

# **RBS Stakeholder Investment Fund ICVC**

## **Annual Report & Financial Statements**

for the year ended

31 March 2021

# RBS Stakeholder Investment Fund ICVC

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## **RBS Stakeholder Investment Fund ICVC**

### **Report of the Authorised Corporate Director**

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#### **The Company**

RBS Stakeholder Investment Fund ICVC (the "Company" or the "Fund") is an Open-Ended Investment Company ("OEIC") with variable share capital incorporated in England and Wales on 24 December 2004. The property of the Company ("Scheme Property") is entrusted to The Bank of New York Mellon (International) Limited (the "Depositary") for safekeeping. The Shareholders are not liable for the debts of the Company.

The investment policy of the Company is to invest the Scheme Property in a mixed portfolio of transferable securities (UK equities and bonds), derivatives (for the purposes of efficient portfolio management), deposits and in units in collective investment schemes, as permitted by the Collective Investment Schemes Sourcebook (the "COLL Sourcebook") published by the Financial Conduct Authority ("FCA").

The Authorised Corporate Director ("ACD") of the Company is RBS Collective Investment Funds Limited ("RBS CIFL").

The Company is classed as an Undertakings for Collective Investments in Transferable Securities Scheme ("UCITS Scheme") for the purposes of the regulations and has one Sub-fund (the "Fund"). The Fund has one type of share class in issue: Accumulation Shares. Its investment objective is to provide an increase in value over the long term.

#### **Authorised Status**

The Company has been authorised since 24 December 2004 as an OEIC under Regulation 12 of the Open-Ended Investment Companies Regulations 2001.

#### **Brexit**

The UK exited the European Union ("EU") on 31 January 2020 and the end of the Brexit transition period took place on 31 December 2020. EU law ceased to apply to the UK following the end of the transition period. The Company is therefore no longer a UCITS Scheme subject to the UCITS V Directive. However, the UK's enactment of rules pursuant to the EU (Withdrawal) Act 2018 have resulted in an unchanged regulatory framework under the FCA Rules with the Company being categorised as a UCITS Scheme under section 236A of the Financial Services and Markets Act 2000 as amended.

#### **Remuneration Policy**

The ACD is required to have a Remuneration Policy in place. The up-to-date Remuneration Policy, which includes a description of how remuneration and benefits are calculated and the identities of the persons responsible for awarding remuneration and benefits, is available at:

[http://personal.natwest.com/personal/investments/existing-customers/Key\\_Customer\\_Documents.html](http://personal.natwest.com/personal/investments/existing-customers/Key_Customer_Documents.html)

and

[http://personal.rbs.co.uk/personal/investments/existing-customers/Key\\_Customer\\_Documents.html](http://personal.rbs.co.uk/personal/investments/existing-customers/Key_Customer_Documents.html).

A paper copy will be made available free of charge on request to the ACD, at the contact details shown on page 28.

#### **Changes to Prospectus**

The Prospectus was amended during the year to effect the change to the annual management charge (see company changes section below), a number of drafting improvements, as well as changes required with EU law ceasing to apply in the UK, following the transition period which ended on 31 December 2020.

#### **Company Changes**

The registered office of the Company and ACD changed, effective 27 July 2020. The updated address is shown on page 28.

The annual management charge reduced from 1.02% to 0.92%, effective 1 January 2021.

## **RBS Stakeholder Investment Fund ICVC**

### **Report of the Authorised Corporate Director**

(continued)

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#### **Coronavirus Pandemic**

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. 2020 has seen exceptional stock market and business conditions as a result of the impact of the Coronavirus pandemic.

2020 was a year of surprises. There was the speed at which the pandemic escalated, the various waves and mutations, the severity of the lockdowns, the development of vaccines, the size of government stimulus measures globally, and the magnitude of market rebounds. The investment impact is covered in detail in the Economic and Market Overview by the Investment Manager. Given the significance of the impact for fund performance in March, we issued a special update to customers in early April between the normal six-monthly statements. Whilst highlighting the adverse impact up to 27 March 2020, the communication stressed the lessons from previous crises:

- that sudden market shocks don't tend to have an enduring impact on long-term market returns; and
- withdrawing from an investment based on short-term falls could mean you lose out if the value goes back up.

As highlighted later, markets did recover significantly from the end March lows although overall returns remained challenging, particularly for UK equity investments.

Alongside market impacts, all businesses have had to adapt to deal with the lockdowns and other implications of the pandemic and we reviewed our business continuity arrangements in February 2020. We needed to be fully satisfied that all necessary arrangements were in place to ensure the continuity of business activities given the change in the operational environment. Since that time we, and the majority of our third party service providers, have utilised a combination of home working and split locations, where key staff need to work from an office location. Whilst limited returns to an office environment took place in the Autumn, the further Winter lockdowns have led to a continuation of home working for the vast majority. Service standards have been fully maintained after some initial disruption while staff transitioned to home working.

#### **Going Concern**

The financial statements of the Company continue to be prepared on a going concern basis. Subsequent to the year end there are no material events and the ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future, defined by accounting standards as 12 months after the approval of the financial statements.

#### **Assessment of Value**

The FCA has asked every asset manager to assess the value of the funds they run. Assessing value goes beyond performance and costs and encompasses a minimum of seven criteria mandated by the FCA. The summary from the assessment and details of where the assessment can be found is on page 27.

#### **The Financial Statements**

The ACD presents the financial statements of the Company for the year ended 31 March 2021. Information on the Fund has been included within these financial statements including a review of the Fund performance during the year. We hope that you find our review useful and informative.

#### **Approval of the Report and Financial Statements**

In accordance with COLL 4.5.8BR the Annual Report and Financial Statements were approved by the ACD of the Company and authorised for issue on 19 July 2021.



**Philip Benjamin Hunt**  
for and on behalf of RBS Collective Investment Funds Limited  
Authorised Corporate Director  
19 July 2021

# RBS Stakeholder Investment Fund ICVC

## Fund Report

for the year ended 31 March 2021

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### Investment Objective

To provide an increase in value over the long term. The majority of the return will reflect income received with some potential for capital appreciation.

### Investment Policy

The Fund's investment policy is to invest in a mixed portfolio of transferable securities (UK equities and bonds), derivatives (for the purpose of efficient portfolio management), deposits and units in collective investment schemes.

