

# **RBS Stakeholder Investment Fund ICVC**

## **Annual Report & Financial Statements**

for the year ended

31 March 2020

# RBS Stakeholder Investment Fund ICVC

## Table of Contents

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Report of the Authorised Corporate Director	2
Economic and Market Overview	4
Comparative table	6
Statistics	7
Portfolio Statement	9
Statement of Total Return	12
Statement of Change in Net Assets Attributable to Shareholders	12
Balance Sheet	12
Distribution Statement	13
Notes to the Financial Statements	14
Statement of the Authorised Corporate Director's Responsibilities	26
Report of the Depositary	27
Independent Auditor's Report to the Shareholders of RBS Stakeholder Investment Fund ICVC	28
Investor information	30

## RBS Stakeholder Investment Fund ICVC

### Report of the Authorised Corporate Director

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#### The Company

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

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

The Company is classed as a UCITS ('Undertakings for Collective Investment in Transferable Securities') Scheme for the purposes of the regulations and has one Sub-fund. Its investment objective is to provide an increase in value over the long term.

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

#### Authorised Status

From 24 December 2004, the Company was authorised as an Open-Ended Investment Company under Regulation 12 of the Open-Ended Investment Companies Regulations 2001.

#### UCITS V Directive

Directive 2014/91/EU (the 'UCITS V Directive') introduced changes to the existing framework for UCITS with the aim of increasing the protection of assets held by a UCITS and reducing risks to investors in UCITS. In the UK, these changes were implemented by way of secondary legislation and changes to the FCA's Handbook (the 'UK implementing Legislation') which was effective from 18 March 2016. The primary impact is to require depositaries of UCITS to comply with enhanced requirements.

As part of the UCITS V Directive, the ACD is required to have a Remuneration Policy in place that complies with it. The up-to-date Remuneration Policy, which includes a description of how remuneration and benefits are calculated and the identities of the persons responsible for awarding remuneration and benefits, is available at:

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

and

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

A paper copy will be made available free of charge on request to the ACD, at the contact details shown on page 31.

Dickson Anderson receives £37,000, Georgina Perceval-Maxwell receives £39,500 and Stephanie Eastment receives £32,000 per annum for services as non-executive directors of the ACD. There were no other employees during the year ended 31 March 2020.

#### EU Benchmark Regulations

The EU Benchmark Regulations, place various requirements on the use and administration of indices as benchmarks. The Investment Objective & Policy, shown on page 4, makes reference to certain indices making up a benchmark. The Company will only use indices whose administrators are registered with the European Securities and Markets Authority ('ESMA') and appear in their Register of Benchmark Administrators and Third Country Benchmarks.

#### Changes to Prospectus

The Prospectus was amended during the year to reflect the changes of Investment Manager and Registrar & Administrator referred to under Changes to Service Providers below, and to effect a number of drafting improvements. The first amendment also included the changes to Investment Objective & Policy referred to on page 4 and the change in the valuation Point from 12:00 to 23:00. An amendment was made with effect from 1 July 2019 to reflect the reduction in the annual management charge payable to the ACD from 1.50% to 1.02%. Finally, an amendment was made with effect from 28 October 2019 to reflect the change of Junior ISA Administrator referred to under Changes to Service Providers below.

#### Changes to Service Providers

The ACD has appointed Coutts & Company to provide investment management services in place of Aviva Investors Global Services Limited with effect from 17 May 2019. The ACD has also appointed DST Financial Services Europe Limited as Registrar and Administrator with effect from 1 September 2019. The previous Registrar and Administrator was Aviva Life Services UK Limited, who sub-delegated to DST Financial Services Europe Limited. DST Financial Services Europe Limited have since been renamed SS&C Financial Services Europe Limited.

The ACD has also appointed Target Servicing Limited as Junior ISA Administrator with effect from 28 October 2019. The previous Junior ISA Administrator was Capita Life & Pensions Regulated Services Limited.

## **RBS Stakeholder Investment Fund ICVC**

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

(continued)

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#### **Going Concern**

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This outbreak has severely restricted the level of economic activity around the world. In response, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

Consequently, the ACD reviewed its business continuity arrangements to take account of the implications of the Coronavirus (COVID-19) pandemic. The ACD needed to be fully satisfied that all necessary arrangements were in place to ensure the continuity of business activities given the changes in operational capability. All service providers were contacted to confirm their Business Continuity Plans ('BCP') in light of the evolving situation and gained assurance that business can be maintained. The majority of service providers are utilising a combination of home working and split locations, where key staff need to work from an office location, and a similar approach applies for the staff working on behalf of the Manager. Service standards have been fully maintained over the subsequent period after some initial disruption while staff transitioned to home working.

Based on the Fund's liquidity position and also considering the uncertainties associated with the COVID-19 pandemic, the ACD is of the opinion that it is appropriate to adopt the going concern basis in the preparation of the financial statements as the assets of the Fund consist predominantly of securities that are readily realisable. Accordingly, the Fund has adequate financial resources to continue in operational existence for the foreseeable future.

