

# **Annual Report & Accounts**

**Newton SRI Fund for Charities**

**31 March 2022**

## Newton SRI Fund for Charities - Annual Report & Accounts

### Table of Contents

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Introduction	3
Performance and Fund Report	4
Statistics	8
Portfolio Statement	10
Financial Statements	13
Distribution Statements	14
Notes to the Financial Statements	16
Statement of the Manager's Responsibilities and Directors' Statement	26
Statement of the Trustee's Responsibilities and Report of the Trustee	27
Independent Auditor's Report to the Unitholders	28
Additional Information	30
Glossary	32
Management and Professional Services	33

## **Newton SRI Fund for Charities - Annual Report & Accounts**

### **Introduction**

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This is the annual report for Newton SRI Fund for Charities for the year ended 31 March 2022.

Newton SRI Fund for Charities (the "Fund") is authorised by the FCA as a Non-UCITS Retail Scheme under the Regulations. Upon the Manager managing the Fund under the provision of the Alternative Investment Fund Managers Directive, the Fund will constitute, for the purposes of the Alternative Investment Fund Managers Directive, an Alternative Investment Fund.

#### **Value assessment and report**

BNY Mellon Fund Managers Limited published a consolidated assessment of value report which included this Fund in July 2021. This report is available to view on [www.bnymellonim.com](http://www.bnymellonim.com). An updated report will be published in July 2022.

## Newton SRI Fund for Charities - Annual Report & Accounts

### Performance and Fund Report

for the year ended 31 March 2022

#### General Information

Investment Adviser:	Newton Investment Management Limited
Fund Size:	£111.66m
Comparative Index:	37.5% FTSE All-Share TR Index/ 37.5% FTSE World ex UK TR Index/ 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index/ 5% SONIA 7-Day Compounded
Key Dates: Fund Launch	17 May 2010

#### Investment Objective

The Fund aims to achieve a balance between capital growth and income for investors which are Charities, over the long term (5 years or more).

#### Investment Policy

The Fund is actively managed and invests in equities (company shares) and fixed income securities (bonds) issued by companies and governments globally, screened against negative criteria\*, which seek to identify and avoid issuers that participate in specific areas of activity that are not considered to be suitable investments for the Fund.

The investment universe will be determined through the Investment Manager's investment process and socially responsible investment (SRI) screening by reference to the Negative Criteria (the screening is provided by an external research provider). The three components of the Investment Manager's investment process are (i) building a strategic framework, (ii) undertaking global analysis and research and (iii) constructing a portfolio to meet specific client obligations.

The Fund will typically invest in a range of asset classes to include UK company shares, overseas company shares, UK and overseas bonds (including government and corporate bonds). The Fund may gain exposure to infrastructure, renewable energy, property or commodities indirectly through exchange listed securities and/or collective investment schemes. In addition, the Fund may invest in cash (including, but not limited to commercial paper and certificates of deposit) and in collective investment schemes (including other investment funds managed by the Manager or its associates).

The Fund is not permitted to use derivatives (including currency forward contracts).

\*Further details of the negative criteria are available in appendix 5 of the prospectus.

#### Statutory Performance Data

From	31/03/2021	31/03/2020	31/03/2019
To	31/03/2022	31/03/2021	31/03/2020
Sterling Accumulation	7.64%	31.73%	-5.23%
Sterling Income	7.64%	31.63%	-5.24%
X (Accumulation)	8.34%	32.38%	-4.71%
X (Income)^	8.34%	n/a	n/a
37.5% FTSE All-Share TR Index/ 37.5% FTSE World ex UK TR Index/ 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index/ 5% SONIA 7-Day Compounded*	9.25%	23.42%	-6.54%

^Full 3 year performance data is not available. For unit class launch and closure dates, please refer to the Statistics section on pages 8 to 9.

\*Effective 1 October 2021, the benchmark changed from the London Interbank Bid Rate (LIBID) to the Sterling Overnight Index Average (SONIA). All benchmark past performance prior to this date was calculated against LIBID.

Source: Lipper as at 31 March 2022 Total return, including gross income reinvested, net of annual charges and excluding initial charge. All figures are in GBP terms.

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

## Newton SRI Fund for Charities - Annual Report & Accounts

### Performance and Fund Report

(continued)

#### Fund Report

##### Attribution

Global equities advanced over the start of the review period as the accelerating rollout of Covid-19 vaccination programmes, and the promising results witnessed in those countries furthest ahead in this process, bolstered investors' risk appetite. This was tempered later in the period by the influence of *monetary policy* accommodation, which had undoubtedly been a critical support for financial-asset prices, taking a somewhat different turn as investors began to anticipate a dialling back of the exceptional levels of *monetary stimulus*.

As 2021 progressed, the inflation debate remained a high-profile and contentious issue, with a series of elevated data points prompting many to question the narrative that this phase would be transitory. Given the inextricable linkage with the direction of *monetary policy*, which had been such a prominent support to asset prices since the pandemic began, this became a key factor driving sentiment. Other challenges included new Covid-19 variants, which threatened to undermine global growth. Sentiment was also roiled by the Chinese government's decision to launch fresh interventions across several sectors, the most significant, in terms of market impact, being the major technology platforms.

The picture for equity markets was muddied further when Jerome Powell, Chair of the US Federal Reserve (Fed), surprised markets by embracing a more *hawkish* tone with regard to the tapering of the Fed's asset-purchase programme.

The start of 2022 was the most challenging period faced by *equity* investors since the outbreak of the Covid-19 pandemic two years ago. While Russia's invasion of Ukraine at the end of February was the defining *geopolitical* and economic event and an obvious catalyst for *equity* market weakness, equity indices had already been under considerable pressure throughout January. The proximate cause was tightening US *monetary policy*, as the Fed, having fallen 'behind the curve' in addressing inflationary pressures, signalled that US interest-rate rises would now come earlier, and potentially be more aggressive, than previously foreshadowed. Such a course of action drove government bond *yields* steeply higher, and in the equity market, put acute pressure on long-duration equities. However, many of these names moderated their losses by meaningfully participating in a broader rally which developed towards the end of the first quarter of 2022 as indices bounced.

Against this backdrop, the Fund produced a positive return over the reporting period (+7.64%\* - Newton SRI Fund for Charities Sterling Income Unit Class), but underperformed its performance benchmark (+9.25%\*\*). Asset allocation was positive, owing mainly to the Fund's underweight position in *bonds*, but this was outweighed by stock disappointments within *equities*.

Within financials, holdings in Prudential, Ping An Insurance of China and AIA were affected by weaker sales in Hong Kong owing to border closures and the contagion effect from weaker sentiment for China growth and the threat of government intervention.

While the Fund's holding in BHP did perform well, not owning Shell and Glencore, which also benefitted from higher commodity prices, was negative for relative performance.

Japanese medical-services company M3 retreated despite quarterly results being in line with expectations. Slowing revenue growth in its medical platform represented a potential source of disappointment for investors. Associated British Foods also moved lower as consumer sentiment took a hit following Russia's invasion of Ukraine. Concern around *inflationary* pressures also weighed on shares.

In a strong demand environment for electric vehicles, the price of lithium significantly increased over the year. This benefited the holding in lithium producer, Albemarle, as the return profile of its growth projects and current contract pricing received a firm underpinning.

Alphabet, the parent company of Google, performed well as the company issued good results in which revenue easily surpassed expectations, with search a specific area of strength. Microsoft also continued to report good results and is well positioned in key secular-growth markets.

RELX contributed as investor confidence in a recovery in exhibitions gathered pace. First-half results were better than expected, with the organic growth displayed by the STM (Scientific, Technical & Medical) segment a particular standout. Laureate Education also performed well on the announcement that it is increasing its share-buyback programme.