The Company will follow an index-tracking approach in relation to the underlying asset classes within its portfolio. The aim is to track a benchmark comprising 55% FTSE All Share Index GBP, 43% Bloomberg Barclays Sterling Gilts TR Index Value GBP and 2% Sterling Overnight Index Average ("SONIA") (the "Indices").

A range of recognised indexation techniques will normally be used to achieve the objective of tracking the benchmark.

For liquidity management purposes the Company may also invest in cash instruments, deposits and cash funds.

### Indices Tracked

The Indices making up the Benchmark are detailed below:

1. FTSE All Share Index is a market-capitalisation weighted index of UK-listed companies. This index is part of the FTSE UK Series and is designed to measure the performance of all companies traded on the London Stock Exchange. Market capitalisation is the share price of the company multiplied by the number of shares issued. The constituents of the index are rebalanced on a quarterly basis.

The FTSE All Share Index is independently calculated according to the publicly available index rules available at:

[http://www.ftse.com/products/downloads/FTSE\\_UK\\_Index\\_Series\\_Guide\\_to\\_Calc.pdf](http://www.ftse.com/products/downloads/FTSE_UK_Index_Series_Guide_to_Calc.pdf)

For more information on the FTSE All Share Index, including its constituents, please go to: <http://www.ftse.com/products/indices/uk>

2. The Bloomberg Barclays Sterling Gilt Total Return index is a measure of GBP-denominated, fixed-rate, investment grade public obligations of the United Kingdom. The index tracks nominal Gilt issues only (inflation-linked bonds are not eligible for inclusion) and securities must have at least one year until final maturity to be eligible. Market values of each bond are used to derive security level weights for index level return aggregation. For each bond, market value is calculated each day based on the bond's current par amount outstanding, price and accrued interest.

For more information on the Bloomberg Barclays Sterling Gilts TR Index, please go to:

<https://www.bloomberg.com/professional/product/indices/bloomberg-barclays-indices-fact-sheets-publications/>.

3. SONIA is a measure of the rate at which interest is paid on sterling short-term wholesale funds in circumstances where credit, liquidity and other risks are minimal. On each London business day, SONIA is measured as the mean of interest rates paid on eligible sterling denominated deposit transactions. SONIA is administered by the Bank of England.

### Performance

The Fund returned 10.8%\* for the year ended 31 March 2021, compared with the benchmark return of 11.8%. The average return for its peer group, the Investment Association Mixed Investment 20-60% Shares sector, was 20.0%.

\*Fund performance figures for Accumulation shares based on published fund prices, net of fees.

### Portfolio Summary

The Fund significantly underperformed its peer group because UK gilts and UK equities that the fund solely invests in did not do nearly as well over the year as other types of bonds and stocks around the world, which are typically invested in by other funds included in the Investment Association peer group.

UK equities recovered gradually from the coronavirus-induced stock market sell-off over the year. The economically sensitive nature of the UK stock market - which comprises many industries such as financials, energy, leisure and hospitality - meant it initially lagged the tech-driven rally in the US. However, towards the end of the year the UK's recovery picked up some momentum as investors began to favour these more cyclical sectors, which tend to do well in an improving economic backdrop. The market also benefited from the last-minute Brexit deal on Christmas Eve.

UK government bonds remained stable during most of the year as investors sought the relative safety they provide. However, they were part of a broader sell-off at the start of 2021 as economies started to reopen and policymakers continued to stimulate growth. Yields rose (and prices fell) as investors grew concerned about the potential for higher inflation and interest rates.

### Market Summary

Financial markets began to recover in April 2020 as investors started to regain confidence after the global shock caused by the coronavirus pandemic as governments and central banks maintained supportive economic policies. The rally was initially led by the healthcare and technology sectors, which proved relatively resilient during the worst of the sell-off.

Following positive vaccine news in November, investors' focus shifted from growth stocks to cyclical stocks, which tend to do well when the economy improves. After a strong 2020, technology was weaker at the start of 2021, while financials and energy were positive. This reflected the more positive outlook about the prospects for the broader economy.

## RBS Stakeholder Investment Fund ICVC

### Fund Report

(continued)

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#### Market Summary (continued)

In January, Joe Biden was inaugurated as US President and the Democrats won the run-off elections in Georgia, giving the party control of both houses of Congress. Although the results were close, the 'blue wave' scenario caused a shift in markets as expectations grew of more stimulus measures under the Democrats. US stock markets were encouraged higher, while the 10-year Treasury yield rose above 1% for the first time since March 2020 as investors anticipated more government bonds issued to fund spending packages.

#### Bond yields rise on inflation expectations

With vaccine programmes rapidly progressing and prospects for the economic recovery improving, government bond yields rose (and prices fell) as inflation expectations increased at the start of 2021. Investors took profits on their positions as they priced in the impact of higher inflation on returns.

#### Vaccines and stimulus boost global economy

Joe Biden's \$1.9 trillion stimulus package finally passed through both houses of Congress in March. According to the Organisation for Economic Co-operation and Development ("OECD"), the stimulus should turbocharge the US economy and boost global growth when considered alongside the country's rapid vaccination programme. Overall, the OECD expects the global economy to expand by 5.6% in 2021.<sup>1</sup> Elsewhere, Europe was slow to deploy its €1.8 trillion pandemic relief package and its vaccine rollout was delayed due to manufacturing and procurement issues.

#### UK equities benefit from brighter outlook

The UK's vaccination programme made rapid progress and the government's Budget outlined more spending on workers and businesses until autumn 2021 to cushion the blow of the pandemic. As a result, the outlook for the UK economy was positive. The recovery should favour the more cyclical nature of the country's stock market, which comprises many companies in industries such as financials, energy and materials, and has a relatively small technology sector. A weaker dollar also boosted UK share prices.

#### Negotiators seal last-minute Brexit deal

Sterling rallied after negotiators reached a historic agreement over the UK's departure from the EU. The Christmas Eve deal resolved one of the major risks hanging over the currency, and the removal of any 'no-deal' uncertainty benefitted the stock market. Sterling strength continued in 2021 as confidence in the UK economy increased. In February, it rose to \$1.40 against the dollar for the first time since 2018. Meanwhile, the dovish outlook from the Federal Reserve depressed the dollar and problems with the EU's vaccine programme weighed on the euro.

