Embark Investment Funds ICVC

Annual Report & Accounts
for the year ended 31 May 2023

Contents

[1] These collectively comprise the Authorised Corporate Director's Report.

Contents (continued)

[1] These collectively comprise the Authorised Corporate Director's Report.

Directory

Authorised Corporate Director (ACD)
Embark Investments
100 Cannon Street
London EC4N 6EU

Authorised and regulated by the Financial Conduct Authority

Directors of the ACD
Fraser Blain (resigned 27 July 2023)
Scott Guild (resigned 25 January 2023)
Gillian Hutchison
Jacqueline Lowe*
Monika Machon* (resigned 31 January 2023)
Barry MacLennan (appointed 10 August 2022)
Thomas Rostron (resigned 27 July 2022)
Mark Skinner* (appointed 01 February 2023)
Craig Wood (appointed 19 May 2023)

**Independent non-executive director*

Investment Manager
Threadneedle Asset Management Limited (Columbia Threadneedle Investments)
Cannon Place
78 Cannon Street
London EC4N 6AG

Authorised and regulated by the Financial Conduct Authority

Registrar & Administrator
Northern Trust Global Services SE UK Branch
50 Bank Street
Canary Wharf
London E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Depositary
Northern Trust Investor Services Limited
50 Bank Street
Canary Wharf
London E14 5NT

Authorised and regulated by the Financial Conduct Authority

Independent Auditor
Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

Authorised Status

Embark Investment Funds ICVC (the "Company") is an investment company with variable capital incorporated in England and Wales under registered number IC1030 and authorised by the FCA with effect from 18 March 2015 and is a Non-UCITS type scheme as defined in rule 1.2.1 of the Collective Investment Schemes Sourcebook (COLL Sourcebook), as amended. The Company has an unlimited duration. Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the Shares.

The Company is structured as an umbrella company, in that different Sub-funds may be established from time to time by the ACD with the approval of the FCA. Currently, the Company has five active Sub-funds, the Embark Horizon Multi-Asset Sub-funds of the Embark Investment Funds ICVC, which are collectively referred to as the "Funds".

Sub-Fund Cross-Holdings

No Sub-fund held shares in any other Sub-fund within the ICVC during the year.

Securities Financing Transactions Regulations

Additional disclosures are required when a Fund invests in Securities Financing Transactions (SFTs). However as none of the Funds are invested in SFTs over the year that ended 31 May 2023, no additional disclosures have been provided.

Environmental, Social and Governance Statement

Embark Investments Limited (Embark Investments), as the Authorised Corporate Director (ACD) of the Funds, is a signatory of the United Nations supported Principles for Responsible Investment (UN PRI), a globally recognised benchmark for the consideration of Environmental, Social and Governance (ESG) issues. Embark Investments is committed to the integration of fundamental ESG principles within the Funds, with changing regulatory requirements and evolving client needs taken into account as part of the ACD's ongoing oversight and governance. The integrated approach to ESG adopted by the Investment Manager lends itself to being an influencer, rather than excluder, looking to change corporate behaviour through active analysis and engagement. The Investment Manager also does not invest in securities of companies that undertake activities or have corporate involvement in controversial weapons (for example anti-personnel mines or biochemical weapons).

The framework that Embark Investments employs to oversee the Funds is aligned to the UN PRI's six principles, ensuring that international standards are embraced. The ACD monitors the Funds through a number of ESG-related indicators on a monthly basis and engages proactively with the appointed Investment Manager, Columbia Threadneedle Investments.

Environmental, Social and Governance Statement (continued)

The day to day fund Management is outsourced by Embark Investments to Columbia Threadneedle Investments. Their proprietary RI ratings tool provides insights into a company's leadership, governance, culture and operational standards of practice, with a focus on issues that are material to its long-term performance. Their approach includes understanding linkages between sustainability opportunities on the one hand, and growth and competitive advantage on the other.

Columbia Threadneedle Investments was a founding signatory of the United Nations Principles for Responsible Investment (UNPRI) in 2006 and is a signatory to the UK Stewardship code 2010.

Significant Change

There has been no significant change for the year ended 31 May 2023.

Regulatory Disclosure

This document has been issued by Embark Investments (authorised and regulated by the Financial Conduct Authority).

Past performance is not a reliable indicator of future results and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Funds.

Assessment of Value

For each of its Funds, Embark Investments will publish an Assessment of Value covering the financial year ended 31 May 2023. These statements will be available on www.embarkinvestments.co.uk by the end of September 2023.

Barry MacLennan
Barry MacLennan
(Director)
28 September 2023

Jacqueline Lowe
Jacqueline Lowe
(Director)
28 September 2023

Remuneration Disclosures

The Alternative Investment Fund Managers Directive (UK AIFMD) requires the Annual Report of an Alternative Investment Fund (AIF) to contain a remuneration disclosure. The requirements include disclosing the total amount of remuneration paid by the Alternative Investment Fund Manager (AIFM) to its staff for the financial year, split into fixed and variable remuneration.

This section provides an analysis of remuneration awards made by Lloyds Banking Group ('the Group') to its UK AIFMD Identified Staff for the Group's financial year to 31 May 2023, together with an explanation of the Group's remuneration policies, structure and governance.

Quantitative remuneration disclosure

Aggregate remuneration paid for the year ended 31 May 2023 to employees of EIL and individuals whose actions have a material impact on the risk profile of the AIFs (Identified Staff)		Identified Staff[1]	
		Senior Management[2]	Other
Number of Staff[2]	20	6	5
Fixed remuneration	£2,293,624		
Variable remuneration	£802,592		
Carried interest	£0		
TOTAL	£3,096,215	£1,220,074[3]	£1,157,146[3]

[1] *Identified Staff being members of staff whose actions have a material impact on the risk profile of the AIFs (Identified Staff).*

[2] *Excludes two Non-Executive Directors of the Board.*

[3] *These values are included in the amounts provided for staff employed by EIL and those whose actions have a material impact on the risk profile of the AIFs (Identified Staff) despite being employed by another entity.*

The figures stated in the above table represents the total remuneration received by individuals in respect of work undertaken for Lloyds Banking Group, as well as their specific AIF/AIFM activities.

Staff shown in the table above are employed by the Group in relation to activities relating to the management of AIFs/AIFMs and are subject to the Group remuneration policy. They also perform other Group activities; no staff are directly employed by the AIFs/AIFMs.

Arrangements for variable remuneration within the group are calculated primarily by reference to the performance of each individual and the profitability of the relevant business unit. The performance of individuals working on the business of the AIFM is assessed primarily by reference to non-financial criteria, especially the effectiveness of their oversight monitoring of delegates appointed to perform investment advisory or fund administration services for the Company.

Some individuals are subject to more than one regulatory regime, e.g. AIFMD, UCITS V and CRD, therefore the more stringent regulatory requirements will apply.

Responsibilities of the Authorised Corporate Director (ACD)

The Open-Ended Investment Companies Regulations 2001 (the "OEIC Regulations"), the Investment Funds Sourcebook (FUND) and the Collective Investment Schemes Sourcebook (COLL Sourcebook) require the ACD to prepare Financial Statements for each financial year. These financial statements must be prepared in accordance with United Kingdom Generally Accepted Accounting Principles to give a true and fair view of the financial position of the Company at the year end and of the net revenue/expense and net capital gains or losses on the property of the Company for the year.

In preparing the financial statements the ACD is required to:

- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation;
- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017;
- follow Generally Accepted Accounting Principles and applicable United Kingdom Accounting Standards, including Financial Reporting Standards (FRS) 102 The Financial Reporting Standards applicable in the UK and Republic of Ireland;
- keep proper accounting records which enable them to demonstrate that the financial statements as prepared comply with the above requirements; and
- make judgements and estimates that are reasonable and prudent.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the COLL Sourcebook, as amended, the OEIC Regulations, FUND and the Prospectus. The ACD is also responsible for maintaining an appropriate system of internal controls and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Embark Investments
Authorised Corporate Director
28 September 2023

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Embark Investment Funds ICVC ("the Company") for the year ended 31 May 2023

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and, from 22 July 2014 the Investment Funds 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, redemption 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 Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Scheme documents and the Regulations 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 AIFM:

(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, the Scheme documents of the Company, and

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

Northern Trust Investor Services Limited
UK Trustee and Depositary Services
28 September 2023

Independent Auditor's Report to the Shareholders of Embark Investment Funds ICVC

Report on the audit of the Financial Statements

Opinion
In our opinion, the financial statements of Embark Investment Funds ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and its Funds as at 31 May 2023 and of the net revenue and expense and the net capital gains and losses on the property of the Company and its Funds for the year ended 31 May 2023; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

We have audited the financial statements which comprise for each Fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- accounting policies, distribution policies and individual notes to the financial statements; and
- distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014 as amended in June 2017, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

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's (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 Authorised Corporate Director's (ACD's) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 ACD with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Shareholders of Embark Investment Funds ICVC (continued)

Other information

The other information comprises the information in the Annual Report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

Responsibilities of depositary and ACD

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

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to 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: 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 ACD about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

Independent Auditor's Report to the Shareholders of Embark Investment Funds ICVC (continued)

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 the Collective Investment Schemes Sourcebook and relevant tax legislation; 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. These included The Open-Ended Investment Companies Regulations 2001.

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 is in the valuation and existence of investments due to its significance to the net asset values of the company. In response we have agreed investment holdings to independent confirmations and agreed investment valuations to reliable independent sources.

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.

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 unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management 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 reviewing correspondence with HMRC and the FCA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the Company and its Funds have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information given in the ACD's report for the year ended 31 May 2023 is consistent with the financial statements.

Independent Auditor's Report to the Shareholders of Embark Investment Funds ICVC (continued)

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with Paragraph 4.5.12R 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.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
28 September 2023

Aggregated Notes to the Financial Statements

1. Statement of Compliance

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

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The Company has adequate financial resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. As such, the financial statements have been prepared on the going concern basis.

(b) Functional and Presentation Currency

The functional and presentation currency of the Company is Sterling.

(c) Valuation of Investments

Collective Investment Schemes are valued at quoted prices for single priced funds, at 12:00 noon on the last business day of the accounting year being 31 May 2023.

All realised and unrealised gains and losses on investments are recognised as a net capital gain/loss in the statement of total return. Unrealised gains and losses comprise changes in the fair value of investments for the year. Realised gains and losses represent the difference between an investment's initial carrying amount and disposal amount. The cost of investments sold is accounted for on a weighted average basis.

Where permitted and subject to the Regulations, the ACD may, in certain circumstances (for example where a significant event has occurred since the closure of a market or in the event of non-delivery of underlying prices) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment. The basis of the adjusted priced will be based on accepted weighted benchmarking of underlying markets. The ACD shall inform the Depositary of any decision to carry out any such additional valuation.

(d) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling as at 12:00 noon on the last working day of the accounting year being 31 May 2023.

(e) Revenue

Bank and other interest receivable are recognised on an accruals basis. All distributions from Collective Investment Schemes are recognised when the investments are declared ex-dividend. The underlying investments refund a percentage of their annual management fee to the Funds, and this is recognised on an accruals basis and included within either capital or revenue depending on the underlying Collective Investment Schemes distribution policy in relation to the annual management fee.

(f) Expenses

All expenses (other than those relating to the purchase and sale of investments and Stamp Duty Reserve Tax) are charged against revenue on an accruals basis. Fees paid to the ACD are based on a percentage of the value of the investments held and are accrued on a daily basis. The ACD is responsible for the payment of expenses to third parties on behalf of the Company.

Each Fund receives a rebate for managerial fees suffered by underlying Collective Investment Schemes. These are treated as revenue or capital depending on the treatment of the ACD’s fees in the underlying investment.

Aggregated Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

(g) Taxation

Corporation tax is provided at the rate of 20% of taxable revenue after the deduction of allowable expenses. 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 will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(h) Judgements or Sources of Uncertainty

The ACD is required to use certain accounting estimates and uses judgement when applying the Fund's accounting policies. The estimates and associated judgements are based on historical experience that are believed to be reasonable and form the basis of making judgements about the classification of financial assets and liabilities and the carrying values of financial assets and liabilities.

During the year, no judgements or source of estimation uncertainty have been made in the process of applying the accounting policies that have had a significant effect on the amounts disclosed in the financial statements.

3. Distribution Policies

(a) Basis of Distribution

When appropriate, the Funds will allocate any surplus net revenue as a dividend distribution. Distributions of revenue for each Fund are made on or before the annual revenue allocation date and on or before the interim revenue allocation date, where applicable, in each period. The revenue available for distribution is determined in accordance with COLL. It comprises all revenue received or receivable for the account of the Fund in respect of the accounting year concerned, after deducting net charges and expenses paid or payable out of such revenue.

(b) Distributions from Collective Investment Schemes

Equalisation received on distributions from the underlying Collective Investment Schemes is taken to capital.

(c) Equalisation

Equalisation applies only to shares purchased during the distribution year (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

(d) Unclaimed distributions

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital of the Fund.

4. Risk Management Policies

Embark Investments Limited (Embark Investments) is responsible for establishing, implementing and maintaining an adequate and documented risk management policy for identifying, measuring and managing all risks to which Funds are or might be exposed.

The Company's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests; market risk, foreign currency risk, interest rate risk, credit risk and liquidity risk.

The following risk management policies are applicable to all Funds, with specific risk disclosures set out in the notes to the financial statements of each Fund.

Market Risk

The main driver for market risk is exposure to a benchmark, equity prices, currency exchange rates, commodity prices and interest rates. Where an Embark Investments fund is a fund of funds, market fluctuations and volatility of the investment positions in the underlying funds may adversely affect the value of the Embark Investments fund.

The Investment Manager is the primary line of defence for managing market risk.

Aggregated Notes to the Financial Statements (continued)

4. Risk Management Policies (continued)

The Investment Management Agreement is used to set out clearly, to the Investment Manager, the agreed mandate guidelines and risk limits for each Fund.

Data on the positions that comprise a Fund's portfolio is sourced daily from the fund accountant so that Embark Investments may perform daily investment and borrowing power checks against the relevant portfolio, prospectus and FCA Sourcebook restrictions. All out of tolerance positions identified are to be thoroughly investigated by the Investment Management Oversight team, escalated to the Investment Manager who is required to correct the breach within the allowable time frames, and managed to resolution by the Investment Management Oversight team. Both advertent and inadvertent breaches are to be reported by the Investment Management Oversight team to the Management Committee and Compliance function.

Foreign Currency Risk
This includes the risk that the value of the Company's investment holdings will fluctuate as a result of changes in Foreign Currency exchange rates.

A majority of the Company's investment portfolios are invested in collective investment schemes, which may have holdings in overseas securities and consequently the balance sheet, can be indirectly affected by movements in foreign exchange rates.

The indirect risk increases through the fund range, as the exposure to non-Sterling denominated investments increases. As ACD, Embark Investments monitors the exposure to Foreign Currency in assessing the long-term asset allocation on a quarterly basis with EV (see page 142 for information on EV) for all Funds and then supervises the active management of the underlying portfolios by Columbia Threadneedle Investments against these benchmarks.

Interest Rate Risk
This includes the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

The majority of the Company's financial assets are collective investment schemes which neither pay interest nor have a maturity date. The Company's financial liabilities are non-interest bearing which mature within one year. However, some of the underlying collective investment scheme investments are directly or indirectly exposed to interest rate risk.

The indirect risk differs within the fund range, with exposure to debt securities. As ACD, Embark Investments monitors the exposure to Debt Securities in assessing the long-term asset allocation on a quarterly basis with EV (see page 142 for information on EV) for all Funds and then supervises the active management of the underlying portfolios by Columbia Threadneedle Investments against these benchmarks.

Credit Risk
This includes the exposure to the potential loss of principal or loss of a financial reward related to a borrower's failure to repay a loan or otherwise meet a contractual obligation.

The Investment Manager is the primary line of defence for managing credit risk.

In the Investment Management Agreement, the agreed mandate guidelines and risk limits for each Fund will include any restrictions to be placed on the Investment Manager in relation to credit ratings that need to be in evidence for certain instruments or arrangements at the time of investment or during the term of the investment.

The daily investment and borrowing power checks undertaken by Embark Investments will provide additional assurance that credit risk limits are being adhered to.

Both advertent and inadvertent breaches of credit risk limits are to be reported by the Investment Management Oversight team to the Management Committee and Compliance function.

Liquidity Risk
This includes assessing the liquidity of investments and the obligations to repay investors as set out in the Company's prospectus.

Aggregated Notes to the Financial Statements (continued)

4. Risk Management Policies (continued)

Liquidity Risk (continued)

Embark Investments will take care not to publish a prospectus or design a Fund where the liquidity of a Fund's underlying investments required to achieve its objective is such that the redemption and settlement obligations described in the prospectus cannot be met in the ordinary course of events.

The appointed Investment Manager will be made aware of the redemption and settlement obligations in the Company's prospectus and be required to manage the mandate by investing in readily realisable assets that can meet those settlement obligations.

Embark Investments will arrange for liquidity analysis measures and reports that will include:

- the pattern of redemptions and net inflow/outflow to each Fund;
- the level of liquidity available within markets that the Fund invests in and for the specific stocks the Fund invests in to determine the percentage of the Fund assets that are highly liquid, moderately liquid or have low liquidity. Where collective investment schemes are an underlying investment of the Fund the analysis is based on the percentage of the particular collective investment scheme held by the Fund;
- the combination of available market liquidity relative to the pattern of the Fund redemptions and the percentage of the Fund able to meet the settlement year defined in the prospectus.

The Investment Management Oversight team will analyse the reports and escalate issues as appropriate to the Investment Manager and Management Committee.

Investment Objective and Policy

The Fund aims to grow investment through a combination of income and capital growth over the medium to long-term (5 or more years).

The Fund will aim to achieve this objective, whilst remaining within Risk Profile 1, which is the lowest risk profile in this range.

The Fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.

Through the investment in collective investment schemes, the Fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 15% and 50% of the value of the Fund will be invested in global equities, including emerging market equities. The Fund will have a greater emphasis on global fixed income securities (such as government, corporate, high yield and emerging market bonds) and there may be some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.

The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.

The Fund's risk level is managed by varying the weighting of the asset classes to which the Fund is exposed.

The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").

Strategy

The Fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an optimal level of growth in income and capital for the expected risk level assuming a medium to long-term investment horizon (5 or more years).

The Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Fund's investment objectives and improve returns. There is no guarantee that the Fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

Risk Profile 1

EValue Limited (EV) is a financial solutions company with expertise in risk profiling and forward-looking, global asset allocation research. The Fund aligns to Risk Profile 1 of the EV five-point scale for long-term risk profiling and strategic asset allocation. The Fund's aim is to deliver income and capital growth through assets that demonstrate moderate price fluctuations, with greater emphasis placed on exposure to fixed income securities and a lower relative emphasis placed on exposure to equities, whilst remaining within its risk profile.

Investment Report

Embark Investments, as ACD of Embark Investment Funds ICVC, oversees the asset allocation on a quarterly basis with EV (see page 142 for information on EV) for Fund I and then supervises the active management of the underlying portfolios by Columbia Threadneedle Investments against these strategic asset allocations. The following Fund Performance Report is written in conjunction with Columbia Threadneedle Investments:

Fund Performance

For the year ended 31 May 2023, the Embark Horizon Multi-Asset Fund I (Class Z Accumulation Shares[1]) generated a negative net of fees return of 8.05%. Investors may wish to consider the performance of the Fund with reference to the median performance reported for the IA Mixed Investment 20-60% Shares Sector.

