Investment Fund Services

IFSL Church House Investment Grade Fixed Interest Fund

Annual Report and Audited Financial Statements

for the year ended 31 March 2026

Church House Investment Management

CONTACT INFORMATION

Authorised Fund Manager (AFM)

Investment Fund Services Limited (IFSL)
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Directors of IFSL

Andrew Staley (Non-Executive)
Allan Hamer
Martin Ratcliffe – appointed 31 July 2025
Dom Clarke – resigned 1 January 2026
Helen Redmond – resigned 31 July 2025
Sally Helston – resigned 1 January 2026
Simon Chalkley
Richard Goodall – appointed 1 January 2026
Massimiliano Zorza – appointed 1 January 2026
Katherine Damsell (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

Investment Manager

Church House Investments Limited
York House
6 Coldharbour
Sherborne
Dorset
DT9 4JW

Authorised and regulated by the Financial Conduct Authority.

Trustee

NatWest Trustee & Depositary Services Limited
250 Bishopsgate
London
EC2M 4AA

Authorised and regulated by the Financial Conduct Authority.

Administrator and Registrar

SS&C Financial Services International Limited
Head Office Address:
St. Nicholas Lane
Basildon
Essex
SS15 5FS

Auditor

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

IFSL CHURCH HOUSE INVESTMENT GRADE FIXED INTEREST FUND

CONTENTS	PAGE

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 March 2026

Performance to 31 March 2026

	Six months	1 year	3 years	5 years
IFSL Church House Investment Grade Fixed Interest Fund	0.63%	4.25%	17.00%	9.85%
IA Sterling Corporate Bond sector	0.79%	4.24%	15.43%	(0.06)%

External Source of Economic Data: Morningstar (Income - quoted price to quoted price, net income reinvested).

The performance figures above are based on quoted prices and will, therefore, differ from the performance in the Comparative Table.

Capital at risk. Past performance is not a reliable indicator of future performance; the value of your investment and any income from it can go down as well as up. Performance returns are based on the net asset value with distributable income reinvested and take account of all ongoing charges, but not entry charges (if applicable). The past performance of this unit class is calculated in sterling.

Investment commentary

Performance statement

Over the twelve months to 31 March 2026, units in the Fund achieved a total return of 4.25%, compared to 4.24% for the IA Sterling Corporate Bond sector.

Market review

The Bank of England reduced the base rate to 3.75% in December but hopes of further cuts have been dashed by worries over increased inflation caused by the war in Iran. The market swiftly moved to expecting the next move to be a hike and this has had a knock-on effect on UK Government bond (Gilt) yields* which have risen across all maturities. At the same time, whilst demand for credit has been volatile with the yield premium received for investing in corporate and financial bonds over sovereign debt widening from 0.80% to 1% towards the end of the period, when looked at over a multi-year period however we are still at multi-year lows. For instance, in October 2022, at the height of the war in Ukraine, the yield premium reached 2.6%.

A steady stream of new issuance has been met with strong investor demand and the Fund has added plenty of attractive fixed and floating rate bonds.

Fund performance review

Over the last twelve months, the Fund has achieved a total return of 4.25%. Our policy of remaining in short duration*, quality assets has shielded us from some of the volatility across the wider fixed interest markets and since base rates are poised to stay higher for longer, we recently sold two of our short-dated Floating Rate Notes (FRN) to purchase a new FRN issue from Royal Bank of Canada expiring in 2031. It pays a margin of 0.58% over SONIA* (which moves in tandem with the Base Rate) and the current coupon of 4.32% is attractive for a AAA covered bond.

We sold our Bank of America 7% 2028 in November and replaced it with a new issue from Bupa maturing in 2045. We felt that switching from a yield of 4.29% to 6.74% - a pick-up of 2.45% - was fair compensation for the added risk of extending maturity out to twenty years.

Portfolio activity

The Fund has increased its allocation marginally to medium and long-dated securities, but it still holds around 14% in AAA FRN assets which has kept overall duration low. This table shows the broad breakdown by life and duration at the beginning and end of the period:

CH Investment Grade Fixed Interest	Mar-2026	Mar-2025
Short-dated Securities (less than 7 years)	70%	74%
Medium-dated Securities (7 to 15 years)	23%	22%
Long-dated Securities (over 15 years)	7%	4%
Duration of Portfolio	3.4	3.3

See below for our 15 top holdings in the portfolio. These are little changed from 12 months ago, but we invested in a top-quality AAA issue for KFW paying 4% and maturing in 2031 which is now first on the list. The Barclays 5.851% is a new addition to the top 15. Outside of the top 15, we purchased a new 2056 (but can be redeemed early in 2031) issue for Verizon paying a coupon of 5.7427%.

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 March 2026

Investment commentary (continued)

Portfolio activity (continued)

Top 15 holdings

Kreditanstalt Fuer Wiederaufbau 4% 01.07.31	2.04%
Standard Chartered 5.125% 06.06.34	1.82%
Barclays 5.851% 21.03.35	1.62%
Rio Tinto Finance 4% 11.12.29	1.58%
Bank of Nova Scotia FRN 15.09.28	1.52%
Lloyds Bank FRN 18.03.29	1.52%
Royal Bank of Canada FRN 20.03.31	1.52%
SSE 3.74% Perp	1.52%
The Goldman Sachs Group 7.25% 10.04.28	1.46%
International Finance 4.5% 02.10.28	1.40%
BP Capital Markets 6% Perp	1.40%
European Investment Bank 4% 15.02.29	1.29%
Whitbread Group 3% 31.05.31	1.26%
John Deere Bank 5.125% 18.10.28	1.25%
Segro 2.875% 11.10.37	1.20%

Investment outlook

Uncertainty combined with volatility is likely to continue until there is some form of resolution in Iran.

The Bank of England has a tricky task in trying to ascertain whether higher prices will feed through into labour market demand for higher wages.

However, yields on investment grade* bonds remain attractive and there is no sign of slowing investor demand. The Fund is well positioned and is ever ready to take advantage of any anomalies that may arise.

Church House Investments Limited
21 April 2026

Explanation of terms*

Duration - a measure of how sensitive a bond’s price is to changes in interest rates.
Investment grade - Governments, companies and investments rated by a credit rating agency as relatively low risk.
Yield - the income from an investment, usually stated as a percentage of the value of the investment.
SONIA (Sterling Overnight Index Average) - is an important interest rate benchmark.

