

Manager's annual report

For the period 1 December 2022 to 30 November 2023

**THE MARKS AND SPENCER
UK SELECTION PORTFOLIO**



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The Marks and Spencer UK Selection Portfolio

Manager, Registrar, dealing, administration and marketing

Marks and Spencer Unit Trust Management Limited

Authorised and regulated by the Financial Conduct Authority.

Investor helpline: 0808 005 5555 or +44 1244 688632 if calling from abroad. Lines are open from 8am to 6pm Monday to Friday (closed weekends and public holidays). Please be aware that opening hours may be restricted over the Christmas period. Please contact us for details. Calls may be recorded.

Head office and registered office

Kings Meadow
Chester Business Park
Chester CH99 9FB
Registered in England
No. 2253009

Correspondence address

M&S Bank
PO Box 10581
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Wigston
LE18 4US

Directors of the Manager

James Coyle (Chairman and non-Executive Director)
Paul Spencer (Chief Executive Officer and Director)
Phillip Scott (Director)
Peter Dew (Non-Executive Director) (resigned 7 April 2023)
Jenny Goldie-Scot (Non-Executive Director) (appointed 7 April 2023)

Investment manager

HSBC Global Asset Management (UK) Limited
8 Canada Square
London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Trustee

State Street Trustees Limited
Quartermile 3
10 Nightingale Way
Edinburgh EH3 9EG

Authorised and regulated by the Financial Conduct Authority.

Independent auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Manager's investment report

This section gives you confirmation of the Marks and Spencer UK Selection Portfolio (the "Fund") objective. It also gives you the investment strategy employed by the investment adviser; and an economic, market and portfolio review for the period of the report.

Our objectives and methods

Objective

The Fund aims to provide capital growth and income in the long term, (five years or more).

Policy

The Fund will invest a minimum of 80% of its value in the shares (equities) of UK companies, including preference shares.

UK companies are deemed to be those that are domiciled or incorporated in the UK, or earn at least 80% of their revenue from the UK.

The Fund may also invest up to 20% of its value in the shares of companies listed on a UK stock exchange that are not UK companies (as defined above). The Fund may invest no more than 10% of its value in the shares of companies that are neither UK companies nor listed on a UK stock exchange.

The Fund is structured to deliver the Objective through its exposure to both large and smaller companies and will hold approximately 35-45 shares.

The Fund may invest up to 10% of its value in collective investment schemes, which the Fund may use to indirectly invest in the shares of UK and other companies. The Fund may also invest in collective investment schemes, money market instruments, deposits and cash to manage day-to-day cash flow requirements. This may include Funds managed or operated by the Investment Manager.

The Fund may invest in derivatives for efficient portfolio management which means investment techniques that aim to reduce risks, reduce costs, or generate additional capital or income with a level of risk that is consistent with the risk profile of the Fund.

The Manager's investment policy may mean that at times it is appropriate not to fully invest but to also hold cash or near cash. This will only occur when the Manager reasonably regards it as necessary to enable units to be redeemed or for the efficient management of the Fund in accordance with its objective or purpose that may reasonably be regarded as ancillary to the objective of the Fund.

The Manager has determined that the Fund will not invest directly in securities issued by companies that are considered, after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer or trade of controversial weapons, including but not limited to cluster munitions and/or anti-personnel mines. Please refer to the investment restrictions section of the Prospectus.

Investment strategy

The Manager has appointed HSBC Global Asset Management (UK) Limited (the "Investment Manager") to provide investment management services to the Manager in respect of the Fund.

The Investment Manager's investment process, aims to identify companies that can be purchased at an attractive valuation, with improving prospects at an appropriate level of risk. The Fund will typically invest in the shares of 35 to 45 companies but the Investment Manager may vary this depending on market conditions and the investment opportunities that are available. The investment process is longer term in nature and as a result stewardship activity is integrated into investment decisions. Further details of the underlying shares in which the Fund is invested can be obtained from the Manager, and will be disclosed in the annual and half yearly accounts.

Use of benchmarks

The Fund is managed with reference to the FTSE All-Share Index. The level of risk the Fund may take is considered relative to the FTSE All-Share Index as part of the portfolio construction process. This means the Fund returns are more likely to be closer to the returns of the FTSE All-Share Index than if there were no limits on the level of risk the Fund may take. Separately, the Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the Investment Manager is not inconsistent with the UK equities market.

Manager's investment report (continued)

The performance of the Fund is therefore shown against the performance of the FTSE All-Share Index. The performance of the Fund may also be shown against the performance of the Investment Association UK All Companies sector for comparison purposes only.

The FTSE All-Share Index has been selected as a benchmark for performance and risk measurement because it is representative of the companies in which the Fund may invest. The Investment Association UK All Companies sector has been selected as a benchmark for performance comparison because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

Use of derivatives

The Fund may invest in exchange traded and over-the-counter derivatives in accordance with the investment restrictions. The Fund does not currently use currency forward contracts or other derivative instruments to hedge against movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be denominated.

