

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Annual Financial Statements
For the year ended 30 November 2021

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Company Information

Authorised Corporate Director (ACD)

Scottish Friendly Asset Managers Limited

Head Office
Galbraith House
16 Blythswood Square
Glasgow
G2 4HJ

Telephone: 0141 275 5000

Fax: 0141 221 4864

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

Investment Manager

SVM Asset Management Limited

7 Castle Street

Edinburgh

EH2 3AH

Authorised and regulated by the Financial Conduct Authority.

Depositary

J.P. Morgan Europe Limited

25 Bank Street

Canary Wharf

London

E14 5JP

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

Custodian

J.P. Morgan Chase Bank, NA, London Branch

25 Bank Street

Canary Wharf

London

E14 5JP

Authorised and regulated by the Financial Conduct Authority.

Registrar

Scottish Friendly Asset Managers Limited

Head office

Galbraith House

16 Blythswood Square

Glasgow

G2 4HJ

Telephone: 0141 275 5000

Fax: 0141 221 4864

Authorised and regulated by the Financial Conduct Authority.

Administrator

JP Morgan Chase Bank

3 Lochside View

Edinburgh Park

Edinburgh

EH12 9DH

Authorised and regulated by the Financial Conduct Authority.

Auditor

Deloitte LLP

5th Floor

110 Queen Street

Glasgow

G1 3BX

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Report of the Authorised Corporate Director

The Company

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

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

Authorised Status

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

The Financial Statements

We are pleased to present the Annual Financial Statements of the Company for the year ended 30 November 2021. As required by the Regulations, information for each of the sub-funds has also been included in these financial statements. On the following pages we review the performance of each of those sub-funds during the period.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Funds consist predominately of securities that are readily realisable and, accordingly, the Funds have adequate resources to continue in operational existence for at least the next twelve months from the approval of the financial statements.

Annual General Meetings

The Company will not be holding Annual General Meetings.

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Statement of the Authorised Corporate Director's Responsibilities

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

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

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association ("IMA SORP") in May 2014; and
- give a true and fair view of the financial position of the Company and each of its sub-funds as at the end of that period and the net revenue and the net capital losses on the property of the Company and each of its sub-funds for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the IMA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the applicable IMA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with COLL 4.5.8BR, the Annual Report and the audited financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 15 March 2022.

Authorised Corporate Director's Statement

We hereby approve the Report and Financial Statements of Scottish Friendly Investment Funds for the year ended 30 November 2021 on behalf of Scottish Friendly Asset Managers Limited in accordance with the requirements of the FCA's COLL.

M Pringle
Director

D Huntley
Director

Scottish Friendly Asset Managers Limited
15 March 2022

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

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

for the year ended 30 November 2021

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

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

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

The Depositary must ensure that:

- the company's cash flows are properly monitored and that cash of the company is booked into the cash accounts in accordance with the regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the company's income is applied in accordance with the regulations; and the instructions of the Authorised Corporate Director ("the ACD"), which is the UCITS Management Company, are carried out (unless they conflict with the regulations).

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

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

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

J.P. Morgan Europe Limited
15 March 2022

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Independent auditor's report to the shareholders of The Scottish Friendly Investment Funds ICVC

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the financial position of the sub-funds as at 30 November 2021 and of the net revenue and expense and the net capital gains on the property of the sub-funds for the year ended 30 November 2021; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

We have audited the financial statements which comprise for each sub-fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution table; and
- the related aggregated and individual notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the authorised corporate director's (ACD's) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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 ACD is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Independent auditor's report to the shareholders of The Scottish Friendly Investment Funds ICVC

Responsibilities of the Depositary and the ACD

As explained more fully in the depositary's responsibilities statement and the ACD's responsibilities statement, the depositary is responsible for the safeguarding the property of the company and the ACD 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 ACD 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 ACD is responsible for assessing the company'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 ACD either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Collective Investment Schemes Sourcebook and the relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Financial Conduct Authority (FCA).

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments. In response our specific procedures performed to address this, we have:

- Verified the investment holdings to independent confirmations;
- Agreed investment unit valuations to third party sources; and
- Assessed the applied valuation methodology by performing independent re-calculation of the investment valuations on a sample basis.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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Independent auditor's report to the shareholders of The Scottish Friendly Investment Funds ICVC

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the company and the sub-funds have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information given in the ACD's report for the year ended 30 November 2021 is consistent with the financial statements.

Use of our report

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

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom

15 March 2022

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Accounting Policies and Risks

Accounting Policies

Basis of accounting

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

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

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

As stated in the Report of the Authorised Corporate Director on page 3, all of the funds have been prepared on a going concern basis.

Revenue

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

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

Special Dividends

Special dividends are treated as repayments of capital except where there is sufficient evidence that they should be treated as revenue.

Expenses

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

Equalisation Policy

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

Valuations

All investments, some of which are collective investment schemes, are shown at their bid market value, or in the case of shares in open-ended investment companies, their single price at 12 noon on the last working day of the accounting year.

Delisted securities have been valued at nil pence per share.

Dilution Levy

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

Taxation

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

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

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

Foreign Exchange

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

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

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Distribution policy

Accumulations

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

Financial instruments

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

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

Risk of financial instruments

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

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

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

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

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

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

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

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

- Liquidity risk - the Company's assets comprise mainly realisable securities, which can be readily sold. The main liability of the Company is the redemption of any shares that investors wish to sell.
- Other risk - certain transactions in securities that the Company may enter into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Company has fulfilled its responsibilities.

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

- Fair value - there is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.
- Derivatives and other financial instruments - The sub-funds do not hold any derivatives.

The numerical disclosures required by FRS102 are shown within each individual sub-fund.

Report & Financial Statements of Scottish Friendly Managed Growth Fund

Investment Report

Fund Objective

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

Investment Policy

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

Market Background

Stockmarkets globally continued to be volatile over the 12 months under review, as optimism about economic recovery from the pandemic moved to concerns about new virus variants, supply shortages and inflation. Overall, shares performed better than bonds, which are vulnerable to inflation, and there was greater interest in businesses linked to economic recovery. These are typically labelled as value shares, and on average they have now outperformed growth shares for more than 12 months. Growth businesses generally fared well during the early stages of the pandemic, as they include many with significant use of technology and online presence but are viewed as potentially more at risk if central banks intervene to reduce inflation.

Most trading updates from portfolio companies have been positive, typically reporting an exceptional rebound as economies re-open. However the war in Ukraine will significantly cool global growth in 2022 and 2023. Initially it will dent consumer and business confidence, but the primary impact will likely come via higher energy and metals prices, combined with disruption of supply chains. Most investments in the Fund have little or no direct connection with Ukraine or Russia. The risk is that shortages of oil, gas and materials add to inflation and may restrict supply of goods and services. However, businesses are working to improve resilience and adapt their business models to deal with the challenges.

A feature of the recovery has been supply shortages, initially caused by a sharp pick-up in demand. The pandemic has meant that many of those in jobs and working from home had accumulated greater savings during the lockdown. However, as recovery progressed it has become clearer that there is real disruption to supply across a range of materials and goods. Increased trade frictions - including the impact of Brexit and the US/China technology dispute - have impacted microchips for cars and electronic goods. Labour shortages have constrained services, and higher energy prices have affected transportation and delivery. In the short term, these effects cause inflation, but in time they are likely to act to cool the economy.