<sup>1</sup> <http://www.oecd.org/newsroom/the-need-for-speed-faster-vaccine-rollout-critical-to-stronger-recovery.htm>

#### April 2021

##### Looking ahead

While there are likely to be market ups and downs over the rest of the year as the global economy shakes off the coronavirus, 2021 still looks positive from an investment perspective (at the time of writing – early May 2021). There are some circumstances that could cause further disruption – further mutations in the virus, for example, or diplomatic disturbances between the US and China. But the foundations are certainly in place for a continued recovery.

The big topic likely to preoccupy investors as the year progresses is the level of support from governments and central banks around the world. The recovery is already shifting from one driven by their support to one based on rising economic activity. Over time, this could mean a progressive wind-down of fiscal support and potentially higher inflation and interest rates.

This is likely to create uncertainty in markets, but we believe the relevant institutions won't withdraw aid until the economic recovery becomes self-sustaining.

Meanwhile, the UK economy is recovering well from the coronavirus pandemic, with a recent fall in unemployment and increase in consumer spending among signs of potentially promising times ahead. Previous uncertainty around a no-Brexit deal is now consigned to the past following the Christmas Eve agreement struck between the UK and EU. And new trade deals, which include agreements with Australia, Norway, Iceland and Liechtenstein, should also help support the country's economy going forward.

#### May 2021

##### Important information:

*Unless stated otherwise, all information has been sourced by Coutts & Company. Any views and opinions expressed are those of the fund manager. They should not be viewed as a guarantee of a return from an investment managed by Coutts & Company nor as advice of any nature. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities and should not be relied on by anyone else for the purpose of making investment decisions.*

***Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested. There is no guarantee that the investment objective will be achieved.***

*Issued by Coutts & Company. Registered in England No. 36695. Registered office 440 Strand, London WC2R 0QS. Authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority and a member of the Investment Association.*

## RBS Stakeholder Investment Fund ICVC

### Comparative table

For the year ended:	31/03/2021	31/03/2020	31/03/2019
	pence per share	pence per share	pence per share
<b>Accumulation Shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	180.10	193.86	187.10
Return before operating charges*	21.54	(11.41)	9.62
Operating charges	(2.03)	(2.35)	(2.86)
Return after operating charges	19.51	(13.76)	6.76
Distributions	(2.39)	(3.69)	(3.00)
Retained distributions on accumulation shares	2.39	3.69	3.00
<b>Closing net asset value per share</b>	<b>199.61</b>	<b>180.10</b>	<b>193.86</b>
After direct transaction costs of*	0.00	0.00	(0.08)
<b>Performance+</b>			
Return after charges	10.83%	(7.10)%	3.61%
<b>Other information</b>			
Closing net asset value	990,297,590	915,105,411	962,090,155
Closing number of shares	496,111,667	508,117,824	496,273,984
Operating charges**	1.05%	1.18%	1.50%
Direct transaction costs	0.00%	0.00%	0.04%
<b>Prices</b>			
Highest share price	205.4	209.1	197.5
Lowest share price	177.0	164.6	181.7

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

\*\*The Operating Charges you pay are used to pay the costs of running this Fund, including the costs of marketing and distributing it, and the costs of investing in external funds but not the costs of any advice you have been given. These charges reduce the growth of your investment. The ACD's periodic charge for this share class was reduced from 1.02% to 0.92%, effective 1 January 2021. This is continuing the improvement in customers outcomes from the prior financial year. In the prior financial year the ACD's periodic charge was reduced from 1.50% to 1.02%.

The Operating Charges figure is based on the expenses for year ended 31 March 2021 and this figure may vary from period to period. The Operating Charges figure shown in the KIID and Assessment for Value Report may be calculated at a different point in time and therefore there could be immaterial differences between the documents.

+Performance per comparative table based on bid market price portfolio valuation at close of business on the last day of the accounting period and with related accounting adjustments. (For the year ended 31 March 2019 performance per comparative table was based on bid market price portfolio valuation at midday on the last day of the accounting period and with related accounting adjustments).

## RBS Stakeholder Investment Fund ICVC

### Statistics

#### Risk and Reward Indicator



These ratings indicate how this Fund may perform and the risk of losing some or all of your capital. Generally the potential for higher gains also means a higher risk of losses. The lowest rating does not mean a risk free investment.

This Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past. The risk and reward category for this Fund is not guaranteed to remain unchanged, and may shift over time.

Historical data, such as is used for calculating the rating, may not be a reliable indication of the future risk profile of this Fund.

More information on the Risk and Reward Indicator is contained in the Risk and Reward Profile of the Key Investor Information Document ("KIID"), which is available from the ACD on request. Full information on the risks applicable to the Fund is detailed in the Prospectus.

#### Tracking Error

Tracking error measures the variability of the returns of a fund relative to its benchmark. The lower the tracking error of a fund, the more the fund's performance resembles that of its benchmark or the underlying market. Technically, it is calculated as the annualised standard deviation of the returns of a fund minus those of its benchmark (the relative returns).

The tracking error for the Company is impacted by:

- Differences between the Benchmark and the Company's actual portfolio;
- Any regulatory restrictions on the Company's investments matching the constituents of the Indices;
- Dealing costs, charges and other expenses; and
- The timing of income from investments, sales and purchases of investments to meet the cash flows of the Company.

As a result of these factors, the anticipated tracking error for the Company, calculated as an annualised standard deviation, is expected to be less than 2%.

The size of the Fund's tracking error against the Benchmark for the year ended 31 March 2021 was 1.0%. The tracking error has been calculated on an annualised basis using monthly returns over the 3 years to 31 March 2021. This is in line with the expected tracking error referred to above.

The differences in performance between the Fund and the Benchmark for the year, shown on page 4, largely reflects the impact of the Operating Charges shown on page 6. Before charges, the Fund would have returned 11.9% for the year to 31 March 2021 compared with 11.8% for the Benchmark being tracked. This difference in performance reflects the other factors impacting tracking error referred to above.

