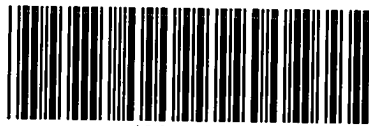


SARASIN

SARASIN INVESTMENT FUNDS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended
31 DECEMBER 2022

Registered Number: 02190813

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ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2022

DIRECTORS

S.A.M. Jeffries
G.V. Matthews (Chief Executive Officer)
G. Steinberg * (Chairman)
E. Tracey **

* Non-Executive Director

** Independent Non-Executive Director

REGISTERED OFFICE

Juxon House
100 St. Paul's Churchyard
London EC4M 8BU
United Kingdom

BANKERS

The Royal Bank of Scotland plc

AUDITOR

Deloitte LLP
Statutory Auditor
1 New Street Square
London EC4A 3HQ
United Kingdom

BUSINESS ADVISER

Evelyn Partners LLP
45 Gresham Street
London EC2V 7BG
United Kingdom

LAWYERS

Charles Russell Speechlys LLP
5 Fleet Place
London EC4M 7RD
United Kingdom

Eversheds LLP
1 Wood Street
London EC2V 7WS
United Kingdom

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2022

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STRATEGIC REPORT

For the year ended 31 December 2022

Cautionary Statement

This Strategic Report has been prepared solely to provide additional information to assess Sarasin Investment Funds Limited's ("the Company's") strategies and the potential for those strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors, in good faith, based on the information available to them up to the time of their approval of this report, and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors underlying any such forward-looking information.

Activities

The principal activity of the Company is that of Authorised Corporate Director ("ACD") for Sarasin Funds ICVC ("ICVC") and Operator of Sarasin Charity Authorised Investment Funds ("CAIF"). The ICVC is a United Kingdom ("UK") Open-Ended Investment Company ("OEIC") with eleven sub-funds and the CAIF is a UK umbrella authorised Unit Trust with four sub-funds, registered with the Charities Commission. The Company also acted as ACD of The Mazener Fund (OEIC) until 30 April 2022.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

Business Review

Total Assets under Management ("AuM") for ICVC and CAIF investment funds under the Company's management and administration decreased in value by 11% over the year to £5.54bn at year end (31 December 2021: £6.25bn).

From a markets perspective, 2022 has been a turbulent year during which the performance of global equities has declined and traditional asset classes all suffered losses. Still healing from the dislocations caused by the pandemic, the global economy was hit during the year by a second unforeseen shock with Russia's invasion of Ukraine in February 2022. Commodity prices rose sharply, and concerns mounted in countries with high dependence on imports of Russian energy. Inflation, already running well above central banks' targets across most economies, was pushed even higher throughout the year. In turn, central banks raised policy rates by unusually large increments in a bid to counter surging inflation and the possibility of inflation expectations becoming unanchored. In emerging economies, the strong US dollar and rapid increases in fuel and food prices hit low-income countries particularly hard.

Higher-than-expected global inflation and central banks' responses to it sparked a global equity bear market in 2022 that saw the MSCI ACWI Net Return in US dollars fall by 18.40% over the year. Rising interest rates took their toll on equity market valuations across the year and caused value equities to outperform growth equities. However, company earnings were generally well supported given high levels of consumer savings left over from the pandemic. The energy sector was the best-performing sector of the year as energy prices rose significantly, while aerospace also had a positive year.

Company revenue from core services decreased by 5% year on year to £49.9m (2021: £52.6m). Net revenue (after cost of sales including investment manager fees and asset servicing costs) decreased by 6% to £11.4m (2021: £12.1m). Administrative expenditure increased marginally to £2.0m (2021: £1.9m). The following analysis relates the core trading performance of the Company to that of the underlying investment funds in respect of which it acts as ACD or Operator.

Sarasin Funds ICVC decreased in AuM to £2.68bn at year end (2021: £3.14bn). Performance was down year on year in absolute terms across strategies, reflecting the turbulence felt across global markets. Performance across equity strategies ranged from -4.1% (Sarasin Global Dividend - Class P Acc.) to -32.5% (Sarasin UK Thematic Smaller Companies - Class P Acc.). Bond strategies and multi-asset funds with exposure to bonds, particularly UK gilts, also suffered in absolute terms, with Sarasin Responsible Strategic Bond (Class I Acc.) returning -21.5% and Sarasin Multi Asset - Strategic (Class P Acc.) returning -17.3%. Net flows totalled -£23m (outflow) for the year across sub-funds in aggregate (2021: net inflows of +£147m). At sub-fund level, bond funds were among the funds that attracted the most net new investment. Sarasin Responsible Corporate Bond received net subscriptions of +£102m and Sarasin Responsible Strategic Bond +£25m. In the equity asset class, Sarasin Global Higher Dividend received +£31m. Sarasin Responsible Global Equity received +£43m which included assets following a May 2022 merger with Sarasin Digital Opportunities. The largest detractors in asset flows were Sarasin Food & Agriculture Opportunities (-£76m), Sarasin UK Thematic Smaller Companies (-£35m) and Sarasin Global Equity Real Return (-£34m). Post year-end, shareholders have been notified of the ACD's intention to close Sarasin UK Thematic Smaller Companies, subject to regulatory confirmation at the reporting date.

Sarasin CAIF AUM reduced by 9% over the year to £2.86bn (2021: £3.11bn). Absolute performance ranged from -9.8% (Endowments Fund) to -15.5% (Income and Reserves Fund) (Class A Acc.). The CAIF sub-funds gained aggregate net inflows of +£137m over the year (2021: net inflows of +£443m), the largest contributor being the newly launched Growth Fund (+£110m).

The Company ceased in its role as ACD of The Mazener Fund as at 30 April 2022 (2021 AUM: £212m).