Portfolio Review

Over the 12-month period under review, the Managed Growth Fund gained 19.8%. This compares to a return for the MSCI UK Investable Market Index of 17.6%, and 12.0% for the IA Mixed Investment 40-85% Shares Sector average. Over three years to 30 November 2021, the Fund has returned 42.5% versus a return for the IA Mixed Investment 40-85% Shares Sector average of 28.1% and against the MSCI UK Investable Market Index return of 14.0%. *

Over the 12 months, there were good contributions to performance from Ashtead, Chrysalis Investments, Microsoft, Oryx International Growth, Entain, Harbourvest and Molten Ventures (formerly Draper Esprit). The main disappointments in the period were Flutter Entertainment, Avon Protection, Arrow Global, JPM Japanese Investment Trust and Ocado.

Additional and new investments were made in Royal Dutch Shell, BP, Astra Zeneca, CRH, GlaxoSmithKline and National Grid. To fund these, Conduit, Ocado, Gamma Communications and Round Hill Music were sold. HutchMed China, Ryanair and technology fund investments were reduced.

During the 12 months, the funds exposed to earlier stage technology businesses raised further capital and generally performed well; Merian Chrysalis and Molten Ventures. The funds have potential to benefit further from flotations or realisations of some of their portfolio investments. Allianz Technology and Harbourvest give exposure to growing global technology businesses.

Portfolio changes during the period involved reducing equity exposure, particularly of growth businesses that had performed strongly over the past two years. New investments emphasise beneficiaries of higher inflation, particularly resources and banks. Overall, new and additional investments were in larger market capitalisation companies, with sales typically of medium sized and smaller companies. This has improved portfolio liquidity and is expected to reduce risk. The portfolio includes a UK government bond, and short dated German and UK treasury bills. Exposure to UK government bonds is low, recognising the risk of weakness in bonds as inflation picks up.

Scottish Friendly Managed Growth Fund

Investment Outlook

It is not clear yet that inflation will become embedded in rising wages, or if that impact is transitory. Many activities are running below normal capacity despite the short-term boost of higher prices. Pressures on the labour market and supply chains may continue well into 2022.

Inflation – not least in energy prices – is putting pressure on consumers. Wages are not keeping pace with inflation, and so are currently declining in real terms. Alongside this, central banks such as the US Federal Reserve, may reduce the easy availability of money in 2022. Already, there are signs of economic slowdown in China and Eastern Europe, which may spread to the US, Western Europe and UK. This background combined with the global impact of the war in Ukraine may mean slower economic growth in 2022, despite the current recovery in corporate profitability.

The portfolio emphasises resilient growing businesses, with a competitive edge. It focuses on exposure to recovery and growth in the UK, Eurozone and US. Within equities, the emphasis is on scalable businesses with a competitive edge that can deliver above average growth. Investment trusts and funds are focused on private equity and other specialist areas. Currently, the Fund has reduced equity exposure, having taken some profits during the stockmarket rebound.

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

Synthetic Risk and Reward Indicator (SRR)

The SRR is a numerical indicator of the risk and return profile of the Fund. This indicator is disclosed in the Key Investor Information Document (KIID) for each share class which can be found on the website www.scottishfriendly.co.uk. The values range from 1 through to 7 in a non-linear manner, where 1 denotes the lowest risk and therefore typically the lower rewards, while a 7 denotes the highest risk and therefore typically higher rewards. The SRR is based on return volatility over the last five years. Historical data may not be a reliable indication for the future. The risk category shown is not guaranteed and may vary over time. The lowest category does not mean 'risk free'. The current SRR for Scottish Friendly Managed Growth Fund is 6. The SRR changed from 5 to 6 with effect from 31 March 2021.

Scottish Friendly Managed Growth Fund

Comparative tables

	2021 p per share	2020 p per share	2019 p per share
A Accumulation			
Change in net asset per share			
Opening net asset value per share	298.4	278.2	262.0
Return before operating charges †	50.5	24.2	20.0
Operating charges	(4.7)	(3.9)	(3.8)
Return after operating charges †	45.8	20.3	16.2
Distributions	(0.1)	(0.1)	(2.3)
Retained distributions on accumulation shares	0.1	0.1	2.3
Closing net asset value per share	344.2	298.4	278.2
† after direct transaction costs of	(0.8)	(0.4)	(0.5)
Performance			
Return after operating charges	15.34%	7.28%	6.18%
Other information			
Closing net asset value (£'000)	178,067	169,452	159,802
Closing number of shares	51,733,640	56,780,663	57,444,996
Operating charges (%)	1.42%	1.42%	1.42%
Direct transaction costs (%)	0.23%	0.13%	0.20%
Prices			
Highest share price	358.1	299.1	280.1
Lowest share price	298.9	198.8	245.6
Ongoing Charges Figure			
A Accumulation		30.11.2021	30.11.2020
		1.42%	1.42%

Scottish Friendly Managed Growth Fund

Portfolio Statement (unaudited)

As at 30 November 2021

Investment	Holding	Market Value £'000	Net Assets %
Collective Investment Scheme 0.00% (2.36%)			
Investment Companies 0.00% (2.36%)			
Equities 75.01% (81.69%)			
Communication Services 0.00% (2.73%)			
Diversified Telecommunication Services 0.00% (2.73%)			
Consumer Discretionary 5.95% (11.10%)			
Hotels, Restaurants & Leisure 4.49% (3.61%)			
Entain plc	327,284	5,579	3.13
Flutter Entertainment plc	24,176	2,412	1.36
		7,991	4.49
Internet & Direct Marketing Retail 0.00% (3.85%)			
Leisure Products 0.00% (1.17%)			
Multiline Retail 1.46% (1.90%)			
Marks & Spencer Group plc	1,100,000	2,610	1.46
		2,610	1.46
Specialty Retail 0.00% (0.57%)			
Consumer Discretionary total		10,601	5.95
Consumer Staples 0.00% (1.19%)			
Food Products 0.00% (1.19%)			
Energy 8.08% (2.00%)			
Oil, Gas & Consumable Fuels 8.08% (2.00%)			
BP plc	1,300,000	4,187	2.35
Royal Dutch Shell plc 'B'	655,000	10,201	5.73
		14,388	8.08
Energy total		14,388	8.08
Financials 7.38% (12.92%)			
Banks 1.16% (1.00%)			
Mediobanca Banca di Credito Finanziario SpA	250,000	2,067	1.16
		2,067	1.16
Capital Markets 5.34% (10.27%)			
Augmentum Fintech plc	419,975	661	0.37
BB Healthcare Trust plc	1,002,941	1,879	1.06
Hargreaves Lansdown plc	232,182	3,108	1.74
Intermediate Capital Group plc	140,000	2,934	1.65
Molten Ventures plc [#]	100,491	926	0.52
		9,508	5.34
Consumer Finance 0.00% (0.54%)			
Diversified Financial Services 0.88% (1.11%)			
Plus500 Ltd.	121,000	1,563	0.88
		1,563	0.88
Financials total		13,138	7.38
Health Care 8.50% (6.65%)			
Pharmaceuticals 8.50% (6.65%)			
AstraZeneca plc	66,060	5,478	3.08
GlaxoSmithKline plc	565,000	8,593	4.82
Hutchmed China Ltd. [#]	202,600	1,068	0.60
		15,139	8.50
Health Care total		15,139	8.50

