investments

Transaction charges

**Net capital gains**

	31.12.20	31.12.19
	£	£
	138,324	2,020,766
	36,550	(20,732)
	40,510	56,317
	(9,157)	(2,859)
	<u>206,227</u>	<u>2,053,492</u>

\*Includes realised losses of £77,167 (31 December 2019: gains of £105,327) and unrealised gains of £252,041 (31 December 2019: £1,915,439).

3 REVENUE

Bank interest

Franked UK dividends

Unfranked UK dividends

Overseas dividends

Unfranked overseas dividends

Interest from Debt Securities

Other income

**Total revenue**

	31.12.20	31.12.19
	£	£
	174	96
	294,396	341,528
	-	46,971
	182,660	192,546
	11,427	-
	223,074	288,133
	-	13,251
	<u>711,731</u>	<u>882,525</u>

4 EXPENSES

**Payable to the ACD, associates of the ACD and agents of either of them:**

ACD's periodic charge\*

**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Safe custody and other bank charges

	31.12.20	31.12.19
	£	£
	149,584	167,837
	<u>149,584</u>	<u>167,837</u>
	10,195	3,303
	<u>10,195</u>	<u>3,303</u>

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

4 EXPENSES continued

	31.12.20 £	31.12.19 £
<b>Other expenses:</b>		
Regulatory costs	99	98
Investment manager's fee	82,519	92,996
Other expenses	17,334	18,830
	<u>99,952</u>	<u>111,924</u>
<b>Total expenses</b>	<u>259,731</u>	<u>283,064</u>

\*Audit fees of £9,084+VAT+3% expenses for the year ended 31 December 2020 (31 December 2019: £8,250+VAT) have been borne by the ACD out of its periodic charge.

5 TAXATION

(a) Analysis of the tax charge in the year

	31.12.20 £	31.12.19 £
Corporation tax	3,081	23,372
Corporation tax prior period adjustment	68	-
Overseas tax	25,407	23,950
<b>Current tax charge (Note 5(b))</b>	<u>28,556</u>	<u>47,322</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31 December 2019: 20%). The differences are explained below:

	31.12.20 £	31.12.19 £
Net revenue before taxation	451,949	599,429
Corporation tax at 20%	<u>90,390</u>	<u>119,886</u>
<b>Effects of:</b>		
Income in capital	8,102	11,263
Overseas tax	25,407	23,950
Corporation tax prior period adjustment	68	-
Revenue not subject to corporation tax	(95,411)	(107,777)
<b>Total tax charge (Note 5(a))</b>	<u>28,556</u>	<u>47,322</u>

(c) Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

6 DISTRIBUTIONS

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

	31.12.20 £	31.12.19 £
Interim	536,296	647,291
Final	90,167	152,293
Add: Revenue paid on cancellation of shares	25,711	17,394
Deduct: Revenue received on issue of shares	(5,923)	(20,471)
<b>Net distributions for the year</b>	<b>646,251</b>	<b>796,507</b>

Details of the distributions per Share are set out in the distribution table on page 76 & 77.

	31.12.20 £	31.12.19 £
Interim	536,296	647,291
Final	90,167	152,293
Add: Revenue paid on cancellation of shares	25,711	17,394
Deduct: Revenue received on issue of shares	(5,923)	(20,471)
<b>Net distributions for the year</b>	<b>646,251</b>	<b>796,507</b>

	31.12.20 £	31.12.19 £
<b>Distributions represented by:</b>		
Net revenue after taxation	423,393	552,107
Expenses charged to capital	259,731	283,064
Undistributed income/distribution taken from capital	(202)	6,685
Tax relief from capital expenses	(36,671)	(45,349)
<b>Net distributions for the year</b>	<b>646,251</b>	<b>796,507</b>

7 DEBTORS

	31.12.20 £	31.12.19 £
Amounts due for rebates from underlying funds	5,810	18,889
Sales awaiting settlement	139,373	-
Franked UK dividends	29,037	80,809
Interest from debt securities	85,984	121,569
Prepaid expenses	885	6,749
Overseas withholding tax recoverable	5,788	9,412
<b>Total debtors</b>	<b>266,877</b>	<b>237,428</b>

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

8 CASH AND BANK BALANCES

	31.12.20 £	31.12.19 £
Bank balances:		
Capital account <sup>(1)</sup>	-	4,799
Revenue account <sup>(2)</sup>	230	7,074
Cash account <sup>(3)</sup>	70,758	342,554
<b>Bank balances</b>	<b>70,988</b>	<b>354,427</b>

(1) Cash held with The Northern Trust Company.

(2) Cash held with Citibank Europe Plc, UK Branch.

(3) Cash held with CACEIS Bank, UK Branch. There is no distinction between revenue and capital for cash balances held at CACEIS Bank, UK Branch.

9 CREDITORS

	31.12.20 £	31.12.19 £
Amounts payable for cancellation of shares	5,217	159,959
Corporation tax payable	3,081	23,372
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	12,154	14,760
	12,154	14,760
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	185	-
	185	-
Other accrued expenses:		
Investment manager's fee	13,150	31,879
Other expenses	2,109	4,650
	15,259	36,529
<b>Total creditors</b>	<b>35,896</b>	<b>234,620</b>

10 RELATED PARTY TRANSACTIONS

Disclosure is made in note 2 of the Statement of Accounting Policies and Combined Notes.

11 SHARE CLASSES

Disclosure is made in note 3 of the Statement of Accounting Policies and Combined Notes.

12 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent liabilities or outstanding commitments at the balance sheet date (31 December 2019: nil).

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 4 of the Statement of Accounting Policies and Combined Notes. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

*i. Interest rate risk*

The table below shows the direct interest rate risk profile:

	31.12.20 £	31.12.19 £
<b>Floating rate assets:</b>		
Pound Sterling	70,988	354,427
	70,988	354,427
<b>Fixed rate assets:</b>		
Indian Rupee	-	147,830
Indonesian Rupiah	-	109,315
Pound Sterling	7,054,250	8,410,510
	7,054,250	8,667,655
<b>Assets on which interest is not paid:</b>		
Canadian Dollar	264,309	242,988
Euro	633,511	1,140,110
Hong Kong Dollar	-	152,018
Japanese Yen	228,494	270,162
Pound Sterling	8,043,720	10,584,294
Swedish Krona	202,408	418,332
Swiss Franc	154,495	236,198
US Dollar	3,275,626	1,988,585
	12,802,563	15,032,687
<b>Liabilities on which interest is not paid:</b>		
Pound Sterling	(126,063)	(386,913)
	(126,063)	(386,913)
<b>Net assets</b>	<b>19,801,738</b>	<b>23,667,856</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

*i. Interest rate risk (continued)*

If interest rates had increased or decreased by 1% as at the balance sheet date, the net asset value of the Fund would have increased or decreased by £674,386 (31 December 2019: £732,417) if all other variables remain constant.

*ii. Currency risk*

The table below shows the direct currency risk profile:

	31.12.20	31.12.19
	£	£
<b>Currency:</b>		
Canadian Dollar	264,309	242,988
Euro	633,511	1,140,110
Hong Kong Dollar	-	152,018
Indian Rupee	-	150,422
Indonesian Rupiah	-	115,899
Japanese Yen	228,494	270,162
Swedish Krona	202,408	418,332
Swiss Franc	154,495	236,198
US Dollar	3,275,626	1,988,585
<b>Total foreign currency exposure</b>	<b>4,758,843</b>	<b>4,714,714</b>
Pound Sterling	15,042,895	18,953,142
<b>Net assets</b>	<b>19,801,738</b>	<b>23,667,856</b>

If the value of the Pound Sterling increased or decreased by 1% against the currencies to which the sub-fund is exposed to, the NAV would increase or decrease by £47,588 (31 December 2019: £47,147) if all other variables remained constant.

*iii. Derivatives*

The Fund may use derivatives for investment purposes; the Net Asset Value may therefore, at times, increase in volatility and the risk profile may change. However, it is the Investment Manager's intention that the Fund, owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of its underlying investments.

The Fund did not hold any derivatives at year end (as set out in the Portfolio Statement) (31 December 2019: none).

*iv. Market price risk*

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements - stock specific risk and market risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

If the market prices were to increase or decrease by 1%, the NAV would increase or decrease by £195,899 (31 December 2019: £234,629) if all other variables remained constant.

**Financial Statements continued**
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020** continued

**14 PORTFOLIO TRANSACTION COSTS**

Commissions and taxes as a % of average net assets.

	2020	2019
Commissions	0.04%	0.01%
Taxes	0.00%	0.03%

**Commission and taxes as a % of relevant purchase and sales amounts**

<b>Purchases 31 December 2020</b>	<b>Base Currency</b>	<b>Value (base)</b>	<b>Commissions</b>	<b>%</b>	<b>Tax</b>	<b>%</b>
Collective investment schemes	GBP	411,237	736	0.1790%	-	0.0000%
Listed equity transactions	GBP	3,231,690	6,555	0.2028%	-	0.0000%
Fixed income transactions	GBP	2,430,216	953	0.0392%	-	0.0000%

**Total purchases including commissions and taxes £6,081,387.**

<b>Purchases 31 December 2019</b>	<b>Base Currency</b>	<b>Value (base)</b>	<b>Commissions</b>	<b>%</b>	<b>Tax</b>	<b>%</b>
Collective investment schemes	GBP	604,221	-	0.0000%	-	0.0000%
Listed equity transactions	GBP	2,319,017	1,188	0.0512%	6,734	0.2904%
Fixed income transactions	GBP	1,670,719	-	0.0000%	-	0.0000%

**Total purchases including commissions and taxes £4,601,879.**

<b>Sales 31 December 2020</b>	<b>Base Currency</b>	<b>Value (base)</b>	<b>Commissions</b>	<b>%</b>	<b>Tax</b>	<b>%</b>
Collective investment schemes	GBP	2,563,238	206	0.0080%	-	0.0000%
Listed equity transactions	GBP	3,236,684	705	0.0218%	-	0.0000%
Fixed income transactions	GBP	4,239,680	2	0.0000%	-	0.0000%

**Total sales including commissions and taxes £10,038,689.**

<b>Sales 31 December 2019</b>	<b>Base Currency</b>	<b>Value (base)</b>	<b>Commissions</b>	<b>%</b>	<b>Tax</b>	<b>%</b>
Collective investment schemes	GBP	682,263	74	0.0108%	4	0.0006%
Listed equity transactions	GBP	1,816,286	1,771	0.0975%	16	0.0009%
Fixed income transactions	GBP	1,503,850	-	0.0000%	-	0.0000%

**Total sales including commissions and taxes £4,000,534.**

The portfolio transaction cost tables above include direct transaction costs suffered by the Fund during the year.

For the Fund's investment in Collective Investment Schemes there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

The average portfolio dealing spread for the year ended 31 December 2020 is 0.4336% (31 December 2019: 0.3524%). This spread is the difference between the values determined respectively by reference to the bid and offer prices of the investments.

Financial Statements continued

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020** continued

**15 VALUATION OF FINANCIAL INSTRUMENTS**

**Fair values**

Section 11 of FRS 102 and 3. 100 of the IA SORP establish a hierarchy to be used to estimate the fair value of investments that are publicly traded or whose fair value can be reliably measured if they are not publicly traded. The levels of the hierarchy are as follows:

- (1) The unadjusted quoted price in an active market for identical assets or liabilities.
- (2) Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- (3) Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2020.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	8,409,364	11,180,572	-	19,589,936

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2019.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	8,840,075	14,622,839	-	23,462,914

**16 RECONCILIATION OF MOVEMENT IN SHARES**

Share Class	A Income	B Income
Opening number of shares	1,867,301	15,464,929
Shares created	181,186	825,334
Shares cancelled	(688,276)	(3,352,147)
<b>Closing number of shares</b>	<b>1,360,211</b>	<b>12,938,116</b>

**Financial Statements continued**
**DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2020 - IN PENCE PER SHARE**
**First Distribution**

Group 1 Shares purchased prior to 1 January 2020

Group 2 Shares purchased on or after 1 January 2020 to 31 March 2020

<b>'A' Income Shares</b>	<b>Net revenue</b>	<b>Equalisation</b>	<b>Paid 31.05.20</b>	<b>Paid 31.05.19</b>
Group 1	1.0976	-	1.0976	1.0992
Group 2	0.6235	0.4741	1.0976	1.0992

<b>'B' Income Shares</b>	<b>Net revenue</b>	<b>Equalisation</b>	<b>Paid 31.05.20</b>	<b>Paid 31.05.19</b>
Group 1	1.0624	-	1.0624	1.1684
Group 2	0.6350	0.4274	1.0624	1.1684

**Second Distribution**

Group 1 Shares purchased prior to 1 April 2020

Group 2 Shares purchased on or after 1 April 2020 to 30 June 2020

<b>'A' Income Shares</b>	<b>Net revenue</b>	<b>Equalisation</b>	<b>Paid 31.08.20</b>	<b>Paid 31.08.19</b>
Group 1	1.1728	-	1.1728	1.2170
Group 2	0.2959	0.8769	1.1728	1.2170

<b>'B' Income Shares</b>	<b>Net revenue</b>	<b>Equalisation</b>	<b>Paid 31.08.20</b>	<b>Paid 31.08.19</b>
Group 1	1.1465	-	1.1465	1.2950
Group 2	0.5510	0.5955	1.1465	1.2950

**Third Distribution**

Group 1 Shares purchased prior to 1 July 2020

Group 2 Shares purchased on or after 1 July 2020 to 30 September 2020

<b>'A' Income Shares</b>	<b>Net revenue</b>	<b>Equalisation</b>	<b>Paid 30.11.20</b>	<b>Paid 30.11.19</b>
Group 1	1.1607	-	1.1607	1.1701
Group 2	0.1199	1.0408	1.1607	1.1701

<b>'B' Income Shares</b>	<b>Net revenue</b>	<b>Equalisation</b>	<b>Paid 30.11.20</b>	<b>Paid 30.11.19</b>
Group 1	1.1382	-	1.1382	1.2481
Group 2	0.7069	0.4313	1.1382	1.2481

Financial Statements continued

DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2020 - IN PENCE PER SHARE

Final

Group 1 Shares purchased prior to 1 October 2020

Group 2 Shares purchased on or after 1 October 2020 to 31 December 2020

'A' Income Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	0.6894	-	0.6894	0.8338
Group 2	0.3423	0.3471	0.6894	0.8338

'B' Income Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	0.6244	-	0.6244	0.8841
Group 2	0.4269	0.1975	0.6244	0.8841

**EQUALISATION**

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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 shares for Capital Gains Tax purposes.