STRATEGIC REPORT

For the year ended 31 December 2022

Business Review (continued)

In the context of the continuing conflict in Ukraine, the Company's investment exposure to Russia continues to be negligible. There are no direct investment holdings of Russian-listed securities and minimal holdings in companies with exposure. Where companies have exposure, we monitor them to understand the actions they are taking, and how they have considered the human rights implications of these measures. In our engagement with companies, we are seeking a robust risk management process, adequate disclosure and strong board oversight aiming to minimise not only operational and financial but also humanitarian and reputational risks. We will monitor the situation closely and take investment decisions to protect our investors' interests.

The Company's Statement of Financial Position has reduced in net asset terms to £13.6m during the year (2021: £15.1m) due to an increase in the level of dividends paid to the shareholder relative to the prior year. Cash reserves are £13.7m at year-end (2021: £14.9m). The Directors have considered potential climate-related impacts on the financial statements - there is no material impact on the valuation of assets and liabilities recorded. The Company is part of the Sarasin U.K. Limited group of companies (the "Group") which has a clear strategy for consideration of the potential impacts of climate change on the business. The Group approach to managing the potential impacts of climate change is detailed in the Group's Annual Report and financial statements, which does not form part of this report.

The Company will continue to act as ACD/Operator for the ICVC and CAIF fund ranges through the coming year, creating and changing fund structures as required by the needs of the business.

Risk Management

Identifying, assessing and responding to risks are an integral part of any asset management business. The Company is part of a group that has a policy of identifying and controlling risk. The Sarasin (U.K.) Limited group of companies ("the Group") employs a clearly-defined, transparent and integrated system of risk management, as set out in the Group's Risk Management Framework ("RMF"), covering all of the Group's business segments, including those of the Company. The RMF is underpinned by a three line of defence model, risk management principles and a defined risk appetite.

The RMF is a summary of the process, procedures, arrangements and principles that together function to enable the pursuit of effective risk management and compliance with regulatory requirements. As part of the RMF, Sarasin undertakes an Internal Capital Adequacy, and Risk Assessment ("ICARA") process. The ICARA identifies and monitors all risks, their likelihood of occurrence and mitigating factors that Management have put in place, such as internal control processes and insurance arrangements. The ICARA is produced annually or more often should there be material change to the business model, activities or wider market circumstances.

Active risk management minimises undesirable risks and allows the capital of the Group to be employed as efficiently as possible to the benefit of shareholders and other stakeholders. Risk management is therefore a vital link in the value creation chain, as it identifies real and potential risks for the Group's decision-makers.

The Group approach to risk management is discussed in further detail in the Group's Annual Report and financial statements, which does not form part of this report.

The principal risks and uncertainties facing the Company are set out below.

Direct Risks to the Company

Operational Risk

Operational Risk is defined as the risk of losses that arise through the inappropriateness or failure of internal procedures, people or systems, or as a consequence of external events, and it often makes up the bulk of the most material or significant risks that a company may face. Operational Risk (if not identified, assessed and managed correctly) may pose material harm to not only a company, but also a company's investors and the wider market. Harm can take the form of financial loss, but also in the form of non-financial consequences such as reputational damage, operational disruption and litigation.

Operational Risk is identified, assessed, monitored and managed through the Group's RMF which comprises the ICARA process; policies and procedures; a robust risk culture incorporating incident ("risk event") reporting and management; a clear and robust Group strategy; internal reporting, monitoring and testing; a Code of Business Conduct and Ethics setting out the Group's commitments and expectations of employees in the context of operational conduct; Sarasin's defined set of values (Partnership, People and Stewardship), and; effective corporate governance.

STRATEGIC REPORT

For the year ended 31 December 2022

Risk Management (continued)

The most significant Operational Risks facing the Group, as documented in the latest ICARA, are:

- Data privacy;
- Financial crime and fraud;
- Cybercrime;
- Legal; and
- Regulatory (breach).

Sarasin operates a Risk Taxonomy, which provides a set of risk categories that encapsulates the Group's perceived risk universe. Within the Operational Risk Taxonomy, the following sub-categories of Operational Risk are relevant to the Company:

- Financial Crime & Fraud Risk: The risk of adverse investor and/or business impact resulting from internal or external fraud or other external criminal activity towards investors;
- People Risk: The risk of adverse investor, market or business impact resulting from insufficient human capital in terms of numbers, focus, culture and skill set;
- Clients, Products and Services Risk: The risk of a poor investor outcome in relation to the Company's product and service offering;
- Damage to Physical Assets Risk: The risk that the Company's working environment is unsuitable, unsafe or insecure for staff or key physical assets are rendered un-useable;
- IT Infrastructure Risk: The risk of adverse investor, market or business impact resulting from sub-optimal or failed IT infrastructure capacity and capability;
- Execution, Delivery and Process Management Risk: The risk of adverse investor, market or business impact resulting from poor execution of regular business tasks, and;
- Operational Resilience (Outsourcing) Risk: A failure to continue business activities in the event of a major disaster or disruption affecting the Company's office or infrastructure including business critical systems or the failure of one or more of the Company's key outsourcing partners.

Credit Risk

Credit risk is the risk of loss caused by the failure of a counterparty to fulfil their contractual obligations. Concentration of assets with a particular counterparty can contribute to an increase in the level of risk.

The Company's principal financial assets, and therefore its primary source of credit risk, are cash balances held at bank, trade and other receivables. The credit risk on cash at bank is restricted via usage of counterparty banks with credit ratings assigned by international credit rating agencies. The credit risk on debtor balances arising from transactions in fund products is generally limited as these transactions normally settle within four days. Concentration risk from transactions in fund products is limited as exposures are spread over a large number of counterparties.

Credit risk exposure is regularly reviewed and is managed in accordance with the risk appetite of the business via the application of policy set in relation to the type of counterparty used, the level of concentration allowed and, in the case of cash deposits, counterparty limits set.

The Company's maximum exposure to credit risk is best represented by the value at which financial assets and liabilities are reported in the Statement of Financial Position.

Indirect Risks to the Company

In addition to the principal direct risks detailed above, the Company is also exposed to indirect risks arising from investments made and assets managed on behalf of customers. The primary source of revenue for the Company is directly linked to the value of the investments managed on behalf of customers (AuM), which is primarily driven by two factors: the relative performance of the investments held on behalf of customers and the ability to retain and acquire customer assets, which is itself driven in part by investment performance.