Review of the 12 months to 30 November 2023

Economic and market review

In the first quarter of 2023, UK equities delivered positive returns amid hopes that central banks might cut interest rates later in the year. Second quarter, UK equities faced a decline due to tight labour markets and persistently high inflation, prompting the Bank of England to implement rate increases in both May and June. Despite these challenges, the third quarter brought a rebound for UK equities, marked by positive gains fuelled by optimism surrounding a potential peak in base rates and improving consumer confidence. However, October witnessed a lag in UK equities as the consequences of elevated interest rates materialised: stubbornly high energy and cost of living, leading to a drop in consumer confidence.

Lastly, in November, UK equities rose, but to a lesser extent compared to other markets, as the robust performance of sterling impacted larger companies with greater global exposure. On the macroeconomic and policy front, a decline in inflation prompted a temporary pause in rate hikes, although the Bank of England did signal the possibility of further future increases. UK GDP saw growth of 0.3% in Q1 2023 and no change in Q2 2023, followed by a fall off by 0.1% in Q3 2023. CPI inflation fell faster than expected in November, coming in at 3.9% versus consensus forecasts of 4.4%.

Fund Overview

The UK equity markets saw mixed results over the 12 month review period - driven by inflation that was higher than expected and therefore creating economic uncertainty amongst investors. Given this higher observed inflation, investors began to anticipate future central bank policy of keeping interest rates higher for longer. This environment also created opportunities - sectors such as Technology, Industries and Utilities strongly outperformed. In contrast, cyclical sectors like Materials, Telecommunications and Consumer Staples lagged during the period.

Turning to the Fund, at the stock level, the largest positive contributor to performance was Ferguson. The stock outperformed after beating earnings expectations during the period. Next outperformed after the fashion retailer's profit guidance and earnings beat expectations throughout the period. Next's sales proved more resilient than expected despite the cost-of-living crisis in the UK and as the consumer environment proved more supportive than feared.

Rentokil Initial was the largest relative detractor - the stock underperformed, falling sharply in October and November, after revealing weaker customer acquisitions than expected for Pest Control in North America. This includes the newly acquired Terminix business.

During the period, Taylor Wimpey and Chemring Group were added to the portfolio, whilst Microsoft Corp, Vodafone Group, Bunzl and Persimmon were removed.

Manager's investment report (continued)

Portfolio Performance

During the period under review, the value of the units in the Fund rose by 2.45% while the value of the FTSE All Share Index rose by 1.79%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation unit class. Returns based on a bid to bid basis). Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Outlook

The UK market outlook anticipates ongoing disinflation as with most developed economies throughout 2024. Weaker demand and economic growth may lead to a technical recession in the UK, which could prompt the Bank of England to initiate rate cuts from Q2 2024. Our central scenario is that the US and European economies will see weaker growth in 2024 as higher interest rates bite. Markets continue to price-in an optimistic outlook despite indications of an elevated risk of recession. We prefer a more defensive positioning for portfolios. The defensive and value play of UK equities can be appealing in an environment of weaker growth. Nevertheless, near-term indicators are hinting at slowing activity which creates earnings challenges, and still high wage growth creates some uncertainty about the direction of BoE policy.

Portfolio statement

This section details all the different companies in which the Fund invests, by sector. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the fund accounting year (shown under bid value).

As at 30 November 2023

	Holding or nominal value of positions as at 30 November 2023	Bid Value (£)	% of Net Total Assets
UK EQUITIES AND CONVERTIBLES (97.87%; 30.11.22 95.67%)			
OIL & GAS (15.34%; 30.11.22 16.12%)			
Oil & gas producers			15.34
BP	1,201,201	5,753,152	6.34
Shell	319,420	8,175,555	9.00
Total Oil & Gas		13,928,707	15.34
BASIC MATERIALS (6.69%; 30.11.22 6.64%)			
Chemicals			0.85
Victrex	52,909	774,059	0.85
Mining			5.84
Antofagasta	115,515	1,627,029	1.79
Rio Tinto	68,002	3,671,428	4.05
Total Basic materials		6,072,516	6.69
INDUSTRIALS (15.91%; 30.11.22 18.41%)			
Aerospace & defence			5.87
BAE Systems	303,997	3,190,449	3.51
Chemring	173,965	548,860	0.61
QinetiQ	536,329	1,587,534	1.75
Construction & materials			0.85
lbstock	590,274	772,078	0.85
General industrials			2.22
Coats Group	1,188,720	783,366	0.86
Smurfit Kappa	41,086	1,235,045	1.36
Support services			6.97
DCC (London listed)	22,927	1,224,760	1.35
Hays	692,626	721,024	0.79
Intertek	45,467	1,811,860	2.00
Rentokil Initial	355,420	1,523,330	1.68
Volution Group	266,169	1,048,174	1.15
Total Industrials		14,446,480	15.91
CONSUMER GOODS (12.94%; 30.11.22 11.84%)			
Beverages			3.11
Britvic	113,703	947,146	1.04
Diageo	68,023	1,879,475	2.07
Food producers			1.68
Tate & Lyle	247,292	1,525,792	1.68

Portfolio statement (continued)

This section details all the different companies in which the Fund invests, by sector. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the fund accounting year (shown under bid value).