#### **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 30.

#### **The Financial Statements**

The ACD presents the financial statements of the Company for the year ended 31 March 2020. 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 26 June 2020.



**Philip Benjamin Hunt**  
**for and on behalf of RBS Collective Investment Funds Limited**  
**Authorised Corporate Director**  
**26 June 2020**

## RBS Stakeholder Investment Fund ICVC

### Economic and Market Overview

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#### Investment Objective & Policy\*

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.

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 in units in collective investment schemes.

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

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

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

#### Indices Tracked

The Indices making up the Benchmark are detailed below:

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

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

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

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

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

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

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

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

#### Performance

The RBS Stakeholder Investment Fund returned -7.01% (after charges and excluding distributions) from 31 March 2019 to 31 March 2020, compared with a gross return of -6.39% for its benchmark and a net return of -7.18% for its peer group, the Investment Association's Mixed Investment 20-60% Shares Sector.

#### Portfolio Summary

UK equities sold off towards the end of the year as the full gravity of the coronavirus outbreak became clear and investors realigned their risk assets. Initially during the year UK stocks moved more or less in line with global stock markets, but towards the end of it they underperformed. This was chiefly due to sterling strengthening as the likelihood of a no-deal Brexit receded, which reduced the value of overseas earnings for UK-based companies.

Conversely, UK government bonds did reasonably well during the year. Investors sought the relative safety they provide, firstly through the uncertainty of the US-China trade war and Brexit, then the coronavirus-fuelled market falls.

#### Market Summary

After a strong end to 2019, investor confidence wavered in January before weakening dramatically at the end of February and March, sending markets steeply down. Equities and other risk assets sold off as the full gravity of the coronavirus outbreak became clearer and investors realigned their risk expectations. An oil price war between Russia and Saudi Arabia that added to market worries in early 2020 was soon eclipsed by the scale of the virus.

Fears about COVID-19 initially focused on China, where the problem originated. As the disease began to cross continents, it became clear that the consequences would be far more widespread than first thought. The resulting, volatile stock markets then saw the worst sell-off for more than a decade in March 2020.

Before the pandemic struck, there were actually signs the world economy was entering an expansionist phase. US employment, consumer confidence and industrial production in countries within the Organisation for Economic Co-operation and Development ('OECD') were all very positive. Central banks, meanwhile, were making moves of support for their economies, with the US Federal Reserve cutting interest rates three times in 2019.

The overall economic impact of the virus will depend on the success of containment measures and the financial support governments offer to households and businesses.

## RBS Stakeholder Investment Fund ICVC

### Economic and Market Overview

(continued)

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#### Market Summary (continued)

##### Bonds benefit from uncertainty

UK government bonds did well during the year. Investors sought the relative safety they provide, firstly through the uncertainty of the US-China trade war and Brexit, then the coronavirus-fuelled market falls.

##### Political clarity put Brexit agreement to bed

Before coronavirus, the biggest news in the UK over the year was the decisive victory of the Conservative party in the general election in December. This paved the way for a Brexit resolution to be reached at the end of January 2020, creating greater certainty for markets. UK stock markets reacted positively. Domestically-focused mid-caps in particular experienced a surge in value, while a sharp rise in sterling took some of the edge off more internationally-focused large caps.

##### 'Phase one' trade deal reached

President Trump took to his preferred medium of Twitter to announce that the US had reached a 'phase one' trade deal with China. The agreement covered areas including intellectual property, technology transfer and financial services. Global stock markets jumped on the announcement and made further gains when details were released in December, with the S&P 500 reaching new record highs in December and January.

##### The coronavirus pandemic and financial markets

In March, governments around the world took extraordinary measures to curb the coronavirus by asking people to stay at home. Countries imposed strict restrictions on border crossings, supermarkets took steps to ration the sale of products, and events were cancelled or postponed, including the Tokyo Olympics.

In parallel, stock markets experienced the worst sell-off in more than a decade as investors worried about the potential impact of the virus on company profits. The longest equity bull market in US history came to an end just a few weeks short of its 11th birthday. Demand for safer assets sent the yield on 10-year US Treasury bonds below 1% for the first time.

As the effects of COVID-19 spread, central banks around the world implemented emergency interest rate cuts, and government fiscal stimulus helped to shore up the economy. The Bank of England ('BoE') cut rates to 0.1% – their lowest ever level – while the US Federal Reserve ('Fed') also reduced its rates to almost zero. The European Central Bank ('ECB') announced it would buy an extra €750 billion worth of bonds, while both the BoE and Fed also launched special quantitative easing programmes. At the same time, governments announced financial measures to support businesses and workers.

#### Post March 2020

##### The post-coronavirus economy

The world economy began to emerge from the slump caused by the coronavirus in April and May as lockdown restrictions eased and countries started to reopen their borders. Early indications show that economies have shrunk significantly, but it's difficult to measure things accurately during times of stress, and current estimates might not capture all of the economic effects of coronavirus.