#### Summary of Material Portfolio Changes

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

Purchases	£	Sales	£
HSBC Index Tracker Investment		Legal & General UK Index Trust	53,182,222
Funds - FTSE All-Share Index Fund	18,165,381	UK Treasury 1.5% 22/1/2021	11,610,990
UK Treasury 4.5% 07/9/2034	17,286,151	iShares UK Equity Index Fund	10,188,576
UK Treasury 1.5% 22/7/2047	16,148,095	Vanguard FTSE UK All Share Index Unit Trust	7,551,799
UK Treasury 4.75% 07/12/2038	12,921,736	HSBC Index Tracker Investment	
UK Treasury 0.5% 22/7/2022	12,197,084	Funds - FTSE All-Share Index Fund	6,990,969
UK Treasury 1.5% 22/1/2021	6,295,847	UK Treasury 3.75% 07/9/2020	5,732,676
UK Treasury 4.25% 07/6/2032	5,128,221	UK Treasury 4.5% 07/9/2034	2,819,005
Vanguard FTSE UK All Share Index Unit Trust	4,713,764		
UK Treasury 4.25% 07/9/2039	4,210,412		
UK Treasury 1.5% 22/7/2026	3,235,630		



## RBS Stakeholder Investment Fund ICVC

### Portfolio Statement

as at 31 March 2021

Investments	Holding	Market Value (£)	Total Net Assets (%)
<b>United Kingdom Government Stocks† - 42.57% (42.47%)</b>			
UK Treasury 8% 07/6/2021	£6,935,564	7,033,737	0.71
UK Treasury 3.75% 07/9/2021	£8,178,077	8,307,168	0.84
UK Treasury 4% 07/3/2022	£9,132,911	9,466,125	0.96
UK Treasury 0.5% 22/7/2022	£20,840,577	20,960,931	2.12
UK Treasury 1.75% 07/9/2022	£9,269,635	9,492,709	0.96
UK Treasury 0.75% 22/7/2023	£8,420,536	8,542,002	0.86
UK Treasury 2.25% 07/9/2023	£3,240,000	3,407,330	0.34
UK Treasury 1% 22/4/2024	£1,984,892	2,034,623	0.21
UK Treasury 2.75% 07/9/2024	£8,654,714	9,408,929	0.95
UK Treasury 5% 07/3/2025	£10,106,021	11,980,435	1.21
UK Treasury 2% 07/9/2025	£4,478,484	4,815,288	0.49
UK Treasury 1.5% 22/7/2026	£11,209,915	11,847,030	1.20
UK Treasury 1.25% 22/7/2027	£10,757,071	11,228,930	1.13
UK Treasury 4.25% 07/12/2027	£8,132,617	10,104,411	1.02
UK Treasury 1.625% 22/10/2028	£6,146,406	6,582,278	0.66
UK Treasury 4.75% 07/12/2030	£13,121,968	17,882,159	1.81
UK Treasury 4.25% 07/6/2032	£15,310,346	20,616,529	2.08
UK Treasury 4.5% 07/9/2034	£21,821,974	31,078,310	3.14
UK Treasury 4.25% 07/3/2036	£10,674,657	15,173,758	1.53
UK Treasury 1.75% 07/9/2037	£6,095,576	6,541,620	0.66
UK Treasury 4.75% 07/12/2038	£22,175,110	34,574,877	3.49
UK Treasury 4.25% 07/9/2039	£8,908,741	13,279,147	1.34
UK Treasury 4.25% 07/12/2040	£7,158,192	10,821,576	1.09
UK Treasury 4.5% 07/12/2042	£12,523,642	19,954,858	2.01
UK Treasury 3.25% 22/1/2044	£11,398,118	15,585,502	1.57
UK Treasury 3.5% 22/1/2045	£8,858,779	12,678,463	1.28
UK Treasury 4.25% 07/12/2046	£6,658,026	10,774,517	1.09
UK Treasury 1.5% 22/7/2047	£25,061,974	25,677,872	2.59
UK Treasury 1.75% 22/1/2049	£1,784,444	1,935,899	0.20
UK Treasury 4.25% 07/12/2055	£6,289,302	11,391,027	1.15
UK Treasury 1.75% 22/7/2057	£5,248,559	5,895,575	0.60
UK Treasury 4% 22/1/2060	£6,301,650	11,500,984	1.16
UK Treasury 2.5% 22/7/2065	£4,867,945	6,883,152	0.69
UK Treasury 3.5% 22/7/2068	£4,413,995	7,943,315	0.80
UK Treasury 1.625% 22/10/2071	£5,353,818	6,202,800	0.63

## RBS Stakeholder Investment Fund ICVC

### Portfolio Statement

(continued)

Investments	Holding	Market Value (£)	Total Net Assets (%)
<b>Investment Instruments - 55.97% (53.49%)</b>			
HSBC Index Tracker Investment Funds - FTSE All-Share Index Fund	£32,998,514	109,885,052	11.10
iShares UK Equity Index Fund	£168,673,381	157,895,152	15.94
Legal & General UK Index Trust	£78,072,236	121,011,966	12.22
Vanguard FTSE UK All Share Index Unit Trust	£1,565,101	165,434,637	16.71
<b>Portfolio of investments - 98.54% (95.96%)</b>		<b>975,830,673</b>	<b>98.54</b>
<b>Net current assets - 1.46% (4.04%)</b>		<b>14,466,917</b>	<b>1.46</b>
<b>Total net assets</b>		<b>990,297,590</b>	<b>100.00</b>

The figures in brackets represent the proportion of the total net assets of the Fund represented by the holdings as at 31 March 2020.

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

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

†Related party investments.

## RBS Stakeholder Investment Fund ICVC

### Statement of Total Return

for the year ended 31 March 2021

			31/03/2021	31/03/2020
	Notes	£	£	£
Income				
Net capital gains/(losses)	3		87,389,765	(89,149,550)
Revenue	4	22,217,056		30,020,545
Expenses	5	(9,979,043)		(11,478,252)
Interest payable and similar charges	7	–		(5,814)
Net revenue before taxation		12,238,013		18,536,479
Taxation	6	(129)		(1,180)
Net revenue after taxation			12,237,884	18,535,299
<b>Total return before distributions</b>			<b>99,627,649</b>	<b>(70,614,251)</b>
Distributions	8		(12,237,884)	(18,535,299)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>87,389,765</b>	<b>(89,149,550)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 March 2021

			31/03/2021	31/03/2020
	Notes	£	£	£
<b>Opening net assets attributable to Shareholders</b>			915,105,411	962,090,155
Amounts received on creation of shares		15,546,931		26,198,437
Amounts paid on cancellation of shares		(39,612,875)		(2,719,376)
			(24,065,944)	23,479,061
Change in net assets attributable to Shareholders from investment activities (see above)			87,389,765	(89,149,550)
Retained distributions on accumulation shares			11,868,358	18,746,095
Stamp duty reserve tax			–	(60,350)
<b>Closing net assets attributable to Shareholders</b>			<b>990,297,590</b>	<b>915,105,411</b>