The achievement of a reasonable return on any investment inevitably entails a degree of risk tolerance in the long run, and it is particularly important to have a full overview of total risk exposure of an investment at all times. Given the volatility of financial markets, the quality of risk management in this area has become a crucial competitive factor in the industry, and the integrated system of risk management employed ensures that the Company is well placed to effectively manage these risks.

STRATEGIC REPORT

For the year ended 31 December 2022

Stakeholder Engagement

Section 172 Statement

The Board of Directors promotes the success of the firm for the benefit of the shareholder as well as a broad range of stakeholders that we recognise are material to the long-term future of our business. In doing so, the Board has regard (amongst other matters) to the:

- likely consequences of any decisions in the long term;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and the environment; and
- *desirability of the company maintaining a reputation for high standards of business conduct.*

The nature and range of the Company's activities, its internal organisation and operations are, in the Directors' opinion, limited in their nature, scale and complexity, that is, to the business of a management company engaging in collective portfolio management of investments of capital raised from the public, through its role as ACD and Operator to a range of UK regulated investment funds. This is reflected in the manner in which the Company is structured. The Company has appointed the Board and has no additional employees. The Company has appointed Sarasin & Partners LLP, its immediate parent and sole shareholder, as investment manager to the funds, in addition to two external investment managers in respect of The Mazener Fund (until 30 April 2022).

The Board is committed to engaging with key stakeholders when making decisions and formulating strategy. The Board recognises that understanding what is important for stakeholders and fully appreciating their needs and concerns will only improve the Board's decision-making process. The consideration of the long-term impact of decisions made on stakeholders and the fostering of relationships with suppliers, investors and others is embedded in the Company's operating model and processes. Key suppliers to the business including investment managers, trustee, depository and fund administrator all report to the Board on a regular basis.

We have set out below how the Board have ensured effective engagement with key stakeholders during the year.

Investors

Our investor base is the central focus of our business and the successful operation of the investment funds is critical to helping investors achieve their long-term financial goals. We work to anticipate how investor needs will evolve and to develop and evolve fund products that will meet their future needs. Regular reporting was received during the year from investment managers and other principal service providers including fund administrator and depository. The Board has actively considered investor outcomes in areas including product strategy, fund performance, dividend policy and value assessment during the year.

Shareholder

The Company's sole shareholder is Sarasin & Partners LLP. We rely on the support and engagement of our shareholder to deliver our strategic objectives and grow the business. Sarasin & Partners LLP's role as Investment Manager to the investment funds to which the Company acts as ACD or Operator aligns our interests in supporting the interests of investors in our funds and the long-term approach we take in the management of our business. The Board engages with the shareholder in a regular program of Board meetings and in day-to-day management of the business. Regular updates were provided during the year on Company performance and dividends were maintained and paid for the year.

Society

We recognise the importance of our corporate responsibility in support of wider society. Environmental, social and governance factors are central to the development of investment fund strategy and in the underlying investment process undertaken by Sarasin & Partners. We encourage high standards of governance, and promote the evolution of responsible investment policy. The Company manages and administers assets on behalf of a large number of charitable and not-for-profit organisations and forms part of a wider Group that supports charities where the Sarasin contribution can make a real difference. The Group is also aligning the business with the goals of the Paris Climate Agreement including committing to reduce the carbon footprint to net zero by 2050 and reducing single-use plastic.

Regulator

The FCA provides important regulatory oversight of how we run the Company and the investment funds to which we act as ACD and Operator. Our investors' best interests are served by us working constructively with the regulator. A regular program of regulatory reporting was undertaken during the year. The Board received regular reports on regulatory developments that may impact the Company and investment funds to which it acts as ACD and Operator.

STRATEGIC REPORT

For the year ended 31 December 2022

Stakeholder Engagement (continued)

External suppliers

We have a range of service partners that provide important services to investment funds, including investment management, administration, trustee and depository services. The funds benefit from the expertise and specialised skills our partners provide. We engage proactively with them through regular communication and have a structured program of management, oversight and reporting. We ensure our payment terms with all suppliers are fair and in compliance with payment practices.

The Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for setting, monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that the Company's obligations to its shareholder and other stakeholders are met. The Board adheres to and promotes the core values of the Company; Partnership (looking after our investors' interests as if they are our own), People (belief in the power of teamwork and that everyone matters, recognition that we are stronger together than as individuals with diversity in all forms strengthening us), and Stewardship (promoting long-term investment, actively working with our investment managers to secure a sustainable future and enduring value for our investors). The Board monitors adherence to policies and compliance with corporate governance requirements and is committed to acting where the business fails to act in the manner expected of it. Embedded throughout the business is a robust risk framework adopting rigorous governance and business conduct controls to manage risk effectively. The Board has considered matters including risk management, controls, compliance, complaints and internal and external audit reports during the year.

Approval

This report was approved by the Board of Directors and signed on its behalf by:



G.V. Matthews

Chief Executive Officer

24 April 2023

DIRECTORS' REPORT

For the year ended 31 December 2022

The Directors present their Annual Report on the affairs of the Company, the audited financial statements and auditor's report for the year ended 31 December 2022. As permitted by legislation, certain disclosures normally included in the Directors' Report have been integrated into the Strategic Report on pages 4 to 8 and form part of this report by cross-reference.

Dividends

The Company's profit for the year to be transferred to reserves is set out in the Statement of Comprehensive Income on page 16. The Directors do not recommend the payment of a final dividend for the financial year at this time.

The Company paid dividends to Sarasin & Partners LLP during the financial year totalling £9,171,000 (2021: £3,762,000), comprising of a final dividend for 2021 of £6,671,000 paid in October 2022 (2021: final dividend for 2020 of £2,962,000 paid in September 2021), and an interim dividend for 2022 of £2,500,000 paid in December 2022 (2021: interim dividend for 2021 of £800,000 paid in December 2021).

Financial Risk Management

Financial risk management objectives, policies and financial exposures are disclosed in the Risk Management section of the Strategic Review and Note 22.