The pattern of share price changes is revealing – they have recovered faster in the US than in the UK. This can be explained by the prevalent industries in each market. The UK has a large number of energy companies, which suffered due to an oil price war and weaker energy demand, while the US has a bigger tilt towards technology and healthcare, which have been relative winners during the turbulence.

#### 4 June 2020

##### Important information:

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

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

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

\*The Investment Objective & Policy was changed with effect from 17 May 2019. This included changing the benchmark to reference the Bloomberg Barclays Sterling Gilts Index and SONIA rather than the FTSE Actuaries UK Conventional Gilts All Stocks Index and London Interbank Bid Rate ('LIBID') respectively.

## RBS Stakeholder Investment Fund ICVC

### Comparative table

For the year ended:	31/03/2020	31/03/2019	31/03/2018
	pence per share	pence per share	pence per share
<b>Accumulation Shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	193.86	187.10	188.10
Return before operating charges*	(11.41)	9.62	1.85
Operating charges	(2.35)	(2.86)	(2.85)
Return after operating charges	(13.76)	6.76	(1.00)
Distributions	(3.69)	(3.00)	(2.64)
Retained distributions on accumulation shares	3.69	3.00	2.64
<b>Closing net asset value per share</b>	<b>180.10</b>	<b>193.86</b>	<b>187.10</b>
*After direct transaction costs of	0.00	(0.08)	(0.02)
<b>Performance+</b>			
Return after charges	(7.10)%	3.61%	(0.53)%
<b>Other information</b>			
Closing net asset value	915,105,411	962,090,155	904,246,473
Closing number of shares	508,117,824	496,273,984	483,306,445
Operating charges**	1.18%	1.50%	1.50%
Direct transaction costs	0.00%	0.04%	0.01%
<b>Prices</b>			
Highest share price	209.1	197.5	195.4
Lowest share price	164.6	181.7	184.7

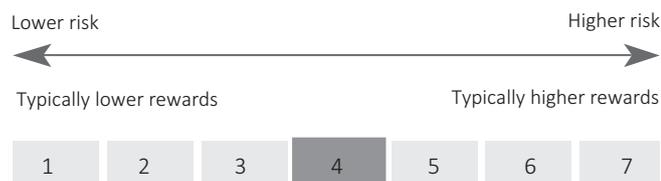
\*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which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

\*\*The Operating Charges figure represents the annual operating expenses of the Fund expressed as a percentage of the average net assets for the period – it does not include initial charges. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

+Performance per comparative table based on bid market price portfolio valuation at 23:00 on the last day of the accounting period and with related accounting adjustments. (For the year ended 31 March 2018 and 31 March 2019 performance per comparative table was based on bid market price portfolio valuation at midday on the last day of the accounting period and with related accounting adjustments).

The Operating Charges figure is based on the expenses for year ended 31 March 2020, 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.

#### Risk and Reward Indicator



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

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

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

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

#### Tracking Error

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

The tracking error for the Company is impacted by:

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

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

The size of the Fund's tracking error against the Benchmark for the year ended 29 March 2020 was 0.9%. The tracking error has been calculated on an annualised basis using monthly returns over the 3 years to 31 March 2020. This is in line with the expected tracking error referred to above.

The differences in performance between the Fund and the Benchmark for the year, shown on page 4, largely reflects the impact of the Operating Charges shown on page 6. Before charges, the Fund would have returned -5.92% for the year to 31 March 2020 compared with -6.39% for the Benchmark being tracked. This difference in performance reflects the other factors impacting tracking error referred to above.

## RBS Stakeholder Investment Fund ICVC

### Statistics

(continued)

#### Summary of Material Portfolio Changes

The table below shows the top ten purchases and sales for the year.

<b>Purchases</b>	<b>£</b>	<b>Sales</b>	<b>£</b>
Legal & General UK Index Trust	183,926,565	HSBC (UK Regd.)	31,188,113
iShares UK Equity Index Fund	180,939,470	Royal Dutch Shell 'A' (UK Regd.)	25,661,825
Vanguard FTSE UK All Share Index Unit Trust	180,648,986	BP	24,994,471
HSBC Index Tracker Investment Funds -		Royal Dutch Shell 'B' (UK Regd.)	21,660,357
FTSE All-Share Index Fund	87,901,208	UK Treasury 4.75% 07/3/2020	18,534,517
UK Treasury 4.5% 07/12/2042	18,836,668	Diageo	18,192,603
UK Treasury 4.75% 07/12/2038	16,194,350	AstraZeneca	17,900,800
UK Treasury 4.25% 07/6/2032	10,805,680	GlaxoSmithKline	17,493,375
UK Treasury 4.75% 07/12/2030	9,329,410	UK Treasury 2% 22/7/2020	17,020,191
UK Treasury 4.75% 07/3/2020	9,238,468	British American Tobacco	15,464,721
UK Treasury 2% 22/7/2020	8,015,518		

## RBS Stakeholder Investment Fund ICVC

### Portfolio Statement

as at 31 March 2020 (31 March 2019)