### Balance Sheet

as at 31 March 2021

			31/03/2021	31/03/2020
	Notes	£	£	£
<b>ASSETS</b>				
Fixed assets				
Investment assets			975,830,673	878,138,707
Current assets				
Debtors	9	3,881,152		5,353,531
Cash and cash equivalents	10	12,755,729		32,535,965
Total other assets			16,636,881	37,889,496
Total assets			992,467,554	916,028,203
<b>LIABILITIES</b>				
Investment liabilities			–	–
Creditors				
Other creditors	11	(2,169,964)		(922,792)
Total other liabilities			(2,169,964)	(922,792)
Total liabilities			(2,169,964)	(922,792)
<b>Net assets attributable to Shareholders</b>			<b>990,297,590</b>	<b>915,105,411</b>

## RBS Stakeholder Investment Fund ICVC

### Distribution Statement

for the year ended 31 March 2021

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#### Final Distribution for Accumulation Shares

(in pence per share)

Group 1: Shares purchased prior to 1 April 2020

Group 2: Shares purchased from 1 April 2020 to 31 March 2021

<b>Dividend Distribution</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Amount accumulated on 31/05/2021</b>	<b>Amount accumulated on 31/05/2020</b>
Group 1	2.3923	–	2.3923	3.6893
Group 2	1.1025	1.2898	2.3923	3.6893

Percentage of (F)ranked/(U)nfranked revenue; F=100.00%, U=0.00%

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

for the year ended 31 March 2021

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#### 1 Accounting Policies

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(a) The financial statements of the Company have been prepared on a going concern basis in accordance with FRS 102 and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 (the "SORP"), amended June 2017.

There are no material events that have been identified that may cast significant doubt about the Fund's ability to continue as a going concern until at least 31 July 2022. The ACD believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements. The ACD has made an assessment of the Fund's ability to continue as a going concern until at least 31 July 2022 and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections, key service provider's operational resilience, and the impact of COVID-19.

(b) Where appropriate, certain permitted transactions such as derivatives are used for efficient portfolio management. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains/(losses)' in the Statement of Total Return. Any positions on such transactions open at the year end are reflected in the Balance Sheet at their marked to market value. When positions generate total returns, it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.

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

Any reported revenue from an offshore fund with reporting status from HMRC, in excess of any distribution received in the reporting period, is recognised as revenue no later than the date on which the reporting fund makes this information available. The equalisation element is treated as capital.

All distributions from Collective Investment Schemes ("CIS") are recognised when the securities are quoted ex-dividend. All distributions from holdings in CIS are treated as revenue with the exception of the equalisation element, which is treated as capital.

Returns from bond futures are apportioned into revenue and capital components in order to reflect the nature of the financial instrument.

Revenue on debt securities takes account of the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security. Accrued interest purchased or sold is excluded from the cost of the security and is treated as revenue.

The Fund holds units or shares in other CIS and funds (underlying funds). Any periodic charge rebates from underlying funds are recognised on an accruals basis and are subsequently attributed to the Fund's revenue. Where it is the policy of the underlying fund to charge its periodic charge to capital in determining its distribution, the Fund has recognised any such rebates as capital.

(d) Stock dividends: Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the dates they are quoted ex-dividend.

(e) Special dividends and share buy-backs are examined on a case by case basis to determine whether they should be treated as capital or revenue.

(f) The listed investments of the Fund have been valued at bid market prices at 23:00 on the last valuation point in line with the last dealing valuations in the year. The valuations of unlisted investments are based on the ACD's assessment of their estimated realisable value.

(g) All transactions in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate at 23:00 on the last valuation point.

(h) Corporation tax is charged at a rate of 20% on the excess taxable revenue of the fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

Capital gains on investments in offshore funds without reporting fund status per HMRC guidelines are subject to corporation tax when the gain is realised. The tax liability is charged to the capital property of the Fund. A provision for the liability that may arise on gains in the event of the holding being sold and the gain crystallised is recorded to the capital property of the Fund.

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

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#### 1 Accounting Policies (continued)

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(i) The ACD may charge a dilution levy or dilution adjustment on the purchase and/or sale of shares.

The dilution levy which, if charged, is added to the purchase cost or deducted from the sale proceeds, as appropriate, and paid into and becomes a part of the scheme property of the Fund.

A dilution levy may be charged in the following circumstances:

- I. where the Fund is experiencing large levels of net purchases relative to its size; or
- II. where the Fund is experiencing large levels of net sales relative to its size; or
- III. where a "large deal" is placed on the Fund. For these purposes a large deal is defined as a deal exceeding £250,000 or 2% of the Net Asset Value of the Fund whichever is the lesser; or
- IV. in any other circumstances where the ACD believes it will be in the interests of shareholders to charge a dilution adjustment.

(j) The Fund does not participate in stock lending activities.

(k) Expenses are recognised on an accruals basis and initially charged against revenue.

#### 2 Distribution Policies

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(a) The Fund is not more than 60% invested in qualifying investments (as defined by s468L ICTA 1988) and will pay a dividend distribution.

(b) The annual ACD fees are charged to the revenue property of the Fund.

(c) Where there is an option to receive stock in lieu of cash, the Fund Manager will decide on a case by case basis. Even where stock is taken the equivalent value will be included in distributable revenue.

(d) All distributions, including those from accumulation holdings, on collective investment schemes are treated as revenue with the exception of the equalisation element, which is treated as capital.

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 3 Net capital gains

The net capital gains/(losses) on investments during the year comprise:	31/03/2021 £	31/03/2020 £
Non-derivative securities	87,350,950	(89,120,526)
Derivative securities	–	(6,530)
Currency exchange gains	339	23,001
Transaction expenses	38,476	(45,495)
<b>Net capital gains/(losses)</b>	<b>87,389,765</b>	<b>(89,149,550)</b>

#### 4 Revenue

	31/03/2021 £	31/03/2020 £
Bank interest	2,336	10,356
Interest on debt securities	5,391,396	6,773,203
Overseas dividends	–	426,491
Property income dividends	–	125,652
Returns from bond futures	–	140
Returns from equity futures	–	36,042
Revenue from collective investment schemes	16,823,324	20,030,408
UK dividends	–	2,618,253
<b>Total revenue</b>	<b>22,217,056</b>	<b>30,020,545</b>

