

RBS Stakeholder Investment Fund ICVC

Annual Report & Financial Statements

for the year ended

31 March 2022

RBS Stakeholder Investment Fund ICVC

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RBS Stakeholder Investment Fund ICVC

Report of the Authorised Corporate Director

The Company

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

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

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

The Company is classed as an Undertakings for Collective Investments in Transferable Securities Scheme ("UCITS Scheme") for the purposes of the regulations. The Fund has the following share classes in issue: Accumulation share class 1 and Accumulation share class 2.

Authorised Status

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

Remuneration Policy

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

http://personal.natwest.com/personal/investments/existing-customers/Key_Customer_Documents.html

and

http://personal.rbs.co.uk/personal/investments/existing-customers/Key_Customer_Documents.html.

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

Company Changes

Accumulation share class 1 has been in place since the launch of the Company in 2004 and provides customers with service administration which includes maintenance of customers' accounts including bi-annual statements. Accumulation share class 2 was launched on 27 July 2021 for institutional and nominee investors who do not require the ACD's administration service.

We reviewed the customer administration for the Company and concluded that it was necessary to change our third party supplier. This change took effect from 31 January 2022. We have incurred significant transitional challenges, but are working closely with our service provider to ensure that the service will improve in the near term.

Changes to Prospectus

The Prospectus was updated on 1 July 2021 to reflect the new share class (Accumulation share class 2).

RBS Stakeholder Investment Fund ICVC

Report of the Authorised Corporate Director

(continued)

Proposed Future Changes to the Company

The ACD intends to propose a merger of the Fund with Personal Portfolio Balanced Fund, a new sub-fund of RBS Investment Funds ICVC as being in the best interests of shareholders. The aims of the merger are to achieve further cost savings, longer term sustainability, better performance and the integration of responsible investment and ESG considerations. The Fund will incur the cost of trading necessary to align the assets to that of the proposed scheme. The associated transaction costs are expected to be no more than 0.21% of the Fund's value.

Going Concern

The financial statements of the Company have been prepared on a basis other than going concern. This is because the Company is expected to be merged with the Personal Portfolio Balanced Fund, within the RBS Investment Funds ICVC, intended effective date November 2022, subject to approval by shareholders at an EGM in October 2022. The Company would then subsequently wind up and be terminated. The change of basis of preparation has no impact on the net asset value.

Assessment of Value

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

The Financial Statements

The ACD presents the financial statements of the Company for the year ended 31 March 2022. Information on the Fund has been included within these financial statements including a review of the Fund performance during the year. We hope that you find our review useful and informative.

Approval of the Report and Financial Statements

In accordance with COLL 4.5.8BR the Annual Report and Financial Statements were approved by the ACD of the Company and authorised for issue on 28 July 2022.



Philip Benjamin Hunt
for and on behalf of RBS Collective Investment Funds Limited
Authorised Corporate Director
28 July 2022

RBS Stakeholder Investment Fund ICVC

Fund Report

for the year ended 31 March 2022

Investment Objective

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

Investment Policy

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

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

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

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

Indices Tracked

The Indices making up the Benchmark are detailed below:

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

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

http://www.ftse.com/products/downloads/FTSE_UK_Index_Series_Guide_to_Calc.pdf

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

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

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

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

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

Performance

The Fund's portfolio consists of 56% UK equities and 42% UK government bonds. The portfolio's performance is determined by their respective movements. The Fund returned 3.9%* (after charges) from 1 April 2021 to 31 March 2022, compared with a gross return of 4.9% for its benchmark and a net return of 1.8% for its peer group, the Investment Association's Mixed Investment 20-60% Shares Sector. The benchmark figure does not include the impact of costs.

*Fund performance figures for Accumulation Shares - Class 1 based on published fund prices, net of fees.

Portfolio Summary

The UK stock market outperformed its overseas counterparts during the period. UK equities bounced back positively after the easing of lockdown restrictions thanks to the successful vaccination programme and the market's bias towards companies that do well during periods of rising interest rates and inflation, in particular the energy and financials sectors.

UK government bonds, however, have struggled – yields have risen and so prices have dropped. This is due to the ongoing inflationary pressures and rising interest rates that came amid a burst of pent-up demand for goods and services following the pandemic. Supply chain shortages, a tightening labour market and higher energy costs have also contributed to rising inflation.