## ACD's Report

### INVESTMENT OBJECTIVE AND POLICY

WS Verbatim Portfolio 5 Growth Fund (the 'Fund') will use a broadly cautious balanced strategy with the aim of achieving capital growth over the medium to longer term.

The Fund will seek to achieve its objective through investment in Collective Investment Schemes (regulated and unregulated) as well as directly held transferable securities (including exchange traded notes), derivatives, cash, deposits (including certificates of deposit), warrants, and money market instruments. Investment may be made globally but foreign currency exposure through non UK investments may be hedged back into Sterling.

The Fund may also gain exposure (directly and indirectly) to alternatives, including but not limited to, property, commodities, hedge funds, private equity, infrastructure and loans, through investment in Collective Investment Schemes and transferable securities.

Use may also be made of stock lending, borrowing, cash holdings and derivatives. It is intended that derivatives will be used for investment purposes as well as for efficient portfolio management but the ACD does not anticipate that such use of derivatives will have any significant adverse effect on the risk profile of the Fund. In particularly volatile markets, the Investment Manager may temporarily hold more than 10% in cash provided it is in accordance with the investment objective of the Fund. As the Investment Manager has the discretion to borrow up to 10% of the value of the property of the Fund, this facility may be used to help manage liquidity.

Waystone Management (UK) Limited  
*ACD of WS Verbatim Portfolio 5 Growth Fund*

## ACD's Report continued

## INVESTMENT MANAGER'S REPORT

Year ended 31 December 2020

## INVESTMENT REVIEW

Over the 12 months under review, the Fund produced a return of 3.4% (Source: Morningstar, B Acc shares).

As would be expected against such unprecedented developments, the portfolio saw a significant drawdown over the first quarter of 2020, although this should be seen in the context of the worst three months since 1987 for the FTSE 100, what we call the 'News at Ten Index'. Once again, the benefits of diversification were clear from Q1 returns, with the handful of funds posting positive numbers largely fixed income vehicles.

Looking at our equity exposure, there were few surprises, with UK funds typically among the worst hit – Fidelity Special Situations for example – amid a range of double-digit falls. As emerging market and Asian equities did relatively better than Western equities over the quarter, the higher-risk portfolios benefited from their greater exposure to these.

Over Q2, with governments and central banks launching rescue packages, equities retraced a large part of their losses. This solid rally drove much healthier performance for the funds overall and in terms of top performers, many of the hardest-hit funds in Q1 were among the best performers over the following three months including UBS US Growth, JPM US Equity Income and Schroder Asia Pacific.

After a turbulent first quarter, we felt that having been broadly neutral in terms of our tactical positioning since 2018, the selloff gave us scope to take advantage of increasingly cheap equity valuations. We were keen not to rush into markets but started making small tactical shifts in the second quarter as flows allowed. We reduced our growth exposure in the US for example (via the UBS US Growth Fund), tilting slightly towards value options as we continue to believe America's large-cap growth names (led by the FAANGs) are overvalued. Where possible, we also added exposure to our favoured markets, including Asia and emerging markets and smaller companies.

After the strong bounceback in the second quarter, Q3 was a slower, albeit still positive, period for most markets, driving a solid return for the funds.

The US remains the market where the dislocation between economic reality and equity hope is starkest and continued to post strong performance despite selloffs in some of the largest tech names in September. Our positions in funds such as UBS US Growth, JPM US Equity Income and Fidelity Index US were among the strongest contributors over the quarter but our underweight exposure to a market we have long considered expensive remains a detractor.

Elsewhere, the UK was among the weaker equity markets, weighed down by fears of a second wave of Coronavirus and fresh Brexit chaos, and holdings such as Fidelity Index UK and Fidelity Special Situations were among the detractors in Q3.

In terms of trades, we sold our position in Stewart Investors Global Emerging Market Leaders and recycled into the Legg Mason Martin Currie Global Emerging Markets Fund. Within any region, we tend to hold a tracker fund plus value and growth options to provide balanced exposure. In emerging markets, we have held the Stewart fund as our 'growth' option for many years but felt it was an opportune time to move to an out-and-out growth vehicle from Martin Currie, which currently has more than 30% in China.

Given the invigorating effect of vaccine news on markets in the latter part of the year, it is little surprise to find improving sentiment among investors. In the November edition of the monthly Bank of America (BoFA) Fund Manager survey, figures revealed falling cash levels among professional investors and a net 46% of asset allocators overweight equities, the highest level since January 2018. This saw an increase in exposure to small caps, emerging markets and value, and emerging markets is the asset class most believe will outperform in 2021, ahead of the S&P 500, oil and gold. Technology continues to be seen as the most crowded trade – and all of these show views shifting towards our long-term thinking.

Initial stronger performance in the 'Biden/vaccine bounce' came from companies benefiting from the economy reopening, such as consumer and leisure sectors, while those positioned for a stay-at-home scenario did less well, including technology. What recent events have allowed investors to do is recalibrate their expectations for many companies, a vaccine 'floor' if you will, creating more certainty around valuations given the fact a return to normality is at least in sight.

We have also seen a pronounced value spike – positive for our portfolios given the slight value tilt – but predicting a sustained resurgence for this part of the market has often proved the kiss of death in recent years. As ever, we are cautious about extrapolating short-term data into long-term outcomes – even given the largest one-day crash in momentum stocks in history over the month – but there are undeniably encouraging signs. Exhibit one for the value case is Biden's expected infrastructure programme and the 'Green Industrial Revolution' in the UK, which could be positive for sectors such as industrials, materials, consumer discretionary and – with a potential knock-on impact on bond yields – financials.

Top holdings over Q4 included Fidelity Special Situations as a prime example of this value resurgence and Fidelity Index UK, with the market enjoying a stronger end to 2020. We also saw a positive contribution from Schroder Asia Pacific, as the region rallied on the expectation of a better trade backdrop with Joe Biden in the White House.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT (continued)****INVESTMENT REVIEW (continued)**

For our part, we always want to prepare rather than react and believe our calls earlier in the year to add small caps, Asia and emerging markets are starting to bear fruit. Despite the Biden effect in the US, we still have concerns about narrow market leadership and believe tech companies could face further corrections, even without crushing Antitrust regulation.

**MARKET COMMENTARY**

We came into 2020 with positive news on trade wars and Brexit, two issues that had dogged sentiment for the whole of the previous year and before that and there only mere rumblings of a viral outbreak in China. 12 months later and we remain in unprecedented territory, with many countries in, out and now back into lockdown, social distancing still in place, and millions of people working at home.

Just a month after the S&P 500 hit a record high on 19 February, the ongoing spread of Coronavirus and an oil-centred dispute between Russia and Opec saw markets tip into bear territory and growing fears about impending recession. Markets initially treated these events as a classic growth scare and reacted in typical 'bear' fashion; the difference to previous declines was the speed, with the slowest bull run in history very quickly giving way to one of the rapidest bear markets.

After the deep declines, we saw a huge stimulus effort from central banks and governments and this activity was able to put a floor under markets, with equities bouncing back (far quicker than after the tech crash or global financial crisis) and, particularly in the US, reaching a series of fresh records as the year progressed. This continued through summer as economies started to open up but we became increasingly concerned with a growing dislocation between what we called market hope and economic reality.

On the policy front, we saw announcements from the US Federal Reserve and Bank of England (BoE) in September, with the former sending out what it called 'strong and powerful guidance' that interest rates will remain near zero until at least the end of 2023. The central bank also said it would not tighten policy until inflation has been 'moderately above' above 2% for some time, confirming plans to run the economy hot until well into recovery from Covid-19.

Later in the year, the BoE delayed a potential rate cut until the Brexit situation was clear and markets are pricing in a one-in-four chance of a reduction in 2021 to help the Covid recovery along, which would take rates into negative territory for the first time. If the outlook for inflation weakens further, the Monetary Policy Committee said it stands ready to take whatever action is necessary to achieve its remit, which suggests negative rates are on the table.

Coming into the second half of the year, attention turned to the US election, and markets had become increasingly jittery towards the end of October, with concerns around Covid-19 running out of control and fresh lockdowns blunting the positive impact of a predicted victory for Joe Biden in the US. The first days of November brought the long-awaited election, which proved every bit as tumultuous as expected and initially denied markets any of the certainty they craved.

Fears of a long drawn-out melee in the US had most investors expecting another challenging month but then came news of a vaccine from Pfizer/BioNTech, with early tests suggesting it could prevent more than 90% of people from getting Covid-19. With close to 60 million cases and over 1.4 million deaths around the world, this news caused great excitement in markets, with the S&P 500 and Dow Jones quickly rocketing back towards all-time high territory once again. Equities were pushed through these levels later in November, and global stocks actually registered the strongest month on record, on the back of a successful trial from US company Moderna and further positive vaccine news from Oxford AstraZeneca.

In the UK, we saw the endgame of the four-and-a-half year Brexit fiasco, with the UK and EU unveiling a deal on Christmas Eve that should help markets start 2021 on firmer footing and allow companies to plan ahead and invest for the future. The US election also ended with a promise of a return to more traditional politics under President-elect Joe Biden, potentially alleviating the trade wars that have hit sentiment in recent years.

Despite rays of light, November also brought sobering economic news in the shape of Chancellor Rishi Sunak's Spending Review, suggesting persistent scars from Covid-19. Figures from the OECD predict the UK's recovery from the pandemic will lag behind every other major economy apart from Argentina, with the Organisation warning against any cutting of government spending despite spiralling debt levels. Against a backdrop of heavy government expenditure, the OECD said nations need to continue to make use of record-low borrowing costs to spend on protecting businesses and households.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT (continued)****OUTLOOK**

With 2020 showing the lack of value in economic guesswork, what is worth saying as we head into another year? There is clearly considerable economic uncertainty despite vaccine news, with spiralling unemployment and huge debt burdens – and these are global rather than regional issues; for once, most of the world is genuinely in the same boat so we are likely to see ongoing collaboration between central banks and governments to support recovery.

After a difficult year, and longer if we consider the shadow of trade wars, 2021 does at least promise the end of three market-influencing factors, which could mean more market clarity than has been the case for some time: the first is the transition from Donald Trump to Joe Biden, the second is a reduction in the impact of Covid-19, and the third is the Brexit fiasco.

In the US, a broader return to more traditional politics and calmer approach to international relations should be positive after a long period of trade volatility and increasingly protectionist policies. If nothing else, Covid-19 has reminded everyone we are all one species and more can be achieved together than divided.

Elsewhere, the hope is that the vaccines already announced, and others to come, bring an end to Covid uncertainty and recent market moves suggest investors have at least been able to recalibrate expectations for many companies now that some return to normality is in sight.

Finally, after more than four years of wrangling, the Brexit situation has reached its endgame, for good or ill, and I echo the view of our UK equity manager at Liontrust Anthony Cross, who has said that once the politicians get out of the way, companies can come in and make the best of whatever situation emerges.

There remains uncertainty in all three of these areas but, if nothing else, they should bring more clarity to markets in 2021. This may help to restore the disconnect between stock market hope and economic reality, which, for us, has continued to undermine surging stock markets throughout this year.

To reiterate, a huge part of record market levels has come from just a few 'Covid resistant' technology businesses and if we, at the very least, see some clarity return in 2021 (as those obfuscating forces recede), there should be more of a level playing field where fundamentals can shine through. The last two months of 2020 saw broader market performance, including a strong bounce for many deeply bruised value names, and if that continues, there should be stronger support for markets than the increasingly narrow leadership that persisted throughout much of 2020.

Liontrust Investment Partners LLP

*Investment Manager*

January 2021

ACD's Report continued

COMPARATIVE TABLES

Changes in net asset per share

	31 December 2020		31 December 2019		31 December 2018	
	A Accumulation £	B Accumulation £	A Accumulation £	B Accumulation £	A Accumulation £	B Accumulation £
<b>Opening net asset value per share</b>	1.7223	1.8427	1.5494	1.6456	1.6574	1.7472
Return before operating charges <sup>1</sup>	0.0856	0.0924	0.2104	0.2238	(0.0728)	(0.0774)
Operating charges <sup>2</sup>	(0.0364)	(0.0258)	(0.0375)	(0.0267)	(0.0352)	(0.0242)
<b>Return after operating charges<sup>3</sup></b>	<b>0.0492</b>	<b>0.0666</b>	<b>0.1729</b>	<b>0.1971</b>	<b>(0.1080)</b>	<b>(0.1016)</b>
Gross distributions on accumulation shares	(0.0112)	(0.0251)	(0.0102)	(0.0247)	(0.0048)	(0.0181)
Retained gross distributions on accumulation shares <sup>4</sup>	0.0112	0.0251	0.0102	0.0247	0.0048	0.0181
<b>Closing net asset value per share</b>	<b>1.7715</b>	<b>1.9093</b>	<b>1.7223</b>	<b>1.8427</b>	<b>1.5494</b>	<b>1.6456</b>
*After direct transaction costs of <sup>5</sup>	0.0000	0.0000	0.0001	0.0001	0.0002	0.0003
<b>Performance</b>						
Return after charges <sup>6</sup>	2.86%	3.61%	11.16%	11.98%	(6.52%)	(5.82%)
<b>Other information</b>						
Closing net asset value (£)	5,879,079	120,613,764	8,473,843	127,891,473	8,975,556	109,022,409
Closing number of shares	3,318,639	63,169,112	4,920,129	69,406,262	5,793,099	66,249,717
Operating charges <sup>7</sup>	2.18%	1.43%	2.21%	1.46%	2.17%	1.42%
Direct transaction costs <sup>8</sup>	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%
<b>Prices</b>						
Highest share price <sup>9</sup>	1.7846	1.9234	1.7398	1.8613	1.6846	1.7841
Lowest share price <sup>9</sup>	1.4163	1.5178	1.5507	1.6471	1.5431	1.6389

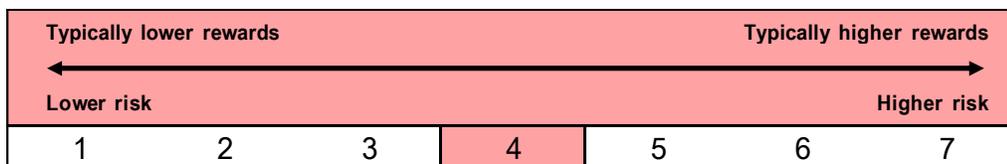
Footnotes:

- <sup>1</sup> The "return before operating charges" is calculated as the "return after operating charges" plus the "operating charges".
- <sup>2</sup> The Operating Charges shows the relevant operating expenses, excluding performance fees, expressed by reference to the average number of shares in issue during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.
- <sup>3</sup> Calculated as the "closing net asset value per share" plus the "distributions" minus the "opening net asset value per share".
- <sup>4</sup> The total amount retained is calculated as the total amount distributed.
- <sup>5</sup> Total direct transaction costs expressed by reference to the average number of shares in issue at each valuation point during the year.
- <sup>6</sup> The "return after charges" is calculated as the "return after operating charges" per share divided by the "opening net asset value per share".
- <sup>7</sup> The Operating Charges shows the relevant annualised operating expenses, excluding performance fees, expressed by reference to the average of the net asset values at each valuation point during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.
- <sup>8</sup> Total direct transaction costs expressed by reference to the average of the net asset values at each valuation point during the year.
- <sup>9</sup> The highest and lowest price from the published Net Asset Value.