Market Overview

The year under review constituted a volatile year for financial markets. With inflation far above target in many developed economies, investors struggled to gauge how far central banks would have to raise interest rates to contain it, and whether policymakers could do so without tipping their respective economies into recession. Most fixed-income markets lost value, while global equity markets mostly finished higher, albeit after a rollercoaster ride. The main developed equity regions outperformed emerging markets (EMs), which posted negative returns.

Lingering supply issues from the pandemic and new ones related to Russia's invasion of Ukraine pushed inflation to multi-decade highs in the US, eurozone and UK. US inflation breached the 9% mark in June before easing over the remainder of the year. In continental Europe and the UK, which were more exposed to the war in Ukraine, inflation was higher still, and peaked later. Inflation in the UK was the most stubborn. Having peaked above 11% in October, it did not return to single figures until April – and even then, core inflation (i.e. excluding food and energy prices) hit its highest since 1992.

Sentiment towards UK assets was further impacted by political uncertainty in the autumn, as the then government unveiled a mini-budget featuring significant un-funded tax cuts. This triggered a slump in the Pound, surges in gilt yields and mortgage rates, as well as emergency bond-buying by the Bank of England (BoE) to head off a potential crisis in the pensions industry. Later, these moves were reversed as markets welcomed the replacement of Prime Minister Liz Truss and Chancellor Kwasi Kwarteng by the more fiscally conservative Rishi Sunak and Jeremy Hunt, who reversed most of their predecessors' plans.

The Federal Reserve (Fed), the European Central Bank (ECB) and the BoE slowed the pace of rate rises after November, as the inflationary tide appeared to be turning. Nevertheless, all three continued to hike rates at every subsequent meeting.

Equities and, to a lesser extent, corporate bonds were buffeted throughout the year by fluctuating fears of recession. In the first half of the year, economic forecasts were generally deteriorating amid worries about the impact of soaring inflation, rising interest rates, the potential for energy shortages in Europe (linked to the war in Ukraine), and the knock-on effects of ongoing COVID lockdowns in China. At the same time, though, risk assets such as stocks and corporate bonds were supported by surprisingly resilient company results.

Later, confidence about the global economy was bolstered by signs of easing inflation and anticipation – subsequently proved correct – that the Chinese authorities might be preparing to move away from their zero-COVID strategy. The optimism continued into the new year.

However, March was characterised by a spell of intense volatility due to the banking crisis and resulting fears of contagion, though risk assets recovered thanks to swift action by financial authorities. The resulting anticipation of tighter credit conditions triggered fears about global growth and pushed interest-rate forecasts lower as investors bet that central banks could soon pause the pace of monetary tightening.

Markets were largely calmer over the remainder of the year. The Vix index of implied equity market volatility fell to a 17-month low in mid-April and mostly hovered around that level thereafter. One exception was a slight spike in early May, amid news of further trouble among regional US lenders. Another, which was accompanied by a jump in US Treasury yields, came in the final days of the year, as negotiations about the US debt ceiling went to the wire.

As the year ended, markets were pricing in further rate hikes by all three of the aforementioned central banks, with the BoE seen as having the most still to do.

Investment Report (continued)

Overall, the MSCI All-Country World index (ACWI) returned 2.8% in local-currency terms over the twelve-month period.

Japanese and Europe ex UK equities fared best in local-currency terms. For much of the year, Japan's export-heavy stock market was buoyed by weakness in the yen, as the Bank of Japan (BoJ) retained its ultra-loose monetary policy stance, in contrast to its US, UK and eurozone counterparts. The central bank did, however, unexpectedly relax the yield band on 10-year government bonds in December. The decision was widely interpreted as the first step away from the bank's ultra-accommodative stance, but the BoJ made no further changes. Meanwhile, Europe ex UK equities benefited from the improved economic outlook for the region in 2023 owing to falling energy prices and China's relaxation of COVID controls.

US equities also modestly outperformed the MSCI ACWI, helped by strength in the sizeable technology sector, particularly later in the year, amid a wave of optimism around AI. UK shares were marginally positive, and lagged the global index over the year. The market's sizeable exposure to energy and materials proved beneficial in the immediate aftermath of the Russian invasion, as prices of these underlying commodities rose. However, this later proved a headwind, when prices of oil and industrial metals fell back on recession concerns.

EMs brought up the rear, largely driven by weakness in Chinese shares. Beijing's zero-COVID policy weighed heavily on economic activity, and sentiment was also dented by a burgeoning property crisis and continuing regulatory crackdowns. In late 2022 and early 2023, Chinese shares bounced as Beijing lifted most of its COVID restrictions and appeared to relax its clampdown. However, markets turned more volatile in the spring on mixed economic data and increased geopolitical tensions with the US over Taiwan and global microchip supply chains.

In fixed income, core government bond yields rose over the year due to rising inflation and as investors factored in aggressive monetary tightening. The yield on 10-year US Treasury bonds rose by 80 bps to finish May 2023 at 3.64%. By comparison, 10-year yields on UK gilts and German Bunds respectively increased by 208 bps to 4.18%, and by 116 bps to 2.28%. Corporate bond markets were also weak over much of the year, with the negative impact of higher core bond yields compounded by wider credit spreads. However, spreads narrowed from the fourth quarter (Q4) of 2022 onwards amid easing concerns about monetary tightening, and Sterling Investment-Grade (IG) spreads finished the year 8 bps wider than where they had started.

Outlook

We feel that there is likely to be a slowdown in growth versus the trend level, accompanied by reduced, but still above-trend inflation. For the UK, we have recently increased our inflation and interest-rate expectations given recent signs that inflationary pressures not directly linked to gas prices are persisting more stubbornly than previously anticipated.

Globally, disinflation combined with restrictive monetary policy suggests a constructive fundamental outlook for core government bonds, where yield premia are historically high compared with long-term GDP forecasts. For corporate credit, where valuations look reasonable rather than compelling, the low growth outlook should result in below-average excess returns over core bonds in the year ahead, but likely outperformance versus equities.

For equities, meanwhile, sluggish growth presents a mild risk to company earnings. Of more concern, however, global equity valuations (on a price to earnings basis) now look historically high both in absolute terms and relative to other asset classes, such as credit.

At the end of May, the main asset classes in Fund I were developed-market equities, Emerging Market equities, UK and global government debt, and Sterling IG credit.

In equity markets, Europe, Japan, the US and the UK posted positive returns at the index level over the 12 months to 31 May 2023. Europe ex UK was the top-performing region, returning 10.7%. Japan and the US returned 6.7% and 4.7% respectively, while the UK posted a small positive contribution of 0.4%. EMs fell over the year, returning -6.5%. Fixed income markets posted a negative return overall, with UK gilts weakening the most, returning -15.7%. Sterling IG credit posted -8.5%, while global government bonds held up better, returning -2.6%. (Please note that the return for global government bonds only covers the year in which they were held in the strategic asset allocation)[2].

The strategic asset allocation was rebalanced in July, November, January and May. At the end of May, the Fund's strategic asset allocation was broken down as follows: 32% in developed-market equities; 5% in EM equities; 39% in UK gilts; 23% in Sterling IG credit; and 1% in cash.

Investment Report (continued)

At the end of the year, the Fund was overweight in equities and underweight in fixed income relative to the rebalanced strategic asset allocation.

Within equities, we were overweight in the UK, Japan and the US. The UK and Japan are both deeply discounted markets. The UK equity allocation remains focused on large-cap names and is therefore insulated to a degree from the travails of the domestic economy. The economic backdrop for Japan has improved and corporate investment in reshoring production is increasing. The recent policy focus on Japanese companies increasing returns to shareholders is another positive catalyst. Meanwhile, the outlook for the US is supported by the market's relatively low dependence on global growth and this allocation therefore provides a relatively defensive counterbalance to some of our more cyclical exposures elsewhere. That said, we are mindful that valuations are expensive, and we have concerns about margin vulnerability and wage pressures.

We were underweight in EMs and Europe ex UK. While EMs stand to benefit from China's post-COVID recovery, we are mindful of increased geopolitical tensions. Meanwhile, following a year of strong performance, European equities no longer stand out as particularly cheap. These companies also have relatively cyclical earnings when compared to regions such as the US.

In fixed income, we were underweight in Sterling IG credit and, to a lesser extent, gilts, but we were overweight in global government bonds. Markets already appear to have priced in peak policy rates. We also note the improved hedge that the current elevated yields offer should the economic slowdown prove worse than expected.

The information above, unless otherwise attributed, is produced and provided solely by the Investment Manager and is provided to you for information purposes. Columbia Threadneedle Investments is the Investment Manager for the Embark Horizon Multi-Asset Funds. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

Past performance is not a guide to future performance. The value of investments can go down as well as up, so your client could get back less than they invested. The mention of any specific shares or bonds should not be taken as a recommendation to deal.

This material should not be considered as an offer, solicitation, advice, or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness.

[1] The Class Z Accumulation Shares were selected to illustrate the performance of the Fund as they are the largest share class and Accumulation shares show the total return of the Fund, as all income is reinvested.

[2] Representative indices:

US Equities: S&P 500 – Total Return Gross Income Reinvested

European Equities: MSCI EMU – Total Return Gross Income Reinvested

Japanese Equities: MSCI Japan – Total Return Gross Income Reinvested

UK Equities: FTSE All-Share – Total Return Gross Income Reinvested

Emerging Market Equities: MSCI Emerging Markets – Gross Return

Sterling IG Credit: iBoxx Sterling Corporates AA Rated

UK Corporate Bonds: FTSE Actuaries UK Conventional Gilts All Stocks

Global Government Bonds: JPMorgan GBI Global (GBP Unhedged)

Source: Factset, as at 31/05/2023

Investment Report (continued)

Cumulative Performance Data to 31 May 2023 (net of fees)

Fund I	Launch 12 December 2013	5 Years	3 Years	1 Year
Embark Horizon Multi-Asset I	30.94%	-2.05%	-11.54%	-8.05%

Source: FE Fundinfo, in GBP, as at 31/05/2023

Past performance is not a reliable indicator of future results and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Funds.

Columbia Threadneedle Investments
Investment Manager
20 June 2023

Portfolio Statement

as at 31 May 2023

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom Collective Investment Schemes 98.14% (99.06%)		
465,364	CT American	3,006	12.19
188,472	CT American Select	508	2.06
162,586	CT Asia	302	1.22
147,369	CT European	1,229	4.98
284,749	CT Global Bond	299	1.21
777,158	CT Global Emerging Markets Equity	865	3.51
364,197	CT Japan	1,300	5.27
5,438,563	CT Sterling Bond	4,717	19.13
2,871,460	CT Sterling Corporate Bond	3,220	13.06
1,185,303	CT Sterling Medium and Long-Dated Corporate Bond	1,057	4.28
854,023	CT Sterling Short-Dated Corporate Bond	926	3.75
527,600	CT UK	766	3.11
77,455	CT UK Equity Income	316	1.28
6,036,707	CT UK Fixed Interest	4,717	19.13
134,986	CT UK Institutional	161	0.65
282,566	CT UK Smaller Companies	315	1.28
485,236	CT US Equity Income	500	2.03
		24,204	98.14
	Net Investments 98.14% (99.06%)	**24,204**	**98.14**
	Net other assets	458	1.86
	Total net assets	**24,662**	**100.00**

Comparative figures shown in brackets relate to 31 May 2022.

All assets are accumulation shares unless otherwise stated.

Total purchases for the year: £9,731,445

Total sales for the year: £15,547,086

Fund Information

The Comparative Tables on pages 24 to 28 give the performance of each active share class in the Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It may differ from the Fund's performance disclosed in the Investment Report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect investors in different ways depending on whether they are joining, leaving or continuing with their investment in the fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Fund Information (continued)

Comparative Tables

Class Z Income Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	58.96	62.98	61.73
Return before operating charges*	(4.29)	(3.21)	1.91
Operating charges	(0.45)	(0.51)	(0.52)
Return after operating charges	(4.74)	(3.72)	1.39
Distributions on income shares	(0.71)	(0.30)	(0.14)
Closing net asset value per share	53.51	58.96	62.98
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(8.04)%	(5.91)%	2.25%
Other Information			
Closing net asset value (£'000)	388	668	728
Closing number of shares	725,701	1,133,127	1,155,944
Operating charges[1]	0.81%	0.81%	0.83%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	59.19	66.95	64.58
Lowest share price	50.48	58.23	61.12

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class Z Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	62.26	66.19	64.73
Return before operating charges*	(4.53)	(3.39)	2.01
Operating charges	(0.47)	(0.54)	(0.55)
Return after operating charges	(5.00)	(3.93)	1.46
Distributions	(0.76)	(0.31)	(0.14)
Retained distributions on accumulation shares	0.76	0.31	0.14
Closing net asset value per share	57.26	62.26	66.19
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(8.03)%	(5.94)%	2.26%
Other Information			
Closing net asset value (£'000)	22,848	30,066	35,281
Closing number of shares	39,903,847	48,290,438	53,305,777
Operating charges[1]	0.81%	0.81%	0.83%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	62.50	70.48	67.82
Lowest share price	53.31	61.30	64.09

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class E Accumulation Shares	For the period from 01.06.20 to 21.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	65.28
Return before operating charges*	0.41
Operating charges	(0.12)
Return after operating charges	0.29
Distributions	–
Retained distributions on accumulation shares	–
Last quoted share price[1]	65.57
Closing net asset value per share	–
* After direct transaction costs of:	–

	01.06.20 to 21.09.20
Performance	
Return after charges	0.44%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.58%
Direct transaction costs	–%

	01.06.20 to 21.09.20 pence per share
Prices	
Highest share price	66.34
Lowest share price	64.66

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 21 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Income Shares	For the period from 01.06.20 to 21.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	61.90
Return before operating charges*	0.39
Operating charges	(0.14)
Return after operating charges	0.25
Distributions on income shares	–
Last quoted share price[1]	62.15
Closing net asset value per share	–
* After direct transaction costs of:	–

	01.06.20 to 21.09.20
Performance	
Return after charges	0.40%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.73%
Direct transaction costs	–%

	01.06.20 to 21.09.20 pence per share
Prices	
Highest share price	62.89
Lowest share price	61.30

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 21 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	62.51	66.40	64.89
Return before operating charges*	(4.56)	(3.42)	1.99
Operating charges	(0.42)	(0.47)	(0.48)
Return after operating charges	(4.98)	(3.89)	1.51
Distributions	(0.81)	(0.37)	(0.19)
Retained distributions on accumulation shares	0.81	0.37	0.19
Closing net asset value per share	57.53	62.51	66.40
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(7.97)%	(5.86)%	2.33%
Other Information			
Closing net asset value (£'000)	1,426	1,860	1,460
Closing number of shares	2,477,705	2,975,190	2,199,630
Operating charges[1]	0.71%	0.71%	0.73%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	62.77	70.73	68.02
Lowest share price	53.54	61.55	64.26

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Statement of Total Return

for the year ended 31 May 2023

	Notes	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Income					
Net capital losses	2		(2,865)		(2,262)
Revenue	3	604		450	
Expenses	4	(207)		(277)	
Interest payable and similar charges		–		–	
Net revenue before taxation		397		173	
Taxation	5	(41)		–	
Net revenue after taxation			356		173
Total return before distributions			(2,509)		(2,089)
Distributions	6		(356)		(173)
Change in net assets attributable to shareholders from investment activities			(2,865)		(2,262)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 May 2023

	Note	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Opening net assets attributable to shareholders			32,594		37,469
Amounts receivable on creation of shares		1,980		7,557	
Amounts payable on cancellation of shares		(7,379)		(10,333)	
			(5,399)		(2,776)
Change in net assets attributable to shareholders from investment activities (see above)			(2,865)		(2,262)
Retained distribution on accumulation shares	6		332		163
Closing net assets attributable to shareholders			24,662		32,594

Balance Sheet

as at 31 May 2023

	Notes	31.05.23 £'000	31.05.22 £'000
Assets:			
Fixed assets:			
Investments		24,204	32,286
Current assets:			
Debtors	7	148	409
Cash and bank balances	8	476	357
Total assets		24,828	33,052
Liabilities:			
Creditors:			
Distribution payable on income shares	6	(3)	(2)
Other creditors	9	(163)	(456)
Total liabilities		(166)	(458)
Net assets attributable to shareholders		24,662	32,594

Notes to the Financial Statements

for the year ended 31 May 2023

1. Accounting Policies

The Fund's accounting and distribution policies are set out on sections 1 to 3 of pages 13 and 14.

2. Net Capital Losses

Net capital losses comprise:

	31.05.23 £'000	31.05.22 £'000
Non-derivative securities*	(2,865)	(2,264)
Management fee rebates	–	2
Net capital losses	(2,865)	(2,262)

* Includes realised losses of £1,763,199 and unrealised losses of £1,102,211 (2022: realised gains of £3,041,371 and unrealised losses of £5,306,253).

3. Revenue

	31.05.23 £'000	31.05.22 £'000
Bank interest	6	–
Franked CIS revenue	176	192
Unfranked CIS revenue	422	237
Management fee rebates	–	21
	604	450

4. Expenses

	31.05.23 £'000	31.05.22 £'000
Payable to the ACD or associates of the ACD:		
ACD's service charge	207	277
Total expenses:	207	277

Audit fees of £10,000 plus VAT of £2,000 (2022: £9,000 plus VAT of £1,800) have been borne by the ACD out of its ACD's service charge.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

5. Taxation

	31.05.23 £'000	31.05.22 £'000
(a) Analysis of charge for the year:		
Corporation tax	41	–
Total current tax	41	–
Total taxation (note 5b)	41	–
(b) Factors affecting taxation charge for the year:		
The tax assessed for the year is lower than the standard rate of Corporation tax in the UK for an open-ended investment company (20%) (2022: 20%).		
Net revenue before tax	397	173
Net revenue multiplied by the standard rate of corporation tax of 20%	79	35
Effects of:		
Excess management expenses not utilised	(3)	3
Franked CIS revenue	(35)	(38)
Total tax charge (note 5a)	41	–

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	31.05.23 £'000	31.05.22 £'000
Interim distribution	2	1
Interim accumulation	124	64
Final distribution	3	2
Final accumulation	208	99
	337	166
Add: Revenue deducted on shares cancelled	26	19
Deduct: Revenue received on shares issued	(7)	(12)
Net distribution for the year	356	173

7. Debtors

	31.05.23 £'000	31.05.22 £'000
Amounts falling due within one year:		
Amounts receivable for issue of shares	5	2
Sales awaiting settlement	143	407
	148	409

8. Cash and bank balances

	31.05.23 £'000	31.05.22 £'000
Cash and bank balances	476	357
	476	357

9. Other Creditors

	31.05.23 £'000	31.05.22 £'000
Accrued expenses	9	12
Amounts payable for cancellation of shares	113	170
Corporation tax payable	41	–
Purchases awaiting settlement	–	274
	163	456

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

10. Related Parties

Embark Investments is regarded as a related party by virtue of having the ability to act in respect of the operations of the Fund in its capacity as the Authorised Corporate Director.

Embark Investments acts as principal on all the transactions of shares in the Fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Amounts paid to Embark Investments in respect of the ACD's periodic charges are disclosed in note 4. The amount of £8,137 (2022: £12,027) was due at the year end, as shown in note 9.