Market Summary

At the start of the period, the global economy continued to expand from the pandemic-induced recession following the easing of lockdown restrictions. But as the year progressed the pace of growth started to slow amid supply chain bottlenecks, a new Covid variant and less fiscal support from governments and central banks.

As 2021 drew to a close, markets experienced mild volatility due to inflationary fears and rising interest rate expectations. Covid cases were also rising with the spread of the Omicron variant, but this appeared to have little to no impact on markets.

The new year got off to a wobbly start, with investors nervous about the Bank of England raising interest rates to tackle soaring inflation. Among the hardest hit were technology stocks, particularly early-stage businesses which tend to have higher debt and are more sensitive to interest rate changes.

Market Summary (continued)

Concerns about inflation and interest rates were then compounded by Russia's invasion of Ukraine in February, which sent shockwaves through markets. They soon recovered from the initial impact, but the ongoing effects of the incursion – particularly on oil and gas prices – threatened to slow economic growth. Tough, Covid-related lockdowns in China also took their toll on the world economy.

Time to raise rates

As economies began to emerge from the pandemic, the rate of inflation started rising in the US, UK and Europe, amid a burst of pent-up demand for goods and services. On both sides of the Atlantic the rise was accentuated by higher energy costs and supply chain shortages, while a tightening labour market also added to inflationary pressures.

Energy prices were steadily climbing following the easing of lockdown, but the problem was exacerbated by Russia's invasion of Ukraine as Russia is one of the largest distributors of oil and natural gas, second only to the US.

The surge in inflation added to the pressure on central banks to raise interest rates and rein in inflation. The Bank of England has raised interest rates three times so far in 2022, to 0.5% in February, 0.75% in March and then 1% in May, its highest figure in 13 years.

Similarly in the US, the US Federal Reserve has raised interest rates twice in 2022, to a range of 0.25% to 0.5% in March, and then to a range of 0.75% to 1% in May.

Russia invades Ukraine

As well as the devastating cost on the lives of millions of people, Russia's invasion of Ukraine raised geopolitical tensions and rattled global markets. There were particularly heavy falls across Europe, which is heavily dependent on Russia for energy supplies.

But overall, the economic outlook remained reasonably stable. In the month following the invasion, companies were still reporting solid earnings and economic growth continued. That growth was at a slower pace, but the invasion was not the cause because the slow-down had started beforehand.

Investors soon re-focused on their ongoing concerns about the economic fundamentals – particularly inflation pressures and interest rates.

Looking ahead

We are now experiencing the unusual situation of economic growth slowing as inflation climbs – usually rising prices are a sign of a strengthening economy.

We expect inflation in the US to fall over the second half of 2022 – there were already signs that it could be peaking in late April and early May – but markets are likely to stay volatile in the meantime.

Meanwhile, UK inflation looks set to remain high for most of the year, and the Bank of England has become more outspoken about the challenges this may present to UK consumers.

July 2022

Important information:

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

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

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RBS Stakeholder Investment Fund ICVC

Comparative table

For the year ended:	31/03/2022	31/03/2021	31/03/2020
	pence per share	pence per share	pence per share
Accumulation Shares - Class 1			
Change in net assets per share			
Opening net asset value per share	199.61	180.10	193.86
Return before operating charges*	9.78	21.54	(11.41)
Operating charges	(2.03)	(2.03)	(2.35)
Return after operating charges	7.75	19.51	(13.76)
Distributions	(3.03)	(2.39)	(3.69)
Retained distributions on accumulation shares	3.03	2.39	3.69
Closing net asset value per share	207.36	199.61	180.10
After direct transaction costs of*	0.00	0.00	0.00
Performance+			
Return after charges	3.88%	10.83%	(7.10)%
Other information			
Closing net asset value (£)	954,457,048	990,297,590	915,105,411
Closing number of shares	460,299,958	496,111,667	508,117,824
Operating charges**	0.96%	1.05%	1.18%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (p)	216.3	205.4	209.1
Lowest share price (p)	199.5	177.0	164.6

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

**The Operating Charges you pay are used to pay the costs of running this Fund, including the costs of marketing and distributing it, and the costs of investing in external funds but not the costs of any advice you have been given. These charges reduce the growth of your investment. The ACD's periodic charge for this share class was reduced from 1.00% to 0.92% effective 1 January 2021, continuing the improvement in customer outcomes from the prior financial year when the ACD's periodic charge was reduced from 1.50% to 1.00%.