Investments	Holding	Market Value (£)	Total Net Assets (%)
<b>United Kingdom Government Stocks† - 42.47% (41.12%)</b>			
UK Treasury 0.5% 22/7/2022	£8,750,577	8,819,225	0.96
UK Treasury 0.75% 22/7/2023	£8,420,536	8,580,905	0.94
UK Treasury 1% 22/4/2024	£1,984,892	2,050,919	0.22
UK Treasury 1.25% 22/7/2027	£10,757,071	11,582,192	1.27
UK Treasury 1.5% 22/1/2021	£5,350,990	5,407,202	0.59
UK Treasury 1.5% 22/7/2026	£8,209,915	8,884,647	0.97
UK Treasury 1.5% 22/7/2047	£10,711,974	12,468,470	1.36
UK Treasury 1.625% 22/10/2028	£4,346,406	4,856,087	0.53
UK Treasury 1.625% 22/10/2071	£4,423,818	6,387,883	0.70
UK Treasury 1.75% 07/9/2022	£8,369,635	8,690,318	0.95
UK Treasury 1.75% 07/9/2037	£6,095,576	7,103,022	0.78
UK Treasury 1.75% 22/1/2049	£1,784,444	2,204,993	0.24
UK Treasury 1.75% 22/7/2057	£5,248,559	6,983,077	0.76
UK Treasury 2% 07/9/2025	£4,478,484	4,926,624	0.54
UK Treasury 2.25% 07/9/2023	£3,240,000	3,470,089	0.38
UK Treasury 2.5% 22/7/2065	£4,867,945	8,284,147	0.91
UK Treasury 2.75% 07/9/2024	£8,654,714	9,637,327	1.05
UK Treasury 3.25% 22/1/2044	£9,278,118	14,088,590	1.54
UK Treasury 3.5% 22/1/2045	£8,858,779	14,128,645	1.54
UK Treasury 3.5% 22/7/2068	£4,413,995	9,537,650	1.04
UK Treasury 3.75% 07/9/2020	£5,732,676	5,820,300	0.64
UK Treasury 3.75% 07/9/2021	£8,178,077	8,598,716	0.94
UK Treasury 4% 07/3/2022	£9,132,911	9,808,244	1.07
UK Treasury 4% 22/1/2060	£6,301,650	13,525,704	1.48
UK Treasury 4.25% 07/12/2027	£8,132,617	10,620,263	1.16
UK Treasury 4.25% 07/6/2032	£11,710,346	16,879,000	1.84
UK Treasury 4.25% 07/3/2036	£10,674,657	16,453,649	1.80
UK Treasury 4.25% 07/9/2039	£6,258,741	10,206,598	1.12
UK Treasury 4.25% 07/12/2040	£7,158,192	11,869,535	1.30
UK Treasury 4.25% 07/12/2046	£6,658,026	12,098,133	1.32
UK Treasury 4.25% 07/12/2055	£6,289,302	13,189,767	1.44
UK Treasury 4.5% 07/9/2034	£12,256,974	18,848,468	2.06
UK Treasury 4.5% 07/12/2042	£10,923,642	19,258,108	2.10
UK Treasury 4.75% 07/12/2030	£12,791,968	18,664,441	2.04
UK Treasury 4.75% 07/12/2038	£14,495,110	24,689,158	2.70
UK Treasury 5% 07/3/2025	£10,106,021	12,480,279	1.36
UK Treasury 8% 07/6/2021	£6,935,564	7,575,266	0.83

## RBS Stakeholder Investment Fund ICVC

### Portfolio Statement

(continued)

Investments	Holding	Market Value (£)	Total Net Assets (%)
<b>United Kingdom Equities - 0.00% (52.59%)</b>			
<b>Investment Instruments - 53.49% (2.75%)</b>			
HSBC Index Tracker Investment Funds - FTSE All-Share Index Fund	28,875,633	77,155,691	8.43
iShares UK Equity Index Fund	179,798,710	133,770,240	14.62
Legal & General UK Index Trust	112,350,238	141,224,250	15.43
Vanguard FTSE UK All Share Index Unit Trust	1,588,860	137,310,885	15.01
<b>Derivatives - 0.00% (0.01%)</b>			
<b>Portfolio of investments - 95.96% (96.47%)</b>		<b>878,138,707</b>	<b>95.96</b>
<b>Net current assets - 4.04% (3.53%)</b>		<b>36,966,704</b>	<b>4.04</b>
<b>Total net assets</b>		<b>915,105,411</b>	<b>100.00</b>

The figures in brackets represent the proportion of the total net assets of the Fund represented by the holdings as at 31 March 2019.

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

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

†Related party investments.

## RBS Stakeholder Investment Fund ICVC

### Portfolio Statement

(continued)

During the year ended 31 March 2020, the Fund disposed of its direct holdings in the following categories, replacing them with indirect holdings in the Investment Instruments category.