Pillar III Disclosures

Unaudited Pillar III disclosures required by the FCA are prepared at the Sarasin (U.K.) Limited level on a consolidated basis. Sarasin (U.K.) Limited is a parent undertaking of the Company. Disclosures are located on the Group's website at www.sarasinandpartners.com/important-information.

Directors

The Directors who served during the year ended 31 December 2022 and up to the date of signing of the Annual Report and financial statements are as follows:

S.A.M. Jeffries

G.V. Matthews *Chief Executive Officer*

G. Steinberg *Chairman and Non-Executive Director*

E. Tracey *Independent Non-Executive Director*

Going Concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months after the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsequent Events

On 13 March 2023, the Board of the ACD decided to initiate the termination of the Sarasin UK Thematic Smaller Companies sub-fund of Sarasin Funds ICVC. Shareholders have been notified of its intention to close. Regulatory confirmation has been obtained from the FCA.

DIRECTORS' REPORT

For the year ended 31 December 2022

Remuneration Disclosure

The provisions of the Undertakings for Collective Investment in Transferable Securities ("UCITS") Remuneration Code and the Alternative Investment Fund Managers Directive ("AIFMD") require the fund manager, the Company, to establish and apply remuneration policies and practices that are consistent with and promote sound and effective risk management that neither encourage risk taking which is inconsistent with the risk profiles, prospectuses trust deeds and deeds of constitution of the funds to which it has been appointed (the "Funds") nor impair compliance with the Company's duty to act in the best interests of the Funds.

As the nature and range of the Company's activities, its internal organisation and operations are, in the Directors' opinion, limited in their nature, scale and complexity, that is, to the business of a management company engaging in collective portfolio management of investments of capital raised from the public, this is reflected in the manner in which the Company has addressed certain requirements regarding remuneration imposed upon it by the regulations.

The board of directors of the Company, the "Board," consists of four directors serving during the year. The Company has no additional employees.

The Company has delegated the performance of the investment and re-investment of the assets of the Funds to Sarasin & Partners LLP (the "Investment Manager").

As noted below, the Company relies on the remuneration policies and procedures of each delegate to ensure that their remuneration structures promote a culture of investor protection and mitigate conflicts of interest.

The regulations provide that the remuneration policies and practices shall apply to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Funds.

The Company has appointed the Board and has no additional employees. The Company has also appointed the Investment Manager under an investment management agreement, which sets out the commercial terms under which the Investment Manager is appointed. Given that the Company does not directly remunerate any individuals engaged in the performance of the investment management activity and staff of the Investment Manager are not remunerated solely for their work in relation to services provided to the Company, it is not possible to separately identify remuneration related to service provision specific to the Company. Any allocation approach is considered by the Board not to provide meaningful disclosure.

The Directors are considered to be those that have a material impact on the risk profile of the Funds. Accordingly, the remuneration provisions of the regulations only affect the Company with regard to the Board. Each Director is entitled to be paid a fixed director's fee based on an expected number of meetings and the work required to oversee the operations of the Company, which is considered to be consistent with the powers, tasks, expertise and responsibility of the Directors. The fee payable to each Director is reviewed from time to time, based on the evolution of the Company's activities.

The Directors do not receive performance based variable remuneration, thereby avoiding any potential conflicts of interest. In addition, two continuing Directors have waived the fees to which they would otherwise be entitled. As a result, the total fixed and variable remuneration of the Directors of the Board who are considered to comprise the entire staff of the Company for the financial year ending 31 December 2022 is £70,000 (2021: £70,000), comprising wholly of fixed remuneration. Further disclosure is provided in Note 19.

Given the internal organisation of the Company and considering its size with the limited nature, scope and complexity of its activities, it is not considered proportionate for the Company to set up a remuneration committee. The Board notes that the net assets of the Funds and the legal structure of the Company as a management company with a Board of Directors and no other employees are factors supporting the view that a remuneration committee would not be considered appropriate for the Company.

The Board receives confirmation from the Investment Manager on an annual basis that there has been no material change to its remuneration policy, or if there has been a material change, receives details of those changes to the Board.

The Remuneration Policies of the Company and of Sarasin & Partners LLP are available at www.sarasinandpartners.com/ important-information.

DIRECTORS' REPORT

For the year ended 31 December 2022

Energy and Carbon Reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") implement the UK government's policy on Streamlined Energy and Carbon Reporting ("SECR"). Large unquoted companies are obliged to report their UK energy and carbon information in their Directors' Reports. The Company forms part of a Group for which group financial statements are prepared. The Company avails of a subsidiary disclosure exemption in respect of these financial statements. Disclosure is provided in Sarasin U.K. Limited consolidated financial statements. Copies of the financial statements of Sarasin U.K. Limited can be obtained from Juxon House, 100 St. Paul's Churchyard, London EC4M 8BU.

Directors' Indemnities

Sarasin & Partners LLP maintains professional indemnity and directors' and officers' liability insurance for itself and its subsidiaries, including the Company.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- a) As the Director is aware of, so far there is no relevant audit information of which the Company's auditor is unaware and
- b) Each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2016.

Approval

This report was approved by the Board of Directors and signed on its behalf by:



G.V. Matthews

Chief Executive Officer

24 April 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES in relation to the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy, at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sarasin Investment Funds Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sarasin Investment Funds Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

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.