As at 30 November 2023

	Holding or nominal value of positions as at 30 November 2023	Bid Value (£)	% of Net Total Assets
Household goods			3.85
Barratt Developments	326,117	1,674,937	1.84
Taylor Wimpey	1,407,018	1,822,088	2.01
Personal goods			2.18
Unilever	52,388	1,974,504	2.18
Tobacco			2.12
Imperial Brands	104,307	1,926,029	2.12
Total Consumer Goods		11,749,971	12.94
HEALTHCARE (10.02%; 30.11.22 8.49%)			
Pharmaceuticals & biotechnology			10.02
AstraZeneca	41,525	4,201,500	4.63
GSK	290,858	4,128,438	4.55
Hikma Pharmaceuticals	44,584	767,959	0.84
Total Healthcare		9,097,897	10.02
CONSUMER SERVICES (12.41%; 30.11.22 7.53%)			
General retailers			5.11
Ferguson Newco	16386	2,192,447	2.42
Next	30,868	2,445,980	2.69
Food & drug retailers			2.75
Tesco	873,278	2,494,955	2.75
Media			1.25
Moneysupermarket.com	416,933	1,135,725	1.25
Travel & leisure			3.30
Compass Group	149,573	2,994,451	3.30
Total Consumer Services		11,263,558	12.41
TELECOMMUNICATIONS (0.00%; 30.11.22 2.34%)			
UTILITIES (3.65%; 30.11.22 4.41%)			
Electricity			3.65
Drax	260,976	1,139,682	1.26
SSE	118,761	2,172,733	2.39
Total Utilities		3,312,415	3.65

Portfolio statement (continued)

This section details all the different companies in which the Fund invests, by sector. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the fund accounting year (shown under bid value).

As at 30 November 2023

	Holding or nominal value of positions as at 30 November 2023	Bid Value (£)	% of Net Total Assets
FINANCIALS (15.40%; 30.11.22 17.36%)			8.97
Banks			
Barclays	1,668,006	2,352,556	2.59
HSBC Holdings*	688,477	4,144,631	4.56
NatWest Group	793,998	1,649,928	1.82
Life insurance			4.36
Phoenix Group	345,435	1,606,964	1.77
Prudential	272,080	2,347,506	2.59
Financial services			2.07
IG Group Holdings	275,641	1,884,006	2.07
Total Financials		13,985,591	15.40
TECHNOLOGY (5.51%; 30.11.22 2.53%)			5.51
Software & computer services			
FDM Group	102,647	399,810	0.44
Rightmove	373,128	2,032,055	2.24
Sage	227,307	2,569,706	2.83
Total Technology		5,001,571	5.51
Total UK Equities & Convertibles		88,858,706	97.87
OVERSEAS EQUITIES & CONVERTIBLES (1.38%; 30.11.22 3.30%)			
Australia (1.38%; 30.11.22 2.51%)			
BHP Group	52,097	1,252,412	1.38
United States (0.00%; 30.11.22 0.79%)			
Total Overseas Equities & Convertibles		1,252,412	1.38
FUTURES CONTRACTS (0.00%; 30.11.22 0.03%)			
ICF FTSE 100 Index Future December 2023	4	(815)	-
ICF FTSE 250 Index Future December 2023	9	2,468	-
Total Futures Contracts		1,653	-
Portfolio of investments		90,112,771	99.25
Net other assets		685,341	0.75
Net assets		90,798,112	100.00

* Related party

The securities held are approved and are admitted to an official listing unless otherwise specified.

The counterparty for the futures is HSBC.

Net asset value per unit and comparative table

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the income distributions made.