Distributions

	Year 2026	Year 2025	Year 2024	Year 2023
Income (pence per unit)				
Net income paid last day of February	1.246412	1.255568	1.276371	0.939098
Net income paid 31 May	1.212632	1.227748	1.286721	1.083084
Net income paid 31 August		1.253680	1.275631	1.193748
Net income paid 30 November		1.244557	1.289124	1.287432
Accumulation (pence per unit)				
Net accumulation paid last day of February	2.299813	2.211313	2.144191	1.413214
Net accumulation paid 31 May	2.262714	2.187833	2.188044	1.713904
Net accumulation paid 31 August		2.259951	2.194982	2.067566
Net accumulation paid 30 November		2.269689	2.242705	2.136137
XL Institutional Income (pence per unit)				
Net income paid last day of February	1.304434	1.311316	1.330774	0.974415
Net income paid 31 May	1.269521	1.282790	1.339908	1.113402
Net income paid 31 August		1.310177	1.333721	1.238613
Net income paid 30 November		1.302052	1.344471	1.333886

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 March 2026

Distributions (continued)

	Year 2026	Year 2025	Year 2024	Year 2023
XL Institutional Accumulation (pence per unit)[A]				
Net accumulation paid last day of February	2.396939	2.296470	2.251177	N/A
Net accumulation paid 31 May	2.360737	2.273820	2.262090	N/A
Net accumulation paid 31 August		2.350297	2.284585	0.367023
Net accumulation paid 30 November		2.364099	2.325593	2.222268

[A] Units initially issued on 14 June 2023.

Portfolio changes

Largest purchases	Cost (£)
Kreditanstalt Fuer Wiederaufbau 4% 01.07.31	8,952,480
Bank of Nova Scotia FRN 15.09.28	6,500,000
Royal Bank of Canada FRN 20.03.31	6,500,000
Lloyds Bank FRN 18.03.29	6,500,000
Segro 2.875% 11.10.37	5,436,200
Santander UK 5.25% 16.02.29	5,181,050
Lloyds Bank FRN 06.11.30	5,000,000
CIBC FRN 12.09.28	5,000,000
Aroundtown 5.25% 11.12.32	4,888,500
Credit Agricole 6% 22.10.35	4,694,877
Other purchases	95,109,197
Total purchases for the year	153,762,304

Largest sales	Proceeds (£)
European Investment Bank FRN 08.09.25	5,750,000
Segro 2.375% 11.10.29	5,602,800
European Investment Bank FRN 18.01.27	5,068,001
Bayerische Landesbank 5.125% 01.06.26	5,009,600
Deutsche Pfandbriefbank 7.625% 08.12.25	5,000,000
Societe Generale 5.75% 22.01.32	4,133,480
United Overseas Bank FRN 21.09.26	4,013,640
Royal Bank of Canada 3.625% 14.06.27	4,008,980
Volkswagen Financial Services 4.25% 09.10.25	4,000,000
CIBC FRN 15.12.25	4,000,000
Other sales	60,421,043
Total sales for the year	107,007,544

IFSL CHURCH HOUSE INVESTMENT GRADE FIXED INTEREST FUND

AUTHORISED STATUS

IFSL Church House Investment Grade Fixed Interest Fund (the Fund) is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is a UK UCITS scheme under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

GENERAL INFORMATION

Investment objective

The investment objective of the Fund is to provide quarterly income (which is money paid out from your investment, such as interest from bonds) while maintaining capital (the value of your investment) over the long term (at least five years).

Investment policy

The Fund is actively managed, which means the Investment Manager decides which Investments to buy or sell and when.

At least 90% of the Fund is invested directly in bonds (which are loans typically issued by companies and governments), such as:

- Sterling denominated investment grade corporate bonds (including floating rate notes, which are debt instruments with a variable interest rate);
- United Kingdom Government Gilts; and
- Bonds issued by supranational organisations.

Investment grade bonds, for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single independent rating agency at the time of purchase. For bonds which are not rated by an independent ratings agency the Investment Manager will apply a comparable quality rating to determine whether a bond should be classified as investment grade.

The Fund will aim to maintain a minimum asset allocation of 25% to AAA bonds in normal market conditions.

Up to 10% of the Fund may be invested in other assets including: higher income securities, such as preference shares and infrastructure companies; other interest bearing securities such as Treasury bills; and money market instruments (which are short-term loans).

The Fund may also use derivatives (instruments whose returns are linked to another asset or other variable factor such as exchange rates or stock markets) for the purposes of Efficient Portfolio Management, including seeking to hedge the interest rate or credit risk in the Fund. This may be achieved directly, or indirectly through exchange traded notes (ETNs).

The Fund may hold up to 10% in cash to enable the ready settlement of liabilities, for the efficient management of the portfolio or in pursuit of the Fund's investment objective.

Assessing performance

The Investment Association (IA), the trade body for UK investment managers, has created a number of 'sectors', as a way of dividing funds into broad groups with similar characteristics.

The Fund's investment policy puts it in the IA Sterling Corporate Bond sector. The Fund is not managed to a benchmark, however you may want to assess the Fund's performance compared to the performance of this sector.

Rights and terms attaching to each unit class

A unit of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each unit in the event the Fund is wound up are on the same proportional basis.

Assessment of value

The AFM carries out an assessment of value annually and publishes its findings in a summary report. The next report is expected to be published by 31 December 2026 and can be accessed via the AFM's website, https://www.ifslfunds.com/sponsor/church-house-investment-management#sponsor-literature.

Task force on climate-related financial disclosures

A statement of the climate-related financial disclosures is published on the website https://www.ifslfunds.com/tcfd-reporting.

GENERAL INFORMATION

Changes in prospectus

There have been no significant changes since the last annual report.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the AFM's range, can be requested by the investor at any time.

Remuneration policy

In line with the requirements of UCITS V, Investment Fund Services Limited, the Authorised Fund Manager (AFM), is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2025 (the AFM's year end) are set out below:

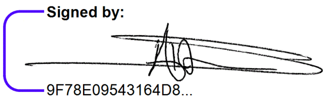
	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund				
Senior management	10	1,327,152	1,078,980	248,172
Risk takers and other identified staff	6	644,746	582,160	62,586
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0.23	30,248	24,592	5,656
Risk takers and other identified staff	0.14	14,695	13,269	1,426

The total number of staff employed by the AFM's group was 154 as at 30 September 2025. The total remuneration paid to those staff was £11,730,432, of which £3,173,764 is attributable to the AFM.