At the year end, the Fund held the following Collective Investment Schemes, managed by the Investment Manager:

As at 31 May 2023	Holdings	Market Value £
CT Sterling Bond	5,438,563	4,717,410
CT UK Fixed Interest	6,036,707	4,717,083
CT Sterling Corporate Bond	2,871,460	3,220,056
CT American	465,364	3,005,785
CT Japan	364,197	1,300,258
CT European	147,369	1,228,560
CT Sterling Medium and Long-Dated Corporate Bond	1,185,303	1,056,579
CT Sterling Short-Dated Corporate Bond	854,023	925,932
CT Global Emerging Markets Equity	777,158	864,588
CT UK	527,600	765,706
CT American Select	188,472	508,517
CT US Equity Income	485,236	500,521
CT UK Equity Income	77,455	316,024
CT UK Smaller Companies	282,566	314,693
CT Asia	162,586	302,182
CT Global Bond	284,749	298,930
CT UK Institutional	134,986	160,916

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

10. Related Parties (continued)

As at 31 May 2022	Holdings	Market Value £
CT UK Fixed Interest	5,913,808	5,636,450
CT Sterling Bond	5,323,762	5,636,267
CT Global Bond	3,814,515	4,302,772
CT UK	2,732,473	3,719,169
CT Sterling Corporate Bond	2,210,141	2,703,223
CT American	410,618	2,601,678
CT Sterling Medium and Long-Dated Corporate Bond	1,333,933	1,370,883
CT Global Emerging Markets Equity	969,617	1,170,036
CT Japan	297,615	982,338
CT European	126,132	943,824
CTUK Equity Income	173,164	660,430
CT American Select	241,732	656,594
CT UK Smaller Companies	513,762	651,809
CT Sterling Short-Dated Bond	563,694	627,786
CT Asia	218,385	460,050
CT High Yield Bond	126,644	163,105

Where investments are held in funds managed by an Investment Manager, a rebate is paid into the Fund. The rebates from underlying securities amounted to £Nil (2022: £23,426) for the year.

11. Contingent Liabilities

There were no contingent liabilities as at the year ended 31 May 2023 (2022: £Nil).

12. Share Classes

The Fund currently has three classes of shares: Class Z Income, Class Z Accumulation, and Class I Accumulation. The distribution per share is given in the distribution tables on pages 40 and 41. All shares have the same rights on winding up.

The ACD's service charge for the class of each share is as follows:

Class Z	0.75%
Class I	0.65%

The following table shows the shares in issue during the year:

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class Z Income	1,133,127	107,313	(514,739)	–	725,701
Class Z Accumulation	48,290,438	2,991,257	(11,377,848)	–	39,903,847
Class I Accumulation	2,975,190	332,541	(830,026)	–	2,477,705

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

13. Risk Management Policies

General risk management policies for the Fund are described in note 4 of the Aggregated Notes to the Financial Statements on pages 14 to 16.

14. Risk Disclosures

Market Price Risk

Risk management policies surrounding this risk are discussed in note 4 of the Aggregated Notes to the Financial Statements on pages 14 and 16.

At 31 May 2023, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £1,210,187 (2022: £1,614,321).

Foreign Currency Risk

The Fund does not have significant exposure to currency risk as all assets and liabilities are held in Sterling. The Fund converts all receipts of revenue, received in currency, into Sterling on the day of receipt. Indirect impact of Foreign Currency exposure from investment in collective investment schemes is discussed in note 4 of the Aggregated Notes to the Financial Statements on page 15.

Interest rate risk

Interest rate risk profile of financial assets as at 31 May 2023:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	476	–	24,352	24,828
	476	–	24,352	24,828

Interest rate risk profile of financial assets as at 31 May 2022:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	357	–	32,695	33,052
	357	–	32,695	33,052

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Interest rate risk of financial liabilities as at 31 May 2023:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(166)	(166)
	–	(166)	(166)

Interest rate risk profile of financial liabilities as at 31 May 2022:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(458)	(458)
	–	(458)	(458)

Please note that short-term debtors and creditors are included in the interest rate risk tables above.

The Fund's net cash holdings of £476,035 (2022: £357,006) are held in floating rate deposit accounts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate.

As at 31 May 2023 and 2022, the Fund had exposure to interest rate risk via underlying exposure in collective investment schemes. However, the Fund does not have any significant direct interest rate risk and as such no sensitivity risk analysis is presented.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Valuation technique as at 31 May 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	24,204	–	24,204
Total	–	24,204	–	24,204

Valuation technique as at 31 May 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	32,286	–	32,286
Total	–	32,286	–	32,286

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

15. Portfolio Transaction Costs

The Fund does not have direct transaction costs for the year ended 31 May 2023 (2022: £Nil) as the securities held are all collective investment schemes. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 23.

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was Nil (2022: Nil) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Indirect transaction costs

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 year for the instruments, which are not separately identifiable.

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

16. Leverage

In accordance with the Alternative Investment Funds Management Directive (AIFMD) we are required to disclose the ‘leverage’ of the Fund. Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives. ‘Exposure’ is defined in two ways ‘gross method’ and ‘commitment method’ and the Fund must not exceed maximum exposures under both methods.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

16. Leverage (continued)

The 'commitment' method shall be the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The 'gross' method shall be the sum of the absolute value of all positions and each derivative position will be converted into the equivalent position in the underlying assets. The 'gross' method shall exclude the value of any cash and cash equivalents from the sum of the absolute value of all positions. The ACD must set maximum leverage levels and operate the Fund within these levels at all times.

There are two ways in which the ACD can introduce leverage to the Fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Neither of these are important features in terms of how the ACD manages the Fund. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

For the year ended 31 May 2023, the Fund did not hold any derivatives; therefore, there has been no leverage exposure for the year (2022: £Nil).

17. Post Balance Sheet Events

As at the close of business on the balance sheet date, the Net Asset Value per Class Z Income share was 53.51p, for Class Z Accumulation share at 57.26p, and for Class I Accumulation share at 57.53p. As at close of business on 5 September 2023, the Net Asset Value per Class Z Income share was 53.63p, for Class Z Accumulation share at 57.39p, and for Class I Accumulation share at 57.68p. These represent an increase of 0.22%, 0.23%, and 0.26% movement from the year end value.

Distribution Tables

for the year ended 31 May 2023

Class Z Income Shares

Interim Distribution (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Income	Equalisation	2022 Net Distribution Paid	2021 Net Distribution Paid
1	0.2508	–	0.2508	0.1131
2	0.1796	0.0712	0.2508	0.1131

Class Z Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.2672	–	0.2672	0.1189
2	0.1509	0.1163	0.2672	0.1189

Class I Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.2914	–	0.2914	0.1529
2	–	0.2914	0.2914	0.1529

Distribution Tables (continued)

for the year ended 31 May 2023

Class Z Income Shares

Final Distribution (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Income	Equalisation	2023 Net Distribution Paid	2022 Net Distribution Paid
1	0.4609	–	0.4609	0.1820
2	0.0441	0.4168	0.4609	0.1820

Class Z Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.4893	–	0.4893	0.1915
2	0.2640	0.2253	0.4893	0.1915

Class I Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.5161	–	0.5161	0.2154
2	0.2471	0.2690	0.5161	0.2154

Investment Objective and Policy

The Fund aims to grow investment through a combination of income and capital growth over the medium to long-term (5 or more years).

The Fund will aim to achieve this objective, whilst remaining within Risk Profile 2, which is the second lowest risk profile in this range.

The Fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.

Through the investment in collective investment schemes, the Fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 20% and 55% of the value of the Fund will be invested in global equities, including emerging market equities. The Fund will have exposure to global fixed income securities (such as government, corporate, high yield and emerging market bonds) and there may be some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.

The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.

The Fund's risk level is managed by varying the weighting of the asset classes to which the Fund is exposed.

The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").

Strategy

The Fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an optimal level of growth in income and capital for the expected risk level assuming a medium to long-term investment horizon (5 years or more).

The Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Fund's investment objectives and improve returns. There is no guarantee that the Fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

Risk Profile 2

EValue Limited (EV) is a financial solutions company with expertise in risk profiling and forward-looking, global asset allocation research. The Fund aligns to Risk Profile 2 of the EV five-point scale for long-term risk profiling and strategic asset allocation. The Fund's aim is to deliver income and capital growth through assets that demonstrate moderate price fluctuations, with emphasis placed on exposure to fixed income securities and equities, whilst remaining within its risk profile.

Investment Report

Embark Investments, as ACD of Embark Investment Funds ICVC, oversees the asset allocation on a quarterly basis with EV (see page 142 for information on EV) for Fund II and then supervises the active management of the underlying portfolios by Columbia Threadneedle Investments against these strategic asset allocations. The following Fund Performance Report is written in conjunction with Columbia Threadneedle Investments:

Fund Performance

For the year ended 31 May 2023, the Embark Horizon Multi-Asset Fund II (Class Z Accumulation Shares[1]) generated a negative net of fees return of 5.17%. Investors may wish to consider the performance of the Fund with reference to the median performance reported for the IA Mixed Investment 20-60% Shares Sector.

Market Overview

The year under review constituted a volatile year for financial markets. With inflation far above target in many developed economies, investors struggled to gauge how far central banks would have to raise interest rates to contain it, and whether policymakers could do so without tipping their respective economies into recession. Most fixed-income markets lost value, while global equity markets mostly finished higher, albeit after a rollercoaster ride. The main developed equity regions outperformed emerging markets (EMs), which posted negative returns.

Lingering supply issues from the pandemic and new ones related to Russia's invasion of Ukraine pushed inflation to multi-decade highs in the US, eurozone and UK. US inflation breached the 9% mark in June before easing over the remainder of the year. In continental Europe and the UK, which were more exposed to the war in Ukraine, inflation was higher still, and peaked later. Inflation in the UK was the most stubborn. Having peaked above 11% in October, it did not return to single figures until April – and even then, core inflation (i.e. excluding food and energy prices) hit its highest since 1992.

Sentiment towards UK assets was further impacted by political uncertainty in the autumn, as the then government unveiled a mini-budget featuring significant un-funded tax cuts. This triggered a slump in the Pound, surges in gilt yields and mortgage rates, as well as emergency bond-buying by the Bank of England (BoE) to head off a potential crisis in the pensions industry. Later, these moves were reversed as markets welcomed the replacement of Prime Minister Liz Truss and Chancellor Kwasi Kwarteng by the more fiscally conservative Rishi Sunak and Jeremy Hunt, who reversed most of their predecessors' plans.

The Federal Reserve (Fed), the European Central Bank (ECB) and the BoE slowed the pace of rate rises after November, as the inflationary tide appeared to be turning. Nevertheless, all three continued to hike rates at every subsequent meeting.

Equities and, to a lesser extent, corporate bonds were buffeted throughout the year by fluctuating fears of recession. In the first half of the year, economic forecasts were generally deteriorating amid worries about the impact of soaring inflation, rising interest rates, the potential for energy shortages in Europe (linked to the war in Ukraine), and the knock-on effects of ongoing COVID lockdowns in China. At the same time, though, risk assets such as stocks and corporate bonds were supported by surprisingly resilient company results.

Later, confidence about the global economy was bolstered by signs of easing inflation and anticipation – subsequently proved correct – that the Chinese authorities might be preparing to move away from their zero-COVID strategy. The optimism continued into the new year.

However, March was characterised by a spell of intense volatility due to the banking crisis and resulting fears of contagion, though risk assets recovered thanks to swift action by financial authorities. The resulting anticipation of tighter credit conditions triggered fears about global growth and pushed interest-rate forecasts lower as investors bet that central banks could soon pause the pace of monetary tightening.

Markets were largely calmer over the remainder of the year. The Vix index of implied equity market volatility fell to a 17-month low in mid-April and mostly hovered around that level thereafter. One exception was a slight spike in early May, amid news of further trouble among regional US lenders. Another, which was accompanied by a jump in US Treasury yields, came in the final days of the year, as negotiations about the US debt ceiling went to the wire.

As the year ended, markets were pricing in further rate hikes by all three of the aforementioned central banks, with the BoE seen as having the most still to do.

Investment Report (continued)

Overall, the MSCI All-Country World index (ACWI) returned 2.8% in local-currency terms over the twelve-month period.

Japanese and Europe ex UK equities fared best in local-currency terms. For much of the year, Japan's export-heavy stock market was buoyed by weakness in the Yen, as the Bank of Japan (BoJ) retained its ultra-loose monetary policy stance, in contrast to its US, UK and eurozone counterparts. The central bank did, however, unexpectedly relax the yield band on 10-year government bonds in December. The decision was widely interpreted as the first step away from the bank's ultra-accommodative stance, but the BoJ made no further changes. Meanwhile, Europe ex UK equities benefited from the improved economic outlook for the region in 2023 owing to falling energy prices and China's relaxation of COVID controls.

US equities also modestly outperformed the MSCI ACWI, helped by strength in the sizeable technology sector, particularly later in the year, amid a wave of optimism around AI. UK shares were marginally positive, and lagged the global index over the year. The market's sizeable exposure to energy and materials proved beneficial in the immediate aftermath of the Russian invasion, as prices of these underlying commodities rose. However, this later proved a headwind, when prices of oil and industrial metals fell back on recession concerns.

EMs brought up the rear, largely driven by weakness in Chinese shares. Beijing's zero-COVID policy weighed heavily on economic activity, and sentiment was also dented by a burgeoning property crisis and continuing regulatory crackdowns. In late 2022 and early 2023, Chinese shares bounced as Beijing lifted most of its COVID restrictions and appeared to relax its clampdown. However, markets turned more volatile in the spring on mixed economic data and increased geopolitical tensions with the US over Taiwan and global microchip supply chains.

In fixed income, core government bond yields rose over the year due to rising inflation and as investors factored in aggressive monetary tightening. The yield on 10-year US Treasury bonds rose by 80 bps to finish May 2023 at 3.64%. By comparison, 10-year yields on UK gilts and German Bunds respectively increased by 208 bps to 4.18%, and by 116 bps to 2.28%. Corporate bond markets were also weak over much of the year, with the negative impact of higher core bond yields compounded by wider credit spreads. However, spreads narrowed from the fourth quarter (Q4) of 2022 onwards amid easing concerns about monetary tightening, and Sterling Investment-Grade (IG) spreads finished the year 8 bps wider than where they had started.

Outlook

We feel that there is likely to be a slowdown in growth versus the trend level, accompanied by reduced, but still above-trend inflation. For the UK, we have recently increased our inflation and interest-rate expectations given recent signs that inflationary pressures not directly linked to gas prices are persisting more stubbornly than previously anticipated.

Globally, disinflation combined with restrictive monetary policy suggests a constructive fundamental outlook for core government bonds, where yield are historically high compared with long-term GDP forecasts. For corporate credit, where valuations look reasonable rather than compelling, the low growth outlook should result in below-average excess returns over core bonds in the year ahead, but likely outperformance versus equities.

For equities, meanwhile, sluggish growth presents a mild risk to company earnings. Of more concern, however, global equity valuations (on a price to earnings basis) now look historically high both in absolute terms and relative to other asset classes, such as credit.

At the end of May, the main asset classes in Fund II were developed-market equities, EM equities, UK government debt and Sterling IG credit.

In equity markets, Europe, Japan, the US and the UK posted positive returns at the index level over the 12 months to 31 May 2023. Europe ex UK was the top-performing region, returning 10.7%. Japan and the US returned 6.7% and 4.7% respectively, while the UK posted a small positive contribution of 0.4%. EMs fell over the year, returning -6.5%. Fixed income markets posted a negative return overall, with UK gilts weakening the most, returning -15.7%. Sterling IG credit posted -8.5%, while global government bonds held up better, returning -2.6%[2]. (Please note that the return for global government bonds only covers the year in which they were held in the strategic asset allocation).

The strategic asset allocation was rebalanced in July, November, January and May. At the end of May, the Fund's strategic asset allocation was broken down as follows: 39% in developed-market equities; 8% in Emerging Market equities; 21% in UK gilts; 31% in Sterling IG credit; and 1% in cash.

Investment Report (continued)

At the end of the year, the Fund was overweight in equities and underweight in fixed income relative to the rebalanced strategic asset allocation.

Within equities, we were underweight in EMs and very slightly underweight in the US and Europe ex UK. While EMs stand to benefit from China's post-COVID recovery, we are mindful of increased geopolitical tensions. Meanwhile, following a year of strong performance, European equities no longer stand out as particularly cheap. These companies also have relatively cyclical earnings when compared to regions such as the US. The US market is also expensive, but this allocation provides a relatively defensive counterbalance to some of our more cyclical exposures elsewhere.

We were overweight in the UK and Japan. Both markets are deeply discounted. The UK equity allocation remains focused on large-cap names and is therefore insulated to a degree from the travails of the domestic economy. The economic backdrop for Japan has improved and corporate investment in reshoring production is increasing. The recent policy focus on Japanese companies increasing returns to shareholders is another positive catalyst.

Within fixed income, we were underweight in Sterling IG and overweight in gilts. We are constructive on government bonds as we feel that markets already appear to have priced in peak policy rates. We also note the improved hedge that the current elevated yields offer should the economic slowdown prove worse than expected.

The information above, unless otherwise attributed, is produced and provided solely by the Investment Manager and is provided to you for information purposes. Columbia Threadneedle Investments is the Investment Manager for the Embark Horizon Multi-Asset Funds. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

Past performance is not a guide to future performance. The value of investments can go down as well as up, so your client could get back less than they invested. The mention of any specific shares or bonds should not be taken as a recommendation to deal.

This material should not be considered as an offer, solicitation, advice, or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness.

[1] The Class Z Accumulation Shares were selected to illustrate the performance of the Fund as they are the largest share class and Accumulation shares show the total return of the Fund, as all income is reinvested.

[2] Representative indices:

US Equities: S&P 500 – Total Return Gross Income Reinvested

European Equities: MSCI EMU – Total Return Gross Income Reinvested

Japanese Equities: MSCI Japan – Total Return Gross Income Reinvested

UK Equities: FTSE All-Share – Total Return Gross Income Reinvested

Emerging Market Equities: MSCI Emerging Markets – Gross Return

Sterling IG credit: iBoxx Sterling Corporates AA Rated

UK Government Bonds: FTSE Actuaries UK Conventional Gilts All Stocks

Global Government Bonds: JPMorgan GBI Global (GBP Unhedged)

Source: Factset, as at 31/05/2023

Investment Report (continued)

Cumulative Performance Data to 31 May 2023 (net of fees)

Fund II	Launch 12 December 2013	5 Years	3 Years	1 Year
Embark Horizon Multi-Asset II	48.33%	4.33%	-3.76%	-5.17%

Source: FE Fundinfo, in GBP, as at 31/05/2023

Past performance is not a reliable indicator of future results and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Funds.