Income

Change in net assets per unit	30.11.23	30.11.22	30.11.21
Opening net asset value per unit	327.78p	314.27p	280.56p
Return before operating charges*	10.26p	27.53p	45.11p
Operating charges	(3.29p)	(2.97p)	(3.37p)
Return after operating charges*	6.97p	24.56p	41.74p
Distributions on income unit	(10.45p)	(11.05p)	(8.03p)
Closing net asset value per unit	324.30p	327.78p	314.27p
*after direct transaction costs of:***	0.29p	0.24p	0.28p

Performance

Return after charges	2.13%	7.81%	14.88%
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Other information

Closing net asset value	£1,038,490	£1,129,285	£1,110,666
Closing number of units	320,228	344,527	353,406
Operating charges**	0.98%	0.99%	1.00%
Direct transaction costs	0.09%	0.08%	0.09%

Prices

Highest unit price	354.40p	341.60p	334.80p
Lowest unit price	316.30p	298.90p	280.50p

** The operating charges include all costs borne by the Fund, except for direct transaction costs. It includes the operating charges of any collective investment schemes in which the Fund invests.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Net asset value per unit and comparative table (continued)

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the income distributions made.

Accumulation

Change in net assets per unit	30.11.23	30.11.22	30.11.21
Opening net asset value per unit	678.35p	629.32p	547.91p
Return before operating charges*	21.26p	55.02p	88.02p
Operating charges	(6.86p)	(5.99p)	(6.61p)
Return after operating charges*	14.40p	49.03p	81.41p
Distributions on accumulation unit	(21.80p)	(22.32p)	(15.78p)
Retained distributions on accumulation unit	21.80p	22.32p	15.78p
Closing net asset value per unit	692.75p	678.35p	629.32p
*after direct transaction costs of:***	0.60p	0.48p	0.54p

Performance

Return after charges	2.12%	7.79%	14.86%
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Other information

Closing net asset value	£89,759,622	£94,089,057	£93,524,686
Closing number of units	12,957,079	13,870,356	14,861,210
Operating charges**	0.98%	0.99%	1.00%
Direct transaction costs	0.09%	0.08%	0.09%

Prices

Highest unit price	733.40p	690.20p	660.70p
Lowest unit price	664.60p	608.80p	547.80p

** The operating charges include all costs borne by the Fund, except for direct transaction costs. It includes the operating charges of any collective investment schemes in which the Fund invests.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Ongoing charges

For the 12 month period to 30 November 2023: **0.98%**

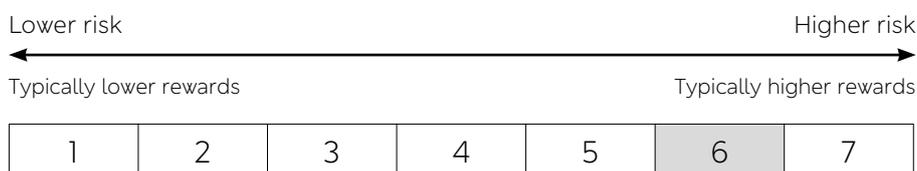
For the 12 month period to 30 November 2022: **0.99%**

The ongoing charges measure the annual charges and expenses of an investment fund. These will affect the returns to the investor. Most European investment funds highlight the ongoing charges to help you compare the annual charges and expenses of different funds.

Ex-distribution (XD) dates: **1 December and 1 June**

Income payment dates: **31 January and 31 July**

Risk and reward profile



More about this rating

The rating is based on price volatility over the last five years. As it is based on historical data, it may not be a reliable indicator of the future risk profile of the Fund. The rating is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment.

Why is this Fund in category 6?

This Fund is classified in category 6 because its price or simulated data has shown high fluctuations historically.

Authorised status

The Fund is an authorised unit trust under Section 243 of the Financial Services and Markets Act 2000 (authorisation orders) and the Financial Conduct Authority Handbook and is categorised as a UK Undertakings for Collective Investment in Transferable Securities (UCITS) scheme.

Trustee report

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the Marks and Spencer UK Selection Portfolio ('the Trust') for the Period Ended 30 November 2023.

The Depositary in its capacity as Trustee of the Marks and Spencer UK Selection Portfolio must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") 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 Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

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

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

State Street Trustees Limited
28 February 2024

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net income and net capital gains on the property of the Trust for the period.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- 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; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Certification of financial statements by Directors of the Manager

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



Paul Spencer (Chief Executive)



Phillip Scott (Director)

For and on behalf of Marks and Spencer Unit Trust Management Limited.
28 February 2024

Independent auditor's report

Independent auditor's report to the unitholders of The Marks and Spencer UK Selection Portfolio ('the Trust')

Opinion

We have audited the financial statements of the Trust for the year ended 30 November 2023 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables and the accounting policies set out on pages 21 and 22.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 30 November 2023 and of the net revenue and the net capital (losses)/gains on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease their operations, and as they have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Trust's business model, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Trust will continue in operation.

Independent auditor's report (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud.

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Trust’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Manager;
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Trust is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Trust’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Manager (Marks and Spencer Unit Trust Management Limited) is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

Manager's responsibilities

As explained more fully in their statement set out on page 14, the Manager is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Trust'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 they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.



Wiqas Qaiser
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

20 Saltire Court
Edinburgh
EH1 2EG

28 February 2024

Statement of total return

This section details the income of the Fund over the period of the report and explains how this income is distributed to the investors. It also provides an analysis of increases and decreases in net assets over the accounting year.