Scottish Friendly Managed Growth Fund

Portfolio Statement (unaudited) (continued) As at 30 November 2021

Investment	Holding	Market Value £000	Net Assets %
Industrials 11.48% (9.07%)			
Aerospace & Defense 0.27% (0.00%)			
Avon Protection plc	45,000	482	0.27
		482	0.27
Airlines 0.90% (1.48%)			
Ryanair Holdings plc	132,100	1,611	0.90
		1,611	0.90
Commercial Services & Supplies 0.76% (0.92%)			
HomeServe plc	150,000	1,350	0.76
		1,350	0.76
Professional Services 1.86% (1.58%)			
Experian plc	99,000	3,314	1.86
		3,314	1.86
Trading Companies & Distributors 7.69% (5.09%)			
Ashtead Group plc	147,030	8,925	5.01
Ferguson plc	41,400	4,761	2.68
		13,686	7.69
Industrials total		20,443	11.48
Information Technology 9.75% (9.27%)			
IT Services 2.20% (3.89%)			
Softcat plc	85,000	1,569	0.88
Visa, Inc. 'A'	16,000	2,354	1.32
		3,923	2.20
Software 7.55% (5.38%)			
AVEVA Group plc	159,555	5,122	2.88
Microsoft Corp.	33,000	8,324	4.67
		13,446	7.55
Information Technology total		17,369	9.75
Investment Funds 8.68% (16.58%)			
Investment Companies 8.68% (16.58%)			
Allianz Technology Trust plc	1,000,000	3,520	1.98
HarbourVest Global Private Equity Ltd.	122,187	3,287	1.85
International Oil and Gas Technology Ltd. ^	170,000	–	–
JPMorgan Japanese Investment Trust plc	266,000	1,763	0.99
Oryx International Growth Fund Ltd.	397,500	6,877	3.86
		15,447	8.68
Investment Funds total		15,447	8.68
Materials 13.21% (7.24%)			
Chemicals 2.02% (2.98%)			
Synthomer plc	768,750	3,593	2.02
		3,593	2.02
Construction Materials 2.74% (0.00%)			
CRH plc	135,000	4,883	2.74
		4,883	2.74
Containers & Packaging 2.50% (1.21%)			
Smurfit Kappa Group plc	116,000	4,462	2.50
		4,462	2.50
Metals & Mining 5.95% (3.05%)			
Glencore plc	1,860,000	6,606	3.71
Rio Tinto plc	87,000	3,983	2.24
		10,589	5.95
Materials total		23,527	13.21
Real Estate 0.57% (2.94%)			
Real Estate Management & Development 0.57% (2.94%)			
Watkin Jones plc [#]	419,666	1,022	0.57
		1,022	0.57
Real Estate total		1,022	0.57

Scottish Friendly Managed Growth Fund

Portfolio Statement (unaudited) (continued) As at 30 November 2021

Investment	Holding	Market Value £000	Net Assets %
Utilities 1.41% (0.00%)			
Multi-Utilities 1.41% (0.00%)			
National Grid plc	250,000	2,501	1.41
Utilities total		2,501	1.41
Equities total		133,575	75.01
Government Bonds 11.77% (7.40%)			
Germany Treasury Bill 0.00% 15/12/2021	€7,300,000	6,211	3.49
UK Treasury 2.75% 07/09/2024	£5,410,000	5,751	3.23
UK Treasury Bill 0.00% 20/12/2021	£9,000,000	9,000	5.05
Government Bonds total		20,962	11.77
Investment assets		154,537	86.79
Net other assets		23,530	13.21
Net assets		178,067	100.00

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 30 November 2020.

Security traded on another regulated market.

^ Unlisted, suspended or delisted security.

Scottish Friendly Managed Growth Fund

Summary of Material Portfolio Changes (unaudited)

for the year ended 30 November 2021

Purchases	Note	Cost £'000	Sales	Note	Proceeds £'000
UK Treasury Bill 0.00% 20/12/2021		9,003	Chrysalis Investments Ltd.		9,870
GlaxoSmithKline plc		8,465	Hutchmed China Ltd.		8,195
Germany Treasury Bill 0.00% 03/03/2021		6,654	Germany Treasury Bill 0.00% 09/12/2020		6,571
Germany Treasury Bill 0.00% 09/06/2021		6,322	Molten Ventures plc		6,512
Germany Treasury Bill 0.00% 29/09/2021		6,287	Germany Treasury Bill 0.00% 03/03/2021		6,311
Germany Treasury Bill 0.00% 15/12/2021		6,250	Germany Treasury Bill 0.00% 29/09/2021		6,303
Royal Dutch Shell plc 'B'		6,034	Germany Treasury Bill 0.00% 09/06/2021		6,280
AstraZeneca plc		5,906	JPMorgan Japanese Investment Trust plc		5,300
Glencore plc		5,317	Ocado Group plc		4,260
CRH plc		5,112	Next plc		3,766
BP plc		4,508	KraneShares CSI China Internet ETF		3,522
Hargreaves Lansdown plc		3,586	Augmentum Fintech plc		3,457
AVEVA Group plc		3,383	AstraZeneca plc		3,268
National Grid plc		2,363	Phoenix Spree Deutschland Ltd.		2,942
Smurfit Kappa Group plc		1,957	United Internet AG		2,887
Conduit Holdings Ltd.		1,808	Fidelity European Trust plc		2,863
Marks & Spencer Group plc		1,801	London Stock Exchange Group plc		2,581
Avon Protection plc		1,721	HarbourVest Global Private Equity Ltd.		2,355
Chrysalis Investments Ltd.		1,351	Visa, Inc. 'A'		2,266
Wizz Air Holdings plc		866	Gamma Communications plc		2,213
Other purchases		1,350	Other sales		24,571
Total for the year	16	<u>90,044</u>	Total for the year	16	<u>116,293</u>

The above represents the largest 20 purchases and sales during the year.

Scottish Friendly Managed Growth Fund

Statement of Total Return

for the year ended 30 November 2021

	Notes	£'000	30.11.2021 £'000	£'000	30.11.2020 £'000
Income					
Net capital gains	2		25,542		11,631
Revenue	3	2,765		2,187	
Expenses	4	<u>(2,624)</u>		<u>(2,218)</u>	
Net revenue/(expense) before taxation		141		(31)	
Taxation	5	<u>(83)</u>		<u>(54)</u>	
Net revenue/(expense) after taxation			<u>58</u>		<u>(85)</u>
Total return before distributions			25,600		11,546
Distributions	6		<u>(58)</u>		<u>(66)</u>
Change in net assets attributable to shareholders from investment activities			<u>25,542</u>		<u>11,480</u>

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 November 2021

	£'000	30.11.2021 £'000	£'000	30.11.2020 £'000
Opening net assets attributable to shareholders		169,452		159,802
Amounts receivable on creation of shares	425		793	
Amounts payable on cancellation of shares	<u>(17,410)</u>		<u>(2,689)</u>	
		(16,985)		(1,896)
Change in net assets attributable to shareholders from investment activities (see above)		25,542		11,480
Retained distribution on accumulation shares		<u>58</u>		<u>66</u>
Closing net assets attributable to shareholders		<u>178,067</u>		<u>169,452</u>

Scottish Friendly Managed Growth Fund

Balance Sheet

as at 30 November 2021

	Notes	30.11.2021 £'000	30.11.2020 £'000
Assets			
Investments	7	154,537	154,957
Current assets			
Debtors	8	441	246
Cash and bank balances		<u>23,348</u>	<u>14,458</u>
Total assets		<u>178,326</u>	<u>169,661</u>
Liabilities			
Creditors			
Other creditors	9	<u>(259)</u>	<u>(209)</u>
Total liabilities		<u>(259)</u>	<u>(209)</u>
Net assets attributable to shareholders		<u>178,067</u>	<u>169,452</u>

Scottish Friendly Managed Growth Fund

1. Accounting Basis and Policies

Please see pages 8 to 9 for accounting basis and policies.

