

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Annual Financial Statements
For the year ended 30 November 2024

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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* 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.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Company Information

Authorised Corporate Director (ACD)

Scottish Friendly Asset Managers Limited

Head Office

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 (resigned 24 April 2024)
S McGee
J McGuigan (with effect from 21 February 2024)
A Rankine
M Fenton (with effect from 25 September)
O Gaughan (with effect from 25 September 2024)
M Laidlaw (with effect from 25 September 2024)
K Luscombe (with effect from 25 September 2024)

Investment Manager

River Global (name changed from SVM Asset Management Limited)
7 Castle Street
Edinburgh
EH2 3AH

Authorised and regulated by the Financial Conduct Authority.

Depository

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
Glasgow
G2 4HJ

Telephone: 0141 275 5000

Fax: 0141 221 4864

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

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Report of the Authorised Corporate Director

The Company

The Scottish Friendly Investment Funds ICVC 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 2024. 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.

Annual General Meetings

The Company will not be holding Annual General Meetings.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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 amended in 2017); 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 Financial Statements were approved by the board of directors of the ACD of the Company on 26 March 2025 and authorised for issue on 28 March 2025.

Authorised Corporate Director's Statement

We hereby approve the Report and Financial Statements of Scottish Friendly Investment Funds for the year ended 30 November 2024 on behalf of Scottish Friendly Asset Managers Limited in accordance with the requirements of the FCA's COLL.

A Rankine
Director

J McGuigan
Director

Scottish Friendly Asset Managers Limited
28 March 2025

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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 2024

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 2025

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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 2024 and of the net revenue and the net capital gains 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 2024; 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; 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 preparation', 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.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Independent auditors' report to the shareholders of The Scottish Friendly Investment Funds ICVC (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.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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 2025

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Accounting Policies and Risks (continued)

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 2024.

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.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Accounting Policies and Risks (continued)

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.

Report & Financial Statements of Scottish Friendly Managed Growth 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

The global economy once again proved more resilient than expected. The divergence in performance between the major economies, however, was starker. A year ago, the main questions facing investors were how economies would respond to the significant tightening of monetary policy, how high rates would need to go, and whether higher levels of inflation would become embedded. Towards the end of 2023 inflation slowed and there was a synchronised rally in risk-assets. The last twelve months have seen US growth remain robust but growth in the Eurozone and China disappoint. The UK has been somewhere between the two, with growth stronger than initially expected but still some way below the US.

These trends in economic performance look set to continue, resulting in a considerable divergence in the expected path of future interest rates with knock-on effects for currencies and risk assets. Geopolitical factors have added to the uncertainty. The threat of tariffs from the incoming US administration has led to a strengthening in the US Dollar and a back-up in bond yields. This, combined with political uncertainty in Germany and France, led to European equities underperforming. Chinese bond yields meanwhile continue to make new lows. Sentiment towards the UK has generally improved and Sterling has outperformed.

Portfolio Review

Over the twelve-month period under review, the Managed Growth Fund (before charges) delivered a total return of 17.6%. This compares to a return for the MSCI UK Investable Market index of 15.15% and 14.8% for the IA Mixed Investment 40-85% shares sector average. Over the five years to 30th November 2024, the fund has returned (before charges) 49.2% versus a return for the IA Mixed Investment Shares sector average of 27.1% and against the MSCI UK Investable Market Index of 30.9%.

The largest single positive contributor to performance during the year was once again CRH, the building materials manufacturer and distributor. The company delivered another year of steady earnings upgrades as it benefitted from increasing infrastructure spend in the US. The shares also enjoyed a higher rating as it moved its primary listing to the US. Despite the very strong performance, the shares continue to trade at a discount to US peers and we remain happy holders. Flutter Entertainment was another holding that was rewarded by moving its primary listing to the US. Like CRH, the shares benefitted from the combination of positive operating momentum and multiple expansion. The significant outperformance of both stocks demonstrates the value opportunity from investing in world-class businesses outside the US. Technology stocks also delivered positive returns with Broadcom, Oracle, and Ciena performing strongly. Other notable outperformers were Natwest Group, Smurfit Westrock, and Marks & Spencer. Both Natwest and Marks & Spencer delivered a steady stream of earnings upgrades throughout the year and continue to offer the prospect of attractive returns.

The single largest negative contributor was Aixtron, a manufacturer of semiconductor capital equipment. The company is one of two dominant players in epitaxial deposition. Demand for its products has been adversely impacted by the slowdown in demand for electrical vehicles. With ongoing uncertainty and limited visibility over the medium-term, we exited the position. Other notable underperformers included BP and Puma.

Trading activity was higher than normal as the fund manager looked to recycle capital from stocks that had outperformed and had limited upside into more attractive opportunities. New positions taken during the period included Natwest, Marks and Spencer, Standard Chartered, Oracle, and Ciena. The fund holdings exited included Broadcom, Ashtead, Microsoft, Shell, Ferguson and Mediobanca.

The fund retained its exposure to US treasuries but exited its Gilt position.

Report & Financial Statements of Scottish Friendly Managed Growth Fund

Investment Outlook

As in 2023 investor attention is largely focused on the path of interest rates. Recent economic developments suggest that the major central banks will continue to reduce rates. Both the Bank of England and the Federal Reserve are forecast to cut rates 3-4 times over the next twelve months, The ECB is currently predicted to cut rates six times in response to the deteriorating outlook in the Eurozone, leaving the terminal rate significantly below the UK and US.