Columbia Threadneedle Investments
Investment Manager
20 June 2023

Portfolio Statement

as at 31 May 2023

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom Collective Investment Schemes 99.08% (99.15%)		
3,386,182	CT American	21,871	14.12
1,724,433	CT American Select	4,653	3.00
1,658,057	CT Asia	3,082	1.99
1,119,800	CT European	9,335	6.02
0	CT Global Bond^*	—	—
8,219,426	CT Global Emerging Markets Equity	9,144	5.90
2,706,586	CT Japan	9,663	6.24
19,943,790	CT Sterling Bond	17,299	11.17
26,359,349	CT Sterling Corporate Bond	29,559	19.08
11,366,079	CT Sterling Medium and Long-Dated Corporate Bond	10,132	6.54
5,027,446	CT Sterling Short-Dated Corporate Bond	5,451	3.52
4,442,910	CT UK	6,448	4.16
703,107	CT UK Equity Income	2,869	1.85
22,137,200	CT UK Fixed Interest	17,298	11.16
619,699	CT UK Institutional	739	0.48
2,570,703	CT UK Smaller Companies	2,863	1.85
3,009,513	CT US Equity Income	3,104	2.00
		153,510	99.08
	Net Investments 99.08% (99.15%)	**153,510**	**99.08**
	Net other assets	1,426	0.92
	Total net assets	**154,936**	**100.00**

Comparative figures shown in brackets relate to 31 May 2022.

All assets are accumulation shares unless otherwise stated.

^ Investments which are less than £500 are rounded to zero.

* Investments which have shares less than 0 due to fractional shares.

Total purchases for the year: £70,617,469

Total sales for the year: £99,664,111

Fund Information

The Comparative Tables on pages 49 to 53 give the performance of each active share class in the Fund.

The ‘Return after charges’ disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It may differ from the Fund’s performance disclosed in the Investment Report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect investors in different ways depending on whether they are joining, leaving or continuing with their investment in the fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the ‘dealing spread’ – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Fund Information (continued)

Comparative Tables

Class Z Income Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	63.54	67.29	63.34
Return before operating charges*	(2.79)	(2.76)	4.82
Operating charges	(0.49)	(0.55)	(0.54)
Return after operating charges	(3.28)	(3.31)	4.28
Distributions on income shares	(0.79)	(0.44)	(0.33)
Closing net asset value per share	59.47	63.54	67.29
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(5.16)%	(4.92)%	6.76%
Other Information			
Closing net asset value (£'000)	3,164	4,350	4,407
Closing number of shares	5,321,039	6,846,406	6,550,279
Operating charges[1]	0.81%	0.81%	0.82%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	64.04	71.68	68.25
Lowest share price	55.70	62.53	62.75

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class Z Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	68.07	71.62	67.08
Return before operating charges*	(2.98)	(2.96)	5.11
Operating charges	(0.53)	(0.59)	(0.57)
Return after operating charges	(3.51)	(3.55)	4.54
Distributions	(0.85)	(0.46)	(0.35)
Retained distributions on accumulation shares	0.85	0.46	0.35
Closing net asset value per share	64.56	68.07	71.62
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(5.16)%	(4.96)%	6.77%
Other Information			
Closing net asset value (£'000)	121,100	154,047	170,655
Closing number of shares	187,588,721	226,292,681	238,293,941
Operating charges[1]	0.81%	0.81%	0.82%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	68.61	76.48	72.50
Lowest share price	59.68	66.72	66.46

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class E Accumulation Shares	For the period from 01.06.20 to 21.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	67.62
Return before operating charges*	1.22
Operating charges	(0.12)
Return after operating charges	1.10
Distributions	–
Retained distributions on accumulation shares	–
Last quoted share price[1]	68.72
* After direct transaction costs of:	–

	01.06.20 to 21.09.20
Performance	
Return after charges	1.63%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.57%
Direct transaction costs	–%

	01.06.20 to 21.09.20 pence per share
Prices	
Highest share price	69.79
Lowest share price	67.00

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 21 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Income Shares	For the period from 01.06.20 to 09.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	63.66
Return before operating charges*	1.53
Operating charges	(0.13)
Return after operating charges	1.40
Distributions on income shares	–
Last quoted share price[1]	65.06
* After direct transaction costs of:	–

	01.06.20 to 09.09.20
Performance	
Return after charges	2.20%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.72%
Direct transaction costs	–%

	01.06.20 to 09.09.20 pence per share
Prices	
Highest share price	65.42
Lowest share price	63.08

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 9 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	68.37	71.86	67.26
Return before operating charges*	(3.02)	(2.97)	5.10
Operating charges	(0.46)	(0.52)	(0.50)
Return after operating charges	(3.48)	(3.49)	4.60
Distributions	(0.90)	(0.53)	(0.41)
Retained distributions on accumulation shares	0.90	0.53	0.41
Closing net asset value per share	64.89	68.37	71.86
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(5.09)%	(4.86)%	6.84%
Other Information			
Closing net asset value (£'000)	30,672	34,045	34,610
Closing number of shares	47,271,507	49,797,101	48,160,278
Operating charges[1]	0.71%	0.71%	0.72%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	68.91	76.78	72.73
Lowest share price	59.95	67.00	66.64

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Statement of Total Return

for the year ended 31 May 2023

	Notes	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Income					
Net capital losses	2		(11,877)		(11,488)
Revenue	3	3,672		2,950	
Expenses	4	(1,238)		(1,554)	
Interest payable and similar charges		–		–	
Net revenue before taxation		2,434		1,396	
Taxation	5	(223)		(13)	
Net revenue after taxation			2,211		1,383
Total return before distributions			(9,666)		(10,105)
Distributions	6		(2,211)		(1,384)
Change in net assets attributable to shareholders from investment activities			(11,877)		(11,489)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 May 2023

	Note	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Opening net assets attributable to shareholders			192,442		209,672
Amounts receivable on creation of shares		9,530		32,869	
Amounts payable on cancellation of shares		(37,235)		(39,938)	
			(27,705)		(7,069)
Change in net assets attributable to shareholders from investment activities (see above)			(11,877)		(11,489)
Retained distribution on accumulation shares	6		2,076		1,328
Closing net assets attributable to shareholders			154,936		192,442

Balance Sheet

as at 31 May 2023

	Notes	31.05.23 £'000	31.05.22 £'000
Assets:			
Fixed assets:			
Investments		153,510	190,798
Current assets:			
Debtors	7	1,266	2,226
Cash and bank balances	8	1,417	1,922
Total assets		156,193	194,946
Liabilities:			
Creditors:			
Distribution payable on income shares	6	(27)	(18)
Other creditors	9	(1,230)	(2,486)
Total liabilities		(1,257)	(2,504)
Net assets attributable to shareholders		154,936	192,442

Notes to the Financial Statements

for the year ended 31 May 2023

1. Accounting Policies

The Fund's accounting and distribution policies are set out on sections 1 to 3 of pages 13 and 14.

2. Net Capital Losses

Net capital losses comprise:

	31.05.23 £'000	31.05.22 £'000
Non-derivative securities*	(11,877)	(11,494)
Management fee rebates	–	6
Net capital losses	(11,877)	(11,488)

* Includes realised losses of £9,608,765 and unrealised losses of £2,268,081 (2022: realised gains of £23,466,025 and unrealised losses of £34,959,556).

3. Revenue

	31.05.23 £'000	31.05.22 £'000
Bank interest	36	1
Franked CIS revenue	1,321	1,337
Unfranked CIS revenue	2,315	1,468
Management fee rebates	–	144
	3,672	2,950

4. Expenses

	31.05.23 £'000	31.05.22 £'000
Payable to the ACD or associates of the ACD:		
ACD's service charge	1,238	1,554
Total expenses:	1,238	1,554

Audit fees of £10,000 plus VAT of £2,000 (2022: £9,000 plus VAT of £1,800) have been borne by the ACD out of its ACD's service charge.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

5. Taxation

	31.05.23 £'000	31.05.22 £'000
(a) Analysis of charge for the year:		
Corporation tax	223	13
Total current tax	223	13
Total taxation (note 5b)	223	13
(b) Factors affecting taxation charge for the year:		
The tax assessed for the year is lower than the standard rate of Corporation tax in the UK for an open-ended investment company (20%) (2022: 20%).		
Net revenue before tax	2,434	1,396
Net revenue multiplied by the standard rate of corporation tax of 20%	487	279
Effects of:		
Franked CIS revenue	(264)	(267)
Tax charge on management fee rebates included within net capital gains	–	1
Total tax charge (note 5a)	223	13

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	31.05.23 £'000	31.05.22 £'000
Interim distribution	16	11
Interim accumulation	768	540
Final distribution	27	18
Final accumulation	1,308	788
	2,119	1,357
Add: Revenue deducted on shares cancelled	122	91
Deduct: Revenue received on shares issued	(30)	(64)
Net distribution for the year	2,211	1,384

Reconciliation between net revenue and distribution

	31.05.23 £'000	31.05.22 £'000
Net revenue after taxation	2,211	1,383
Add: Tax charge on management fee rebates included within net capital gains	–	1
	2,211	1,384

7. Debtors

	31.05.23 £'000	31.05.22 £'000
Amounts falling due within one year:		
Amounts receivable for issue of shares	82	421
Sales awaiting settlement	1,184	1,805
	1,266	2,226

8. Cash and bank balances

	31.05.23 £'000	31.05.22 £'000
Cash and bank balances	1,417	1,922
	1,417	1,922

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

9. Other Creditors

	31.05.23 £'000	31.05.22 £'000
Accrued expenses	50	70
Amounts payable for cancellation of shares	1,019	1,204
Corporation tax payable	161	4
Purchases awaiting settlement	–	1,208
	1,230	2,486

10. Related Parties

Embark Investments is regarded as a related party by virtue of having the ability to act in respect of the operations of the Fund in its capacity as the Authorised Corporate Director.

Embark Investments acts as principal on all the transactions of shares in the Fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Amounts paid to Embark Investments in respect of the ACD's periodic charges are disclosed in note 4. The amount of £50,100 (2022: £69,417) was due at the year end, as shown in note 9.

At the year end, the Fund held the following Collective Investment Schemes, managed by the Investment Manager:

As at 31 May 2023	Holdings	Market Value £
CT Sterling Corporate Bond	26,359,349	29,559,374
CT American	3,386,182	21,871,349
CT Sterling Bond	19,943,790	17,299,243
CT UK Fixed Interest	22,137,200	17,298,008
CT Sterling Medium and Long-Dated Corporate Bond	11,366,079	10,131,722
CT Japan	2,706,586	9,663,052
CT European	1,119,800	9,335,324
CT Global Emerging Markets Equity	8,219,426	9,144,111
CT UK	4,442,910	6,447,995
CT Sterling Short-Dated Corporate Bond	5,027,446	5,450,757
CT American Select	1,724,433	4,652,693
CT US Equity Income	3,009,513	3,104,313
CT Asia	1,658,057	3,081,665
CT UK Equity Income	703,107	2,868,746
CT UK Smaller Companies	2,570,703	2,862,992
CT UK Institutional	619,699	738,743
CT Global Bond	–	–

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

10. Related Parties (continued)

As at 31 May 2022	Holdings	Market Value £
CT Global Bond	25,771,376	29,070,113
CT UK	19,073,970	25,961,581
CT Sterling Corporate Bond	19,487,198	23,834,791
CT American	2,895,191	18,343,933
CT Sterling Medium and Long-Dated Corporate Bond	14,460,820	14,861,385
CT UK Fixed Interest	14,681,439	13,992,880
CT Sterling Bond	13,216,612	13,992,427
CT Global Emerging Markets Equity	9,622,635	11,611,633
CT European	967,186	7,237,257
CT Japan	2,143,157	7,073,919
CT Sterling Short-Dated Bond	5,530,600	6,159,429
CT American Select	2,162,769	5,874,514
CT Asia	1,902,207	4,007,188
CT UK Smaller Companies	3,077,723	3,904,707
CT UK Equity Income	1,018,625	3,884,934
CT High Yield Bond	766,322	986,946

Where investments are held in funds managed by an Investment Manager, a rebate is paid into the Fund. The rebates from underlying securities amounted to £Nil (2022: £149,879) for the year.

11. Contingent Liabilities

There were no contingent liabilities as at the year ended 31 May 2023 (2022: £Nil).

12. Share Classes

The Fund currently has three classes of shares: Class Z Income, Class Z Accumulation, and Class I Accumulation. The distribution per share is given in the distribution tables on pages 65 and 66. All shares have the same rights on winding up.

The ACD's service charge for the class of each share is as follows:

Class Z	0.75%
Class I	0.65%

The following table shows the shares in issue during the year:

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class Z Income	6,846,406	70,070	(1,595,437)	–	5,321,039
Class Z Accumulation	226,292,681	9,522,895	(48,226,855)	–	187,588,721
Class I Accumulation	49,797,101	5,198,169	(7,723,763)	–	47,271,507

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

13. Risk Management Policies

General risk management policies for the Fund are described in note 4 of the Aggregated Notes to the Financial Statements on pages 14 to 16.

14. Risk Disclosures

Market Price Risk

Risk management policies surrounding this risk are discussed in note 4 of the Aggregated Notes to the Financial Statements on pages 14 and 16.

At 31 May 2023, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £7,675,505 (2022: £9,539,882).

Foreign Currency Risk

The Fund does not have significant exposure to currency risk as all assets and liabilities are held in Sterling. The Fund converts all receipts of revenue, received in currency, into Sterling on the day of receipt. Indirect impact of Foreign Currency exposure from investment in collective investment schemes is discussed in note 4 of the Aggregated Notes to the Financial Statements on page 15.

Interest rate risk

Interest rate risk profile of financial assets as at 31 May 2023:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,417	–	154,776	156,193
	1,417	–	154,776	156,193

Interest rate risk profile of financial assets as at 31 May 2022:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,922	–	193,024	194,946
	1,922	–	193,024	194,946

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Interest rate risk profile of financial liabilities as at 31 May 2023:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(1,257)	(1,257)
	–	(1,257)	(1,257)

Interest rate risk profile of financial liabilities as at 31 May 2022:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(2,504)	(2,504)
	–	(2,504)	(2,504)

Please note that short-term debtors and creditors are included in the interest rate risk tables above.

The Fund's net cash holdings of £1,416,634 (2022: £1,921,724) are held in floating rate deposit accounts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate.

As at 31 May 2023 and 2022, the Fund had exposure to interest rate risk via underlying exposure in collective investment schemes. However, the Fund does not have any significant direct interest rate risk and as such no sensitivity risk analysis is presented.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Valuation technique as at 31 May 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	153,510	–	153,510
Total	–	153,510	–	153,510

Valuation technique as at 31 May 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	190,798	–	190,798
Total	–	190,798	–	190,798

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

Whilst managers have continued to provide valuations for property funds these have been provided with the material valuation uncertainty clauses and this includes the Threadneedle UK Property AIF held in the Fund.

15. Portfolio Transaction Costs

The Fund does not have direct transaction costs for the year ended 31 May 2023 (2022: £Nil) as the securities held are all collective investment schemes. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 48.

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was Nil (2022: Nil) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Indirect transaction costs

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 year for the instruments, which are not separately identifiable.

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

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

16. Leverage

In accordance with the Alternative Investment Funds Management Directive (AIFMD) we are required to disclose the 'leverage' of the Fund. Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways 'gross method' and 'commitment method' and the Fund must not exceed maximum exposures under both methods.

The 'commitment' method shall be the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The 'gross' method shall be the sum of the absolute value of all positions and each derivative position will be converted into the equivalent position in the underlying assets. The 'gross' method shall exclude the value of any cash and cash equivalents from the sum of the absolute value of all positions. The ACD must set maximum leverage levels and operate the Fund within these levels at all times.

There are two ways in which the ACD can introduce leverage to the Fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Neither of these are important features in terms of how the ACD manages the Fund. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

For the year ended 31 May 2023, the Fund did not hold any derivatives; therefore, there has been no leverage exposure for the year (2022: £Nil).

17. Post Balance Sheet Events

As at the close of business on the balance sheet date, the Net Asset Value per Class Z Income share was 59.47p, for Class Z Accumulation share at 64.56p, and for Class I Accumulation share at 64.89p. As at close of business on 5 September 2023, the Net Asset Value per Class Z Income share was 59.92p, for Class Z Accumulation share at 65.05p, and for Class I Accumulation share at 65.39p. These represent an increase of 0.76%, 0.76%, and 0.77% movement from the year end value.

Distribution Tables

for the year ended 31 May 2023

Class Z Income Shares

Interim Distribution (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Income	Equalisation	2022 Net Distribution Paid	2021 Net Distribution Paid
1	0.2750	–	0.2750	0.1738
2	0.2020	0.0730	0.2750	0.1738

Class Z Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.2945	–	0.2945	0.1849
2	0.1254	0.1691	0.2945	0.1849

Class I Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.3221	–	0.3221	0.2154
2	0.2169	0.1052	0.3221	0.2154

Distribution Tables (continued)

for the year ended 31 May 2023

Class Z Income Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Income	Equalisation	2023 Net Distribution Paid	2022 Net Distribution Paid
1	0.5119	–	0.5119	0.2630
2	0.1517	0.3602	0.5119	0.2630

Class Z Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.5510	–	0.5510	0.2798
2	0.2705	0.2805	0.5510	0.2798

Class I Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.5799	–	0.5799	0.3100
2	0.2164	0.3635	0.5799	0.3100

Investment Objective and Policy

The Fund aims to grow investment through a combination of income and capital growth over the medium to long-term (5 or more years).

The Fund will aim to achieve this objective, whilst remaining within Risk Profile 3, which is the middle risk profile in this range.

The Fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.

Through the investment in collective investment schemes, the Fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 50% and 75% of the value of the Fund will be invested in global equities, including emerging market equities. The Fund will generally have a lower exposure to global fixed income securities (such as government, corporate, high yield and emerging market bonds) and there may be some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.

The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.

The Fund's risk level is managed by varying the weighting of the asset classes to which the Fund is exposed.

The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").

Strategy

The Fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an optimal level of growth in income and capital for the expected risk level assuming a long-term investment horizon (10 or more years).

The Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Fund's investment objectives and improve returns. There is no guarantee that the Fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

Risk Profile 3

EValue Limited (EV) is a financial solutions company with expertise in risk profiling and forward-looking, global asset allocation research. The Fund aligns to Risk Profile 3 of the EV five-point scale for long-term risk profiling and strategic asset allocation. The Fund's aim is to deliver income and capital growth through assets that demonstrate moderate to large price fluctuations, with greater emphasis placed on exposure to equities and a lower relative emphasis placed on exposure to fixed income securities, whilst remaining within its risk profile.

Investment Report

Embark Investments, as ACD of Embark Investment Funds ICVC, oversees the asset allocation on a quarterly basis with EV (see page 142 for information on EV) for Fund III and then supervises the active management of the underlying portfolios by Columbia Threadneedle Investments against these strategic asset allocations. The following Fund Performance Report is written in conjunction with Columbia Threadneedle Investments:

Fund Performance

For the year ended 31 May 2023, the Embark Horizon Multi-Asset Fund III (Class Z Accumulation Shares[1]) generated a negative net of fees return of 2.18%. Investors may wish to consider the performance of the Fund with reference to the median performance reported for the IA Mixed Investment 40-85% Shares Sector.

Market Overview

The year under review constituted a volatile period for financial markets. With inflation far above target in many developed economies, investors struggled to gauge how far central banks would have to raise interest rates to contain it, and whether policymakers could do so without tipping their respective economies into recession. Most fixed-income markets lost value, while global equity markets mostly finished higher, albeit after a rollercoaster ride. The main developed equity regions outperformed emerging markets (EMs), which posted negative returns.