2. Net capital gains

Net capital gains on investments during the year comprise:

	30.11.2021 £'000	30.11.2020 £'000
Non-derivative securities	25,911	11,691
Currency losses	(366)	(58)
Transaction charges	(3)	(2)
Net capital gains	<u>25,542</u>	<u>11,631</u>

3. Revenue

	30.11.2021 £'000	30.11.2020 £'000
UK dividends	1,945	1,433
Overseas dividends	757	517
Interest on fixed interest stocks	63	237
	<u>2,765</u>	<u>2,187</u>

4. Expenses

	30.11.2021 £'000	30.11.2020 £'000
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Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:

Authorised Corporate Director's periodic charge	2,428	2,107
	<u>2,428</u>	<u>2,107</u>

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

Depositary fee	89	81
Safe custody charges	20	16
	<u>109</u>	<u>97</u>

Other expenses:

Audit fee*	16	7
Price publication costs	6	5
Accounting & administration fees	1	1
Interest payable	64	1
	<u>87</u>	<u>14</u>

Total expenses	<u>2,624</u>	<u>2,218</u>
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*The audit fee paid was £12,000 (2020: £6,500) net of VAT.

Scottish Friendly Managed Growth Fund

5. Taxation

30.11.2021 30.11.2020
£'000 £'000

a) Analysis of charge in the year

Withholding tax suffered	83	54
Total current taxation (note 5b)	83	54

b) Factors affecting current tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an Open Ended Investment Company (OEIC) of 20% (2020: 20%). The differences are explained below:

Net revenue before taxation	141	(31)
Corporation tax at 20% (2020: 20%)	28	(6)
Effects of:		
UK dividend income not subject to corporation tax	(389)	(287)
Overseas dividends not subject to corporation tax	(126)	(76)
Excess management expenses for which no relief recognised	487	369
Withholding tax suffered	83	54
Current tax charge (note 5a)	83	54

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

c) Factors that may affect future tax charges

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £19,708,000 (2020: £17,274,000) creating a potential deferred tax asset of £3,942,000 (2020: £3,455,000). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6. Distributions

30.11.2021 30.11.2020
£'000 £'000

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

Interim distribution	-	66
Final distribution	58	-
	58	66
Revenue deducted on cancellation of shares	-	-
Revenue received on issue of shares	-	-
Total distributions	58	66

7. Fair Value Hierarchy

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

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	30.11.2021	30.11.2020
	Assets	Assets
	£'000	£'000
Level 1	133,575	154,957
Level 2	20,962	-
Total	154,537	154,957

Scottish Friendly Managed Growth Fund

8. Debtors

	30.11.2021 £'000	30.11.2020 £'000
Sales awaiting settlement	-	29
Accrued revenue	408	207
Overseas tax recoverable	33	10
	<u>441</u>	<u>246</u>

9. Other creditors

	30.11.2021 £'000	30.11.2020 £'000
Accrued expenses	259	209
	<u>259</u>	<u>209</u>

10. Contingent liabilities

There were no contingent liabilities as at the year end (2020: nil).

11. Post balance sheet events

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

Subsequent to the year end, the net asset value per share of the fund has decreased from 344.2p to 325.2p as at 8 March 2022. This movement takes into account routine transactions but also reflects the market movements of recent months.

12. Related parties

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

Scottish Friendly Asset Managers Limited, a related party, acts as principal on all transactions of shares in the Company. The aggregate monies received and paid through creations and cancellations is disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due from Scottish Friendly Asset Managers Limited in respect of share transactions at the end of the year are disclosed in note 8. Amounts due to Scottish Friendly Asset Managers Limited in respect of share transactions at the end of the year are disclosed in note 9.

The amounts paid to Scottish Friendly Asset Managers Limited in respect of Authorised Corporate Director's periodic charges are disclosed in note 4. The amounts due at the year end are £203,256 (2020: £178,132).

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

Jim Galbraith was a director of the company and held accumulation units in Managed Growth Fund during the period until 7th April 2021. From 7th April he was no longer a director.

Scottish Friendly Asset Managers Limited held 62,867.51 (2020: 97,381.28) accumulation shares in the Managed Growth Fund as at 30 November 2021.

Scottish Friendly Asset Managers Limited's parent company, Scottish Friendly Assurance Society Limited, held 5,975,986.69 (2020: 6,777,866.84) accumulation shares in the Managed Growth Fund as at 30 November 2021.

13. Shares in issue reconciliation

	Number of shares in issue at 30.11.2020	Number of shares issued	Number of shares cancelled	Number of shares in issue at 30.11.2021
A Accumulation	56,780,663	131,742	(5,178,765)	51,733,640

Scottish Friendly Managed Growth Fund

14. Financial instruments

The analysis and tables provided below refer to the narrative disclosure on 'Risk of financial instruments' on page 9.

Currency exposure

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

	30.11.2021 £'000	30.11.2020 £'000
Euro	17,576	24,821
US Dollar	10,696	15,896
	<u>28,272</u>	<u>40,717</u>

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

	30.11.2021 £'000	30.11.2020 £'000
Increased Other currencies to Sterling rate	3,141	4,524
Decreased Other currencies to Sterling rate	2,570	3,702

Interest rate risk

Interest rate risk profile of financial assets and financial liabilities of the Fund as at 30 November 2021.

	30.11.2021 £'000	30.11.2020 £'000
Fixed interest assets		
Sterling	14,751	5,976
Euro	6,211	6,553
	<u>20,962</u>	<u>12,529</u>
Floating interest assets		
Sterling	15,693	6,380
Euro	7,655	8,078
	<u>23,348</u>	<u>14,458</u>
Non interest rate bearing assets		
Euro	3,710	10,190
Sterling	119,610	116,588
US Dollar	10,696	15,896
	<u>134,016</u>	<u>142,674</u>
Non interest rate bearing liabilities		
Sterling	(259)	(209)
	<u>133,757</u>	<u>142,465</u>

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

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

	30.11.2021	30.11.2020
Fixed rate financial assets		
Weighted average interest rate:		
Sterling	1.00%	1.00%
Fixed rate financial assets		
Weighted average maturity:		
Sterling	2.8 yrs	3.8 yrs

Market Risk

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

	30.11.2021 £'000	30.11.2020 £'000
Increase	15,454	15,496
Decrease	15,454	15,496

Scottish Friendly Managed Growth Fund

15. Debt security credit analysis

	Market value £'000		Total net assets %	
	30.11.2021	30.11.2020	30.11.2021	30.11.2020
Investment grade	20,962	4,005	11.77	2.63
	<u>20,962</u>	<u>4,005</u>	<u>11.77</u>	<u>2.63</u>

*All debt securities are considered Investment Grade. Credit rating designations BBB or above are considered investment grade whereas credit rating designations BB or lower are considered below investment grade.

