

Osprey Fund

Annual Report & Accounts

for the year ended
31 October 2019

Osprey Fund - Annual Report & Accounts

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Performance and Fund Report

for the year ended 31 October 2019

Fund Objective and Policy*

Investment Objective

The Osprey Fund ("the Fund") aims to provide capital growth over the long term (5 years or more).

Investment Policy

The Fund is actively managed and will invest in both UK and international equities (company shares), fixed income securities (bonds) issued by governments and companies, units in collective investment schemes (which may include those which are managed or operated by the Investment Adviser or an associate of the Investment Adviser) and cash.

The Fund may invest in bonds rated below investment grade (BBB-) by Standard & Poor's (or equivalent recognised rating agency).

To the extent the Fund gains exposure to infrastructure, renewable energy, property or commodities, such exposure may be through exchange listed securities, other transferable securities, warrants, money market instruments and/or collective investment schemes.

The Fund may also invest in derivatives (including but not limited to currency-related derivatives) and deposits.

The Fund may invest in any geographic or economic sectors of the world.

The Investment Adviser's process for making investment decisions follows detailed analysis based on a wide range of financial metrics and research. This includes consideration of environmental, social and governance ("ESG") risks, opportunities and issues. There are however no specific ESG restrictions on the Investment Manager's decision-making, which is consistent with the Fund's objectives.

Derivatives may be used for investment purposes as well as for efficient portfolio management and hedging. It is not expected that the use of derivatives will materially affect the overall risk profile of the Fund.

*With effect from 23 December 2019, the Investment Objective and Policy of the Fund changed, please refer to page 25 for more information.

General Information

Fund Size: £15.96m as at 31 October 2019

Accounting Dates: Interim 30 April
Final 31 October

Distribution Dates: Two clear business days before:
Interim 30 June
Final 31 December

Key Dates: Fund Launch 27 December 2000

Yield as at 31 October 2019:

Income Units 0.37%
Institutional W (Accumulation) 0.48%
Institutional W (Income) 0.48%

Statutory Performance Data

| From To | 31/10/2018 31/10/2019 | 31/10/2017 31/10/2018 | 31/10/2016 31/10/2017 |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| Income Units | 9.93% | -2.89% | 12.87% |
| Institutional W (Accumulation) | 10.21% | -2.65% | 13.16% |
| Institutional W (Income) | 10.21% | -2.65% | 13.17% |
| FTSE All-Share TR | n/a | -1.47% | 13.39% |
| Comparative Index* | 3.60% | n/a | n/a |

*During the reporting period, the comparative index of the fund changed. For the period 1 November 2018 until 7 August 2019 the benchmark was the FTSE All-Share TR. It is now the MSCI AC World NR GBP. This figure represents the composite performance benchmark return.

Source: Lipper as at 31 October 2019 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in Sterling terms. Performance figures including the initial charge are available upon request.

Past Performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

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Performance and Fund Report

(continued)

Fund Report

During this reporting period the benchmark was changed as part of the FCA Asset Management Market Study on 7 August 2019. For the period 1 November 2018 until 7 August 2019 the benchmark was the FTSE All-Share TR. It is now the MSCI AC World NR GBP. The Fund Institutional W (Accumulation) share class returned 10.21% compared to 3.60% for the composite performance benchmark over the 12 months to the end of October 2019.

Outlook and Performance

Financial markets faced a broad array of problematic geopolitical developments over 12 months. These ranged from civil protests in Hong Kong, and attacks on Saudi Arabia's oil infrastructure, to the initiation of an impeachment inquiry against the US president, not to mention the latest twists and turns of the interminable Brexit saga in the UK. It was, however, the continuing trade tensions between the US and China that remained the key variable shaping investor sentiment for much of the period. Although the review period began with an equity-market sell-off, stoked by a renewed articulation of *hawkish* narrative by Federal Reserve officials, a subsequent pivot away from this course of *monetary policy* normalisation heralded a rebound in equities over the start of the year. Nevertheless, mounting *cyclical* and geopolitical concerns ensured that market *volatility* persisted as the Federal Reserve moved to cut interest rates and the European Central Bank announced yet another phase of *quantitative easing*.

Stock selection was strong within industrials and consumer services, while a lower relative positioning to oil & gas was beneficial. An overweight to health care was supportive, although some stock-specific disappointments materialised within the sector as well as within *basic materials* and utilities. The portfolio's exposure to technology was of benefit overall. On a regional basis, North American equities, primarily an off-benchmark allocation, were the primary drivers of outperformance.

Applied Materials performed well on an increasingly optimistic outlook for demand and revenue, while sporadic signs of progress regarding the trade dispute between the US and China also benefited the stock. As we noted at this time last year, we felt that the long-term drivers of the stock remained intact despite being in the midst of a difficult period for shares.

Although political unrest in Hong Kong may have weighed on AIA of late, shares contributed strongly to relative performance over 12 months with investors appreciative of the company's growth potential associated with the opening up of China's life insurance market. As part of this process, and in a positive development, the company announced that it had been granted approval to establish sales offices in Tianjin and Heibei.

Meanwhile, an underweight and void to Royal Dutch Shell and BP, both sizeable index constituents, aided relative returns. However, a void in AstraZeneca had a negative impact.

Despite selling Centrica at the end of August, the stock still emerged as the portfolio's top detractor. Investors had feared the dividend could be cut as the UK utility announced that profits and cash flow would be lower than expected for 2019. Indeed, these fears were subsequently realised at the end of July, coinciding with the announcement that CEO Iain Conn would be stepping down next year.

In addition, Deutsche Wohnen was hit hard by proposals for a five-year rent freeze in Berlin by the local government. By engaging with all stakeholders, the company hope to reach a consensus approach to housing policy in the city. Although we acknowledge that shares may remain lowly valued as uncertainty around the rental freeze persists, the dynamics that make Deutsche Wohnen an attractive long-term investment are unchanged.

Elsewhere, tobacco business Altria fell rapidly following the perceived capital indiscipline demonstrated by the acquisition of stakes in Juul and Cronos in December of last year. Shares continued to struggle as the environment for next-generation products in the US deteriorated amid various legislative challenges against Juul and an increasingly negative media and public perception of vaping.

We see the ever-increasing levels of debt as the central reason why the global economic recovery, which began in 2009, has been so muted. As witnessed in the month just past, with the US Federal Reserve cutting interest rates once again, actual or expected interest-rate cuts can give financial markets a short-term boost. However, if global economic momentum continues to slow, and the trade dispute between the US and China rumbles on, equity markets will face headwinds.