For the year ended 30 November 2023

	Notes	30.11.23		30.11.22	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(885,212)		3,940,731
Revenue	3	3,901,939		4,174,026	
Expenses	4	(934,679)		(938,743)	
Interest payable and similar charges		(14)		(54)	
Net revenue before taxation		2,967,246		3,235,229	
Taxation	5	9		(1,607)	
Net revenue after taxation			2,967,255		3,233,622
Total return before distributions			2,082,043		7,174,353
Distributions/Accumulations	6		(2,967,349)		(3,233,531)
Change in net assets attributable to Unitholders			(885,306)		3,940,822

Statement of change in net assets attributable to Unitholders

For the year ended 30 November 2023

	30.11.23		30.11.22	
	£	£	£	£
Opening net assets attributable to Unitholders		95,218,342		94,635,352
Amounts receivable on issue of units	616,910		695,475	
Less: Amounts payable on cancellation of units	(7,035,676)		(7,211,989)	
		(6,418,766)		(6,516,514)
Change in net assets attributable to Unitholders from investment activities (see above)		(885,306)		3,940,822
Retained distribution on accumulation units		2,883,842		3,158,682
Closing net assets attributable to Unitholders		90,798,112		95,218,342

The notes on pages 21 to 30 are an integral part of these financial statements.

Balance sheet

As at 30 November 2023

	Notes	30.11.23		30.11.22	
		£	£	£	£
ASSETS					
Fixed assets:					
Investments			90,113,586		94,270,049
Current assets:					
Debtors	8	399,904		538,051	
Cash and bank balances	9	521,832		714,923	
Total current assets			921,736		1,252,974
TOTAL ASSETS			91,035,322		95,523,023
LIABILITIES					
Investment liabilities			(815)		-
Creditors:					
Bank overdrafts			(2)		-
Distribution payable			(15,639)		(18,223)
Other creditors	10		(220,754)		(286,458)
TOTAL LIABILITIES			(237,210)		(304,681)
Net assets attributable to Unitholders			90,798,112		95,218,342

The notes on pages 21 to 30 are an integral part of these financial statements.

Notes to the financial statements

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in compliance with FRS 102 and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association in May 2014 (and amended in June 2017). Unless otherwise stated all accounting policies are consistent with those of the prior year.

The Manager has undertaken a detailed assessment of the Fund's ability to meet its liabilities as they fall. This includes liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the Manager is satisfied the Fund has adequate financial resources to continue in operation for at least 12 months from the date of the financial statements.

(b) Recognition of revenue

Revenue from quoted equities is recognised net of attributable tax credits when the security is quoted ex-dividend. Interest from bank deposits is recognised on an accrual basis. All other revenue is recognised on a receipts basis.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

(c) Treatment of expenses

All expenses (other than those relating to the purchase and sale of investments) are charged to revenue on an accruals basis.

The Manager's periodic charge is deducted from revenue for the purpose of calculating the distribution.

(d) Distribution policy

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution.

In order to conduct a controlled dividend flow, interim distributions will be at the Manager's discretion, up to a maximum of the distributable revenue for the year.

All remaining revenue is distributed in accordance with the Collective Investment Schemes Sourcebook.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Fund.

(e) Basis of valuation of investments

The investments, including derivatives, are valued at bid market value, excluding any accrued revenue, at 5pm on 30 November 2023, being the last working day of the accounting year.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their value.

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

(f) Taxation

Provision is made for taxation at current rates on the excess of taxable investment revenue over expenses. Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(g) Exchange rates

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 5pm on 30 November 2023, being the last working day of the accounting year.

For the year ended 30 November 2023

2. Net capital (losses)/gains on investments

	30.11.23	30.11.22
	£	£
The net capital (losses)/gains on investments during the year comprise:		
Transaction charges	(1,186)	13,898
Currency losses	-	(3)
(Losses)/gains on non-derivative securities	(792,707)	3,963,351
Losses on derivative contracts	(91,319)	(36,515)
Net capital (losses)/gains on investments	(885,212)	3,940,731
Amounts included in net losses on investments in respect of special dividends which were treated as capital	-	485,089

3. Revenue

	30.11.23	30.11.22
	£	£
UK dividends	3,658,173	3,706,434
Overseas dividends	223,331	463,448
Bank interest	20,435	4,144
Total revenue	3,901,939	4,174,026

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

4. Expenses

	30.11.23	30.11.22
	£	£
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	859,809	863,737
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Trustee fee	11,461	11,517
Safe custody fee	21,132	21,132
	32,593	32,649
Other expenses:		
Registration fee	33,025	35,361
Audit fee	8,880	6,624
FCA fee	372	372
	42,277	42,357
	934,679	938,743