The Operating Charges figure is based on the expenses for year ended 31 March 2022 and this figure may vary from period to period. The Operating Charges figure shown in the KIID and Assessment for Value Report may be calculated at a different point in time and therefore there could be immaterial differences between the documents.

+Performance per comparative table based on bid market price portfolio valuation at close of business on the last day of the accounting period and with related accounting adjustments.

RBS Stakeholder Investment Fund ICVC

Comparative table

(continued)

For the period ended:	27/07/2021 to 31/03/2022
	pence per share
Accumulation Shares - Class 2*	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges**	(0.12)
Operating charges	(0.38)
Return after operating charges	(0.50)
Distributions	(1.54)
Retained distributions on accumulation shares	1.54
Closing net asset value per share	99.50
After direct transaction costs of**	0.00
Performance+	
Return after charges	(0.50)%
Other information	
Closing net asset value (£)	4,043,279
Closing number of shares	4,063,575
Operating charges***	0.38% ^(a)
Direct transaction costs	0.00%
Prices	
Highest share price (p)	103.60
Lowest share price (p)	95.72

*Share class launched 27 July 2021.

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

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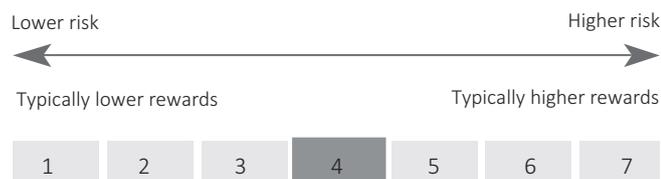
+Performance per comparative table based on bid market price portfolio valuation at close of business on the last day of the accounting period and with related accounting adjustments.

^(a)The Operating Charge disclosed above represents costs incurred for the period from 27 July 2021 to 31 March 2022. We estimate a full year's Operating Charge to be 0.55%.

RBS Stakeholder Investment Fund ICVC

Statistics

Risk and Reward Indicator



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

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

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

More information on the Risk and Reward Indicator is contained in the Risk and Reward Profile of the Key Investor Information Document ("KIID"), which is available at https://www.rbs.co.uk/investments/existing-customers/Key_Customer_Documents.html. Full information on the risks applicable to the Fund is detailed in the Prospectus.

Tracking Error

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

The tracking error for the Company is impacted by:

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

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

The size of the Fund's tracking error against the Benchmark for the year ended 31 March 2022 was 1.1%. The tracking error has been calculated on an annualised basis using monthly returns over the 3 years to 31 March 2022. This is in line with the expected tracking error referred to above.

The differences in performance between the Fund and the Benchmark for the year, shown on page 4, largely reflects the impact of the Operating Charges shown on pages 6 and 7. Before charges, the Fund would have returned 4.90% for the year to 31 March 2022 compared with 4.89% for the Benchmark being tracked. This difference in performance reflects the other factors impacting tracking error referred to above.

Summary of Material Portfolio Changes

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

Purchases	£	Sales	£
UK Treasury 1.625% 22/10/2028	12,317,644	Legal & General UK Index Trust	77,607,395
UK Treasury 1.5% 31/7/2053	10,842,904	UK Treasury 4.5% 07/9/2034	15,196,867
UK Treasury 0.875% 31/7/2033	9,615,276	UK Treasury 4% 07/3/2022	9,132,911
iShares UK Equity Index Fund	9,414,672	UK Treasury 3.75% 07/9/2021	8,178,077
UK Treasury 1.5% 22/7/2047	8,834,559	UK Treasury 4.25% 07/6/2032	7,697,835
Vanguard FTSE UK All Share Index Unit Trust	4,934,295	UK Treasury 8% 07/6/2021	6,935,564
UK Treasury 4.5% 07/12/2042	4,774,547	Vanguard FTSE UK All Share Index Unit Trust	4,723,878
UK Treasury 4.25% 07/12/2040	4,740,664	UK Treasury 4.75% 07/12/2038	4,569,152
UK Treasury 4.5% 07/9/2034	4,735,184	HSBC Index Tracker Investment Funds - FTSE	
UK Treasury 4.25% 07/12/2027	4,688,261	All-Share Index Fund	2,036,916
		UK Treasury 4.25% 07/9/2039	1,964,582