Against this challenging backdrop, business quality is important to us, yet we also recognise that 'quality' already carries a hefty valuation premium. We certainly prize long-term growth opportunities, competitive advantage, high return on capital, and conservative balance sheets in our portfolio companies, but we aim for a diversified portfolio containing a range of investment profiles, and expect stock specific factors to be the dominant driver of performance.

For a definition of italicised terms, please refer to the Glossary on page 26.

The table below shows the top ten purchases and sales (excluding any derivative and short term cash transactions) for the year.

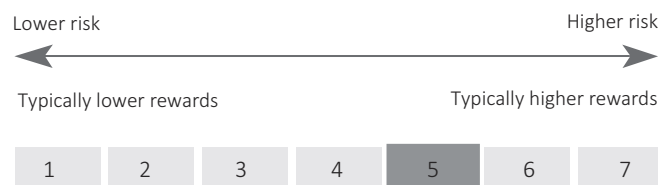
| Purchases | Sales |
|----------------------------|---|
| Apple | New Zealand Government 2.5% Bonds 20/9/2040 |
| Wolters Kluwer | Cobham |
| Gilead Sciences | Samsung Electronics |
| Goldman Sachs | AIA |
| Bayer | Applied Materials |
| Brenntag | Infineon Technologies |
| Unilever | Fisher & Paykel Healthcare |
| Alphabet series 'A' shares | Associated British Foods |
| Swedbank series 'A' shares | ABB (Regd.) |
| Cisco Systems | US Treasury 1.5% Notes 15/8/2026 |

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Statistics

for the year ended 31 October 2019

Risk & Reward profile



We have calculated the risk and reward category, as shown above, using a method of calculation derived from EU rules. It is based on the rate at which the value of the Fund has moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the Fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment.

Funds in category 5 have in the past shown moderately high volatility. With a fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately high.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Comparative tables

| Income Units | 31/10/2019 (pence) | 31/10/2018 (pence) | 31/10/2017 (pence) |
|--|-----------------------|-----------------------|-----------------------|
| Change in net assets per unit | | | |
| Opening net asset value per unit | 343.59 | 354.82 | 317.55 |
| Return before operating charges* | 37.88 | (4.38) | 44.28 |
| Operating charges | (4.33) | (4.02) | (3.77) |
| Return after operating charges | 33.55 | (8.40) | 40.51 |
| Distributions | (3.50) | (2.83) | (3.24) |
| Retained distributions on accumulation units | — | — | — |
| Closing net asset value per unit | 373.64 | 343.59 | 354.82 |
| *After direct transaction costs of | (0.15) | (0.30) | (0.35) |
| Performance | | | |
| Return after charges | 9.76% | (2.37%) | 12.76% |
| Other information | | | |
| Closing net asset value (£) | 12,465,135 | 11,930,215 | 19,538,100 |
| Closing number of units | 3,336,097 | 3,472,174 | 5,506,543 |
| Operating charges** | 1.21% | 1.15% | 1.12% |
| Direct transaction costs* | 0.04% | 0.08% | 0.10% |
| Prices | | | |
| Highest unit price | 387.50 | 366.26 | 361.35 |
| Lowest unit price | 325.27 | 323.91 | 301.26 |

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that additionally there may be other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which may also have reduced the Fund and unit class returns before operating charges.

**The Operating Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Trustee, Custodian, Auditor and Regulator. The Operating Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two.

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Statistics

(continued)

Comparative tables (continued)

| | 31/10/2019 (pence) | 31/10/2018 (pence) | 31/10/2017 (pence) |
|--|-----------------------|-----------------------|-----------------------|
| Institutional W (Accumulation) | | | |
| Change in net assets per unit | | | |
| Opening net asset value per unit | 139.47 | 142.50 | 126.02 |
| Return before operating charges* | 15.42 | (1.76) | 17.65 |
| Operating charges | (1.38) | (1.27) | (1.17) |
| Return after operating charges | 14.04 | (3.03) | 16.48 |
| Distributions | (1.80) | (1.49) | (1.62) |
| Retained distributions on accumulation units | 1.80 | 1.49 | 1.62 |
| Closing net asset value per unit | 153.51 | 139.47 | 142.50 |
| *After direct transaction costs of | (0.06) | (0.12) | (0.14) |
| Performance | | | |
| Return after charges | 10.07% | (2.13%) | 13.08% |
| Other information | | | |
| Closing net asset value (£) | 489,676 | 4,991,862 | 7,444,245 |
| Closing number of units | 318,990 | 3,579,198 | 5,224,165 |
| Operating charges** | 0.95% | 0.90% | 0.87% |
| Direct transaction costs* | 0.04% | 0.08% | 0.10% |
| Prices | | | |
| Highest unit price | 158.19 | 147.86 | 144.49 |
| Lowest unit price | 132.08 | 130.17 | 119.59 |

| | 31/10/2019 (pence) | 31/10/2018 (pence) | 31/10/2017 (pence) |
|--|-----------------------|-----------------------|-----------------------|
| Institutional W (Income) | | | |
| Change in net assets per unit | | | |
| Opening net asset value per unit | 134.58 | 138.98 | 124.36 |
| Return before operating charges* | 14.86 | (1.72) | 17.37 |
| Operating charges | (1.35) | (1.23) | (1.15) |
| Return after operating charges | 13.51 | (2.95) | 16.22 |
| Distributions | (1.73) | (1.45) | (1.60) |
| Retained distributions on accumulation units | — | — | — |
| Closing net asset value per unit | 146.36 | 134.58 | 138.98 |
| *After direct transaction costs of | (0.06) | (0.12) | (0.14) |
| Performance | | | |
| Return after charges | 10.04% | (2.12%) | 13.04% |
| Other information | | | |
| Closing net asset value (£) | 3,006,130 | 2,672,591 | 6,088,980 |
| Closing number of units | 2,053,974 | 1,985,936 | 4,381,313 |
| Operating charges** | 0.96% | 0.90% | 0.87% |
| Direct transaction costs* | 0.04% | 0.08% | 0.10% |
| Prices | | | |
| Highest unit price | 151.88 | 143.58 | 141.69 |
| Lowest unit price | 127.45 | 126.96 | 118.01 |

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that additionally there may be other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which may also have reduced the Fund and unit class returns before operating charges.

**The Operating Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Fund Accountant, Fund Administrator, Trustee, Custodian, Auditor and Regulator. The Operating Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two.