##### Activity Review

Within the industrials sector, we sold the holding in CRH following strong performance. *Margins* in the business have been expanding and we became concerned that higher raw-material costs might weigh on profitability. We used the proceeds to buy equipment-rental business Ashtead. We believe that construction spending in the US should be relatively well supported by potential fiscal measures and by an ageing infrastructure which needs updating. Ashtead is the market-leading rental business in the US, offering customers a low-cost alternative to owning and maintaining their own equipment. We switched the holding in French low-voltage equipment producer Legrand into Hubbell, to reduce the Fund's European industrial exposure and increase US exposure. Hubbell is a company that designs, manufactures and sells electrical and electronic products for construction, industrial and utility applications. The stock provides quality exposure to US utility capital expenditure and should also benefit from broader electrification tailwinds as highlighted by Newton's 'Earth matters' theme.

Elsewhere in the sector, we purchased Trane Technologies, a leading manufacturer of commercial and residential HVAC (heating, ventilation and air conditioning) systems and controls, following significant share-price weakness, as the valuation of the stock had declined in the higher interest-rate environment. Looking ahead, we believe the stock has significant secular tailwinds as demand for the company's products, which offer energy efficiency and other environmental benefits, could grow strongly against a backdrop of higher energy costs. We established a holding in staffing business Hays. In the near term, Hays appears well placed to capture a cyclical recovery across its well-diversified set of industries and geographies. Over the longer term, there is the opportunity for Hays to surpass its prior profit peaks, as its single biggest market is IT (information technology) contracting, which is experiencing strong growth. Following a strong run of performance, the shares of Japanese industrial stock Ebara appeared to be fully valued, and we therefore decided to sell the holding.

Within the consumer discretionary sector, the Fund acquired a holding in Universal Music Group (UMG), a leading global pure-play record label, following its demerger from Vivendi. The shift towards a subscription-based streaming model has transformed the economics of the music industry, enhancing the visibility of revenues and allowing for significant *margin* expansion through lower distribution costs and operating *leverage*, while gaming, social media and emerging-market growth increase addressable markets. We also bought contract catering business Compass, which we believe to be a high-quality business with significantly underappreciated mid to long-term growth potential. With Continental's restructuring story delayed by the coronavirus and supply-chain issues, and with cash flow needing to be reinvested to maintain

## Newton SRI Fund for Charities - Annual Report & Accounts

### Performance and Fund Report

(continued)

relevance, we decided to sell the holding. Owing to some concerns over its debt profile, we took advantage of strong recent share-price performance to sell the holding in US housebuilder Lennar.

In the financials sector, we initiated a position in 3i, which is a UK company that invests proprietary capital across mid-market private equity and infrastructure investments. We believe that 3i can deliver a strong shareholder return over the next three years and is well-underpinned by robust growth at Action, a discount retailer which accounts for 44% of its investment portfolio. We also acquired Cordiant Digital Infrastructure Fund investment trust. The trust is targeting a 9+% per-annum return for investors by acquiring and then investing in operating digital infrastructure assets, with a particular focus on data centres, mobile telecommunications/broadcast towers and fibre-optic network assets. We sold the holding in Citigroup. While the stock appeared to have a low valuation, higher costs are an obstacle to the achievement of the group's return ambitions, and capital returns to shareholders have also disappointed. Furthermore, the Ukrainian conflict has understandably sparked concern around capital-market activity levels and potentially weaker economic growth. We also sold the holdings in Lloyds Banking and Thailand's Bangkok Bank and Kasikornbank.

In health care, we added a position in Abbott Laboratories, a leading global medical technology company. We find the company's growth outlook to be reasonable, while the strength of the firm's balance sheet provides further optionality. We sold the holding in Novartis to fund the addition of AstraZeneca. The switch gives the Fund better growth prospects for an acceptably higher valuation multiple. We believe that recent acquisition Alexion, an American rare-diseases specialist, will enhance AstraZeneca's capabilities in immunology and rare diseases in the long term, while growth from its existing assets should provide an increasingly stable base to build on.

In the technology sector, we took advantage of share-price weakness to purchase TE Connectivity, a leader in the connector industry, finding it to be a high-quality cyclical with a mix of structural and thematic growth drivers. Indeed, the connector industry is attractive and growing strongly, benefiting from key trends such as electrification and the 'internet of things'. We sold the holding in Taiwan Semiconductor Manufacturing ADR following a strong period for the semiconductor cycle. While the sector benefits from several structural tailwinds, concerns around the strength of future demand, supply additions and geopolitical tensions resulted in us selling the stock in order to reduce the level of risk in the portfolio. We sold the holding in Texas Instruments. A capital-expenditure cycle is now underway at the company which may remove some of the market tightness in the short term. Furthermore, there is also the potential for increased competition from overseas manufacturers. We sold the holding in Samsung Electronics which, in the near term, is facing a growing impact to production and supply from surging levels of Covid-19 infections in south-east Asia. In the medium to long term, our concern is the competitive threat from rivals such as Micron and Hynix. Naspers' holding in Prosus, and in turn, its considerable exposure to Tencent, led us to sell the holdings in both Naspers and Prosus. Although we continue to like the opportunities afforded by Tencent's business model, regulatory headwinds in China look set to be an overhang for some time to come.

We bought a new position in Exelon, which is now a regulated US utility business, having just spun off its unregulated nuclear power generation assets. The stock offers defensive exposure to growth markets as utility infrastructure requires updating in the US as electrification trends gather pace.

We used share-price weakness to buy Ecolab, a company that provides water, hygiene and energy technologies and services. The Covid-19 pandemic has weighed on a portion of the company's end-markets exposed to the service economy, although we believe these businesses will emerge stronger from the crisis. Accelerating ESG (environmental, social and governance) trends continue to create opportunities across sectors, ensuring Ecolab's addressable market continues to grow.

Finally, we introduced new positions in US Treasuries (8-year maturity and below) as yields became more attractive, reflecting the tightening bias of the Federal Reserve. These positions should provide some protection for the portfolio if *geopolitical* risks increase or economic growth assumptions falter.

#### Outlook

Investors face an unusually complex set of circumstances as we move into the remainder of the year. Inflation has entered the mainstream and is compelling central banks to raise rates after more than a decade of ultra-loose policy. At the same time, steep rises in commodity prices are adding to the squeeze on consumer incomes. The hitherto healthy demand environment looks shaky, and rising input costs for companies make pricing power essential to maintain profit margins. Central bankers must walk the tightrope between slowing inflation and too much demand destruction.

Despite economies recovering from the Covid-19 pandemic, it is likely that there will be some lasting legacies of the supply shocks encountered during the last few years. Governmental and corporate desire for supply-chain and resource security was already leading to a greater propensity to onshore production and the Ukrainian conflict is likely to intensify this trend. We believe technology, the energy transition, geopolitical security and demographics (among other issues) will continue to have a profound effect on the global economy and act as a disruptive force of change on many industries and countries. At Newton, our themes encompass many of these dynamics and identify investment opportunities, steer us away from longer-term structural threats, and guide our capital allocation and portfolio construction.