#### 5 Expenses

	31/03/2021 £	31/03/2020 £
<b>Payable to the ACD or Associate of the ACD:</b>		
ACD's periodic charge	9,694,844	11,405,776
	<b>9,694,844</b>	<b>11,405,776</b>
<b>Payable to the Depositary or Associate of the Depositary:</b>		
Depositary's fees	74,824	57,923
Safe custody changes	192,603	6,152
	<b>267,427</b>	<b>64,075</b>
<b>Other expenses:</b>		
Audit fee	11,972	8,401
Professional service fees	4,800	–
	<b>16,772</b>	<b>8,401</b>
<b>Total expenses</b>	<b>9,979,043</b>	<b>11,478,252</b>

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 6 Taxation

	31/03/2021	31/03/2020
	£	£
<b>a) Analysis of tax charge in year:</b>		
Corporation tax	–	138
Overseas tax withheld	129	1,042
<b>Total tax charge (see note 6b)</b>	<b>129</b>	<b>1,180</b>

#### b) Factors affecting tax charge for the year:

The tax assessed for the year is lower (2020 - lower) than the standard rate of corporation tax in the UK for an ICVC (20%) (2020 - 20%).

The differences are explained below:

Net revenue before taxation	12,238,013	18,536,479
Corporation tax @ 20%	2,447,603	3,707,296
Effects of:		
Corporation tax adjustment	–	138
Movement in unrecognised tax losses	916,921	906,391
Overseas tax withheld	129	1,042
Prior year adjustment to unrecognised tax losses	141	–
Relief on overseas tax expensed	–	354
Revenue not subject to corporation tax	(3,364,665)	(4,614,041)
<b>Total tax charge (see note 6a)</b>	<b>129</b>	<b>1,180</b>

#### c) Deferred tax

After claiming relief against accrued revenue taxable on receipt, the Fund has unrecognised tax losses of £37,689,819 (2020 - £33,105,214) resulting in an unrecognised deferred tax asset of £7,537,964 (2020 - £6,621,043). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (2020 - £nil).

#### 7 Interest payable and similar charges

	31/03/2021	31/03/2020
	£	£
Interest	–	5,814
<b>Total interest</b>	<b>–</b>	<b>5,814</b>



## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 8 Distributions

The distributions take account of amounts added on the creation of shares and amounts deducted on the cancellation of shares and comprise:

	31/03/2021 £	31/03/2020 £
Final distribution 31 March – accumulation shares	11,868,358	18,746,095
	<b>11,868,358</b>	<b>18,746,095</b>
<b>Amounts received on creations and deducted on cancellations</b>		
Amounts added on creation of shares	(66,572)	(228,941)
Amounts deducted on cancellation of shares	436,098	18,145
<b>Net distributions for the year</b>	<b>12,237,884</b>	<b>18,535,299</b>

#### 9 Debtors

	31/03/2021 £	31/03/2020 £
Accrued revenue	3,853,481	4,889,442
Amount receivable for creation of shares	–	403,983
Corporation tax recoverable	7,291	7,291
Overseas tax recoverable	20,380	52,815
<b>Total debtors</b>	<b>3,881,152</b>	<b>5,353,531</b>

#### 10 Cash and Cash Equivalents

	31/03/2021 £	31/03/2020 £
Cash held at bank	12,755,729	32,528,216
Amounts held at futures clearing houses and brokers	–	7,749
<b>Total cash and cash equivalents</b>	<b>12,755,729</b>	<b>32,535,965</b>

#### 11 Other creditors

	31/03/2021 £	31/03/2020 £
Accrued expenses	809,387	922,792
Amount payable for cancellation of shares	1,360,577	–
<b>Total other creditors</b>	<b>2,169,964</b>	<b>922,792</b>

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 12 Financial instruments

In pursuing its investment objectives the Fund holds a number of financial instruments. These financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issue and payable for redemptions and debtors for accrued revenue.

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

##### a) Interest Rate Risk

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

The Fund may invest in fixed and floating rate securities. The revenue of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns on the expiry of contracts or sale of securities. The value of the fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Some of the Fund's investment portfolio is exposed to interest rate fluctuations which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL Sourcebook of the FCA mitigates the risk of excessive exposure to any particular type of security or issuer.

The interest rate risk profile of financial assets and liabilities as at 31 March 2021 was as follows:

	Floating Rate Investments £	Fixed Rate Investments £	Non-interest Bearing Investments £	Total £
Investment assets	–	421,603,866	554,226,807	975,830,673
Investment liabilities	–	–	–	–

The interest rate risk profile of financial assets and liabilities as at 31 March 2020 was as follows:

	Floating Rate Investments £	Fixed Rate Investments £	Non-interest Bearing Investments £	Total £
Investment assets	–	388,677,641	489,461,066	878,138,707
Investment liabilities	–	–	–	–

##### Floating Rate Interest

There is no single benchmark interest rate for interest payments in relation to floating rate instruments. These interest payments are determined by the prevailing market conditions.

##### b) Foreign Currency Risk

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

At the year-end date, 31 March 2021, 0.00% (2020 - 0.01%) of the Fund's net asset value was denominated in foreign currencies.

##### c) Credit Risk

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

In order to trade derivative instruments the ACD enters into an agreement with an approved counterparty. The ACD assesses the credit worthiness of the counterparty, however the Fund remains at risk that the counterparty will not settle its obligations under the contract. Any collateral due to or from the Fund under the terms of the contract may not be settled. The Fund restricts its exposure to credit losses on derivative instruments by trading via International Swap and Derivative Association ("ISDA") Master Arrangements with each counter party.

At 31 March 2021, there were no non exchange traded derivatives held by the Fund (2020 - nil).

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 12 Financial instruments (continued)

##### d) Derivatives risk and Efficient Portfolio Management

The Company may enter into derivative transactions in the form of futures contracts. The purpose of these financial instruments is Efficient Portfolio Management. Futures are used to manage market price risk or to enable tactical asset allocation decisions to be implemented at a reduced cost. The purpose of undertaking these contracts is to protect the portfolio as far as possible from a downturn in the markets or achieve temporary exposure to asset classes at a reduced cost.

The Fund's use of exchange traded derivatives are considered to be free of counterparty risk if the derivative is traded on an exchange where the clearing house is backed by an appropriate performance guarantee and is characterised by a daily mark-to-market valuation of the derivative position and at least daily margining.

At 31 March 2021, the market value of the exchange traded derivatives held by the Fund was £nil (2020 - £nil).

