THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Annual Financial Statements
For the year ended 30 November 2023

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Contents

*These items, the Statement of crossholding and each sub-fund's Investment Report and Portfolio Statement collectively comprise the Authorised Corporate Director's ("ACD") Report.

Company Information

Authorised Corporate Director (ACD)
Scottish Friendly Asset Managers Limited

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Galbraith House
16 Blythswood Square
Glasgow
G2 4HJ

Telephone: 0141 275 5000
Fax: 0141 221 4864

The ACD is a member of the Investment Management Association and is authorised and regulated by the Financial Conduct Authority.

Authorised Corporate Director (ACD) Directors

A Balfour
S Beckett
D Huntley
S McGee
A Rankine (with effect from 23 December 2022)
M Pringle (resigned 1 January 2023)
J McGuigan (with effect from 21 February 2024)

Investment Manager
SVM Asset Management Limited
7 Castle Street
Edinburgh
EH2 3AH

Authorised and regulated by the Financial Conduct Authority.

Depositary
J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London
E14 5JP

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

Custodian
J.P. Morgan Chase Bank, NA, London Branch
25 Bank Street
Canary Wharf
London
E14 5JP

Authorised and regulated by the Financial Conduct Authority.

Registrar
Scottish Friendly Asset Managers Limited

Head office
Galbraith House
16 Blythswood Square
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G2 4HJ

Telephone: 0141 275 5000
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Authorised and regulated by the Financial Conduct Authority.

Administrator
J.P. Morgan Chase Bank
3 Lochside View
Edinburgh Park
Edinburgh
EH12 9DH

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors
PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Report of the Authorised Corporate Director

The Company

The Scottish Friendly Investment Funds is an open-ended investment company with variable capital ("OEIC") under regulation 12 of the OEIC Regulations 2001 and authorised by the Financial Conduct Authority ("FCA"). The Company is incorporated in Scotland under registered number S1-11. Individual shareholders will not be held liable for the debts of the Company.

The Company is structured as an “umbrella” company for the purposes of the Financial Conduct Authority Regulations. The purpose of this structure is to give investors access to a series of funds with differing objectives, within the flexibility of one single corporate structure. Different funds may be established from time to time by the Authorised Corporate Director ("ACD") with the approval of the Financial Conduct Authority and the agreement of the Depositary. The Company currently has two ‘securities’ funds, the Scottish Friendly Managed Growth Fund and the Scottish Friendly UK Growth Fund.

Authorised Status

From 1999 the Company has been authorised as an Open-Ended Investment Company under Regulation 7 of the Open-Ended Investment Companies Regulations 1996 (superseded by Regulation 12 of the Open-Ended Investment Companies Regulations 2001). The Company is authorised to operate as a "UCITS Scheme" for the purposes of the Collective Investment Schemes Sourcebook ("COLL") and as an "umbrella" company for the purposes of the OEIC Regulations.

The Financial Statements

We are pleased to present the Annual Financial Statements of the Company for the year ended 30 November 2023. As required by the Regulations, information for each of the sub-funds has also been included in these financial statements. On the following pages we review the performance of each of those sub-funds during the period.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements of the Scottish Friendly Managed Growth Fund as the assets of the Funds consist predominately of securities that are readily realisable and, accordingly, the Funds have adequate resources to continue in operational existence for at least the next twelve months from the approval of the financial statements. It is intended that the Scottish Friendly UK Growth Fund will merge into the Scottish Friendly Managed Growth Fund within 12 months of the approval of the financial statements. Accordingly, the going concern basis of preparation is no longer appropriate for the Scottish Friendly UK Growth Fund, and its financial statements have been prepared on a basis other than going concern.

Accounting policies

Annual General Meetings

The Company will not be holding Annual General Meetings.

Statement of the Authorised Corporate Director's Responsibilities

The Authorised Corporate Director ("ACD") of Scottish Friendly Investment Funds is responsible for preparing the Annual Report and the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each annual accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association ("IMA SORP") in May 2014; and

- give a true and fair view of the financial position of the Company and each of its sub-funds as at the end of that period and the net revenue and the net capital losses on the property of the Company and each of its sub-funds for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;

- make judgments and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards and the IMA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that 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 applicable IMA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with COLL 4.5.8BR, the Annual Report and the audited financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 28 March 2024.

Authorised Corporate Director's Statement

We hereby approve the Report and Financial Statements of Scottish Friendly Investment Funds for the year ended 30 November 2023 on behalf of Scottish Friendly Asset Managers Limited in accordance with the requirements of the FCA's COLL.

A Rankine
Director

D Huntley
Director

Scottish Friendly Asset Managers
Limited 28 March 2024

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of The Scottish Friendly Investment Funds ICVC ("the Company")

for the year ended 30 November 2023

The Depositary must ensure that the company is managed in accordance with the Financial Conduct Authority’s Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together ’the regulations’), the company’s Instrument of Incorporation and Prospectus (together ’the Scheme documents’) as detailed below.

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

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;

- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;

- the value of shares of the Company are calculated in accordance with the Regulations;

- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits; and

- the Company's income is applied in accordance with the Regulations; and the instructions of the Authorised Corporate Director (“the ACD”), which is the UCITS Management Company, are carried out (unless they conflict with the regulations).

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

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

(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 regulations and the Scheme documents of the company; and

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

J.P. Morgan Europe
Limited 28 March 2024

Independent auditors' report to the Shareholders of The Scottish Friendly Investment Funds ICVC

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of The Scottish Friendly Investment Funds ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 30 November 2023 and of the net revenue and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

The Scottish Friendly Investment Funds ICVC is an Open Ended Investment Company ('OEIC') with 2 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Financial Statements (the "Annual Report"), which comprise: the Balance Sheets as at 30 November 2023; the Statements of Total Return and the Statements of Change in Net Assets Attributable to shareholders for the year then ended; the Distribution Tables; the Accounting Policies and Risks, which include a description of the significant accounting policies; and the Notes to the Financial Statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – financial statements of a sub-fund prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to the Accounting policy, 'Basis of accounting', which describes the Authorised Corporate Director's reasons why the financial statements for the Scottish Friendly UK Growth Fund (the 'terminating sub-fund'), a sub-fund of The Scottish Friendly Investment Funds ICVC, have been prepared on a basis other than going concern. The financial statements of the remaining sub-fund of the Company (the "continuing sub-fund") have been prepared on a going concern basis.

Conclusions relating to going concern

In respect of the Company as a whole and the continuing sub-fund, 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 or the continuing sub-fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

With the exception of the terminating sub-fund, 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or its continuing sub-fund's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the Shareholders of The Scottish Friendly Investment Funds (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds' 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 wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-funds. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. This description forms part of our auditors' report.

Independent auditors' report to the Shareholders of The Scottish Friendly Investment Funds ICVC (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
28 March 2024

Accounting Policies and Risks

Accounting Policies
Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Prospectus and with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014 (SORP 2014, as amended in 2017), and United Kingdom Generally Accepted Accounting Practice as defined within Financial Reporting Standard 102 ('FRS 102') as applicable in the UK and Republic of Ireland.

The base currency of the Company is Sterling which is the Company's functional currency.

Amounts are rounded to the nearest £'000 [thousand].

Basis of preparation

The financial statements of the Scottish Friendly Managed Growth Fund have been prepared on a going concern basis. It is intended that the Scottish Friendly UK Growth Fund will merge into the Scottish Friendly Managed Growth Fund within 12 months of the approval of the financial statements. Accordingly, the going concern basis of preparation is no longer appropriate for the Scottish Friendly UK Growth Fund, and its financial statements have been prepared on a basis other than going concern. In applying this basis of preparation, the assets and liabilities of the Fund continue to be stated at their fair values which materially equate to their residual values. Costs associated with the solvency and merger of the fund will be borne by the ACD. No adjustments were necessary in the financial statements to reduce assets to their realisable values or to provide for liabilities arising from the decision. The Investments have been reclassified from Fixed Assets to Current Assets to reflect the anticipated timing of the merger. The comparative financial statements of Scottish Friendly continue to be prepared on a going concern basis.

Revenue

Dividends from equities and dividends from Real Estate Investment Trusts (REITs), are recognised when the security is quoted ex-dividend. Bank interest is accounted for as earned. Ordinary scrip dividends are recognised as revenue, based on the market value of the shares on the date they are quoted ex-dividend. Revenue on unquoted stocks is recognised when the entitlement to the dividend is established. Interest on fixed interest securities is recognised on an accruals basis, taking into account the effective yield on the investment. The effective yield basis amortises any discount or premium on the purchase of an investment over its remaining life.

Distributions from collective investment schemes are recognised when the security is quoted ex-dividend. Equalisation on distributions received is deducted from the cost of the investment. Distributions on investments in accumulation shares / units are recognised gross in the revenue statement, with a transfer being made from the capital property to the revenue property of the individual sub-fund.