\*Source: Lipper, midday prices, offer to offer, gross income reinvested, net of fees

\*\*Source: Index data provided by Datastream (in Sterling terms); index composite calculated by Newton

Performance Benchmark: 37.5% FTSE All-Share TR Index/ 37.5% FTSE World ex UK TR Index/ 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index/ 5% SONIA 7-Day Compounded

*For a definition of italicised terms, please refer to the Glossary on page 32.*

## Newton SRI Fund for Charities - Annual Report & Accounts

### Performance and Fund Report

(continued)

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

<b>Purchases</b>	<b>Sales</b>
AstraZeneca	CRH
United States Treasury Bond 1.5% 15/8/2026	Brenntag
Ecolab	Ebara
Abbott Laboratories	Citigroup
Ashtead	Legrand
Cordiant Digital Infrastructure Fund	Novartis
TE Connectivity	BP
United States Treasury Bond 1.5% 15/2/2030	Lennar
Hubbell	Ferguson
HDFC Bank ADR	Fresenius Medical Care & Co

## Newton SRI Fund for Charities - Annual Report & Accounts

### Statistics

for the year ended 31 March 2022

#### Comparative Tables

	31/03/2022 (pence)	31/03/2021 (pence)	31/03/2020 (pence)
<b>Sterling Accumulation</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	174.04	132.22	140.55
Return before operating charges*	13.49	42.93	(7.30)
Operating charges	(1.28)	(1.11)	(1.03)
Return after operating charges	12.21	41.82	(8.33)
Distributions	(3.92)	(3.33)	(3.74)
Retained distributions on accumulation units	3.92	3.33	3.74
<b>Closing net asset value per unit</b>	<b>186.25</b>	<b>174.04</b>	<b>132.22</b>
* after direct transaction costs of:	(0.03)	(0.03)	(0.05)
<b>Performance</b>			
Return after charges	7.02%	31.63%	(5.93%)
<b>Other information</b>			
Closing net asset value (£)	3,843,596	3,188,053	31,069,324
Closing number of units	2,063,631	1,831,815	23,497,916
Operating charges**	0.69%	0.70%	0.69%
Direct transaction costs*	0.02%	0.02%	0.03%
<b>Prices</b>			
Highest unit price	196.49	175.34	162.08
Lowest unit price	172.96	128.65	120.52
<b>Sterling Income</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	178.65	138.70	151.24
Return before operating charges*	13.83	44.59	(7.46)
Operating charges	(1.30)	(1.15)	(1.10)
Return after operating charges	12.53	43.44	(8.56)
Distributions	(3.99)	(3.49)	(3.98)
Retained distributions on accumulation units	—	—	—
<b>Closing net asset value per unit</b>	<b>187.19</b>	<b>178.65</b>	<b>138.70</b>
* after direct transaction costs of:	(0.03)	(0.03)	(0.05)
<b>Performance</b>			
Return after charges	7.01%	31.32%	(5.66%)
<b>Other information</b>			
Closing net asset value (£)	59,290,567	58,627,273	50,665,889
Closing number of units	31,673,637	32,816,790	36,528,698
Operating charges**	0.69%	0.70%	0.69%
Direct transaction costs*	0.02%	0.02%	0.03%
<b>Prices</b>			
Highest unit price	199.33	180.99	171.10
Lowest unit price	177.53	134.94	127.22

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

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



## Newton SRI Fund for Charities - Annual Report & Accounts

### Statistics

(continued)

#### Comparative Tables (continued)

	31/03/2022 (pence)	31/03/2021 (pence)	31/03/2020 (pence)
<b>X (Accumulation)</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	177.99	134.56	142.25
Return before operating charges*	13.81	43.51	(7.63)
Operating charges	(0.08)	(0.08)	(0.06)
Return after operating charges	13.73	43.43	(7.69)
Distributions	(4.02)	(3.41)	(3.79)
Retained distributions on accumulation units	4.02	3.41	3.79
<b>Closing net asset value per unit</b>	<b>191.72</b>	<b>177.99</b>	<b>134.56</b>
* after direct transaction costs of:	(0.03)	(0.03)	(0.05)
<b>Performance</b>			
Return after charges	7.71%	32.28%	(5.41%)
<b>Other information</b>			
Closing net asset value (£)	44,187,670	45,081,955	9,823,426
Closing number of units	23,047,478	25,328,433	7,300,269
Operating charges**	0.04%	0.05%	0.04%
Direct transaction costs*	0.02%	0.02%	0.03%
<b>Prices</b>			
Highest unit price	201.86	179.15	164.85
Lowest unit price	177.02	130.93	122.63
<hr/>			
		31/03/2022 (pence)	31/03/2021 (pence)
<b>X (Income)***</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit		100.53	100.00
Return before operating charges*		7.80	1.06
Operating charges		(0.04)	(0.01)
Return after operating charges		7.76	1.05
Distributions		(2.26)	(0.52)
Retained distributions on accumulation units		—	—
<b>Closing net asset value per unit</b>		<b>106.03</b>	<b>100.53</b>
* after direct transaction costs of:		(0.02)	0.00
<b>Performance</b>			
Return after charges		7.72%	1.05%
<b>Other information</b>			
Closing net asset value (£)		4,342,960	4,138,215
Closing number of units		4,096,106	4,116,246
Operating charges**		0.04%	0.06%
Direct transaction costs*		0.02%	0.02%
<b>Prices</b>			
Highest unit price		112.68	101.61
Lowest unit price		99.98	98.13

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

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

\*\*\* Unit class launched on 8 February 2021.

## Newton SRI Fund for Charities - Annual Report & Accounts

### Portfolio Statement

as at 31 March 2022

Investments	Nominal/Holding	Market Value (£)	Total Net Assets (%)
<b>Bonds 12.48% (11.16%)</b>			
<b>United Kingdom Government Bonds 6.48% (7.10%)</b>			
United Kingdom Gilt 3.25% 22/1/2044	GBP2,495,000	3,132,909	2.81
United Kingdom Gilt 3.75% 22/7/2052	GBP605,000	885,947	0.79
United Kingdom Gilt 4.25% 7/6/2032	GBP1,140,000	1,419,500	1.27
United Kingdom Gilt 4.25% 7/3/2036	GBP750,000	977,681	0.87
United Kingdom Gilt 6% 7/12/2028	GBP640,000	823,613	0.74
<b>Overseas Government Bonds 2.23% (0.00%)</b>			
United States Treasury Bond 1.5% 15/8/2026	USD1,900,000	1,381,952	1.24
United States Treasury Bond 1.5% 15/2/2030	USD1,550,000	1,102,733	0.99
<b>Sterling Denominated Corporate Bonds 3.77% (4.06%)</b>			
A2D Funding II 4.5% 30/9/2026	GBP724,000	775,368	0.69
British Telecommunications 3.5% 25/4/2025	GBP165,000	363,399	0.33
Motability Operations 5.375% 28/6/2022	GBP365,000	368,310	0.33
National Express 4.25% Perpetual	GBP110,000	107,368	0.10
Tesco Property Finance 3 5.744% 13/4/2040	GBP710,835	839,323	0.75
Transport for London 2.125% 24/4/2025	GBP590,000	583,297	0.52
Virgin Media Vendor Financing Notes III DAC 4.875% 15/7/2028	GBP500,000	471,510	0.42
Vodafone 4.875% 3/10/2078	GBP700,000	706,776	0.63
<b>Collective Investment Schemes 9.93% (8.55%)</b>			
Aquila European Renewables Income Fund	690,285	583,331	0.52
Bluefield Solar Income Fund	509,852	671,985	0.60
Cordiant Digital Infrastructure Fund	1,082,954	1,175,005	1.05
Greencoat UK Wind Fund	1,049,650	1,597,567	1.43
Hipgnosis Songs Fund	1,525,180	1,836,317	1.65
International Public Partnerships	336,684	582,463	0.52
Renewables Infrastructure	1,182,174	1,595,935	1.43
Schroder Bsc Social Impact Trust	824,861	857,856	0.77
Sdcl Energy Efficiency Income Trust	947,589	1,108,679	0.99
VH Global Sustainable Energy Opportunities	531,707	624,224	0.56
VPC Specialty Lending Investments Fund	507,147	453,390	0.41
<b>Commodities 2.85% (1.76%)</b>			
iShares Physical Gold ETC	110,522	3,181,185	2.85
<b>Equities 71.44% (76.88%)</b>			
<b>United Kingdom 24.18% (21.81%)</b>			
3i	68,183	946,380	0.85
Ashtead	20,360	983,795	0.88
Associated British Foods	48,031	798,275	0.72
AstraZeneca	21,752	2,203,913	1.97
Atrato Onsite Energy	398,109	445,882	0.40
Barclays	965,546	1,431,905	1.28
BP	241,790	907,438	0.81
Compass	55,980	923,390	0.83
Ferguson	14,381	1,492,748	1.34
GlaxoSmithKline	163,986	2,701,178	2.42
Hays	457,764	562,134	0.50
Home REIT	1,019,558	1,264,252	1.13
Informa	331,850	1,997,073	1.79
Linde	7,262	1,761,103	1.58
National Grid	147,633	1,730,554	1.55
Prudential	140,237	1,589,587	1.42
RELX	132,251	3,150,219	2.82
Travis Perkins	61,655	762,672	0.68
Unilever	39,184	1,353,807	1.21
<b>United States of America 22.07% (18.69%)</b>			
Abbott Laboratories	12,903	1,160,109	1.04