##### e) Valuation of financial investments

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

	Assets £	Liabilities £
<b>31 March 2021</b>		
Level 1: Quoted prices	–	–
Level 2: Observable market data	975,830,673	–
Level 3: Unobservable	–	–
	<b>975,830,673</b>	<b>–</b>
<b>31 March 2020</b>	<b>£</b>	<b>£</b>
Level 1: Quoted prices	–	–
Level 2: Observable market data	878,138,707	–
Level 3: Unobservable	–	–
	<b>878,138,707</b>	<b>–</b>

Level 1: Unadjusted quoted price in an active market for an identical instrument.

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1.

Level 3: Valuation techniques using unobservable inputs.

##### f) Market Price Risk

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

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL Sourcebook of the FCA mitigates the risk of excessive exposure to any particular type of security or issuer.

##### g) Sensitivity analysis

This analysis has been prepared on a look-through basis, with the foreign currency and interest rate sensitivities of investment instruments held by the Fund included to form an assessment of the impact to fund performance caused by movements in foreign exchange rates and interest rates.

##### Interest rate sensitivity

An increase of 100 basis points (1%) as at the reporting date will cause net capital gains to decrease by £52,193,458 and the net asset value to decrease by £52,193,458 (2020 - An increase of 100 basis points (1%) as at the reporting date will cause net capital losses to increase by £51,834,161 and the net asset value to decrease by £51,834,161).

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 12 Financial instruments (continued)

##### Currency sensitivity

At the year end date, 31 March 2021, 0.00% (2020 - 0.01%) of the Fund's net asset value was denominated in foreign currencies, hence no currency sensitivity has been disclosed.

##### Equity market price sensitivity

The tables below set out the effect of a reasonably possible strengthening in equity market prices by 5% as at the reporting date:

	<b>31/03/2021</b>
	<b>£</b>
Increase in net capital gains and increase in net asset value	25,644,604
	<b>31/03/2020</b>
	<b>£</b>
Decrease in net capital losses and increase in net asset value	21,614,294

A weakening in equity market prices of the same 5% will have resulted in an equal but opposite effect. The analysis assumes all other variables remain constant.

##### h) Liquidity Risk

The Fund's assets comprise mainly readily realisable securities. The main liability of the Fund is the redemption of any shares that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions.

Liquidity risk tends to compound other risks. If the Fund has a position in an illiquid asset, its limited ability to liquidate that position at short notice will compound its market risk.

The Company's liquidity risk is managed by the Investment Manager in accordance with policies and procedures in place. The Investment Manager estimates on a prudent basis the potential redemptions on any single day. Investment decisions between cash management and core investments are made accordingly.

Daily analysis of liquidity in both normal and stressed market conditions is carried out, assessing the time that it would take to liquidate the Fund's holdings using available data on traded volumes of underlying assets. The stressed conditions used include consideration of reductions in the liquidity of underlying assets, and significant increases in the daily redemption levels for the Fund.

##### i) Leverage

The Fund did not employ significant leverage during the year.

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 13 Portfolio transaction costs

For the year ended 31 March 2021

	Transaction Value	Commissions		Taxes	
<b>Purchases (excluding derivatives)</b>	£	£	%	£	%
Debt instruments (direct)	88,111,532	–	–	–	–
Collective investment schemes	24,827,258	–	–	–	–
<b>Total purchases</b>	<b>112,938,790</b>	<b>–</b>		<b>–</b>	
<b>Total purchases including transaction costs</b>	<b>112,938,790</b>				
	Transaction Value	Commissions		Taxes	
<b>Sales (excluding derivatives)</b>	£	£	%	£	%
Debt instruments (direct)	20,162,671	–	–	–	–
Collective investment schemes	77,913,566	–	–	–	–
<b>Total sales</b>	<b>98,076,237</b>	<b>–</b>		<b>–</b>	
<b>Total sales net of transaction costs</b>	<b>98,076,237</b>				
<b>Derivative transaction costs</b>		–		–	
<b>Total transaction costs</b>		–		–	
<b>Total transaction costs as a % of average net assets</b>		<b>0.00%</b>		<b>0.00%</b>	

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 13 Portfolio transaction costs (continued)

For the year ended 31 March 2020

	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	1,859,091	319	0.02	9,184	0.49
Debt instruments (direct)	119,343,008	–	–	–	–
Collective investment schemes	114,932,082	1,128	0.00	3,377	0.00
Inspecie transfers	877,791,712	–	–	–	–
<b>Total purchases</b>	<b>1,113,925,893</b>	<b>1,447</b>		<b>12,561</b>	
<b>Total purchases including transaction costs</b>	<b>1,113,939,901</b>				
	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	21,222,613	5,276	0.02	299	0.00
Debt instruments (direct)	159,295,557	–	–	–	–
Collective investment schemes	27,140,967	613	0.00	63	0.00
Inspecie transfers	870,505,181	–	–	–	–
<b>Total sales</b>	<b>1,078,164,318</b>	<b>5,889</b>		<b>362</b>	
<b>Total sales net of transaction costs</b>	<b>1,078,158,067</b>				
<b>Derivative transaction costs</b>		<b>1,036</b>		–	
<b>Total transaction costs</b>		<b>8,372</b>		<b>12,923</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.00%</b>		<b>0.00%</b>	

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

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

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

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.13% (2020 - 0.24%).

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

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#### 14 Related party transactions

RBS Collective Investment Funds Limited acts as principal on all the transactions in shares in the Fund. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to Shareholders.

Amounts paid to RBS Collective Investment Funds Limited in respect of the ACD's, associates' and agents' periodic fees are disclosed in note 5. The balance outstanding as at the year end was £763,646 (2020 - £856,329).

The Company may, in its normal course of business, enter into arm's length transactions with the NatWest Group plc and related entities. These related party transactions may include the purchase and sale of financial instruments issued by the NatWest Group plc and related entities. Investments in or transactions with other NatWest Group plc related party entities would be individually identified in the portfolio statement. During the year and as at 31 March 2021, there were no related party transactions.

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The NatWest Group plc, and therefore the ultimate parent company of the ACD, RBS Collective Investment Funds Limited. The UK Government's share holding is managed by UK Financial Investments Limited, a company wholly owned by the UK Government. The Fund had transactions with UK Government bodies on an arms' length basis and direct investments in government securities at the year end are shown in the portfolio statement where appropriate. The volume and diversity of such transactions in the Fund are such that disclosure of their amounts in the period 1 April 2020 to 31 March 2021 is impractical.

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#### 15 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2020 - £nil).