Special Dividends

The underlying circumstances behind special dividends are reviewed on a case by case basis in determining whether the amount is capital or revenue in nature. Any tax treatment thereon will follow the accounting treatment of the principal amount. Amounts recognised as revenue will form part of the Fund’s distribution.

Expenses

All expenses, other than those relating to the purchase and sale of investments, are charged against income on an accrual basis. For purposes of determining the accumulation, security transaction charges are allocated to capital.

Equalisation Policy

The first distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of income included in the price paid for shares/units. The equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit. Equalisation received from the underlying investments has been treated as a reduction in the book cost of the investments and is not distributed.

Valuations

For the purposes of the financial statements, it is acceptable to use the prices and the portfolio holdings determined at the last valuation point of the accounting period, rather than perform an additional valuation, provided the authorised fund manager is satisfied that the resultant portfolio valuation would not be materially different from a valuation carried out at close of business on the balance sheet date. The precise valuation point should be disclosed in the notes.

All investments are valued net of any accrued interest which is included in the balance sheet as a revenue related item.

Delisted securities have been valued at nil pence per share.

Dilution Levy

The Company reserve the right to charge a dilution levy to protect existing investors in a fund from the costs of buying or selling investments that result from large investors joining or leaving the fund. The amount of any such dilution levy is calculated by reference to the estimated costs of dealing in the underlying investments, including any dealing spreads and broker commissions. Any dilution imposed on a particular investor or group of investors is paid into the fund and helps to protect existing investors from the costs of the resultant transactions.

Taxation

Provision is made for tax at the current rates on the excess of taxable revenue over allowable expenses.

Overseas dividends are disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the tax note.

Corporation tax is charged at 20% of the revenue liable to corporation tax less expenses.

Foreign Exchange

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that Sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

Assets and liabilities denominated in foreign currencies at the end of the accounting year are translated into sterling at the exchange rates ruling at close of business on the last valuation day of the accounting year. Revenue items denominated in foreign currencies are translated into sterling at the exchange rates ruling at the date of the transaction.

Statement of crossholding

There are no cross holdings as at 30 November 2023.

Distribution policy
Accumulations

Where the income from investments exceeds the expenses (for any share class), an accumulation will be made to that share class, except where due to a deficit in which case the accumulation is restricted and a capital transfer will be made. Should expenses exceed income, there will be no accumulation and the shortfall will be transferred from capital. The policy of the sub-funds is to make dividend accumulations on a semi-annual basis.

Financial instruments

In pursuing the investment objectives of the individual sub-funds, the Company may hold a number of financial instruments which comprise:

- equity and non-equity shares, Collective Investment Schemes, fixed income securities, and floating rate securities.
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations.
- shares/units in collective investment schemes which are either a money market scheme or a scheme of a category that is equivalent to a money market scheme.

Risk of financial instruments

The main risks arising from the Company's financial instruments are market, foreign currency, interest rate and liquidity risks. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks as summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate:

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

  The ACD meets regularly to consider the asset allocation of the portfolios in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolios selected in accordance with the overall asset allocation parameter described above and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

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

- Foreign currency risk - the revenue and capital value of the Company's investments can be affected by foreign currency translation movements as a proportion of the Company's assets and revenue is denominated in currencies other than sterling which is the Company's functional currency.

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

- Interest rate risk - the Company invests in fixed rate securities. Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the ACD being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

  In general, if interest rates rise the revenue potential of the Company also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Company). A decline in interest rates will in general have the opposite effect.

- Liquidity risk - the Company's assets comprise mainly realisable securities, which can be readily sold. The main liability of the Company is the redemption of any shares that investors wish to sell.

- Other risk - certain transactions in securities that the Company may enter into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Company has fulfilled its responsibilities.

  The Company only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time and these limits are reviewed regularly.

- Fair value - there is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

- Derivatives and other financial instruments - The sub-funds do not hold any derivatives.

  The numerical disclosures required by FRS 102 are shown within each individual sub-fund.

Investment Report

Fund Objective

The aim of the Fund is to achieve medium to long term capital growth.

Investment Policy

The investment policy is to invest in equities and fixed interest securities both in the UK and in other international stock markets. Fixed interest securities will comprise UK gilts or fixed interest securities denominated in sterling or foreign currencies issued by sovereign governments, supranational bodies, or local authorities. The Fund may also invest in corporate bonds denominated in sterling and other foreign currencies. The use of derivatives, stock lending or borrowing as permitted by the regulations for efficient portfolio management purposes may also take place when deemed appropriate for the achievement of the objectives of the Fund.

Market Background

Over the 12 months under review, the global economy proved more resilient than may have been expected a year ago. The geopolitical backdrop continued to prove difficult, with renewed conflict in the Middle East another risk factor to navigate alongside the ongoing attritional war in Ukraine. Inflation in major economies eased as the year progressed, with energy prices normalising and post-Covid supply chain issues continuing to ease.

Bond and gilts were under pressure for most of the year, as investors reacted to interest-rate hikes and hawkish language from central bankers. The fear that higher levels of inflation could become embedded thanks to a 'wage-price spiral' dominated the discourse for long periods. In the US, 10-year bond yields almost reached 5%, a level not seen since before the Global Financial Crisis. Towards the period-end, however, a combination of lower inflation readings and some softer economic data in the US led to a strong rally in bond markets with yields falling markedly.

Global equity markets have had a strong 12 months with most major American and European indices up by double-digit percentages. In the US, market breadth was especially narrow, with the 'magnificent seven' mega-cap technology stocks leading the way buoyed by positive AI sentiment. In Europe growth was much more broad-based, with retailers and banks outperforming alongside the tech sector. The UK's FTSE 100 was a laggard during the period, although this was largely due to its composition, with the mining sector a notable drag as investors grew increasingly concerned about prospects for the Chinese economy.

Portfolio Review

Over the 12-month period under review, the Scottish Friendly Managed Growth Fund delivered a total return of 2.7%. This compares to a return for the MSCI UK Investable Market Index of 1.9%, and 2.2% for the IA Mixed Investment 40-85% Shares Sector average. Over five years to 30 November 2023, the Fund has returned 34.7% versus a return for the IA Mixed Investment 40-85% Shares Sector average of 21.3% and against the MSCI UK Investable Market Index return of 25.4%.*

The largest single contributor to performance during the year was CRH, the building materials manufacturer and distributor. The company delivered a series of earnings upgrades throughout the year, as the company benefited from increasing infrastructure spending, particularly in the US. In September, CRH moved its primary listing to the NYSE. Given the group's significant exposure to the North American market this makes operational sense, but it also served to highlight the valuation discount for its stock compared with its US-listed peers. Microsoft, the US software behemoth, outperformed as technology stocks came back into favour and the company continued to deliver impressive revenue growth. Investors are excited by the opportunities presented by its next-generation AI products. Other notable positive contributors during the period include Ferguson, the plumbing and HVAC distributor, Shell and Allianz.

The single largest negative contributor to performance during the period was Glencore, the diversified mining and materials trading company. A combination of weaker production and concerns over the macro outlook impacted sentiment towards the company. The acquisition of Teck Resources' coal assets, however, should eventually allow the group to split its metals and coal business and help realise the value of the group's underlying assets. Other underperformers during the period include Anglo American, Porsche, and Entain, the global gaming company.

Notable new positions taken during the period include Mediobanca, Broadcom, RS Group, IMI, Saint Gobain, and Puma. During the period the fund exited several holdings including Rio Tinto, Barclays, Cap Gemini, Intel, British American Tobacco, and Anglo-American.

The portfolio includes a UK government bond, and a 10-yr US treasury bill that gives US Dollar exposure.

Investment Outlook

Investor attention in the early part of the year will still be largely focused on the path of interest rate moves. As inflation concerns ease and economic data softens, it is likely that the Federal Reserve will be the first major central bank to cut rates and will be followed, as is often the case, by the ECB and Bank of England. At present it appears that the US economy is on-track to achieve a 'soft landing' with inflation returning to more normalised levels whilst avoiding a recession.

Political risk will increasingly move onto investors' radar through 2024, with over 40 elections being held globally during the year. The most important will clearly be the US Presidential election which currently looks like being a re-run of 2020. Unlike the previous race, a Trump victory is unlikely to be received well by markets. Eight years ago, Trump was expected to be broadly business-friendly and filled senior roles with well-known, 'establishment' figures. This time round, investors know to expect erratic decision making and upheaval both domestically and internationally.

While the UK election does not need to be held until January 2025, a Spring or Autumn 2024 date seems more likely. For once, investors should be relatively sanguine about the outcome as neither a Starmer or Sunak-led government will prove particularly radical.