Category	% of prior year NAV	Category	% of prior year NAV
Aerospace	0.55	Industrial Machinery	0.41
Airlines	0.31	Industrial Suppliers	0.78
Apparel Retailers	0.24	Insurance Brokers	0.17
Asset Managers	0.47	Integrated Oil & Gas	7.57
Automobiles	0.02	Investment Services	0.74
Banks	5.81	Iron & Steel	0.10
Biotechnology	0.12	Life Insurance	2.02
Broadcasting & Entertainment	0.16	Media Agencies	0.48
Broadline Retailers	0.19	Medical Equipment	0.32
Building Materials & Fixtures	0.80	Medical Supplies	0.09
Business Support Services	1.67	Mobile Telecommunications	0.97
Business Training & Employment Agencies	0.11	Mortgage Finance	0.01
Clothing & Accessories	0.21	Multi-Utilities	0.71
Commodity Chemicals	0.01	Non-durable Household Products	0.99
Computer Services	0.11	Oil Equipment & Services	0.13
Consumer Finance	0.11	Paper	0.15
Containers & Packaging	0.31	Personal Products	0.01
Conventional Electricity	0.35	Pharmaceuticals	3.95
Defence	0.52	Platinum & Precious Metals	0.04
Distillers & Vintners	1.83	Property & Casualty Insurance	0.37
Diversified Industrials	0.21	Publishing	1.17
Diversified REIT's	0.21	Real Estate Holding & Development	0.23
Electrical Components & Equipment	0.12	Real Estate Services	0.04
Electronic Equipment	0.19	Recreational Services	0.24
Exploration & Production	0.15	Residential REITs	0.05
Financial Administration	0.01	Restaurants & Bars	1.17
Fixed Line Telecommunications	0.51	Retail REITs	0.15
Food Products	1.57	Soft Drinks	0.21
Food Retailers & Wholesalers	0.95	Software	0.48
Full Line Insurance	0.13	Specialized Consumer Services	0.04
Furnishings	0.01	Specialty Chemicals	0.40
Gambling	0.28	Specialty Finance	0.43
Gas Distribution	0.16	Specialty REITs	0.15
General Mining	3.69	Specialty Retailers	0.45
Gold Mining	0.10	Telecommunications Equipment	0.02
Health Care Providers	0.09	Tobacco	2.39
Heavy Construction	0.09	Toys	0.02
Home Construction	0.84	Transportation Services	0.17
Home Improvement Retailers	0.15	Travel & Tourism	0.27
Hotels	0.21	Waste & Disposal Services	0.01
Hotel & Lodging REITs	0.06	Water	0.34
Industrial & Office REITs	0.52	Futures	0.01

## RBS Stakeholder Investment Fund ICVC

### Statement of Total Return

for the year ended 31 March 2020

			31/03/2020		31/03/2019
	Notes	£	£	£	£
Income					
Net capital (losses)/gains	3		(89,149,550)		18,426,292
Revenue	4	30,020,545		28,876,181	
Expenses	5	(11,478,252)		(14,008,905)	
Interest payable and similar charges	7	(5,814)		(4,618)	
Net revenue before taxation		18,536,479		14,862,658	
Taxation	6	(1,180)		(177,197)	
Net revenue after taxation			18,535,299		14,685,461
<b>Total return before distributions</b>			<b>(70,614,251)</b>		<b>33,111,753</b>
Distributions	8		(18,535,299)		(14,685,461)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(89,149,550)</b>		<b>18,426,292</b>

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

for the year ended 31 March 2020

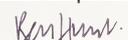
			31/03/2020		31/03/2019
	Notes	£	£	£	£
<b>Opening net assets attributable to Shareholders</b>			962,090,155		904,246,473
Amounts received on creation of shares		26,198,437		29,639,173	
Amounts paid on cancellation of shares		(2,719,376)		(5,105,911)	
			23,479,061		24,533,262
Change in net assets attributable to Shareholders from investment activities (see above)			(89,149,550)		18,426,292
Retained distributions on accumulation shares	8		18,746,095		14,884,128
Stamp duty reserve tax			(60,350)		–
<b>Closing net assets attributable to Shareholders</b>			<b>915,105,411</b>		<b>962,090,155</b>

### Balance Sheet

as at 31 March 2020

			31/03/2020		31/03/2019
	Notes	£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Investment assets			878,138,707		928,182,989
Current assets					
Debtors	9	5,353,531		7,178,039	
Cash and cash equivalents	10	32,535,965		29,101,838	
Total other assets			37,889,496		36,279,877
Total assets			916,028,203		964,462,866
<b>LIABILITIES</b>					
Investment liabilities			–		(28,754)
Creditors					
Other creditors	11	(922,792)		(2,343,957)	
Total other liabilities			(922,792)		(2,343,957)
Total liabilities			(922,792)		(2,372,711)
<b>Net assets attributable to Shareholders</b>			<b>915,105,411</b>		<b>962,090,155</b>

This report has been prepared in accordance with the COLL Sourcebook of the FCA and was approved by the ACD on 26 June 2020.