16. Direct transaction costs

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

30.11.2021	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commissions as % of Principal	Taxes as % of Principal
Purchases (excluding In-specie & corporate action activity)						
Equities	(52,895)	(51)	(251)	(53,197)	0.10%	0.47%
Bonds	(34,506)	(10)	-	(34,516)	0.03%	-
Purchases (include corporate Action activity only)						
Equities	(2,331)	-	-	(2,331)	-	-
	<u>(89,732)</u>	<u>(61)</u>	<u>(251)</u>	<u>(90,044)</u>		
Sales (excluding In-specie & corporate action activity)						
Equities	87,412	(105)	-	87,307	0.12%	-
Bonds	25,464	-	-	25,464	-	-
Funds	3,522	-	-	3,522	-	-
	<u>116,398</u>	<u>(105)</u>	<u>-</u>	<u>116,293</u>		
Total		<u>(166)</u>	<u>(251)</u>			
Percent of Fund average net assets		<u>0.09%</u>	<u>0.14%</u>			
30.11.2020	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commissions as % of Principal	Taxes as % of Principal
Purchases (excluding In-specie & corporate action activity)						
Equities	(44,252)	(42)	(107)	(44,401)	0.09%	0.24%
Bonds	(13,103)	(6)	-	(13,109)	0.05%	-
	<u>(57,355)</u>	<u>(48)</u>	<u>(107)</u>	<u>(57,510)</u>		
Sales (excluding In-specie & corporate action activity)						
Equities	49,366	(50)	-	49,316	0.10%	-
Bonds	15,023	(3)	-	15,020	0.02%	-
	<u>64,389</u>	<u>(53)</u>	<u>-</u>	<u>64,336</u>		
Total		<u>(101)</u>	<u>(107)</u>			
Percent of Fund average net assets		<u>0.06%</u>	<u>0.07%</u>			

Dealing spread

As at 30 November 2021, the average portfolio dealing spread was 0.25% (2020: 0.51%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Scottish Friendly Managed Growth Fund

Distribution Tables

Scottish Friendly Managed Growth Fund

Interim Accumulation (in pence per share)

Group 1: shares purchased prior to 1 December 2020.

Group 2: shares purchased from 1 December 2020 to 31 May 2021.

Group	Net Revenue	Equalisation	2021 Accumulation Paid	2020 Accumulation Paid
1	0.0000	-	0.0000	0.1143
2	0.0000	0.0000	0.0000	0.1143

Final Accumulation (in pence per share)

Group 1: shares purchased prior to 1 June 2021.

Group 2: shares purchased from 1 June 2021 to 30 November 2021.

Group	Net Revenue	Equalisation	2021 Accumulation Payable	2020 Accumulation Paid
1	0.1269	-	0.1269	0.0000
2	0.1202	0.0067	0.1269	0.0000

Report & Financial Statements of Scottish Friendly UK Growth Fund

Investment Report

Fund Objective

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

Investment Policy

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

Market Background

The UK stock market continued to be volatile over the 12 months under review, as optimism about economic recovery from the pandemic moved to concerns about new virus variants, supply shortages and inflation. Overall, shares performed better than bonds, which are vulnerable to inflation, and there was greater interest in businesses linked to economic recovery. These are typically labelled as value shares, and on average they have now outperformed growth shares for more than 12 months. Growth businesses generally fared well during the early stages of the pandemic, as they include many with significant use of technology and online presence but are viewed as potentially more at risk if the Bank of England intervenes to reduce inflation.

Most trading updates from portfolio companies have been positive, typically reporting an exceptional rebound as economies re-open. However the war in Ukraine will significantly cool global growth in 2022 and 2023. Initially it will dent consumer and business confidence, but the primary impact will likely come via higher energy and metals prices, combined with disruption of supply chains. Most investments in the Fund have little or no direct connection with Ukraine or Russia. The risk is that shortages of oil, gas and materials add to inflation and may restrict supply of goods and services. However, businesses are working to improve resilience and adapt their business models to deal with the challenges.

A feature of the recovery has been supply shortages, initially caused by a sharp pick-up in demand. The pandemic has meant that many of those in jobs and working from home had accumulated greater savings during the lockdown. However, as recovery progressed it has become clearer that there is real disruption to supply across a range of materials and goods. Increased trade frictions - including the impact of Brexit and the US/China technology dispute - have impacted microchips for cars and electronic goods. Labour shortages have constrained services, and higher energy prices have affected transportation and delivery. In the short term, these effects cause inflation, but in time they are likely to act to cool the economy.

Portfolio Review

Over the 12-month period under review, the UK Growth Fund gained 19.8%. This compares to a return for the MSCI UK Investable Market Index of 17.6% and 17.3% for the IA UK All Companies Sector average. Over five years to 30 November 2021, the Fund has returned 62.2% versus a return for the MSCI UK Investable Market Index of 27.1% and 35.7% for the IA UK All Companies Sector average. *

Over the 12 months, there were good contributions to performance from Ashtead, Maxcyte, Chrysalis Investments, Ceres Power, Volution and Molten Ventures (formerly Draper Esprit). The main disappointments in the period were Flutter Entertainment, Avon Protection, Rio Tinto, London Stock Exchange and Plus 500.

Additional and new investments were made in NatWest Group, Royal Dutch Shell, BP, Astra Zeneca, GlaxoSmithKline, Rio Tinto and National Grid. To fund these, Ceres Power, Conduit, Gamma Communications and Hipgnosis Songs were sold. HutchMed China, Ocado and technology fund investments were reduced.

During the 12 months, the funds exposed to earlier stage technology businesses raised further capital and generally performed well; Augmentum Fintech and Molten Ventures. The funds have potential to benefit further from realisations and flotations of some of their portfolio investments.

Portfolio changes during the period involved reducing equity exposure, particularly of growth businesses that had performed strongly over the past two years. New investments emphasise beneficiaries of higher inflation, particularly resources and banks. Overall, new and additional investments were in larger market capitalisation companies, with sales typically of medium sized and smaller companies. This has improved portfolio liquidity and is expected to reduce risk.

Scottish Friendly UK Growth Fund

Investment Outlook

It is not yet clear that inflation will become embedded in rising wages, or if that impact is transitory. Economies are dislocated with real shortages. It is likely also to cut the dynamism of the UK economy, making it harder to establish new businesses. The UK has been one of the strongest G7 economies in 2022, helped by its early vaccination roll-out and a number of government initiatives to boost the economy. Many activities are running below normal capacity despite the short-term boost of higher prices. Pressures on the labour market and supply chains may continue well into 2022.

Inflation – not least in energy prices – is putting pressure on consumers. Wages are not keeping pace with inflation, and so are currently declining in real terms. Alongside this, the Bank of England and other central banks, may reduce the easy availability of money in 2022. Already, there are signs of economic slowdown in China and Eastern Europe, which may spread to the US, Western Europe and the UK. This background combined with the global impact of the war in Ukraine may mean slower economic growth in 2022, despite the current recovery in corporate profitability.