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 (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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 Directors are 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 our 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 course of 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sarasin Investment Funds Limited

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are 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 Directors 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 Directors are 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 Directors either intend to liquidate the Company or to cease operations, or have 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Directors about their own identification and assessment of the risks of irregularities including those specific to the Company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation and FCA requirements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

There is a risk that management fee revenue, with an emphasis on the manual transactions in particular, are calculated inaccurately and that the fees have not occurred. We have performed the following procedures to respond to this risk:

- tested the relevant controls around the revenue recognition process;
- substantively tested the inputs used in the calculation of revenue; and
- recalculated the revenue balance in accordance with the relevant contractual agreements in place.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sarasin Investment Funds Limited

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and regulatory correspondence.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter van Daesdonk (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

24 April 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	2022 £	2021 £
Revenue	6	49,939,090	52,550,334
Cost of sales	7	(38,602,975)	(40,449,918)
Net revenue		11,336,115	12,100,416
Administrative expenses		(1,955,223)	(1,870,993)
Profit from operations	8	9,380,892	10,229,423
Interest income	9	32,666	1,176
Finance costs	10	(1,310)	(2,858)
Profit before taxation		9,412,248	10,227,741
Taxation	11	(1,791,757)	(1,957,175)
Profit and total comprehensive income for the year		7,620,491	8,270,566

All the Company's operations are classed as continuing and there were no items of other comprehensive income in the current or prior year.

The annexed notes from 1 to 26 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022	2021
Assets		£	£
Current assets			
Investment securities at fair value through profit or loss	12	29,300	34,734
Trade and other receivables:			
Amounts due from Trustee & Depository	13	6,773,394	2,579,408
Amounts due from customers	13	4,568,029	5,680,728
Accrued income and prepaid expenses	13	5,077,571	5,769,878
Other receivables	14	53,823	337,516
Cash and cash equivalents	15	13,707,119	14,908,922
Total assets		30,209,236	29,311,186
Liabilities and shareholder's equity	Notes	2022	2021
Current liabilities			
Trade and other payables:			
Amounts due to Trustee and Depository		4,583,033	5,214,116
Amounts due to customers		6,773,399	2,599,414
Other liabilities	16	800,399	1,012,779
Accrued expenses		4,496,248	5,378,211
Total liabilities		16,653,079	14,204,520
Shareholder's equity			
Share capital	17	250,000	250,000
Retained earnings		13,306,157	14,856,666
Total shareholder's equity		13,556,157	15,106,666
Total liabilities and shareholder's equity		30,209,236	29,311,186

The annexed notes from 1 to 26 form an integral part of these financial statements. The financial statements were approved by the Board of Directors of Sarasin Investment Funds Limited (Company no. 02190813) on 21 April 2023 and authorised for issue on 24 April 2023 and signed on its behalf by:



G.V. Matthews
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Notes	Issued capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2021		250,000	10,348,100	10,598,100
Profit and total comprehensive income		-	8,270,566	8,270,566
Dividend paid	18	-	(3,762,000)	(3,762,000)
Balance at 31 December 2021		250,000	14,856,666	15,106,666
Profit and total comprehensive income		-	7,620,491	7,620,491
Dividends paid	18	-	(9,171,000)	(9,171,000)
Balance at 31 December 2022		250,000	13,306,157	13,556,157

The annexed notes from 1 to 26 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	2022 £	2021 £
Operating activities			
Profit before taxation		9,412,248	10,227,741
Interest income	9	(32,666)	(1,176)
Finance costs	10	1,310	2,858
Operating cash flows before movements in working capital		9,380,892	10,229,423
Increase in receivables		(2,128,800)	(2,693,033)
Increase in payables		2,440,170	1,948,932
Cash generated by operations		9,692,262	9,485,322
Corporation tax paid		(1,759,855)	(1,823,648)
Net cash flows from operating activities		7,932,407	7,661,674
Investing activities			
Decrease/(increase) in current asset investments		5,434	(18,343)
Interest received	9	32,666	1,176
Net cash flows from/(used in) investing activities		38,100	(17,167)
Financing activities			
Dividends paid	18	(9,171,000)	(3,762,000)
Interest paid	10	(1,310)	(2,858)
Net cash flows used in financing activities		(9,172,310)	(3,764,858)
Net (decrease)/increase in cash and cash equivalents		(1,201,803)	3,879,649
Cash and cash equivalents at beginning of year		14,908,922	11,029,273
Cash and cash equivalents at end of year	15	13,707,119	14,908,922

The annexed notes from 1 to 26 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. CORPORATE INFORMATION

The Company is a private Company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is disclosed on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 8.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis, except for investment securities at fair value through profit or loss, which are carried at fair value.

The Company's business activities and the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company, its cash flows and liquidity position are reflected in the financial statements on pages 16 to 32. The Company has considerable financial resources, and consequently, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The following comparative amount has been reclassified in the Statement of Comprehensive Income in accordance with IAS 1. Asset servicing costs (£4,663,738) have been reclassified from Administrative Expenses to Cost of Sales (see Note 7). The reclassification provides greater relevance for users of the financial statements. The principal accounting policies adopted, which have been applied consistently in the current and prior year, are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue represents fees receivable for the provision of Management and Administration services to investment funds and is presented net of value added tax, rebates and discounts.

Management services relate to the role of the ACD/Manager of investment funds as described in fund constitutional documentation. Administration fees enable the Company to discharge certain fees and expenses on behalf of funds as set out in fund prospectuses.

Management and Administration fees are calculated based on a percentage of the net asset value of funds as disclosed, on a share class basis, in prospectuses. Fees are accrued daily as services are provided, and it is probable that fees will be receivable and settle monthly in arrears.

Cost of Sales

Fee expenses incurred by the Company that relate directly to revenue are presented as cost of sales. These expenses include external fund manager fees and asset servicing costs which include fund accounting and administration, depository and custody services. Fee expense is generally based on an agreed percentage of the valuation of AUM and is recognised in the income statement as the service is received.

Foreign Currencies

The functional and presentational currency of the Company is pounds sterling ("£"). Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when fair value was determined, and those carried at historical cost are translated at rates prevailing at the date of the initial transaction. All differences are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date. The tax expense represents the sum of the tax currently payable and any deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are not taxable or deductible.

Financial Instruments: Financial Assets

(a) Recognition and Measurement of Financial Assets

The Company recognises a financial asset when it becomes a party to the contractual provisions of the instrument. The Company initially recognises trade and other receivables on the date of the transaction. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of a financial asset measured at fair value through profit or loss are recognised as profit or loss.

(b) Classification of Financial Assets

The Company classifies financial assets at initial recognition as financial assets measured at amortised cost or financial assets measured at fair value through profit or loss.