  
**Philip Benjamin Hunt, Director**  
For and on behalf of RBS Collective Investment Funds Limited  
**Authorised Corporate Director**  
**26 June 2020**

## RBS Stakeholder Investment Fund ICVC

### Distribution Statement

for the year ended 31 March 2020

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#### Final Distribution for Accumulation Shares

(in pence per share)

Group 1: Shares purchased prior to 1 April 2019

Group 2: Shares purchased from 1 April 2019 to 31 March 2020

<b>Dividend Distribution</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Amount accumulated on 31/05/2020</b>	<b>Amount accumulated on 31/05/2019</b>
Group 1	3.6893	–	3.6893	2.9992
Group 2	1.9936	1.6957	3.6893	2.9992

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 2020

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#### 1 Accounting Policies

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

There are no material events that have been identified that may cast significant doubt about the Fund's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and, following consideration of the impact of COVID-19, they continue to adopt the going concern basis in preparing the 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 (losses)/gains' in the Statement of Total Return. Any positions on such transactions open at the period end are reflected in the Balance Sheet at their marked to market value. When positions generate total returns, it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.

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

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

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

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

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

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

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

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

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

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

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

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

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

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#### 1 Accounting Policies (continued)

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

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

A dilution levy may be charged in the following circumstances:

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

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

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

#### 2 Distribution Policies

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

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

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

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

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 3 Net capital (losses)/gains

The net capital (losses)/gains on investments during the year comprise:	31/03/2020	31/03/2019
	£	£
Non-derivative securities	(89,120,526)	17,708,098
Derivative securities	(6,530)	728,202
Currency exchange gains/(losses)	23,001	(10,008)
Transaction expenses	(45,495)	–
<b>Net capital (losses)/gains</b>	<b>(89,149,550)</b>	<b>18,426,292</b>

#### 4 Revenue

	31/03/2020	31/03/2019
	£	£
Bank interest	10,356	–
Interest on debt securities	6,773,203	7,346,762
Overseas dividends	426,491	2,990,689
Property income dividends	125,652	390,500
Returns from bond futures	140	12,695
Returns from equity futures	36,042	–
Revenue from collective investment schemes	20,030,408	–
UK dividends	2,618,253	18,135,535
<b>Total revenue</b>	<b>30,020,545</b>	<b>28,876,181</b>

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 5 Expenses

	31/03/2020	31/03/2019
	£	£
<b>Payable to the ACD or Associate of the ACD:</b>		
ACD's periodic charge	11,405,776	14,008,905
	<b>11,405,776</b>	<b>14,008,905</b>
<b>Payable to the Depositary or Associate of the Depositary:</b>		
Depositary's fees	57,923	–
Safe custody changes	6,152	–
	<b>64,075</b>	–
<b>Other expenses:</b>		
Audit fee*	8,401	–
	<b>8,401</b>	–
<b>Total expenses</b>	<b>11,478,252</b>	<b>14,008,905</b>

\*Audit fee of £7,000 (ex VAT) was paid directly by the ACD for year ended 31 March 2019.

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 6 Taxation

	31/03/2020	31/03/2019
	£	£
<b>a) Analysis of tax charge in year:</b>		
Corporation tax	138	–
Overseas tax withheld	1,042	177,197
<b>Total tax charge (see note 6b)</b>	<b>1,180</b>	<b>177,197</b>

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

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an ICVC (20%) (2019 - 20%).

The differences are explained below:

Net revenue before taxation	18,536,479	14,862,658
Corporation tax @ 20%	3,707,296	2,972,532
Effects of:		
Corporation tax adjustment	138	–
Dividends not subject to corporation tax	(4,614,041)	(4,206,711)
Movement in excess management expenses	906,391	1,229,465
Overseas tax withheld	1,042	177,197
Prior year adjustment to excess management expenses	–	5,068
Relief on overseas tax expensed	354	(354)
<b>Total tax charge (see note 6a)</b>	<b>1,180</b>	<b>177,197</b>

#### c) Deferred tax

After claiming relief against accrued revenue taxable on receipt, the Fund has unrelieved excess expenses of £33,105,214 (2019 - £28,573,262) resulting in an unrecognised deferred tax asset of £6,621,043 (2019 - £5,714,652). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised (2019 - £nil).

#### 7 Interest payable and similar charges

	31/03/2020	31/03/2019
	£	£
Interest	5,814	4,618
<b>Total interest</b>	<b>5,814</b>	<b>4,618</b>

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 8 Distributions

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

	31/03/2020 £	31/03/2019 £
Final distribution 31 March – Accumulation shares	18,746,095	14,884,128
	<b>18,746,095</b>	<b>14,884,128</b>
<b>Amounts received on creations and deducted on cancellations</b>		
Amounts added on creation of shares	(228,941)	(239,131)
Amounts deducted on cancellation of shares	18,145	40,464
	<b>(210,796)</b>	<b>(198,667)</b>
<b>Net distributions for the year</b>	<b>18,535,299</b>	<b>14,685,461</b>
The distributable amount has been calculated as follows:		
Net revenue after taxation	18,535,299	14,685,461
<b>Net distributions for the year</b>	<b>18,535,299</b>	<b>14,685,461</b>