The portfolio emphasises resilient growing businesses. It focuses on the UK, with some indirect exposure to companies trading in the US and Eurozone. The emphasis is on scalable businesses with a competitive edge that can deliver above average growth. Currently, the Fund has reduced equity exposure, having taken some profits during the stock market rebound.

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

Synthetic Risk and Reward Indicator

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

Scottish Friendly UK Growth Fund

Comparative tables

	2021 p per share	2020 p per share	2019 p per share
A Accumulation			
Change in net asset per share			
Opening net asset value per share	340.4	319.6	286.3
Return before operating charges †	77.8	25.3	37.9
Operating charges	(6.2)	(4.5)	(4.6)
Return after operating charges †	71.6	20.8	33.3
Distributions	(1.6)	0.0	(3.5)
Retained distributions on accumulation shares	1.6	0.0	3.5
Closing net asset value per share	412.0	340.4	319.6
† after direct transaction costs of	(1.1)	(0.5)	(0.9)
Performance			
Return after operating charges	21.06%	6.50%	11.63%
Other information			
Closing net asset value (£'000)	23,927	21,886	21,163
Closing number of shares	5,807,054	6,430,445	6,622,282
Operating charges (%)	1.52%	1.49%	1.49%
Direct transaction costs (%)	0.26%	0.18%	0.29%
Prices			
Highest share price	451.9	346.0	322.3
Lowest share price	340.9	201.1	267.4
Ongoing Charges Figure			
		30.11.2021	30.11.2020
A Accumulation		1.52%	1.49%

Scottish Friendly UK Growth Fund

Portfolio Statement (unaudited)

As at 30 November 2021

Investment	Holding	Market Value £000	Net Assets %
Equities 81.61% (98.35%)			
Communication Services 1.79% (3.49%)			
Diversified Telecommunication Services 0.00% (2.24%)			
Entertainment 0.93% (1.25%)			
Team17 Group plc [#]	35,000	224	0.93
		224	0.93
Media 0.86% (0.00%)			
Reach plc	80,000	205	0.86
		205	0.86
Communication Services total		429	1.79
Consumer Discretionary 8.48% (18.86%)			
Auto Components 0.00% (1.42%)			
Hotels, Restaurants & Leisure 5.14% (5.43%)			
Entain plc	35,929	612	2.56
Flutter Entertainment plc	6,183	617	2.58
		1,229	5.14
Household Durables 1.06% (0.00%)			
Barratt Developments plc	37,000	253	1.06
		253	1.06
Internet & Direct Marketing Retail 0.00% (5.38%)			
Leisure Products 0.00% (2.71%)			
Multiline Retail 2.28% (3.33%)			
Marks & Spencer Group plc	230,000	546	2.28
		546	2.28
Specialty Retail 0.00% (0.59%)			
Consumer Discretionary total		2,028	8.48
Consumer Staples 0.98% (2.55%)			
Food & Staples Retailing 0.98% (0.00%)			
Ocado Group plc	12,940	235	0.98
		235	0.98
Food Products 0.00% (2.55%)			
Consumer Staples total		235	0.98
Energy 11.91% (1.87%)			
Oil, Gas & Consumable Fuels 11.91% (1.87%)			
BP plc	440,000	1,417	5.92
Royal Dutch Shell plc 'B'	92,000	1,433	5.99
		2,850	11.91
Energy total		2,850	11.91
Financials 9.27% (15.46%)			
Banks 1.77% (0.00%)			
NatWest Group plc	200,000	422	1.77
		422	1.77
Capital Markets 5.99% (13.05%)			
Hargreaves Lansdown plc	33,298	446	1.86
Intermediate Capital Group plc	26,000	545	2.28
London Stock Exchange Group plc	3,606	241	1.01
Molten Ventures plc [#]	21,999	202	0.84
		1,434	5.99
Diversified Financial Services 1.51% (2.41%)			
Plus500 Ltd.	28,000	362	1.51
		362	1.51
Financials total		2,218	9.27

Scottish Friendly UK Growth Fund

Portfolio Statement (unaudited) (continued) As at 30 November 2021

Investment	Holding	Market Value £000	Net Assets %
Health Care 10.08% (11.16%)			
Biotechnology 0.00% (2.33%)			
Health Care Providers & Services 0.53% (0.37%)			
Kooth plc [#]	35,000	127	0.53
		127	0.53
Life Sciences Tools & Services 1.44% (0.00%)			
MaxCyte, Inc. [#]	51,999	344	1.44
		344	1.44
Pharmaceuticals 8.11% (8.46%)			
AstraZeneca plc	13,600	1,128	4.71
Dechra Pharmaceuticals plc	6,989	358	1.49
GlaxoSmithKline plc	30,000	456	1.91
		1,942	8.11
		2,413	10.08
Health Care total			
Industrials 15.36% (22.61%)			
Aerospace & Defense 0.26% (0.00%)			
Avon Protection plc	5,900	63	0.26
		63	0.26
Airlines 2.13% (1.72%)			
Ryanair Holdings plc	27,400	334	1.40
Wizz Air Holdings plc	4,500	176	0.73
		510	2.13
Building Products 0.00% (1.07%)			
Commercial Services & Supplies 2.60% (1.38%)			
HomeServe plc	29,000	261	1.09
Marlowe plc [#]	39,000	360	1.51
		621	2.60
Electrical Equipment 0.00% (5.68%)			
Professional Services 0.00% (5.92%)			
Trading Companies & Distributors 10.37% (6.84%)			
Ashtead Group plc	22,800	1,384	5.78
Diploma plc	11,899	384	1.61
Ferguson plc	6,200	713	2.98
		2,481	10.37
		3,675	15.36
Industrials total			
Information Technology 6.98% (5.40%)			
IT Services 4.83% (3.39%)			
Kainos Group plc	40,500	769	3.21
Softcat plc	21,000	387	1.62
		1,156	4.83
Software 2.15% (2.01%)			
AVEVA Group plc	16,000	514	2.15
		514	2.15
		1,670	6.98
Information Technology total			
Investment Funds 0.76% (3.06%)			
Investment Companies 0.76% (3.06%)			
Augmentum Fintech plc	115,934	183	0.76
		183	0.76
Investment Funds total			
		183	0.76
Materials 12.99% (7.92%)			
Chemicals 3.56% (3.00%)			
Synthomer plc	182,500	853	3.56
		853	3.56
Containers & Packaging 3.22% (1.61%)			
Smurfit Kappa Group plc	20,000	770	3.22
		770	3.22
Metals & Mining 6.21% (3.31%)			
Glencore plc	170,000	604	2.52
Rio Tinto plc	19,300	883	3.69
		1,487	6.21
		3,110	12.99
Materials total			

Scottish Friendly UK Growth Fund

Portfolio Statement (unaudited) (continued) As at 30 November 2021

Investment	Holding	Market Value £000	Net Assets %
Real Estate 3.01% (5.97%)			
Equity Real Estate Investment Trusts (REITs) 3.01% (3.33%)			
LondonMetric Property plc	115,650	312	1.30
UNITE Group plc (The)	38,854	409	1.71
		721	3.01
Real Estate Management & Development 0.00% (2.64%)			
Real Estate total		721	3.01
Equities total		19,532	81.61
Investment assets		19,532	81.63
Net other assets		4,395	18.37
Net assets		23,927	100.00

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 30 November 2020.