Lingering supply issues from the pandemic and new ones related to Russia's invasion of Ukraine pushed inflation to multi-decade highs in the US, eurozone and UK. US inflation breached the 9% mark in June before easing over the remainder of the year. In continental Europe and the UK, which were more exposed to the war in Ukraine, inflation was higher still, and peaked later. Inflation in the UK was the most stubborn. Having peaked above 11% in October, it did not return to single figures until April – and even then, core inflation (i.e. excluding food and energy prices) hit its highest since 1992.

Sentiment towards UK assets was further impacted by political uncertainty in the autumn, as the then government unveiled a mini-budget featuring significant un-funded tax cuts. This triggered a slump in the Pound, surges in gilt yields and mortgage rates, as well as emergency bond-buying by the Bank of England (BoE) to head off a potential crisis in the pensions industry. Later, these moves were reversed as markets welcomed the replacement of Prime Minister Liz Truss and Chancellor Kwasi Kwarteng by the more fiscally conservative Rishi Sunak and Jeremy Hunt, who reversed most of their predecessors' plans.

The Federal Reserve, the European Central Bank (ECB) and the BoE slowed the pace of rate rises after November, as the inflationary tide appeared to be turning. Nevertheless, all three continued to hike rates at every subsequent meeting.

Equities and, to a lesser extent, corporate bonds were buffeted throughout the year by fluctuating fears of recession. In the first half of the year, economic forecasts were generally deteriorating amid worries about the impact of soaring inflation, rising interest rates, the potential for energy shortages in Europe (linked to the war in Ukraine), and the knock-on effects of ongoing COVID lockdowns in China. At the same time, though, risk assets such as stocks and corporate bonds were supported by surprisingly resilient company results.

Later, confidence about the global economy was bolstered by signs of easing inflation and anticipation – subsequently proved correct – that the Chinese authorities might be preparing to move away from their zero-COVID strategy. The optimism continued into the new year.

However, March was characterised by a spell of intense volatility due to the banking crisis and resulting fears of contagion, though risk assets recovered thanks to swift action by financial authorities. The resulting anticipation of tighter credit conditions triggered fears about global growth and pushed interest-rate forecasts lower as investors bet that central banks could soon pause the pace of monetary tightening.

Markets were largely calmer over the remainder of the year. The Vix index of implied equity market volatility fell to a 17-month low in mid-April and mostly hovered around that level thereafter. One exception was a slight spike in early May, amid news of further trouble among regional US lenders. Another, which was accompanied by a jump in US Treasury yields, came in the final days of the year, as negotiations about the US debt ceiling went to the wire.

As the year ended, markets were pricing in further rate hikes by all three of the aforementioned central banks, with the BoE seen as having the most still to do.

Overall, the MSCI All-Country World index (ACWI) returned 2.8% in local-currency terms over the twelve-month period.

Investment Report (continued)

Japanese and Europe ex UK equities fared best in local-currency terms. For much of the year, Japan's export-heavy stock market was buoyed by weakness in the yen, as the Bank of Japan (BoJ) retained its ultra-loose monetary policy stance, in contrast to its US, UK and eurozone counterparts. The central bank did, however, unexpectedly relax the yield band on 10-year government bonds in December. The decision was widely interpreted as the first step away from the bank's ultra-accommodative stance, but the BoJ made no further changes. Meanwhile, Europe ex UK equities benefited from the improved economic outlook for the region in 2023 owing to falling energy prices and China's relaxation of COVID controls.

US equities also modestly outperformed the MSCI ACWI, helped by strength in the sizeable technology sector, particularly later in the year, amid a wave of optimism around AI. UK shares were marginally positive, and lagged the global index over the year. The market's sizeable exposure to energy and materials proved beneficial in the immediate aftermath of the Russian invasion, as prices of these underlying commodities rose. However, this later proved a headwind, when prices of oil and industrial metals fell back on recession concerns.

EMs brought up the rear, largely driven by weakness in Chinese shares. Beijing's zero-COVID policy weighed heavily on economic activity, and sentiment was also dented by a burgeoning property crisis and continuing regulatory crackdowns. In late 2022 and early 2023, Chinese shares bounced as Beijing lifted most of its COVID restrictions and appeared to relax its clampdown. However, markets turned more volatile in the spring on mixed economic data and increased geopolitical tensions with the US over Taiwan and global microchip supply chains.

In fixed income, core government bond yields rose over the year due to rising inflation and as investors factored in aggressive monetary tightening. The yield on 10-year US Treasury bonds rose by 80 bps to finish May 2023 at 3.64%. By comparison, 10-year yields on UK gilts and German Bunds respectively increased by 208 bps to 4.18%, and by 116 bps to 2.28%. Corporate bond markets were also weak over much of the year, with the negative impact of higher core bond yields compounded by wider credit spreads. However, spreads narrowed from the fourth quarter (Q4) of 2022 onwards amid easing concerns about monetary tightening, and Sterling Investment-Grade (IG) spreads finished the year 8 bps wider than where they had started.

Outlook

We feel that there is likely to be a slowdown in growth versus the trend level, accompanied by reduced, but still above-trend inflation. For the UK, we have recently increased our inflation and interest-rate expectations given recent signs that inflationary pressures not directly linked to gas prices are persisting more stubbornly than previously anticipated.

Globally, disinflation combined with restrictive monetary policy suggests a constructive fundamental outlook for core government bonds, where yield premia are historically high compared with long-term GDP forecasts. For corporate credit, where valuations look reasonable rather than compelling, the low growth outlook should result in below-average excess returns over core bonds in the year ahead, but likely outperformance versus equities.

For equities, meanwhile, sluggish growth presents a mild risk to company earnings. Of more concern, however, global equity valuations (on a price to earnings basis) now look historically high both in absolute terms and relative to other asset classes, such as credit.

At the end of May, the main asset classes in Fund III were developed-market equities, EM equities, UK government debt and Sterling IG credit.

In equity markets, Europe, Japan, the US and the UK posted positive returns at the index level over the 12 months to 31 May 2023. Europe ex UK was the top-performing region, returning 10.7%. Japan and the US returned 6.7% and 4.7% respectively, while the UK posted a small positive contribution of 0.4%. EMs fell over the year, returning -6.5%. Fixed income markets posted a negative return overall, with Sterling IG credit and UK gilts returning -8.5% and -5.7% respectively. Global government bonds held up better, returning -2.3%2. (Please note that the return for global government bonds only covers the period in which they were held in the strategic asset allocation).

The strategic asset allocation was rebalanced in July, November, January and May. At the end of May, the Fund's strategic asset allocation was broken down as follows: 47% in developed-market equities; 10% in EM equities; 2% in UK gilts; 40% in Sterling IG credit; and 1% in cash.

Investment Report (continued)

At the end of the year, the fund was overweight in equities and underweight in fixed income relative to the rebalanced strategic asset allocation.

Within equities, we were underweight in EMs. While China's post-COVID recovery should provide a boost to growth, we are mindful of increased geopolitical tensions.

The Europe ex UK weighting was in line with the strategic asset allocation. Following a period of strong performance, these stocks no longer stand out as particularly cheap. European companies also have relatively cyclical earnings when compared to regions such as the US.

We were overweight in Japan, the UK and the US. The UK and Japan are both deeply discounted markets. The UK equity allocation remains focused on large-cap names and is therefore insulated to a degree from the travails of the domestic economy. The economic backdrop for Japan has improved and corporate investment in reshoring production is increasing. The recent policy focus on Japanese companies increasing returns to shareholders is another positive catalyst. Meanwhile, the outlook for the US is supported by the market's relatively low dependence on global growth and this allocation therefore provides a relatively defensive counterbalance to some of our more cyclical exposures elsewhere. That said, we are mindful that valuations are expensive, and we have concerns about margin vulnerability and wage pressures.

In fixed income, we were underweight in Sterling IG but overweight in gilts. We are constructive on government bonds as we feel that markets already appear to have priced inpeak policy rates. We also note the improved hedge that the current elevated yields offer should the economic slowdown prove worse than expected.

The information above, unless otherwise attributed, is produced and provided solely by the Investment Manager and is provided to you for information purposes. Columbia Threadneedle Investments is the Investment Manager for the Embark Horizon Multi-Asset Funds. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

Past performance is not a guide to future performance. The value of investments can go down as well as up, so your client could get back less than they invested. The mention of any specific shares or bonds should not be taken as a recommendation to deal.

This material should not be considered as an offer, solicitation, advice, or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness.

[1] The Class Z Accumulation Shares were selected to illustrate the performance of the Fund as they are the largest share class and Accumulation shares show the total return of the Fund, as all income is reinvested.

[2] Representative indices:

US Equities: S&P 500 – Total Return Gross Income Reinvested

European Equities: MSCI EMU – Total Return Gross Income Reinvested

Japanese Equities: MSCI Japan – Total Return Gross Income Reinvested

UK Equities: FTSE All-Share – Total Return Gross Income Reinvested

Emerging Market Equities: MSCI Emerging Markets – Gross Return

Sterling IG credit: iBoxx Sterling Corporates AA Rated

UK Government Bonds: FTSE Actuaries UK Conventional Gilts All Stocks

Global Government Bonds: JPMorgan GBI Global (GBP Unhedged)

Source: Factset, as at 31/05/2023

Investment Report (continued)

Cumulative Performance Data to 31 May 2023 (net of fees)

Fund III	Launch 12 December 2013	5 Years	3 Years	1 Year
Embark Horizon Multi-Asset III	67.97%	11.89%	4.40%	-2.18%

Source: FE Fundinfo, in GBP, as at 31/05/2023

Past performance is not a reliable indicator of future results and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Funds.

Columbia Threadneedle Investments
Investment Manager
20 June 2023

Portfolio Statement

as at 31 May 2023

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom Collective Investment Schemes 99.06% (98.91%)		
6,328,765	CT American	40,877	14.68
4,330,436	CT American Select	11,684	4.20
1,034,518	CT American Smaller Companies	5,627	2.02
3,648,272	CT Asia	6,780	2.43
1,558,032	CT European	12,989	4.66
1,339,164	CT European Select	2,878	1.03
3,048,484	CT European Smaller Companies	3,807	1.37
18,614,903	CT Global Emerging Markets Equity	20,709	7.44
5,702,323	CT Japan	20,358	7.31
14,381,906	CT Sterling Bond	12,475	4.48
47,943,001	CT Sterling Corporate Bond	53,763	19.30
20,349,851	CT Sterling Medium and Long-Dated Corporate Bond	18,140	6.51
27,699,826	CT Sterling Short-Dated Corporate Bond	30,032	10.78
10,531,734	CT UK	15,285	5.49
1,541,275	CT UK Equity Income	6,289	2.26
871,262	CT UK Institutional	1,039	0.37
5,466,096	CT UK Smaller Companies	6,087	2.19
6,858,564	CT US Equity Income	7,075	2.54
		275,894	99.06
	Net Investments 99.06% (98.91%)	**275,894**	**99.06**
	Net other assets	2,623	0.94
	Total net assets	**278,517**	**100.00**

Comparative figures shown in brackets relate to 31 May 2022.

All assets are accumulation shares unless otherwise stated.

Total purchases for the year: £134,940,292

Total sales for the year: £193,759,582

Fund Information

The Comparative Tables on pages 74 to 78 give the performance of each active share class in the Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It may differ from the Fund's performance disclosed in the Investment Report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect investors in different ways depending on whether they are joining, leaving or continuing with their investment in the fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Fund Information (continued)

Comparative Tables

Class Z Income Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	68.13	71.65	64.80
Return before operating charges*	(0.96)	(2.36)	7.89
Operating charges	(0.53)	(0.59)	(0.56)
Return after operating charges	(1.49)	(2.95)	7.33
Distributions on income shares	(0.82)	(0.57)	(0.48)
Closing net asset value per share	65.82	68.13	71.65
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(2.19)%	(4.12)%	11.31%
Other Information			
Closing net asset value (£'000)	3,827	5,529	6,052
Closing number of shares	5,815,120	8,115,303	8,445,984
Operating charges[1]	0.81%	0.81%	0.81%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	69.16	77.04	72.92
Lowest share price	61.00	66.73	63.99

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class Z Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	73.99	77.19	69.32
Return before operating charges*	(1.04)	(2.56)	8.47
Operating charges	(0.58)	(0.64)	(0.60)
Return after operating charges	(1.62)	(3.20)	7.87
Distributions	(0.90)	(0.62)	(0.52)
Retained distributions on accumulation shares	0.90	0.62	0.52
Closing net asset value per share	72.37	73.99	77.19
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(2.19)%	(4.15)%	11.35%
Other Information			
Closing net asset value (£'000)	214,111	268,352	279,840
Closing number of shares	295,837,613	362,689,741	362,547,162
Operating charges[1]	0.81%	0.81%	0.81%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	75.42	82.98	78.31
Lowest share price	66.24	72.11	68.46

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class E Accumulation Shares	For the period from 01.06.20 to 21.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	69.90
Return before operating charges*	1.89
Operating charges	(0.12)
Return after operating charges	1.77
Distributions	–
Retained distributions on accumulation shares	–
Last quoted share price[1]	71.67
Closing net asset value per share	–
* After direct transaction costs of:	–

	01.06.20 to 21.09.20
Performance	
Return after charges	2.53%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.56%
Direct transaction costs	–%

	01.06.20 to 21.09.20 pence per share
Prices	
Highest share price	73.14
Lowest share price	69.05

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 21 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Income Shares	For the period from 01.06.20 to 21.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	65.16
Return before operating charges*	1.77
Operating charges	(0.15)
Return after operating charges	1.62
Distributions on income shares	–
Last quoted share price[1]	66.78
Closing net asset value per share	–
* After direct transaction costs of:	–

	01.06.20 to 21.09.20
Performance	
Return after charges	2.49%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.71%
Direct transaction costs	–%

	01.06.20 to 21.09.20 pence per share
Prices	
Highest share price	68.15
Lowest share price	64.36

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 21 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	74.34	77.49	69.54
Return before operating charges*	(1.05)	(2.59)	8.48
Operating charges	(0.51)	(0.56)	(0.53)
Return after operating charges	(1.56)	(3.15)	7.95
Distributions	(0.96)	(0.68)	(0.58)
Retained distributions on accumulation shares	0.96	0.68	0.58
Closing net asset value per share	72.78	74.34	77.49
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(2.10)%	(4.07)%	11.43%
Other Information			
Closing net asset value (£'000)	60,579	70,177	67,136
Closing number of shares	83,237,632	94,396,726	86,634,969
Operating charges[1]	0.71%	0.71%	0.71%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	75.82	83.34	78.61
Lowest share price	66.58	72.45	68.68

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Statement of Total Return

for the year ended 31 May 2023

	Notes	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Income					
Net capital losses	2		(11,858)		(18,278)
Revenue	3	6,320		5,724	
Expenses	4	(2,208)		(2,707)	
Interest payable and similar charges		–		–	
Net revenue before taxation		4,112		3,017	
Taxation	5	(243)		(51)	
Net revenue after taxation			3,869		2,966
Total return before distributions			(7,989)		(15,312)
Distributions	6		(3,869)		(2,966)
Change in net assets attributable to shareholders from investment activities			(11,858)		(18,278)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 May 2023

	Note	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Opening net assets attributable to shareholders			344,058		353,028
Amounts receivable on creation of shares		23,651		74,467	
Amounts payable on cancellation of shares		(80,911)		(68,052)	
			(57,260)		6,415
Change in net assets attributable to shareholders from investment activities (see above)			(11,858)		(18,278)
Retained distribution on accumulation shares	6		3,577		2,893
Closing net assets attributable to shareholders			278,517		344,058

Balance Sheet

as at 31 May 2023

	Notes	31.05.23 £'000	31.05.22 £'000
Assets:			
Fixed assets:			
Investments		275,894	340,315
Current assets:			
Debtors	7	1,372	2,856
Cash and bank balances	8	2,337	3,886
Total assets		279,603	347,057
Liabilities:			
Creditors:			
Distribution payable on income shares	6	(32)	(28)
Other creditors	9	(1,054)	(2,971)
Total liabilities		(1,086)	(2,999)
Net assets attributable to shareholders		278,517	344,058

Notes to the Financial Statements

for the year ended 31 May 2023

1. Accounting Policies

The Fund's accounting and distribution policies are set out on sections 1 to 3 of pages 13 and 14.

2. Net Capital Losses

Net capital losses comprise:

	31.05.23 £'000	31.05.22 £'000
Non-derivative securities*	(11,858)	(18,277)
Management fee rebates	–	(1)
Net capital losses	(11,858)	(18,278)

* Includes realised losses of £16,099,473 and unrealised gains of £4,241,357 (2022: realised gains of £53,084,603 and unrealised losses of £71,361,553).

3. Revenue

	31.05.23 £'000	31.05.22 £'000
Bank interest	64	1
Franked CIS revenue	2,898	2,762
Unfranked CIS revenue	3,358	2,660
Management fee rebates	–	301
	6,320	5,724

4. Expenses

	31.05.23 £'000	31.05.22 £'000
Payable to the ACD or associates of the ACD:		
ACD's service charge	2,208	2,707
Total expenses:	2,208	2,707

Audit fees of £10,000 plus VAT of £2,000 (2022: £9,000 plus VAT of £1,800) have been borne by the ACD out of its ACD's service charge.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

5. Taxation

	31.05.23 £'000	31.05.22 £'000
(a) Analysis of charge for the year:		
Corporation tax	243	51
Total current tax	243	51
Total taxation (note 5b)	243	51
(b) Factors affecting taxation charge for the year:		
The tax assessed for the year is lower than the standard rate of Corporation tax in the UK for an open-ended investment company (20%) (2022: 20%).		
Net revenue before tax	4,112	3,017
Net revenue multiplied by the standard rate of corporation tax of 20%	822	603
Effects of:		
Franked CIS revenue	(579)	(552)
Total tax charge (note 5a)	243	51

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	31.05.23 £'000	31.05.22 £'000
Interim distribution	17	19
Interim accumulation	1,276	1,168
Final distribution	32	28
Final accumulation	2,301	1,725
	3,626	2,940
Add: Revenue deducted on shares cancelled	334	220
Deduct: Revenue received on shares issued	(91)	(194)
Net distribution for the year	3,869	2,966

7. Cash and bank balances

	31.05.23 £'000	31.05.22 £'000
Cash and bank balances	2,337	3,886
	2,337	3,886

8. Debtors

	31.05.23 £'000	31.05.22 £'000
Amounts falling due within one year:		
Amounts receivable for issue of shares	309	623
Sales awaiting settlement	1,063	2,233
	1,372	2,856

9. Other Creditors

	31.05.23 £'000	31.05.22 £'000
Accrued expenses	89	123
Amounts payable for cancellation of shares	828	804
Corporation tax payable	137	18
Purchases awaiting settlement	–	2,026
	1,054	2,971

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

10. Related Parties

Embark Investments is regarded as a related party by virtue of having the ability to act in respect of the operations of the Fund in its capacity as the Authorised Corporate Director.

Embark Investments acts as principal on all the transactions of shares in the Fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Amounts paid to Embark Investments in respect of the ACD's periodic charges are disclosed in note 4. The amount of £89,543 (2022: £122,509) was due at the year end, as shown in note 9.