ACD's Report continued

FUND INFORMATION

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

This Fund is ranked at 4 because funds of this type have experienced medium rises and falls in value in the past. 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.

Please note the Fund's risk category may change in the future.

Any specific risks as a result of investing in this Fund can be found in the Risk section of the Prospectus.

FUND PERFORMANCE TO 31 DECEMBER 2020 (%)

	Year to 31/12/2016	Year to 31/12/2017	Year to 31/12/2018	Year to 31/12/2019	Year to 31/12/2020	Since launch
WS Verbatim Portfolio 5 Growth Fund	12.00%	10.41%	(5.85)%	12.63%	3.41%	93.48%

The performance of the Fund is based on the published price per 'B' Accumulation share which includes reinvested income. (Source: Morningstar)

The Fund is managed with the aim to maintain within its risk band, consistent with broadly cautious balanced investment strategy, rather than to deliver a target return. There is no constraining benchmark or suitable comparator available. Investors can assess the Fund's performance by comparison of its total return over the medium to longer term to the Fund's Investment objective.

## ACD's Report continued

## PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2020

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.12.20 %	31.12.19 %
COLLECTIVE INVESTMENT SCHEMES				
1,998,456	Artemis Global Emerging Markets	2,933,134	2.32	
6,346,530	AXA Sterling Buy and Maintain Credit	9,576,913	7.57	
2,877,571	AXA US Short Duration High Yield	2,649,380	2.09	
96,689	Baillie Gifford Japanese	1,976,317	1.56	
57,024	Baring Europe Select	2,745,688	2.17	
590,000	Downing Strategic Micro-Cap*	342,200	0.27	
1,931,320	Fidelity Index Emerging Markets	3,629,530	2.87	
958,988	Fidelity Index Europe ex UK	1,631,910	1.29	
150,000	Fidelity Index Japan	290,025	0.23	
1,208,192	Fidelity Index Pacific ex Japan	2,106,483	1.67	
3,325,736	Fidelity Index UK	4,357,379	3.44	
1,634,517	Fidelity Index US	4,537,256	3.59	
5,450,356	Fidelity MoneyBuilder Income	7,167,219	5.67	
104,285	Fidelity Special Situations	3,598,858	2.85	
3,034,793	JPMorgan US Equity Income	9,395,720	7.43	
312,663	Jupiter European Opportunities*	2,276,187	1.80	
6,527,489	Legal & General Sterling Corporate Bond Index	3,973,935	3.14	
9,307,338	Legal & General UK Property	5,092,975	4.03	
830,445	Legg Mason IF Martin Currie Emerging Markets	3,914,718	3.09	
608,775	LF Lindsell Train UK Equity	2,843,343	2.25	
1,471,172	Liontrust European Income	3,821,515	3.02	
2,654,173	Liontrust Asia Income	3,840,058	3.04	
352,533	Liontrust GF High Yield Bond	4,078,701	3.22	
959,044	Liontrust Macro Equity Income	3,277,245	2.59	
734,159	Liontrust UK Growth	3,070,912	2.43	
518,400	M&G Property Portfolio	4,778,145	3.78	
9,573	Man GLG Japan CoreAlpha Equity	1,490,873	1.18	
501,005	River and Mercantile UK Micro Cap*	1,072,150	0.85	
4,870,887	Royal London Corporate Bond	6,244,476	4.93	
1,078,005	Schroder Asia Pacific*	6,586,610	5.20	
2,900,881	UBS US Growth	6,555,120	5.18	
		<u>119,854,975</u>	<u>94.75</u>	
	TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>119,854,975</u>	<u>94.75</u>	<u>92.31</u>
	<b>Portfolio of Investments</b>	<b>119,854,975</b>	<b>94.75</b>	<b>92.31</b>
	Net other assets	6,637,868	5.25	7.69
	<b>Net assets</b>	<u><b>126,492,843</b></u>	<u><b>100.00</b></u>	<u><b>100.00</b></u>

\*Listed shares in closed end investment company.

All investments are Collective Investment Schemes unless otherwise stated.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES**  
 FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Purchases</b>	<b>Cost £</b>
Legal & General UK Property	5,131,793
Legg Mason IF Martin Currie Emerging Markets	3,778,478
Liontrust Asia Income	3,470,750
Fidelity Index Pacific ex Japan	1,971,784
Royal London Corporate Bond	440,287
JPMorgan US Equity Income	230,601
AXA Sterling Buy and Maintain Credit	211,599
Liontrust European Income	208,977
Liontrust Macro Equity Income	202,397
Fidelity Index UK	185,337
Fidelity Special Situations	120,519
LF Lindsell Train UK Equity	99,075
Artemis Global Emerging Markets	99,049
Fidelity Index Emerging Markets	72,627
Fidelity Index US	62,705
First State Global Emerging Markets Leaders	45,911
Fidelity Index Europe ex UK	38,831
Baillie Gifford Japanese	22,500
Fidelity Index Japan	5,399
<b>Total purchases</b>	<b>16,398,619</b>

The summary of material portfolio changes represents all purchases for the year.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES** continued  
 FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Sales</b>	<b>Proceeds £</b>
Legal & General UK Property	5,130,539
Liontrust GF Asia Income	4,080,355
First State Global Emerging Markets Leaders	3,766,765
Legal & General Sterling Corporate Bond Index	3,144,341
Fidelity Index Pacific ex Japan	2,410,492
Liontrust European Income	2,076,357
Fidelity Index Pacific ex Japan	1,907,120
JPMorgan US Equity Income	1,154,980
Liontrust GF High Yield Bond	624,404
Legal & General UK Property	31,491
Liontrust GF Asia Income	26,470
AXA US Short Duration High Yield	13,974
Artemis Global Emerging Markets	9,343
AXA Sterling Buy and Maintain Credit	4,148
Royal London Corporate Bond	233
<b>Total sales</b>	<b><u>24,381,012</u></b>

The summary of material portfolio changes represents all sales for the year.

## Financial Statements

**STATEMENT OF TOTAL RETURN  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
Income					
Net capital gains	2		2,063,415		12,436,763
Revenue	3	2,978,337		3,029,891	
Expenses	4	(1,250,669)		(1,325,256)	
Net revenue before taxation		1,727,668		1,704,635	
Taxation	5	-		(11,135)	
Net revenue after taxation			1,727,668		1,693,500
<b>Total return before distributions</b>			3,791,083		14,130,263
Distributions	6		(1,725,625)		(1,704,597)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>2,065,458</b>		<b>12,425,666</b>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>Opening net assets attributable to shareholders</b>			136,365,316		117,997,965
Amounts receivable on issue of shares		5,906,283		17,750,493	
Amounts payable on cancellation of shares		(19,464,937)		(13,574,430)	
			(13,558,654)		4,176,063
Change in net assets attributable to shareholders from investment activities			2,065,458		12,425,666
Retained distribution on accumulation shares	6		1,620,723		1,765,622
<b>Closing net assets attributable to shareholders</b>			<b>126,492,843</b>		<b>136,365,316</b>

Financial Statements continued

**BALANCE SHEET  
AS AT 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed assets</b>					
Investments			119,854,975		125,879,922
<b>Current assets</b>					
Debtors	7	288,268		425,442	
Cash and bank balances	8	6,715,100		10,498,595	
<b>Total current assets</b>			<u>7,003,368</u>		<u>10,924,037</u>
<b>Total assets</b>			<u>126,858,343</u>		<u>136,803,959</u>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Creditors	9	(365,500)		(438,643)	
<b>Total creditors</b>			<u>(365,500)</u>		<u>(438,643)</u>
<b>Total liabilities</b>			<u>(365,500)</u>		<u>(438,643)</u>
<b>Net assets attributable to shareholders</b>	13		<u><b>126,492,843</b></u>		<u><b>136,365,316</b></u>

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

1 ACCOUNTING POLICIES

Refer to the Statement of Accounting Policies and Combined Notes

2 NET CAPITAL GAINS/(LOSSES)

The net capital gains during the year comprise:

Non-derivative securities\*

Rebates from underlying investments

Transaction charges

**Net capital gains**

	31.12.20 £	31.12.19 £
Non-derivative securities*	2,013,858	12,381,279
Rebates from underlying investments	50,811	55,484
Transaction charges	(1,254)	-
<b>Net capital gains</b>	<b>2,063,415</b>	<b>12,436,763</b>

\*Includes realised gains of £223,180 (31 December 2019: £2,413,145) and unrealised gains of £1,790,678 (31 December 2019: £9,968,134).

3 REVENUE

Bank interest

Franked UK dividends

Unfranked UK dividends

Offshore funds dividends

Rebates from underlying funds

**Total revenue**

	31.12.20 £	31.12.19 £
Bank interest	1,417	2,992
Franked UK dividends	1,666,023	1,484,997
Unfranked UK dividends	1,153,853	1,366,285
Offshore funds dividends	149,623	166,102
Rebates from underlying funds	7,421	9,515
<b>Total revenue</b>	<b>2,978,337</b>	<b>3,029,891</b>

4 EXPENSES

**Payable to the ACD, associates of the ACD and agents of either of them:**

ACD's periodic charge\*

**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Safe custody and other bank charges

**Other expenses:**

Regulatory costs

Investment manager's fee

Other expenses

**Total expenses**

	31.12.20 £	31.12.19 £
ACD's periodic charge*	862,230	901,224
	862,230	901,224
Safe custody and other bank charges	11,936	18,224
	11,936	18,224
Regulatory costs	99	100
Investment manager's fee	311,092	324,472
Other expenses	65,312	81,236
	376,503	405,808
<b>Total expenses</b>	<b>1,250,669</b>	<b>1,325,256</b>

\*Audit fees of £9,084+VAT+3% expenses for the year ended 31 December 2020 (31 December 2019: £8,250+VAT) have been borne by the ACD out of its periodic charge.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

5 TAXATION

(a) Analysis of the tax charge in the year

	31.12.20 £	31.12.19 £
Corporation tax	-	11,135
<b>Current tax charge (Note 5(b))</b>	<b>-</b>	<b>11,135</b>

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31 December 2019: 20%). The differences are explained below:

	31.12.20 £	31.12.19 £
Net revenue before taxation	1,727,668	1,704,635
Corporation tax at 20%	345,534	340,927
<b>Effects of:</b>		
Income in capital	10,162	11,097
Movement in excess management expenses	7,434	(10,668)
Revenue not subject to corporation tax	(363,130)	(330,221)
<b>Total tax charge (Note 5(a))</b>	<b>-</b>	<b>11,135</b>

(c) Provision for deferred tax

At the year end there is a potential deferred tax asset of £7,434 (31 December 2019: £Nil) in relation to surplus management expenses. A deferred tax asset has not been recognised as it is not probable that the sub-fund will generate sufficient taxable profits in the future to utilise surplus management expenses.

**Financial Statements continued**
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued**
**6 DISTRIBUTIONS**

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

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
Final	1,620,723	1,765,622
Add: Revenue paid on cancellation of shares	151,623	116,481
Deduct: Revenue received on issue of shares	(46,721)	(177,506)
<b>Net distributions for the year</b>	<b>1,725,625</b>	<b>1,704,597</b>

Details of the distributions per Share are set out in the distribution table on page 96.

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
<b>Distributions represented by:</b>		
Net revenue after taxation	1,727,668	1,693,500
Net movement in revenue account	(2,043)	-
Tax relief from capital	10,162	11,097
<b>Net distributions for the year</b>	<b>1,725,625</b>	<b>1,704,597</b>

**7 DEBTORS**

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
Amounts due for rebates from underlying funds	16,531	51,128
Amounts receivable on issue of shares	7,339	16,481
Franked UK dividends	116,076	12,343
Distributions from Regulated Collective Investment Schemes		
Franked Investment Income	-	75,651
Unfranked Investment Income	69,532	245,156
Offshore funds interest	-	1,788
Prepaid expenses	1,137	22,895
Income tax recoverable	77,653	-
<b>Total debtors</b>	<b>288,268</b>	<b>425,442</b>

**8 CASH AND BANK BALANCES**

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
Bank balances:		
Revenue account <sup>(1)</sup>	-	990
Cash account <sup>(2)</sup>	6,715,100	10,497,605
<b>Bank balances</b>	<b>6,715,100</b>	<b>10,498,595</b>

(1) Cash held with Citibank Europe Plc, UK Branch.

(2) Cash held with CACEIS Bank, UK Branch. There is no distinction between revenue and capital for cash balances held at CACEIS Bank, UK Branch.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

9 CREDITORS

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
Amounts payable for cancellation of shares	182,936	83,543
Corporation tax payable	-	11,135
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	73,540	80,221
	<u>73,540</u>	<u>80,221</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	1,012	5,523
	<u>1,012</u>	<u>5,523</u>
Other accrued expenses:		
Investment manager's fee	103,377	239,491
Other expenses	4,635	18,730
	<u>108,012</u>	<u>258,221</u>
<b>Total creditors</b>	<u>365,500</u>	<u>438,643</u>

10 RELATED PARTY TRANSACTIONS

Disclosure is made in note 2 of the Statement of Accounting Policies and Combined Notes.