(i) Financial assets measured at amortised cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortised cost: (i) the financial asset is held within the Company's business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset measured at amortised cost is initially recognised at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortised cost is determined using the effective interest method, net of impairment loss, if necessary.

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. A financial asset will attract a loss allowance equal to either 12-month ECLs (losses resulting from possible defaults within the next 12 months); or lifetime ECLs (losses resulting from possible defaults over the remaining life of the financial asset). The latter applies if there has been a significant deterioration in the credit quality of the asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company's financial assets measured at amortised cost comprise of trade and other receivables (principally management and administration fees receivable), cash and cash equivalents (comprising of cash at bank and short-term deposits). For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(ii) Financial assets measured at fair value through profit or loss

Financial assets classified as "at fair value through profit or loss" are measured at fair value with changes in fair value recognised in profit or loss. A financial asset measured at fair value through profit or loss is recognised initially at fair value, and its transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss.

The Company's financial assets measured at fair value through profit or loss comprise of seed investments in investment funds for which the Company acts as the ACD/Manager.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments: Financial Assets (continued)

(c) Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial Instruments: Financial Liabilities

(a) Recognition and Measurement of Financial Liabilities

The Company recognises a financial debt when it becomes a party to the contractual provisions of the instrument.

(b) Classification of Financial Liabilities

(i) Financial liabilities measured at amortised cost

A financial liability, other than those measured at fair value through profit or loss, is classified as a financial liability measured at amortised cost. A financial liability at amortised cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. After initial recognition, the financial liability is measured at amortised cost, based on the effective interest rate method. The Company's financial liabilities measured at amortised cost include trade, other payables and bank overdrafts.

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value. After initial recognition, the financial liability is measured at fair value with subsequent changes recognised as profit or loss. The Company does not have any financial liabilities measured at fair value through profit or loss.

(c) Derecognition of Financial Liabilities

Financial liabilities are derecognised when they are extinguished, i.e., when the contractual obligation is discharged, cancelled or expired.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or is in the period of the revision and future periods if the revision affects both current and future periods. For the purpose of these financial statements, no significant judgements or estimates have been made that would affect reported amounts or disclosures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. ADOPTION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS

New and Amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements.

Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture

New and Amended IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for periods commencing 1 January 2023, with retrospective application)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective for periods commencing 1 January 2023, with prospective application)

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for periods commencing 1 January 2023)

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for periods commencing 1 January 2023)

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date yet to be set)

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) (initial application date 1 January 2023)

The Directors do not expect that the adoption of the Standards and Amendments listed above will have a material impact on the financial statements of the Company in future periods. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

6. REVENUE

	2022	2021
	£	£
The Company's revenue is stated net of VAT and is analysed as follows:		
Management fees	42,682,465	44,814,988
Administration fees	7,198,049	7,663,983
Other income	58,576	71,363
	49,939,090	52,550,334

Revenue arises from services provided in the UK.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

7. COST OF SALES

	2022	2021
	£	£
Investment manager fees	34,063,253	35,786,180
Asset servicing costs	4,539,722	4,663,738
	38,602,975	40,449,918

Asset servicing costs comprise fund accounting and administration £3,136,279 (2021: £3,180,875), depository £714,480 (2021: £744,041) and custody services £688,963 (2021: £738,822).

8. PROFIT FROM OPERATIONS

	2022	2021
	£	£
Profit from operations has been arrived at after charging:		
Auditor remuneration (see analysis below)	244,030	269,030
Net foreign exchange (gain)/loss	(23,733)	20,875

	2022	2021
	£	£
The analysis of auditor remuneration is set out below:		
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	59,400	50,800
Fees payable to the Company's auditor and their associates for other services to the Group: audit of the Company's managed funds	129,300	167,880
Total audit fees¹	188,700	218,680
Audit-related assurance services ²	49,400	44,050
Other assurance services	5,930	6,300
Total non-audit fees	55,330	50,350
Total audit and non-audit fees	244,030	269,030

¹ Audit services in relation to managed funds include £8,200 in respect of fund termination audits during the year (2021: £30,000).

² Audit-related assurance services comprise client asset assurance services ("CASS") in the current and prior year.

9. INTEREST INCOME

	2022	2021
	£	£
Interest on cash at bank	32,666	1,176

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

10. FINANCE COSTS

	2022	2021
	£	£
Interest - other	1,310	2,858

11. TAXATION

	2022	2021
	£	£
Current tax:		
UK corporation tax based on profit before taxation	1,791,633	1,945,337
Tax under provided in previous years	124	11,838
Total tax	1,791,757	1,957,175
Tax reconciliation:		
Profit before taxation	9,412,248	10,227,741
Profit before taxation, multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	1,788,327	1,943,271
Expenses not deductible for tax purposes	3,306	2,066
Tax under provided in previous years	124	11,838
Total tax expense reported in the Statement of Comprehensive Income	1,791,757	1,957,175
Effective tax rate for the year	19.04%	19.1%

The Company's effective tax rate for the year has reduced marginally in comparison to the prior year due to a reduction in under provision related to the prior year. Corporation tax payable of £8,389 (2021: receivable of £23,513) is outstanding at 31 December 2022, disclosed within Other Liabilities in the Statement of Financial Position (Note 16). The Company has no recognised or unrecognised deferred tax assets or liabilities in the current or prior year. The corporation tax rate in the UK is 19% for 2022 (2021: 19%) and will increase to 25% from April 2023.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

12. INVESTMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	£	£
Investment securities at fair value through profit or loss	29,300	34,734

Investment securities at fair value through profit or loss comprise direct equity seed holdings in Sarasin investment funds.

The fair value hierarchy, which reflects the level of judgement involved in estimating fair values, is as follows:

- Level 1: The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.
- Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1, i.e., developed using market data.
- Level 3: Valuation techniques using unobservable inputs, i.e., for which market data is unavailable.