Geopolitics, however, has complicated the outlook. President Donald Trump's threats to aggressively use tariffs in pursuit of his policy agenda has unnerved markets, albeit recent statements from Treasury Secretary Scott Bessent have reassured. Both Germany and France are likely to see new governments.

Despite these political uncertainties the economic outlook is reasonable. The global economy should benefit from co-ordinated interest cuts as well as inventory restocking. Business and consumer confidence looks set to improve and politics may not prove to be the assumed negative. At the time of writing the favourites to win the German elections in February are the centre-right CDU party, who most likely would abandon the 'debt brake' and pursue a more expansionary fiscal policy. China has already announced policy stimulus as well as loosening monetary policy for the first time in 14 years.

US equities are expensive relative to history and the rest of the world, but this reflects higher earnings growth and multiples are unlikely to contract without a turn in the interest rate cycle. The fund will continue to invest in high quality US businesses where we believe growth is accelerating, but we believe the best risk-adjusted returns are likely to be found outside the US.

Overall, lower interest rates will underpin risk assets. Bear markets generally only occur when the Fed is raising rates or in the event of a recession, with neither appearing likely in the near-term. We therefore expect equities to make further gains, with scope for non-US markets to outperform.

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 5.

Scottish Friendly Managed Growth Fund

Comparative tables

Financial year to 30 November	A Accumulation shares		
	2024 p per share	2023 p per share	2022 p per share
Change in net asset value			
Opening net asset value	353.36	344.22	344.20
Return before operating charges*	67.79	14.15	4.86
Operating charges	(5.56)	(5.01)	(4.84)
Return after operating charges*	62.23	9.14	0.02
Distributions	(3.67)	(5.80)	(4.19)
Retained distributions	3.67	5.80	4.19
Closing net asset value	415.59	353.36	344.22
*after direct transaction costs of	(0.67)	(0.53)	(0.57)
Performance			
Return after charges (%)	17.61	2.66	0.01
Other information			
Closing net asset value (£000's)	153,064	151,972	164,420
Closing number of shares	36,830,710	43,007,676	47,766,511
Operating charges (%)	1.44	1.43	1.43
Direct transaction costs (%)	0.17	0.15	0.17
Prices			
Highest dealing price	418.61p	363.87p	355.77p
Lowest dealing price	352.58p	335.76p	318.93p

Scottish Friendly Managed Growth Fund

Portfolio Statement (unaudited) As at 30 November 2024

Investment	Currency	Holding	Market Value £000's	% of Net Assets
Equities 77.70% (84.63%)				
Communication Services 4.70% (0.00%)				
Interactive Media & Services 4.70% (0.00%)				
Alphabet, Inc. 'A'	USD	54,000	7,199	4.70
			7,199	4.70
Communication Services total			7,199	4.70
Consumer Discretionary 6.51% (6.44%)				
Automobiles 0.00% (1.63%)				
Hotels, Restaurants & Leisure 5.67% (3.29%)				
Entain plc	GBP	231,000	1,863	1.22
Flutter Entertainment plc	GBP	31,476	6,809	4.45
			8,672	5.67
Textiles, Apparel & Luxury Goods 0.84% (1.52%)				
Puma SE	EUR	35,000	1,286	0.84
			1,286	0.84
Consumer Discretionary total			9,958	6.51
Consumer Staples 3.89% (1.09%)				
Beverages 0.00% (1.09%)				
Consumer Staples Distribution & Retail 3.89% (0.00%)				
Marks & Spencer Group plc	GBP	1,550,000	5,947	3.89
			5,947	3.89
Consumer Staples total			5,947	3.89
Energy 2.89% (13.21%)				
Oil, Gas & Consumable Fuels 2.89% (13.21%)				
BP plc	GBP	1,150,000	4,423	2.89
			4,423	2.89
Energy total			4,423	2.89
Financials 22.98% (16.03%)				
Banks 8.18% (6.87%)				
Lloyds Banking Group plc	GBP	5,000,000	2,664	1.74
NatWest Group plc	GBP	1,250,000	4,986	3.26
Standard Chartered plc	GBP	500,000	4,872	3.18
			12,522	8.18
Capital Markets 0.00% (1.00%)				
Financial Services 9.23% (2.12%)				
Fiserv, Inc.	USD	40,000	6,948	4.54
Visa, Inc. 'A'	USD	29,000	7,185	4.69
			14,133	9.23
Insurance 5.57% (6.04%)				
Allianz SE	EUR	6,400	1,546	1.01
AXA SA	EUR	149,000	4,073	2.66
Prudential plc	GBP	450,000	2,902	1.90
			8,521	5.57
Financials total			35,176	22.98