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Portfolio Statement

as at 31 October 2019

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|---|--------------|------------------|----------------------|
| BONDS 11.02% (10.86%) | | | |
| Overseas Government Bonds 11.02% (8.46%) | | | |
| US Treasury 0% Bonds 23/1/2020 | USD2,284,700 | 1,759,433 | 11.02 |
| EQUITIES 86.90% (82.35%) | | | |
| United Kingdom 15.45% (18.17%) | | | |
| Associated British Foods | 16,098 | 358,341 | 2.25 |
| BAE Systems | 54,607 | 314,646 | 1.97 |
| Informa | 42,615 | 330,266 | 2.07 |
| Ferguson | 6,833 | 449,611 | 2.82 |
| M&G | 53,986 | 115,314 | 0.72 |
| Prudential | 15,909 | 214,453 | 1.34 |
| RELX | 22,056 | 409,800 | 2.57 |
| Unilever | 5,973 | 272,631 | 1.71 |
| Canada 2.28% (2.08%) | | | |
| Intact Financial | 4,568 | 364,312 | 2.28 |
| France 1.75% (1.49%) | | | |
| Valeo | 9,747 | 280,010 | 1.75 |
| Germany 13.93% (12.29%) | | | |
| Bayer | 6,287 | 378,028 | 2.37 |
| Brenntag | 9,853 | 382,108 | 2.39 |
| Deutsche Wohnen | 11,715 | 341,193 | 2.14 |
| LEG Immobilien | 4,711 | 416,937 | 2.61 |
| SAP | 4,369 | 449,613 | 2.82 |
| Volkswagen non-voting preference shares | 1,731 | 254,669 | 1.60 |
| Hong Kong 2.82% (3.73%) | | | |
| AIA | 58,400 | 450,582 | 2.82 |
| Ireland 4.21% (3.70%) | | | |
| Medtronic | 4,699 | 395,420 | 2.48 |
| Ryanair | 26,591 | 276,834 | 1.73 |
| Japan 4.34% (5.38%) | | | |
| Ebara | 11,700 | 270,570 | 1.70 |
| Suzuki Motor | 11,500 | 421,977 | 2.64 |
| Netherlands 4.33% (2.67%) | | | |
| Royal Dutch Shell class 'B' shares | 16,100 | 357,098 | 2.24 |
| Wolters Kluwer | 5,847 | 332,818 | 2.09 |
| New Zealand 1.40% (2.29%) | | | |
| Fisher & Paykel Healthcare | 23,799 | 224,102 | 1.40 |
| Sweden 1.34% (0.00%) | | | |
| Swedbank series 'A' shares | 19,779 | 214,500 | 1.34 |
| Switzerland 6.31% (7.71%) | | | |
| ABB (Regd.) | 12,390 | 200,767 | 1.26 |
| Alcon | 1,179 | 53,786 | 0.34 |
| Novartis | 5,897 | 397,598 | 2.49 |
| Roche Holding | 1,527 | 354,887 | 2.22 |
| Thailand 1.56% (1.79%) | | | |
| Bangkok Bank | 55,600 | 248,314 | 1.56 |

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Portfolio Statement

(continued)

| Investments | Holding | Market Value (£) | Total Net Assets (%) |
|--|---------|-------------------|----------------------|
| United States of America 27.18% (18.63%) | | | |
| Accenture | 2,750 | 393,947 | 2.47 |
| Albemarle | 3,042 | 142,791 | 0.89 |
| Alphabet series 'A' shares | 717 | 697,496 | 4.37 |
| Altria | 8,200 | 283,832 | 1.78 |
| Apple | 2,569 | 493,867 | 3.09 |
| Applied Materials | 7,671 | 321,779 | 2.02 |
| Cisco Systems | 6,249 | 229,484 | 1.44 |
| Eversource Energy | 4,611 | 298,361 | 1.87 |
| Gilead Sciences | 7,240 | 356,461 | 2.23 |
| Goldman Sachs | 2,480 | 408,970 | 2.56 |
| Microsoft | 3,907 | 432,880 | 2.71 |
| Samsung SDI GDR (each representing 1/4 ordinary share) | 7,425 | 278,868 | 1.75 |
| DERIVATIVES 0.02% (0.00%) | | | |
| Options 0.02% (0.00%) | | | |
| S&P 500 November 2019 3070 (Call Option) | 4 | 2,467 | 0.02 |
| Portfolio of investments | | 15,631,821 | 97.94 |
| Net current assets | | 329,120 | 2.06 |
| Total Net Assets | | 15,960,941 | 100.00 |
| Total unapproved and unquoted securities | | | 0.00% |

Comparative figures in brackets refer to 31 October 2018.

During the year ended 31 October 2019 the Fund disposed of its holdings in UK Government Bonds, Denmark and South Korea, which, as at 31 October 2018, represented 2.40%, 0.31% and 2.11% respectively of the Total Net Assets of the Fund.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers.

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Statement of Total Return

for the year ended 31 October 2019

| | | | 31/10/2019 | 31/10/2018 |
|--|-------|-----------|------------------|------------------|
| | Notes | £ | £ | £ |
| Income | | | | |
| Net capital gains/(losses) | 3 | | 1,321,395 | (925,035) |
| Revenue | 4 | 386,486 | | 537,020 |
| Expenses | 5 | (165,916) | | (255,656) |
| Interest payable and similar charges | 7 | (12) | | (20) |
| Net revenue before taxation | | 220,558 | | 281,344 |
| Taxation | 6 | (59,475) | | (53,852) |
| Net revenue after taxation | | | 161,083 | 227,492 |
| Total return before distributions | | | 1,482,478 | (697,543) |
| Distributions | 8 | | (161,151) | (227,492) |
| Change in net assets attributable to Unitholders from investment activities | | | 1,321,327 | (925,035) |

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31 October 2019

| | | | 31/10/2019 | 31/10/2018 |
|---|--|-------------|-------------------|-------------------|
| | | £ | £ | £ |
| Opening net assets attributable to Unitholders | | | 19,594,668 | 33,071,325 |
| Amounts received on issue of units | | 626,606 | | 1,304,236 |
| Amounts paid on cancellation of units | | (5,594,096) | | (13,918,113) |
| | | | (4,967,490) | (12,613,877) |
| Dilution adjustment | | | 5,551 | 7,895 |
| Change in net assets attributable to Unitholders from investment activities (see above) | | | 1,321,327 | (925,035) |
| Retained distributions on accumulation units | | | 6,885 | 54,360 |
| Closing net assets attributable to Unitholders | | | 15,960,941 | 19,594,668 |