The allocation of remuneration to the Fund is based on Assets Under Management (AUM) and the figures disclosed only include remuneration paid to individuals directly employed by the AFM's group. The way these disclosures are calculated may change in the future.

DIRECTORS' STATEMENT

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



Allan Hamer
Director

Massimiliano Zorza
Director

Investment Fund Services Limited
15 July 2026

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Fund Manager (AFM) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Fund and of the net revenue and net capital losses on the scheme property of the Fund for the year.

In preparing those financial statements the AFM is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The AFM is required to keep proper accounting records and to manage the Fund in accordance with the COLL rules, the Trust Deed and the Prospectus. The AFM is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The AFM is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the AFM to take all necessary steps to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of IFSL Church House Investment Grade Fixed Interest Fund ("the Scheme") for the Year Ended 31 March 2026.

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

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

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

The Trustee must ensure that:

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

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations and the Scheme documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

NatWest Trustee & Depositary Services Limited
15 July 2026

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL CHURCH HOUSE INVESTMENT GRADE FIXED INTEREST FUND

Opinion

We have audited the financial statements of IFSL Church House Investment Grade Fixed Interest Fund ("the Fund") for the year ended 31 March 2026, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the United Kingdom 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 Fund as at 31 March 2026 and of the net revenue and the net capital losses on the scheme property of the Fund for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL CHURCH HOUSE INVESTMENT GRADE FIXED INTEREST FUND

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority ("the FCA")

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 FCA and the Trust Deed; and

- 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 AFM'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 FCA requires us to report to you if, in our opinion:

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

Responsibilities of the Manager

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities set out on page 6, the AFM 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 AFM 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 AFM is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the AFM either intends to wind up or terminate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL CHURCH HOUSE INVESTMENT GRADE FIXED INTEREST FUND

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 Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), the Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.

- We understood how the Fund is complying with those frameworks through discussions with the AFM and the Fund's administrator and a review of the Fund's documented policies and procedures.

- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's opportunity to influence revenue and amounts available for distribution.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journal entries, with a particular focus on manually posted entries and those journals reflecting large and unusual transactions. We also reviewed the reporting to the AFM with respect to the application of the documented policies and procedures and reviewed the financial statements to test compliance with the reporting requirements of the Fund.

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

Ernst & Young LLP
Statutory Auditor
Edinburgh

15 July 2026

Notes:

1. The maintenance and integrity of the Investment Fund Services Limited website is the responsibility of the AFM; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMPARATIVE TABLE

Income units **Change in net assets per unit**	**Year to 31.03.2026 pence**	**Year to 31.03.2025 pence**	**Year to 31.03.2024 pence**
Opening net asset value per unit	105.54	105.94	103.43
Return before operating charges*	5.40	5.55	8.44
Operating charges	(0.91)	(0.90)	(0.89)
Return after operating charges*	4.49	4.65	7.55
Distributions on income units	(4.96)	(5.05)	(5.04)
Closing net asset value per unit	105.07	105.54	105.94
* after direct transaction costs of:	-	-	-
Performance			
Return after charges[A]	4.25%	4.39%	7.30%
Other information			
Closing net asset value	164,905,060	162,449,329	180,995,424
Closing number of units	156,943,683	153,924,285	170,852,152
Operating charges	0.84%	0.84%	0.85%
Direct transaction costs	0.00%	0.00%	0.00%
Prices (pence per unit)			
Highest unit price	114.70	114.00	113.10
Lowest unit price	104.70	104.90	100.10

Accumulation units **Change in net assets per unit**	**Year to 31.03.2026 pence**	**Year to 31.03.2025 pence**	**Year to 31.03.2024 pence**
Opening net asset value per unit	190.30	182.16	169.20
Return before operating charges*	9.78	9.71	14.43
Operating charges	(1.66)	(1.57)	(1.47)
Return after operating charges*	8.12	8.14	12.96
Distributions on accumulation units	(9.09)	(8.84)	(8.54)
Retained distributions on accumulation units	9.09	8.84	8.54
Closing net asset value per unit	198.42	190.30	182.16
* after direct transaction costs of:	-	-	-
Performance			
Return after charges[A]	4.27%	4.47%	7.66%
Other information			
Closing net asset value	51,747,963	42,853,544	37,015,945
Closing number of units	26,080,424	22,519,399	20,320,444
Operating charges	0.84%	0.84%	0.85%
Direct transaction costs	0.00%	0.00%	0.00%
Prices (pence per unit)			
Highest unit price	214.10	201.30	192.10
Lowest unit price	188.70	180.40	166.00

[A] The return after charges is calculated using the underlying investments bid prices.

COMPARATIVE TABLE

XL Institutional Income units **Change in net assets per unit**	**Year to 31.03.2026 pence**	**Year to 31.03.2025 pence**	**Year to 31.03.2024 pence**
Opening net asset value per unit	106.73	106.96	104.27
Return before operating charges*	5.55	5.70	8.54
Operating charges	(0.67)	(0.66)	(0.61)
Return after operating charges*	4.88	5.04	7.93
Distributions on income units	(5.19)	(5.27)	(5.24)
Closing net asset value per unit	106.42	106.73	106.96
* after direct transaction costs of:	-	-	-
Performance			
Return after charges[A]	4.57%	4.71%	7.61%
Other information			
Closing net asset value	128,937,264	116,820,778	82,427,132
Closing number of units	121,157,435	109,457,737	77,063,796
Operating charges	0.53%	0.53%	0.58%
Direct transaction costs	0.00%	0.00%	0.00%
Prices (pence per unit)			
Highest unit price	116.20	115.30	114.20
Lowest unit price	105.90	106.00	101.00

XL Institutional Accumulation units **Change in net assets per unit**	**Year to 31.03.2026 pence**	**Year to 31.03.2025 pence**	**Period to 31.03.2024[B] pence**
Opening net asset value per unit	191.60	182.83	168.40
Return before operating charges*	9.85	9.77	15.21
Operating charges	(1.06)	(1.00)	(0.78)
Return after operating charges*	8.79	8.77	14.43
Distributions on accumulation units	(9.47)	(9.18)	(7.10)
Retained distributions on accumulation units	9.47	9.18	7.10
Closing net asset value per unit	200.39	191.60	182.83
* after direct transaction costs of:	-	-	-
Performance			
Return after charges[A]	4.59%	4.80%	8.57%
Other information			
Closing net asset value	82,311,337	56,870,642	31,909,908
Closing number of units	41,076,131	29,682,707	17,453,498
Operating charges	0.53%	0.53%	0.58%[C]
Direct transaction costs	0.00%	0.00%	0.00%
Prices (pence per unit)			
Highest unit price	216.00	202.50	192.70
Lowest unit price	190.00	181.10	166.10

[A] The return after charges is calculated using the underlying investments bid prices.
[B] Opening net asset value per unit on 14 June 2023 being the first day of issue.
[C] These figures have been annualised.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each unit class in the year. Where it is considered unsuitable to use the total expenses paid by each unit class in the year to calculate the OCF because of material changes to the Fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, www.ifslfunds.com) give an estimate of future costs.