11 SHARE CLASSES

Disclosure is made in note 3 of the Statement of Accounting Policies and Combined Notes.

12 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent liabilities or outstanding commitments at the balance sheet date (31 December 2019: nil).

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

**13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 4 of the Statement of Accounting Policies and Combined Notes. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

**i. Interest rate risk**

The table below shows the direct interest rate risk profile:

	31.12.20 £	31.12.19 £
<b>Floating rate assets:</b>		
Pound Sterling	6,715,100	10,498,595
	6,715,100	10,498,595
<b>Assets on which interest is not paid:</b>		
Pound Sterling	120,143,243	126,305,364
	120,143,243	126,305,364
<b>Liabilities on which interest is not paid:</b>		
Pound Sterling	(365,500)	(438,643)
	(365,500)	(438,643)
<b>Net assets</b>	<b>126,492,843</b>	<b>136,365,316</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

**ii. Currency risk**

The table below shows the direct currency risk profile:

	31.12.20 £	31.12.19 £
<b>Currency:</b>		
Pound Sterling	126,492,843	136,365,316
<b>Net assets</b>	<b>126,492,843</b>	<b>136,365,316</b>

**iii. Derivatives**

The Fund may use derivatives for investment purposes; the Net Asset Value may therefore, at times, increase in volatility and the risk profile may change. However, it is the Investment Manager's intention that the Fund, owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of its underlying investments.

The Fund did not hold any derivatives at year end (as set out in the Portfolio Statement) (31 December 2019: none).

**iv. Market price risk**

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements - stock specific risk and market risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

If the market prices were to increase or decrease by 1%, the NAV would increase or decrease by £1,198,550 (31 December 2019: £1,258,799) if all other variables remained constant.

**Financial Statements continued**
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020** continued

**14 PORTFOLIO TRANSACTION COSTS**

Commissions and taxes as a % of average net assets.

	2020	2019
Commissions	0.00%	0.00%
Taxes	0.00%	0.01%

**Commission and taxes as a % of relevant purchase and sales amounts**

<b>Purchases</b>	<b>Base</b>	<b>Value</b>	<b>Commissions</b>	<b>%</b>	<b>Tax</b>	<b>%</b>
<b>31 December 2020</b>	<b>Currency</b>	<b>(base)</b>				
Collective investment schemes	GBP	16,397,365	1,254	0.0076%	-	0.0000%

Total purchases including commissions and taxes £16,398,619.

<b>Purchases</b>	<b>Base</b>	<b>Value</b>	<b>Commissions</b>	<b>%</b>	<b>Tax</b>	<b>%</b>
<b>31 December 2019</b>	<b>Currency</b>	<b>(base)</b>				
Collective investment schemes	GBP	35,955,715	1,309	0.0036%	14,064	0.0391%

Total purchases including commissions and taxes £35,971,088.

<b>Sales</b>	<b>Base</b>	<b>Value</b>	<b>Commissions</b>	<b>%</b>	<b>Tax</b>	<b>%</b>
<b>31 December 2020</b>	<b>Currency</b>	<b>(base)</b>				
Collective investment schemes	GBP	24,381,012	-	0.0000%	-	0.0000%

Total sales including commissions and taxes £24,381,012.

<b>Sales</b>	<b>Base</b>	<b>Value</b>	<b>Commissions</b>	<b>%</b>	<b>Tax</b>	<b>%</b>
<b>31 December 2019</b>	<b>Currency</b>	<b>(base)</b>				
Collective investment schemes	GBP	37,358,483	-	0.0000%	-	0.0000%

Total sales including commissions and taxes £37,358,483.

The portfolio transaction cost tables above include direct transaction costs suffered by the Fund during the year.

For the Fund's investment in Collective Investment Schemes there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

The average portfolio dealing spread for the year ended 31 December 2020 is 0.3752% (31 December 2019: 0.3372%). This spread is the difference between the values determined respectively by reference to the bid and offer prices of the investments.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

15 VALUATION OF FINANCIAL INSTRUMENTS

Fair values

Section 11 of FRS 102 and 3. 100 of the IA SORP establish a hierarchy to be used to estimate the fair value of investments that are publicly traded or whose fair value can be reliably measured if they are not publicly traded. The levels of the hierarchy are as follows:

- (1) The unadjusted quoted price in an active market for identical assets or liabilities.
- (2) Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- (3) Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following table presents the funds investment assets by level within the valuation hierarchy as at 31 December 2020.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	10,277,147	109,577,828	-	119,854,975

The following table presents the funds investment assets by level within the valuation hierarchy as at 31 December 2019.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	8,844,685	117,035,237	-	125,879,922

16 RECONCILIATION OF MOVEMENT IN SHARES

Share Class	A Accumulation	B Accumulation
Opening number of shares	4,920,129	69,406,262
Shares created	244,959	3,101,145
Shares cancelled	(1,846,449)	(9,338,295)
<b>Closing number of shares</b>	<b>3,318,639</b>	<b>63,169,112</b>

Financial Statements continued

DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2020 - IN PENCE PER SHARE

Final

Group 1 Shares purchased prior to 1 January 2020

Group 2 Shares purchased on or after 1 January 2020 to 31 December 2020

'A' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	1.1203	-	1.1203	1.0220
Group 2	0.5937	0.5266	1.1203	1.0220

'B' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	2.5068	-	2.5068	2.4714
Group 2	1.9095	0.5973	2.5068	2.4714

**EQUALISATION**

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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 shares for Capital Gains Tax purposes.

## ACD's Report

### INVESTMENT OBJECTIVE AND POLICY

WS Verbatim Portfolio 6 Fund (the 'Fund') will use a broadly balanced investment strategy with the aim of achieving capital growth over the medium to longer term.

The Fund will seek to achieve its objective through investment in Collective Investment Schemes (regulated and unregulated) as well as directly held transferable securities (including exchange traded notes), derivatives, cash, deposits (including certificates of deposit), warrants and money market instruments. Investment may be made globally but foreign currency exposure through non UK investments may be hedged back into Sterling.

The Fund may also gain exposure (directly and indirectly) to alternatives, including but not limited to, property, commodities, hedge funds, private equity, infrastructure and loans, through investment in Collective Investment Schemes and transferable securities.

Use may also be made of stock lending, borrowing, cash holdings and derivatives. It is intended that derivatives will be used for investment purposes as well as for efficient portfolio management but the ACD does not anticipate that such use of derivatives will have any significant adverse effect on the risk profile of the Fund. In particularly volatile markets, the Investment Manager may temporarily hold more than 10% in cash provided it is in accordance with the investment objective of the Fund. As the Investment Manager has the discretion to borrow up to 10% of the value of the property of the Fund, this facility may be used to help manage liquidity.

Waystone Management (UK) Limited  
*ACD of WS Verbatim Portfolio 6 Fund*

## ACD's Report continued

## INVESTMENT MANAGER'S REPORT

Year ended 31 December 2020

## INVESTMENT REVIEW

Over the 12 months under review, the Fund produced a return of 4.2% (Source: Morningstar, B Acc shares).

As would be expected against such unprecedented developments, the portfolio saw a significant drawdown over the first quarter of 2020, although this should be seen in the context of the worst three months since 1987 for the FTSE 100, what we call the 'News at Ten Index'. Once again, the benefits of diversification were clear from Q1 returns, with the handful of funds posting positive numbers largely fixed income vehicles.

Looking at our equity exposure, there were few surprises, with UK funds typically among the worst hit – Fidelity Special Situations for example – amid a range of double-digit falls. As emerging market and Asian equities did relatively better than Western equities over the quarter, the higher-risk portfolios benefited from their greater exposure to these.

Over Q2, with governments and central banks launching rescue packages, equities retraced a large part of their losses. This solid rally drove much healthier performance for the funds overall and in terms of top performers, many of the hardest-hit funds in Q1 were among the best performers over the following three months including UBS US Growth, JPM US Equity Income, Fidelity Index US and Schroder Asia Pacific.

After a turbulent first quarter, we felt that having been broadly neutral in terms of our tactical positioning since 2018, the selloff gave us scope to take advantage of increasingly cheap equity valuations. We were keen not to rush into markets but started making small tactical shifts in the second quarter as flows allowed. We reduced our growth exposure in the US for example (via the UBS US Growth Fund), tilting slightly towards value options as we continue to believe America's large-cap growth names (led by the FAANGs) are overvalued. Where possible, we also added exposure to our favoured markets, including Asia and emerging markets and smaller companies.

After the strong bounceback in the second quarter, Q3 was a slower, albeit still positive, period for most markets, driving a solid return for the funds.

The US remains the market where the dislocation between economic reality and equity hope is starkest and continued to post strong performance despite selloffs in some of the largest tech names in September. Our positions in funds such as UBS US Growth, JPM US Equity Income and Fidelity Index US were among the strongest contributors over the quarter but our underweight exposure to a market we have long considered expensive remains a detractor.

Elsewhere, the UK was among the weaker equity markets, weighed down by fears of a second wave of Coronavirus and fresh Brexit chaos, and holdings such as Fidelity Index UK and Fidelity Special Situations were among the detractors in Q3.

In terms of trades, we sold our position in Stewart Investors Global Emerging Market Leaders and recycled into the Legg Mason Martin Currie Global Emerging Markets Fund. Within any region, we tend to hold a tracker fund plus value and growth options to provide balanced exposure. In emerging markets, we have held the Stewart fund as our 'growth' option for many years but felt it was an opportune time to move to an out-and-out growth vehicle from Martin Currie, which currently has more than 30% in China.

Given the invigorating effect of vaccine news on markets in the latter part of the year, it is little surprise to find improving sentiment among investors. In the November edition of the monthly Bank of America (BofA) Fund Manager survey, figures revealed falling cash levels among professional investors and a net 46% of asset allocators overweight equities, the highest level since January 2018. This saw an increase in exposure to small caps, emerging markets and value, and emerging markets is the asset class most believe will outperform in 2021, ahead of the S&P 500, oil and gold. Technology continues to be seen as the most crowded trade – and all of these show views shifting towards our long-term thinking.

Initial stronger performance in the 'Biden/vaccine bounce' came from companies benefiting from the economy reopening, such as consumer and leisure sectors, while those positioned for a stay-at-home scenario did less well, including technology. What recent events have allowed investors to do is recalibrate their expectations for many companies, a vaccine 'floor' if you will, creating more certainty around valuations given the fact a return to normality is at least in sight.

We have also seen a pronounced value spike – positive for our portfolios given the slight value tilt – but predicting a sustained resurgence for this part of the market has often proved the kiss of death in recent years. As ever, we are cautious about extrapolating short-term data into long-term outcomes – even given the largest one-day crash in momentum stocks in history over the month – but there are undeniably encouraging signs. Exhibit one for the value case is Biden's expected infrastructure programme and the 'Green Industrial Revolution' in the UK, which could be positive for sectors such as industrials, materials, consumer discretionary and – with a potential knock-on impact on bond yields – financials.

Top holdings over Q4 included Fidelity Special Situations as a prime example of this value resurgence and Fidelity Index UK, with the market enjoying a stronger end to 2020. We also saw positive contributions from Schroder Asia Pacific and Artemis Global Emerging Markets, as the region rallied on the expectation of a better trade backdrop with Joe Biden in the White House.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT (continued)****INVESTMENT REVIEW (continued)**

For our part, we always want to prepare rather than react and believe our calls earlier in the year to add small caps, Asia and emerging markets are starting to bear fruit. Despite the Biden effect in the US, we still have concerns about narrow market leadership and believe tech companies could face further corrections, even without crushing Antitrust regulation.

**MARKET COMMENTARY**

We came into 2020 with positive news on trade wars and Brexit, two issues that had dogged sentiment for the whole of the previous year and before that – and there only mere rumblings of a viral outbreak in China. 12 months later and we remain in unprecedented territory, with many countries in, out and now back into lockdown, social distancing still in place, and millions of people working at home.

Just a month after the S&P 500 hit a record high on 19 February, the ongoing spread of Coronavirus and an oil-centred dispute between Russia and Opec saw markets tip into bear territory and growing fears about impending recession. Markets initially treated these events as a classic growth scare and reacted in typical 'bear' fashion; the difference to previous declines was the speed, with the slowest bull run in history very quickly giving way to one of the rapidest bear markets.

After the deep declines, we saw a huge stimulus effort from central banks and governments and this activity was able put a floor under markets, with equities bouncing back (far quicker than after the tech crash or global financial crisis) and, particularly in the US, reaching a series of fresh records as the year progressed. This continued through summer as economies started to open up but we become increasingly concerned with a growing dislocation between what we called market hope and economic reality.

On the policy front, we saw announcements from the US Federal Reserve and Bank of England (BoE) in September, with the former sending out what it called 'strong and powerful guidance' that interest rates will remain near zero until at least the end of 2023. The central bank also said it would not tighten policy until inflation has been 'moderately above' above 2% for some time, confirming plans to run the economy hot until well into recovery from Covid-19.

Later in the year, the BoE delayed a potential rate cut until the Brexit situation was clear and markets are pricing in a one-in-four chance of a reduction in 2021 to help the Covid recovery along, which would take rates into negative territory for the first time. If the outlook for inflation weakens further, the Monetary Policy Committee said it stands ready to take whatever action is necessary to achieve its remit, which suggests negative rates are on the table.

Coming into the second half of the year, attention turned to the US election, and markets had become increasingly jittery towards the end of October, with concerns around Covid-19 running out of control and fresh lockdowns blunting the positive impact of a predicted victory for Joe Biden in the US. The first days of November brought the long-awaited election, which proved every bit as tumultuous as expected and initially denied markets any of the certainty they craved.

Fears of a long drawn-out melee in the US had most investors expecting another challenging month but then came news of a vaccine from Pfizer/BioNTech, with early tests suggesting it could prevent more than 90% of people from getting Covid-19. With close to 60 million cases and over 1.4 million deaths around the world, this news caused great excitement in markets, with the S&P 500 and Dow Jones quickly rocketing back towards all-time high territory once again. Equities were pushed through these levels later in November, and global stocks actually registered the strongest month on record, on the back of a successful trial from US company Moderna and further positive vaccine news from Oxford AstroZeneca.