RBS Stakeholder Investment Fund ICVC

Portfolio Statement

as at 31 March 2022

Investments	Holding	Market Value (£)	Total Net Assets (%)
United Kingdom Government Stocks[†] - 42.12% (31 March 2021: 42.57%)			
UK Treasury 0.5% 22/7/2022	£22,844,477	22,824,945	2.38
UK Treasury 0.75% 22/7/2023	£8,420,536	8,359,192	0.87
UK Treasury 0.875% 31/7/2033	£9,691,598	8,878,231	0.93
UK Treasury 1% 22/4/2024	£1,984,892	1,969,340	0.21
UK Treasury 1.25% 22/7/2027	£10,757,071	10,660,957	1.11
UK Treasury 1.5% 22/7/2026	£12,609,915	12,654,491	1.32
UK Treasury 1.5% 22/7/2047	£33,500,000	31,371,912	3.27
UK Treasury 1.5% 31/7/2053	£10,563,806	9,947,672	1.04
UK Treasury 1.625% 22/10/2028	£18,003,000	18,201,483	1.90
UK Treasury 1.625% 22/10/2071	£5,353,818	5,435,062	0.57
UK Treasury 1.75% 07/9/2022	£9,269,635	9,306,018	0.97
UK Treasury 1.75% 07/9/2037	£8,995,576	8,899,998	0.93
UK Treasury 1.75% 22/1/2049	£1,784,444	1,768,161	0.18
UK Treasury 1.75% 22/7/2057	£5,248,559	5,309,836	0.55
UK Treasury 2% 07/9/2025	£4,478,484	4,568,076	0.48
UK Treasury 2.25% 07/9/2023	£3,240,000	3,279,350	0.34
UK Treasury 2.5% 22/7/2065	£4,867,945	6,178,761	0.65
UK Treasury 2.75% 07/9/2024	£8,654,714	8,928,766	0.93
UK Treasury 3.25% 22/1/2044	£11,398,118	14,312,332	1.49
UK Treasury 3.5% 22/1/2045	£8,858,779	11,622,497	1.21
UK Treasury 3.5% 22/7/2068	£4,413,995	7,083,027	0.74
UK Treasury 4% 22/1/2060	£6,301,650	10,405,127	1.09
UK Treasury 4.25% 07/12/2027	£12,198,617	14,035,790	1.46
UK Treasury 4.25% 07/6/2032	£9,618,786	11,977,072	1.25
UK Treasury 4.25% 07/3/2036	£10,674,657	13,915,216	1.45
UK Treasury 4.25% 07/9/2039	£7,628,741	10,413,041	1.09
UK Treasury 4.25% 07/12/2040	£10,598,192	14,671,872	1.53
UK Treasury 4.25% 07/12/2046	£6,658,026	9,851,049	1.03
UK Treasury 4.25% 07/12/2055	£6,289,302	10,336,311	1.08
UK Treasury 4.5% 07/9/2034	£14,411,974	18,830,325	1.96
UK Treasury 4.5% 07/12/2042	£15,638,642	22,827,335	2.38
UK Treasury 4.75% 07/12/2030	£13,121,968	16,564,188	1.73
UK Treasury 4.75% 07/12/2038	£19,075,110	27,194,907	2.84
UK Treasury 5% 07/3/2025	£10,106,021	11,119,604	1.16
Investment Instruments - 55.84% (31 March 2021: 55.97%)			
HSBC Index Tracker Investment Funds - FTSE All-Share Index Fund	32,410,829	118,299,526	12.34
iShares UK Equity Index Fund	178,665,879	182,982,804	19.09
Legal & General UK Index Trust	30,970,870	52,433,683	5.47
Vanguard FTSE UK All Share Index Unit Trust	1,568,610	181,549,216	18.94
Portfolio of investments - 97.96% (31 March 2021: 98.54%)		938,967,173	97.96
Net current assets - 2.04% (31 March 2021: 1.46%)		19,533,154	2.04
Total net assets		958,500,327	100.00

The figures in brackets represent the proportion of the total net assets of the Fund represented by the holdings as at 31 March 2021.