Scottish Friendly Managed Growth Fund

Portfolio Statement (unaudited) (continued)
As at 30 November 2024

	Currency	Holding	Market Value £000's	% of Net Assets
Investment				
Health Care 4.46% (9.09%)				
Health Care Equipment & Supplies 1.47% (0.00%)				
Smith & Nephew plc	GBP	225,000	2,247	1.47
			2,247	1.47
Pharmaceuticals 2.99% (9.09%)				
GSK plc	GBP	342,000	4,574	2.99
			4,574	2.99
Health Care total			6,821	4.46
Industrials 12.93% (10.84%)				
Aerospace & Defense 2.01% (0.00%)				
Babcock International Group plc	GBP	600,000	3,078	2.01
			3,078	2.01
Building Products 2.81% (1.52%)				
Cie de Saint-Gobain SA	EUR	60,000	4,304	2.81
			4,304	2.81
Commercial Services & Supplies 1.67% (0.00%)				
Rentokil Initial plc	GBP	650,000	2,551	1.67
			2,551	1.67
Machinery 2.13% (1.66%)				
IMI plc	GBP	180,000	3,263	2.13
			3,263	2.13
Professional Services 2.00% (2.39%)				
Intertek Group plc	GBP	65,000	3,059	2.00
			3,059	2.00
Trading Companies & Distributors 2.31% (5.27%)				
RS Group plc	GBP	494,000	3,540	2.31
			3,540	2.31
Industrials total			19,795	12.93
Information Technology 0.00% (9.08%)				
Semiconductors & Semiconductor Equipment 0.00% (5.28%)				
Software 0.00% (3.80%)				
Investment Funds 2.68% (3.53%)				
Investment Companies 2.68% (3.53%)				
International Oil and Gas Technology Ltd.^	USD	170,000	–	–
Oryx International Growth Fund Ltd.	GBP	360,000	4,104	2.68
			4,104	2.68
Investment Funds total			4,104	2.68
Materials 15.06% (11.82%)				
Construction Materials 7.88% (4.87%)				
CRH plc	GBP	150,000	12,063	7.88
			12,063	7.88
Containers & Packaging 4.72% (3.29%)				
Smurfit WestRock plc	GBP	169,000	7,228	4.72
			7,228	4.72
Metals & Mining 2.46% (3.66%)				
Glencore plc	GBP	1,000,000	3,764	2.46
			3,764	2.46
Materials total			23,055	15.06

Scottish Friendly Managed Growth Fund

Portfolio Statement (unaudited) (continued) As at 30 November 2024

	Currency	Holding	Market Value £000's	% of Net Assets
Investment				
Real Estate 1.60% (0.00%)				
Diversified REITs 1.60% (0.00%)				
British Land Co. plc (The)	GBP	625,000	2,448	1.60
			2,448	1.60
Real Estate total			2,448	1.60
Utilities 0.00% (3.50%)				
Multi-Utilities 0.00% (3.50%)				
Equities total			118,926	77.70
Government Bonds 7.08% (10.57%)				
US Treasury 3.50% 15/02/2033	USD	10,500,000	7,875	5.15
US Treasury 3.88% 15/08/2033	USD	3,850,000	2,959	1.93
Government Bonds total			10,834	7.08
Investment assets			129,760	84.78
Net other assets			23,304	15.22
Net assets			153,064	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 2023.

^ Unlisted, suspended or delisted security.

Scottish Friendly Managed Growth Fund

Statement of Total Return

For the year ended 30 November 2024

		2024	2023
	Notes	£000's	£000's
Income			
Net capital gains	2	23,719	1,612
Revenue	3	4,120	5,241
Expenses	4	(2,257)	(2,296)
Net revenue before taxation		1,863	2,945
Taxation	5	(367)	(304)
Net revenue after taxation		1,496	2,641
Total return before distributions		25,215	4,253
Distributions	6	(1,496)	(2,641)
Change in net assets attributable to shareholders from investment activities		23,719	1,612

Statement of Change in Net Assets Attributable to shareholders

For the year ended 30 November 2024

	2024	2023
	£000's	£000's
Opening net assets attributable to shareholders	151,972	164,420
Amounts receivable on issue of shares	40	50
Amounts payable on cancellation of shares	(24,134)	(16,709)
	(24,094)	(16,659)
Change in net assets attributable to shareholders from investment activities	23,719	1,612
Retained distribution on accumulation shares	1,467	2,599
Closing net assets attributable to shareholders	153,064	151,972

Scottish Friendly Managed Growth Fund

Balance Sheet

As at 30 November 2024

	Notes	2024 £000's	2023 £000's
Assets			
Fixed assets			
Investments	7	129,760	144,670
Current assets			
Debtors	8	804	1,146
Cash and bank balances	9	23,014	6,685
Total assets		153,578	152,501
Liabilities			
Creditors			
Other creditors	10	(514)	(529)
Total liabilities		(514)	(529)
Net assets attributable to shareholders		153,064	151,972

Scottish Friendly Managed Growth Fund

Notes to the Financial Statements for the year ended 30 November 2024

1. Accounting policies

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

2. Net capital gains

The net capital gains during the year comprise:

	2024 £000's	2023 £000's
Foreign currency (losses)/gains	(135)	18
Non-derivative securities	23,852	1,597
Transaction costs	2	(3)
Net capital gains	23,719	1,612

3. Revenue

	2024 £000's	2023 £000's
Bank interest	77	81
Interest on debt securities	528	511
Overseas dividends	1,788	2,330
Real estate income distributions	75	–
UK dividends	1,652	2,319
Total revenue	4,120	5,241

4. Expenses

	2024 £000's	2023 £000's
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director fee	2,104	2,159
	2,104	2,159
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	80	81
Safe custody fees	22	19
	102	100
Other expenses:		
Audit fee*	16	15
Accounting and Administration fee	5	1
Interest payable	21	16
Price publication	9	5
	51	37
Total expenses	2,257	2,296

*The audit fee paid was £15,834 (2023: £15,079) net of VAT.