For equity markets, the nearing and commencement of the downwards parts of the interest rate cycle should prove positive. Following this much will depend on the outlook for growth and the impact any economic weakness has on corporate profitability. For many names, and in particular some UK-listed equities, shares have already been heavily derated in anticipation of a decline in profits. A number have been trading at or near 'trough multiples on trough profits' providing significant recovery potential.

Overall, falling inflation will underpin risk assets while an improvement in household's disposable income will help support growth. Global growth is slowing but sentiment towards the UK is improving and the economy is likely to confound the sceptics once again.

**Source: FE fund info. Past performance is not a guide to future performance. The value of shares and any income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.*

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Synthetic Risk and Reward Indicator (SRRI)

The SRRI is a numerical indicator of the risk and return profile of the Fund. This indicator is disclosed in the Key Investor Information Document (KIID) for each share class which can be found on the website www.scottishfriendly.co.uk. The values range from 1 through to 7 in a non-linear manner, where 1 denotes the lowest risk and therefore typically the lower rewards, while a 7 denotes the highest risk and therefore typically higher rewards. The SRRI is based on return volatility over the last five years. Historical data may not be a reliable indication for the future. The risk category shown is not guaranteed and may vary over time. The lowest category does not mean 'risk free'. The current SRRI for Scottish Friendly Managed Growth Fund is 6.

Comparative tables

	A Accumulation shares		
Financial year to 30 November	**2023** **p per share**	**2022** **p per share**	**2021** **p per share**
Change in net asset value			
Opening net asset value	344.22	344.20	298.43
Return before operating charges*	14.15	4.86	50.48
Operating charges	(5.01)	(4.84)	(4.71)
Return after operating charges*	**9.14**	**0.02**	**45.77**
Distributions	(5.80)	(4.19)	(0.11)
Retained distributions	5.80	4.19	0.11
Closing net asset value	**353.36**	**344.22**	**344.20**
*after direct transaction costs of	(0.53)	(0.57)	(0.77)
Performance			
Return after charges (%)	2.66	0.01	15.34
Other information			
Closing net asset value (£000's)	151,972	164,420	178,067
Closing number of shares	43,007,676	47,766,511	51,733,640
Operating charges (%)	1.43	1.43	1.42
Direct transaction costs (%)	0.15	0.17	0.23
Prices			
Highest dealing price	363.87p	355.77p	358.10p
Lowest dealing price	335.76p	318.93p	298.86p

Portfolio Statement (audited)
As at 30 November 2023

Investment	Currency	Holding	Market Value £000's	% of Net Assets
Equities 84.63% (83.34%)				
Consumer Discretionary 6.44% (2.52%)				
Automobiles 1.63% (0.00%)				
Dr. Ing h.c. F. Porsche AG Preference	EUR	34,000	2,480	1.63
			2,480	**1.63**
Hotels, Restaurants & Leisure 3.29% (1.49%)				
Entain plc	GBP	101,000	792	0.52
Flutter Entertainment plc	GBP	33,976	4,213	2.77
			5,005	**3.29**
Internet & Direct Marketing Retail 0.00% (1.03%)				
Textiles, Apparel & Luxury Goods 1.52% (0.00%)				
Puma SE	EUR	45,000	2,304	1.52
			2,304	**1.52**
Consumer Discretionary total			**9,789**	**6.44**
Consumer Staples 1.09% (4.93%)				
Beverages 1.09% (0.00%)				
Diageo plc	GBP	60,000	1,661	1.09
			1,661	**1.09**
Personal Care Products 0.00% (0.97%)				
Tobacco 0.00% (3.96%)				
Consumer Staples total			**1,661**	**1.09**
Energy 13.21% (12.64%)				
Oil, Gas & Consumable Fuels 13.21% (12.64%)				
BP plc	GBP	1,300,000	6,307	4.15
Shell plc	GBP	531,000	13,774	9.06
			20,081	**13.21**
Energy total			**20,081**	**13.21**
Financials 16.03% (11.95%)				
Banks 6.87% (5.98%)				
Lloyds Banking Group plc	GBP	5,000,000	2,171	1.43
Mediobanca Banca di Credito Finanziario SpA	EUR	370,000	3,453	2.27
Ringkjoebing Landbobank A/S	DKK	44,000	4,814	3.17
			10,438	**6.87**
Capital Markets 1.00% (0.00%)				
Man Group plc	GBP	720,000	1,525	1.00
			1,525	**1.00**
Financial Services 2.12% (0.00%)				
Visa, Inc. 'A'	USD	16,000	3,217	2.12
			3,217	**2.12**
Insurance 6.04% (5.13%)				
Allianz SE	EUR	21,400	4,268	2.81
AXA SA	EUR	199,000	4,910	3.23
			9,178	**6.04**
Thrifts & Mortgage Finance 0.00% (0.84%)				
Financials total			**24,358**	**16.03**

Portfolio Statement (audited) (continued)
As at 30 November 2023

Investment	Currency	Holding	Market Value £000's	% of Net Assets
Health Care 9.09% (10.39%)				
Pharmaceuticals 9.09% (10.39%)				
AstraZeneca plc	GBP	74,060	7,404	4.87
GSK plc	GBP	452,000	6,406	4.22
			13,810	**9.09**
Health Care total			**13,810**	**9.09**
Industrials 10.84% (6.49%)				
Building Products 1.52% (0.00%)				
Cie de Saint-Gobain SA	EUR	45,000	2,315	1.52
			2,315	**1.52**
Commercial Services & Supplies 0.00% (1.09%)				
Machinery 1.66% (0.00%)				
IMI plc	GBP	160,000	2,518	1.66
			2,518	**1.66**
Professional Services 2.39% (1.73%)				
Experian plc	GBP	125,000	3,629	2.39
			3,629	**2.39**
Trading Companies & Distributors 5.27% (3.67%)				
Ashtead Group plc	GBP	45,530	2,174	1.43
Ferguson plc	GBP	23,400	3,099	2.04
RS Group plc	GBP	369,000	2,732	1.80
			8,005	**5.27**
Industrials total			**16,467**	**10.84**
Information Technology 9.08% (11.66%)				
IT Services 0.00% (3.53%)				
Semiconductors & Semiconductor Equipment 5.28% (3.53%)				
AIXTRON SE	EUR	160,000	4,663	3.07
Broadcom, Inc.	USD	4,511	3,357	2.21
			8,020	**5.28**
Software 3.80% (4.60%)				
Microsoft Corp.	USD	19,300	5,784	3.80
			5,784	**3.80**
Information Technology total			**13,804**	**9.08**
Investment Funds 3.53% (3.33%)				
Investment Companies 3.53% (3.33%)				
Augmentum Fintech plc	GBP	209,988	204	0.14
HarbourVest Global Private Equity Ltd.	GBP	42,187	976	0.64
International Oil and Gas Technology Ltd.^	USD	170,000	–	–
Oryx International Growth Fund Ltd.	GBP	360,000	4,176	2.75
			5,356	**3.53**
Investment Funds total			**5,356**	**3.53**
Materials 11.82% (18.49%)				
Construction Materials 4.87% (2.73%)				
CRH plc	GBP	150,000	7,404	4.87
			7,404	**4.87**
Containers & Packaging 3.29% (2.10%)				
Smurfit Kappa Group plc	GBP	169,000	4,999	3.29
			4,999	**3.29**

Portfolio Statement (audited) (continued)
As at 30 November 2023

Investment	Currency	Holding	Market Value £000's	% of Net Assets
Metals & Mining 3.66% (13.66%)				
Glencore plc	GBP	1,240,000	5,560	3.66
			5,560	**3.66**
Materials total			**17,963**	**11.82**
Utilities 3.50% (0.94%)				
Multi-Utilities 3.50% (0.94%)				
Veolia Environnement SA	EUR	213,650	5,323	3.50
			5,323	**3.50**
Utilities total			**5,323**	**3.50**
Equities total			**128,612**	**84.63**
Government Bonds 10.57% (11.82%)				
UK Treasury 2.75% 07/09/2024	GBP	5,410,000	5,323	3.50
US Treasury 3.50% 15/02/2033	USD	10,500,000	7,794	5.13
US Treasury 3.88% 15/08/2033	USD	3,850,000	2,941	1.94
Government Bonds total			**16,058**	**10.57**
Investment assets			144,670	95.20
Net other assets			7,302	4.80
Net assets			**151,972**	**100.00**

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.
The comparative percentage figures in brackets are as at 30 November 2022.
^ Unlisted, suspended or delisted security.