## Newton SRI Fund for Charities - Annual Report & Accounts

### Portfolio Statement

(continued)

Investments	Nominal/Holding	Market Value (£)	Total Net Assets (%)
<b>United States of America (continued)</b>			
Albemarle	7,582	1,273,965	1.14
Alphabet	1,340	2,830,075	2.53
Apple	18,429	2,444,836	2.19
Applied Materials	13,731	1,373,256	1.23
CME	9,691	1,750,511	1.57
Ecolab	7,302	979,294	0.88
Exelon	29,117	1,052,648	0.94
Goldman Sachs	3,336	836,375	0.75
Hubbell	7,750	1,081,698	0.97
Laureate Education	127,985	1,151,879	1.03
Mastercard	7,013	1,903,761	1.71
Microsoft	15,764	3,688,583	3.30
Otis Worldwide	16,772	979,837	0.88
TE Connectivity	10,770	1,071,479	0.96
Toll Brothers	29,728	1,061,416	0.95
<b>Australia 2.17% (2.44%)</b>			
BHP	49,229	1,452,994	1.30
Insurance Australia	390,108	974,547	0.87
<b>China 0.00% (0.92%)</b>			
<b>Denmark 0.58% (0.51%)</b>			
Novozymes	12,171	642,271	0.58
<b>France 2.42% (4.48%)</b>			
Bureau Veritas	52,141	1,142,973	1.02
TotalEnergies	40,101	1,559,851	1.40
<b>Germany 1.50% (3.87%)</b>			
SAP	19,647	1,677,886	1.50
<b>Hong Kong 1.77% (2.23%)</b>			
AIA	247,800	1,981,448	1.77
<b>India 1.14% (0.51%)</b>			
HDFC Bank ADR	27,282	1,270,805	1.14
<b>Ireland 5.74% (6.98%)</b>			
Accenture	7,899	2,023,150	1.81
Greencoat Renewables	957,816	918,681	0.82
Medtronic	18,659	1,572,052	1.41
Smurfit Kappa	31,825	1,085,869	0.97
Trane Technologies	6,961	807,257	0.73
<b>Japan 3.88% (5.59%)</b>			
M3	19,200	536,923	0.48
Recruit	24,200	817,729	0.73
Sony	21,200	1,688,747	1.51
Suzuki Motor	49,100	1,292,264	1.16
<b>Netherlands 1.05% (0.59%)</b>			
Universal Music	57,256	1,170,667	1.05
<b>South Africa 0.00% (1.09%)</b>			
<b>South Korea 1.41% (2.59%)</b>			
Samsung SDI GDR	16,917	1,575,228	1.41
<b>Switzerland 3.53% (3.07%)</b>			
Alcon	22,689	1,380,084	1.24
Roche	4,838	1,463,199	1.31
Zurich Insurance	2,902	1,094,073	0.98

## Newton SRI Fund for Charities - Annual Report & Accounts

### Portfolio Statement

(continued)

<b>Investments</b>	<b>Nominal/Holding</b>	<b>Market Value (£)</b>	<b>Total Net Assets (%)</b>
Taiwan 0.00% (0.55%)			
Thailand 0.00% (0.96%)			
<b>Portfolio of investments</b>		<b>107,982,348</b>	<b>96.70</b>
<b>Net current assets</b>		<b>3,682,445</b>	<b>3.30</b>
<b>Total Net Assets</b>		<b>111,664,793</b>	<b>100.00</b>
Total unapproved and unquoted securities			0.00%

Comparative figures in brackets refer to 31 March 2021.

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

## Newton SRI Fund for Charities - Annual Report & Accounts

### Statement of Total Return

for the year ended 31 March 2022

	Notes	£	31/03/2022 £	£	31/03/2021 £
Income					
Net capital gains	3		6,015,389		26,032,094
Revenue	4	2,672,137		2,449,425	
Expenses	5	(464,470)		(560,113)	
Interest payable and similar charges	7	(154)		(35)	
Net revenue before taxation		2,207,513		1,889,277	
Taxation	6	(93,354)		(139,980)	
Net revenue after taxation			2,114,159		1,749,297
<b>Total return before distributions</b>			<b>8,129,548</b>		<b>27,781,391</b>
Distributions	8		(2,469,069)		(2,200,400)
<b>Change in net assets attributable to Unitholders from investment activities</b>			<b>5,660,479</b>		<b>25,580,991</b>

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

for the year ended 31 March 2022

	£	31/03/2022 £	£	31/03/2021 £
<b>Opening net assets attributable to Unitholders</b>		111,035,496		91,558,639
Amounts receivable on issue of units	3,587,435		1,116,433	
Amounts payable on cancellation of units	(9,678,497)		(8,170,924)	
		(6,091,062)		(7,054,491)
Dilution adjustment		6,859		8,028
Change in net assets attributable to Unitholders from investment activities		5,660,479		25,580,991
Retained distributions on accumulation units		1,053,021		940,440
Unclaimed distributions over 6 years old		—		1,889
<b>Closing net assets attributable to Unitholders</b>		<b>111,664,793</b>		<b>111,035,496</b>

### Balance Sheet

as at 31 March 2022

	Notes	£	31/03/2022 £	£	31/03/2021 £
<b>ASSETS</b>					
Fixed assets					
Investment assets			107,982,348		109,205,270
Current assets					
Debtors	10	369,067		965,889	
Cash and bank balances	11	3,727,872		1,271,850	
Total other assets			4,096,939		2,237,739
Total assets			112,079,287		111,443,009
<b>LIABILITIES</b>					
Investment liabilities			—		—
Creditors					
Distribution payable		(363,765)		(328,714)	
Other creditors	12	(50,729)		(78,799)	
Total other liabilities			(414,494)		(407,513)
Total liabilities			(414,494)		(407,513)
<b>Net assets attributable to Unitholders</b>			<b>111,664,793</b>		<b>111,035,496</b>

## Newton SRI Fund for Charities - Annual Report & Accounts

### Distribution Statements

for the year ended 31 March 2022

#### Final Dividend distribution in pence per unit

Period

Group 1: Units purchased prior to 1 January 2022

Group 2: Units purchased 1 January 2022 to 31 March 2022

	Net Revenue	Equalisation	Amount Paid	Prior Period 31/03/2021
Sterling Accumulation				
Group 1	1.0586	—	1.0586	0.9667
Group 2	1.0586	0.0000	1.0586	0.9667
Sterling Income				
Group 1	1.0701	—	1.0701	0.9366
Group 2	0.3715	0.6986	1.0701	0.9366
X (Accumulation)				
Group 1	1.0889	—	1.0889	0.9191
Group 2	1.0472	0.0417	1.0889	0.9191
X (Income)				
Group 1	0.6057	—	0.6057	0.5189
Group 2	0.6057	0.0000	0.6057	0.5189