At the year end, the Fund held the following Collective Investment Schemes, managed by the Investment Manager:

As at 31 May 2023	Holdings	Market Value £
CT Sterling Corporate Bond	47,943,001	53,763,281
CT American	6,328,765	40,877,492
CT Sterling Short-Dated Corporate Bond	27,699,826	30,032,151
CT Global Emerging Markets Equity	18,614,903	20,709,079
CT Japan	5,702,323	20,358,432
CT Sterling Medium and Long-Dated Corporate Bond	20,349,851	18,139,858
CT UK	10,531,734	15,284,705
CT European	1,558,032	12,988,687
CT Sterling Bond	14,381,906	12,474,866
CT American Select	4,330,436	11,683,949
CT US Equity Income	6,858,564	7,074,608
CT Asia	3,648,272	6,780,677
CT UK Equity Income	1,541,275	6,288,558
CT UK Smaller Companies	5,466,096	6,087,591
CT American Smaller Companies	1,034,518	5,626,951
CT European Smaller Companies	3,048,484	3,807,251
CT European Select	1,339,164	2,877,596
CT UK Institutional	871,262	1,038,631

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

10. Related Parties (continued)

As at 31 May 2022	Holdings	Market Value £
CT Sterling Corporate Bond	49,727,698	60,821,947
CT UK	39,228,667	53,394,138
CT American	7,350,029	46,569,786
CT Global Bond	35,181,541	39,684,778
CT Global Emerging Markets Equity	20,835,409	25,142,088
CT Sterling Medium and Long-Dated Corporate Bond	23,827,063	24,487,073
CT Japan	5,222,606	17,238,255
CT American Select	4,446,536	12,077,681
CT Sterling Short-Dated Bond	10,662,371	11,874,682
CT European	1,494,291	11,181,483
CT Asia	4,568,150	9,623,266
CT UK Smaller Companies	5,427,670	6,886,085
CT UK Equity Income	1,781,316	6,793,761
CT European Smaller Companies	3,852,853	4,702,793
CT American Smaller Companies	869,380	4,611,799
CT European Select	1,824,410	3,363,847
CT High Yield Bond	1,445,629	1,861,825

Where investments are held in funds managed by an Investment Manager, a rebate is paid into the Fund. The rebates from underlying securities amounted to £Nil (2022: £300,102) for the year.

11. Contingent Liabilities

There were no contingent liabilities as at the year ended 31 May 2023 (2022: £Nil).

12. Share Classes

The Fund currently has three classes of shares: Class Z Income, Class Z Accumulation, and Class I Accumulation. The distribution per share is given in the distribution tables on pages 90 and 91. All shares have the same rights on winding up.

The ACD's service charge for the class of each share is as follows:

Class Z	0.75%
Class I	0.65%

The following table shows the shares in issue during the year:

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class Z Income	8,115,303	234,093	(2,534,276)	–	5,815,120
Class Z Accumulation	362,689,741	23,692,123	(90,544,251)	–	295,837,613
Class I Accumulation	94,396,726	9,217,218	(20,376,312)	–	83,237,632

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

13. Risk Management Policies

General risk management policies for the Fund are described in note 4 of the Aggregated Notes to the Financial Statements on pages 14 to 16.

14. Risk Disclosures

Market Price Risk

Risk management policies surrounding this risk are discussed in note 4 of the Aggregated Notes to the Financial Statements on pages 14 and 16.

At 31 May 2023, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £13,794,718 (2022: £17,015,765).

Foreign Currency Risk

The Fund does not have significant exposure to currency risk as all assets and liabilities are held in Sterling. The Fund converts all receipts of revenue, received in currency, into Sterling on the day of receipt. Indirect impact of Foreign Currency exposure from investment in collective investment schemes is discussed in note 4 of the Aggregated Notes to the Financial Statements on page 15.

Interest rate risk

Interest rate risk profile of financial assets as at 31 May 2023:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	2,337	–	277,266	279,603
	2,337	–	277,266	279,603

Interest rate risk profile of financial assets as at 31 May 2022:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	3,886	–	343,171	347,057
	3,886	–	343,171	347,057

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Interest rate risk profile of financial liabilities as at 31 May 2023:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(1,086)	(1,086)
	–	(1,086)	(1,086)

Interest rate risk profile of financial liabilities as at 31 May 2022:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(2,999)	(2,999)
	–	(2,999)	(2,999)

Please note that short-term debtors and creditors are included in the interest rate risk tables above.

The Fund's net cash holdings of £2,337,293 (2022: £3,885,988) are held in floating rate deposit accounts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate.

As at 31 May 2023 and 2022, the Fund had exposure to interest rate risk via underlying exposure in collective investment schemes. However, the Fund does not have any significant direct interest rate risk and as such no sensitivity risk analysis is presented.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Valuation technique as at 31 May 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	275,894	–	275,894
Total	–	275,894	–	275,894

Valuation technique as at 31 May 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	340,315	–	340,315
Total	–	340,315	–	340,315

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

15. Portfolio Transaction Costs

The Fund does not have direct transaction costs for the year ended 31 May 2023 (2022: £Nil) as the securities held are all collective investment schemes. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 73.

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was Nil (2022: Nil) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Indirect transaction costs

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.

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

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

16. Leverage

In accordance with the Alternative Investment Funds Management Directive (AIFMD) we are required to disclose the 'leverage' of the Fund. Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways 'gross method' and 'commitment method' and the Fund must not exceed maximum exposures under both methods.

The 'commitment' method shall be the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The 'gross' method shall be the sum of the absolute value of all positions and each derivative position will be converted into the equivalent position in the underlying assets. The 'gross' method shall exclude the value of any cash and cash equivalents from the sum of the absolute value of all positions. The ACD must set maximum leverage levels and operate the Fund within these levels at all times.

There are two ways in which the ACD can introduce leverage to the Fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Neither of these are important features in terms of how the ACD manages the Fund. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

For the year ended 31 May 2023, the Fund did not hold any derivatives, whilst from time to time, the Fund had borrowings (2022: £Nil).

17. Post Balance Sheet Events

As at the close of business on the balance sheet date, the Net Asset Value per Class Z Income share was 65.82p, for Class Z Accumulation share at 72.37p, and for Class I Accumulation share at 72.78p. As at close of business on 5 September 2023, the Net Asset Value per Class Z Income share was 66.78p, for Class Z Accumulation share at 73.43p and for Class I Accumulation share at 73.85p. These represent an increase of 1.46%,1.46% and 1.47% movement from the year end value.

Distribution Tables

for the year ended 31 May 2023

Class Z Income Shares

Interim Distribution (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Income	Equalisation	2022 Net Distribution Paid	2021 Net Distribution Paid
1	0.2743	–	0.2743	0.2290
2	–	0.2743	0.2743	0.2290

Class Z Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.3004	–	0.3004	0.2468
2	0.1299	0.1705	0.3004	0.2468

Class I Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.3302	–	0.3302	0.2802
2	0.1091	0.2211	0.3302	0.2802

Distribution Tables (continued)

for the year ended 31 May 2023

Class Z Income Shares

Final Distribution (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Income	Equalisation	2023 Net Distribution Paid	2022 Net Distribution Paid
1	0.5504	–	0.5504	0.3429
2	–	0.5504	0.5504	0.3429

Class Z Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.6001	–	0.6001	0.3706
2	0.2247	0.3754	0.6001	0.3706

Class I Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.6325	–	0.6325	0.4039
2	0.2574	0.3751	0.6325	0.4039

Investment Objective and Policy

The Fund aims to grow investment through a combination of income and capital growth over the medium to long-term (5 or more years).

The Fund will aim to achieve this objective, whilst remaining within Risk Profile 4, which is the second highest risk profile in this range.

The Fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.

Through the investment in collective investment schemes, the Fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 50% and 95% of the value of the Fund will be invested in global equities, including emerging market equities. The Fund will have some exposure to global fixed income securities (such as government, corporate, high yield and emerging market bonds) and there may be some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.

The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.

The Fund's risk level is managed by varying the weighting of the asset classes to which the Fund is exposed.

The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").

Strategy

The Fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an optimal level of growth in income and capital for the expected risk level assuming a long-term investment horizon (10 or more years).

The Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Fund's investment objectives and improve returns. There is no guarantee that the Fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

Risk Profile 4

EValue Limited (EV) is a financial solutions company with expertise in risk profiling and forward-looking, global asset allocation research. The Fund aligns to Risk Profile 4 of the EV five-point scale for long-term risk profiling and strategic asset allocation. The Fund's aim is to deliver income and capital growth through assets that demonstrate moderate to large price fluctuations, with greater emphasis placed on exposure to equities and some fixed income securities, whilst remaining within its risk profile.

Investment Report

Embark Investments, as ACD of Embark Investment Funds ICVC, oversees the asset allocation on a quarterly basis with EV (see page 142 for information on EV) for Fund IV and then supervises the active management of the underlying portfolios by Columbia Threadneedle Investments against these strategic asset allocations. The following Fund Performance Report is written in conjunction with Columbia Threadneedle Investments:

Fund Performance

For the year ended 31 May 2023, the Embark Horizon Multi-Asset Fund IV (Class Z Accumulation Shares[1]) generated a negative net of fees return of 0.74%. Investors may wish to consider the performance of the Fund with reference to the median performance reported for the IA Mixed Investment 40-85% Shares Sector.

Market Overview

The year under review constituted a volatile year for financial markets. With inflation far above target in many developed economies, investors struggled to gauge how far central banks would have to raise interest rates to contain it, and whether policymakers could do so without tipping their respective economies into recession. Most fixed-income markets lost value, while global equity markets mostly finished higher, albeit after a rollercoaster ride. The main developed equity regions outperformed emerging markets (EMs), which posted negative returns.

Lingering supply issues from the pandemic and new ones related to Russia's invasion of Ukraine pushed inflation to multi-decade highs in the US, eurozone and UK. US inflation breached the 9% mark in June before easing over the remainder of the year. In continental Europe and the UK, which were more exposed to the war in Ukraine, inflation was higher still, and peaked later. Inflation in the UK was the most stubborn. Having peaked above 11% in October, it did not return to single figures until April – and even then, core inflation (i.e. excluding food and energy prices) hit its highest since 1992.

Sentiment towards UK assets was further impacted by political uncertainty in the autumn, as the then government unveiled a mini-budget featuring significant un-funded tax cuts. This triggered a slump in the Pound, surges in gilt yields and mortgage rates, as well as emergency bond-buying by the Bank of England (BoE) to head off a potential crisis in the pensions industry. Later, these moves were reversed as markets welcomed the replacement of Prime Minister Liz Truss and Chancellor Kwasi Kwarteng by the more fiscally conservative Rishi Sunak and Jeremy Hunt, who reversed most of their predecessors' plans.

The Federal Reserve (Fed), the European Central Bank (ECB) and the BoE slowed the pace of rate rises after November, as the inflationary tide appeared to be turning. Nevertheless, all three continued to hike rates at every subsequent meeting.

Equities and, to a lesser extent, corporate bonds were buffeted throughout the year by fluctuating fears of recession. In the first half of the year, economic forecasts were generally deteriorating amid worries about the impact of soaring inflation, rising interest rates, the potential for energy shortages in Europe (linked to the war in Ukraine), and the knock-on effects of ongoing COVID lockdowns in China. At the same time, though, risk assets such as stocks and corporate bonds were supported by surprisingly resilient company results.

Later, confidence about the global economy was bolstered by signs of easing inflation and anticipation – subsequently proved correct – that the Chinese authorities might be preparing to move away from their zero-COVID strategy. The optimism continued into the new year.

However, March was characterised by a spell of intense volatility due to the banking crisis and resulting fears of contagion, though risk assets recovered thanks to swift action by financial authorities. The resulting anticipation of tighter credit conditions triggered fears about global growth and pushed interest-rate forecasts lower as investors bet that central banks could soon pause the pace of monetary tightening.

Markets were largely calmer over the remainder of the year. The Vix index of implied equity market volatility fell to a 17-month low in mid-April and mostly hovered around that level thereafter. One exception was a slight spike in early May, amid news of further trouble among regional US lenders. Another, which was accompanied by a jump in US Treasury yields, came in the final days of the year, as negotiations about the US debt ceiling went to the wire.

As the year ended, markets were pricing in further rate hikes by all three of the aforementioned central banks, with the BoE seen as having the most still to do.

Investment Report (continued)

Overall, the MSCI All-Country World index (ACWI) returned 2.8% in local-currency terms over the twelve-month period.

Japanese and Europe ex UK equities fared best in local-currency terms. For much of the year, Japan's export-heavy stock market was buoyed by weakness in the yen, as the Bank of Japan (BoJ) retained its ultra-loose monetary policy stance, in contrast to its US, UK and eurozone counterparts. The central bank did, however, unexpectedly relax the yield band on 10-year government bonds in December. The decision was widely interpreted as the first step away from the bank's ultra-accommodative stance, but the BoJ made no further changes. Meanwhile, Europe ex UK equities benefited from the improved economic outlook for the region in 2023 owing to falling energy prices and China's relaxation of COVID controls.

US equities also modestly outperformed the MSCI ACWI, helped by strength in the sizeable technology sector, particularly later in the year, amid a wave of optimism around AI. UK shares were marginally positive, and lagged the global index over the year. The market's sizeable exposure to energy and materials proved beneficial in the immediate aftermath of the Russian invasion, as prices of these underlying commodities rose. However, this later proved a headwind, when prices of oil and industrial metals fell back on recession concerns.

EMs brought up the rear, largely driven by weakness in Chinese shares. Beijing's zero-COVID policy weighed heavily on economic activity, and sentiment was also dented by a burgeoning property crisis and continuing regulatory crackdowns. In late 2022 and early 2023, Chinese shares bounced as Beijing lifted most of its COVID restrictions and appeared to relax its clampdown. However, markets turned more volatile in the spring on mixed economic data and increased geopolitical tensions with the US over Taiwan and global microchip supply chains.

In fixed income, core government bond yields rose over the year due to rising inflation and as investors factored in aggressive monetary tightening. The yield on 10-year US Treasury bonds rose by 80 bps to finish May 2023 at 3.64%. By comparison, 10-year yields on UK gilts and German Bunds respectively increased by 208 bps to 4.18%, and by 116 bps to 2.28%. Corporate bond markets were also weak over much of the year, with the negative impact of higher core bond yields compounded by wider credit spreads. However, spreads narrowed from the fourth quarter (Q4) of 2022 onwards amid easing concerns about monetary tightening, and Sterling Investment-Grade (IG) spreads finished the year 8 bps wider than where they had started.

Outlook

We feel that there is likely to be a slowdown in growth versus the trend level, accompanied by reduced, but still above-trend inflation. For the UK, we have recently increased our inflation and interest-rate expectations given recent signs that inflationary pressures not directly linked to gas prices are persisting more stubbornly than previously anticipated.

Globally, disinflation combined with restrictive monetary policy suggests a constructive fundamental outlook for core government bonds, where yield premia are historically high compared with long-term GDP forecasts. For corporate credit, where valuations look reasonable rather than compelling, the low growth outlook should result in below-average excess returns over core bonds in the year ahead, but likely outperformance versus equities.

For equities, meanwhile, sluggish growth presents a mild risk to company earnings. Of more concern, however, global equity valuations (on a price to earnings basis) now look historically high both in absolute terms and relative to other asset classes, such as credit.

At the end of May, the main asset classes in Fund IV were developed-market equities, Emerging Market equities, Sterling IG credit and gilts.

In equity markets, Europe, Japan, the US and the UK posted positive returns at the index level over the twelve months to 31 May 2023. Europe ex UK was the top-performing region, returning 10.7%. Japan and the US returned 6.7% and 4.7% respectively, while the UK posted a small positive contribution of 0.4%. EMs fell over the year, returning -6.5%. In fixed income, Sterling IG credit returned -8.5%, while global government bonds held up better, returning 2.2%[2]. (Please note that the return for global government bonds only covers the year in which they were held in the strategic asset allocation).

The strategic asset allocation was rebalanced in July, November, January and May. At the end of May, the Fund's strategic asset allocation was broken down as follows: 60% in developed-market equities; 15% in EM equities; 24% in Sterling IG credit; and 1% in cash.

Investment Report (continued)

At the end of the year, the Fund was overweight in equities and underweight in fixed income relative to the rebalanced Strategic asset allocation.

Within equities, we were underweight in EMs, and modestly underweight in Europe ex UK. While EMs stand to benefit from China's post-COVID recovery, we are mindful of increased geopolitical tensions. Meanwhile, following a year of strong performance, European equities no longer stand out as particularly cheap. These companies also have relatively cyclical earnings when compared to regions such as the US. We were overweight in Japan, the UK and the US. The UK and Japan are both deeply discounted markets. The UK equity allocation remains focused on large-cap names and is therefore insulated to a degree from the travails of the domestic economy. The economic backdrop for Japan has improved and corporate investment in reshoring production is increasing. The recent policy focus on Japanese companies increasing returns to shareholders is another positive catalyst. Meanwhile, the outlook for the US is supported by the market's relatively low dependence on global growth and this allocation therefore provides a relatively defensive counterbalance to some of our more cyclical exposures elsewhere. That said, we are mindful that valuations are expensive, and we have concerns about margin vulnerability and wage pressures.

In fixed income, we were overweight in gilts and underweight in Sterling IG credit. We are constructive on government bonds as we feel that markets already appear to have priced in peak policy rates. We also note the improved hedge that the current elevated yields offer should the economic slowdown prove worse than expected.

The information above, unless otherwise attributed, is produced and provided solely by the Investment Manager and is provided to you for information purposes. Columbia Threadneedle Investments is the Investment Manager for the Embark Horizon Multi-Asset Funds. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

Past performance is not a guide to future performance. The value of investments can go down as well as up, so your client could get back less than they invested. The mention of any specific shares or bonds should not be taken as a recommendation to deal.

This material should not be considered as an offer, solicitation, advice, or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness.

[1] The Class Z Accumulation Shares were selected to illustrate the performance of the Fund as they are the largest share class and Accumulation shares show the total return of the Fund, as all income is reinvested.

[2] Representative indices:

US Equities: S&P 500 Index – Total Return Gross Income Reinvested

European Equities: MSCI EMU – Total Return Gross Income Reinvested

Japanese Equities: MSCI Japan – Total Return Gross Income Reinvested

UK Equities: FTSE All-Share – Total Return Gross Income Reinvested

Emerging Market Equities: MSCI Emerging Markets – Gross Return

Sterling IG credit: iBoxx Sterling Corporates AA Rated

Global Government Bonds: JPMorgan GBI Global (GBP Unhedged)

Source: Factset, as at 31/05/2023

Investment Report (continued)

Cumulative Performance Data to 31 May 2023 (net of fees)

Fund IV	Launch 12 December 2013	5 Years	3 Years	1 Year
Embark Horizon Multi-Asset IV	86.83%	16.51%	12.04%	-0.74%

Source: FE Fundinfo, in GBP, as at 31/05/2023

Past performance is not a reliable indicator of future results and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Funds.