Direct transaction costs are the total charges for the year, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the average net asset value over the year and the average units in issue for the pence per unit figures.

SYNTHETIC RISK AND REWARD INDICATOR (all unit classes)

Lower risk						Higher risk
Typically lower rewards						Typically higher rewards
1	2	3	4	5	6	7

This indicator aims to give you a measure of the price movement of the Fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio are used.

The Fund has been measured as 3 because its investments have experienced low to moderate volatility in the past. During the year the synthetic risk and reward indicator has remained unchanged.

PORTFOLIO STATEMENT
as at 31 March 2026

Holding or nominal value		Bid value £	Percentage of total net assets %
	DEBT SECURITIES (31 March 2025 - 97.24%)		
	AAA to AA (31 March 2025 - 24.85%)		
1,000,000	Bank of Montreal FRN 09.03.27	1,005,570	0.24
6,500,000	Bank of Nova Scotia FRN 15.09.28	6,505,590	1.52
900,000	Barclays Bank UK FRN 13.03.29	900,846	0.21
5,000,000	CIBC FRN 12.09.28	5,004,350	1.17
3,000,000	Clydesdale Bank FRN 22.01.27	2,997,150	0.70
3,157,000	CPPIB Capital 1.125% 14.12.29	2,787,505	0.65
1,000,000	CPPIB Capital 4.5% 22.07.27	997,930	0.23
5,600,000	European Investment Bank 4% 15.02.29	5,520,536	1.29
1,500,000	HSBC FRN 25.08.27	1,504,560	0.35
4,000,000	International Bank for Rec & Dev 3.875% 02.10.28	3,938,400	0.92
6,000,000	International Finance 4.5% 02.10.28	5,990,100	1.40
2,000,000	KFW 3.75% 09.01.29	1,959,580	0.46
3,000,000	KFW 3.75% 30.07.27	2,968,830	0.69
4,000,000	KFW 3.875% 01.10.29	3,916,320	0.92
9,000,000	Kreditanstalt Fuer Wiederaufbau 4% 01.07.31	8,740,530	2.04
2,800,000	Leeds Building Society FRN 15.08.30	2,802,016	0.65
5,000,000	Lloyds Bank FRN 06.11.30	5,000,550	1.17
6,500,000	Lloyds Bank FRN 18.03.29	6,498,765	1.52
4,000,000	National Westminster Bank FRN 28.03.29	4,002,200	0.94
3,000,000	Nationwide Building Society 4.125% 21.10.30	2,931,540	0.69
4,000,000	Nationwide Building Society FRN 14.01.30	4,009,440	0.94
4,000,000	Nationwide Building Society FRN 24.02.31	3,978,280	0.93
5,000,000	New York Life Global Funding 4.95% 07.12.29	4,999,700	1.17
2,000,000	Royal Bank of Canada FRN 18.03.27	2,004,240	0.47
6,500,000	Royal Bank of Canada FRN 20.03.31	6,497,140	1.52
5,000,000	Santander UK 5.25% 16.02.29	5,060,500	1.18
3,500,000	Santander UK FRN 12.07.27	3,506,230	0.82
5,000,000	Toronto-Dominion Bank FRN 12.06.28	5,022,250	1.17
2,000,000	TSB Bank FRN 15.09.28	2,007,840	0.47
3,000,000	Yorkshire Building Society FRN 16.06.28	3,004,200	0.70
	Total AAA to AA	116,062,688	27.13
	AA- to A+ (31 March 2025 - 7.16%)		
3,000,000	Bank of America 7% 31.07.28	3,123,630	0.73
1,600,000	Land Securities Capital Markets 4.75% 18.09.31	1,556,640	0.36
2,000,000	NatWest Markets 6.375% 08.11.27	2,035,560	0.48
5,000,000	Pacific Life Global Funding II 5.375% 30.11.28	5,019,650	1.17
4,100,000	Royal Bank of Canada 5.1% 10.10.31	4,064,125	0.95
3,000,000	Royal Bank of Canada 4.875% 01.11.30	2,962,710	0.69
2,500,000	Toyota Motor Finance (Netherlands) 4.75% 22.10.29	2,473,050	0.58
	Total AA- to A+	21,235,365	4.96
	A to A- (31 March 2025 - 17.59%)		
5,000,000	3i Group 3.75% 05.06.40	3,790,250	0.89
3,000,000	British Land Company 5.25% 14.04.32	2,963,700	0.69
4,000,000	Crédit Agricole 5.375% 15.01.29	4,005,000	0.94
5,000,000	Crédit Agricole 5.5% 31.07.32	4,981,250	1.16
4,000,000	Danske Bank 5% 13.09.33	3,870,000	0.90
1,500,000	Direct Line Insurance Group 4% 05.06.32	1,357,560	0.32
4,000,000	HSBC Holdings 5.29% 16.09.32	3,945,000	0.92
5,300,000	John Deere Bank 5.125% 18.10.28	5,334,291	1.25
3,000,000	KBC Group 5.5% 20.09.28	3,011,250	0.70
3,700,000	LSEGA Financing 4.875% 19.09.32	3,593,329	0.84
3,000,000	Morgan Stanley 5.213% 24.10.35	2,876,670	0.67
3,000,000	Motability Operations Group 1.75% 03.07.29	2,700,810	0.63
3,000,000	NatWest Group 3.619% 29.03.29	2,906,250	0.68
2,000,000	Northern Powergrid (Yorkshire) 5.875% 04.11.55	1,822,720	0.43
2,584,000	Prudential 6.125% 19.12.31	2,638,161	0.62