Scottish Friendly Managed Growth Fund

Notes to the Financial Statements for the year ended 30 November 2024

5. Taxation

(a) Analysis of the tax charge for the year

	2024 £000's	2023 £000's
Overseas withholding tax	367	304
Total current tax (Note 5(b))	367	304

(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% (2023 – 20%) is applied to the net revenue/expense before taxation. The differences are explained below.

	2024 £000's	2023 £000's
Net revenue before taxation	1,863	2,945
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	373	589
Effects of:		
Irrecoverable overseas withholding tax	367	304
Movement in excess management expenses	316	341
Revenue not subject to corporation tax	(689)	(930)
Current tax charge for the year (Note 5(a))	367	304

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 £23,753,000 (2023: £22,050,000) creating a potential deferred tax asset of £4,751,000 (2023: £4,410,000). 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:

	2024 £000's	2023 £000's
Interim dividend distribution	1,219	1,776
Final dividend distribution	248	823
	1,467	2,599
Add: Revenue deducted on cancellation of shares	169	42
Deduct: Revenue received on issue of shares	(140)	–
Distributions	1,496	2,641

Scottish Friendly Managed Growth Fund

Notes to the Financial Statements for the year ended 30 November 2024

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).

	2024		2023	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	118,926	–	128,612	–
Level 2: Observable market data	10,834	–	16,058	–
Level 3: Unobservable data	–	–	–	–
Total	129,760	–	144,670	–

8. Debtors

	2024 £000's	2023 £000's
Accrued revenue	334	478
Overseas withholding tax recoverable	470	266
Sales awaiting settlement	–	402
Total debtors	804	1,146

9. Cash and bank balances

	2024 £000's	2023 £000's
Cash and bank balances	23,014	6,685
Total cash and bank balances	23,014	6,685

10. Other creditors

	2024 £000's	2023 £000's
Accrued expenses	205	200
Amounts payable for cancellation of shares	309	329
Total other creditors	514	529

11. Contingent liabilities

There were no contingent liabilities as at the year end (2023: nil).

12. Post balance sheet events

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

Scottish Friendly Managed Growth Fund

Notes to the Financial Statements for the year ended 30 November 2024

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 £161,023 (2023: £167,016).

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 13,615 (2023: 4,575) accumulation shares in the Managed Growth Fund as at 30 November 2024.

Scottish Friendly Asset Managers Limited's parent company, Scottish Friendly Assurance Society Limited, held 4,275,653 (2023: 5,814,806) accumulation shares in the Managed Growth Fund as at 30 November 2024.

14. Shares in issue reconciliation

	Number of shares in issue as at 01.12.23	Number of shares issued	Number of shares cancelled	Number of shares in issue as at 30.11.24
A Accumulation shares	43,007,676	50,594	(6,227,560)	36,830,710

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.

	2024			2023		
	Monetary £000's	Non Monetary £000's	Total £000's	Monetary £000's	Non Monetary £000's	Total £000's
Danish krone	6	–	6	5	4,814	4,819
Euro	477	11,209	11,686	263	29,716	29,979
US dollar	484	32,166	32,650	1,481	23,094	24,575

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.

	2024 £000's	2023 £000's
Increased Other currencies to Sterling rate	4,927	6,597
Decreased Other currencies to Sterling rate	(4,031)	(5,398)

Scottish Friendly Managed Growth Fund

Notes to the Financial Statements for the year ended 30 November 2024

Interest rate risk

Interest rate risk profile of financial assets and financial liabilities of the Fund as at 30 November 2024.

	Assets	
	2024	2023
	£000's	£000's
Fixed rate	10,834	16,058
Floating rate	23,014	6,685
No interest	119,730	129,758
	153,578	152,501

	Liabilities	
	2024	2023
	£000's	£000's
No interest	(514)	(529)
	(514)	(529)

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 Sterling Overnight Index Average (SONIA).

	2024	2023
Fixed rate financial assets		
Weighted average interest rate:		
Sterling	0.00%	1.00%
Fixed rate financial assets		
Weighted average maturity:		
Sterling	0.0 yrs	0.8 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.

	2024	2023
	£000's	£000's
Increase 10%	12,976	14,467
Decrease 10%	(12,976)	(14,467)

16. Debt security credit analysis

	2024	2023
	£000's	£000's
Investment grade securities	10,834	16,058
Total debt securities	10,834	16,058

Scottish Friendly Managed Growth Fund

Notes to the Financial Statements for the year ended 30 November 2024

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.

	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
2024						
Purchases						
Equities	63,102	37	176	63,315	0.06	0.28
Sales						
Bonds	5,410	–	–	5,410	–	–
Equities	96,734	(57)	–	96,677	0.06	–
	102,144	(57)	–	102,087		

Total cost of the Fund's average net asset value (%) **0.06** **0.11**

	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
2023						
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	22,536	–	–	22,536	–	–
Equities	56,547	(51)	–	56,496	0.09	–
	79,083	(51)	–	79,032		

Total cost of the Fund's average net asset value (%) **0.06** **0.08**

Dealing spread

As at 30 November 2024, the average portfolio dealing spread was 0.34% (2023: 0.29%). 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.