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

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

[†]Related party investments.

RBS Stakeholder Investment Fund ICVC

Statement of Total Return

for the year ended 31 March 2022

			31/03/2022		31/03/2021
	Notes	£	£	£	£
Income					
Net capital gains	3		24,437,807		87,389,765
Revenue	4	23,850,482		22,217,056	
Expenses	5	(9,389,764)		(9,979,043)	
Interest payable and similar charges	7	–		–	
Net revenue before taxation		14,460,718		12,238,013	
Taxation	6	415		(129)	
Net revenue after taxation			14,461,133		12,237,884
Total return before distributions			38,898,940		99,627,649
Distributions	8		(14,461,133)		(12,237,884)
Change in net assets attributable to Shareholders from investment activities			24,437,807		87,389,765

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 March 2022

			31/03/2022		31/03/2021
	Notes	£	£	£	£
Opening net assets attributable to Shareholders			990,297,590		915,105,411
Amounts received on creation of shares		11,801,920		15,546,931	
Amounts paid on cancellation of shares		(82,028,699)		(39,612,875)	
			(70,226,779)		(24,065,944)
Dilution adjustment			32		–
Change in net assets attributable to Shareholders from investment activities (see above)			24,437,807		87,389,765
Retained distributions on accumulation shares			13,991,677		11,868,358
Closing net assets attributable to Shareholders			958,500,327		990,297,590

Balance Sheet

as at 31 March 2022

			31/03/2022		31/03/2021
	Notes	£	£	£	£
ASSETS					
Fixed assets					
Investment assets			938,967,173		975,830,673
Current assets					
Debtors	9	4,283,533		3,881,152	
Cash and cash equivalents	10	16,937,400		12,755,729	
Total other assets			21,220,933		16,636,881
Total assets			960,188,106		992,467,554
LIABILITIES					
Investment liabilities			–		–
Creditors					
Other creditors	11	(1,687,779)		(2,169,964)	
Total other liabilities			(1,687,779)		(2,169,964)
Total liabilities			(1,687,779)		(2,169,964)
Net assets attributable to Shareholders			958,500,327		990,297,590

RBS Stakeholder Investment Fund ICVC

Distribution Statement

for the year ended 31 March 2022

Final Distribution for Accumulation Shares - 1

(in pence per share)

Group 1: Shares purchased prior to 1 April 2021

Group 2: Shares purchased from 1 April 2021 to 31 March 2022

Dividend Distribution	Net Revenue	Equalisation	Amount accumulated on 31/05/2022	Amount accumulated on 31/05/2021
Group 1	3.0261	–	3.0261	2.3923
Group 2	1.7919	1.2342	3.0261	2.3923

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

Final Distribution for Accumulation Shares - 2

(in pence per share)

Group 1: n/a

Group 2: Shares purchased from 27 July 2021 to 31 March 2022

Dividend Distribution	Net Revenue	Equalisation	Amount accumulated on 31/05/2022	Amount accumulated on 31/05/2021
Group 1	1.5374	–	1.5374	n/a
Group 2	1.1953	0.3421	1.5374	n/a

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

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

for the year ended 31 March 2022

1 Accounting Policies

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

They have been prepared on a basis other than going concern as the ACD intends to wind up and terminate the Company within 12 months of these financial statements being approved. Under this basis assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the winding up and termination of the Company will be borne by the ACD. No adjustments were necessary in these financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

1 Accounting Policies (continued)

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

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

A dilution levy may be charged in the following circumstances:

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

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

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

2 Distribution Policies

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

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

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

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

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

3 Net capital gains

The net capital gains on investments during the year comprise:	31/03/2022 £	31/03/2021 £
Non-derivative securities	24,440,623	87,350,950
Currency exchange (losses)/gains	(87)	339
Transaction expenses	(2,729)	38,476
Net capital gains	24,437,807	87,389,765

4 Revenue

	31/03/2022 £	31/03/2021 £
Bank interest	223	2,336
Interest on debt securities	5,457,729	5,391,396
Revenue from collective investment schemes	18,392,530	16,823,324
Total revenue	23,850,482	22,217,056