In the UK, we saw the endgame of the four-and-a-half year Brexit fiasco, with the UK and EU unveiling a deal on Christmas Eve that should help markets start 2021 on firmer footing and allow companies to plan ahead and invest for the future. The US election also ended with a promise of a return to more traditional politics under President-elect Joe Biden, potentially alleviating the trade wars that have hit sentiment in recent years.

Despite rays of light, November also brought sobering economic news in the shape of Chancellor Rishi Sunak's Spending Review, suggesting persistent scars from Covid-19. Figures from the OECD predict the UK's recovery from the pandemic will lag behind every other major economy apart from Argentina, with the Organisation warning against any cutting of government spending despite spiralling debt levels. Against a backdrop of heavy government expenditure, the OECD said nations need to continue to make use of record-low borrowing costs to spend on protecting businesses and households.

**OUTLOOK**

With 2020 showing the lack of value in economic guesswork, what is worth saying as we head into another year? There is clearly considerable economic uncertainty despite vaccine news, with spiralling unemployment and huge debt burdens – and these are global rather than regional issues; for once, most of the world is genuinely in the same boat so we are likely to see ongoing collaboration between central banks and governments to support recovery.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT (continued)****OUTLOOK (continued)**

After a difficult year – and longer if we consider the shadow of trade wars – 2021 does at least promise the end of three market-influencing factors, which could mean more market clarity than has been the case for some time: the first is the transition from Donald Trump to Joe Biden, the second is a reduction in the impact of Covid-19, and the third is the Brexit fiasco.

In the US, a broader return to more traditional politics and calmer approach to international relations should be positive after a long period of trade volatility and increasingly protectionist policies. If nothing else, Covid-19 has reminded everyone we are all one species and more can be achieved together than divided.

Elsewhere, the hope is that the vaccines already announced, and others to come, bring an end to Covid uncertainty and recent market moves suggest investors have at least been able to recalibrate expectations for many companies now that some return to normality is in sight.

Finally, after more than four years of wrangling, the Brexit situation has reached its endgame, for good or ill, and I echo the view of our UK equity manager at Liontrust Anthony Cross, who has said that once the politicians get out of the way, companies can come in and make the best of whatever situation emerges.

There remains uncertainty in all three of these areas but, if nothing else, they should bring more clarity to markets in 2021. This may help to restore the disconnect between stock market hope and economic reality, which, for us, has continued to undermine surging stock markets throughout this year.

To reiterate, a huge part of record market levels has come from just a few 'Covid resistant' technology businesses and if we, at the very least, see some clarity return in 2021 (as those obfuscating forces recede), there should be more of a level playing field where fundamentals can shine through. The last two months of 2020 saw broader market performance, including a strong bounce for many deeply bruised value names, and if that continues, there should be stronger support for markets than the increasingly narrow leadership that persisted throughout much of 2020.

Liontrust Investment Partners LLP

*Investment Manager*

january 2021

ACD's Report continued

COMPARATIVE TABLES

Changes in net asset per share

	31 December 2020		31 December 2019		31 December 2018	
	A Accumulation £	B Accumulation £	A Accumulation £	B Accumulation £	A Accumulation £	B Accumulation £
<b>Opening net asset value per share</b>	1.7064	1.8304	1.5185	1.6167	1.6535	1.7473
Return before operating charges <sup>1</sup>	0.0995	0.1078	0.2257	0.2409	(0.0994)	(0.1057)
Operating charges <sup>2</sup>	(0.0374)	(0.0271)	(0.0378)	(0.0272)	(0.0356)	(0.0249)
<b>Return after operating charges<sup>3</sup></b>	0.0621	0.0807	0.1879	0.2137	(0.1350)	(0.1306)
Gross distributions on accumulation shares	(0.0089)	(0.0215)	(0.0109)	(0.0260)	(0.0064)	(0.0199)
Retained gross distributions on accumulation shares <sup>4</sup>	0.0089	0.0215	0.0109	0.0260	0.0064	0.0199
<b>Closing net asset value per share</b>	1.7685	1.9111	1.7064	1.8304	1.5185	1.6167
*After direct transaction costs of <sup>5</sup>	0.0000	0.0000	0.0001	0.0001	0.0002	0.0002
<b>Performance</b>						
Return after charges <sup>6</sup>	3.64%	4.41%	12.37%	13.22%	(8.16%)	(7.47%)
<b>Other information</b>						
Closing net asset value (£)	4,078,868	51,579,789	5,406,757	52,645,322	5,413,994	44,250,557
Closing number of shares	2,306,319	26,988,604	3,168,469	28,761,922	3,565,419	27,371,242
Operating charges <sup>7</sup>	2.27%	1.52%	2.24%	1.49%	2.23%	1.48%
Direct transaction costs <sup>8</sup>	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%
<b>Prices</b>						
Highest share price <sup>9</sup>	1.7828	1.9265	1.7347	1.8550	1.6840	1.7848
Lowest share price <sup>9</sup>	1.3807	1.4836	1.5182	1.6165	1.5105	1.6081

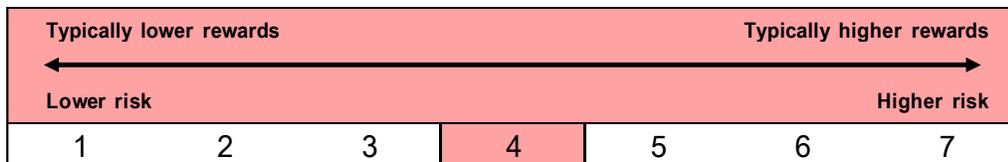
Footnotes:

- <sup>1</sup> The "return before operating charges" is calculated as the "return after operating charges" plus the "operating charges".
- <sup>2</sup> The Operating Charges shows the relevant operating expenses, excluding performance fees, expressed by reference to the average number of shares in issue during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.
- <sup>3</sup> Calculated as the "closing net asset value per share" plus the "distributions" minus the "opening net asset value per share".
- <sup>4</sup> The total amount retained is calculated as the total amount distributed.
- <sup>5</sup> Total direct transaction costs expressed by reference to the average number of shares in issue at each valuation point during the year.
- <sup>6</sup> The "return after charges" is calculated as the "return after operating charges" per share divided by the "opening net asset value per share".
- <sup>7</sup> The Operating Charges shows the relevant annualised operating expenses, excluding performance fees, expressed by reference to the average of the net asset values at each valuation point during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.
- <sup>8</sup> Total direct transaction costs expressed by reference to the average of the net asset values at each valuation point during the year.
- <sup>9</sup> The highest and lowest price from the published Net Asset Value.

ACD's Report continued

**FUND INFORMATION**

**SYNTHETIC RISK AND REWARD INDICATOR**



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

This Fund is ranked at 4 because funds of this type have experienced medium rises and falls in value in the past. 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.

Please note the Fund's risk category may change in the future.

Any specific risks as a result of investing in this Fund can be found in the Risk section of the Prospectus.

**FUND PERFORMANCE TO 31 DECEMBER 2020 (%)**

	Year to 31/12/2016	Year to 31/12/2017	Year to 31/12/2018	Year to 31/12/2019	Year to 31/12/2020	Since launch
WS Verbatim Portfolio 6 Fund	13.96%	12.92%	(7.56)%	14.00%	4.20%	93.82%

The performance of the Fund is based on the published price per 'B' Accumulation share which includes reinvested income. (Source: Morningstar)

The Fund is managed with the aim to maintain within its risk band, consistent with broadly balanced investment strategy, rather than to deliver a target return. There is no constraining benchmark or suitable comparator available. Investors can assess the Fund's performance by comparison of its total return over the medium to longer term to the Fund's Investment objective.

ACD's Report continued

**PORTFOLIO STATEMENT**

AS AT 31 DECEMBER 2020

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.12.20 %	31.12.19 %
COLLECTIVE INVESTMENT SCHEMES				
1,842,447	Artemis Global Emerging Markets	2,704,159	4.86	
1,705,669	AXA Sterling Buy and Maintain Credit	2,573,854	4.62	
610,603	AXA US Short Duration High Yield	562,182	1.01	
29,543	Baillie Gifford Japanese	603,860	1.08	
41,467	Baring Europe Select	1,996,636	3.59	
337,340	Downing Strategic Micro-Cap*	195,657	0.35	
1,143,644	Fidelity Index Emerging Markets	1,691,679	3.04	
353,716	Fidelity Index Europe ex UK	531,246	0.95	
124,550	Fidelity Index Japan	240,817	0.43	
615,516	Fidelity Index Pacific ex Japan	1,073,153	1.93	
1,540,079	Fidelity Index UK	2,017,811	3.63	
770,440	Fidelity Index US	2,138,663	3.84	
1,386,959	Fidelity MoneyBuilder Income	1,823,851	3.28	
48,000	Fidelity Special Situations	1,656,472	2.98	
1,629,963	JPMorgan US Equity Income	5,046,365	9.07	
212,084	Jupiter European Opportunities*	1,543,972	2.78	
3,006,814	Legal & General UK Property	2,656,219	4.78	
478,651	Legg Mason IF Martin Currie Emerging Markets	2,256,361	4.05	
346,830	LF Lindsell Train UK Equity	1,136,493	2.04	
1,123,649	Liontrust European Income	2,918,792	5.24	
1,878,998	Liontrust Asia Income	2,718,534	4.88	
93,930	Liontrust GF High Yield Bond	1,086,742	1.95	
422,100	Liontrust Macro Equity Income	1,442,400	2.59	
262,885	Liontrust UK Growth	1,099,620	1.98	
246,291	M&G Property Portfolio	2,270,089	4.08	
3,124	Man GLG Japan CoreAlpha Equity	486,532	0.87	
528,124	River and Mercantile UK Micro Cap*	1,130,185	2.03	
1,421,971	Royal London Corporate Bond	1,822,967	3.28	
440,480	Schroder Asia Pacific*	2,691,333	4.84	
1,732,376	UBS US Growth	3,914,651	7.03	
3,651	Vanguard Global Bond Index	607,748	1.09	
		<u>54,639,043</u>	<u>98.17</u>	
	<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>	<u>54,639,043</u>	<u>98.17</u>	<u>93.48</u>
	<b>Portfolio of Investments</b>	<b>54,639,043</b>	<b>98.17</b>	93.48
	Net other assets	1,019,614	1.83	6.52
	<b>Net assets</b>	<u><b>55,658,657</b></u>	<u><b>100.00</b></u>	<u>100.00</u>

\* Listed shares in closed end investment company.

All investments are Collective Investment Schemes unless otherwise stated.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES**  
 FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Purchases</b>	<b>Cost £</b>
Liontrust Asia Income	2,433,593
Legg Mason IF Martin Currie Emerging Markets	2,175,993
Fidelity Index Pacific ex Japan	969,156
Royal London Corporate Bond	576,220
Artemis Global Emerging Markets	385,960
Liontrust UK Growth	342,763
Fidelity Index Emerging Markets	245,847
JPMorgan US Equity Income	115,401
Liontrust European Income	114,753
Liontrust Macro Equity Income	89,080
Fidelity Index UK	85,826
Legal & General UK Property	81,466
AXA Sterling Buy and Maintain Credit	56,868
Fidelity Special Situations	55,472
Fidelity Index US	45,145
Vanguard Global Bond Index	35,681
First State Global Emerging Markets Leaders	25,793
Baillie Gifford Japanese	6,875
Fidelity Index Japan	4,483
<b>Total purchases</b>	<b><u>7,846,375</u></b>

The summary of material portfolio changes represents all purchases for the year.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES** continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Sales</b>	<b>Proceeds £</b>
Liontrust GF Asia Income	2,432,189
First State Global Emerging Markets Leaders	2,102,608
Fidelity Index US	1,059,273
Fidelity Index Pacific ex Japan	936,213
Fidelity Index Europe ex UK	840,609
Vanguard Global Bond Index	543,430
Royal London Corporate Bond	542,072
Schroder Asia Pacific*	315,294
Fidelity Index UK	44,222
Artemis Global Emerging Markets	15,671
Fidelity Special Situations	9,086
Legal & General UK Property	3,392
M&G Property Portfolio	1,822
Fidelity Index Emerging Markets	1,740
AXA Sterling Buy and Maintain Credit	1,473
<b>Total sales</b>	<b>8,849,094</b>

The summary of material portfolio changes represents all sales for the year.

Financial Statements

**STATEMENT OF TOTAL RETURN  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
Income					
Net capital gains	2		1,456,855		5,743,143
Revenue	3	1,213,149		1,311,515	
Expenses	4	(566,946)		(575,627)	
Interest payable and similar charges		-		(398)	
Net revenue before taxation		646,203		735,490	
Taxation	5	-		-	
Net revenue after taxation			646,203		735,490
<b>Total return before distributions</b>			<b>2,103,058</b>		<b>6,478,633</b>
Distributions	6		(646,203)		(740,905)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,456,855</b>		<b>5,737,728</b>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>Opening net assets attributable to shareholders</b>			58,052,079		49,664,551
Amounts receivable on issue of shares		4,953,732		10,036,166	
Amounts payable on cancellation of shares		(9,405,385)		(8,167,845)	
			(4,451,653)		1,868,321
Change in net assets attributable to shareholders from investment activities			1,456,855		5,737,728
Retained distribution on accumulation shares	6		601,376		781,479
<b>Closing net assets attributable to shareholders</b>			<b>55,658,657</b>		<b>58,052,079</b>

Financial Statements continued

**BALANCE SHEET  
AS AT 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed assets</b>					
Investments			54,639,043		54,266,026
<b>Current assets</b>					
Debtors	7	161,196		236,459	
Cash and bank balances	8	943,087		3,733,430	
<b>Total current assets</b>			<u>1,104,283</u>		<u>3,969,889</u>
<b>Total assets</b>			<u>55,743,326</u>		<u>58,235,915</u>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Creditors	9	(84,669)		(183,836)	
<b>Total creditors</b>			<u>(84,669)</u>		<u>(183,836)</u>
<b>Total liabilities</b>			<u>(84,669)</u>		<u>(183,836)</u>
<b>Net assets attributable to shareholders</b>	13		<u><u>55,658,657</u></u>		<u><u>58,052,079</u></u>

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

1 ACCOUNTING POLICIES

Refer to the Statement of Accounting Policies and Combined Notes

2 NET CAPITAL GAINS/(LOSSES)

The net capital gains during the year comprise:

Non-derivative securities\*

Rebates from underlying investments

Transaction charges

**Net capital gains**

31.12.20	31.12.19
£	£
1,431,058	5,712,495
27,201	30,648
(1,404)	-
<b>1,456,855</b>	<b>5,743,143</b>

\*Includes realised gains of £187,867 (31 December 2019: £2,047,838) and unrealised gains of £1,243,191 (31 December 2019: £3,664,657).