Security traded on another regulated market.

Scottish Friendly UK Growth Fund

Summary of Material Portfolio Changes (Unaudited)

for the year ended 30 November 2021

Purchases	Note	Cost £'000	Sales	Note	Proceeds £'000
BP plc		1,387	Ceres Power Holdings plc		1,425
AstraZeneca plc		1,189	Chrysalis Investments Ltd.		1,319
Royal Dutch Shell plc 'B'		872	Hutchmed China Ltd.		1,276
Hargreaves Lansdown plc		515	Molten Ventures plc		969
Rio Tinto plc		505	Next plc		865
Glencore plc		488	Experian plc		834
GlaxoSmithKline plc		452	Ocado Group plc		731
NatWest Group plc		432	Games Workshop Group Plc		601
Marks & Spencer Group plc		377	Hilton Food Group plc		577
Conduit Holdings Ltd.		373	Keystone Law Group plc		563
AVEVA Group plc		373	Gamma Communications plc		546
Smurfit Kappa Group plc		320	AstraZeneca plc		528
Marlowe plc		272	MaxCyte, Inc.		518
Barratt Developments plc		255	Volution Group plc		489
Wizz Air Holdings plc		244	Nucleus Financial Group plc		489
Avon Protection plc		226	Phoenix Spree Deutschland Ltd.		435
Chrysalis Investments Ltd.		191	Conduit Holdings Ltd.		355
Synthomer plc		146	AB Dynamics plc		354
London Stock Exchange Group plc		136	Hipgnosis Songs Fund Ltd. (The)		343
ActiveOps plc		120	Alpha Financial Markets Consulting plc		319
Other purchases		421	Other sales		2,383
Total for the year	15	9,294	Total for the year	15	15,919

The above represents the largest 20 purchases and sales during the year.

Scottish Friendly UK Growth Fund

Statement of Total Return

for the year ended 30 November 2021

	Notes	£'000	30.11.2021 £'000	£'000	30.11.2020 £'000
Income					
Net capital gains	2		4,628		1,283
Revenue	3	478		302	
Expenses	4	<u>(379)</u>		<u>(294)</u>	
Net revenue before taxation		99		8	
Taxation	5	<u>(7)</u>		<u>(7)</u>	
Net revenue after taxation			<u>92</u>		<u>1</u>
Total return before distributions			4,720		1,284
Distributions	6		<u>(92)</u>		<u>(1)</u>
Change in net assets attributable to shareholders from investment activities			<u>4,628</u>		<u>1,283</u>

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 November 2021

	£'000	30.11.2021 £'000	£'000	30.11.2020 £'000
Opening net assets attributable to shareholders		21,886		21,163
Amounts receivable on creation of shares	755		285	
Amounts payable on cancellation of shares	<u>(3,434)</u>		<u>(846)</u>	
		(2,679)		(561)
Change in net assets attributable to shareholders from investment activities (see above)		4,628		1,283
Retained distribution on accumulation shares		<u>92</u>		<u>1</u>
Closing net assets attributable to shareholders		<u>23,927</u>		<u>21,886</u>

Scottish Friendly UK Growth Fund

Balance Sheet

as at 30 November 2021

	Notes	30.11.2021 £'000	30.11.2020 £'000
Assets			
Investments	7	19,532	21,526
Current assets			
Debtors	8	66	36
Cash and bank balances		<u>4,812</u>	<u>357</u>
Total assets		<u>24,410</u>	<u>21,919</u>
Liabilities			
Creditors			
Other creditors	9	<u>(483)</u>	<u>(33)</u>
Total liabilities		<u>(483)</u>	<u>(33)</u>
Net assets attributable to shareholders		<u>23,927</u>	<u>21,886</u>

Scottish Friendly UK Growth Fund

1. Accounting Basis and Policies

Please see pages 8 to 9 for accounting basis and policies.

2. Net capital gains

Net capital gains on investments during the year comprise:

	30.11.2021 £'000	30.11.2020 £'000
Non-derivative securities	4,632	1,287
Currency losses	(1)	(2)
Transaction charges	(3)	(2)
Net capital gains	<u>4,628</u>	<u>1,283</u>

3. Revenue

	30.11.2021 £'000	30.11.2020 £'000
UK dividends	352	205
Overseas dividends	108	84
Unfranked component of Real Estate Investment Income	18	13
	<u>478</u>	<u>302</u>

4. Expenses

	30.11.2021 £'000	30.11.2020 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Authorised Corporate Director's periodic charge	<u>339</u>	<u>267</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	15	12
Safe custody charges	<u>2</u>	<u>2</u>
	<u>17</u>	<u>14</u>
Other expenses:		
Audit fee*	16	7
Price publication costs	6	5
Accounting & administration fees	<u>1</u>	<u>1</u>
	<u>23</u>	<u>13</u>
Total expenses	<u><u>379</u></u>	<u><u>294</u></u>

*The audit fee paid was £12,000 (2020: £6,500) net of VAT.

Scottish Friendly UK Growth Fund

5. Taxation

30.11.2021 30.11.2020
£'000 £'000

a) Analysis of charge in the year

Withholding tax suffered	7	7
Total current taxation (note 5b)	<u>7</u>	<u>7</u>

b) Factors affecting current tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an Open Ended Investment Company (OEIC) of 20% (2020: 20%). The differences are explained below:

Net revenue before taxation	<u>99</u>	<u>8</u>
Corporation tax at 20% (2020: 20%)	<u>20</u>	<u>2</u>
Effects of:		
UK dividend income not subject to corporation tax	(71)	(41)
Overseas dividends not subject to corporation tax	(15)	(10)
Excess management expenses for which no relief recognised	66	49
Withholding tax suffered	<u>7</u>	<u>7</u>
Current tax charge (note 5a)	<u>7</u>	<u>7</u>

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

c) Factors that may affect future tax charges

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £2,878,000 (2020: £2,549,000) creating a potential deferred tax asset of £576,000 (2020: £510,000). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6. Distributions

30.11.2021 30.11.2020
£'000 £'000

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

Interim distribution	-	-
Final distribution	<u>92</u>	<u>1</u>
	<u>92</u>	<u>1</u>
Revenue received on issue of shares	-	-
Total distributions	<u>92</u>	<u>1</u>

7. Fair Value Hierarchy

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

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

30.11.2021 30.11.2020
Assets Assets
£'000 £'000

Level 1	<u>19,532</u>	<u>21,526</u>
Total	<u>19,532</u>	<u>21,526</u>

Scottish Friendly UK Growth Fund

8. Debtors

	30.11.2021 £'000	30.11.2020 £'000
Accrued revenue	60	31
Overseas tax recoverable	6	2
Sales awaiting settlement	-	3
	<u>66</u>	<u>36</u>

9. Other creditors

	30.11.2021 £'000	30.11.2020 £'000
Accrued expenses	52	33
Purchases awaiting settlement	431	-
	<u>483</u>	<u>33</u>

10. Contingent liabilities

There were no contingent liabilities as at the year end (2020: nil).