#### Interim Dividend distribution in pence per unit

Period

Group 1: Units purchased prior to 1 October 2021

Group 2: Units purchased 1 October 2021 to 31 December 2021

	Net Revenue	Equalisation	Amount Paid	Prior Period 31/12/2020
Sterling Accumulation				
Group 1	0.7108	—	0.7108	0.5519
Group 2	0.2784	0.4324	0.7108	0.5519
Sterling Income				
Group 1	0.7211	—	0.7211	0.6590
Group 2	0.3149	0.4062	0.7211	0.6590
X (Accumulation)				
Group 1	0.7300	—	0.7300	0.6551
Group 2	0.2860	0.4440	0.7300	0.6551
X (Income)				
Group 1	0.4075	—	0.4075	n/a
Group 2	0.4075	0.0000	0.4075	n/a

#### Interim Dividend distribution in pence per unit

Period

Group 1: Units purchased prior to 1 July 2021

Group 2: Units purchased 1 July 2021 to 30 September 2021

	Net Revenue	Equalisation	Amount Paid	Prior Period 30/09/2020
Sterling Accumulation				
Group 1	1.0281	—	1.0281	0.8110
Group 2	1.0281	0.0000	1.0281	0.8110
Sterling Income				
Group 1	1.0489	—	1.0489	0.8447
Group 2	0.1933	0.8556	1.0489	0.8447
X (Accumulation)				
Group 1	1.0542	—	1.0542	0.8234
Group 2	1.0518	0.0024	1.0542	0.8234
X (Income)				
Group 1	0.5918	—	0.5918	n/a
Group 2	0.5918	0.0000	0.5918	n/a

## Newton SRI Fund for Charities - Annual Report & Accounts

### Distribution Statements

(continued)

#### Interim Dividend distribution in pence per unit

Period

Group 1: Units purchased prior to 1 April 2021

Group 2: Units purchased 1 April 2021 to 30 June 2021

	Net Revenue	Equalisation	Amount Paid	Prior Period 30/06/2020
<b>Sterling Accumulation</b>				
Group 1	1.1251	—	1.1251	0.9978
Group 2	0.9950	0.1301	1.1251	0.9978
<b>Sterling Income</b>				
Group 1	1.1548	—	1.1548	1.0464
Group 2	0.1244	1.0304	1.1548	1.0464
<b>X (Accumulation)</b>				
Group 1	1.1515	—	1.1515	1.0125
Group 2	1.1507	0.0008	1.1515	1.0125
<b>X (Income)</b>				
Group 1	0.6504	—	0.6504	n/a
Group 2	0.6504	0.0000	0.6504	n/a
			<b>Franked (%)</b>	<b>Unfranked (%)</b>
Final distributions for 31 March 2022			100.00	0.00
Interim distributions for 31 December 2021			100.00	0.00
Interim distributions for 30 September 2021			100.00	0.00
Interim distributions for 30 June 2021			100.00	0.00

# Newton SRI Fund for Charities - Annual Report & Accounts

## Notes to the Financial Statements

for the year ended 31 March 2022

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### 1 Accounting Policies

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#### a) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 (the "SORP"). In applying UK GAAP, the financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102).

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 the period to 31 July 2023, which is at least 12 months from when these financial statements are authorised for issue. The Manager 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 Manager has made an assessment of the Fund's ability to continue as going concern which is made as at the date of issue of these financial statements 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) Valuation of investments

The listed investments of the Fund have been valued at bid market prices at close of business on the last business day of the accounting period.

Investments in Collective Investment Schemes (CIS) managed by the ACD have been valued at the cancellation price for dual priced funds and at the single price for single priced funds as at close of business on 31 March 2022. Investments in other Collective Investment Schemes are valued at the bid price for dual priced funds and at the single price for single priced funds.

In the case of an investment which is not quoted, listed or dealt in on a recognised market, or in respect of which a listed, traded or dealt price or quotation is not available at the time of valuation, the fair value of such investment shall be estimated with care and in good faith by a competent professional person, body, firm or corporation including the Manager's pricing committee, and such fair value shall be determined on the basis of the probable realisation value of the investment. The Manager shall be entitled to adopt an alternative method of valuing any particular asset or liability if it considers that the methods of valuation set out above do not provide a fair valuation of a particular asset or liability.

#### c) Foreign exchange

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

#### d) Revenue

Dividends on equities are recognised when the security is quoted ex-dividend.

Interest on debt securities is recognised on a time apportioned basis. Accrued interest purchased or sold is excluded from the cost of the security and is treated as revenue.

Distributions from CIS are recognised as revenue when the units are quoted ex-distribution.

Bank interest is accounted for on an accruals basis.

#### e) Special dividends

Special dividends are reviewed on a case by case basis in determining whether the amount is capital or revenue in nature from review of the underlying circumstances and motive for the payment.

#### f) Underwriting commission

Underwriting and sub-under writing contracts and placings may also be entered into. Commissions earned on these transactions are accounted for when the issue underwritten takes place and, to the extent that the units are taken up, a proportion of the commission is accounted for as capital. Otherwise the commission is treated as revenue.

#### g) Expenses

All expenses are accounted for on an accruals basis.

#### h) Taxation

Corporation tax is charged at 20% of the income liable to corporation tax less expense. Where overseas tax has been deducted from overseas revenue, that tax can, in some cases, be set off against Corporation Tax payable, by way of double tax relief.

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



## Newton SRI Fund for Charities - Annual Report & Accounts

### Notes to the Financial Statements

(continued)

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#### 1 Accounting Policies (continued)

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##### h) Taxation (continued)

recognised only to the extent that the Manager considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted. The charge for taxation is based on taxable income for the year less allowable expenses.

In general, the tax accounting treatment follows that of the principal amount.

#### 2 Distribution Policies

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##### a) Basis of distribution

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

##### b) Stock dividends

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

##### c) Collective Investment Schemes

All distributions received from holdings in collective investment schemes, including those from accumulation holdings, are treated as revenue and form part of the distribution of the Fund with the exception of the equalisation element, which is treated as capital.

##### d) Special dividends

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

##### e) Expenses

The Manager's periodic charge is reimbursed by capital property for distribution calculation purposes.

## Newton SRI Fund for Charities - Annual Report & Accounts

### Notes to the Financial Statements

(continued)

#### 3 Net capital gains

	31/03/2022	31/03/2021
	£	£
<b>The net capital gains on investments during the year comprise:</b>		
Gains on non-derivative securities	6,003,799	26,037,744
Currency exchange gains	18,485	3,956
Activity charges	(6,895)	(9,606)
<b>Net capital gains</b>	<b>6,015,389</b>	<b>26,032,094</b>

Net gains listed above of £6,022,284 comprise net realised gains of £6,482,133 and net unrealised losses of £(459,849) (31/03/2021: Net gains listed above of £26,041,700 comprise net realised gains of £6,608,934 and net unrealised gains of £19,432,766). Where realised gains/(losses) include gains/(losses) arising in previous periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

#### 4 Revenue

	31/03/2022	31/03/2021
	£	£
Bank interest	2	270
Interest on debt securities	327,149	312,934
Overseas dividends	1,365,902	1,340,011
UK dividends	979,084	796,210
<b>Total revenue</b>	<b>2,672,137</b>	<b>2,449,425</b>