3 REVENUE

Bank interest

Franked UK dividends

Unfranked UK dividends

Offshore funds dividends

Offshore funds interest

Rebates from underlying funds

**Total revenue**

31.12.20	31.12.19
£	£
667	465
706,508	824,872
373,497	378,600
105,360	99,581
26,081	4,800
1,036	3,197
<b>1,213,149</b>	<b>1,311,515</b>

4 EXPENSES

**Payable to the ACD, associates of the ACD and agents of either of them:**

ACD's periodic charge\*

**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Safe custody and other bank charges

**Other expenses:**

Regulatory costs

Investment manager's fee

Other expenses

**Total expenses**

31.12.20	31.12.19
£	£
390,837	388,968
<b>390,837</b>	<b>388,968</b>
7,393	7,628
<b>7,393</b>	<b>7,628</b>
99	100
136,712	136,228
31,905	42,703
<b>168,716</b>	<b>179,031</b>
<b>566,946</b>	<b>575,627</b>

\*Audit fees of £9,084+VAT+3% expenses for the year ended 31 December 2020 (31 December 2019: £8,250+VAT) have been borne by the ACD out of its periodic charge.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

5 TAXATION

(a) Analysis of the tax charge in the year

	31.12.20	31.12.19
	£	£
Corporation tax	-	-
<b>Current tax charge (Note 5(b))</b>	<b>-</b>	<b>-</b>

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31 December 2019: 20%). The differences are explained below:

	31.12.20	31.12.19
	£	£
Net revenue before taxation	646,203	735,490
Corporation tax at 20%	129,241	147,098
<b>Effects of:</b>		
Income in capital	5,440	6,130
Movement in excess management expenses	27,693	31,663
Revenue not subject to corporation tax	(162,374)	(184,891)
<b>Total tax charge (Note 5(a))</b>	<b>-</b>	<b>-</b>

(c) Provision for deferred tax

At the year end there is a potential deferred tax asset of £250,380 (31 December 2019: £222,687) in relation to surplus management expenses. A deferred tax asset has not been recognised as it is not probable that the sub-fund will generate sufficient taxable profits in the future to utilise surplus management expenses.

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 6 DISTRIBUTIONS

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

	31.12.20 £	31.12.19 £
Final	601,376	781,479
Add: Revenue paid on cancellation of shares	75,683	72,077
Deduct: Revenue received on issue of shares	(30,856)	(112,651)
<b>Net distributions for the year</b>	<b>646,203</b>	<b>740,905</b>

Details of the distributions per Share are set out in the distribution table on page 115.

	31.12.20 £	31.12.19 £
<b>Distributions represented by:</b>		
Net revenue after taxation	646,203	735,490
Tax relief from capital	-	5,415
<b>Net distributions for the year</b>	<b>646,203</b>	<b>740,905</b>

## 7 DEBTORS

	31.12.20 £	31.12.19 £
Amounts due for rebates from underlying funds	9,019	26,375
Amounts receivable on issue of shares	58,305	43,879
Franked UK dividends	47,901	45,747
Distributions from Regulated Collective Investment Schemes		
Franked Investment Income	-	45,364
Unfranked Investment Income	15,532	64,269
Prepaid expenses	1,012	1,360
Income tax recoverable	29,427	9,465
<b>Total debtors</b>	<b>161,196</b>	<b>236,459</b>

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

8 CASH AND BANK BALANCES

	31.12.20	31.12.19
	£	£
Bank balances:		
Revenue account <sup>(1)</sup>	-	864
Cash account <sup>(2)</sup>	943,087	3,732,566
<b>Bank balances</b>	<b>943,087</b>	<b>3,733,430</b>

(1) Cash held with Citibank Europe Plc, UK Branch.

(2) Cash held with CACEIS Bank, UK Branch. There is no distinction between revenue and capital for cash balances held at CACEIS Bank, UK Branch.

9 CREDITORS

	31.12.20	31.12.19
	£	£
Amounts payable for cancellation of shares	838	35,696
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	33,377	35,277
	<u>33,377</u>	<u>35,277</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	492	687
	<u>492</u>	<u>687</u>
Other accrued expenses:		
Investment manager's fee	45,520	99,578
Other expenses	4,442	12,598
	<u>49,962</u>	<u>112,176</u>
<b>Total creditors</b>	<b>84,669</b>	<b>183,836</b>

10 RELATED PARTY TRANSACTIONS

Disclosure is made in note 2 of the Statement of Accounting Policies and Combined Notes.

11 SHARE CLASSES

Disclosure is made in note 3 of the Statement of Accounting Policies and Combined Notes.

12 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent liabilities or outstanding commitments at the balance sheet date (31 December 2019: nil).

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

**13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 4 of the Statement of Accounting Policies and Combined Notes. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

**i. Interest rate risk**

The table below shows the direct interest rate risk profile:

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
<b>Floating rate assets:</b>		
Pound Sterling	943,087	3,733,430
	943,087	3,733,430
<b>Assets on which interest is not paid:</b>		
Pound Sterling	54,800,239	54,502,485
	54,800,239	54,502,485
<b>Liabilities on which interest is not paid:</b>		
Pound Sterling	(84,669)	(183,836)
	(84,669)	(183,836)
<b>Net assets</b>	<b>55,658,657</b>	<b>58,052,079</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

**ii. Currency risk**

The table below shows the direct currency risk profile:

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
<b>Currency:</b>		
Pound Sterling	55,658,657	58,052,079
<b>Net assets</b>	<b>55,658,657</b>	<b>58,052,079</b>

**iii. Derivatives**

The Fund may use derivatives for investment purposes; the Net Asset Value may therefore, at times, increase in volatility and the risk profile may change. However, it is the Investment Manager's intention that the Fund, owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of its underlying investments.

The Fund did not hold any derivatives at year end (as set out in the Portfolio Statement) (31 December 2019: none).

**iv. Market price risk**

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements - stock specific risk and market risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

If the market prices were to increase or decrease by 1%, the NAV would increase or decrease by £546,390 (31 December 2019: £542,660) if all other variables remained constant.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

14 PORTFOLIO TRANSACTION COSTS

Commissions and taxes as a % of average net assets.

	2020	2019
Commissions	0.00%	0.00%
Taxes	0.00%	0.01%

Commission and taxes as a % of relevant purchase and sales amounts

Purchases 31 December 2020	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	7,844,971	1,404	0.0179%	-	0.0000%

Total purchases including commissions and taxes £7,846,375.

Purchases 31 December 2019	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	24,877,639	725	0.0029%	6,829	0.0274%

Total purchases including commissions and taxes £24,885,193.

Sales 31 December 2020	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	8,849,191	97	0.0011%	-	0.0000%

Total sales including commissions and taxes £8,849,094.

Sales 31 December 2019	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	25,805,619	140	0.0005%	1	0.0000%

Total sales including commissions and taxes £25,805,478.

The portfolio transaction cost tables above include direct transaction costs suffered by the Fund during the year.

For the Fund's investment in Collective Investment Schemes there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

The average portfolio dealing spread for the year ended 31 December 2020 is 0.4191% (31 December 2019: 0.3925%). This spread is the difference between the values determined respectively by reference to the bid and offer prices of the investments.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

15 VALUATION OF FINANCIAL INSTRUMENTS

Fair values

Section 11 of FRS 102 and 3. 100 of the IA SORP establish a hierarchy to be used to estimate the fair value of investments that are publicly traded or whose fair value can be reliably measured if they are not publicly traded. The levels of the hierarchy are as follows:

- (1) The unadjusted quoted price in an active market for identical assets or liabilities.
- (2) Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- (3) Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2020.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	5,561,147	49,077,896	-	54,639,043

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2019.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	5,207,016	49,059,010	-	54,266,026

16 RECONCILIATION OF MOVEMENT IN SHARES

Share Class	A Accumulation	B Accumulation
Opening number of shares	3,168,469	28,761,922
Shares created	163,208	2,650,909
Shares cancelled	(1,025,358)	(4,424,227)
<b>Closing number of shares</b>	<b>2,306,319</b>	<b>26,988,604</b>

## Financial Statements continued

## DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2020 - IN PENCE PER SHARE

## Final

Group 1 Shares purchased prior to 1 January 2020

Group 2 Shares purchased on or after 1 January 2020 to 31 December 2020

'A' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	0.8933	-	0.8933	1.0880
Group 2	0.2575	0.6358	0.8933	1.0880

'B' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	2.1519	-	2.1519	2.5972
Group 2	1.4240	0.7279	2.1519	2.5972

## EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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 shares for Capital Gains Tax purposes.

## ACD's Report

### INVESTMENT OBJECTIVE AND POLICY

WS Verbatim Portfolio 7 Fund (the 'Fund') will use a broadly growth investment strategy with the aim of achieving capital growth over the medium to longer term.

The Fund will seek to achieve its objective through investment in Collective Investment Schemes (regulated and unregulated) as well as directly held transferable securities (including exchange traded notes), derivatives, cash, deposits (including certificates of deposit), warrants and money market instruments. Investment may be made globally but foreign currency exposure through non UK investments may be hedged back into Sterling.

The Fund may also gain exposure (directly and indirectly) to alternatives, including but not limited to, property, commodities, hedge funds, private equity, infrastructure and loans, through investment in Collective Investment Schemes and transferable securities.

Use may also be made of stock lending, borrowing, cash holdings and derivatives. It is intended that derivatives will be used for investment purposes as well as for efficient portfolio management but the ACD does not anticipate that such use of derivatives will have any significant adverse effect on the risk profile of the Fund. In particularly volatile markets, the Investment Manager may temporarily hold more than 10% in cash provided it is in accordance with the investment objective of the Fund. As the Investment Manager has the discretion to borrow up to 10% of the value of the property of the Fund, this facility may be used to help manage liquidity.

Waystone Management (UK) Limited  
*ACD of WS Verbatim Portfolio 7 Fund*

## ACD's Report continued

## INVESTMENT MANAGER'S REPORT

Year ended 31 December 2020

## INVESTMENT REVIEW

Over the 12 months under review, the Fund produced a return of 4.7% (Source: Morningstar, B Acc shares).

As would be expected against such unprecedented developments, the portfolio saw a significant drawdown over the first quarter of 2020, although this should be seen in the context of the worst three months since 1987 for the FTSE 100, what we call the 'News at Ten Index'. Once again, the benefits of diversification were clear from Q1 returns, with the handful of funds posting positive numbers largely fixed income vehicles.

Looking at our equity exposure, there were few surprises, with UK funds typically among the worst hit – Fidelity Special Situations for example – amid a range of double-digit falls. As emerging market and Asian equities did relatively better than Western equities over the quarter, the higher-risk portfolios benefited from their greater exposure to these.

Over Q2, with governments and central banks launching rescue packages, equities retraced a large part of their losses. This solid rally drove much healthier performance for the funds overall and in terms of top performers, many of the hardest-hit funds in Q1 were among the best performers over the following three months including UBS US Growth, Schroder Asia Pacific and JPM US Equity Income.

After a turbulent first quarter, we felt that having been broadly neutral in terms of our tactical positioning since 2018, the selloff gave us scope to take advantage of increasingly cheap equity valuations. We were keen not to rush into markets but started making small tactical shifts in the second quarter as flows allowed. We reduced our growth exposure in the US for example (via the UBS US Growth Fund), tilting slightly towards value options as we continue to believe America's large-cap growth names (led by the FAANGs) are overvalued. Where possible, we also added exposure to our favoured markets, including Asia and emerging markets and smaller companies.

After the strong bounceback in the second quarter, Q3 was a slower, albeit still positive, period for most markets, driving a solid return for the funds.

The US remains the market where the dislocation between economic reality and equity hope is starkest and continued to post strong performance despite selloffs in some of the largest tech names in September. Our positions in funds such as UBS US Growth, JPM US Equity Income and Fidelity Index US were among the strongest contributors over the quarter but our underweight exposure to a market we have long considered expensive remains a detractor.

Elsewhere, the UK was among the weaker equity markets, weighed down by fears of a second wave of Coronavirus and fresh Brexit chaos, and holdings such as Fidelity Index UK and Fidelity Special Situations were among the detractors in Q3.

In terms of trades, we sold our position in Stewart Investors Global Emerging Market Leaders and recycled into the Legg Mason Martin Currie Global Emerging Markets Fund. Within any region, we tend to hold a tracker fund plus value and growth options to provide balanced exposure. In emerging markets, we have held the Stewart fund as our 'growth' option for many years but felt it was an opportune time to move to an out-and-out growth vehicle from Martin Currie, which currently has more than 30% in China.

Given the invigorating effect of vaccine news on markets in the latter part of the year, it is little surprise to find improving sentiment among investors. In the November edition of the monthly Bank of America (BofA) Fund Manager survey, figures revealed falling cash levels among professional investors and a net 46% of asset allocators overweight equities, the highest level since January 2018. This saw an increase in exposure to small caps, emerging markets and value, and emerging markets is the asset class most believe will outperform in 2021, ahead of the S&P 500, oil and gold. Technology continues to be seen as the most crowded trade – and all of these show views shifting towards our long-term thinking.

Initial stronger performance in the 'Biden/vaccine bounce' came from companies benefiting from the economy reopening, such as consumer and leisure sectors, while those positioned for a stay-at-home scenario did less well, including technology. What recent events have allowed investors to do is recalibrate their expectations for many companies, a vaccine 'floor' if you will, creating more certainty around valuations given the fact a return to normality is at least in sight.