#### 9 Debtors

	31/03/2020 £	31/03/2019 £
Accrued revenue	4,889,442	5,520,262
Amount receivable for creation of shares	403,983	585,777
Corporation tax recoverable	7,291	4,518
Overseas tax recoverable	52,815	66,105
Sales awaiting settlement	–	1,001,377
<b>Total debtors</b>	<b>5,353,531</b>	<b>7,178,039</b>

#### 10 Cash and Cash Equivalents

	31/03/2020 £	31/03/2019 £
Cash held at bank	32,528,216	21,153,099
Amounts held at futures clearing houses and brokers	7,749	248,238
Amounts held in Aviva Investors Sterling Liquidity Fund	–	7,700,501
<b>Total cash and cash equivalents</b>	<b>32,535,965</b>	<b>29,101,838</b>

#### 11 Creditors

	31/03/2020 £	31/03/2019 £
<b>Other creditors</b>		
Accrued expenses	922,792	2,262,224
Amount payable for cancellation of shares	–	81,733
<b>Total other creditors</b>	<b>922,792</b>	<b>2,343,957</b>

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 12 Financial instruments

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

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

##### a) Interest Rate Risk

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

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

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

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

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

The interest rate risk profile of financial assets and liabilities as at 31 March 2019 was as follows:

	Floating Rate Investments £	Fixed Rate Investments £	Non-interest Bearing Investments £	Total £
Investment assets	–	395,664,256	532,518,733	928,182,989
Investment liabilities	–	–	(28,754)	(28,754)

##### 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 2020, 0.01% (2019 - 0.15%) 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 2020, non exchange traded derivatives were not held by the Fund (2019 - nil).

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 12 Financial instruments (continued)

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

The Company enters 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 2020, the market value of the exchange traded derivatives held by the Fund was £nil (2019 - £22,331). The underlying exposure in relation to Future contracts was £nil (2019 - £9,739,993).

Margin is paid or received on futures contracts to cover any exposure by the counterparty to the Fund or by the Fund to the counterparty. Cash and cash equivalents consist primarily of cash and margin balances held at the Fund's clearing brokers. It is included in "Cash and cash equivalents" on the Balance Sheet.

Margin amounts held at futures clearing houses and brokers are disclosed in note 10.

##### e) Valuation of financial investments

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

	Assets £	Liabilities £
<b>31 March 2020</b>		
Level 1: Quoted	–	–
Level 2: Observable	878,138,707	–
Level 3: Unobservable	–	–
	<b>878,138,707</b>	<b>–</b>
<b>31 March 2019</b>	<b>£</b>	<b>£</b>
Level 1: Quoted	532,518,733	(28,754)
Level 2: Observable	395,664,256	–
Level 3: Unobservable	–	–
	<b>928,182,989</b>	<b>(28,754)</b>

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

## 12 Financial instruments (continued)

### f) Market Price Risk

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

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

### g) Sensitivity analysis

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

#### Interest rate sensitivity

An increase of 100 basis points (1%) as at the reporting date will cause net capital losses to increase by £51,834,161 and the net asset value to decrease by £51,834,161 (for 2019 it will cause net capital gains to decrease by £45,747,916 and net asset value to decrease by £45,747,916).

#### Currency sensitivity

At the year end date, 31 March 2020, 0.01% (2019 - 0.15%) of the Fund's net asset value was denominated in foreign currencies, hence no currency sensitivity has been disclosed.

#### Equity market price sensitivity

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

	<b>31/03/2020</b>
	<b>£</b>
Decrease in net capital losses and increase in net asset value	21,614,294
	<b>31/03/2019</b>
	<b>£</b>
Increase in net capital gains and increase in net asset value	26,724,283

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.

### 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 2020

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

## RBS Stakeholder Investment Fund ICVC

### Notes to the Financial Statements

(continued)

#### 13 Portfolio transaction costs (continued)

For the year ended 31 March 2019

	Transaction Value	Commissions		Taxes	
Purchases (excluding derivatives)	£	£	%	£	%
Equity instruments (direct)	82,710,871	3,387	0.00	388,463	0.47
Debt instruments (direct)	73,756,445	–	–	–	–
Collective investment schemes	4,301,485	185	0.00	14,946	0.35
<b>Total purchases</b>	<b>160,768,801</b>	<b>3,572</b>		<b>403,409</b>	
<b>Total purchases including transaction costs</b>	<b>161,175,782</b>				

	Transaction Value	Commissions		Taxes	
Sales (excluding derivatives)	£	£	%	£	%
Equity instruments (direct)	36,538,502	1,299	0.00	284	0.00
Debt instruments (direct)	78,386,757	–	–	–	–
Collective investment schemes	1,121,381	58	0.00	15	0.00
<b>Total sales</b>	<b>116,046,640</b>	<b>1,357</b>		<b>299</b>	
<b>Total sales net of transaction costs</b>	<b>116,044,984</b>				

<b>Derivative transaction costs</b>		<b>4,730</b>		<b>–</b>	
<b>Total transaction costs</b>		<b>9,659</b>		<b>403,708</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.00%</b>		<b>0.04%</b>	

The above analysis covers any direct transaction costs suffered by the Fund during the period. 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.