5 Expenses

	31/03/2022 £	31/03/2021 £
Payable to the ACD or Associate of the ACD:		
ACD's periodic charge	9,167,480	9,694,844
	9,167,480	9,694,844
Payable to the Depositary or Associate of the Depositary:		
Depositary's fees	76,063	74,824
Safe custody charges	115,301	192,603
	191,364	267,427
Other expenses:		
Audit fee	11,720	11,972
Professional service fees	19,200	4,800
	30,920	16,772
Total expenses	9,389,764	9,979,043

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

6 Taxation

	31/03/2022	31/03/2021
	£	£
a) Analysis of tax (credit)/charge in year:		
Overseas tax withheld	(415)	129
Total tax (credit)/charge (see note 6b)	(415)	129

b) Factors affecting tax (credit)/charge for the year:

The tax assessed for the year is lower (2021 - lower) than the standard rate of corporation tax in the UK for an ICVC (20%) (2021 - 20%).

The differences are explained below:

Net revenue before taxation	14,460,718	12,238,013
Corporation tax @ 20%	2,892,144	2,447,603
Effects of:		
Movement in unrecognised tax losses	785,938	916,921
Overseas tax withheld	(415)	129
Prior year adjustment to unrecognised tax losses	–	141
Revenue not subject to corporation tax	(3,678,082)	(3,364,665)
Total tax (credit)/charge (see note 6a)	(415)	129

c) Deferred tax

After claiming relief against accrued revenue taxable on receipt, the Fund has unrecognised tax losses of £41,619,512 (2021 - £37,689,819) resulting in an unrecognised deferred tax asset of £8,323,902 (2021 - £7,537,964). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (2021 - £nil).

7 Interest payable and similar charges

	31/03/2022	31/03/2021
	£	£
Interest	–	–
Total interest	–	–

8 Distributions

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

	31/03/2022	31/03/2021
	£	£
Final distribution 31 March – accumulation shares	13,991,677	11,868,358
	13,991,677	11,868,358
Amounts received on creations and deducted on cancellations		
Amounts added on creation of shares	(73,668)	(66,572)
Amounts deducted on cancellation of shares	543,124	436,098
Net distributions for the year	14,461,133	12,237,884

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

9 Debtors

	31/03/2022	31/03/2021
	£	£
Accrued revenue	4,245,393	3,853,481
Amounts receivable for issue of shares	12,819	–
Corporation tax recoverable	4,942	7,291
Overseas tax recoverable	20,379	20,380
Total debtors	4,283,533	3,881,152

10 Cash and Cash Equivalents

	31/03/2022	31/03/2021
	£	£
Cash held at bank	16,937,400	12,755,729
Total cash and cash equivalents	16,937,400	12,755,729

11 Other creditors

	31/03/2022	31/03/2021
	£	£
Accrued expenses	795,608	809,387
Amount payable for cancellation of shares	892,171	1,360,577
Total other creditors	1,687,779	2,169,964

12 Financial instruments

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

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

a) Interest Rate Risk

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

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

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

The interest rate risk profile of financial assets and liabilities as at 31 March 2022 was as follows:

	Floating Rate Investments	Fixed Rate Investments	Non-interest Bearing Investments	Total
	£	£	£	£
Investment assets	–	403,701,944	535,265,229	938,967,173
Investment liabilities	–	–	–	–

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

12 Financial instruments (continued)

a) Interest Rate Risk (continued)

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

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

Floating Rate Interest

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

b) Foreign Currency Risk

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

At the year-end date, 31 March 2022, 0.00% (2021 - 0.00%) of the Fund's net asset value was denominated in foreign currencies.

c) Credit Risk

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

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

At 31 March 2022, there were no non exchange traded derivatives held by the Fund (2021 - nil).

d) Derivatives risk and Efficient Portfolio Management

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

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

At 31 March 2022, the market value of the exchange traded derivatives held by the Fund was £nil (2021 - £nil).