We have also seen a pronounced value spike – positive for our portfolios given the slight value tilt – but predicting a sustained resurgence for this part of the market has often proved the kiss of death in recent years. As ever, we are cautious about extrapolating short-term data into long-term outcomes – even given the largest one-day crash in momentum stocks in history over the month – but there are undeniably encouraging signs. Exhibit one for the value case is Biden's expected infrastructure programme and the 'Green Industrial Revolution' in the UK, which could be positive for sectors such as industrials, materials, consumer discretionary and – with a potential knock-on impact on bond yields – financials.

Top holdings over Q4 included Schroder Asia Pacific and Artemis Global Emerging Markets, as the region rallied on the expectation of a better trade backdrop with Joe Biden in the White House.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT (continued)****INVESTMENT REVIEW (continued)**

For our part, we always want to prepare rather than react and believe our calls earlier in the year to add small caps, Asia and emerging markets are starting to bear fruit. Despite the Biden effect in the US, we still have concerns about narrow market leadership and believe tech companies could face further corrections, even without crushing Antitrust regulation.

**MARKET COMMENTARY**

We came into 2020 with positive news on trade wars and Brexit, two issues that had dogged sentiment for the whole of the previous year and before that – and there only mere rumblings of a viral outbreak in China. 12 months later and we remain in unprecedented territory, with many countries in, out and now back into lockdown, social distancing still in place, and millions of people working at home.

Just a month after the S&P 500 hit a record high on 19 February, the ongoing spread of Coronavirus and an oil-centred dispute between Russia and Opec saw markets tip into bear territory and growing fears about impending recession. Markets initially treated these events as a classic growth scare and reacted in typical 'bear' fashion; the difference to previous declines was the speed, with the slowest bull run in history very quickly giving way to one of the rapidest bear markets.

After the deep declines, we saw a huge stimulus effort from central banks and governments and this activity was able put a floor under markets, with equities bouncing back (far quicker than after the tech crash or global financial crisis) and, particularly in the US, reaching a series of fresh records as the year progressed. This continued through summer as economies started to open up but we become increasingly concerned with a growing dislocation between what we called market hope and economic reality.

On the policy front, we saw announcements from the US Federal Reserve and Bank of England (BoE) in September, with the former sending out what it called 'strong and powerful guidance' that interest rates will remain near zero until at least the end of 2023. The central bank also said it would not tighten policy until inflation has been 'moderately above' above 2% for some time, confirming plans to run the economy hot until well into recovery from Covid-19.

Later in the year, the BoE delayed a potential rate cut until the Brexit situation was clear and markets are pricing in a one-in-four chance of a reduction in 2021 to help the Covid recovery along, which would take rates into negative territory for the first time. If the outlook for inflation weakens further, the Monetary Policy Committee said it stands ready to take whatever action is necessary to achieve its remit, which suggests negative rates are on the table.

Coming into the second half of the year, attention turned to the US election, and markets had become increasingly jittery towards the end of October, with concerns around Covid-19 running out of control and fresh lockdowns blunting the positive impact of a predicted victory for Joe Biden in the US. The first days of November brought the long-awaited election, which proved every bit as tumultuous as expected and initially denied markets any of the certainty they craved.

Fears of a long drawn-out melee in the US had most investors expecting another challenging month but then came news of a vaccine from Pfizer/BioNTech, with early tests suggesting it could prevent more than 90% of people from getting Covid-19. With close to 60 million cases and over 1.4 million deaths around the world, this news caused great excitement in markets, with the S&P 500 and Dow Jones quickly rocketing back towards all-time high territory once again. Equities were pushed through these levels later in November, and global stocks actually registered the strongest month on record, on the back of a successful trial from US company Moderna and further positive vaccine news from Oxford AstroZeneca.

In the UK, we saw the endgame of the four-and-a-half year Brexit fiasco, with the UK and EU unveiling a deal on Christmas Eve that should help markets start 2021 on firmer footing and allow companies to plan ahead and invest for the future. The US election also ended with a promise of a return to more traditional politics under President-elect Joe Biden, potentially alleviating the trade wars that have hit sentiment in recent years.

Despite rays of light, November also brought sobering economic news in the shape of Chancellor Rishi Sunak's Spending Review, suggesting persistent scars from Covid-19. Figures from the OECD predict the UK's recovery from the pandemic will lag behind every other major economy apart from Argentina, with the Organisation warning against any cutting of government spending despite spiralling debt levels. Against a backdrop of heavy government expenditure, the OECD said nations need to continue to make use of record-low borrowing costs to spend on protecting businesses and households.

**OUTLOOK**

With 2020 showing the lack of value in economic guesswork, what is worth saying as we head into another year? There is clearly considerable economic uncertainty despite vaccine news, with spiralling unemployment and huge debt burdens – and these are global rather than regional issues; for once, most of the world is genuinely in the same boat so we are likely to see ongoing collaboration between central banks and governments to support recovery.

## ACD's Report continued

**INVESTMENT MANAGER'S REPORT (continued)****OUTLOOK (continued)**

After a difficult year – and longer if we consider the shadow of trade wars – 2021 does at least promise the end of three market-influencing factors, which could mean more market clarity than has been the case for some time: the first is the transition from Donald Trump to Joe Biden, the second is a reduction in the impact of Covid-19, and the third is the Brexit fiasco.

In the US, a broader return to more traditional politics and calmer approach to international relations should be positive after a long period of trade volatility and increasingly protectionist policies. If nothing else, Covid-19 has reminded everyone we are all one species and more can be achieved together than divided.

Elsewhere, the hope is that the vaccines already announced, and others to come, bring an end to Covid uncertainty and recent market moves suggest investors have at least been able to recalibrate expectations for many companies now that some return to normality is in sight.

Finally, after more than four years of wrangling, the Brexit situation has reached its endgame, for good or ill, and I echo the view of our UK equity manager at Liontrust Anthony Cross, who has said that once the politicians get out of the way, companies can come in and make the best of whatever situation emerges.

There remains uncertainty in all three of these areas but, if nothing else, they should bring more clarity to markets in 2021. This may help to restore the disconnect between stock market hope and economic reality, which, for us, has continued to undermine surging stock markets throughout this year.

To reiterate, a huge part of record market levels has come from just a few 'Covid resistant' technology businesses and if we, at the very least, see some clarity return in 2021 (as those obfuscating forces recede), there should be more of a level playing field where fundamentals can shine through. The last two months of 2020 saw broader market performance, including a strong bounce for many deeply bruised value names, and if that continues, there should be stronger support for markets than the increasingly narrow leadership that persisted throughout much of 2020.

Liontrust Investment Partners LLP

*Investment Manager*

January 2021

ACD's Report continued

COMPARATIVE TABLES

Changes in net asset per share

	31 December 2020		31 December 2019		31 December 2018	
	A	B	A	B	A	B
	Accumulation £	Accumulation £	Accumulation £	Accumulation £	Accumulation £	Accumulation £
<b>Opening net asset value per share</b>	1.8909	2.0347	1.6678	1.7813	1.8320	1.9419
Return before operating charges <sup>1</sup>	0.1226	0.1333	0.2657	0.2846	(0.1246)	(0.1328)
Operating charges <sup>2</sup>	(0.0419)	(0.0307)	(0.0426)	(0.0312)	(0.0396)	(0.0278)
<b>Return after operating charges<sup>3</sup></b>	0.0807	0.1026	0.2231	0.2534	(0.1642)	(0.1606)
Gross distributions on accumulation shares	(0.0099)	(0.0239)	(0.0116)	(0.0280)	(0.0065)	(0.0216)
Retained gross distributions on accumulation shares <sup>4</sup>	0.0099	0.0239	0.0116	0.0280	0.0065	0.0216
<b>Closing net asset value per share</b>	1.9716	2.1373	1.8909	2.0347	1.6678	1.7813
*After direct transaction costs of <sup>5</sup>	0.0001	0.0001	0.0001	0.0001	0.0005	0.0006
<b>Performance</b>						
Return after charges <sup>6</sup>	4.27%	5.04%	13.38%	14.23%	(8.96%)	(8.27%)
<b>Other information</b>						
Closing net asset value (£)	3,789,323	39,793,071	4,767,497	41,614,214	5,513,877	34,752,996
Closing number of shares	1,921,917	18,617,909	2,521,312	20,452,540	3,305,985	19,509,394
Operating charges <sup>7</sup>	2.29%	1.54%	2.28%	1.53%	2.24%	1.49%
Direct transaction costs <sup>8</sup>	0.00%	0.00%	0.01%	0.01%	0.03%	0.03%
<b>Prices</b>						
Highest share price <sup>9</sup>	1.9873	2.1543	1.9229	2.0628	1.8687	1.9840
Lowest share price <sup>9</sup>	1.4846	1.6003	1.6651	1.7785	1.6574	1.7701

Footnotes:

- <sup>1</sup> The "return before operating charges" is calculated as the "return after operating charges" plus the "operating charges".
- <sup>2</sup> The Operating Charges shows the relevant operating expenses, excluding performance fees, expressed by reference to the average number of shares in issue during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.
- <sup>3</sup> Calculated as the "closing net asset value per share" plus the "distributions" minus the "opening net asset value per share".
- <sup>4</sup> The total amount retained is calculated as the total amount distributed.
- <sup>5</sup> Total direct transaction costs expressed by reference to the average number of shares in issue at each valuation point during the year.
- <sup>6</sup> The "return after charges" is calculated as the "return after operating charges" per share divided by the "opening net asset value per share".
- <sup>7</sup> The Operating Charges shows the relevant annualised operating expenses, excluding performance fees, expressed by reference to the average of the net asset values at each valuation point during the year. The Operating Charges include also a synthetic element associated with the expenses incurred by the Collective Investment Schemes the Fund invests in.
- <sup>8</sup> Total direct transaction costs expressed by reference to the average of the net asset values at each valuation point during the year.
- <sup>9</sup> The highest and lowest price from the published Net Asset Value.



## ACD's Report continued

## PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2020

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.12.20 %	31.12.19 %
COLLECTIVE INVESTMENT SCHEMES				
1,943,882	Artemis Global Emerging Markets	2,853,036	6.55	
428,228	AXA Sterling Buy and Maintain Credit	646,196	1.48	
198,527	AXA US Short Duration High Yield	182,784	0.42	
50,570	Baillie Gifford Japanese	1,033,655	2.37	
27,199	Baring Europe Select	1,309,655	3.01	
305,000	Downing Strategic Micro-Cap*	176,900	0.41	
903,578	Fidelity Index Emerging Markets	1,698,095	3.90	
462,812	Fidelity Index Europe ex UK	787,568	1.81	
256,956	Fidelity Index Japan	496,825	1.14	
790,149	Fidelity Index Pacific ex Japan	1,377,624	3.16	
1,097,508	Fidelity Index UK	1,437,955	3.30	
738,473	Fidelity Index US	2,049,927	4.70	
328,341	Fidelity MoneyBuilder Income	431,768	0.99	
26,904	Fidelity Special Situations	928,442	2.13	
1,497,902	JPMorgan US Equity Income	4,637,503	10.64	
167,666	Jupiter European Opportunities*	1,220,608	2.80	
1,875,916	Legal & General UK Property	1,657,184	3.80	
508,123	Legg Mason IF Martin Currie Emerging Markets	2,395,292	5.50	
257,275	LF Lindsell Train UK Equity	843,039	1.93	
1,107,262	Liontrust European Income	2,876,223	6.59	
1,716,465	Liontrust Asia Income	2,483,382	5.69	
35,929	Liontrust GF High Yield Bond	415,688	0.95	
293,258	Liontrust Macro Equity Income	1,002,121	2.30	
200,041	Liontrust UK Growth	836,753	1.92	
154,062	M&G Property Portfolio	1,420,005	3.26	
5,799	Man GLG Japan CoreAlpha Equity	903,109	2.07	
243,383	River and Mercantile UK Micro Cap*	520,840	1.20	
450,585	Royal London Corporate Bond	577,650	1.33	
475,769	Schroder Asia Pacific*	2,906,948	6.67	
1,297,804	UBS US Growth	2,932,648	6.73	
		<u>43,039,423</u>	<u>98.75</u>	
	TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>43,039,423</u>	<u>98.75</u>	<u>93.84</u>
	<b>Portfolio of Investments</b>	<b>43,039,423</b>	<b>98.75</b>	<b>93.84</b>
	Net other assets	542,971	1.25	6.16
	<b>Net assets</b>	<u><b>43,582,394</b></u>	<u><b>100.00</b></u>	<u><b>100.00</b></u>

\* Listed shares in closed end investment company

All investments are Collective Investment Schemes unless otherwise stated.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES**  
 FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Purchases</b>	<b>Cost £</b>
Legg Mason IF Martin Currie Emerging Markets	2,261,663
Liontrust Asia Income	2,193,670
Fidelity Index Pacific ex Japan	1,326,373
Liontrust European Income	125,766
JPMorgan US Equity Income	106,051
Artemis Global Emerging Markets	96,345
Liontrust Macro Equity Income	61,889
Fidelity Index UK	61,162
Legal & General UK Property	50,825
Fidelity Index Emerging Markets	33,979
Fidelity Index US	31,366
Fidelity Special Situations	31,092
First State Global Emerging Markets Leaders	29,436
Fidelity Index Europe ex UK	18,740
AXA Sterling Buy and Maintain Credit	14,277
Baillie Gifford Japanese	11,768
Royal London Corporate Bond	9,859
Fidelity Index Japan	9,249
<b>Total purchases</b>	<b>6,473,510</b>

The summary of material portfolio changes represents all purchases for the year.

## ACD's Report continued

**SUMMARY OF MATERIAL PORTFOLIO CHANGES** continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

<b>Sales</b>	<b>Proceeds £</b>
First State Global Emerging Markets Leaders	2,385,458
Liontrust GF Asia Income	2,193,669
UBS US Growth	1,338,209
Fidelity Index Pacific ex Japan	1,284,082
Schroder Asia Pacific	412,698
Liontrust European Income	377,089
Fidelity Index US	220,142
Artemis Global Emerging Markets	23,376
Fidelity Index Emerging Markets	11,224
Fidelity Index Europe ex UK	9,063
Fidelity Index Japan	6,180
Fidelity Index UK	3,838
M&G Property Portfolio	2,419
AXA Sterling Buy and Maintain Credit	467
Legal & General UK Property	159
Royal London Corporate Bond	23
<b>Total sales</b>	<b>8,268,096</b>

The summary of material portfolio changes represents all sales for the year.