These investments are classified as level 2 as value is readily observable and is based on quoted market price in markets where trading frequency is less than daily. The size of the holding in the share class of each fund is small relative to total fund size and is held for the short-term in order to launch/maintain a fund share class. Given the size of holding in each fund share class, the Company's exposure to loss associated with its interests in these funds is considered to be low. Further analysis of investment holdings by asset class is provided in Note 22.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables are payable on demand or within one year.

Management and administration fee income due at the year-end is disclosed within 'Accrued income and prepaid expenses'.

The carrying value of trade and other receivables approximates their fair value.

14. OTHER RECEIVABLES

	2022	2021
	£	£
Amounts due from Group entities	-	145,203
Other receivables	53,823	168,800
Corporation tax receivable	-	23,513
	53,823	337,516

Other receivables are repayable on demand or within one year. Amounts due from Group entities are unsecured and interest-free. The carrying value of other receivables approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

15. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash at bank	13,707,119	14,908,922

All balances are unsecured and repayable on demand. Interest is paid or earned linked to the level of UK base rate in current and prior year. Sterling bank overdrafts do not accrue interest due to the establishment of an account netting arrangement for interest purposes. Euro bank overdrafts accrue interest at UK base rate +0.85%.

16. OTHER LIABILITIES

	2022	2021
	£	£
Trade creditors	520,168	329,013
Amounts payable to Group entities	268,251	680,268
Other payables	3,591	3,498
Corporation tax payable	8,389	-
	800,399	1,012,779

All Other Liabilities are repayable on demand or within one year. Amounts payable to Group entities are unsecured and interest-free. The carrying value of other liabilities approximates their fair value.

17. SHARE CAPITAL

	2022	2021
	£	£
Authorised:		
Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid:		
250,000 (2020: 250,000) Ordinary shares of £1 each	250,000	250,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

18. DIVIDENDS

	2022	2021
	£	£
Amounts recognised as distributions to the equity holder in the year:		
Interim dividend for the year ended 31 December 2022: 1,000p	2,500,000	-
Final dividend for the year ended 31 December 2021: 2,668p	6,671,000	-
Interim dividend for the year ended 31 December 2021: 320p	-	800,000
Final dividend for the year ended 31 December 2020: 1,185p	-	2,962,000
	9,171,000	3,762,000

19. EMPLOYEES

The Company had no employees in the year (2021: nil).

20. REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2022	2021
	£	£
In respect of qualifying services:		
Non-executive Director fees – G. Steinberg	35,000	35,000
Non-executive Director fees – E. Tracey	35,000	35,000
	70,000	70,000

All other Directors were employed and remunerated as directors or executives of Sarasin (U.K.) Limited and its subsidiaries (the "Group") in respect of their services to the Group as a whole. Disclosure is provided in the consolidated financial statements of Sarasin (U.K.) Limited. Copies of the financial statements of Sarasin (U.K.) Limited can be obtained from Juxon House, 100 St. Paul's Churchyard, London EC4M 8BU.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

21. RELATED PARTY TRANSACTIONS

Transactions between the Company and fellow Group companies are disclosed below.

	Revenue		Expenses		Amounts owed from/(to) Related Parties	
	2022	2021	2022	2021	2022	2021
	£	£	£	£	£	£
SIM Partnership (London) Ltd	-	-	-	-	-	145,203
Sarasin & Partners LLP	63,000	63,000	34,949,412	35,974,534	(268,251)	(680,268)

Revenue received from Sarasin & Partners LLP, the Company's immediate parent, relates to the provision of fund administrative services.

Expenses paid to Sarasin & Partners LLP relate to services for the investment management, distribution of funds and management charges for the provision of staff, property facilities, information, legal and compliance services and other administrative costs.

In addition to the amounts disclosed in the table above:

- Accrued income of £1,447,645 (2021: £1,608,472) receivable from Sarasin & Partners LLP in respect of fee income relating to Z share class investment in fund products is disclosed within accrued income and prepaid expenses in the Statement of Financial Position;
- Accrued expenditure of £3,549,186 (2021: £4,008,257) payable to Sarasin & Partners LLP in respect of services for investment management and distribution of funds is disclosed within accrued expenses in the Statement of Financial Position;
- The Company paid dividends during the year to its immediate parent, Sarasin & Partners LLP, totalling £9.17m (2021: £3.76m);
- The Company is a beneficiary of a £2.1m overdraft facility guarantee from its immediate parent entity (2021: £2.1m); and
- The Company has entered into a subordinated loan facility with its immediate parent, Sarasin & Partners LLP, for £2m (2021: £2m).

Amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. All transactions were carried out on an arms-length basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity designed so that its activities are not governed by way of voting rights, for example where contractual arrangements are the dominant factor in affecting an investor's returns. The Company has evaluated such exposures and concluded that where the Company holds a seed investment in, or has a contractual fee arrangement with, a collective investment scheme ("CIS"), this represents an interest in a structured entity. The activities of these entities are governed by investment management agreements.

The Company is the ACD and Operator for several CISs, which are considered to be structured entities within the definition of IFRS 12, and are not consolidated. The Company holds an interest in these CISs through the receipt of management fee, fixed operating charge income and the holding of seed investment positions.

The CISs are constituted as open-ended investment companies (OEICs) and charity authorised investment funds (CAIFs). These entities invest in a range of asset classes as detailed in the table below, which discloses by asset class, fund AuM, carrying value of the Company's interests in CISs as recognised in the Statement of Financial Position and the income earned from managing and administering CISs as recognised in the Statement of Comprehensive Income.

The CISs have various investment objectives and policies, and they are subject to the terms and conditions of their offering documentation. However, all entities invest capital from investors in a portfolio of assets in order to provide a return to those investors from capital appreciation of those assets, income from those assets or both. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold. The CISs are financed through equity capital provided by investors.