11. Post balance sheet events

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

Subsequent to the year end, the net asset value per share of the fund has decreased from 412.03p to 379.50p as at 8 March 2022. This movement takes into account routine transactions but also reflects the market movements of recent months.

12. Related parties

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

Scottish Friendly Asset Managers Limited, a related party, acts as principal on all transactions of shares in the Company. The aggregate monies received and paid through creations and cancellations is disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due from Scottish Friendly Asset Managers Limited in respect of share transactions at the end of the year are disclosed in notes 8. Amounts due to Scottish Friendly Asset Managers Limited in respect of share transactions at the end of the year are disclosed in notes 9.

The amounts paid to Scottish Friendly Asset Managers Limited in respect of Authorised Corporate Director's periodic charges are disclosed in note 4. The amounts due at the year end are £27,987 (2020: £23,051).

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

Jim Galbraith was a director of the company and held accumulation units in UK Growth Fund during the period until 7th April 2021. From 7th April he was no longer a director.

Scottish Friendly Asset Managers Limited held 6,672.62 (2020: 24,296.28) accumulation shares in the UK Growth Fund at 30 November 2021.

Scottish Friendly Asset Managers Limited's parent company, Scottish Friendly Assurance Society Limited, held 4,365,736.22 (2020: 4,917,633.02) accumulation shares in the UK Growth Fund at 30 November 2021.

13. Shares in issue reconciliation

	Number of shares in issue at 30.11.2020	Number of shares issued	Number of shares cancelled	Number of shares in issue at 30.11.2021
A Accumulation	6,430,445	182,382	(805,773)	5,807,054

Scottish Friendly UK Growth Fund

14. Financial instruments

The analysis and tables provided below refer to the narrative disclosure on 'Risk of financial instruments' on page 9.

Currency exposure

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

	30.11.2021 £'000	30.11.2020 £'000
Euro	340	382
US dollars	-	219
	<u>340</u>	<u>601</u>

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

	30.11.2021 £'000	30.11.2020 £'000
Increased Other currencies to Sterling rate	38	67
Decreased Other currencies to Sterling rate	31	55

Interest rate risk

Interest rate risk profile of financial assets and financial liabilities of the Fund as at 30 November 2021.

	30.11.2021 £'000	30.11.2020 £'000
Floating interest assets		
Sterling	4,812	357
	<u>4,812</u>	<u>357</u>
Non interest rate bearing assets		
Euro	340	382
Sterling	19,259	20,961
US dollars	-	219
	<u>19,599</u>	<u>21,562</u>
Non interest rate bearing liabilities		
Sterling	(483)	(33)
	<u>19,116</u>	<u>21,529</u>

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

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

Market Risk

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

	30.11.2021 £'000	30.11.2020 £'000
Increase	1,953	2,153
Decrease	1,953	2,153

Scottish Friendly UK Growth Fund

15. Direct transaction costs

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

30.11.2021	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commissions as % of Principal	Taxes as % of Principal
Purchases (excluding In-specie & corporate action activity)						
Equities	(8,978)	(9)	(37)	(9,024)	0.10%	0.41%
Purchases (include corporate Action activity only)						
Equities	(270)	-	-	(270)	-	-
	<u>(9,248)</u>	<u>(9)</u>	<u>(37)</u>	<u>(9,294)</u>		
Sales (excluding In-specie & corporate action activity)						
Equities	15,937	(18)	-	15,919	0.11%	-
	<u>15,937</u>	<u>(18)</u>	<u>-</u>	<u>15,919</u>		
Total		<u>(27)</u>	<u>(37)</u>			
Percent of Fund average net assets		<u>0.11%</u>	<u>0.15%</u>			

30.11.2020	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commissions as % of Principal	Taxes as % of Principal
Purchases (excluding In-specie & corporate action activity)						
Equities	(7,611)	(7)	(19)	(7,637)	0.09%	0.25%
	<u>(7,611)</u>	<u>(7)</u>	<u>(19)</u>	<u>(7,637)</u>		
Sales (excluding In-specie & corporate action activity)						
Equities	8,427	(9)	-	8,418	0.11%	-
	<u>8,427</u>	<u>(9)</u>	<u>-</u>	<u>8,418</u>		
Total		<u>(16)</u>	<u>(19)</u>			
Percent of Fund average net assets		<u>0.08%</u>	<u>0.10%</u>			

Dealing spread

As at 30 November 2021, the average portfolio dealing spread was 0.22% (2020: 0.65%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Scottish Friendly UK Growth Fund

Distribution Tables

Scottish Friendly UK Growth Fund

Interim Accumulation (in pence per share)

Group 1: shares purchased prior to 1 December 2020.

Group 2: shares purchased from 1 December 2020 to 31 May 2021.

Group	Net Revenue	Equalisation	2021 Accumulation Paid	2020 Accumulation Paid
1	0.0000	-	0.0000	0.0000
2	0.0000	0.0000	0.0000	0.0000

Final Accumulation (in pence per share)

Group 1: shares purchased prior to 1 June 2021.

Group 2: shares purchased from 1 June 2021 to 30 November 2021.

Group	Net Revenue	Equalisation	2021 Accumulation Payable	2020 Accumulation Paid
1	1.7171	-	1.7171	0.0144
2	0.8619	0.8552	1.7171	0.0144

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

SIGNIFICANT INFORMATION (UNAUDITED)

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

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

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

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

November 2021	Number of Beneficiaries	Total Remuneration paid	Fixed Remuneration	Variable Remuneration	Carried interest paid by the UCITS
Remuneration paid to employees who have a material impact on the risk profile of the UCITS.	8	£185,960.39	£185,960.39	–	–

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

GENERAL INFORMATION

Subscription Days

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

Redemption of Shares

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

Dilution

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

Charges

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

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

Taxation

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

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

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

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

Shareholders may be liable to capital gains tax when they sell their investments if the gains exceed the exempt amount in that year. For the tax year 2019/2020 the exempt amount was £12,000 and for the tax year 2020/2021 the exempt amount is £12,300.

Stamp Duty Reserve Tax

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

Prospectus

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

Publication of Prices

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

Application for Shares

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

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

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Assessment of Value - The Scottish Friendly Investment Funds ICVC

1. Introduction

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

2. Assessment Criteria

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

2.1 Quality of Service

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

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

2.2 Performance

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

For the period ending 30 November 2021, customers invested in the Managed Growth Fund and UK Growth Fund over a 5 and 10 year period achieved capital growth and returns were higher than that FTSE All Share. The funds have therefore achieved their objective.

Assessment Outcome: The fund has met its objective

2.3 Costs and Charges

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

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

2.4 Economies of scale

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

Assessment Outcome: The Board has concluded that, as the Managed Growth Fund and UK Growth Fund have not materially increased in size during period, there are no additional savings or benefits to be passed on to investors at this time.

2.5 Comparable Market Rates

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

Assessment Outcome: Although direct comparisons are difficult because fees can be impacted by a number of factors, such as size of funds, it is concluded that the costs are reasonable.

2.6 Comparable Services

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

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

2.7 Classes of Units

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

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

THE SCOTTISH FRIENDLY INVESTMENT FUNDS ICVC

Assessment of Value - The Scottish Friendly Investment Funds ICVC

3. Overall Assessment Conclusion

In conclusion, the Board confirms that all components of the value assessment have been considered and that overall, the sub funds offer reasonable value for money.