Scottish Friendly Managed Growth Fund

Distribution Tables

Interim annual distribution for the six months ending 31 May 2024

Group 1 Shares purchased prior to 1 December 2023

Group 2 Shares purchased 1 December 2023 to 31 May 2024

	Net revenue per share	Equalisation per share	Distribution paid 30.09.24 per share	Distribution paid 30.09.23 per share
A Accumulation shares				
Group 1	2.9936p	–	2.9936p	3.8897p
Group 2	2.7162p	0.2774p	2.9936p	3.8897p

Final annual distribution for the six months ending 30 November 2024

Group 1 Shares purchased prior to 1 June 2024

Group 2 Shares purchased 1 June 2024 to 30 November 2024

	Net revenue per share	Equalisation per share	Distribution payable 31.03.25 per share	Distribution paid 31.03.24 per share
A Accumulation shares				
Group 1	0.6714p	–	0.6714p	1.9134p
Group 2	0.2243p	0.4471p	0.6714p	1.9134p

Investment Report

Report & Financial Statements of Scottish Friendly UK Growth 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

The global economy once again proved more resilient than expected. The divergence in performance between the major economies, however, was starker. A year ago, the main questions facing investors were how economies would respond to the significant tightening of monetary policy, how high rates would need to go, and whether higher levels of inflation would become embedded. Towards the end of 2023 inflation slowed and there was a synchronised rally in risk-assets. The last twelve months have seen US growth remain robust but growth in the Eurozone and China disappoint. The UK has been somewhere between the two, with growth stronger than initially expected but still some way below the US.

These trends in economic performance look set to continue, resulting in a considerable divergence in the expected path of future interest rates with knock-on effects for currencies and risk assets. Geopolitical factors have added to the uncertainty. The threat of tariffs from the incoming US administration has led to a strengthening in the US Dollar and a back-up in bond yields. This, combined with political uncertainty in Germany and France, led to an increase in the risk premium.

The UK economy outperformed expectations in the Q2 and Q3 dragging consensus estimates for GDP growth higher. Indeed, the UK economy grew at an annualised rate of 1.7% over the first three quarters of the year – second only to the US amongst the G7. Despite recent weakness in around the UK budget sentiment towards the UK has generally improved, and Sterling has outperformed.

Portfolio Review

Over the twelve-month period under review, the UK Growth Fund (before charges) delivered a total return of 17.8%. This compares to a return for the MSCI UK Investable Market index of 15.5% and 15.3% for the IA UK All Companies Sector Average. Over the five years to 30th November 2024, the fund has returned (before charges) 45.9% versus a return for the MSCI UK Investable Market index of 30.9% and 22.2% for the IA UK All Companies Sector average.

The largest single positive contributor to performance during the year was once again CRH, the building materials manufacturer and distributor. The company delivered another year of steady earnings upgrades as it benefitted from increasing infrastructure spend in the US. The shares also enjoyed a higher rating as it moved its primary listing to the US. Despite the very strong performance, the shares continue to trade at a discount to US peers and we remain happy holders. Flutter Entertainment was another holding that was rewarded by moving its primary listing to the US. Like CRH, the shares benefitted from the combination of positive operating momentum and multiple expansion. The significant outperformance of both stocks demonstrates the value opportunity that still exists in UK stocks. Technology stocks also delivered positive returns with Broadcom, Oracle, and Ciena performing strongly. Other notable outperformers were Natwest Group, Smurfit Westrock, and Marks & Spencer. Both Natwest and Marks & Spencer delivered a steady stream of earnings upgrades throughout the year and continue to offer the prospect of attractive returns.

The single largest negative contributor was Prudential Plc. The shares underperformed as sentiment towards China deteriorated and investors fretted over the group's capital generation. However, we believe the new business performance is likely to improve and the recent policy announcements by the Chinese government are positive. BP and Glencore also underperformed as the slowdown in China weighed on commodity prices.

Trading activity was higher than normal as the fund manager looked to recycle capital from stocks that had outperformed and had limited upside into more attractive opportunities. New positions taken during the period included Natwest, Marks and Spencer, Standard Chartered, Rentokil and Intereck. The fund holdings exited included Ashtead, Diageo, Discoverie, Whitbread, JD Sports and Unite.

Report & Financial Statements of Scottish Friendly UK Growth Fund

Investment Report (continued)

Investment Outlook

As in 2023 investor attention is largely focused on the path of interest rates. Recent economic developments suggest that the major central banks will continue to reduce rates. Both the Bank of England and the Federal Reserve are forecast to cut rates 3-4 times over the next twelve months, The ECB is currently predicted to cut rates six times in response to the deteriorating outlook in the Eurozone, leaving the terminal rate significantly below the UK and US.

Geopolitics, however, has complicated the outlook. President Donald Trump's threats to aggressively use tariffs in pursuit of his policy agenda has unnerved markets, albeit recent statements from Treasury Secretary Scott Bessent have reassured. Both Germany and France are likely to see new governments.