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#### 16 Share movement

For the year ended 31 March 2021	Accumulation shares
Opening shares	508,117,824
Shares created	8,213,297
Shares cancelled	(20,219,454)
<b>Closing shares</b>	<b>496,111,667</b>

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#### 17 Post balance sheet events

There have been no significant events subsequent to the year end which, in the opinion of the Manager, may have had an impact on the financial statements for the year ended 31 March 2021.

## RBS Stakeholder Investment Fund ICVC

### Statement of the Authorised Corporate Director's Responsibilities

The Authorised Corporate Director ("ACD") of RBS Stakeholder Investment Fund ICVC (the "Company") 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 Sourcebook") and the Company's Instrument of Incorporation.

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

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law") and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Association in May 2014 (the "SORP"), amended June 2017; and
- give a true and fair view of the financial position of the Company as at the end of that year and the net revenue and the net capital gains or losses on the property of the Company for that year.

In preparing the financial statements, the ACD is responsible for:

- electing suitable accounting policies and then applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether applicable UK Accounting Standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- preparing 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 which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of an ACD's report which complies with the requirements of the Company's Instrument of Incorporation and the COLL Sourcebook of the FCA.

In accordance with COLL 4.5.8BR, the Annual Report and the audited financial statements were approved by the ACD of the Company and authorised for issue on 19 July 2021.



**Philip Benjamin Hunt**  
**RBS Collective Investment Funds Limited**  
**Authorised Corporate Director**  
**19 July 2021**



## RBS Stakeholder Investment Fund ICVC

### Report of the Depositary

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#### **Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the RBS Stakeholder Investment Fund ICVC (the "Company") for the Year Ended 31 March 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 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 Fund Manager (the "AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that 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.

**The Bank of New York Mellon (International) Limited**  
**London, United Kingdom**  
**19 July 2021**

## RBS Stakeholder Investment Fund ICVC

### Independent Auditor's Report to the Shareholders of RBS Stakeholder Investment Fund ICVC

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#### Opinion

We have audited the financial statements of RBS Stakeholder Investment Fund ICVC (the "Company") comprising its Fund for the year ended 31 March 2021, which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Table, and the accounting policies of the Company. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising its Fund as at 31 March 2021 and of the net revenue and net capital gains on the scheme property of the Company comprising its Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### Basis for opinion

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

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

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's (the "ACD") 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 the period to 31 July 2022 which is at least 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

#### 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 this 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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion:

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

#### Matters on which we are required to report by exception

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

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

## RBS Stakeholder Investment Fund ICVC

### Independent Auditor's Report to the Shareholders of RBS Stakeholder Investment Fund ICVC

(continued)

#### Responsibilities of the ACD

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 23, 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 wind up or terminate 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.

#### Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

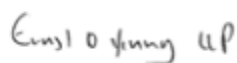
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the United Kingdom Generally Accepted Accounting Practice, the Investment Association Statement of Recommended Practice (the "SORP"), the FCA Collective Investment Schemes Sourcebook, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrators and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. Our procedures involved journal entry testing by specific risk criteria, with a focus on manual top side financial statement adjustments and journals indicating large or unusual transactions based on our understanding of the business.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

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

#### Use of our report

This report is made solely to the Company's shareholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the 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.



**Ernst & Young LLP**  
**Statutory Auditor**  
**Edinburgh, United Kingdom**

**19 July 2021**

## RBS Stakeholder Investment Fund ICVC

### Investor Information

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#### Assessment of Value

An Assessment of Value is an annual requirement for the ACD, as required under COLL6.6.20R. The minimum required matters for consideration are set out in COLL6.6.21R.

This assessment covers the RBS Investment Funds ICVC\* and RBS Stakeholder Investment Fund ICVC, which are both managed by RBS Collective Investment Funds Limited. It is prepared each year based on the period to 28 February (31 March for the RBS Stakeholder Investment Fund ICVC). The current version is available for the 2021 year end.

The latest assessment, while generally positive, highlights some areas for improvement. In particular, some service issues have been experienced for underlying Child Trust Fund customers invested in RBS Stakeholder Investment Fund ICVC. The ACD has taken steps to remedy this situation with the introduction of additional resources and controls, and will monitor closely to ensure that service levels improve.

The full assessment can be found at:

[https://personal.natwest.com/personal/investments/existing-customers/Key\\_Customer\\_Documents.html](https://personal.natwest.com/personal/investments/existing-customers/Key_Customer_Documents.html)

and

[https://personal.rbs.co.uk/personal/investments/existing-customers/Key\\_Customer\\_Documents.html](https://personal.rbs.co.uk/personal/investments/existing-customers/Key_Customer_Documents.html).

A summary will be also be included in customer statements.

#### Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by ESMA, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions ("SFTs") or total return swaps is required. During the year to 31 March 2021 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

\*Excluding Balanced Fund, which is closed to investment.

## RBS Stakeholder Investment Fund ICVC

### Investor Information

(continued)

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#### Authorised Corporate Director and Registered Office

RBS Collective Investment Funds Limited  
6-8 George Street  
Edinburgh  
EH2 2PF

(Authorised and regulated by the FCA)  
Registered in Scotland No SC46694

**Client Enquiries:** 0345 300 2585

**Dealing:** 0345 300 2585

#### Directors of RBS Collective Investment Funds Limited

Dickson Brown Anderson  
Stephanie Mary Eastment  
Philip Benjamin Hunt  
Laura Yvonne Newman  
Georgina Sarah Perceval-Maxwell

#### Depositary and Custodian

The Bank of New York Mellon (International) Limited  
1 Canada Square  
London  
E14 5AL

(authorised by the Prudential Regulation Authority ("PRA")  
and regulated by the FCA and the PRA)

#### Investment Manager

Coutts & Company  
440 Strand  
London  
WC2R 0QS

(authorised by the PRA and regulated by the FCA and the PRA)

#### Registrar and Adult ISA Administrator

SS&C Financial Services Europe Limited  
PO Box 9908  
Chelmsford  
Essex  
CM99 2AF

(Authorised and regulated by the FCA)

#### Child Trust Fund Administrator

Target Servicing Limited  
Imperial Way  
Newport  
NP20 8UH

(Authorised and regulated by the FCA)

#### Junior ISA Administrator

Target Servicing Limited  
Imperial Way  
Newport  
Gwent  
NP20 8UH

(Authorised and regulated by the FCA)

#### Auditor

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