5. Taxation

(a) Analysis of charge in year

	30.11.23	30.11.22
	£	£
Overseas tax	(9)	1,607
Total current tax charge for year (note 5b)	(9)	1,607

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:

	30.11.23	30.11.22
	£	£
Net revenue before taxation	2,967,246	3,235,229
Corporation tax at 20%	593,449	647,046
Effects of:		
Revenue not subject to taxation	(776,301)	(833,976)
Current year expenses not utilised	182,852	186,930
Irrecoverable overseas tax	(9)	1,607
Current tax charge for year (note 5a)	(9)	1,607

(c) Provision for deferred taxation

At 30 November 2023 there is a potential deferred tax asset of £9,460,124 (30.11.22: £9,277,272) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

6. Distributions

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

	30.11.23	30.11.22
	£	£
Interim dividend distribution	1,570,750	1,684,504
Final dividend distribution	1,347,406	1,512,477
	<hr/> 2,918,156	<hr/> 3,196,981
Add: Amount deducted on cancellation of units	52,581	41,609
Deduct: Income received on issue of units	(3,388)	(5,059)
Net distribution for the year	<hr/> 2,967,349	<hr/> 3,233,531

7. Movement between net revenue and distributions

	30.11.23	30.11.22
	£	£
Net revenue after taxation	2,967,255	3,233,622
Movement in net income property	94	(91)
Net distribution	<hr/> 2,967,349	<hr/> 3,233,531

8. Debtors

	30.11.23	30.11.22
	£	£
Accrued revenue	368,491	458,290
Overseas tax recoverable	31,413	79,761
Total debtors	<hr/> 399,904	<hr/> 538,051

9. Cash and bank balances

	30.11.23	30.11.22
	£	£
Cash and bank balances	399,413	453,267
Amounts held at derivative clearing houses and brokers	122,419	261,656
Total cash and bank balances	<hr/> 521,832	<hr/> 714,923

10. Creditors

	30.11.23	30.11.22
	£	£
Amounts payable for cancellation of units	61,544	145,851
Accrued expenses	159,210	140,607
Total creditors	<hr/> 220,754	<hr/> 286,458

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

11. Reconciliation of units

	Income	Accumulation
Opening units issued at 01.12.22	344,527	13,870,356
Units issued	15,701	85,100
Units cancelled	(40,000)	(998,377)
Closing units at 30.11.23	320,228	12,957,079

12. Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of income included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to Income tax but must be deducted from the cost of units for capital gains tax purposes.

13. Contingent liabilities and outstanding commitments

There were no contingent liabilities & outstanding commitments at the balance sheet date (30.11.22: no contingent liabilities and outstanding commitments).

14. Risk in relation to financial instruments

In accordance with its investment objectives and policies, the Fund holds certain financial instruments.

These comprise:

- Securities held in accordance with the investment objectives and policies;
- Cash and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors' monies which are invested on their behalf.

The Fund does not trade in financial instruments to make short-term speculative gains.

It buys investments with the intention of giving long term capital growth and above average income.

The Manager may use derivative transactions for the purpose of efficient portfolio management (EPM).

Permitted transactions include derivatives transactions (involving options, futures and contracts for differences), or forward transactions in a currency.

Overall responsibility for the Marks & Spencer Unit Trust Funds rests with the Board of Directors of Marks & Spencer Unit Trust Management Limited (M&SUTM), which is part of the HSBC group. The performance of the Fund, and the individual investment managers to the Fund, is monitored by the M&SUTM Business Committee on a monthly basis. This Committee reports any findings or recommendations to the Board of Directors. HSBC Global Asset Management (UK) Ltd, as the overall investment manager to the Fund, also provides its own separate performance analysis to the Board of Directors on a quarterly basis. The accountability for Fund performance and the selection or de-selection of investment managers sits with the Board of Directors. They are responsible for ensuring that the Fund is managed in accordance with the Fund's investment objective, policy and risk profile.

The main risks arising from the Fund's financial instruments are market price risk, foreign currency risk, Interest rate risk, liquidity risk and credit/counterparty risk. The Manager has policies for managing each of these risks and these are summarised below. These policies have remained unchanged for the current and prior year.

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

Market price risk

The Fund's investment portfolio is exposed to market price fluctuations. As most of the Fund is invested in shares on the stock market, such price movements can significantly affect the Fund value.

The risk is reduced by having a spread of investments in the Fund, as shown in the portfolio statement in this report.

In addition, we ensure that the Fund complies with the investment guidelines and investment and borrowing powers set out in the Trust Deed and the Prospectus. This is done through daily checks and quarterly reviews. If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £9,011,277 (30.11.22: £9,427,005). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £9,011,277 (30/11/22: £9,427,005). These calculations assume all other variables remain constant.

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.

Revenue received in other currencies is converted to sterling on the date of receipt.