Statement of Total Return
For the year ended 30 November 2023

	Notes	2023 £000's	2023 £000's	2022 £000's	2022 £000's
Income					
Net capital gains/(losses)	2		1,612		(2,292)
Revenue	3	5,241		4,620	
Expenses	4	(2,296)		(2,462)	
Net revenue before taxation		2,945		2,158	
Taxation	5	(304)		(82)	
Net revenue after taxation			2,641		2,076
Total return before distributions			**4,253**		**(216)**
Distributions	6		(2,641)		(2,076)
Change in net assets attributable to shareholders from investment activities			**1,612**		**(2,292)**

Statement of Change in Net Assets Attributable to shareholders
For the year ended 30 November 2023

	2023 £000's	2023 £000's	2022 £000's	2022 £000's
Opening net assets attributable to shareholders		164,420		178,067
Amounts receivable on issue of shares	50		268	
Amounts payable on cancellation of shares	(16,709)		(13,660)	
		(16,659)		**(13,392)**
Change in net assets attributable to shareholders from investment activities		1,612		(2,292)
Retained distribution on accumulation shares		2,599		2,037
Closing net assets attributable to shareholders		**151,972**		**164,420**

Balance Sheet

As at 30 November 2023

	Notes	2023 £000's	2022 £000's
Assets			
Fixed assets			
Investments	7	144,670	156,456
Current assets			
Debtors	8	1,146	495
Cash and bank balances	9	6,685	7,808
Total assets		**152,501**	**164,759**
Liabilities			
Creditors			
Other creditors	10	(529)	(339)
Total liabilities		**(529)**	**(339)**
Net assets attributable to shareholders		**151,972**	**164,420**

1. Accounting policies
Please see pages 9 to 10 for accounting basis and policies.

2. Net capital gains/(losses)

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

	2023 £000's	2022 £000's
Foreign currency gains	18	439
Non-derivative securities	1,597	(2,729)
Transaction costs	(3)	(2)
Net capital gains/(losses)	**1,612**	**(2,292)**

3. Revenue

	2023 £000's	2022 £000's
Bank interest	81	9
Franked distributions	–	25
Interest on debt securities	511	231
Overseas dividends	2,330	1,363
UK dividends	2,319	2,992
Total revenue	**5,241**	**4,620**

4. Expenses

Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:	**2023 £000's**	**2022 £000's**
Authorised Corporate Director fee	2,159	2,281
	2,159	**2,281**
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary’s fees	81	85
Safe custody fees	19	18
	100	**103**
Other expenses:		
Audit fee	15	14
Accounting and Administration fee	1	2
Interest payable	16	57
Price publication	5	5
	37	**78**
Total expenses	**2,296**	**2,462**

*The audit fee paid was £15,079.38 (2022: £13,112.50) net of VAT.

5. Taxation

(a) Analysis of the tax charge for the year

	2023 £000's	2022 £000's
Overseas withholding tax	304	82
Total current tax (Note 5(b))	**304**	**82**

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for OEICs of 20% (2022 – 20%) is applied to the net revenue/expense before taxation. The differences are explained below.

	2023 £000's	2022 £000's
Net revenue before taxation	**2,945**	**2,158**
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	589	432
Effects of:		
Irrecoverable overseas withholding tax	304	82
Movement in excess management expenses	341	419
Revenue not subject to corporation tax	(930)	(851)
Current tax charge for the year (Note 5(a))	**304**	**82**

Open-ended investment companies are exempt from tax on capital gains, therefore, any capital returns are not included in the above reconciliation.

(c) Factors affecting the current tax charge for the year

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £22,050,000 (2022: £21,806,000) creating a potential deferred tax asset of £4,410,000 (2022: £4,361,000). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised 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:

	2023 £000's	2022 £000's
Interim dividend distribution	1,776	826
Final dividend distribution	823	1,211
	2,599	**2,037**
Add: Revenue deducted on cancellation of shares	42	40
Deduct: Revenue received on issue of shares	–	(1)
Distributions	**2,641**	**2,076**

7. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy in accordance with FRS 102 which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:
Level 1 – Investments with unadjusted quoted prices in an active market;
Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;
Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	2023		2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Basis of valuation	**£000's**	**£000's**	**£000's**	**£000's**
Level 1: Quoted prices	128,612	–	137,032	–
Level 2: Observable market data	16,058	–	19,424	–
Level 3: Unobservable data	–	–	–	–
Total	**144,670**	**–**	**156,456**	**–**

8. Debtors

	2023	2022
	£000's	**£000's**
Accrued revenue	478	384
Overseas withholding tax recoverable	266	111
Sales awaiting settlement	402	–
Total debtors	**1,146**	**495**

9. Cash and bank balances

	2023	2022
	£000's	**£000's**
Cash and bank balances	6,685	7,808
Total cash and bank balances	**6,685**	**7,808**

10. Other creditors

	2023	2022
	£000's	**£000's**
Accrued expenses	200	219
Amounts payable for cancellation of shares	329	120
Total other creditors	**529**	**339**

11. Contingent liabilities

There were no contingent liabilities as at the year end (2022: nil).

12. Post balance sheet events

On the 1st of December 2023, the appointed investment manager SVM Asset Management Limited was renamed River and Mercantile Asset Management LLP, now known as Global River LLP, who are registered at 30 Colemand Street London EC2R 5AL. This change to the investment manager subsequent to the sale of SVM Asset Management Limited to the AssetCo Group and the subsequent bringing all active investment management within the group under River and Mercantile Asset Management LLP, now known as Global River LLP.

13. Related parties
Scottish Friendly Asset Managers Limited is regarded as the controlling party in respect of the operations of the Company.

Scottish Friendly Asset Managers Limited, a related party, acts as principal on all transactions of shares in the Company. The aggregate monies received and paid through creations and cancellations is disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due from Scottish Friendly Asset Managers Limited in respect of share transactions at the end of the year are disclosed in note 8. Amounts due to Scottish Friendly Asset Managers Limited in respect of share transactions at the end of the year are disclosed in note 10.

The amounts paid to Scottish Friendly Asset Managers Limited in respect of Authorised Corporate Director's periodic charges are disclosed in note 4. The amounts due at the year end are £167,016 (2022: £175,812).

Scottish Friendly Asset Managers Limited did not enter into any other transactions with the Company during the year.

There were no directors with any invested units in either of the funds.

Scottish Friendly Asset Managers Limited held 4,575.10 (2022: 46,981.92) accumulation shares in the Scottish Friendly Managed Growth Fund as at 30 November 2023.

Scottish Friendly Asset Managers Limited's parent company, Scottish Friendly Assurance Society Limited, held 5,814,806.80 (2022: 5,879,000.93) accumulation shares in the Scottish Friendly Managed Growth Fund as at 30 November 2023.

14. Shares in issue reconciliation

	Number of shares in issue as at 30.11.22	Number of shares issued	Number of shares cancelled	Number of shares in issue as at 01.12.23
A Accumulation shares	47,766,511	14,450	(4,773,285)	43,007,676

15. Financial instruments
The analysis and tables provided below refer to the narrative disclosure on 'Risk of financial instruments' on page 11.

Currency exposure
At the year end date a proportion of the net assets of the Fund are denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by exchange rate movement.

	2023			2022		
	Monetary £000's	Non Monetary £000's	Total £000's	Monetary £000's	Non Monetary £000's	Total £000's
Danish krone	5	4,814	4,819	–	4,497	4,497
Euro	263	29,716	29,979	108	17,226	17,334
US dollar	1,481	23,094	24,575	4,434	25,990	30,424

If the value of sterling exchange rate increased by 10% against all other currencies, the net asset value of the fund would decrease by the amount shown below. If the value of sterling exchange rate decreased by 10% against all other currencies, the net asset value of the fund would increase by the amount shown below. These calculations assume all other variables remain constant.

	2023 £000's	2022 £000's
Increased Other currencies to Sterling rate	6,597	5,806
Decreased Other currencies to Sterling rate	(5,398)	(4,750)

Interest rate risk
Interest rate risk profile of financial assets and financial liabilities of the Fund as at 30 November 2023.

	Assets	
	2023	**2022**
	£000's	**£000's**
Fixed rate	16,058	19,424
Floating rate	6,685	7,808
No interest	129,758	137,527
	152,501	**164,759**

	Liabilities	
	2023	**2022**
	£000's	**£000's**
No interest	(529)	(339)
	(529)	**(339)**

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

The floating rate financial assets earn interest which is based on the London Inter Bank Offer Rate (LIBOR).

	2023	**2022**
Fixed rate financial assets Weighted average interest rate: Sterling	1.00%	1.00%
Fixed rate financial assets Weighted average maturity: Sterling	0.8 yrs	2.1 yrs

Market Risk

If market prices had increased by 10% as at the balance sheet date, the net asset value of the fund would have increased by the following amounts. If market prices had decreased by 10%as at the balance sheet date, the net asset value of the fund would have decreased by the following amounts. These calculations assume all other variables remain constant.