Despite these political uncertainties the economic outlook is reasonable. The global economy should benefit from co-ordinated interest cuts as well as inventory restocking. Business and consumer confidence looks set to improve and politics may not prove to be the assumed negative. At the time of writing the favourites to win the German elections in February are the centre-right CDU party, who most likely would abandon the 'debt brake' and pursue a more expansionary fiscal policy. China has already announced policy stimulus as well as loosening monetary policy for the first time in 14 years.

The UK economy has surprised positively over the last two years as the strength of household balance sheets have supported growth and UK inflation has proven less entrenched than commonly perceived. We think both these factors remain intact and that interest rate cuts by the Bank of England will provide further underpin.

Overall, lower interest rates will underpin risk assets. Bear markets generally only occur when the Fed is raising rates or in the event of a recession, with neither appearing likely in the near-term. We therefore expect equities to make further gains, with scope for non-US markets to outperform.

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.

Scottish Friendly UK Growth Fund

Comparative tables

Financial year to 30 November	A Accumulation shares		
	2024 p per share	2023 p per share	2022 p per share
Change in net asset value			
Opening net asset value	397.02	408.35	412.03
Return before operating charges*	77.58	(5.20)	2.33
Operating charges	(6.76)	(6.13)	(6.01)
Return after operating charges*	70.82	(11.33)	(3.68)
Distributions	(6.63)	(8.15)	(6.77)
Retained distributions	6.63	8.15	6.77
Closing net asset value	467.84	397.02	408.35
*after direct transaction costs of	(1.05)	(1.14)	(1.07)
Performance			
Return after charges (%)	17.84	(2.77)	(0.89)
Other information			
Closing net asset value (£000's)	24,982	22,585	23,064
Closing number of shares	5,339,782	5,688,647	5,647,980
Operating charges (%)	1.54	1.51	1.52
Direct transaction costs (%)	0.24	0.28	0.27
Prices			
Highest dealing price	468.05p	435.94p	430.83p
Lowest dealing price	398.16p	384.73p	365.62p

Scottish Friendly UK Growth Fund

Portfolio Statement (unaudited)
As at 30 November 2024

Investment	Currency	Holding	Market Value £000's	% of Net Assets
Equities 98.99% (94.46%)				
Communication Services 0.00% (2.07%)				
Diversified Telecommunication Services 0.00% (2.07%)				
Consumer Discretionary 7.51% (11.75%)				
Hotels, Restaurants & Leisure 7.51% (9.83%)				
Entain plc	GBP	47,929	386	1.55
Flutter Entertainment plc	GBP	6,883	1,489	5.96
			1,875	7.51
Specialty Retail 0.00% (1.92%)				
Consumer Discretionary total			1,875	7.51
Consumer Staples 9.85% (10.53%)				
Beverages 0.00% (2.70%)				
Consumer Staples Distribution & Retail 9.85% (7.83%)				
Marks & Spencer Group plc	GBP	300,000	1,151	4.61
Tesco plc	GBP	357,000	1,310	5.24
			2,461	9.85
Consumer Staples total			2,461	9.85
Energy 5.47% (15.11%)				
Oil, Gas & Consumable Fuels 5.47% (15.11%)				
BP plc	GBP	158,000	608	2.43
Shell plc	GBP	30,000	759	3.04
			1,367	5.47
Energy total			1,367	5.47
Financials 18.65% (9.56%)				
Banks 13.10% (3.97%)				
Lloyds Banking Group plc	GBP	2,065,000	1,100	4.41
NatWest Group plc	GBP	300,000	1,197	4.79
Standard Chartered plc	GBP	100,000	975	3.90
			3,272	13.10
Capital Markets 0.00% (2.47%)				
Financial Services 1.04% (1.08%)				
OSB Group plc	GBP	65,000	260	1.04
			260	1.04
Insurance 4.51% (2.04%)				
Aviva plc	GBP	100,000	482	1.93
Prudential plc	GBP	100,000	645	2.58
			1,127	4.51
Financials total			4,659	18.65
Health Care 5.56% (7.96%)				
Health Care Equipment & Supplies 1.20% (0.00%)				
Smith & Nephew plc	GBP	30,000	300	1.20
			300	1.20
Pharmaceuticals 4.36% (7.96%)				
AstraZeneca plc	GBP	4,600	487	1.95
GSK plc	GBP	45,000	602	2.41
			1,089	4.36
Health Care total			1,389	5.56