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

12 Financial instruments (continued)

e) Valuation of financial investments

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

	Assets £	Liabilities £
31 March 2022		
Level 1: Quoted prices	–	–
Level 2: Observable market data	938,967,173	–
Level 3: Unobservable	–	–
	938,967,173	–
31 March 2021	£	£
Level 1: Quoted prices	–	–
Level 2: Observable market data	975,830,673	–
Level 3: Unobservable	–	–
	975,830,673	–

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

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

Level 3: Valuation techniques using unobservable inputs.

f) Market Price Risk

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

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

g) Sensitivity analysis

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

Interest rate sensitivity

An increase to the Bank of England base rate by 100 basis points (1%) as at the reporting date will cause net capital gains to decrease by £14,436,899 and the net asset value to decrease by £14,436,899 (2021 - An increase to the Bank of England base rate by 100 basis points (1%) as at the reporting date will cause net capital gains to decrease by £52,193,458 and the net asset value to decrease by £52,193,458).

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

12 Financial instruments (continued)

Currency sensitivity

At the year end date, 31 March 2022, 0.00% (2021 - 0.00%) of the Fund's net asset value was denominated in foreign currencies, hence no currency sensitivity has been disclosed.

Equity market price sensitivity

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

	31/03/2022
	£
Increase in net capital gains and increase in net asset value	27,812,538

	31/03/2021
	£
Increase in net capital gains and increase in net asset value	25,644,604

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

h) Liquidity Risk

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

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

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

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

i) Leverage

The Fund did not employ significant leverage during the year.

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

13 Portfolio transaction costs

For the year ended 31 March 2022

	Transaction Value	Commissions		Taxes	
Purchases (excluding derivatives)	£	£	%	£	%
Debt instruments (direct)	66,942,605	–	–	–	–
Collective investment schemes	14,348,967	–	–	–	–
Total purchases	81,291,572	–		–	
Total purchases including transaction costs	81,291,572				

	Transaction Value	Commissions		Taxes	
Sales (excluding derivatives)	£	£	%	£	%
Debt instruments (direct)	53,674,988	–	–	–	–
Collective investment schemes	84,368,189	–	–	–	–
Total sales	138,043,177	–		–	
Total sales net of transaction costs	138,043,177				

Derivative transaction costs	–			–	
Total transaction costs	–			–	
Total transaction costs as a % of average net assets		0.00%		0.00%	

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

13 Portfolio transaction costs (continued)

For the year ended 31 March 2021

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

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

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

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.17% (2021 - 0.13%).

RBS Stakeholder Investment Fund ICVC

Notes to the Financial Statements

(continued)

14 Related party transactions

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

Amounts paid to RBS Collective Investment Funds Limited in respect of the ACD's, associates' and agents' periodic fees are disclosed in note 5. The balance outstanding as at the year end was £749,339 (2021 - £763,646).

The Company may, in its normal course of business, enter into arm's length transactions with the NatWest Group plc and related entities. These related party transactions may include the purchase and sale of financial instruments issued by the NatWest Group plc and related entities. Investments in or transactions with other NatWest Group plc related party entities would be individually identified in the portfolio statement. During the year and as at 31 March 2022, there were no related party transactions.

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The NatWest Group plc, and therefore the ultimate parent company of the ACD, RBS Collective Investment Funds Limited. The UK Government's share holding is managed by UK Financial Investments Limited, a company wholly owned by the UK Government. The Fund had transactions with UK Government bodies on an arms' length basis and direct investments in government securities at the year end are shown in the portfolio statement where appropriate. The volume and diversity of such transactions in the Fund are such that disclosure of their amounts in the period 1 April 2021 to 31 March 2022 is impractical.

15 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2021 - £nil).

16 Share movement

For the year ended 31 March 2022	Accumulation Shares - Class 1	Accumulation Shares - Class 2
Opening shares	496,111,667	–
Shares created	3,739,128	4,065,370
Shares cancelled	(39,550,837)	(1,795)
Closing shares	460,299,958	4,063,575

17 Post balance sheet events

The ACD intends to propose the merger of the Fund with Personal Portfolio Balanced Fund, a new sub-fund of RBS Investment Funds ICVC in an EGM in October 2022. The aims of the merger are to achieve further cost savings, longer term sustainability, better performance and the integration of responsible investment and ESG considerations.