Balance Sheet

as at 31 October 2019

| | | | 31/10/2019 | 31/10/2018 |
|---|----|----------|-------------------|-------------------|
| | | £ | £ | £ |
| ASSETS | | | | |
| Fixed assets | | | | |
| Investment assets | | | 15,631,821 | 18,263,577 |
| Current assets | | | | |
| Debtors | 10 | 64,921 | | 139,870 |
| Cash and bank balances | 11 | 389,715 | | 1,442,021 |
| Total other assets | | | 454,636 | 1,581,891 |
| Total assets | | | 16,086,457 | 19,845,468 |
| LIABILITIES | | | | |
| Creditors | | | | |
| Distribution payable | 12 | (91,542) | | (77,324) |
| Other creditors | 12 | (33,974) | | (173,476) |
| Total other liabilities | | | (125,516) | (250,800) |
| Total liabilities | | | (125,516) | (250,800) |
| Net assets attributable to Unitholders | | | 15,960,941 | 19,594,668 |

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Distribution Statements

for the year ended 31 October 2019

Final dividend distribution in pence per unit

Period

Group 1: Units purchased prior to 1 May 2019

Group 2: Units purchased 1 May 2019 to 31 October 2019

| | Net revenue | Equalisation | Amount payable 31/10/2019 | Amount paid 31/10/2018 |
|---------------------------------------|----------------|--------------|---------------------------------|------------------------------|
| Income Units | | | | |
| Group 1 | 2.1140 | — | 2.1140 | 1.7374 |
| Group 2 | 0.0000 | 2.1140 | 2.1140 | 1.7374 |
| Institutional W (Accumulation) | | | | |
| Group 1 | 1.0658 | — | 1.0658 | 0.8815 |
| Group 2 | 0.0876 | 0.9782 | 1.0658 | 0.8815 |
| Institutional W (Income) | | | | |
| Group 1 | 1.0232 | — | 1.0232 | 0.8559 |
| Group 2 | 0.1396 | 0.8836 | 1.0232 | 0.8559 |

Interim dividend distribution in pence per unit

Period

Group 1: Units purchased prior to 1 November 2018

Group 2: Units purchased 1 November 2018 to 30 April 2019

| | Net revenue | Equalisation | Amount paid 30/04/2019 | Amount paid 30/04/2018 |
|---------------------------------------|----------------|--------------|------------------------------|------------------------------|
| Income Units | | | | |
| Group 1 | 1.3835 | — | 1.3835 | 1.0916 |
| Group 2 | 0.6713 | 0.7122 | 1.3835 | 1.0916 |
| Institutional W (Accumulation) | | | | |
| Group 1 | 0.7355 | — | 0.7355 | 0.6108 |
| Group 2 | 0.3671 | 0.3684 | 0.7355 | 0.6108 |
| Institutional W (Income) | | | | |
| Group 1 | 0.7096 | — | 0.7096 | 0.5956 |
| Group 2 | 0.5299 | 0.1797 | 0.7096 | 0.5956 |

| | Franked (%) | Unfranked (%) |
|---|-------------|---------------|
| Final dividend distribution for 31 October 2019 | 100.00 | 0.00 |
| Interim dividend distribution for 30 April 2019 | 100.00 | 0.00 |

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Notes to the Financial Statements

for the year ended 31 October 2019

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared using the historical cost convention in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association (formerly The Investment Management Association) in May 2014 (the SORP), as amended in June 2017.

(b) Valuation of investments

The listed investments of the Fund have been valued at bid market prices at close of business on the last business day of the accounting period. Holdings in Collective Investment Schemes are valued at the last sale price available at the valuation point. Suspended securities are valued initially at the suspended price but are subject to constant review.

(c) Foreign exchange

The functional currency of the Fund is pound sterling. All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at close of business on the last business day of the accounting period.

(d) Revenue

Dividends on equities (and revenue from units held in underlying funds) are recognised when the security is quoted ex-dividend. Bank interest is accounted for on an accruals basis.

Interest on debt securities is recognised on the effective interest rate basis. Accrued interest purchased or sold is excluded from the cost of the security and is dealt with as revenue.

(e) Special dividends

Special dividends are reviewed on a case by case basis in determining whether the amount is capital or revenue in nature.

(f) Expenses

All expenses are charged to the revenue property of the Fund, with the exception of the costs associated with the purchase and sale of investments, which have been charged to capital property. All expenses are accounted for on an accruals basis.

(g) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the Manager considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

The charge for taxation is based on taxable income for the year less allowable expenses. In general, the tax accounting treatment follows that of the principal amount.

2 Distribution Policies

(a) Basis of distribution

The Fund is not more than 60% invested in qualifying investments (as defined by s468L ICTA 1988) and will pay a dividend distribution. If, at the end of the period, revenue exceeds expenses, revenue will be distributed to Unitholders.

(b) Stock dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue and forms part of the distribution. Any excess in value of shares received over the amount of cash forgone is treated as capital.

(c) Special dividends

Amounts recognised as revenue will form part of the Fund's distribution.

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Notes to the Financial Statements

(continued)

3 Net capital gains/(losses)

| The net capital gains/(losses) on investments during the year comprise: | 31/10/2019 £ | 31/10/2018 £ |
|---|------------------|------------------|
| Gains/(losses) on non-derivative securities | 1,361,844 | (912,406) |
| Losses on derivative contracts | (6,334) | — |
| Currency exchange (losses)/gains | (17,388) | 2,857 |
| Activity charges | (16,727) | (15,486) |
| Net capital gains/(losses) | 1,321,395 | (925,035) |

4 Revenue

| | 31/10/2019 £ | 31/10/2018 £ |
|-----------------------------|-----------------|-----------------|
| Bank interest | 1,183 | — |
| Interest on debt securities | 37,985 | 55,537 |
| Overseas dividends | 256,666 | 328,049 |
| UK dividends | 90,652 | 153,434 |
| Total revenue | 386,486 | 537,020 |

5 Expenses

| | 31/10/2019 £ | 31/10/2018 £ |
|--|-----------------|-----------------|
| Payable to the Manager or Associate of the Manager: | | |
| Manager's periodic charge | 149,671 | 232,188 |
| Registrar's fees | 1,100 | 1,094 |
| Safe custody charges | 1,632 | 2,912 |
| | 152,403 | 236,194 |
| Other expenses: | | |
| Audit fee | 7,918 | 7,200 |
| Dividend collection fees | 17 | 17 |
| Financial Conduct Authority fee | 84 | (24) |
| Professional fees | 733 | 4,368 |
| Trustee's fees | 4,761 | 7,901 |
| | 13,513 | 19,462 |
| Total expenses | 165,916 | 255,656 |