#### 5 Expenses

	31/03/2022	31/03/2021
	£	£
<b>Payable to the Manager or Associate of the Manager</b>		
Manager's periodic charge	422,421	521,338
Safe custody fees	8,578	7,800
	<b>430,999</b>	<b>529,138</b>
<b>Other expenses</b>		
Audit fee	9,017	7,521
Financial Conduct Authority fee	(31)	84
Professional fees	420	443
Registration fee	2,200	2,194
Trustee's fee	21,334	20,489
Other expenses	531	244
	<b>33,471</b>	<b>30,975</b>
<b>Total expenses</b>	<b>464,470</b>	<b>560,113</b>

## Newton SRI Fund for Charities - Annual Report & Accounts

### Notes to the Financial Statements

(continued)

#### 6 Taxation

	31/03/2022	31/03/2021
	£	£
<b>a) Analysis of the tax charge</b>		
Overseas tax withheld	93,354	139,980
<b>Total tax charge (see Note 6b)</b>	<b>93,354</b>	<b>139,980</b>
<b>b) Factors affecting the tax charge</b>		
The tax assessed for the year is lower (31/03/2021: lower) than the standard rate of corporation tax in the UK for unit trusts (20%) (31/03/2021: 20%).		
The differences are explained below:		
Net revenue before taxation	2,207,513	1,889,277
Corporation tax @ 20%	441,503	377,855
Effects of:		
Movement in unrecognised tax losses	16,973	33,399
Overseas tax withheld	93,354	139,980
Prior year adjustment to unrecognised tax losses	—	394*
Revenue not subject to corporation tax	(458,476)	(411,648)
<b>Total tax charge (see Note 6a)</b>	<b>93,354</b>	<b>139,980</b>
<b>c) Deferred tax</b>		
No deferred tax asset has been recognised in the accounts in relation to tax losses of £1,109,739 (31/03/2021: £1,024,874), as it is unlikely that there will be sufficient taxable profits in the future to utilise these amounts. The deferred tax asset not recognised is £221,948 (31/03/2021: £204,975).		
*As a result of an adjustment made to overseas tax.		

#### 7 Interest payable and similar charges

	31/03/2022	31/03/2021
	£	£
Interest	154	35
<b>Total interest</b>	<b>154</b>	<b>35</b>

#### 8 Distributions

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

	31/03/2022	31/03/2021
	£	£
Interim Dividend Distribution 30 June	716,067	658,783
Interim Dividend Distribution 30 September	656,250	531,371
Interim Dividend Distribution 31 December	438,230	406,335
Final Dividend Distribution 31 March	636,583	579,225
	<b>2,447,130</b>	<b>2,175,714</b>
Amounts added on issue of units	(12,515)	(3,695)
Amounts deducted on cancellation of units	34,454	28,381
<b>Net distributions for the year</b>	<b>2,469,069</b>	<b>2,200,400</b>

#### 9 Net movement between revenue after taxation and distributions

	31/03/2022	31/03/2021
	£	£
Net revenue after taxation	2,114,159	1,749,297
Capitalised fees less tax relief paid from capital	354,910	451,043
Equalisation on conversions	—	60
<b>Net distributions for the year</b>	<b>2,469,069</b>	<b>2,200,400</b>

## Newton SRI Fund for Charities - Annual Report & Accounts

### Notes to the Financial Statements

(continued)

#### 10 Debtors

	31/03/2022	31/03/2021
	£	£
Accrued revenue	265,091	272,682
Amounts receivable for issue of units	—	500,000
Amounts receivable on open currency contracts	—	33,952
Overseas withholding tax reclaimable	103,976	128,786
Sales awaiting settlement	—	30,469
<b>Total debtors</b>	<b>369,067</b>	<b>965,889</b>

#### 11 Cash and bank balances

	31/03/2022	31/03/2021
	£	£
Cash held at bank	3,727,872	1,271,850
<b>Total cash and bank balances</b>	<b>3,727,872</b>	<b>1,271,850</b>

#### 12 Other creditors

	31/03/2022	31/03/2021
	£	£
Accrued expenses	50,729	44,933
Amounts payable on open currency contracts	—	33,866
<b>Total other creditors</b>	<b>50,729</b>	<b>78,799</b>

#### 13 Contingent asset/liabilities

There were no contingent assets or liabilities at the balance sheet date (31/03/2021: nil).

#### 14 Related parties

Manager's periodic charge, administration fees, safe custody charges and activity charges paid to the Manager, BNY Mellon Fund Managers Limited, or its associates, are shown in Notes 3 and 5, and details of units issued and cancelled by the Manager are shown in the Statement of Change in Net Assets Attributable to Unitholders and Note 8.

The balance due to the Manager at 31 March 2022 in respect of these transactions was £42,264 (31/03/2021: The balance due from the Manager was £463,005).

Any investments in or transactions with other BNYM related party entities are individually identified in the portfolio statement.

#### 15 Financial instruments

The objective of the Fund is to optimise the total return for charity investors, through a global and balanced portfolio, screened against both negative and positive socially responsible investment criteria. The Fund is actively managed, investing in equities and fixed interest securities on a global basis with the aim of providing a balance between capital growth and income. Whilst there is no specific income target, the Investment Adviser aims to produce a growing level of income.

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

##### Counterparty risk

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

##### Market price risk

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

## Newton SRI Fund for Charities - Annual Report & Accounts

### Notes to the Financial Statements

(continued)

#### 15 Financial instruments (continued)

##### Market price risk (continued)

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

	31/03/2022	31/03/2021
	£	£
Investments held at the balance sheet date	107,982,348	109,205,270

##### Market Price Sensitivity

The following table illustrates the sensitivity of the return and the net assets to an increase or decrease of 5% (31/03/2021: 5%) in the fair values of the Fund's investments. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis is based on the impact of a change to the value of the Fund's investments at each balance sheet date.

	31/03/2022		31/03/2021	
	5% Increase in fair value £	5% Decrease in fair value £	5% Increase in fair value £	5% Decrease in fair value £
Non-derivative securities	5,399,117	(5,399,117)	5,460,264	(5,460,264)
<b>Net capital impact</b>	<b>5,399,117</b>	<b>(5,399,117)</b>	<b>5,460,264</b>	<b>(5,460,264)</b>

##### Interest rate risk

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

The interest rate risk profile of the Fund's financial assets and liabilities at 31 March 2022 is as follows:

	Floating Rate £	Fixed Rate £	Not Carrying Interest £	Total £
Investment assets	—	13,939,686	94,042,662	107,982,348
Investment liabilities	—	—	—	—
<b>Total</b>	<b>—</b>	<b>13,939,686</b>	<b>94,042,662</b>	<b>107,982,348</b>

The interest rate risk profile of the Fund's financial assets and liabilities at 31 March 2021 is as follows:

	Floating Rate £	Fixed Rate £	Not Carrying interest £	Total £
Investment assets	—	12,392,201	96,813,069	109,205,270
Investment liabilities	—	—	—	—
<b>Total</b>	<b>—</b>	<b>12,392,201</b>	<b>96,813,069</b>	<b>109,205,270</b>

##### Interest rate sensitivity

Using duration analysis, an increase/decrease of 0.25% (31/3/2021: 0.25%) in interest rates, with all other variables remaining constant, is likely to result in a 0.29% (31/3/2021: 0.31%) decrease/increase respectively in the portfolio valuation.

##### Leverage

The Manager is required to calculate and monitor the level of leverage of the Fund, expressed as a ratio between the exposure of the Fund and its Net Asset Value, under both the gross method and the commitment method.

Leverage on a gross exposure basis is calculated by taking the sum of all assets purchased, plus the absolute value of all liabilities, excluding cash, cash equivalents, borrowings and leverage from the reinvestment of collateral and is expressed as a ratio of the Fund's net asset value.