	2023	**2022**
	£000's	**£000's**
Increase	14,467	15,646
Decrease	(14,467)	(15,646)

16. Debt security credit analysis

	2023	**2022**
	£000’s	**£000’s**
Investment grade securities	16,058	19,424
Total debt securities	**16,058**	**19,424**

17. Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

2023	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Bonds	19,672	6	–	19,678	0.03	–
Equities	45,672	44	134	45,850	0.10	0.29
	65,344	**50**	**134**	**65,528**		
Sales						
Bonds	22,535	–	–	22,535	–	–
Equities	56,548	(51)	–	56,497	0.09	–
	79,083	**(51)**	**–**	**79,032**		
Total cost of the Fund's average net asset value (%)		**0.06**	**0.08**			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Bonds	82,073	25	–	82,098	0.03	–
Equities	53,666	48	164	53,878	0.09	0.31
	135,739	**73**	**164**	**135,976**		
Sales						
Bonds	83,607	–	–	83,607	–	–
Equities	48,380	(52)	–	48,328	0.11	–
	131,987	**(52)**	**–**	**131,935**		
Total cost of the Fund's average net asset value (%)		**0.06**	**0.18**			

Dealing spread

As at 30 November 2023, the average portfolio dealing spread was 0.29% (2022: 0.17%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Distribution Tables

Interim annual distribution for the six months ended 31 May 2023
Group 1 Shares purchased prior to 1 December 2022
Group 2 Shares purchased 1 December 2022 to 31 May 2023

	Net revenue per share	Equalisation per share	Distribution paid 30.09.23 per share	Distribution paid 30.09.22 per share
A Accumulation shares				
Group 1	3.8897p	–	3.8897p	1.6584p
Group 2	2.9510p	0.9387p	3.8897p	1.6584p

Final annual distribution for the six months ended 30 November 2023
Group 1 Shares purchased prior to 1 June 2023
Group 2 Shares purchased 1 June 2023 to 30 November 2023

	Net revenue per share	Equalisation per share	Distribution payable 31.03.24 per share	Distribution paid 31.03.23 per share
A Accumulation shares				
Group 1	1.9134p	–	1.9134p	2.5356p
Group 2	1.4721p	0.4413p	1.9134p	2.5356p

*The ACD is of the opinion that it is not appropriate to adopt the going concern basis in the preparation of the financial statements for the Scottish Friendly UK Growth Fund as there is proposal of intent to merge the sub-fund with the Scottish Friendly Managed Growth Fund within the next accounting year subject to regulatory permission and shareholder approval, after which the ACD will commence the termination of the sub-fund.

Investment Report

Fund Objective

The aim of the Fund is to achieve medium to long term capital growth.

Investment Policy

The investment policy will be to invest in a diversified portfolio of UK listed equities.

Market Background

Over the 12 months under review, the global economy proved more resilient than may have been expected a year ago. The geopolitical backdrop continued to prove difficult, with renewed conflict in the Middle East another risk factor to navigate alongside the ongoing attritional war in Ukraine. Inflation in major economies eased as the year progressed, with energy prices normalising and post-Covid supply chain issues continuing to ease.

Gilts were under pressure for most of the year, as investors reacted to interest-rate hikes and hawkish language from central bankers. The fear that higher levels of inflation could become embedded thanks to a 'wage-price spiral' dominated the discourse for long periods. As inflation remained stubbornly higher than that seen in the US and across its European neighbours, arguments were made that the UK was uniquely exposed to such pressures. Over time, though, these concerns were proven to be false and were instead largely due to differences in timing and scale of government measures implemented during the past 18 months. The UK economy has thus far avoided what some considered an inevitable recession, although GDP growth has effectively flat-lined.

UK equity markets failed to make any headway during the period, with both the FTSE100 and the more domestically-biased FTSE 250 posting small declines. The former lagged largely due to its composition, with the mining sector a notable drag as investors grew increasingly concerned about prospects for the Chinese economy. The latter continued to suffer in the face of negative investor sentiment towards the UK.

Portfolio Review

Over the 12 month period under review, the Scottish Friendly UK Growth Fund returned -2.8%. This compares to a return for the MSCI UK Investable Market Index of 1.9% and 0.7% for the IA UK All Companies Sector average. Over five years to 30 November 2023, the Fund has returned 38.3% versus a return for the MSCI UK Investable Market Index of 25.4% and 19.0% for the IA UK All Companies Sector average.*

The largest single contributor to performance during the year was CRH, the building materials manufacturer and distributor. The company delivered a series of earnings upgrades throughout the year, as the company benefited from increasing infrastructure spending, particularly in the US. In September, CRH moved its primary listing to the NYSE. Given the group's significant exposure to the North American market this makes operational sense, but it also served to highlight the valuation discount for its stock compared with its US-listed peers. Ferguson, the plumbing and HVAC distribution company, also outperformed as strong demand for 'mega-projects' in the manufacturing and data centre sectors offset some weakness in residential markets. Other notable positive contributors during the period included Shell, Tesco, and Diploma.

The single largest negative contributor to performance during the period was Entain, the global gaming company. The company declined as it faced ongoing regulatory pressures in key markets like the UK and Australia. While the company still has strong positions in many exciting growth markets, it needs to improve its operational execution. Other underperformers during the period included Glencore, Plus 500 and Maxcyte.

Investment Outlook

Investor attention in the early part of the year will still be largely focused on the path of interest rate moves. As inflation concerns ease and economic data softens, it is likely that the Federal Reserve will be the first major central bank to cut rates and will be followed, as is often the case, by the ECB and Bank of England. At present it appears that the US economy is on-track to achieve a 'soft landing' with inflation returning to more normalised levels whilst avoiding a recession.

Political risk will increasingly move onto investors' radar through 2024, with over 40 elections being held globally during the year. The most important will clearly be the US Presidential election which currently looks like being a re-run of 2020. Unlike the previous race, a Trump victory is unlikely to be received well by markets. Eight years ago, Trump was expected to be broadly business-friendly and filled senior roles with well-known, 'establishment' figures. This time round, investors know to expect erratic decision making and upheaval both domestically and internationally.

While the UK election does not need to be held until January 2025, a Spring or Autumn 2024 date seems more likely. For once, investors should be relatively sanguine about the outcome as neither a Starmer or Sunak-led government will prove particularly radical.

For equity markets, the nearing and commencement of the downwards parts of the interest rate cycle should prove positive. Following this much will depend on the outlook for growth and the impact any economic weakness has on corporate profitability. For many names, and in particular UK-listed equities, shares have already been heavily derated in anticipation of a decline in profits. A number have been trading at or near 'trough multiples on trough profits' providing significant recovery potential.

Overall, falling inflation will underpin risk assets while an improvement in household's disposable income will help support growth. Global growth is slowing but sentiment towards the UK is improving and the economy is likely to confound the sceptics once again.

*Source: *FE fund info. Past performance is not a guide to future performance. The value of shares and any income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.*

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Synthetic Risk and Reward Indicator (SRRI)

The SRRI is a numerical indicator of the risk and return profile of the Fund. This indicator is disclosed in the Key Investor Information Document (KIID) for each share class which can be found on the website www.scottishfriendly.co.uk. The values range from 1 through to 7 in a non-linear manner, where 1 denotes the lowest risk and therefore typically the lower rewards, while a 7 denotes the highest risk and therefore typically higher rewards. The SRRI is based on return volatility over the last five years. Historical data may not be a reliable indication for the future. The risk category shown is not guaranteed and may vary over time. The lowest category does not mean 'risk free'. The current SRRI for Scottish Friendly UK Growth Fund is 6.