Osprey Fund - Annual Report & Accounts

Notes to the Financial Statements

(continued)

6 Taxation

| | 31/10/2019 £ | 31/10/2018 £ |
|--|-----------------|-----------------|
| a) Analysis of tax charge | | |
| Overseas tax withheld | 59,475 | 53,852 |
| Total tax charge (see note 6b) | 59,475 | 53,852 |
| b) Factors affecting the tax charge | | |
| The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a Unit trust (20%) (31/10/2018: 20%). The differences are explained below: | | |
| Net revenue before taxation | 220,558 | 281,344 |
| Corporation tax @ 20% | 44,112 | 56,269 |
| Effects of: | | |
| Dividends not subject to corporation tax | (69,442) | (96,275) |
| Movement in excess management expenses | 25,330 | 39,770 |
| Overseas tax withheld | 59,475 | 53,852 |
| Relief on overseas tax expensed | — | 236 |
| Total tax charge (see note 6a) | 59,475 | 53,852 |

Authorised Unit Trusts are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c) Deferred tax

At 31/10/2019 no deferred tax asset has been recognised in relation to excess management expenses of £1,638,834 (31/10/2018: £1,512,184), as it is unlikely that the Fund will have sufficient taxable profits in the future to utilise these expenses. The deferred tax asset not recognised is £327,767 (31/10/2018: £302,437).

7 Interest payable and similar charges

| | 31/10/2019 £ | 31/10/2018 £ |
|-----------------------|-----------------|-----------------|
| Interest | 12 | 20 |
| Total interest | 12 | 20 |

8 Distributions

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

| | 31/10/2019 £ | 31/10/2018 £ |
|---|-----------------|-----------------|
| Interim dividend 30 April | 63,993 | 90,723 |
| Final dividend 31 October | 94,942 | 108,873 |
| | 158,935 | 199,596 |
| Amounts added on issue of units | (3,620) | (3,347) |
| Amounts deducted on cancellation of units | 5,836 | 31,243 |
| Net distributions for the year | 161,151 | 227,492 |

Osprey Fund - Annual Report & Accounts

Notes to the Financial Statements

(continued)

9 Net movement between revenue after taxation and distributions

| | 31/10/2019 £ | 31/10/2018 £ |
|----------------------------------|-----------------|-----------------|
| Net revenue after taxation | 161,083 | 227,492 |
| Add: Equalisation on conversions | 68 | — |
| | 161,151 | 227,492 |

10 Debtors

| | 31/10/2019 £ | 31/10/2018 £ |
|--|-----------------|-----------------|
| Accrued revenue | 20,646 | 39,409 |
| Amount receivable for issue of units | — | 245 |
| Foreign currency contracts awaiting settlement | — | 39,183 |
| Overseas tax recoverable | 39,440 | 61,033 |
| Sales awaiting settlement | 4,835 | — |
| Total debtors | 64,921 | 139,870 |

11 Cash & bank balances

| | 31/10/2019 £ | 31/10/2018 £ |
|-------------------|-----------------|------------------|
| Cash held at bank | 389,715 | 1,442,021 |
| | 389,715 | 1,442,021 |

12 Creditors

| | 31/10/2019 £ | 31/10/2018 £ |
|--|-----------------|-----------------|
| a) Distribution payable | | |
| Distribution payable | 91,542 | 77,324 |
| | 91,542 | 77,324 |
| b) Other creditors | | |
| Accrued expenses | 25,337 | 23,942 |
| Amount payable for cancellation of units | 8,637 | 71,100 |
| Foreign currency contracts awaiting settlement | — | 39,252 |
| Purchases awaiting settlement | — | 39,182 |
| Total other creditors | 33,974 | 173,476 |

13 Related parties

Manager's periodic charge, registrar fees, registrar disbursement fees, activity charges, collection charges, safe custody charges and overdraft interest paid to the Manager, BNY Mellon Fund Manager Limited, or its associates, are shown in notes 5, 7, 10 and 12 and details of units issued and cancelled by the Manager are shown in the Statement of Change in Net Assets Attributable to Unitholders in note 8. The balance due from the Manager at 31 October 2019, in respect of these transactions, was £25,955 (31/10/2018: £87,596).

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Notes to the Financial Statements

(continued)

14 Financial instruments

In pursuing its investment objective to achieve long term capital growth through investment in both UK and international equities, the Fund holds a number of financial instruments. The Fund's financial instruments, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market Price risk

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations that are monitored by the Manager in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) mitigates the risk of excessive exposure to any particular type of security or issuer.

Market Price sensitivity

The value of the Fund's investments which were exposed to market price risk was as follows:

| | 31/10/2019 £ | 31/10/2018 £ |
|--|-----------------|-----------------|
| Investments held at the balance sheet date | 15,631,821 | 18,263,577 |

The following illustrates the sensitivity of the net capital gains and the net assets to an increase or decrease of 5% (31/10/2018: 5%) in the fair values of the Fund's listed investments. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis is based on the impact of a change to the value of the Fund's investments at each balance sheet date.

| | 31/10/2019 | | 31/10/2018 | |
|---------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 5% Increase in fair value £ | 5% Decrease in fair value £ | 5% Increase in fair value £ | 5% Decrease in fair value £ |
| Non-derivative securities | 781,468 | (781,468) | 913,179 | (913,179) |
| Derivative securities | 123 | (123) | — | — |
| Net capital impact | 781,591 | (781,591) | 913,179 | (913,179) |

Valuation of financial investments

The categorisation of financial investments in the tables below reflect the methodology used to measure their fair value.

| | 31/10/2019 Assets £ | 31/10/2019 Liabilities £ |
|---------------------|---------------------------|--------------------------------|
| Level 1: Quoted | 13,872,388 | — |
| Level 2: Observable | 1,759,433 | — |
| | 15,631,821 | — |

| | 31/10/2018 Assets £ | 31/10/2018 Liabilities £ |
|---------------------|---------------------------|--------------------------------|
| Level 1: Quoted | 16,137,212 | — |
| Level 2: Observable | 2,126,365 | — |
| | 18,263,577 | — |

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

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

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

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Notes to the Financial Statements