PORTFOLIO STATEMENT
as at 31 March 2026

Holding or nominal value		Bid value £	Percentage of total net assets %
	DEBT SECURITIES (continued)		
	A to A- (continued)		
7,000,000	Rio Tinto Finance 4% 11.12.29	6,746,950	1.58
1,000,000	Schroders 6.346% 18.07.34	1,017,030	0.24
7,000,000	Segro 2.875% 11.10.37	5,137,580	1.20
6,000,000	The Goldman Sachs Group 7.25% 10.04.28	6,229,980	1.46
2,000,000	UBS Group 2.25% 09.06.28	1,935,000	0.45
3,000,000	UBS Group 7% 30.09.27	3,030,930	0.71
	Total A to A-	73,893,711	17.28
	BBB+ to BBB (31 March 2025 - 39.65%)		
2,000,000	ABP Finance 5.875% 19.06.37	1,935,760	0.45
5,000,000	Aroundtown 5.25% 11.12.32	4,641,900	1.08
2,606,000	AT&T 4.25% 01.06.43	1,968,911	0.46
3,000,000	Aviva 4.375% 12.09.49	2,863,860	0.67
3,000,000	Aviva 5.125% 04.06.50	2,917,530	0.68
3,000,000	Aviva 6.125% 12.09.54	2,954,880	0.69
4,000,000	Aviva 6.875% 27.11.53	4,140,000	0.97
3,500,000	Barclays 5.746% 31.07.32	3,497,165	0.82
7,000,000	Barclays 5.851% 21.03.35	6,924,820	1.62
2,000,000	Barclays 7.09% 06.11.29	2,075,460	0.49
2,400,000	Bazalgette Holdings 5.5% 02.07.33	2,341,608	0.55
5,000,000	BP Capital Markets 4.25% Perp	4,925,000	1.15
6,000,000	BP Capital Markets 6% Perp	5,985,000	1.40
3,000,000	Bupa Finance 6.625% 18.11.45	2,882,490	0.67
10,000	Close Brothers Finance 2.75% 19.10.26	9,849	-
4,000,000	Commerzbank 5% 15.10.31	3,905,000	0.91
2,500,000	Coventry Building Society 7% 07.11.27	2,528,875	0.59
4,700,000	Credit Agricole 6% 22.10.35	4,729,375	1.11
1,000,000	Hammerson 5.875% 08.10.36	956,310	0.22
1,000,000	Heathrow Airport Holdings 5.875% 13.05.41	930,590	0.22
5,925,000	Heathrow Funding 2.75% 09.08.49	3,171,475	0.74
2,629,000	Heathrow Funding 6.75% 03.12.26	2,655,001	0.62
1,500,000	Hiscox 6% 22.09.27	1,511,550	0.35
2,500,000	Inchcape 6.5% 09.06.28	2,539,225	0.59
4,000,000	ING Groep 6.25% 20.05.33	4,045,000	0.95
2,500,000	InterContinental Hotels Group 3.375% 08.10.28	2,376,800	0.56
3,600,000	Investec 9.125% 06.03.33	3,795,552	0.89
2,000,000	Legal & General Group 5.625% Perp	1,850,000	0.43
3,000,000	Legal & General Group 6.625% 01.04.55	3,037,500	0.71
3,000,000	Lloyds Banking Group 2.707% 03.12.35	2,620,860	0.61
3,000,000	Lloyds Banking Group 6.625% 02.06.33	3,057,390	0.71
3,000,000	M&G 5% 20.07.55	2,788,530	0.65
4,524,000	M&G 5.625% 20.10.51	4,421,667	1.03
1,500,000	National Gas Transmission 5.75% 05.04.35	1,480,920	0.35
1,000,000	National Grid 3.5% 16.10.26	992,580	0.23
2,000,000	National Grid Electricity Transmission 2% 16.09.38	1,266,760	0.30
4,000,000	Nationwide Building Society 5.5% 14.07.36	3,912,640	0.91
3,500,000	Pension Insurance Corporation 3.625% 21.10.32	3,004,015	0.70
3,500,000	Pension Insurance Corporation 6.875% 15.11.34	3,501,155	0.82
3,000,000	Phoenix Group Holdings 5.625% 28.04.31	2,931,780	0.69
2,500,000	Rothesay Life 7.019% 10.12.34	2,556,150	0.60
3,500,000	Rothesay Life 7.734% 16.05.33	3,727,430	0.87
4,000,000	Rothesay Life 5% Perp	3,465,000	0.81
4,000,000	Santander UK Group Holdings 7.098% 16.11.27	4,049,480	0.95
1,350,000	Scotland Gas Networks 3.25% 08.03.27	1,327,603	0.31
4,000,000	Societe Generale 5.637% 09.09.32	3,975,000	0.93
250,000	SSE 8.375% 20.11.28	269,265	0.06
8,340,000	Standard Chartered 5.125% 06.06.34	7,797,650	1.82
4,000,000	TRATON Finance Luxembourg 5.625% 16.01.29	3,994,640	0.93

PORTFOLIO STATEMENT
as at 31 March 2026

Holding or nominal value		Bid value £	Percentage of total net assets %
	DEBT SECURITIES (continued)		
	BBB+ to BBB (continued)		
4,000,000	United Utilities Water Finance 5.75% 28.05.51	3,447,920	0.81
3,380,000	Verizon Communications 3.375% 27.10.36	2,674,932	0.63
1,500,000	Virgin Money UK 2.625% 19.08.31	1,495,410	0.35
1,500,000	Volkswagen Financial Services 5.875% 23.05.29	1,513,425	0.35
6,200,000	Whitbread Group 3% 31.05.31	5,408,260	1.26
5,000,000	Whitbread Group 5.5% 31.05.32	4,873,000	1.14
2,250,000	Yorkshire Building Society 6.375% 15.11.28	2,280,623	0.53
3,000,000	Yorkshire Building Society 7.375% 12.09.27	3,030,030	0.71
	Total BBB+ to BBB	173,960,601	40.65
	BBB- to Unrated (31 March 2025 - 7.99%)		
4,500,000	Berkeley Group 2.5% 11.08.31	3,781,485	0.88
4,000,000	Heathrow Funding 5.625% 05.02.34	3,820,280	0.89
3,184,000	Heathrow Funding 6% 05.03.32	3,174,289	0.74
1,500,000	J Sainsbury 5.625% 29.01.35	1,460,025	0.34
6,500,000	SSE 3.74% Perp	6,487,000	1.52
2,000,000	Tesco Corporate Treasury Services 1.875% 02.11.28	1,847,400	0.43
2,500,000	Tesco Corporate Treasury Services 5.125% 22.05.34	2,366,075	0.55
3,000,000	Tesco Corporate Treasury Services 5.5% 27.02.35	2,889,780	0.68
1,500,000	TP ICAP Finance 7.875% 17.04.30	1,581,780	0.37
4,500,000	Verizon Communications 5.7427% 15.08.56	4,279,365	1.00
	Total BBB- To Unrated	31,687,479	7.40
	Total Debt Securities	416,839,844	97.42
	CLOSED END INVESTMENTS (31 March 2025 - 1.19%)		
2,000,499	GCP Infrastructure Investments	1,432,357	0.33
	Total Closed End Investments	1,432,357	0.33
	COLLECTIVE INVESTMENT SCHEMES (31 March 2025 - 0.54%)		
30,000	WisdomTree Gilts 10Y 3x Daily Short ETF	2,202,600	0.51
	Total Collective Investment Schemes	2,202,600	0.51
	Portfolio of investments	420,474,801	98.26
	Net other assets	7,426,823	1.74
	Total net assets	427,901,624	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