Comparative tables

Financial year to 30 November	A Accumulation shares 2023 p per share	2022 p per share	2021 p per share
Change in net asset value			
Opening net asset value	408.35	412.03	340.35
Return before operating charges*	(5.20)	2.33	77.84
Operating charges	(6.13)	(6.01)	(6.16)
Return after operating charges*	**(11.33)**	**(3.68)**	**71.68**
Distributions	(8.15)	(6.77)	(1.58)
Retained distributions	8.15	6.77	1.58
Closing net asset value	**397.02**	**408.35**	**412.03**
*after direct transaction costs of	(1.14)	(1.07)	(1.06)
Performance			
Return after charges (%)	(2.77)	(0.89)	21.06
Other information			
Closing net asset value (£000's)	22,585	23,064	23,927
Closing number of shares	5,688,647	5,647,980	5,807,054
Operating charges (%)	1.51	1.52	1.52
Direct transaction costs (%)	0.28	0.27	0.26
Prices			
Highest dealing price	435.94p	430.83p	451.90p
Lowest dealing price	384.73p	365.62p	340.90p

Portfolio Statement (audited)
As at 30 November 2023

Investment	Currency	Holding	Market Value £000's	% of Net Assets
Equities 94.46% (93.53%)				
Communication Services 2.07% (0.00%)				
Diversified Telecommunication Services 2.07% (0.00%)				
BT Group plc	GBP	380,000	467	2.07
			467	**2.07**
Communication Services total			**467**	**2.07**
Consumer Discretionary 11.75% (5.29%)				
Hotels, Restaurants & Leisure 9.83% (5.29%)				
Entain plc	GBP	32,929	258	1.14
Flutter Entertainment plc	GBP	6,883	854	3.78
Whitbread plc	GBP	35,200	1,108	4.91
			2,220	**9.83**
Specialty Retail 1.92% (0.00%)				
JD Sports Fashion plc	GBP	274,000	433	1.92
			433	**1.92**
Consumer Discretionary total			**2,653**	**11.75**
Consumer Staples 10.53% (4.95%)				
Beverages 2.70% (0.00%)				
Diageo plc	GBP	22,000	609	2.70
			609	**2.70**
Consumer Staples Distribution & Retail 7.83% (1.20%)				
Marks & Spencer Group plc	GBP	300,000	756	3.34
Tesco plc	GBP	357,000	1,014	4.49
			1,770	**7.83**
Food Products 0.00% (0.45%)				
Personal Care Products 0.00% (0.69%)				
Tobacco 0.00% (2.61%)				
Consumer Staples total			**2,379**	**10.53**
Energy 15.11% (15.28%)				
Oil, Gas & Consumable Fuels 15.11% (15.28%)				
BP plc	GBP	308,000	1,494	6.61
Shell plc	GBP	74,000	1,920	8.50
			3,414	**15.11**
Energy total			**3,414**	**15.11**
Financials 9.56% (13.25%)				
Banks 3.97% (8.28%)				
Lloyds Banking Group plc	GBP	2,065,000	897	3.97
			897	**3.97**
Capital Markets 2.47% (0.00%)				
Man Group plc	GBP	264,000	559	2.47
			559	**2.47**
Diversified Financial Services 0.00% (2.28%)				
Financial Services 1.08% (0.00%)				
OSB Group plc	GBP	65,000	244	1.08
			244	**1.08**
Insurance 2.04% (0.00%)				
Aviva plc	GBP	110,000	460	2.04

Portfolio Statement (audited) (continued)
As at 30 November 2023

Investment	Currency	Holding	Market Value £000's	% of Net Assets
Insurance 2.04% (0.00%) (continued)				
			460	**2.04**
Thrifts & Mortgage Finance 0.00% (2.69%)				
Financials total			**2,160**	**9.56**
Health Care 7.96% (10.35%)				
Life Sciences Tools & Services 0.00% (1.12%)				
Pharmaceuticals 7.96% (9.23%)				
AstraZeneca plc	GBP	11,600	1,159	5.14
GSK plc	GBP	45,000	638	2.82
			1,797	**7.96**
Health Care total			**1,797**	**7.96**
Industrials 22.62% (15.06%)				
Airlines 0.00% (1.27%)				
Commercial Services & Supplies 0.00% (1.50%)				
Electrical Equipment 0.95% (1.17%)				
DiscoverIE Group plc	GBP	34,200	215	0.95
			215	**0.95**
Machinery 4.28% (0.00%)				
IMI plc	GBP	45,000	708	3.14
Morgan Advanced Materials plc	GBP	100,000	258	1.14
			966	**4.28**
Passenger Airlines 4.22% (0.00%)				
easyJet plc	GBP	120,000	538	2.38
Ryanair Holdings plc	EUR	27,400	415	1.84
			953	**4.22**
Trading Companies & Distributors 13.17% (11.12%)				
Ashtead Group plc	GBP	14,600	697	3.09
Diploma plc	GBP	21,399	726	3.21
Ferguson plc	GBP	6,800	901	3.99
RS Group plc	GBP	88,000	651	2.88
			2,975	**13.17**
Industrials total			**5,109**	**22.62**
Information Technology 0.00% (3.59%)				
IT Services 0.00% (1.49%)				
Software 0.00% (2.10%)				
Investment Funds 0.00% (0.52%)				
Investment Companies 0.00% (0.52%)				
Materials 12.59% (21.12%)				
Chemicals 0.00% (2.83%)				
Construction Materials 5.03% (3.32%)				
CRH plc	GBP	23,000	1,135	5.03
			1,135	**5.03**
Containers & Packaging 4.19% (2.58%)				
Smurfit Kappa Group plc	GBP	32,000	947	4.19
			947	**4.19**
Metals & Mining 3.37% (12.39%)				
Glencore plc	GBP	170,000	762	3.37
			762	**3.37**
Materials total			**2,844**	**12.59**

Portfolio Statement (audited) (continued)
As at 30 November 2023

Investment	Currency	Holding	Market Value £000's	% of Net Assets
Real Estate 2.27% (2.15%)				
Equity Real Estate Investment Trusts (REITs) 0.00% (2.15%)				
Industrial REITs 0.93% (0.00%)				
LondonMetric Property plc	GBP	115,650	210	0.93
			210	**0.93**
Residential REITs 1.34% (0.00%)				
UNITE Group plc (The)	GBP	30,854	302	1.34
			302	**1.34**
Real Estate total			**512**	**2.27**
Utilities 0.00% (1.97%)				
Multi-Utilities 0.00% (1.97%)				
Equities total			**21,335**	**94.46**
Investment assets			21,335	94.46
Net other assets			1,250	5.54
Net assets			**22,585**	**100.00**

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.
The comparative percentage figures in brackets are as at 30 November 2022.

Statement of Total Return
For the year ended 30 November 2023

		2023		2022	
	Notes	**£000's**	**£000's**	**£000's**	**£000's**
Income					
Net capital losses	2		(1,115)		(593)
Revenue	3	827		732	
Expenses	4	(354)		(343)	
Net revenue before taxation		473		389	
Taxation	5	(6)		(4)	
Net revenue after taxation			467		385
Total return before distributions			**(648)**		**(208)**
Distributions	6		(467)		(385)
Change in net assets attributable to shareholders from investment activities			**(1,115)**		**(593)**

Statement of Change in Net Assets Attributable to shareholders
For the year ended 30 November 2023

	2023		2022	
	£000's	**£000's**	**£000's**	**£000's**
Opening net assets attributable to shareholders		23,064		23,927
Amounts receivable on issue of shares	808		633	
Amounts payable on cancellation of shares	(638)		(1,286)	
		170		**(653)**
Change in net assets attributable to shareholders from investment activities		(1,115)		(593)
Retained distribution on accumulation shares		466		383
Closing net assets attributable to shareholders		**22,585**		**23,064**

Balance Sheet

As at 30 November 2023

	Notes	2023 £000's	2022 £000's
Assets			
Current assets			
Investments*	7	21,335	21,571
Debtors	8	223	79
Cash and bank balances	9	1,073	1,460
Total assets		**22,631**	**23,110**
Liabilities			
Creditors			
Other creditors	10	(46)	(46)
Total liabilities		**(46)**	**(46)**
Net assets attributable to shareholders		**22,585**	**23,064**

*The ACD is of the opinion that it is not appropriate to adopt the going concern basis in the preparation of the financial statements for the Scottish Friendly UK Growth Fund as there is proposal of intent to merge the sub-fund with the Scottish Friendly Managed Growth Fund within the next accounting year subject to regulatory permission and shareholder approval, after which the ACD will commence the termination of the sub-fund.

1. Accounting Basis and Policies
Please see pages 9 to 10 for accounting basis and policies.

2. Net capital losses

The net capital losses during the year comprise:

	2023 £000's	2022 £000's
Foreign currency losses	–	(1)
Non-derivative securities	(1,111)	(590)
Transaction costs	(4)	(2)
Net capital losses	**(1,115)**	**(593)**

3. Revenue

	2023 £000's	2022 £000's
Bank interest	10	2
Overseas dividends	209	154
Real estate income distributions	24	20
UK dividends	584	556
Total revenue	**827**	**732**

4. Expenses

Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:	2023 £000's	2022 £000's
Authorised Corporate Director fee	314	306
	314	**306**
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	14	14
Safe custody fees	2	2
	16	**16**
Other expenses:		
Audit fee	15	14
Accounting and Administration fee	1	2
Interest payable	3	–
Price publication	5	5
	24	**21**
Total expenses	**354**	**343**

*The audit fee paid was £15,079.38 (2022: £13,112.50) net of VAT.

5. Taxation

(a) Analysis of charge in the year

	2023 £000's	2022 £000's
Overseas withholding tax	6	4
Total current tax (Note 5(b))	**6**	**4**

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for OEICs of 20% (2022 – 20%) is applied to the net revenue/expense before taxation. The differences are explained below.