(continued)

14 Financial instruments (continued)

Interest rate risk

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

The table that follows details the interest rate profile of the Fund's assets at 31 October 2019:

| | Floating Rate £ | Fixed Rate £ | Not Carrying interest £ | Total £ |
|------------------------|--------------------|------------------|-------------------------------|-------------------|
| Investment assets | — | 1,759,433 | 13,872,388 | 15,631,821 |
| Investment liabilities | — | — | — | — |
| Total | — | 1,759,433 | 13,872,388 | 15,631,821 |

The table that follows details the interest rate profile of the Fund's assets at 31 October 2018:

| | Floating Rate £ | Fixed Rate £ | Not Carrying interest £ | Total £ |
|------------------------|--------------------|------------------|-------------------------------|-------------------|
| Investment assets | — | 2,126,365 | 16,137,212 | 18,263,577 |
| Investment liabilities | — | — | — | — |
| Total | — | 2,126,365 | 16,137,212 | 18,263,577 |

Interest rate sensitivity

The Fund does not have material exposure to interest rate risk and hence no sensitivity analysis has been presented.

Foreign currency risk

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

The Fund invests in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The Manager may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Income received in other currencies is converted to sterling on or near the date of receipt.

The table that follows details the foreign currency risk profile of the Fund's assets at 31 October 2019:

| | 31/10/2019 Investments £ | 31/10/2019 Net Current Assets £ | 31/10/2019 Total £ | 31/10/2018 Total £ |
|--------------------------|--------------------------------|--|--------------------------|--------------------------|
| Canada | 364,312 | — | 364,312 | 408,304 |
| Denmark | — | 3,729 | 3,729 | 65,082 |
| Europe | 3,384,841 | 20,141 | 3,404,982 | 3,074,914 |
| Hong Kong | 450,582 | — | 450,582 | 731,151 |
| Japan | 692,547 | 4,162 | 696,709 | 1,057,325 |
| New Zealand | 224,102 | — | 224,102 | 1,236,647 |
| Norway | — | 7,713 | 7,713 | 8,532 |
| South Korea | — | — | — | 416,173 |
| Sweden | 214,500 | 1 | 214,501 | — |
| Switzerland | 1,007,038 | 33,902 | 1,040,940 | 1,543,730 |
| Thailand | 248,314 | — | 248,314 | 350,692 |
| United States of America | 6,493,978 | 1,700 | 6,495,678 | 4,892,723 |
| Total | 13,080,214 | 71,348 | 13,151,562 | 13,785,273 |

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Notes to the Financial Statements

(continued)

14 Financial instruments (continued)

Foreign currency sensitivity

The following table illustrates the sensitivity of the return and net assets of the Fund to a 5% (31/10/2018: 5%) strengthening or weakening of its base rate currency against other currencies (with exposure deemed material - above 10% of the NAV to which it is exposed to). This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis assumes all other variables are held constant.

31 October 2019

| Currency | Total Exposure £ | Impact of a 5% weakening of base currency £ | Impact of a 5% strengthening of base currency £ |
|-----------|------------------------|--|--|
| Euro | 3,404,982 | 179,210 | (162,142) |
| US dollar | 6,495,678 | 341,878 | (309,318) |

31 October 2018

| Currency | Total Exposure £ | Impact of a 5% weakening of base currency £ | Impact of a 5% strengthening of base currency £ |
|-----------|------------------------|--|--|
| Euro | 3,074,914 | 161,838 | (146,424) |
| US dollar | 4,892,723 | 257,512 | (232,987) |

Liquidity risk

The risk of low market liquidity, through reduced trading volumes, may affect the ability of the Fund to trade financial instruments at values previously indicated by financial brokers.

The Fund's assets comprise mainly readily realisable securities. The main liability of the Fund is the redemption of any units that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. Since the Fund's accounting year end there have been sufficient cash resources available to finance any such redemptions. The Investment Manager has considered the liquidity of the stocks in the portfolio and does not consider any of them to be illiquid.

To manage these risks, the Investment Manager undertakes research of investment opportunities to select opportunities congruent with the Fund's investment objective.

All stocks are valued daily. Stocks identified as being illiquid are reviewed for pricing accuracy on a regular basis.

Counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers that have been approved by the Manager as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Global exposure

To evaluate the global exposure of the Funds, the Manager uses the Commitment approach.

Using the commitment approach, the Fund must ensure that its global exposure does not exceed its net asset value. It is calculated as the sum of the absolute value of the exposure of each individual derivative after allowing for netting and hedging arrangements.

The below table shows the leverage for the Fund:

| Leverage as at | 31/10/2019 % | 31/10/2018 % |
|----------------|-----------------|-----------------|
| Osprey Fund | 1.55 | 0.00 |

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Notes to the Financial Statements

(continued)

15 Portfolio transaction costs

For the year ended 31 October 2019

| | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
|--|--------------------------------|-----------------------|------|-----------------|------|
| Purchases (excluding derivatives) | | | | | |
| Equity instruments (direct) | 4,132 | 1 | 0.04 | 1 | 0.01 |
| Debt instruments (direct) | 4,933 | — | — | — | — |
| Total purchases | 9,065 | 1 | | 1 | |
| Total purchases including transaction costs | 9,067 | | | | |
| | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Sales (excluding derivatives) | | | | | |
| Equity instruments (direct) | 7,729 | 3 | 0.04 | 2 | 0.02 |
| Debt instruments (direct) | 5,366 | — | — | — | — |
| Total sales | 13,095 | 3 | | 2 | |
| Total sales net of transaction costs | 13,090 | | | | |

| | | |
|---|--------------|--------------|
| Total transaction costs | 4 | 3 |
| Total transaction costs as a % of average net assets | 0.03% | 0.01% |

For the year ended 31 October 2018

| | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
|--|--------------------------------|-----------------------|------|-----------------|------|
| Purchases (excluding derivatives) | | | | | |
| Equity instruments (direct) | 6,121 | 3 | 0.05 | 12 | 0.20 |
| Debt instruments (direct) | 1,407 | — | — | — | — |
| Total purchases | 7,528 | 3 | | 12 | |
| Total purchases including transaction costs | 7,543 | | | | |
| | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Sales (excluding derivatives) | | | | | |
| Equity instruments (direct) | 15,047 | 6 | 0.04 | 1 | 0.01 |
| Debt instruments (direct) | 2,241 | — | — | — | — |
| Collective investment schemes | 270 | — | — | — | — |
| Total sales | 17,558 | 6 | | 1 | |
| Total sales net of transaction costs | 17,551 | | | | |

| | | |
|---|--------------|--------------|
| Total transaction costs | 9 | 13 |
| Total transaction costs as a % of average net assets | 0.03% | 0.05% |

The above analysis covers any direct transaction costs suffered by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in bond and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.10% (31/10/2018: 0.09%).