Scottish Friendly UK Growth Fund

Portfolio Statement (unaudited) (continued) As at 30 November 2024

Investment	Currency	Holding	Market Value £000's	% of Net Assets
Industrials 27.52% (22.62%)				
Aerospace & Defense 3.08% (0.00%)				
Babcock International Group plc	GBP	150,000	769	3.08
			769	3.08
Commercial Services & Supplies 1.49% (0.00%)				
Rentokil Initial plc	GBP	95,000	373	1.49
			373	1.49
Electrical Equipment 0.00% (0.95%)				
Machinery 7.92% (4.28%)				
Bodycote plc	GBP	80,000	496	1.99
IMI plc	GBP	60,000	1,088	4.35
Morgan Advanced Materials plc	GBP	150,000	396	1.58
			1,980	7.92
Passenger Airlines 5.60% (4.22%)				
easyJet plc	GBP	176,000	981	3.93
Ryanair Holdings plc	EUR	27,400	417	1.67
			1,398	5.60
Professional Services 3.77% (0.00%)				
Intertek Group plc	GBP	20,000	941	3.77
			941	3.77
Trading Companies & Distributors 5.66% (13.17%)				
Ferguson Enterprises, Inc.	GBP	3,800	639	2.56
RS Group plc	GBP	108,000	774	3.10
			1,413	5.66
Industrials total			6,874	27.52
Materials 19.86% (12.59%)				
Chemicals 1.76% (0.00%)				
Essentra plc	GBP	300,000	440	1.76
			440	1.76
Construction Materials 7.40% (5.03%)				
CRH plc	GBP	23,000	1,850	7.40
			1,850	7.40
Containers & Packaging 5.48% (4.19%)				
Smurfit WestRock plc	GBP	32,000	1,369	5.48
			1,369	5.48
Metals & Mining 2.56% (3.37%)				
Glencore plc	GBP	170,000	640	2.56
			640	2.56
Specialty Chemicals 2.66% (0.00%)				
Elementis plc	GBP	500,000	664	2.66
			664	2.66
Materials total			4,963	19.86
Real Estate 4.57% (2.27%)				
Diversified REITs 4.57% (0.00%)				
British Land Co. plc (The)	GBP	175,000	685	2.74
Land Securities Group plc	GBP	75,000	457	1.83
			1,142	4.57

Scottish Friendly UK Growth Fund

Portfolio Statement (unaudited) (continued) As at 30 November 2024

	Currency	Holding	Market Value £000's	% of Net Assets
Investment				
Industrial REITs 0.00% (0.93%)				
Residential REITs 0.00% (1.34%)				
Real Estate total			<u>1,142</u>	<u>4.57</u>
Equities total			<u>24,730</u>	<u>98.99</u>
Investment assets			24,730	98.99
Net other assets			252	1.01
Net assets			<u>24,982</u>	<u>100.00</u>

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 2023.

Scottish Friendly UK Growth Fund

Statement of Total Return

For the year ended 30 November 2024

	Notes	2024 £000's	2023 £000's
Income			
Net capital gains/(losses)	2	3,583	(1,115)
Revenue	3	749	827
Expenses	4	(377)	(354)
Net revenue before taxation		372	473
Taxation	5	(3)	(6)
Net revenue after taxation		369	467
Total return before distributions		3,952	(648)
Distributions	6	(369)	(467)
Change in net assets attributable to shareholders from investment activities		3,583	(1,115)

Statement of Change in Net Assets Attributable to shareholders

For the year ended 30 November 2024

	2024 £000's	2023 £000's
Opening net assets attributable to shareholders	22,585	23,064
Amounts receivable on issue of shares	20	808
Amounts payable on cancellation of shares	(1,573)	(638)
	(1,553)	170
Change in net assets attributable to shareholders from investment activities	3,583	(1,115)
Retained distribution on accumulation shares	367	466
Closing net assets attributable to shareholders	24,982	22,585

Scottish Friendly UK Growth Fund

Balance Sheet

As at 30 November 2024

	Notes	2024 £000's	2023 £000's
Assets			
Fixed assets			
Investments*	7	24,730	21,335
Current assets			
Debtors	8	102	223
Cash and bank balances	9	360	1,073
Total assets		25,192	22,631
Liabilities			
Creditors			
Other creditors	10	(210)	(46)
Total liabilities		(210)	(46)
Net assets attributable to shareholders		24,982	22,585

* 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.

Scottish Friendly UK Growth Fund

1. Accounting Basis and 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:

	2024 £000's	2023 £000's
Non-derivative securities	3,580	(1,111)
Transaction costs	3	(4)
Net capital gains/(losses)	3,583	(1,115)

3. Revenue

	2024 £000's	2023 £000's
Bank interest	6	10
Overseas dividends	132	209
Real estate income distributions	39	24
UK dividends	572	584
Total revenue	749	827

4. Expenses

	2024 £000's	2023 £000's
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director fee	328	314
	328	314
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	15	14
Safe custody fees	2	2
	17	16
Other expenses:		
Audit fee*	16	15
Accounting and Administration fee	5	1
Interest payable	2	3
Price publication	9	5
	32	24
Total expenses	377	354

*The audit fee paid was £15,834 (2023: £15,079) net of VAT.

Scottish Friendly UK Growth Fund

5. Taxation

(a) Analysis of charge in the year

	2024 £000's	2023 £000's
Overseas withholding tax	3	6
Total current tax (Note 5(b))	3	6

(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% (2023 – 20%) is applied to the net revenue/expense before taxation. The differences are explained below.

	2024 £000's	2023 £000's
Net revenue before taxation	372	473
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	74	95
Effects of:		
Irrecoverable overseas withholding tax	3	6
Movement in excess management expenses	67	63
Revenue not subject to corporation tax	(141)	(158)
Current tax charge for the year (Note 5(a))	3	6

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 £3,569,000 (2023: £3,259,000) creating a potential deferred tax asset of £714,000 (2023: £652,000). 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:

	2024 £000's	2023 £000's
Interim dividend distribution	260	291
Final dividend distribution	107	175
	367	466
Add: Revenue deducted on cancellation of shares	2	3
Deduct: Revenue received on issue of shares	–	(2)
Distributions	369	467

Scottish Friendly UK Growth Fund

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).