During the period the Fund utilised derivative instruments including futures covering different underlying asset classes. 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 0.24% (2019 - 0.09%).

## 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 £856,329 (2019 - £2,262,224).

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland 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 period 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 2019 to 31 March 2020 is impractical.

#### 15 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2019 - £nil).

#### 16 Share movement

For the year ended 31 March 2020	Accumulation shares
Opening shares	496,273,984
Shares created	13,226,931
Shares cancelled	(1,383,091)
<b>Closing shares</b>	<b>508,117,824</b>

#### 17 Post balance sheet events

As indicated in the Accounting Policies in the Notes to the financial statements on page 14, the investments have been valued at 23:00 on 31 March 2020. Since that date the Fund's quoted prices have changed as detailed in the following table, which shows the quoted prices at 23:00 on 31 March 2020 and at 23:00 on 22 June 2020.

Share class	Price at 31/03/2020 (pence per share)	Price at 22/06/2020 (pence per share)	% change
Accumulation shares	180.3	194.1	7.7%

## 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 period 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 (formerly the "IMA") in May 2014 ("the IMA SORP 2014"), amended June 2017; and
- give a true and fair view of the financial position of the Company as at the end of that period and the net revenue and the net capital gains or losses on the property of the Company for that period.

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 IMA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

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

In accordance with COLL 4.5.8BR, the Annual Report and the audited financial statements were approved by the ACD of the Company and authorised for issue on 26 June 2020.



**Philip Benjamin Hunt**  
**RBS Collective Investment Funds Limited**  
**Authorised Corporate Director**  
**26 June 2020**

## RBS Stakeholder Investment Fund ICVC

### Report of the Depositary

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#### **Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the RBS Stakeholder Investment Fund ICVC ("the Company") for the Year Ended 31 March 2020.**

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**  
**26 June 2020**

## RBS Stakeholder Investment Fund ICVC

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

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#### Opinion

We have audited the financial statements of RBS Stakeholder Investment Fund ICVC ("the Company") for the year ended 31 March 2020 which comprise of the Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders together with the Balance Sheet, the related notes, including a summary of significant accounting policies, and the Distribution Table. 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 2020 and of the net revenue and net capital losses 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 including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

#### Basis for opinion

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

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### 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.

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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## RBS Stakeholder Investment Fund ICVC

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

(continued)

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

In our opinion:

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

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

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

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

#### Responsibilities of Authorised Corporate Director ('ACD')

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

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

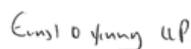
#### Auditor's responsibilities for the audit of the financial statements

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

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

#### Use of our report

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



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

**26 June 2020**

## RBS Stakeholder Investment Fund ICVC

### Investor Information

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#### Assessment of Value

This 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 RBS Investment Funds ICVC\* and RBS Stakeholder Investment Fund ICVC, which are both managed by RBS Collective Investment Funds Limited.

A brief summary follows, but the full assessment can be found at

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

and

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

A summary will be also be included in customer statements.

#### Executive Summary

In performing the Assessment of Value the board has carefully considered a variety of information available to it across the categories below, in order to determine whether value is delivered to customers. The board will also use these findings to reflect on how value delivered to customers can be improved.

- Quality of service;
- Costs;
- Performance;
- Risk Management;
- Economies of scale;
- Comparable market rates;
- Comparable services; and
- Classes of units.

Overall, the board considers that the Fund delivers good value to customers:

- The Fund's costs include all customer servicing costs, whereas many comparable funds require these to be paid separately – e.g. to an investment platform provider;
- The level of service delivered by the administrative providers is high, reflected in the low levels of complaints and errors;
- The Fund gives customers access to the expertise of a range of third-party managers, rather than being tied to the abilities of any one investment team;
- The Fund has the flexibility to use simple passive investment styles when this is appropriate, and the cost reduction associated with this is passed on to customers; and
- The performance of the Fund is within acceptable bounds, noting that the recent change in investment managers means that there is not yet a long-term track record to assess.

#### 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 2020 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

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

## RBS Stakeholder Investment Fund ICVC

### Investor Information

(continued)

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#### Authorised Corporate Director and Registered Office

RBS Collective Investment Funds Limited  
24-25 St Andrew Square  
Edinburgh  
EH2 1AF

(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 (Appointed 6 August 2019)  
Philip Benjamin Hunt  
Ian Michael Brian McLaughlin (Resigned on 3 June 2019)  
Laura Yvonne Newman  
Georgina Sarah Perceval-Maxwell (Appointed 30 July 2019)

#### 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  
(appointed 17 May 2019)  
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  
(appointed 1 September 2019)  
SS&C House  
St Nicholas Lane  
Basildon  
Essex  
SS15 5FS

(Authorised and regulated by the FCA)

#### Child Trust Fund Administrator

Target Servicing Limited  
Imperial Way  
Newport  
NP20 8UH

(Authorised and regulated by the FCA)

#### Junior ISA Administrator

Target Servicing Limited  
(appointed 28 October 2019)  
Imperial Way  
Newport  
Gwent  
NP20 8UH

(Authorised and regulated by the FCA)

#### Auditor

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