	2023 £000's	2022 £000's
Net revenue before taxation	**473**	**389**
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	95	78
Effects of:		
Deferred tax	–	–
Irrecoverable overseas withholding tax	6	4
Movement in excess management expenses	63	58
Revenue not subject to corporation tax	(158)	(136)
Current tax charge for the year (Note 5(a))	**6**	**4**

Open Ended Investment Companies are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

(c) Factors that may affect future tax charges

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £3,259,000 (2022: £3,171,000) creating a potential deferred tax asset of £652,000 (2022:£ 634,000). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised 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:

	2023 £000's	2022 £000's
Interim dividend distribution	291	163
Final dividend distribution	175	220
	466	**383**
Add: Revenue deducted on cancellation of shares	3	5
Deduct: Revenue received on issue of shares	(2)	(3)
Distributions	**467**	**385**

7. Fair Value Hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy in accordance with FRS 102 which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:
Level 1 – Investments with unadjusted quoted prices in an active market;
Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;
Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	2023		2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Basis of valuation	**£000's**	**£000's**	**£000's**	**£000's**
Level 1: Quoted prices	21,335	–	21,571	–
Total	**21,335**	**–**	**21,571**	**–**

8. Debtors

	30.11.23	**30.11.22**
	£000's	**£000's**
Accrued revenue	69	66
Overseas withholding tax recoverable	25	13
Sales awaiting settlement	129	–
Total debtors	**223**	**79**

9. Cash and bank balances

	30.11.23	**30.11.22**
	£000's	**£000's**
Cash and bank balances	1,073	1,460
Total cash and bank balances	**1,073**	**1,460**

10. Other creditors

	30.11.23	**30.11.22**
	£000's	**£000's**
Accrued expenses	46	46
Total other creditors	**46**	**46**

11. Contingent liabilities

There were no contingent liabilities as at the year end (2022: nil).

12. Post balance sheet events

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

13. Related parties

Scottish Friendly Asset Managers Limited is regarded as the controlling party in respect of the operations of the Company.

Scottish Friendly Asset Managers Limited, a related party, acts as principal on all transactions of shares in the Company. The aggregate monies received and paid through creations and cancellations is disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due from Scottish Friendly Asset Managers Limited in respect of share transactions at the end of the year are disclosed in notes 8. Amounts due to Scottish Friendly Asset Managers Limited in respect of share transactions at the end of the year are disclosed in notes 10.

The amounts paid to Scottish Friendly Asset Managers Limited in respect of Authorised Corporate Director's periodic charges are disclosed in note 4. The amounts due at the year end are £24,861 (2022: £24,267).

Scottish Friendly Asset Managers Limited did not enter into any other transactions with the Company during the year.

There were no directors with any invested units in either of the funds.

Scottish Friendly Asset Managers Limited held 10,680.55 (2022: 5,111.50) accumulation shares in the Scottish Friendly UK Growth Fund at 30 November 2023.

Scottish Friendly Asset Managers Limited's parent company, Scottish Friendly Assurance Society Limited, held 4,326,295.03 (2022: 4,269,903.58) accumulation shares in the Scottish Friendly UK Growth Fund at 30 November 2023.

14. Shares in issue reconciliation

	Number of shares in issue as at 30.11.22	Number of shares issued	Number of shares cancelled	Number of shares in issue as at 01.12.23
A Accumulation shares	5,647,980	196,644	(155,976)	5,688,647

15. Financial instruments

The analysis and tables provided below refer to the narrative disclosure on 'Risk of financial instruments' on page 11.

Currency exposure

At the year end date a proportion of the net assets of the Fund are denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by exchange rate movement.

	30.11.23			30.11.22		
	Monetary £000's	Non Monetary £000's	Total £000's	Monetary £000's	Non Monetary £000's	Total £000's
Euro	24	414	438	13	–	13
US dollar	19	–	19	16	–	16

If the value of sterling exchange rate increased by 10% against all other currencies, the net asset value of the fund would decrease by the amount shown below. If the value of sterling exchange rate decreased by 10% against all other currencies, the net asset value of the fund would increase by the amount shown below. These calculations assume all other variables remain constant.

	30.11.23 £000's	30.11.22 £000's
Increased Other currencies to Sterling rate	51	3
Decreased Other currencies to Sterling rate	(42)	(3)

Interest rate risk

Interest rate risk profile of financial assets and financial liabilities of the Fund as at 30 November 2023.

	Assets	
	30.11.23	**30.11.22**
	£000's	**£000's**
Floating rate	1,073	1,460
No interest	21,558	21,650
	22,631	**23,110**

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

The floating rate financial assets earn interest which is based on the London Inter Bank Offer Rate (LIBOR).

	Liabilities	
	30.11.23	**30.11.22**
	£000's	**£000's**
No interest	(46)	(46)
	(46)	**(46)**

Market Risk

If market prices had increased by 10 as at the balance sheet date, the net asset value of the fund would have increased by the following amounts. If market prices had decreased by 10%as at the balance sheet date, the net asset value of the fund would have decreased by the following amounts. These calculations assume all other variables remain constant.

	30.11.23	**30.11.22**
	£000's	**£000's**
Increase	2,134	2,157
Decrease	(2,134)	(2,157)

16. Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread

2023	**Principal £000's**	**Commissions £000's**	**Taxes £000's**	**Total cost £000's**	**Commissions % of principal**	**Taxes % of principal**
Purchases						
Equities	9,594	10	46	9,649	0.10	0.48
Sales						
Equities	8,783	(9)	–	8,774	0.10	–
Total cost of the Fund's average net asset value (%)		**0.08**	**0.20**			

2022	**Principal £000's**	**Commissions £000's**	**Taxes £000's**	**Total cost £000's**	**Commissions % of principal**	**Taxes % of principal**
Purchases						
Equities	8,919	9	46	8,974	0.10	0.52
Sales						
Equities	6,351	(6)	–	6,345	0.09	–
Total cost of the Fund's average net asset value (%)		**0.07**	**0.21**			

Dealing spread

As at 30 November 2023, the average portfolio dealing spread was 0.08% (2022: 0.14%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Distribution Tables

Interim annual distribution for the six months ended 31 May 2023
Group 1 Shares purchased prior to 1 December 2022
Group 2 Shares purchased 1 December 2022 to 31 May 2023

	Net revenue per share	Equalisation per share	Distribution paid 30.09.23 per share	Distribution paid 30.09.22 per share
A Accumulation shares				
Group 1	5.0639p	–	5.0639p	2.8720p
Group 2	3.8032p	1.2607p	5.0639p	2.8720p

Final annual distribution for the six months ended 30 November 2023
Group 1 Shares purchased prior to 1 June 2023
Group 2 Shares purchased 1 June 2023 to 30 November 2023

	Net revenue per share	Equalisation per share	Distribution paid 31.03.24 per share	Distribution paid 31.03.23 per share
A Accumulation shares				
Group 1	3.0814p	–	3.0814p	3.8951p
Group 2	2.6548p	0.4266p	3.0814p	3.8951p

*The ACD is of the opinion that it is not appropriate to adopt the going concern basis in the preparation of the financial statements for the Scottish Friendly UK Growth Fund as there is proposal of intent to merge the sub-fund with the Scottish Friendly Managed Growth Fund within the next accounting year subject to regulatory permission and shareholder approval, after which the ACD will commence the termination of the sub-fund.

SIGNIFICANT INFORMATION (UNAUDITED)

Under the UCITS V and the UCITS Remuneration Code, the ACD are required to disclose how those whose actions have a material impact on the Funds are remunerated.

The remuneration policy, including but not limited to (i) a description of how remuneration and benefits are calculated and (ii) the identities of persons responsible for awarding remuneration and benefits, including the composition of the Scottish Friendly Remuneration Committee, are available from the ACD's website at www.scottishfriendly.co.uk/about-us/Board-committee-terms-reference/. A paper copy of the information available from the ACD's website in relation to remuneration is also available free of charge on request from the ACD.

The ACD considers its activities as non complex due to the fact that the regulation limits the UCITS strategies conducted and the scope of investment in such a way that investor risk is mitigated. The discretion of the ACD and the portfolio manager is strictly controlled within certain pre-defined parameters as determined in the prospectus of each UCITS.

In its role as an UCITS Manager, the ACD deems itself as lower risk due to the nature of the activities it conducts. Therefore the ACD have provided a basic overview of how staff whose actions have a material impact on the Funds are remunerated.

November 2023	Number of Beneficiaries	Total Remuneration paid	Fixed Remuneration	Variable Remuneration	Carried interest paid by the UCITS
Remuneration paid to employees who have a material impact on the risk profile of the UCITS.	8	£201,116.16	£201,116.16	-	-

GENERAL INFORMATION (unaudited)

Subscription Days
Shares may be purchased or sold on any dealing day. The price of shares and the estimated yield are calculated daily. A forward pricing basis is used. Prices are listed in the Financial Times and the Herald.