STATEMENT OF TOTAL RETURN
for the year ended 31 March 2026

	Notes	31 March 2026		31 March 2025	
		£	£	£	£
Income:					
Net capital losses	4		(1,251,508)		(9,240)
Revenue	6	20,675,062		19,025,180	
Expenses	7	(2,872,403)		(2,653,667)	
Net revenue before taxation		17,802,659		16,371,513	
Taxation	8	-		-	
Net revenue after taxation			17,802,659		16,371,513
Total return before distributions			16,551,151		16,362,273
Distributions	9		(19,224,433)		(17,676,019)
Change in net assets attributable to unitholders from investment activities			(2,673,282)		(1,313,746)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
for the year ended 31 March 2026

	31 March 2026		31 March 2025	
	£	£	£	£
Opening net assets attributable to unitholders		378,994,293		332,348,409
Amounts receivable on issue of units	106,194,500		107,269,348	
Amounts payable on cancellation of units	(60,154,169)		(63,780,345)	
Amounts receivable/(payable) on unit class conversions	33		(305)	
		46,040,364		43,488,698
Change in net assets attributable to unitholders from investment activities		(2,673,282)		(1,313,746)
Retained distribution on accumulation units		5,540,249		4,470,932
Closing net assets attributable to unitholders		427,901,624		378,994,293

BALANCE SHEET
as at 31 March 2026

	Notes	31 March 2026	31 March 2025
		£	£
Assets:			
Fixed Assets:			
Investments	17	420,474,801	375,105,070
Current Assets:			
Debtors	10	8,716,153	9,373,584
Cash and cash equivalents	12	4,012,322	4,334,452
Total assets		433,203,276	388,813,106
Liabilities:			
Creditors:			
Bank overdrafts	12	-	1,135,541
Distribution payable on income units		3,441,270	3,293,917
Other creditors	11	1,860,382	5,389,355
Total liabilities		5,301,652	9,818,813
Net assets attributable to unitholders		427,901,624	378,994,293

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026

1 ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 ("FRS 102") and in accordance with the Statement of Recommended Practice ("SORP") for UK Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

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 for at least the next twelve months from the date these financial statements are authorised for issue. The Authorised Fund Manager (AFM) 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.

Revenue
Dividends from quoted ordinary securities are recognised when the security is quoted ex-dividend.

Interest on debt securities is recognised on an accruals basis. Accrued interest purchased and sold on debt securities is excluded from the capital cost of these securities and is treated as revenue. Interest earned from debt securities is accounted for on an effective yield basis. Effective yield is where the interest arising on the security that is purchased at a discount or premium to the maturity value is amortised and recognised at a consistent rate over the life of the security.

Dividends from non-quoted securities are recognised when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

Allocation of revenue
Revenue, attributable after expenses to multiple unit classes, with the exception of the AFM's periodic charge, which is directly attributable to individual unit classes, is allocated to unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the revenue is incurred.

Expenses
All expenses, other than those relating to purchase and sale of investments, are split equally between capital and revenue on an accruals basis.

Distributions from Collective Investment Schemes
Distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of revenue included in the price paid for the shares. Equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit.

Valuation
The valuation point was 12:00 on 31 March 2026 being the last valuation point of the accounting year.

Listed investments are valued at fair value which is the bid price.

Where applicable, investment valuations exclude any element of accrued revenue.

Investments in collective investment schemes have been valued at cancellation price for dual-priced funds or the single price for single priced funds, using the latest available published prices at the period end.

Taxation
Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

Exchange rates
Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 31 March 2026 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026

2 DISTRIBUTION POLICIES

The distribution policy of the Fund is to distribute or accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. Revenue recognised from holdings in accumulation shares in collective investment schemes is included in the amount available for distribution.

During the year, the Fund was more than 60% invested in qualifying investments (as defined by SI 2006/964, Reg. 20) and therefore qualified as a bond fund. The Fund paid interest distributions.

It should be noted that the 60% test must be passed at all times during a distribution period if a fund is to qualify as a bond fund. Because the 60% test is conducted on a distribution period basis, it is possible for a fund to be a bond fund for part of its accounting period and an equity fund for the remainder. In this case, the interim and final distributions will be taken separately and will receive either dividend or interest treatment as appropriate.

Equalisation

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

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities held in accordance with the investment objectives and policies together with cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued income.

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

The Fund is managed according to COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) the authorised funds are required to comply with a number of investment rules that require the spreading of risk.

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 AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Foreign currency risk

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as some of the Fund's assets and income may be denominated in currencies other than sterling which is the Fund's functional currency.

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

Credit and counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the AFM as an acceptable counterparty.

The Fund invests in fixed interest bonds, which are generally viewed as lower-risk investments than equities. However the solvency of organisations with whom the Fund invests cannot be guaranteed, and any difficulty may adversely affect the Fund's performance. Although bonds have a fixed coupon or interest payment, the Fund will be buying and selling bonds on a regular basis, and so the overall level of income will fluctuate.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026

RISK MANAGEMENT POLICIES (continued)

Credit and counterparty risk (continued)

Lower graded bonds may have a higher risk of the issuer failing to meet its income or capital repayments when due.