RBS Stakeholder Investment Fund ICVC

Statement of the Authorised Corporate Director's Responsibilities

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

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

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

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

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

For the reasons stated in the ACD's Report and note 1(a), the financial statements of the Company have been prepared on a basis other than going concern.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of an ACD's report which complies with the requirements of the Company's Instrument of Incorporation and the COLL Sourcebook of the FCA.

In accordance with COLL 4.5.8BR, the Annual Report and the audited financial statements were approved by the ACD of the Company and authorised for issue on 28 July 2022.



Philip Benjamin Hunt
RBS Collective Investment Funds Limited
Authorised Corporate Director
28 July 2022

RBS Stakeholder Investment Fund ICVC

Report of the Depositary

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the RBS Stakeholder Investment Fund ICVC (the "Company") for the Year Ended 31 March 2022.

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

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

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

The Depositary must ensure that:

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

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

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

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

The Bank of New York Mellon (International) Limited
London, United Kingdom
28 July 2022

RBS Stakeholder Investment Fund ICVC

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

Opinion

We have audited the financial statements of RBS Stakeholder Investment Fund ICVC (the "Company") for the year ended 31 March 2022, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 March 2022 and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Emphasis of matter - Financial statements prepared on a basis other than going concern

We draw attention to Note 1 (a) to the financial statements which explains that the ACD intends to terminate and wind up the Company and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements of the Company have been prepared on a basis other than going concern as described in Note 1 (a). Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (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 Instrument of Incorporation;
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the 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.

RBS Stakeholder Investment Fund ICVC

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

(continued)

Responsibilities of the ACD

As explained more fully in the ACD's responsibilities statement set out on page 23, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to wind up or terminate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are 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 OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the 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 Company's Shareholders, 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 Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh, United Kingdom

28 July 2022

RBS Stakeholder Investment Fund ICVC

Investor Information

Assessment of Value

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

This assessment covers the RBS Investment Funds ICVC* and RBS Stakeholder Investment Fund ICVC, which are both managed by RBS Collective Investment Funds Limited. It is prepared each year based on the period to 28 February (31 March for the RBS Stakeholder Investment Fund ICVC). The current version is available for the 2022 year end.

The latest assessment, while generally positive, highlights some areas for improvement. In particular, some service issues have been experienced for underlying Child Trust Fund customers invested in RBS Stakeholder Investment Fund ICVC. The ACD has taken steps to remedy this situation with a change of administration service provider from Target Servicing Limited to SS&C, the introduction of additional resources and controls, and will monitor service provider performance more closely to drive improvement in their service levels.

The full assessment can be found at:

https://personal.natwest.com/personal/investments/existing-customers/Key_Customer_Documents.html

and

https://personal.rbs.co.uk/personal/investments/existing-customers/Key_Customer_Documents.html.

A summary will be also be included in customer statements.

Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by ESMA, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions ("SFTs") or total return swaps is required. During the year to 31 March 2022 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

*Excluding Balanced Fund, which is closed to investment.

RBS Stakeholder Investment Fund ICVC

Investor Information

(continued)

Authorised Corporate Director and Registered Office

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

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

Client Enquiries: 0345 300 2585

Dealing: 0345 300 2585

Directors of RBS Collective Investment Funds Limited

Dickson Brown Anderson
Stephanie Mary Eastment
Philip Benjamin Hunt
Laura Yvonne Newman
Georgina Sarah Perceval-Maxwell
Stewart Newey (appointed 1 April 2022)

Depository and Custodian

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

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

Investment Manager

Coutts & Company
440 Strand
London
WC2R 0QS

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

Registrar and Adult ISA Administrator

SS&C Financial Services Europe Limited
St Nicholas Lane
Basildon
Essex
SS15 5FS

(Authorised and regulated by the FCA)

Child Trust Fund Administrator (Until 31 December 2021)

Target Servicing Limited
Imperial Way
Newport
Gwent
NP20 8UH

(Authorised and regulated by the FCA)

Child Trust Fund Administrator (From 1 January 2022)

SS&C Financial Services Europe Limited
St Nicholas Lane
Basildon
Essex
SS15 5FS

(Authorised and regulated by the FCA)

Junior ISA Administrator

Target Servicing Limited
Imperial Way
Newport
Gwent
NP20 8UH

(Authorised and regulated by the FCA)

Auditor

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