Redemption of Shares
Shares in the sub-funds may be redeemed on any dealing day. All sale instructions must be made to the ACD in writing. The shares will be purchased from the shareholder at the next valuation point and a contract note confirming the sale will be sent.

Dilution
The actual cost to the Company of purchasing or selling a sub-fund's investments may be higher or lower than the mid-market value used in calculating the share price, e.g., due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances (e.g., large volumes of deals) this may have an adverse effect on the interests of shareholders generally. In order to prevent this effect, called 'dilution', Scottish Friendly Asset Managers Limited has the power to charge a dilution levy on the sale and/or redemption of shares. The dilution levy will be applied at outset and will be paid into that sub-fund and become part of the relevant sub-fund. The dilution levy for each sub-fund will be calculated by reference to the costs of dealing in the underlying investments of that sub-fund, including any dealing spreads, commission and transfer taxes.

Charges
Certain charges are levied to cover the operating costs of the ACD. An initial charge of 4% of the price paid to the depositary is levied when shares are created. A management fee of 1.35% per annum of the net asset value of the sub-funds is levied. This was reduced from 1.4% per annum in August 2019. In addition a number of other fees are payable out of the sub-funds. These include audit, custody, regulatory and depositary fees. The current estimated effect of these fees is 0.50% per annum and is levied on the net asset value of the sub-funds. The charges are deducted daily from the revenue of the sub-funds.

In addition shareholders are permitted to make six free switches in each tax period, however, an administration charge of up to 3% may be levied on additional switches.

Taxation
The sub-funds are exempt from UK tax on capital gains realised on the disposal of investments held within them. Dividends from UK companies are received by the Funds with the tax already deducted and no further tax is payable by the sub-funds on that revenue. Other types of revenue (after deducting allowable expenses) are subject to corporation tax of 20%.

The revenue accumulated by the sub-funds has an attaching tax credit of 10% of the accumulation plus the tax credit.

Lower and basic rate taxpayers do not have any further tax to pay, although higher rate taxpayers are liable to tax on the net revenue accumulated at the difference between higher rate tax and the tax already deducted (currently 40% and 30%).

Details of the tax paid on behalf of shareholders is sent in the form of a tax voucher at each accumulation date.

Shareholders may be liable to capital gains tax when they sell their investments if the gains exceed the exempt amount in that year. For the tax year 2022/2023 the exempt amount was £12,300 and for the tax year 2023/2024 the exempt amount is £6,000.

Stamp Duty Reserve Tax
This is disclosed on the face of the Statements of Change in Net Assets Attributable to Shareholders in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Financial Conduct Authority. Stamp Duty was abolished on 30 March 2014.

Prospectus
Further details concerning the Funds are contained in the Prospectus, which is available on application from the ACD.

Publication of Prices
The most recent prices are published daily in the Financial Times and the Herald. Prices are also published on the Scottish Friendly web site at www.scottishfriendly.co.uk.

Application for Shares
All applications should be made by post to the ACD at Scottish Friendly Asset Managers Limited, 16 Blythswood Square, Glasgow G2 4HJ or by fax on 0141 221 4864. Shares will be purchased at the next valuation point following receipt of a valid application form and cheque. A contract note will be sent to the purchaser.

GENERAL INFORMATION (unaudited)

Prospective shareholders should note that the price of shares can fluctuate and the revenue from them can go down as well as up and is not guaranteed. On redemption investors may receive less than the original amount invested. Past performance is not necessarily a guide to future performance.

Assessment of Value - The Scottish Friendly Investment Funds ICVC (unaudited)

1. Introduction
The Financial Conduct Authority (FCA) has introduced rules to strengthen the duty of asset managers to act in investors' bests interests. These require Scottish Friendly Asset Managers Limited (SFAM) to assess the value of the Scottish Friendly Managed Growth Fund (MGF) and the Scottish Friendly UK Growth Fund UKGF) at least annually. SFAM's Board is responsible for considering the outcomes of the assessment and communicating if value has been delivered along with and any improvements that are required.

2. Assessment Criteria
Assessing value is more than just looking at the fees paid or the fund performance in isolation. The following describes the criteria used in SFAM's value assessment and our conclusions:

2.1 Quality of Service
SFAM has considered a range of services it provides to investors, including access to daily online valuations via the My Plans portal, service level attainment, customer communications and complaint volumes and how these were handled.

Assessment Outcome: The Board has concluded that, based on the areas considered, SFAM offers a good level of service to investors in the Scottish Friendly Managed Growth Fund and Scottish Friendly UK Growth Fund.

2.2 Performance
The objective of both the Scottish Friendly Managed Growth Fund and the Scottish Friendly UK Growth Fund is to achieve medium to long term capital growth. We have therefore considered how the funds have performed over 5 and 10 years, while considering prevailing market conditions. The performance of both funds was also compared against their comparator benchmark (the FTSE All Share).

For the period ending 30 November 2023, customers invested in the Scottish Friendly Managed Growth Fund and Scottish Friendly UK Growth Fund over a 5 and 10 year period achieved capital growth (after charges). The funds have therefore achieved their objective. A strategic review of the OEIC and sub funds has taken place and there is proposal of intent to merge the Scottish Friendly UK Growth Fund with the Scottish Friendly Managed Growth Fund within the next accounting year subject to regulatory permission and shareholder approval, after which the ACD will commence the termination of the sub-fund.

Assessment Outcome: While the fund has met its objective, the Board will continue to monitor the performance of the MGF and UKGF and take the action with the fund manager to help support performance and ensure the best outcome for investors.

2.3 Costs and Charges
Consideration has been given to the amount customers pay to invest in the Scottish Friendly Managed Growth Fund and Scottish Friendly UK Growth Fund and whether these charges are fair, compared to the cost to SFAM of providing the service.

Assessment Outcome: The Board has concluded that SFAM's charges for managing the Scottish Friendly Managed Growth Fund and Scottish Friendly UK Growth Fund offer value for money, noting in particular that the funds are not tracker funds and the absence of an exit charge, in absolute terms in the context of the size of the average investor.

2.4 Economies of scale
Consideration has been given to whether SFAM has been able to achieve economies of scale in the accounting period and whether these benefits have been passed on to investors in the Scottish Friendly Managed Growth Fund and Scottish Friendly UK Growth Fund.

Assessment Outcome: The Board has concluded that, as the Scottish Friendly Managed Growth Fund and Scottish Friendly UK Growth Fund have not increased in size during period, there are no additional savings or benefits to be passed on to investors at this time. The UKG fund size now means that some of the fixed charges would start to impact returns for investors if assets were to fall substantially from their current size.

2.5 Comparable Market Rates
Consideration has been given to whether the fees paid for the services provided to the Scottish Friendly Managed Growth Fund and the Scottish Friendly UK Growth Fund are reasonable compared to fees for similar services in the market. The main expenses of each Fund (periodic fees, registrar fees, custody fees and depositary fees) were compared to those of other fund management groups to determine if they were comparable.

Assessment Outcome: Direct comparisons were difficult because fees can be impacted by a number of factors, such as size of funds. A review of register fees was commissioned as part of last years review and the review confirmed that the overall fees were reasonable.

Assessment of Value - The Scottish Friendly Investment Funds ICVC (unaudited) (continued)

2.6 Comparable Services
It is important that investors receive fair terms when they invest in the Scottish Friendly Managed Growth Fund and Scottish Friendly UK Growth Fund. The Board has considered the terms offered to all classes of investors and has determined these are the same.

Assessment Outcome: The Board has concluded that investors in the Scottish Friendly Managed Growth Fund and Scottish Friendly UK Growth Fund receive fair terms.

2.7 Classes of Units
Some funds can offer different share classes with different costs. This is not the case for the Scottish Friendly Managed Growth Fund or Scottish Friendly UK Growth fund, which only have one class of share available to investors.

Assessment Outcome: The Board has concluded that there is no other share class that would be more suitable for investors in the Scottish Friendly Managed Growth Fund and the Scottish Friendly Growth Fund.

3. Overall Assessment Conclusion
In conclusion, the Board confirms that all components of the value assessment have been considered and that overall, the sub funds offer reasonable value for money. Of the seven assessments made further improvement was only identified in one of the assessments. The Board therefore recommends the continuation of discussions with the fund manager over the volatility and performance of the fund.

The Board recognises there are areas where value could be improved and will undertake a review of expenses being charged to the Fund in the year ahead. In addition, the performance of the Scottish Friendly Managed Growth Fund and Scottish Friendly UK Growth Fund will continue to be monitored with steps taken to help support performance and ensure the best outcome for investors.