Interest rate risk
Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

The Fund invests in fixed and floating rate securities. The income of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the fund manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Liquidity risk
The Fund's assets comprise mainly of readily realisable securities. The main liability of the Fund is the redemption of any units that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Fund's assets is regularly reviewed by the AFM.

4 NET CAPITAL LOSSES	31 March 2026 £	31 March 2025 £
The net losses on investments during the year comprise:		
Non-derivative securities losses	(1,249,831)	(7,953)
Other currency gains/(losses)	648	(197)
Transaction charges	(2,325)	(1,090)
Net capital losses	(1,251,508)	(9,240)

5 PURCHASES, SALES AND TRANSACTION COSTS		31 March 2026 £	31 March 2025 £
Purchases excluding transaction costs:			
Debt securities		153,762,304	133,078,633
		153,762,304	133,078,633
Total purchases transaction costs		-	-
Purchases including transaction costs		153,762,304	133,078,633
Sales excluding transaction costs:			
Collective Investment Schemes		-	748,000
Debt securities		103,682,760	73,934,389
Equities		3,324,789	312,784
		107,007,549	74,995,173
Equities:	Commissions	-	-
	Taxes and other charges	(5)	(3)
Total sales transaction costs		(5)	(3)
Sales net of transaction costs		107,007,544	74,995,170
Sales transaction costs expressed as a percentage of the principal amount:			
Commissions		0.00%	0.00%
Taxes and other charges		0.00%	0.00%
Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:			
Commissions		0.00%	0.00%
Taxes and other charges		0.00%	0.00%
		0.00%	0.00%

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the Fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

	31 March 2026	31 March 2025
Transaction handling charges		
These are charges payable to the Custodian in respect of each transaction:	2,325	1,090

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026

PURCHASES, SALES AND TRANSACTION COSTS

Average portfolio dealing spread
This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date	0.39%	0.34%

6 REVENUE

	31 March 2026 £	31 March 2025 £
UK dividends	136,669	106,878
UK dividends (unfranked)	63,243	68,435
Overseas dividends	210,035	233,922
Interest on debt securities	20,013,442	18,432,341
Bank interest	251,673	183,604
Total revenue	20,675,062	19,025,180

7 EXPENSES

	31 March 2026 £	31 March 2025 £
Payable to the AFM or associate:		
AFM's periodic charge	2,711,310	2,496,765
Registration fees	2,264	2,456
KIID fee	1,197	1,187
	2,714,771	2,500,408
Other expenses:		
Trustee's fees	91,911	83,962
Safe custody fees	26,044	15,055
Financial Conduct Authority fee	153	153
Audit fee	10,668	9,374
Bank interest	28,856	44,715
	157,632	153,259
Total expenses	2,872,403	2,653,667

8 TAXATION

		31 March 2026 £	31 March 2025 £
a	Analysis of the tax charge for the year		
	UK corporation tax at 20%	-	-
	Total tax charge for the year (see note 8(b))	-	-

b Factors affecting the tax charge for the year
The taxation assessed for the year is lower (2025: lower) than the standard rate of corporation tax in the UK for a unit trust 20% (2025: 20%). The differences are explained below:

Net revenue before taxation	17,802,659	16,371,513
UK corporation tax at 20% (2025: 20%)	3,560,532	3,274,303
Effects of:		
Revenue not subject to taxation	(69,341)	(68,160)
Interest distribution allowable for taxation	(3,491,191)	(3,206,143)
Total tax charge for the year (see note 8(a))	-	-

c Provision for deferred taxation
No provision for deferred tax has been made in the current or prior accounting year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026

9 DISTRIBUTIONS

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

	31 March 2026	31 March 2025
	£	£
First quarter	4,700,183	4,409,875
Second quarter	4,812,772	4,482,615
Third quarter	4,942,697	4,522,662
Final	5,001,095	4,461,536
Deduct: Amounts received on issue of units	(617,531)	(577,997)
Add: Amounts deducted on cancellation of units	385,186	377,634
Equalisation on conversions	33	(305)
Revenue brought forward	(2)	(1)
Distributions	19,224,433	17,676,019
Net revenue after taxation	17,802,659	16,371,513
Add: AFM's periodic charge to capital	1,421,774	1,304,506
	19,224,433	17,676,019

10 DEBTORS

	31 March 2026	31 March 2025
	£	£
Amounts receivable for issue of units	814,393	909,742
Sales awaiting settlement	-	1,508,175
Accrued income	7,901,760	6,955,667
Total debtors	8,716,153	9,373,584

11 OTHER CREDITORS

	31 March 2026	31 March 2025
	£	£
Amounts payable for cancellation of units	1,592,849	686,527
Purchases awaiting settlement	-	4,460,535
AFM's periodic charge and other fees	243,788	217,721
Accrued expenses	23,745	24,572
Total other creditors	1,860,382	5,389,355

12 CASH AND CASH EQUIVALENTS

	31 March 2026	31 March 2025
	£	£
Cash and bank balances	4,012,322	4,334,452
Bank overdrafts	-	(1,135,541)
Total cash and cash equivalents	4,012,322	3,198,911

13 RELATED PARTIES

The AFM is involved in all transactions in the units of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due from/to the AFM in respect of unit transactions at the year end are disclosed in notes 10 and 11, respectively. Amounts paid to the AFM in respect of the AFM's periodic charge and registration fees are disclosed in note 7. Amounts due (to)/from the AFM at the year end are £(1,022,244) (2025: £5,494).

14 UNIT CLASSES

The unit classes in issue for the Fund and the annual management charge for each unit class at the year end is as follows:

Income / Accumulation	0.81%
XL Institutional Income / Accumulation	0.50%

15 UNITHOLDERS' FUNDS RECONCILIATION

During the year the AFM has issued, cancelled and converted units from one unit class to another as set out below:

	Income	Accumulation
Opening units in issue at 1 April 2025	153,924,285	22,519,399
Units issued	24,728,731	7,886,118
Units cancelled	(21,789,673)	(4,355,373)
Units converted	80,340	30,280
Closing units in issue at 31 March 2026	156,943,683	26,080,424

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026

UNITHOLDERS' FUNDS RECONCILIATION (continued)

	XL Institutional Income	XL Institutional Accumulation
Opening units in issue at 1 April 2025	109,457,737	29,682,707
Units issued	31,873,835	14,790,061
Units cancelled	(20,139,258)	(3,342,762)
Units converted	(34,879)	(53,875)
Closing units in issue at 31 March 2026	121,157,435	41,076,131

16 RISK DISCLOSURES

Market price risk sensitivity
A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net assets by £21,023,740 (2025: £18,755,254). A five per cent decrease would have an equal and opposite effect.