Financial Statements

**STATEMENT OF TOTAL RETURN  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
Income					
Net capital gains	2		1,396,557		4,965,123
Revenue	3	952,019		1,027,273	
Expenses	4	(455,501)		(460,452)	
Interest payable and similar charges		-		(1,066)	
Net revenue before taxation		496,518		565,755	
Taxation	5	-		-	
Net revenue after taxation			496,518		565,755
<b>Total return before distributions</b>			<b>1,893,075</b>		<b>5,530,878</b>
Distributions	6		(501,810)		(565,501)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,391,265</b>		<b>4,965,377</b>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>Opening net assets attributable to shareholders</b>			46,381,711		40,266,873
Amounts receivable on issue of shares		2,332,323		8,278,992	
Amounts payable on cancellation of shares		(6,987,109)		(7,731,471)	
			(4,654,786)		547,521
Change in net assets attributable to shareholders from investment activities			1,391,265		4,965,377
Retained distribution on accumulation shares	6		464,204		601,940
<b>Closing net assets attributable to shareholders</b>			<b>43,582,394</b>		<b>46,381,711</b>

Financial Statements continued

**BALANCE SHEET  
AS AT 31 DECEMBER 2020**

	Note	31.12.20		31.12.19	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed assets</b>					
Investments			43,039,423		43,520,685
<b>Current assets</b>					
Debtors	7	110,739		133,868	
Cash and bank balances	8	510,409		2,891,788	
<b>Total current assets</b>			<u>621,148</u>		<u>3,025,656</u>
<b>Total assets</b>			<u>43,660,571</u>		<u>46,546,341</u>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Creditors	9	(78,177)		(164,630)	
<b>Total creditors</b>			<u>(78,177)</u>		<u>(164,630)</u>
<b>Total liabilities</b>			<u>(78,177)</u>		<u>(164,630)</u>
<b>Net assets attributable to shareholders</b>	13		<u><b>43,582,394</b></u>		<u><b>46,381,711</b></u>

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

## 1 ACCOUNTING POLICIES

Refer to the Statement of Accounting Policies and Combined Notes

## 2 NET CAPITAL GAINS/(LOSSES)

The net capital gains during the year comprise:

Non-derivative securities\*

Rebates from underlying investments

Transaction charges

**Net capital gains**

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
	1,372,106	4,937,223
	26,078	27,900
	(1,627)	-
	<b>1,396,557</b>	<b>4,965,123</b>

\*Includes realised gains of £483,039 (31 December 2019: £1,174,244) and unrealised gains of £886,103 (31 December 2019: £3,762,979).

## 3 REVENUE

Bank interest

Franked UK dividends

Unfranked UK dividends

Offshore funds dividends

Rebates from underlying funds

**Total revenue**

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
	784	360
	684,986	713,363
	173,108	215,499
	91,861	94,716
	1,280	3,335
	<b>952,019</b>	<b>1,027,273</b>

## 4 EXPENSES

**Payable to the ACD, associates of the ACD and agents of either of them:**

ACD's periodic charge\*

**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Safe custody and other bank charges

**Other expenses:**

Regulatory costs

Investment manager's fee

Other expenses

**Total expenses**

	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
	305,050	313,658
	<b>305,050</b>	<b>313,658</b>
	9,912	5,747
	<b>9,912</b>	<b>5,747</b>
	99	100
	105,720	103,279
	34,720	37,668
	<b>140,539</b>	<b>141,047</b>
	<b>455,501</b>	<b>460,452</b>

\*Audit fees of £9,084+VAT+3% expenses for the year ended 31 December 2020 (31 December 2019: £8,250+VAT) have been borne by the ACD out of its periodic charge.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

5 TAXATION

(a) Analysis of the tax charge in the year

	31.12.20	31.12.19
	£	£
Corporation tax	-	-
<b>Current tax charge (Note 5(b))</b>	<b>-</b>	<b>-</b>

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31 December 2019: 20%). The differences are explained below:

	31.12.20	31.12.19
	£	£
Net revenue before taxation	496,518	565,755
Corporation tax at 20%	99,304	113,151
<b>Effects of:</b>		
Income in capital	5,808	5,580
Movement in excess management expenses	50,257	42,885
Revenue not subject to corporation tax	(155,369)	(161,616)
<b>Total tax charge (Note 5(a))</b>	<b>-</b>	<b>-</b>

(c) Provision for deferred tax

At the year end there is a potential deferred tax asset of £406,514 (31 December 2019: £356,257) in relation to surplus management expenses. A deferred tax asset has not been recognised as it is not probable that the sub-fund will generate sufficient taxable profits in the future to utilise surplus management expenses.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

6 DISTRIBUTIONS

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

	31.12.20 £	31.12.19 £
Final	464,204	601,940
Add: Revenue paid on cancellation of shares	54,498	56,595
Deduct: Revenue received on issue of shares	(16,892)	(93,034)
<b>Net distributions for the year</b>	<b>501,810</b>	<b>565,501</b>

Details of the distributions per Share are set out in the distribution table on page 134.

	31.12.20 £	31.12.19 £
<b>Distributions represented by:</b>		
Net revenue after taxation	496,518	565,755
Net movement in revenue account	5,292	(5,834)
Tax relief from capital	-	5,580
<b>Net distributions for the year</b>	<b>501,810</b>	<b>565,501</b>

7 DEBTORS

	31.12.20 £	31.12.19 £
Amounts due for rebates from underlying funds	7,736	23,424
Amounts receivable on issue of shares	30,876	12,418
Franked UK dividends	44,075	17,720
Distributions from Regulated Collective Investment Schemes		
Franked Investment Income	-	38,595
Unfranked Investment Income	4,922	28,114
Prepaid expenses	942	3,973
Income tax recoverable	22,188	9,624
<b>Total debtors</b>	<b>110,739</b>	<b>133,868</b>

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

8 CASH AND BANK BALANCES

	31.12.20 £	31.12.19 £
Bank balances:		
Revenue account <sup>(1)</sup>	-	935
Cash account <sup>(2)</sup>	510,409	2,890,853
<b>Bank balances</b>	<b>510,409</b>	<b>2,891,788</b>

(1) Cash held with Citibank Europe Plc, UK Branch.

(2) Cash held with CACEIS Bank, UK Branch. There is no distinction between revenue and capital for cash balances held at CACEIS Bank, UK Branch.

9 CREDITORS

	31.12.20 £	31.12.19 £
Amounts payable for cancellation of shares	12,308	51,389
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	26,299	28,383
	26,299	28,383
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	377	-
	377	-
Other accrued expenses:		
Investment manager's fee	35,358	78,098
Other expenses	3,835	6,760
	39,193	84,858
<b>Total creditors</b>	<b>78,177</b>	<b>164,630</b>

10 RELATED PARTY TRANSACTIONS

Disclosure is made in note 2 of the Statement of Accounting Policies and Combined Notes.

11 SHARE CLASSES

Disclosure is made in note 3 of the Statement of Accounting Policies and Combined Notes.

12 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent liabilities or outstanding commitments at the balance sheet date (31 December 2019: nil).

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 4 of the Statement of Accounting Policies and Combined Notes. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

## i. Interest rate risk

The table below shows the direct interest rate risk profile:

	31.12.20 £	31.12.19 £
<b>Floating rate assets:</b>		
Pound Sterling	510,409	2,891,788
	510,409	2,891,788
<b>Assets on which interest is not paid:</b>		
Pound Sterling	43,150,162	43,654,553
	43,150,162	43,654,553
<b>Liabilities on which interest is not paid:</b>		
Pound Sterling	(78,177)	(164,630)
	(78,177)	(164,630)
<b>Net assets</b>	<b>43,582,394</b>	<b>46,381,711</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

## ii. Currency risk

The table below shows the direct currency risk profile:

	31.12.20 £	31.12.19 £
<b>Currency:</b>		
Pound Sterling	43,582,394	46,381,711
<b>Net assets</b>	<b>43,582,394</b>	<b>46,381,711</b>

## iii. Derivatives

The Fund may use derivatives for investment purposes; the Net Asset Value may therefore, at times, increase in volatility and the risk profile may change. However, it is the Investment Manager's intention that the Fund, owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of its underlying investments.

The Fund did not hold any derivatives at year end (as set out in the Portfolio Statement) (31 December 2019: none).

## iv. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements - stock specific risk and market risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

If the market prices were to increase or decrease by 1%, the NAV would increase or decrease by £430,394 (31 December 2019: £435,207) if all other variables remained constant.

Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

14 PORTFOLIO TRANSACTION COSTS

Commissions and taxes as a % of average net assets.

	2020	2019
Commissions	0.00%	0.00%
Taxes	0.00%	0.02%

Commission and taxes as a % of relevant purchase and sales amounts

Purchases 31 December 2020	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	6,471,883	1,627	0.0251%	-	0.0000%

Total purchases including commissions and taxes £6,473,510.

Purchases 31 December 2019	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	17,165,969	561	0.0033%	6,735	0.0392%

Total purchases including commissions and taxes £17,173,265.

Sales 31 December 2020	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	8,268,469	373	0.0045%	-	0.0000%

Total sales including commissions and taxes £8,268,096.

Sales 31 December 2019	Base Currency	Value (base)	Commissions	%	Tax	%
Collective investment schemes	GBP	18,647,806	-	0.0000%	-	0.0000%

Total sales including commissions and taxes £18,647,806.

The portfolio transaction cost tables above include direct transaction costs suffered by the Fund during the year.

For the Fund's investment in Collective Investment Schemes there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

The average portfolio dealing spread for the year ended 31 December 2020 is 0.3676% (31 December 2019: 0.3164%). This spread is the difference between the values determined respectively by reference to the bid and offer prices of the investments.

## Financial Statements continued

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 continued

## 15 VALUATION OF FINANCIAL INSTRUMENTS

## Fair values

Section 11 of FRS 102 and 3. 100 of the IA SORP establish a hierarchy to be used to estimate the fair value of investments that are publicly traded or whose fair value can be reliably measured if they are not publicly traded. The levels of the hierarchy are as follows:

- (1) The unadjusted quoted price in an active market for identical assets or liabilities.
- (2) Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- (3) Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2020.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	4,825,296	38,214,127	-	43,039,423

The following table presents the Fund's investment assets by level within the valuation hierarchy as at 31 December 2019.

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments valued at fair value	4,572,434	38,948,251	-	43,520,685

## 16 RECONCILIATION OF MOVEMENT IN SHARES

Share Class	A Accumulation	B Accumulation
Opening number of shares	2,521,312	20,452,540
Shares created	79,425	1,154,442
Shares cancelled	(678,820)	(2,989,073)
<b>Closing number of shares</b>	<b>1,921,917</b>	<b>18,617,909</b>

## Financial Statements continued

## DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2020 - IN PENCE PER SHARE

## Final

Group 1 Shares purchased prior to 1 January 2020

Group 2 Shares purchased on or after 1 January 2020 to 31 December 2020

'A' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	0.9897	-	0.9897	1.1552
Group 2	-	0.9897	0.9897	1.1552

'B' Accumulation Shares	Net revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	2.3912	-	2.3912	2.8007
Group 2	1.5328	0.8584	2.3912	2.8007

## EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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 shares for Capital Gains Tax purposes.

## General Information

**Head Office:** 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB.

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

**Base Currency:** The base currency of the Company is pounds sterling. Each sub-fund and class is designated in pounds sterling.

**Share Capital:** The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the sub-funds.

### STRUCTURE OF THE COMPANY

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary. On the introduction of any new sub-fund or class, a revised prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

WS Verbatim Portfolio 3 Fund

WS Verbatim Portfolio 4 Fund

WS Verbatim Portfolio 5 Income Fund

WS Verbatim Portfolio 5 Growth Fund

WS Verbatim Portfolio 6 Fund

WS Verbatim Portfolio 7 Fund

In the future there may be other sub-funds of the Company.

### CLASSES OF SHARES

Different classes of shares may be issued in respect of the Company.

Holders of Income shares are entitled to be paid the income attributable to such shares in respect of each annual or interim accounting period.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the share price.

### VALUATION POINT

The valuation point of the Company's sub-funds is 12 noon on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

### BUYING AND SELLING SHARES

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: Waystone Management (UK) Limited, c/o FNZ TA Services, Level 5, 67 Lombard Street, London EC3V 9LJ or by telephone on 0330 0240 785 or by e-mail to [investorqueries@fnzta.com](mailto:investorqueries@fnzta.com). A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

## General Information continued

**PRICES**

The prices of all Shares are published on the website ([www.waystone.com](http://www.waystone.com)). The price shown will be that calculated at the previous Valuation Point. The price will not include any dilution levy that may apply but details will be available on request. The prices of Shares may also be obtained by calling 0303 0240 785 during the ACD's normal business hours or emailing [investorqueries@fnztaservices.com](mailto:investorqueries@fnztaservices.com).

**SHAREHOLDING**

At the balance sheet date, the following shareholders held in excess of 20% of the shares in issue of the sub-funds (31 December 2019: Nil).

**WS Verbatim Portfolio 6**

Aviva Pension Trustees Ltd AC FNZ Aviva SIPP	22.66%
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**ASSESSMENT OF VALUE**

Following the FCA Policy Statement 18/8 and related Collective Investment Schemes Sourcebook amendments effective for accounting periods ending 30 September 2019 and later, the ACD must conduct annual assessment of the overall value delivered to shareholders and publish a statement summarising the process. WS has elected to issue this statement in a separate composite report, performing the assessment across all of its UK authorised funds. The ACD has chosen a reference date of 31 December and will publish a composite report by 30 April each year. The report will be available on the ACD's website at [www.waystone.com](http://www.waystone.com).

**OTHER INFORMATION**

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on our website, [www.waystone.com](http://www.waystone.com), by following the link 'Funds & Prices'.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR.

**DATA PROTECTION ACT**

With General Data Protection Regulation coming into force on the 25th May 2018, the ACD has clarified personal data protection policies and has been implementing appropriated organisational and security measures. Please review the Data Protection section of the current Prospectus and the Privacy Policy, both published on the ACD's website [www.waystone.com](http://www.waystone.com).

**RISK WARNING**

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income 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.