Columbia Threadneedle Investments
Investment Manager
20 June 2023

Portfolio Statement

as at 31 May 2023

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom Collective Investment Schemes 98.96% (98.84%)		
2,735,477	CT American	17,669	14.74
3,247,490	CT American Select	8,762	7.31
543,882	CT American Smaller Companies	2,958	2.47
2,374,856	CT Asia	4,414	3.68
936,263	CT European	7,805	6.51
1,122,123	CT European Select	2,411	2.01
1,420,525	CT European Smaller Companies	1,774	1.48
11,985,761	CT Global Emerging Markets Equity	13,334	11.12
2,784,841	CT Japan	9,943	8.30
2,724,976	CT Sterling Bond	2,364	1.97
19,168,669	CT Sterling Corporate Bond	21,496	17.93
4,378,737	CT Sterling Medium and Long-Dated Corporate Bond	3,903	3.26
7,248,765	CT UK	10,520	8.78
744,136	CT UK Equity Income	3,036	2.53
376,129	CT UK Institutional	448	0.37
2,699,239	CT UK Smaller Companies	3,006	2.51
4,633,500	CT US Equity Income	4,780	3.99
		118,623	98.96
	Net Investments 98.96% (98.84%)	**118,623**	**98.96**
	Net other assets	1,244	1.04
	Total net assets	**119,867**	**100.00**

Comparative figures shown in brackets relate to 31 May 2022.

All assets are accumulation shares unless otherwise stated.

Total purchases for the year: £40,344,798

Total sales for the year: £66,743,683

Fund Information

The Comparative Tables on pages 99 to 103 give the performance of each active share class in the Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It may differ from the Fund's performance disclosed in the Investment Report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect investors in different ways depending on whether they are joining, leaving or continuing with their investment in the fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Fund Information (continued)

Comparative Tables

Class Z Income Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	73.77	78.06	66.32
Return before operating charges*	0.03	(3.06)	12.85
Operating charges	(0.58)	(0.64)	(0.59)
Return after operating charges	(0.55)	(3.70)	12.26
Distributions on income shares	(0.86)	(0.59)	(0.52)
Closing net asset value per share	72.36	73.77	78.06
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(0.75)%	(4.74)%	18.49%
Other Information			
Closing net asset value (£'000)	2,398	2,847	2,422
Closing number of shares	3,313,291	3,858,811	3,103,065
Operating charges[1]	0.81%	0.81%	0.81%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	76.08	84.58	79.47
Lowest share price	66.21	71.44	65.35

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class Z Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	79.77	83.76	70.68
Return before operating charges*	0.04	(3.30)	13.71
Operating charges	(0.63)	(0.69)	(0.63)
Return after operating charges	(0.59)	(3.99)	13.08
Distributions	(0.93)	(0.63)	(0.56)
Retained distributions on accumulation shares	0.93	0.63	0.56
Closing net asset value per share	79.18	79.77	83.76
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(0.74)%	(4.76)%	18.51%
Other Information			
Closing net asset value (£'000)	95,667	119,761	123,779
Closing number of shares	120,817,894	150,126,378	147,780,384
Operating charges[1]	0.81%	0.81%	0.81%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	82.53	90.75	84.99
Lowest share price	71.59	76.85	69.64

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class E Accumulation Shares	For the period from 01.06.20 to 21.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	71.26
Return before operating charges*	2.65
Operating charges	(0.13)
Return after operating charges	2.52
Distributions on income shares	–
Last quoted share price[1]	73.78
Closing net asset value per share	–
* After direct transaction costs of:	–

	01.06.20 to 21.09.20
Performance	
Return after charges	3.54%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.56%
Direct transaction costs	–%

	01.06.20 to 21.09.20 pence per share
Prices	
Highest share price	75.92
Lowest share price	70.23

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 21 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Income Shares	For the period from 01.06.20 to 21.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	66.74
Return before operating charges*	2.49
Operating charges	(0.15)
Return after operating charges	2.34
Distributions on income shares	–
Last quoted share price[1]	69.08
Closing net asset value per share	–
* After direct transaction costs of:	–

	01.06.20 to 21.09.20
Performance	
Return after charges	3.51%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.71%
Direct transaction costs	–%

	01.06.20 to 21.09.20 pence per share
Prices	
Highest share price	71.09
Lowest share price	65.76

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 21 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	80.15	84.07	70.89
Return before operating charges*	0.04	(3.31)	13.74
Operating charges	(0.55)	(0.61)	(0.56)
Return after operating charges	(0.51)	(3.92)	13.18
Distributions	(1.02)	(0.72)	(0.62)
Retained distributions on accumulation shares	1.02	0.72	0.62
Closing net asset value per share	79.64	80.15	84.07
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	(0.64)%	(4.66)%	18.59%
Other Information			
Closing net asset value (£'000)	21,802	24,893	19,338
Closing number of shares	27,376,080	31,056,383	23,003,019
Operating charges[1]	0.71%	0.71%	0.71%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	82.98	91.13	85.30
Lowest share price	71.96	77.21	69.85

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Statement of Total Return

for the year ended 31 May 2023

	Notes	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Income					
Net capital losses	2		(3,272)		(9,082)
Revenue	3	2,537		2,334	
Expenses	4	(955)		(1,159)	
Interest payable and similar charges		–		–	
Net revenue before taxation		1,582		1,175	
Taxation	5	–		–	
Net revenue after taxation			1,582		1,175
Total return before distributions			(1,690)		(7,907)
Distributions	6		(1,582)		(1,175)
Change in net assets attributable to shareholders from investment activities			(3,272)		(9,082)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 May 2023

	Note	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Opening net assets attributable to shareholders			147,501		145,539
Amounts receivable on creation of shares		12,022		40,859	
Amounts payable on cancellation of shares		(37,830)		(30,992)	
			(25,808)		9,867
Change in net assets attributable to shareholders from investment activities (see above)			(3,272)		(9,082)
Retained distribution on accumulation shares	6		1,446		1,177
Closing net assets attributable to shareholders			119,867		147,501

Balance Sheet

as at 31 May 2023

	Notes	31.05.23 £'000	31.05.22 £'000
Assets:			
Fixed assets:			
Investments		118,623	145,785
Current assets:			
Debtors	7	632	1,511
Cash and bank balances	8	1,291	1,723
Total assets		120,546	149,019
Liabilities:			
Creditors:			
Distribution payable on income shares	6	(21)	(15)
Other creditors	9	(658)	(1,503)
Total liabilities		(679)	(1,518)
Net assets attributable to shareholders		119,867	147,501

Notes to the Financial Statements

for the year ended 31 May 2023

1. Accounting Policies

The Fund's accounting and distribution policies are set out on sections 1 to 3 of pages 13 and 14.

2. Net Capital Losses

Net capital losses comprise:

	31.05.23 £'000	31.05.22 £'000
Non-derivative securities*	(3,272)	(9,082)
Net capital losses	(3,272)	(9,082)

* Includes realised losses of £5,478,462 and unrealised gains of £2,206,765 (2022: realised gains of £27,678,407 and unrealised losses of £36,760,129).

3. Revenue

	31.05.23 £'000	31.05.22 £'000
Bank interest	28	–
Franked CIS revenue	1,695	1,543
Unfranked CIS revenue	814	636
Management fee rebates	–	155
	2,537	2,334

4. Expenses

	31.05.23 £'000	31.05.22 £'000
Payable to the ACD or associates of the ACD:		
ACD's service charge	955	1,159
Total expenses:	955	1,159

Audit fees of £10,000 plus VAT of £2,000 (2022: £9,000 plus VAT of £1,800) have been borne by the ACD out of its ACD's service charge.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

5. Taxation

	31.05.23 £'000	31.05.22 £'000
(a) Analysis of charge for the year:		
Total current tax	–	–
Total taxation (note 5b)	–	–
(b) Factors affecting taxation charge for the year: The tax assessed for the year is lower than the standard rate of Corporation tax in the UK for an open-ended investment company (20%) (2022: 20%).		
Net revenue before tax	1,582	1,175
Net revenue multiplied by the standard rate of corporation tax of 20%	316	235
Effects of:		
Excess management expenses not utilised	23	74
Franked CIS revenue	(339)	(309)
Total tax charge (note 5a)	–	–

As at 31 May 2023, the amount of unutilised management expenses is £22,671 (2022: £73,567). It is unlikely that the Fund will generate sufficient taxable profit in the future which the tax deductions can be offset so no deferred tax asset has been recognised.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	31.05.23 £'000	31.05.22 £'000
Interim distribution	8	6
Interim accumulation	414	426
Final distribution	21	15
Final accumulation	1,032	751
	1,475	1,198
Add: Revenue deducted on shares cancelled	150	99
Deduct: Revenue received on shares issued	(43)	(122)
Net distribution for the year	1,582	1,175

7. Debtors

	31.05.23 £'000	31.05.22 £'000
Amounts falling due within one year:		
Amounts receivable for issue of shares	131	273
Sales awaiting settlement	501	1,238
	632	1,511

8. Cash and bank balances

	31.05.23 £'000	31.05.22 £'000
Cash and bank balances	1,291	1,723
	1,291	1,723

9. Other Creditors

	31.05.23 £'000	31.05.22 £'000
Accrued expenses	39	53
Amounts payable for cancellation of shares	619	369
Purchases awaiting settlement	–	1,081
	658	1,503

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

10. Related Parties

Embark Investments is regarded as a related party by virtue of having the ability to act in respect of the operations of the Fund in its capacity as the Authorised Corporate Director.

Embark Investments acts as principal on all the transactions of shares in the Fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Amounts paid to Embark Investments in respect of the ACD's periodic charges are disclosed in note 4. The amount of £38,895 (2022: £52,256) was due at the year end, as shown in note 9.

At the year end, the Fund held the following Collective Investment Schemes, managed by the Investment Manager:

As at 31 May 2023	Holdings	Market Value £
CT Sterling Corporate Bond	19,168,669	21,495,746
CT American	2,735,477	17,668,448
CT Global Emerging Markets Equity	11,985,761	13,334,160
CT UK	7,248,765	10,520,133
CT Japan	2,784,841	9,942,440
CT American Select	3,247,490	8,762,053
CT European	936,263	7,805,253
CT US Equity Income	4,633,500	4,779,455
CT Asia	2,374,856	4,413,908
CT Sterling Medium and Long-Dated Corporate Bond	4,378,737	3,903,207
CT UK Equity Income	744,136	3,036,149
CT UK Smaller Companies	2,699,239	3,006,142
CT American Smaller Companies	543,882	2,958,282
CT European Select	1,122,123	2,411,217
CT Sterling Bond	2,724,976	2,363,644
CT European Smaller Companies	1,420,525	1,774,093
CT UK Institutional	376,129	448,384

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

10. Related Parties (continued)

As at 31 May 2022		Market Value £
CT UK	19,509,171	26,553,933
CT American	3,861,239	24,464,810
CT Sterling Corporate Bond	19,139,119	23,409,057
CT Global Emerging Markets Equity	14,132,240	17,053,374
CT American Select	3,927,398	10,667,598
CT Japan	2,967,644	9,795,301
CT European	833,102	6,233,937
CT Asia	2,520,641	5,309,982
CT Sterling Medium and Long-Dated Corporate Bond	4,869,340	5,004,221
CT UK Smaller Companies	3,240,792	4,111,593
CT UK Equity Income	1,056,909	4,030,946
CT European Select	1,605,687	2,960,566
CT American Smaller Companies	511,292	2,712,253
CT European Smaller Companies	1,827,738	2,230,937
CT Global Bond	1,104,709	1,246,112
CT High Yield Bond	–	–

Where investments are held in funds managed by an Investment Manager, a rebate is paid into the Fund. The rebates from underlying securities amounted to £Nil (2022: £154,661) for the year.

11. Contingent Liabilities

There were no contingent liabilities as at the year ended 31 May 2023 (2022: £Nil).

12. Share Classes

The Fund currently has three classes of shares: Class Z Income, Class Z Accumulation, and Class I Accumulation. The distribution per share is given in the distribution tables on pages 115 and 116. All shares have the same rights on winding up.

The ACD's service charge for the class of each share is as follows:

Class Z	0.75%
Class I	0.65%

The following table shows the shares in issue during the year:

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class Z Income	3,858,811	81,991	(627,511)	–	3,313,291
Class Z Accumulation	150,126,378	12,734,292	(42,042,776)	–	120,817,894
Class I Accumulation	31,056,383	2,715,259	(6,395,562)	–	27,376,080

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

13. Risk Management Policies

General risk management policies for the Fund are described in note 4 of the Aggregated Notes to the Financial Statements on pages 14 to 16.

14. Risk Disclosures

Market Price Risk

Risk management policies surrounding this risk are discussed in note 4 of the Aggregated Notes to the Financial Statements on pages 14 and 16.

At 31 May 2023, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £5,931,136 (2022: £7,289,231).

Foreign Currency Risk

The Fund does not have significant exposure to currency risk as all assets and liabilities are held in Sterling. The Fund converts all receipts of revenue, received in currency, into Sterling on the day of receipt. Indirect impact of Foreign Currency exposure from investment in collective investment schemes is discussed in note 4 of the Aggregated Notes to the Financial Statements on page 15.

Interest rate risk

Interest rate risk profile of financial assets as at 31 May 2023:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,291	–	119,255	120,546
	1,291	–	119,255	120,546

Interest rate risk profile of financial assets as at 31 May 2022:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,723	–	147,296	149,019
	1,723	–	147,296	149,019

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Interest rate risk profile of financial liabilities as at 31 May 2023:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(679)	(679)
	–	(679)	(679)

Interest rate risk profile of financial liabilities as at 31 May 2022:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(1,518)	(1,518)
	–	(1,518)	(1,518)

Please note that short-term debtors and creditors are included in the interest rate risk tables above.

The Fund's net cash holdings of £1,290,805 (2022: £1,722,873) are held in floating rate deposit accounts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate.

As at 31 May 2023 and 2022, the Fund had exposure to interest rate risk via underlying exposure in collective investment schemes. However, the Fund does not have any significant direct interest rate risk and as such no sensitivity risk analysis is presented.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Valuation technique as at 31 May 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	118,623	–	118,623
Total	–	118,623	–	118,623

Valuation technique as at 31 May 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	145,785	–	145,785
Total	–	145,785	–	145,785

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

15. Portfolio Transaction Costs

The Fund does not have direct transaction costs for the year ended 31 May 2023 (2022: £Nil) as the securities held are all collective investment schemes. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 98.

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was Nil (2022: Nil) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Indirect transaction costs

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 year for the instruments, which are not separately identifiable.

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

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

16. Leverage

In accordance with the Alternative Investment Funds Management Directive (AIFMD) we are required to disclose the 'leverage' of the Fund. Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways 'gross method' and 'commitment method' and the Fund must not exceed maximum exposures under both methods.

The 'commitment' method shall be the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The 'gross' method shall be the sum of the absolute value of all positions and each derivative position will be converted into the equivalent position in the underlying assets. The 'gross' method shall exclude the value of any cash and cash equivalents from the sum of the absolute value of all positions. The ACD must set maximum leverage levels and operate the Fund within these levels at all times.

There are two ways in which the ACD can introduce leverage to the Fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Neither of these are important features in terms of how the ACD manages the Fund. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

For the year ended 31 May 2023, the Fund did not hold any derivatives, whilst from time to time, the Fund had borrowings (2022: £Nil).

17. Post Balance Sheet Events

As at the close of business on the balance sheet date, the Net Asset Value per Class Z Income share was 72.36p, for Class Z Accumulation share at 79.18p, and for Class I Accumulation share at 79.64p. As at close of business on 5 September 2023, the Net Asset Value per Class Z Income share was 73.64p, for Class Z Accumulation share at 80.58p, and for Class I Accumulation share at 81.07p. These represent an increase of 1.77%, 1.77% and 1.80% movement from the year end value.

Distribution Tables

for the year ended 31 May 2023

Class Z Income Shares

Interim Distribution (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Income	Equalisation	2022 Net Distribution Paid	2021 Net Distribution Paid
1	0.2264	–	0.2264	0.2102
2	0.0033	0.2231	0.2264	0.2102

Class Z Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.2445	–	0.2445	0.2250
2	0.0969	0.1476	0.2445	0.2250

Class I Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.2847	–	0.2847	0.2697
2	0.1162	0.1685	0.2847	0.2697

Distribution Tables (continued)

for the year ended 31 May 2023

Class Z Income Shares

Final Distribution (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Income	Equalisation	2023 Net Distribution Paid	2022 Net Distribution Paid
1	0.6344	–	0.6344	0.3820
2	0.2082	0.4262	0.6344	0.3820

Class Z Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.6881	–	0.6881	0.4064
2	0.2564	0.4317	0.6881	0.4064

Class I Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.7316	–	0.7316	0.4523
2	0.2618	0.4698	0.7316	0.4523

Investment Objective and Policy

The Fund aims to grow investment through a combination of income and capital growth over the medium to long-term (5 or more years).

The Fund will aim to achieve this objective, whilst remaining within Risk Profile 5, which is the highest risk profile in this range.

The Fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.

Through the investment in collective investment schemes, the Fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 60% and 100% of the value of the Fund will be invested in global equities, including emerging market equities. The Fund may have some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.

The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.

The Fund's risk level is managed by varying the weighting of the asset classes to which the Fund is exposed.

The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").

Strategy

The Fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an optimal level of growth in income and capital for the expected risk level assuming a long-term investment horizon (10 or more years).

The Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Fund's investment objectives and improve returns. There is no guarantee that the Fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

Risk Profile 5

EValue Limited (EV) is a financial solutions company with expertise in risk profiling and forward-looking, global asset allocation research. The Fund aligns to Risk Profile 5 of the EV five-point scale for long-term risk profiling and strategic asset allocation. The Fund's aim is to deliver income and capital growth through assets that may demonstrate large price fluctuations, with greatest exposure to equities, whilst remaining within its risk profile.

Investment Report

Embark Investments, as ACD of Embark Investment Funds ICVC, oversees the asset allocation on a quarterly basis with EV (see page 142 for information on EV) for Fund V and then supervises the active management of the underlying portfolios by Columbia Threadneedle Investments against these strategic asset allocations. The following Fund Performance Report is written in conjunction with Columbia Threadneedle Investments:

Fund Performance

For the year ended 31 May 2023, the Embark Horizon Multi-Asset Fund V (Class Z Accumulation Shares[1]) generated a positive net of fees return of 1.19%. Investors may wish to consider the performance of the Fund with reference to the median performance reported for the IA Flexible Investment Shares Sector.

Market Overview

The year under review constituted a volatile year for financial markets. With inflation far above target in many developed economies, investors struggled to gauge how far central banks would have to raise interest rates to contain it, and whether policymakers could do so without tipping their respective economies into recession. Most fixed-income markets lost value, while global equity markets mostly finished higher, albeit after a rollercoaster ride. The main developed equity regions outperformed emerging markets (EMs), which posted negative returns.

Lingering supply issues from the pandemic and new ones related to Russia's invasion of Ukraine pushed inflation to multi-decade highs in the US, eurozone and UK. US inflation breached the 9% mark in June before easing over the remainder of the year. In continental Europe and the UK, which were more exposed to the war in Ukraine, inflation was higher still, and peaked later. Inflation in the UK was the most stubborn. Having peaked above 11% in October, it did not return to single figures until April – and even then, core inflation (i.e. excluding food and energy prices) hit its highest since 1992.

Sentiment towards UK assets was further impacted by political uncertainty in the autumn, as the then government unveiled a mini-budget featuring significant un-funded tax cuts. This triggered a slump in the Pound, surges in gilt yields and mortgage rates, as well as emergency bond-buying by the Bank of England (BoE) to head off a potential crisis in the pensions industry. Later, these moves were reversed as markets welcomed the replacement of Prime Minister Liz Truss and Chancellor Kwasi Kwarteng by the more fiscally conservative Rishi Sunak and Jeremy Hunt, who reversed most of their predecessors' plans.