Interest rate risk

The interest rate risk profile of financial assets and liabilities consists of the following:

	31 March 2026 £	31 March 2025 £
Financial assets floating rate[A]	70,263,539	60,135,425
Financial assets interest bearing instruments	350,588,627	312,754,241
Financial assets non-interest bearing instruments	12,351,110	15,923,440
Financial liabilities floating rate[A]	-	(1,135,541)
Financial liabilities non-interest bearing instruments	(5,301,652)	(8,683,272)
	427,901,624	378,994,293

[A] Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

Interest rate risk sensitivity
Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A half of one per cent increase in interest rates would have the effect of decreasing the return and net assets by £7,267,187 (2025: £5,966,107). A half of one per cent decrease would have an equal and opposite effect.

Debt security credit analysis

	31 March 2026 £	31 March 2025 £
Investments of investment grade	416,839,844	368,555,214
Investments below investment grade	-	-
Unrated	-	-
	416,839,844	368,555,214

Liquidity risk

The following table provides a maturity analysis of the Fund's financial liabilities:

		31 March 2026 £	31 March 2025 £
On demand:	Bank overdrafts	-	1,135,541
Within one year:	Distribution payable on income units	3,441,270	3,293,917
	Other creditors	1,860,382	5,389,355
		5,301,652	9,818,813

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

	31 March 2026		31 March 2025	
Basis of valuation	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	3,634,957	-	6,549,856	-
Level 2 - Observable market data	416,839,844	-	368,555,214	-
Level 3 - Unobservable data	-	-	-	-
	420,474,801	-	375,105,070	-

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:
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; and
Level 3 - Valuation techniques using unobservable inputs.

18 POST BALANCE SHEET EVENTS

Since 31 March 2026, the Net Asset Value per unit has changed as follows:

	Net Asset Value (pence per unit)		
	31 March 2026[A]	13 July 2026	Movement (%)
Income	106.30	106.10	(0.19)%
Accumulation	198.50	202.60	2.07%
XL Institutional Income	107.70	107.50	(0.19)%
XL Institutional Accumulation	200.40	204.80	2.20%

[A] These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

IFSL CHURCH HOUSE INVESTMENT GRADE FIXED INTEREST FUND

DISTRIBUTION TABLE

First quarter distribution for the period from 1 April 2025 to 30 June 2025

Group 1: units purchased prior to 1 April 2025
Group 2: units purchased on or after 1 April 2025

		Gross revenue 30 June 2025 pence per unit	Equalisation 30 June 2025 pence per unit	Distribution paid 31 August 2025 pence per unit	Distribution paid 31 August 2024 pence per unit
Income	Group 1	1.253680	-	1.253680	1.275631
	Group 2	0.598733	0.654947	1.253680	1.275631
Accumulation	Group 1	2.259951	-	2.259951	2.194982
	Group 2	1.135564	1.124387	2.259951	2.194982
XL Institutional Income	Group 1	1.310177	-	1.310177	1.333721
	Group 2	0.605359	0.704818	1.310177	1.333721
XL Institutional Accumulation	Group 1	2.350297	-	2.350297	2.284585
	Group 2	1.272458	1.077839	2.350297	2.284585

Second quarter distribution for the period from 1 July 2025 to 30 September 2025

Group 1: units purchased prior to 1 July 2025
Group 2: units purchased on or after 1 July 2025

		Gross revenue 30 September 2025 pence per unit	Equalisation 30 September 2025 pence per unit	Distribution paid 30 November 2025 pence per unit	Distribution paid 30 November 2024 pence per unit
Income	Group 1	1.244557	-	1.244557	1.289124
	Group 2	0.541045	0.703512	1.244557	1.289124
Accumulation	Group 1	2.269689	-	2.269689	2.242705
	Group 2	1.040721	1.228968	2.269689	2.242705
XL Institutional Income	Group 1	1.302052	-	1.302052	1.344471
	Group 2	0.531215	0.770837	1.302052	1.344471
XL Institutional Accumulation	Group 1	2.364099	-	2.364099	2.325593
	Group 2	0.870520	1.493579	2.364099	2.325593

Third quarter distribution for the period from 1 October 2025 to 31 December 2025

Group 1: units purchased prior to 1 October 2025
Group 2: units purchased on or after 1 October 2025

		Gross revenue 31 December 2025 pence per unit	Equalisation 31 December 2025 pence per unit	Distribution paid 28 February 2026 pence per unit	Distribution paid 28 February 2025 pence per unit
Income	Group 1	1.246412	-	1.246412	1.255568
	Group 2	0.544212	0.702200	1.246412	1.255568
Accumulation	Group 1	2.299813	-	2.299813	2.211313
	Group 2	1.287969	1.011844	2.299813	2.211313
XL Institutional Income	Group 1	1.304434	-	1.304434	1.311316
	Group 2	0.766548	0.537886	1.304434	1.311316
XL Institutional Accumulation	Group 1	2.396939	-	2.396939	2.296470
	Group 2	1.253919	1.143020	2.396939	2.296470

DISTRIBUTION TABLE

Final distribution for the period from 1 January 2026 to 31 March 2026

Group 1: units purchased prior to 1 January 2026
Group 2: units purchased on or after 1 January 2026

		Gross revenue 31 March 2026 pence per unit	Equalisation 31 March 2026 pence per unit	Distribution paid 31 May 2026 pence per unit	Distribution paid 31 May 2025 pence per unit
Income	Group 1	1.212632	-	1.212632	1.227748
	Group 2	0.605226	0.607406	1.212632	1.227748
Accumulation	Group 1	2.262714	-	2.262714	2.187833
	Group 2	1.171929	1.090785	2.262714	2.187833
XL Institutional Income	Group 1	1.269521	-	1.269521	1.282790
	Group 2	0.642155	0.627366	1.269521	1.282790
XL Institutional Accumulation	Group 1	2.360737	-	2.360737	2.273820
	Group 2	1.729291	0.631446	2.360737	2.273820

Registered Office: Investment Fund Services Limited
Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

Investor Support: (0808) 178 9321 (FREEPHONE)
Overseas: +44 1204 803932
Email: enquiries@service.ifslfunds.com
Website: www.ifslfunds.com

Investment Fund Services