The balance sheet can be affected by movements in foreign exchange rates. The table below shows the foreign currency holdings at the report date. As the Fund invests mainly on the UK stock market, there is usually very little investment in foreign currency assets.

Net currency monetary/non-monetary assets and liabilities consist of:

	Portfolio of investments		Net current assets/(liabilities)		Net assets	
	£		£		£	
	30.11.23	30.11.22	30.11.23	30.11.22	30.11.23	30.11.22
Sterling	90,112,771	93,514,103	445,816	588,145	90,558,587	94,102,248
Euro	-	-	31,412	147,080	31,412	147,080
US dollar	-	755,946	208,113	213,068	208,113	969,014
Total	90,112,771	94,270,049	685,341	948,293	90,798,112	95,218,342

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £23,953 (30.11.22: £111,609). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £23,953 (30.11.22: £111,609).

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.

Cash balances are held with HSBC Bank plc and interest is earned at a rate linked to the UK base rate, or international equivalent.

At the year end date 0.57% (30.11.22: 0.75%) of the Fund's assets by value were interest bearing.

A change in interest rates would not have a significant impact on the Fund.

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

Liquidity risk

This is the risk that the Fund does not have enough liquid assets, such as cash, to cover any liabilities that become due.

The main liability of the Fund is the redemption of any units that Unitholders may wish to sell. All of the Fund's financial liabilities are payable on demand. To manage this risk, the majority of the Fund's assets are in shares of large companies in the UK which can usually be sold immediately to raise cash to settle any liabilities.

In addition, a small percentage of the Fund is held as cash in sterling with the custodian, HSBC, and interest is earned at a rate linked to the UK base rate.

Credit/counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase), or cash (sale) after the Fund has fulfilled its responsibilities.

The extent of this risk is usually limited as amount awaiting settlement from transactions at any point is only a small proportion of the Fund.

This risk is managed by the investment adviser, carefully selecting the authorised counterparties they deal with and dealing only on eligible stock markets. Cash in the Fund is held with the custodian, HSBC. The Trustee appoints the custodian and has the regulatory responsibility for monitoring them.

The Fund's assets held with banks and with the Trustee are also exposed to credit risk. The banks and Trustee used by the Fund are subject to regular review.

15. Ultimate controlling party and related party transactions

The Manager is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the Manager is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the Manager and its associates held 0.06% (30.11.22: 0.06%) of the Fund's units in issue. Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 3, 4, 8 and 10 to the financial statements and the statement of change in net assets attributable to Unitholders and the portfolio statement. Within note 10, accrued expenses (including amounts due to associates and agents) of £67,286 (30.11.22: £68,927) are due to the Manager.

At the year end the Fund held £4,144,631 (30.11.22: £3,641,648) in HSBC Holdings, the parent company of the Manager. During the period transactions in HSBC Holdings totalled £160,404 (30.11.22: £101,196).

There were no units held by the Trustee or its associates.

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

16. Portfolio of transaction costs

For the year ended 30 November 2023

	Value		Commissions		Taxes		Other expenses	
	£		£	%	£	%	£	%
Analysis of total purchase costs								
Equity transactions	14,240,713		3,621	0.03	49,234	0.35	22,019	0.15
Total purchases before transaction costs	14,240,713		3,621		49,234		22,019	
Transaction costs	74,874							
Total purchases after commission and tax	14,315,587							

	Value		Commissions		Taxes		Other expenses	
	£		£	%	£	%	£	%
Analysis of total sales costs								
Equity transactions	17,655,832		4,133	0.02	-	-	153	-
Total sales before transaction costs	17,655,832		4,133		-		153	
Transaction costs	(4,286)							
Total sales after commission and tax	17,651,546							

Commissions, taxes and other expenses as % of average Net Assets

Commissions	0.01%
Taxes	0.05%
Other expenses	0.02%

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

At the balance sheet date the portfolio dealing spread was 0.05%, being the difference between the respective bid and offer prices for the Fund's investments.

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

16. Portfolio of transaction costs (continued)

For the year ended 30 November 2022

	Value	Commissions			Taxes	Other expenses	
	£	£	%	£	%	£	%
Analysis of total purchase costs							
Equity transactions	13,232,130	3,175	0.02	50,053	0.38	16,759	0.13
Total purchases before transaction costs	13,232,130	3,175		50,053		16,759	
Transaction costs	69,987						
Total purchases after commission and tax	13,302,117						

	Value	Commissions			Taxes	Other expenses	
	£	£	%	£	%	£	%
Analysis of total sales costs							
Equity transactions	16,083,131	3,987	0.02	-	-	152	-
Corporate actions	10	-	-	-	-	-	-
Total sales before transaction costs	16,083,141	3,987		-		152	
Transaction costs	(4,139)						
Total sales after commission and tax	16,079,002						

Commissions, taxes and other expenses as % of average Net Assets

Commissions	0.01%
Taxes	0.05%
Other expenses	0.02%

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

At the balance sheet date the portfolio dealing spread was 0.04%, being the difference between the respective bid and offer prices for the Fund's investments.