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Notes to the Financial Statements

(continued)

16 Contingent asset/liabilities

There were no contingent assets/liabilities at the balance sheet date (31/10/2018: Nil).

17 Unitholders' Funds

The Fund currently has three unit classes. The unit classes suffer a Manager's periodic charge which is payable to the Manager and is shown below:

| | Manager's Periodic Charge |
|--------------------------------|---------------------------|
| Income Units | 1.00% |
| Institutional W (Accumulation) | 0.75% |
| Institutional W (Income) | 0.75% |

The net asset value, the net asset value per unit and the number of units in issue are shown in the comparative tables on pages 5 to 6. The distribution is given in the distribution statements on page 10.

All unit classes have the same rights on winding up.

18 Unit Movement

For the year 1 November 2018 to 31 October 2019

| | Opening units | Units issued | Units redeemed | Units converted | Closing units |
|--------------------------------|---------------|--------------|----------------|-----------------|---------------|
| Income Units | 3,472,174 | 19,488 | (136,598) | (18,967) | 3,336,097 |
| Institutional W (Accumulation) | 3,579,198 | 12,763 | (3,272,971) | — | 318,990 |
| Institutional W (Income) | 1,985,936 | 371,870 | (352,207) | 48,375 | 2,053,974 |

19 Post Balance Sheet Events

There were no events that occurred after 31 October 2019 which would require disclosure or adjustments to the financial statements of the Trust.

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Statement of the Manager's Responsibilities and Directors' Statement

Statement of the Manager's Responsibilities

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) require the Manager to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Fund as at the end of the year and of the net revenue or expense and the net gains and losses on the property of the Fund for the year then ended.

In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and the Trust Deed;
- comply with applicable accounting standards;
- keep proper accounting records that enable it to demonstrate that the financial statements as prepared comply with the above requirements; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, Prospectus and the Collective Investment Schemes Sourcebook. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Statement

In accordance with the requirements of the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook, we hereby certify the Report on behalf of the Directors of BNY Mellon Fund Managers Limited.

G A Brisk
Director
BNY Mellon Fund Managers Limited

G Rehn
Director
BNY Mellon Fund Managers Limited

25 February 2020

25 February 2020

Osprey Fund - Annual Report & Accounts

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of the Osprey Fund

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

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its Investors.

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

The Trustee must ensure that:

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

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

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

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

NatWest Trustee and Depositary Services Limited
Edinburgh

25 February 2020

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Independent Auditor's Report to the Unitholders of the Osprey Fund

Opinion

We have audited the financial statements of the Osprey Fund ("the Fund") for the year ended 31 October 2019 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, Balance Sheet, Distribution Statements and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 October 2019 and of the net revenue and the net gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Trust Deed;
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

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Independent Auditor's Report to the Unitholders of the Osprey Fund

(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 20, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the unitholders of the Fund, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the unitholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the unitholders of the Fund as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh

25 February 2020

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Additional Information

1 Pricing

The Manager may set the price of units within the limits, which are allowed by the Financial Conduct Authority's Collective Investment Schemes Sourcebook. The value of the Fund's underlying assets forms the basis for calculating the price of the units. The Fund is valued at 12 noon on each business day. This time is known as the valuation point.

2 Dilution adjustment

The Fund's investments are valued on a mid-market basis in accordance with the Financial Conduct Authority's regulations.

However, the actual cost of purchasing or selling investments may deviate from the mid-market value used in calculating the unit price, due to dealing costs such as broker charges, taxes and any spread between the buying and selling prices of the underlying investments.

These dealing costs can have an adverse effect on the value of the Fund, and this is known as "dilution".

The Financial Conduct Authority regulations allow the cost of dilution to be met directly from the Fund's assets or to be recovered from investors on the purchase or redemption of units, inter alia, by means of a dilution adjustment to the dealing price, which is the policy that has been adopted by the Manager.

To mitigate the effects of dilution the Manager therefore has the discretion to make a dilution adjustment in the calculation of the dealing price and thereby adjust the dealing price of units on any given day.

The need to make a dilution adjustment will depend on the volume of purchases or redemptions on any given day. As set out in the Prospectus, the Manager may make a dilution adjustment when calculating the price of a unit. In deciding whether to make a dilution adjustment at any valuation point, the Manager will take into account the number of units to be issued or cancelled. Where the number of units to be issued exceeds the number of units to be cancelled, the dilution adjustment to the unit price will be upwards. Where the number of units to be cancelled exceeds the number of units to be issued, the dilution adjustment to the unit price will be downwards.

3 The net yield

The published yield of the Fund is the Historic Yield and reflects distributions declared over the past twelve months as a percentage of the quoted unit price as at the date shown. It does not include any initial charge and investors may be subject to tax on their distributions.

4 Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital.

5 Tax on income

Previously income, whether it was distributed to Unitholders or reinvested in units, was net of tax at 10%. This was known as a 'tax credit' and was shown on the tax voucher together with the 'Dividend Distribution'. Both of these sums would have been shown separately on the Unitholders income tax return.

6 Charges

An annual management charge of 1.00% for Income Units, 0.75% for Institutional W (Accumulation) and 0.75% for Institutional W (Income) per annum of the value of the Fund is deducted in monthly instalments from the Fund's revenue.

Any change to the management charge is subject to 60 days' written notice by the Manager. The Trust Deed also permits payment out of the Fund of the Trustee's fee (plus VAT) together with other fees and expenses associated with the operation of the Fund.

7 Buying and selling

Instructions to buy and sell units can be provided to the Manager between 9.00 am and 5.00 pm on any business day, excluding UK public holidays. These will be effected at the price ruling at the next valuation point. Units may also be sold by sending us a completed and signed renunciation form. We will send you a contract note within one business day of processing your buy or sell instruction. No other acknowledgement of your instruction will be made. Payment of redemption proceeds will be made within four business days of receipt of a completed renunciation form.

Prices are calculated by reference to the net asset value of the Fund in accordance with the regulations.

8 The Price and yield of units

The most recent prices will be available on the Manager's website:-

<http://www.bnymellonim.com/uk/en/individual/funds-centre/>

Prices may also be published in other media on each day the Fund is valued.