Leverage on a commitment basis is calculated by taking the sum of all assets purchased, plus the absolute value of all liabilities plus borrowings and leverage from the reinvestment of collateral and expressing it as a ratio of the Fund's net asset value.

Disclosed in the table below is the level of leverage employed by the Fund at 31 March 2022:

	Gross Exposure as at 31/03/2022 %	Commitment Exposure as at 31/03/2022 %	Gross Exposure as at 31/03/2021 %	Commitment Exposure as at 31/03/2021 %
Newton SRI Fund for Charities	0.97	1.00	0.98	1.00

The above has been disclosed to meet the requirements of AIFMD as the Fund does not currently operate leverage.

## Newton SRI Fund for Charities - Annual Report & Accounts

### Notes to the Financial Statements

(continued)

#### 15 Financial instruments (continued)

##### Liquidity risk

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

The Fund invests primarily in companies incorporated in the major markets of the world, which are typically considered to be operations with high levels of liquidity. From time to time, however, market liquidity may be affected by economic events.

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

All stocks are valued daily. Stocks identified as being illiquid are reviewed for pricing accuracy as the need arises and on a formal monthly basis by the BNY Mellon Pricing Committee.

The Manager monitors the liquidity profile of the Fund on a monthly basis to ensure a high degree of confidence that the Fund's liquidity will meet the expected liquidity requirements. Where a risk is identified, a more in depth review is undertaken to establish its significance and this is analysed by the Risk Management Team and discussed at the Investment Management Oversight Committee. Based on this analysis, the Manager believes the liquidity profile of the Fund is appropriate.

##### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their carrying value.

##### Valuation of financial instruments

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

	31/03/2022	31/03/2022
	Assets	Liabilities
	£	£
Level 1: Quoted prices	94,042,662	—
Level 2: Observable market data	13,939,686	—
Level 3: Unobservable data	—	—
	<b>107,982,348</b>	<b>—</b>
	31/03/2021	31/03/2021
	Assets	Liabilities
	£	£
Level 1: Quoted prices	96,813,069	—
Level 2: Observable market data	12,392,201	—
Level 3: Unobservable data	—	—
	<b>109,205,270</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.

##### Foreign currency risk

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

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

## Newton SRI Fund for Charities - Annual Report & Accounts

### Notes to the Financial Statements

(continued)

#### 15 Financial instruments (continued)

##### Foreign currency risk (continued)

The table that follows details the currency profile of the Fund's assets at 31 March 2022.

	31/03/2022	31/03/2022	31/03/2022	31/03/2021
	Investments	Net Current	Total	Total
	£	Assets	£	£
		£		
Australian Dollar	974,547	—	974,547	1,307,460
Danish Krone	642,271	17,077	659,348	584,232
Euro	7,053,389	75,387	7,128,776	11,621,082
Hong Kong Dollar	1,981,448	—	1,981,448	3,494,587
Japanese Yen	4,335,663	7,340	4,343,003	6,221,373
Norwegian Krone	—	30,523	30,523	44,000
South African Rand	—	—	—	1,216,297
Swiss Franc	3,937,356	—	3,937,356	3,412,531
Thai Baht	—	—	—	1,066,716
United States Dollar	39,315,188	45,566	39,360,754	31,750,010
<b>Total</b>	<b>58,239,862</b>	<b>175,893</b>	<b>58,415,755</b>	<b>60,718,288</b>

##### Foreign currency sensitivity

The following table illustrates the sensitivity of the return and net assets of the Fund to a 5% (31/03/2021: 5%) strengthening or weakening of its base rate currency against other currencies to which there is significant exposure to. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis assumes all other variables are held constant.

##### 31 March 2022

Currency	Total Exposure £	Impact of a 5% weakening of base currency £	Impact of a 5% strengthening of base currency £
United States Dollar	39,360,754	2,071,619	(1,874,322)

##### 31 March 2021

Currency	Total Exposure £	Impact of a 5% weakening of base currency £	Impact of a 5% strengthening of base currency £
Euro	11,621,082	611,636	(553,385)
United States Dollar	31,750,010	1,671,053	(1,511,905)

##### Portfolio Statement by Credit Rating

as at 31 March 2022

	Market Value £	Total Net Assets (%)	Total Net Assets (%)
	31/03/2022	31/03/2022	31/03/2021
Investment grade securities	12,654,032	11.33	9.91
Below investment grade securities	1,285,654	1.15	1.25
Other assets	94,042,662	84.22	87.19
<b>Portfolio of investments</b>	<b>107,982,348</b>	<b>96.70</b>	<b>98.35</b>
<b>Net current assets</b>	<b>3,682,445</b>	<b>3.30</b>	<b>1.65</b>
<b>Total net assets</b>	<b>111,664,793</b>	<b>100.00</b>	<b>100.00</b>

## Newton SRI Fund for Charities - Annual Report & Accounts

### Notes to the Financial Statements

(continued)

#### 16 Portfolio transaction costs

for the year ended 31 March 2022

	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	18,048	6	0.03	1	0.01
Debt instruments (direct)	2,531	—	—	—	—
Collective investment schemes	2,041	0	0.00	—	—
<b>Total purchases</b>	<b>22,620</b>	<b>6</b>		<b>1</b>	
<b>Total purchases including transaction costs</b>	<b>22,627</b>				

	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	27,994	12	0.04	1	0.00
Debt instruments (direct)	14	—	—	—	—
Collective investment schemes	1,048	0	0.00	0	0.00
<b>Total sales</b>	<b>29,056</b>	<b>12</b>		<b>1</b>	
<b>Total sales net of transaction costs</b>	<b>29,043</b>				

**Total transaction costs** 18 2

**Total transaction costs as a % of average net assets** 0.02% 0.00%

For the year ended 31 March 2021

	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	16,334	5	0.03	5	0.03
Debt instruments (direct)	610	—	—	—	—
Collective investment schemes	575	—	—	—	—
<b>Total purchases</b>	<b>17,519</b>	<b>5</b>		<b>5</b>	
<b>Total purchases including transaction costs</b>	<b>17,529</b>				

	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	17,166	6	0.04	1	0.00
Debt instruments (direct)	2,355	—	—	—	—
Collective investment schemes	1,700	1	0.03	0	0.00
<b>Total sales</b>	<b>21,221</b>	<b>7</b>		<b>1</b>	
<b>Total sales net of transaction costs</b>	<b>21,213</b>				

**Total transaction costs** 12 6

**Total transaction costs as a % of average net assets** 0.01% 0.01%

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

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

For the Fund's investment transactions in 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.



## Newton SRI Fund for Charities - Annual Report & Accounts

### Notes to the Financial Statements

(continued)

#### 16 Portfolio transaction costs (continued)

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.

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.14% (31/03/2021: 0.17%).

#### 17 Unit movement

for the year ended 31 March 2022

	Opening units	Units issued	Units cancelled	Units converted	Closing units
Sterling Accumulation	1,831,815	243,316	(11,500)	—	2,063,631
Sterling Income	32,816,790	1,157,418	(2,300,571)	—	31,673,637
X (Accumulation)	25,328,433	494,243	(2,775,198)	—	23,047,478
X (Income)	4,116,246	—	(20,140)	—	4,096,106

Please note the units issued and cancelled are posted daily on a net basis while any shares converted amount shown above is posted gross.

#### 18 Unitholder's funds

The Fund currently has the below unit classes in issue. Each unit class suffers a different annual Manager's periodic charge which is payable to the Manager and is shown below:

	Manager's periodic charge
Sterling Accumulation	0.65%
Sterling Income	0.65%
X (Accumulation)	0.00%
X (Income)	0.00%

Consequently, the level of net revenue attributable to each unit class will differ.