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
	£000's	£000's	£000's	£000's
Level 1: Quoted prices	24,730	–	21,335	–
Total	24,730	–	21,335	–

8. Debtors

	2024	2023
	£000's	£000's
Accrued revenue	55	69
Overseas withholding tax recoverable	47	25
Sales awaiting settlement	–	129
Total debtors	102	223

9. Cash and bank balances

	2024	2023
	£000's	£000's
Cash and bank balances	360	1,073
Total cash and bank balances	360	1,073

10. Other creditors

	2024	2023
	£000's	£000's
Accrued expenses	50	46
Amounts payable for cancellation of shares	160	–
Total other creditors	210	46

11. Contingent liabilities

There were no contingent liabilities as at the year end (2023: nil).

12. Post balance sheet events

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

Scottish Friendly UK Growth Fund

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 £26,170 (2023: £24,861).

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 5,401 (2023: 10,681) accumulation shares in the UK Growth Fund at 30 November 2024.

Scottish Friendly Asset Managers Limited's parent company, Scottish Friendly Assurance Society Limited, held 4,029,992 (2023: 4,326,295) accumulation shares in the UK Growth Fund at 30 November 2024.

14. Shares in issue reconciliation

	Number of shares in issue as at 01.12.23	Number of shares issued	Number of shares cancelled	Number of shares in issue as at 30.11.24
A Accumulation shares	5,688,647	4,663	(353,528)	5,339,782

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.

	2024			2023		
	Monetary £000's	Non Monetary £000's	Total £000's	Monetary £000's	Non Monetary £000's	Total £000's
Euro	48	417	465	24	414	438
US dollar	19	–	19	19	–	19

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.

	2024 £000's	2023 £000's
Increased Other currencies to Sterling rate	54	51
Decreased Other currencies to Sterling rate	(44)	(42)

Scottish Friendly UK Growth Fund

Interest rate risk

Interest rate risk profile of financial assets and financial liabilities of the Fund as at 30 November 2024.

	Assets	
	2024	2023
	£000's	£000's
Floating rate	360	1,073
No interest	24,832	21,558
	25,192	22,631

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 Sterling Overnight Index Average (SONIA).

	Liabilities	
	2024	2023
	£000's	£000's
No interest	(210)	(46)
	(210)	(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.

	2024	2023
	£000's	£000's
Increase 10%	2,473	2,134
Decrease 10%	(2,473)	(2,134)

Scottish Friendly UK Growth Fund

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

	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
2024						
Purchases						
Equities	9,879	6	47	9,932	0.06	0.48
Sales						
Equities	10,123	(6)	–	10,117	0.06	–
Total cost of the Fund's average net asset value (%)		0.05	0.19			
2023						
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			

Dealing spread

As at 30 November 2024, the average portfolio dealing spread was 0.10% (2023: 0.08%). 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.

Scottish Friendly UK Growth Fund

Distribution Tables

Interim annual distribution for the six months ending 31 May 2024

Group 1 Shares purchased prior to 1 December 2023

Group 2 Shares purchased 1 December 2023 to 31 May 2024

	Net revenue per share	Equalisation per share	Distribution paid 30.09.24 per share	Distribution paid 30.09.23 per share
A Accumulation shares				
Group 1	4.6401p	–	4.6401p	5.06p
Group 2	4.5054p	0.1347p	4.6401p	5.06p

Final annual distribution for the six months ending 30 November 2024

Group 1 Shares purchased prior to 1 June 2024

Group 2 Shares purchased 1 June 2024 to 30 November 2024

	Net revenue per share	Equalisation per share	Distribution payable 31.03.25 per share	Distribution paid 31.03.24 per share
A Accumulation shares				
Group 1	1.9908p	–	1.9908p	3.08p
Group 2	1.3927p	0.5981p	1.9908p	3.08p

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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 2024	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	£205,138.48	£205,138.48	-	-

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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' best interests. These require Scottish Friendly Asset Managers Limited (SFAM) to assess the value of the Managed Growth Fund (MGF) and the 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 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 Managed Growth Fund and UK Growth Fund.

2.2 Performance

The objective of both the Managed Growth Fund and the 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 2024, customers invested in the Managed Growth Fund and UK Growth Fund over a 5 and 10 years period achieved capital growth (after charges). Performance has been positive relative to the sector. 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 Managed Growth Fund and 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 Managed Growth Fund and 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 Managed Growth Fund and UK Growth Fund.

Assessment Outcome: The Board has concluded that, as the Managed Growth Fund and 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 Managed Growth Fund and the 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 fees was commissioned as part of this year's review and the review confirmed that the overall fees were reasonable. A review of charges will be undertaken in the year ahead.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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 Managed Growth Fund and 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 Managed Growth Fund and 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 Managed Growth Fund or 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 Managed Growth Fund and the 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 that there is a review completed in 2025 of the 4% initial charge, recognising that such charges are reasonably unusual in the market. Generally, the level of fees should continue to be reviewed, particularly the SFAM fee component. In particular, where fixed fees bite, consideration should be given to actions that can reduce the impact should the sub-funds fall further in size.