9 Trust status

The Fund is an authorised unit trust scheme under s243 of the Financial Services and Markets Act 2000. It is a UCITS Fund as defined by the Financial Conduct Authority's Collective Investment Schemes Sourcebook. The Fund was constituted by a Trust Deed dated 21 December 2000.

10 Minimum investment

The minimum investment for new Unitholders is £1,000 for Income Units and £10,000,000 for the Institutional W (Accumulation) and Institutional W (Income). Additional Units may be purchased with a minimum of £250 for Income Units and 'As agreed' for the Institutional W (Accumulation) and Institutional W (Income). These limits may be waived at the Manager's discretion.

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Additional Information

(continued)

11 Dealing arrangements

The Investment Manager uses dealing commission that it pays to brokers to cover costs relating to the purchase of research services from brokers or third parties. The Investment Manager considers such use of commission to be beneficial to the funds, as it enables the Investment Manager to obtain valuable research in a cost effective manner.

Payment for research services is included within the full service commission paid to brokers for execution. A portion of this commission is recognised as being for advisory services, principally research. This advisory commission is redistributed across brokers and other research providers according to the value placed by the Investment Adviser on the quality of research received.

The Investment Manager currently receives the following goods and services under its Dealing Arrangements in accordance with FCA guidance:

- goods and services relating to the provision of research;
- broker led research;
- research from third party information providers; and
- non-broker led research.

12 Application forms and Prospectus

All stated documents can be requested by calling 0344 892 2715 or writing to BNY Mellon Fund Managers Limited at the address stated on page 27.

13 A word of warning

Investors should remember that the value of units and the revenue from them can fluctuate and is not guaranteed. Past performance is not a guide to the future and you may not get back the full amount invested. Unit trusts should be regarded as long term investments and may not be suitable for money you may need at short notice. The value of overseas securities will be influenced by the rate of exchange which is used to convert these into sterling.

14 Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps are required on all reports & accounts published after 13 January 2017. During the year to 31 October 2019 and at the balance sheet date, the Fund did not use SFTs or total return swaps, as such no disclosure is required.

15 Client classification notice

Under the FCA's Conduct of Business rules we are required to classify our investors. We have classified you as a Retail Client unless otherwise notified. This means that you will have the maximum amount of protection available for complaints and compensation, and will receive information in a straightforward way. However, some clients, such as professional investors, may not necessarily have the same rights under the Financial Ombudsman Service and the Financial Services Compensation Scheme. Further details may be found on our website – www.bnymellonim.co.uk under Client Classification.

16 Remuneration policy

In accordance with the UCITS Remuneration Code and corresponding changes to the FCA Handbook for Collective Investment Schemes (COLL), the Osprey Fund is required to disclose details of the remuneration paid by the Manager to its staff for the financial year.

The remuneration policies are designed in line with the UCITS V Directive remuneration principles:

- are consistent with and promote sound and effective risk management of the UCITS;
- do not encourage risk-taking which is inconsistent with the risk profiles or fund rules governing the relevant UCITS; and
- do not impair compliance with the UCITS Manager's duty to act in the best interest of the UCITS.

The total amount of fixed and variable remuneration proportionate to the Osprey Fund for the year ended 31 October 2019 of the 8 staff of the UCITS Manager is disclosed below. This has been calculated on the basis of the Osprey Fund AUM in respect of the total AUM (including UCITS schemes and non-UCITS schemes) under the control of the UCITS Manager.

| | £ |
|----------|-----|
| Fixed | 384 |
| Variable | 572 |

17 Value Assessment and Report

BNY Mellon Fund Managers Limited will be issuing its report on the assessment of value in a separate composite report. The composite report will cover funds the ACD manages with financial year ends 30th September 2019 to 31 March 2020 and will be made available on or before 31 July 2020. The report will be published on www.bnymellonim.com.

18 Update to Investment Objective and Policy

With effect from 23 December 2019, the Investment Objective and Policy of the Fund was enhanced to make it easier to understand and compare. Full details can be found in the letter dated 22 November 2019 sent by BNY Mellon Fund Managers Limited to investors.

| Term | Definition |
|---------------------|--|
| Basic materials | The sector of companies involved in the discovery, development and processing of raw materials. The sector includes the mining and refining of metals, chemical products and forestry products. |
| Cyclical | A cyclical stock or industry is one deemed sensitive to the wider economy. As such its revenues are generally higher in periods of economic prosperity and expansion and lower periods of economic downturn and contraction. |
| Hawk(s)/hawkish | A hawk, also known as an inflation hawk, is a policymaker or advisor who is predominantly concerned with interest rates as they relate to fiscal policy. A hawk generally favors relatively high interest rates in order to keep inflation in check. In other words, hawks are less concerned with economic growth than they are with recessionary pressure brought to bear by high inflation rates. |
| Monetary policy | A central bank's regulation of money in circulation and interest rates. |
| Quantitative easing | A monetary policy whereby a central bank buys predetermined amounts of government bonds or other financial assets in order to stimulate the economy and increase liquidity. |
| Volatile/volatility | Large and/or frequent moves up or down in the price or value of an investment or market. |

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Management and Professional Services

Manager and Registered Office

BNY Mellon Fund Managers Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA
United Kingdom

Client Enquiries: Call free on 0344 892 2715

Dealing: Call free on 08085 440 000

Directors

G A Brisk (Chairman)
A M Islam (appointed 18 July 2019)
C Judd (appointed 11 September 2019)
H Lopez
J F Lubran
G Rehn (appointed 11 February 2019)
M Saluzzi (appointed 19 March 2019)
D M Turnbull (resigned 18 February 2019)

Trustee

NatWest Trustee and Depositary Services Limited
2nd Floor
Drummond House
1 Redheughs Avenue
Edinburgh
EH12 9RH
United Kingdom

(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

Investment Adviser

Newton Investment Management Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA
United Kingdom

(Authorised and regulated by the Financial Conduct Authority)

Registrar and Administration

BNY Mellon Fund Managers Limited
Client Service Centre
PO Box 366
Darlington
DL1 9RF
United Kingdom

(Authorised and regulated by the Financial Conduct Authority)

Auditors

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX
United Kingdom

Authorisation

BNY Mellon Fund Managers Limited is authorised and regulated by the Financial Conduct Authority.
A member of The Investment Association.

BNY Mellon Fund Managers Limited is registered in England No. 1998251.
A subsidiary of BNY Mellon Investment Management EMEA Limited.