Asset Class	Total AUM		Revenue ¹	
	2022	2021	2022	2021
	£m	£m	£	£
Equity	2,141	2,462	21,393,739	22,383,110
Multi-asset	2,905	3,538	25,864,718	27,105,722
Fund of funds	-	-	-	167,207
Fixed income	496	462	2,622,057	2,822,932
	5,542	6,462	49,880,514	52,478,971

Asset Class	Fair value of investments held ²		Trade and other receivables ³		Maximum exposure to loss ⁴	
	2022	2021	2022	2021	2022	2021
	£	£	£	£	£	£
Equity	22,751	27,071	2,553,995	2,860,023	2,576,746	2,887,094
Multi-asset	4,880	5,515	2,182,855	2,597,323	2,187,735	2,602,838
Fund of funds	-	-	-	-	-	-
Fixed income	1,669	2,148	312,115	295,349	313,784	297,497
	29,300	34,734	5,048,965	5,752,695	5,078,265	5,787,429

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

Notes:

- ¹ Revenue includes management and administration fees as disclosed in Note 6.
- ² The total fair value of investments held of £29,300 (2021: £34,734) is disclosed in Note 12.
- ³ Trade and other receivables comprise of fee income disclosed in the Statement of Financial Position within 'amounts due from trustee and depository'.
- ⁴ The Company's maximum exposure to loss from unconsolidated structured entities at 31 December 2022 is the sum total of seed investment held and trade and other receivables from CISs.

Maximum exposure to loss

The Company's maximum exposure to loss associated with its interests in these CISs is limited to the carrying value of seed investment plus trade and other receivables shown in the table above.

Financial support

The Company has not provided financial support to any of the CISs during the year and has no contractual obligations or current intention of providing financial support in the future.

Other information

There are no liquidity arrangements, guarantees or other commitments that may affect the fair value or risk of the Company's interest in the CISs.

23. FINANCIAL INSTRUMENTS

Categories and Accounting Policies

Details of the categories of financial instruments and their respective accounting policies are disclosed in Note 3.

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder. The capital structure of the Company consists entirely of equity, comprising issued share capital and retained earnings as disclosed in the Statement of Financial Position. The Company has no restrictions or specific capital requirements other than capital adequacy requirements by the FCA. As a Collective Portfolio Management Firm, the Company is required to maintain regulatory capital in excess of a calculated capital requirement as set out under the FCA Interim Prudential sourcebook for Investment Businesses (IFPRU – INV) Chapter 11. These requirements are monitored by the Company on an ongoing basis. There were no recorded breaches of the requirements during the year.

Financial Risk Management

The Group's corporate Finance and Risk functions provide services to the Company and monitor/manage the financial risks relating to the operations of the Company through internal management information and risk reports, which analyse exposures by degree and magnitude of risk. These risks include market risk (incorporating foreign currency risk and interest rate risk), credit risk, liquidity risk and solvency risk.

Market Risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and, to a lesser extent, interest rates (see below). The Company does not take material proprietary investment positions, and therefore, its exposure to other market risks is limited to the financial impact of the performance of its investment products and commercial success.

Market Risk: Foreign Currency Risk

Foreign currency risk is the risk that arises from a change in the price of one currency against another. It is defined as the risk that exchange rates will change unfavourably, particularly where there are assets, income flows, liabilities or expenditure flows in different currencies and their positions are not hedged. The Company is exposed to foreign currency risk through its assets, liabilities, income and expenses denominated in currencies other than Sterling, where their positions are not hedged. Exposure is limited to balances that are required for the settlement of transactions with the Company's managed funds, denominated in foreign currencies that are principally restricted to the major global currencies. These balances are normally held for a maximum of four days and are always held in the currency ultimately payable or receivable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

23. FINANCIAL INSTRUMENTS (continued)

Market Risk: Foreign Currency Risk (continued)

Risk is managed via the regular monitoring of the level and duration of contractual exposure to these currencies and movements in rates of exchange to Sterling.

Market Risk: Interest Rate Risk

Interest rate risk in respect of the Statement of Financial Position is reviewed on a regular basis. With the exception of bank overdrafts held from time to time for the settlement of transactions in the Company's managed funds, the Company does not have any interest rate obligations. Overdrafts are reviewed regularly and could be cleared immediately should interest rates rise. Management do not consider this exposure to be significant.

Credit Risk

Credit risk is considered to be a principal financial risk of the Company and is explained within the Risk Management section of the Strategic Report.

Liquidity Risk

Liquidity risk is the risk that the Company, although solvent, either does not have sufficient available resources to enable it to meet its short-term obligations as they fall due or can secure them only at excessive cost. Financial liabilities do not carry interest. Operational liquidity management in the day-to-day running of the business is overseen by the Finance department. Its tasks include controlling payments, planning the anticipated cash flows and securing liquidity.

Solvency Risk

Solvency risk is the risk that the Company cannot meet its long-term debts and financial obligations for full value even after disposal of its assets. The Company's solvency is monitored and maintained by the Finance department and the Board within the framework of the regulations laid down by the FCA.

Fair Value Measurements

For all financial instruments the carrying value is an approximation of fair value.

24. SUBSEQUENT EVENTS

On 13 March 2023, the Board of the ACD decided to initiate the termination of the Sarasin UK Thematic Smaller Companies sub-fund of Sarasin Funds ICVC. Shareholders have been notified of its intention to close. Regulatory confirmation has been obtained from the FCA.

25. CONTINGENT LIABILITIES

As at 31 December 2022, there were no contingent liabilities (2021: £nil).

26. PARENT UNDERTAKINGS

The parent undertaking of the smallest group of undertakings for which consolidated financial statements are prepared and of which the Company is a member is SIM Partnership (London) Limited, a company registered in the United Kingdom. Copies of the financial statements of SIM Partnership (London) Limited can be obtained from the registered office at Juxon House, 100 St. Paul's Churchyard, London EC4M 8BU.

The parent undertaking of the largest group of undertakings for which consolidated financial statements are prepared and of which the Company is a member is J. Safra Sarasin Holding Limited, a company incorporated in Switzerland and registered at Wallstrasse 1, 4051 Basel, Switzerland. Copies of the financial statements of J. Safra Sarasin Holding Limited can be obtained from Elisabethenstrasse 62, 4002 Basel, Switzerland.

The ultimate shareholders of J. Safra Sarasin Holding Limited are Ms. Vicky Safra and her children.