The net asset value, the net asset value per unit and the number of units in each unit class are given in the comparative tables. All unit classes have the same rights on winding up.

#### 19 Post Balance Sheet Events

There were no events that occurred after 31 March 2022 which would require disclosure or adjustments to the financial statements of the Fund.

## Newton SRI Fund for Charities - Annual Report & Accounts

### Statement of the Manager's Responsibilities and Director's Statement

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#### Statement of the Manager's Responsibilities

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

In preparing the financial statements the Manager is required to:

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

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

#### Directors' Statement

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

**C Judd**

Director  
BNY Mellon Fund Managers Limited

18 July 2022

**S Cox**

Director  
BNY Mellon Fund Managers Limited

18 July 2022

## **Newton SRI Fund for Charities - Annual Report & Accounts**

### **Statement of the Trustee's Responsibilities and Report of the Trustee**

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#### **Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of Newton SRI Fund for Charities ("the Fund") in respect of the Report and Accounts of the Fund**

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

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

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

The Trustee must ensure that:

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

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

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

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

**NatWest Trustee and  
Depositary Services Limited**  
Edinburgh

18 July 2022

## Newton SRI Fund for Charities - Annual Report & Accounts

### Independent Auditor's Report to the Unitholders of Newton SRI Fund for Charities

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#### Opinion

We have audited the financial statements of Newton SRI Fund for Charities ("the Fund") for the year ended 31 March 2022, 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 Statements, 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 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 Fund as at 31 March 2022 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### 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 Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period to 31 July 2023, which is at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager 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 Manager 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 (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 Manager'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.

## Newton SRI Fund for Charities - Annual Report & Accounts

### Independent Auditor's Report to the Unitholders of Newton SRI Fund for Charities

(continued)

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#### Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 26, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to 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.

#### 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), 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 Manager 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 propensity to influence revenue and amounts available for distribution. We identified a fraud risk in relation to incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact on amounts available for distribution. We tested the appropriateness of management's classification of a sample of special dividends as either a revenue or capital return.
- 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 Manager 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 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

18 July 2022

## Newton SRI Fund for Charities - Annual Report & Accounts

### Additional information

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#### Pricing

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

#### Dilution adjustment

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

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

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

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

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

The need to make a dilution adjustment will depend on the volume of purchases or redemptions on any given day.

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

#### The net yield

The published yield of the Fund is the Historic Yield and reflects distributions declared over the past twelve months as a percentage of the quoted unit price as at the date shown. It does not include any initial charge. Although the Fund is liable to corporation tax on its income profits, it is not currently in a UK tax paying position. This is because dividend income (whether from the UK or overseas) is generally exempt from UK tax, meaning the Fund's taxable income is less than its deductible expenses. The Fund has, however, been subject to withholding tax on receipt of income from overseas investments.

#### Equalisation

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

#### Charges

An annual management charge of 0.65% for Sterling Accumulation and Sterling Income units and 'As agreed' for the X (Accumulation) and X (Income) units, is deducted in monthly instalments from the Fund's revenue.

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

The Newton SRI Fund for Charities charges its Manager's periodic charge to the capital account of the Fund, and investors should be aware that there is a potential for future capital erosion.

#### Buying and selling

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

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

#### The Price and yield of units

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

<http://www.newtonim.co.uk/uk-charities/daily-prices/>

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

#### Trust status

The Fund is an authorised unit trust fund under s243 of the Financial Services and Markets Act 2000. It is a Non-UCITS fund as defined by the Financial Conduct Authority's Collective Investment Schemes Sourcebook. The Fund was constituted by a Trust Deed dated 11 March 2010.

#### Minimum investment

The minimum investment for new Unitholders in the Sterling Accumulation and Sterling Income units is £5,000. Additional units may be purchased with a minimum of £2,500. Investments in X (Accumulation) and X (Income) is 'As agreed' with the manager. These limits may be waived at the Manger's discretion.

#### Dealing arrangements

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

## Newton SRI Fund for Charities - Annual Report & Accounts

### Additional information

(continued)

#### Dealing arrangements (continued)

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

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

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

#### Application forms and Prospectus

All stated documents can be requested by calling 0344 892 2715 or writing to BNY Mellon Fund Managers Limited at the address stated on page 33.

#### A word of warning

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

#### Value assessment and report

BNY Mellon Fund Managers Limited published a consolidated assessment of value report which included this Fund in July 2021. This report is available to view on [www.bnymellonim.com](http://www.bnymellonim.com). An updated report will be published in July 2022.

#### Significant events

Effective 1 October 2021, the Performance Benchmark for the Newton SRI for Charities Fund changed from 37.5% FTSE All-Share TR Index, 37.5% FTSE World ex UK TR Index, 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index and 5% LIBID GBP 7 Day to 37.5% FTSE All-Share TR Index, 37.5% FTSE World ex UK TR Index, 20% FTSE Actuaries UK Conventional Gilts All Stocks TR Index and 5% SONIA 7-Day Compounded.

#### Client classification notice

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

#### Securities Financing Transactions

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions ("SFTs") will be required on all annual reports & accounts published after 13 January 2017. During the period and as at the balance sheet date, the Fund did not engage in SFTs.

#### Remuneration disclosure of the AIFM

Directors remuneration of BNY Mellon Fund Managers Limited as at 31 March 2022.

Total amount of fixed and variable remuneration proportionate to the Newton SRI fund for Charities for the year ending 31 March 2022 of the 6 directors and 1 senior manager of the AIFM is disclosed below. This has been calculated on the basis of the Newton SRI fund for Charities' AUM in respect of the total AUM (including AIFs and non- AIFs) under the control of the AIFM.

	<b>Newton SRI Fund for Charities</b>
Fixed	995
Variable	1,549

The amount for senior managers and material risk takers does not differ to the total amount already disclosed, as all the staff of the AIFM are considered senior managers.

As market or regulatory practice develops, BNY Mellon Fund Managers Limited may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. This may result in disclosures in relation to an AIF not being comparable to disclosures made in the prior year, or in relation to other BNY Mellon fund disclosures in that same year.

## Newton SRI Fund for Charities - Annual Report & Accounts

### Glossary

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<b>Term</b>	<b>Definition</b>
Bond(s)	A loan of money by an investor to a company or government for a stated period of time in exchange for a fixed interest rate payment and the repayment of the initial amount at its conclusion.
Equity/Equities	Shares issued by a company, representing an ownership interest.
Geopolitics/Geopolitical	Geographic influences on power relationships in international relations.
Hawk(s)/hawkish	A hawk, also known as an inflation hawk, is a policymaker or advisor who is predominantly concerned with interest rates as they relate to fiscal policy. A hawk generally favors relatively high interest rates in order to keep inflation in check. In other words, hawks are less concerned with economic growth than they are with recessionary pressure brought to bear by high inflation rates.
Inflation/Inflationary	The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.
Leverage(d)	When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.
Margins	Represents what percentage of a business or company's sales has turned into profits.
Monetary policy	A central bank's regulation of money in circulation and interest rates.
Monetary stimulus	An attempt by a government to make the economy grow faster by increasing the money supply (the amount of money in the economy) or lowering interest rates.
Yield(s)	Income received from investments, either expressed as a percentage of the investment's current market value, or dividends received by the holder.



## Newton SRI Fund for Charities - Annual Report & Accounts

### Management and Professional Services

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#### **Manager and Registered Office**

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G A Brisk  
S Cox (appointed as director 21  
September 2021)  
AM Islam  
C Judd (chairperson)  
G Rehn  
M Saluzzi

#### **Trustee**

NatWest Trustee and Depositary  
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#### **Manager**

Newton Investment Management Limited  
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#### **Registrar and Administration**

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#### **Authorisation**

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

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