Notes to the financial statements (continued)

This section provides a more detailed explanation of specific items included in the balance sheet and statement of total return.

For the year ended 30 November 2023

17. Fair value of investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable (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.

For the year ended 30 November 2023

Category	1	2	3	Total
Investment Assets	£	£	£	£
Equities	90,111,118	-	-	90,111,118
Derivatives	2,468	-	-	2,468
	90,113,586	-	-	90,113,586
Investment Liabilities				
Derivatives	(815)	-	-	(815)
	(815)	-	-	(815)

For the year ended 30 November 2022

Category	1	2	3	Total
Investment Assets	£	£	£	£
Equities	94,239,784	-	-	94,239,784
Derivatives	30,265	-	-	30,265
	94,270,049	-	-	94,270,049

18. Stock lending activities

The Fund does not currently undertake stock lending.

19. Financial derivatives

The Fund may use financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies. The use of derivatives can create additional counterparty risks.

However, at present there are no financial derivatives contained within this Fund.

20. Post balance sheet events

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

Distribution tables

For the year ended 30 November 2023

Group 1: Units purchased prior to 1 December 2022

Group 2: Units purchased between 1 December 2022 to 31 May 2023

Interim	Net income 2023 pence per unit	Equalisation 2023 pence per unit	Distribution paid 2023 pence per unit	Distribution paid 2022 pence per unit
Income units				
Group 1	5.5694	-	5.5694	5.7650
Group 2	3.3656	2.2038	5.5694	5.7650
Accumulation units				
Group 1	11.5260	-	11.5260	11.5441
Group 2	6.9651	4.5609	11.5260	11.5441

Group 1: Units purchased prior to 1 June 2023

Group 2: Units purchased between 1 June 2023 to 30 November 2023

Final	Net income 2023 pence per unit	Equalisation 2023 pence per unit	Distribution payable 2023 pence per unit	Distribution paid 2022 pence per unit
Income units				
Group 1	4.8837	-	4.8837	5.2894
Group 2	2.7758	2.1079	4.8837	5.2894
Accumulation units				
Group 1	10.2783	-	10.2783	10.7730
Group 2	5.8420	4.4363	10.2783	10.7730

Important changes

There were no changes made to the Fund's Prospectus during the annual reporting period ending 30 November 2023.

The following changes were made to the Fund's Key Investor Information Document during the reporting period ending 30 November 2023:

KIID update 10 February 2023

- Update to "Past Performance" to remove performance figures for the Fund and Benchmark for 2012 and to include performance figures for 2022.

Remuneration (Unaudited)

Marks and Spencer Unit Trust Management Limited (M&SUTM) is the authorised Fund Manager and operator of four Unit Trust Funds governed by the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive. Under the UCITS V Directive, the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year.

No staff are directly employed by M&SUTM. Staff employed by Marks and Spencer Financial Services plc (M&SFS) carry out a number of activities on behalf of M&SUTM. M&SUTM does not directly manage the investments held in the Funds. Fund management has been delegated to HSBC Global Asset Management (UK) Limited (AMEU), who is not currently sub-delegating management of the Fund to any investment adviser. M&SUTM, M&SFS, and AMEU are part of the HSBC Holdings plc Group. HSBC Global Asset Management (UK) Limited is an authorised UCITS Management Company and complies with the Financial Conduct Authority's remuneration rules applicable to UCITS management companies.

We consider that the remuneration information of employees of M&SFS and AMEU, carrying out activities for M&SUTM UCITS Funds, is not materially relevant for the M&SUTM UCITS Funds taking into account the other activities carried out by these employees for HSBC Group. Accordingly, no remuneration related information has been provided.

The up-to-date remuneration policy of the Manager, including, but not limited to, a description of how remuneration and benefits are determined and the governance arrangements for determining remuneration and benefits is available at:

<https://bank.marksandspencer.com/pdf/IVRemunerationPolicy.pdf>

A paper copy is available from the Manager free of charge upon request.

Important information

A copy of the latest Assessment of Value Report for our unit trusts is available on our website at <https://bank.marksandspencer.com/save-invest/investments/>. We continually review our unit trusts to ensure they deliver the good value our investors expect from us and to help investors assess whether they are getting value for money from their unit trust. The Financial Conduct Authority (FCA) now requires asset management firms to publish an Assessment of Value Report each year.

The report details our overall assessment of value rating for each fund and any actions or further reviews we are undertaking where applicable.

Please call 0808 005 5555 if you would like to receive this information in an alternative format such as large print, Braille or audio.

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