The Federal Reserve, the European Central Bank (ECB) and the BoE slowed the pace of rate rises after November, as the inflationary tide appeared to be turning. Nevertheless, all three continued to hike rates at every subsequent meeting.

Equities and, to a lesser extent, corporate bonds were buffeted throughout the year by fluctuating fears of recession. In the first half of the year, economic forecasts were generally deteriorating amid worries about the impact of soaring inflation, rising interest rates, the potential for energy shortages in Europe (linked to the war in Ukraine), and the knock-on effects of ongoing COVID lockdowns in China. At the same time, though, risk assets such as stocks and corporate bonds were supported by surprisingly resilient company results.

Later, confidence about the global economy was bolstered by signs of easing inflation and anticipation – subsequently proved correct – that the Chinese authorities might be preparing to move away from their zero-COVID strategy. The optimism continued into the new year.

However, March was characterised by a spell of intense volatility due to the banking crisis and resulting fears of contagion, though risk assets recovered thanks to swift action by financial authorities. The resulting anticipation of tighter credit conditions triggered fears about global growth and pushed interest-rate forecasts lower as investors bet that central banks could soon pause the pace of monetary tightening.

Markets were largely calmer over the remainder of the year. The Vix index of implied equity market volatility fell to a 17-month low in mid-April and mostly hovered around that level thereafter. One exception was a slight spike in early May, amid news of further trouble among regional US lenders. Another, which was accompanied by a jump in US Treasury yields, came in the final days of the year, as negotiations about the US debt ceiling went to the wire.

As the year ended, markets were pricing in further rate hikes by all three of the aforementioned central banks, with the BoE seen as having the most still to do.

Overall, the MSCI All-Country World index (ACWI) returned 2.8% in local-currency terms over the twelve-month period.

Investment Report (continued)

Japanese and Europe ex UK equities fared best in local-currency terms. For much of the year, Japan's export-heavy stock market was buoyed by weakness in the yen, as the Bank of Japan (BoJ) retained its ultra-loose monetary policy stance, in contrast to its US, UK and eurozone counterparts. The central bank did, however, unexpectedly relax the yield band on 10-year government bonds in December. The decision was widely interpreted as the first step away from the bank's ultra-accommodative stance, but the BoJ made no further changes. Meanwhile, Europe ex UK equities benefited from the improved economic outlook for the region in 2023 owing to falling energy prices and China's relaxation of COVID controls.

US equities also modestly outperformed the MSCI ACWI, helped by strength in the sizeable technology sector, particularly later in the year, amid a wave of optimism around AI. UK shares were marginally positive, and lagged the global index over the year. The market's sizeable exposure to energy and materials proved beneficial in the immediate aftermath of the Russian invasion, as prices of these underlying commodities rose. However, this later proved a headwind, when prices of oil and industrial metals fell back on recession concerns.

EMs brought up the rear, largely driven by weakness in Chinese shares. Beijing's zero-COVID policy weighed heavily on economic activity, and sentiment was also dented by a burgeoning property crisis and continuing regulatory crackdowns. In late 2022 and early 2023, Chinese shares bounced as Beijing lifted most of its COVID restrictions and appeared to relax its clampdown. However, markets turned more volatile in the spring on mixed economic data and increased geopolitical tensions with the US over Taiwan and global microchip supply chains.

In fixed income, core government bond yields rose over the year due to rising inflation and as investors factored in aggressive monetary tightening. The yield on 10-year US Treasury bonds rose by 80 bps to finish May 2023 at 3.64%. By comparison, 10-year yields on UK gilts and German Bunds respectively increased by 208 bps to 4.18%, and by 116 bps to 2.28%. Corporate bond markets were also weak over much of the year, with the negative impact of higher core bond yields compounded by wider credit spreads. However, spreads narrowed from the fourth quarter (Q4) of 2022 onwards amid easing concerns about monetary tightening, and Sterling Investment-Grade (IG) spreads finished the year 8 bps wider than where they had started.

Outlook

We feel that there is likely to be a slowdown in growth versus the trend level, accompanied by reduced, but still above-trend inflation. For the UK, we have recently increased our inflation and interest-rate expectations given recent signs that inflationary pressures not directly linked to gas prices are persisting more stubbornly than previously anticipated.

Globally, disinflation combined with restrictive monetary policy suggests a constructive fundamental outlook for core government bonds, where yield premia are historically high compared with long-term GDP forecasts. For corporate credit, where valuations look reasonable rather than compelling, the low growth outlook should result in below-average excess returns over core bonds in the year ahead, but likely outperformance versus equities.

For equities, meanwhile, sluggish growth presents a mild risk to company earnings. Of more concern, however, global equity valuations (on a price to earnings basis) now look historically high both in absolute terms and relative to other asset classes, such as credit.

At the end of May, the main asset classes in Fund V were developed-market equities, EM equities and Sterling IG credit and gilts.

In equity markets, Europe, Japan, the US and the UK posted positive returns at the index level over the twelve months to 31 May 2023. Europe ex UK was the top-performing region, returning 10.7%. Japan and the US returned 6.7% and 4.7% respectively, while the UK posted a small positive contribution of 0.4%. EMs fell over the year, returning -6.5%. In fixed income, Sterling IG credit returned 1.2%[2] for the year in which these bonds were held in the strategic asset allocation.

The strategic asset allocation was rebalanced in July, November, January and May. At the end of May, the Fund's strategic asset allocation was broken down as follows: 77% in developed-market equities; 20% in EM equities; 2% in Sterling IG credit; and 1% in cash.

At the end of the year, relative to the rebalanced strategic asset allocation, the fund was overweight in equities and overweight in fixed income.

Investment Report (continued)

In terms of equities, we were overweight in in the US, Japan and the UK. The outlook for the US is supported by the market's relatively low dependence on global growth and this allocation therefore provides a relatively defensive counterbalance to some of our more cyclical exposures elsewhere. That said, we are mindful that valuations are expensive, and we have concerns about margin vulnerability and wage pressures. By contrast, the UK and Japan are both deeply discounted markets. The UK equity allocation remains focused on large-cap names and is therefore insulated to a degree from the travails of the domestic economy. The economic backdrop for Japan has improved and corporate investment in reshoring production is increasing. The recent policy focus on Japanese companies increasing returns to shareholders is another positive catalyst.

We were underweight in Europe ex UK and EMs. Following a year of strong performance, European equities no longer stand out as particularly cheap. These companies also have relatively cyclical earnings when compared to regions such as the US. While EMs stand to benefit from China's post-COVID recovery, we are mindful of increased geopolitical tensions.

In fixed income, we were overweight in gilts and underweight in Sterling IG credit. We are constructive on government bonds as we feel that markets already appear to have priced inpeak policy rates. We also note the improved hedge that the current elevated yields offer should the economic slowdown prove worse than expected.

The information above, unless otherwise attributed, is produced and provided solely by the Investment Manager and is provided to you for information purposes. Columbia Threadneedle Investments is the Investment Manager for the Embark Horizon Multi-Asset Funds. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

Past performance is not a guide to future performance. The value of investments can go down as well as up, so your client could get back less than they invested. The mention of any specific shares or bonds should not be taken as a recommendation to deal.

This material should not be considered as an offer, solicitation, advice, or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness.

[1] The Class Z Accumulation Shares were selected to illustrate the performance of the Fund as they are the largest share class and Accumulation shares show the total return of the Fund, as all income is reinvested.

[2] Representative indices:

US Equities: S&P 500 – Total Return Gross Income Reinvested

European Equities: MSCI EMU – Total Return Gross Income Reinvested

Japanese Equities: MSCI Japan – Total Return Gross Income Reinvested

UK Equities: FTSE All-Share – Total Return Gross Income Reinvested

Emerging Market Equities: MSCI Emerging Markets – Gross Return

Sterling IG Credit: iBoxx Sterling Corporates AA Rated

Source: Factset, as at 31/05/2023

Investment Report (continued)

Cumulative Performance Data to 31 May 2023 (net of fees)

Fund V	Launch 12 December 2013	5 Years	3 Years	1 Year
Embark Horizon Multi-Asset V	120.43%	30.02%	21.79%	1.19%

Source: FE Fundinfo, in GBP, as at 31/05/2023

Past performance is not a reliable indicator of future results and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Funds.

Columbia Threadneedle Investments
Investment Manager
20 June 2023

Portfolio Statement

as at 31 May 2023

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom Collective Investment Schemes 98.98% (99.13%)		
1,487,966	CT American	9,611	14.55
3,487,933	CT American Select	9,411	14.25
238,315	CT American Smaller Companies	1,296	1.96
1,744,259	CT Asia	3,242	4.91
748,918	CT European	6,244	9.45
931,821	CT European Select	2,002	3.03
683,400	CT European Smaller Companies	854	1.29
8,874,214	CT Global Emerging Markets Equity	9,873	14.95
1,697,728	CT Japan	6,061	9.18
328,935	CT Sterling Bond	285	0.43
625,743	CT Sterling Corporate Bond	702	1.06
5,217,626	CT UK	7,572	11.46
484,848	CT UK Equity Income	1,978	3.00
464,916	CT UK Institutional	554	0.84
2,819,413	CT UK Smaller Companies	3,140	4.75
2,480,136	CT US Equity Income	2,558	3.87
		65,383	98.98
	Net Investments 98.98% (99.13%)	**65,383**	**98.98**
	Net other assets	672	1.02
	Total net assets	**66,055**	**100.00**

Comparative figures shown in brackets relate to 31 May 2022.

All assets are accumulation shares unless otherwise stated.

Total purchases for the year: £22,292,896

Total sales for the year: £30,136,706

Fund Information

The Comparative Tables on pages 124 to 128 give the performance of each active share class in the Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It may differ from the Fund's performance disclosed in the Investment Report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect investors in different ways depending on whether they are joining, leaving or continuing with their investment in the fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Fund Information (continued)

Comparative Tables

Class Z Income Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	86.40	90.14	72.43
Return before operating charges*	1.72	(2.62)	18.77
Operating charges	(0.69)	(0.75)	(0.67)
Return after operating charges	1.03	(3.37)	18.10
Distributions on income shares	(0.81)	(0.37)	(0.39)
Closing net asset value per share	86.62	86.40	90.14
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	1.19%	(3.74)%	24.99%
Other Information			
Closing net asset value (£'000)	650	686	601
Closing number of shares	749,893	793,817	666,608
Operating charges[1]	0.81%	0.81%	0.81%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	90.83	99.99	92.12
Lowest share price	79.11	82.66	71.22

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class Z Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	91.29	94.83	75.86
Return before operating charges*	1.82	(2.75)	19.68
Operating charges	(0.73)	(0.79)	(0.71)
Return after operating charges	1.09	(3.54)	18.97
Distributions	(0.85)	(0.38)	(0.41)
Retained distributions on accumulation shares	0.85	0.38	0.41
Closing net asset value per share	92.38	91.29	94.83
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	1.19%	(3.73)%	25.01%
Other Information			
Closing net asset value (£'000)	48,069	53,533	47,943
Closing number of shares	52,032,990	58,640,672	50,555,552
Operating charges[1]	0.81%	0.81%	0.81%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	96.11	105.20	96.70
Lowest share price	83.59	86.96	74.59

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class E Accumulation Shares	For the period from 01.06.20 to 21.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	76.50
Return before operating charges*	4.34
Operating charges	(0.14)
Return after operating charges	4.20
Distributions	–
Retained distributions on accumulation shares	–
Last quoted share price[1]	80.70
Closing net asset value per share	–
* After direct transaction costs of:	–

	01.06.20 to 21.09.20
Performance	
Return after charges	5.49%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.56%
Direct transaction costs	–%

	01.06.20 to 21.09.20 pence per share
Prices	
Highest share price	83.61
Lowest share price	75.23

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 21 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Income Shares	For the period from 01.06.20 to 21.09.20 pence per share
Change in Net Asset Value per share	
Opening net asset value per share	72.70
Return before operating charges*	4.15
Operating charges	(0.17)
Return after operating charges	3.98
Distributions on income shares	–
Last quoted share price[1]	76.68
Closing net asset value per share	–
* After direct transaction costs of:	–

	01.06.20 to 21.09.20
Performance	
Return after charges	5.47%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[2]	0.71%
Direct transaction costs	–%

	01.06.20 to 21.09.20 pence per share
Prices	
Highest share price	79.44
Lowest share price	71.49

[1] As at the year end date, there are no shares in issue. Share class performance provided is as at 21 September 2020 being the last quoted price date before shares were reduced to zero.

[2] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Fund Information (continued)

Comparative Tables (continued)

Class I Accumulation Shares	For the year to 31.05.23 pence per share	For the year to 31.05.22 pence per share	For the year to 31.05.21 pence per share
Change in Net Asset Value per share			
Opening net asset value per share	91.74	95.20	76.09
Return before operating charges*	1.83	(2.77)	19.73
Operating charges	(0.64)	(0.69)	(0.62)
Return after operating charges	1.19	(3.46)	19.11
Distributions	(0.95)	(0.48)	(0.48)
Retained distributions on accumulation shares	0.95	0.48	0.48
Closing net asset value per share	92.93	91.74	95.20
* After direct transaction costs of:	–	–	–

	31.05.23	31.05.22	31.05.21
Performance			
Return after charges	1.30%	(3.63)%	25.11%
Other Information			
Closing net asset value (£'000)	17,336	18,395	17,461
Closing number of shares	18,654,913	20,051,195	18,341,051
Operating charges[1]	0.71%	0.71%	0.71%
Direct transaction costs	–%	–%	–%

	31.05.23 pence per share	31.05.22 pence per share	31.05.21 pence per share
Prices			
Highest share price	96.65	105.65	97.06
Lowest share price	84.03	87.39	74.83

[1] Operating charges, otherwise known as the OCF (Ongoing Charges Figure), is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF represents annualised operating charges for the current period and is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

Statement of Total Return

for the year ended 31 May 2023

	Notes	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Income					
Net capital gains/(losses)	2		101		(3,682)
Revenue	3	1,157		863	
Expenses	4	(493)		(544)	
Interest payable and similar charges		–		–	
Net revenue before taxation		664		319	
Taxation	5	–		–	
Net revenue after taxation			664		319
Total return before distributions			765		(3,363)
Distributions	6		(664)		(319)
Change in net assets attributable to shareholders from investment activities			101		(3,682)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 May 2023

	Note	£'000	31.05.23 £'000	£'000	31.05.22 £'000
Opening net assets attributable to shareholders			72,614		66,005
Amounts receivable on creation of shares		8,664		24,308	
Amounts payable on cancellation of shares		(15,952)		(14,336)	
			(7,288)		9,972
Change in net assets attributable to shareholders from investment activities (see above)			101		(3,682)
Retained distribution on accumulation shares	6		628		319
Closing net assets attributable to shareholders			66,055		72,614

Balance Sheet

as at 31 May 2023

	Notes	31.05.23 £'000	31.05.22 £'000
Assets:			
Fixed assets:			
Investments		65,383	71,984
Current assets:			
Debtors	7	297	730
Cash and bank balances	8	597	401
Total assets		66,277	73,115
Liabilities:			
Creditors:			
Distribution payable on income shares	6	(5)	(3)
Other creditors	9	(217)	(498)
Total liabilities		(222)	(501)
Net assets attributable to shareholders		66,055	72,614

Notes to the Financial Statements

for the year ended 31 May 2023

1. Accounting Policies

The Fund's accounting and distribution policies are set out on sections 1 to 3 of pages 13 and 14.

2. Net Capital Gains/(Losses)

Net capital gains/(losses) comprise:

	31.05.23 £'000	31.05.22 £'000
Non-derivative securities*	101	(3,681)
Management fee rebates	–	(1)
Net capital gains/(losses)	101	(3,682)

* Includes realised losses of £2,074,465 and unrealised gains of £2,175,440 (2022: realised gains of £15,502,650 and unrealised losses of £19,183,791). The gain in the investments in the current year reflects a reduction in the volatility of global markets in the period.

3. Revenue

	31.05.23 £'000	31.05.22 £'000
Bank interest	15	–
Franked CIS revenue	1,133	807
Unfranked CIS revenue	9	–
Management fee rebates	–	56
	1,157	863

4. Expenses

	31.05.23 £'000	31.05.22 £'000
Payable to the ACD or associates of the ACD:		
ACD's service charge	493	544
Total expenses:	493	544

Audit fees of £10,000 plus VAT of £2,000 (2022: £9,000 plus VAT of £1,800) have been borne by the ACD out of its ACD's service charge.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

5. Taxation

	31.05.23 £'000	31.05.22 £'000
(a) Analysis of charge for the year:		
Total current tax	–	–
Total taxation (note 5b)	–	–
(b) Factors affecting taxation charge for the year: The tax assessed for the year is lower than the standard rate of Corporation tax in the UK for an open-ended investment company (20%) (2022: 20%).		
Net revenue before tax	664	319
Net revenue multiplied by the standard rate of corporation tax of 20%	133	64
Effects of:		
Excess management expenses not utilised	94	98
Franked CIS revenue	(227)	(162)
Total tax charge (note 5a)	–	–

As at 31 May 2023, the amount of unutilised management expenses is £93,811 (2022: £97,754). It is unlikely that the Fund will generate sufficient taxable profit in the future which the tax deductions can be offset so no deferred tax asset has been recognised.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	31.05.23 £'000	31.05.22 £'000
Interim distribution	1	–
Interim accumulation	102	7
Final distribution	5	3
Final accumulation	526	312
	634	322
Add: Revenue deducted on shares cancelled	52	34
Deduct: Revenue received on shares issued	(22)	(37)
Net distribution for the year	664	319

7. Debtors

	31.05.23 £'000	31.05.22 £'000
Amounts falling due within one year:		
Amounts receivable for issue of shares	85	101
Sales awaiting settlement	212	629
	297	730

8. Cash and bank balances

	31.05.23 £'000	31.05.22 £'000
Cash and bank balances	597	401
	597	401

9. Other Creditors

	31.05.23 £'000	31.05.22 £'000
Accrued expenses	21	26
Amounts payable for cancellation of shares	196	190
Purchases awaiting settlement	–	282
	217	498

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

10. Related Parties

Embark Investments is regarded as a related party by virtue of having the ability to act in respect of the operations of the Fund in its capacity as the Authorised Corporate Director.

Embark Investments acts as principal on all the transactions of shares in the Fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Amounts paid to Embark Investments in respect of the ACD's periodic charges are disclosed in note 4. The amount of £21,089 (2022: £25,396) was due at the year end, as shown in note 9.

At the year end, the Fund held the following Collective Investment Schemes, managed by the Investment Manager:

As at 31 May 2023	Holdings	Market Value £
CT Global Emerging Markets Equity	8,874,214	9,872,563
CT American	1,487,966	9,610,775
CT American Select	3,487,933	9,410,793
CT UK	5,217,626	7,572,341
CT European	748,918	6,243,434
CT Japan	1,697,728	6,061,227
CT Asia	1,744,259	3,241,880
CT UK Smaller Companies	2,819,413	3,139,980
CT US Equity Income	2,480,136	2,558,260
CT European Select	931,821	2,002,296
CT UK Equity Income	484,848	1,978,230
CT American Smaller Companies	238,315	1,296,242
CT European Smaller Companies	683,400	853,498
CT Sterling Corporate Bond	625,743	701,708
CT UK Institutional	464,916	554,227
CT Sterling Bond	328,935	285,318

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

10. Related Parties (continued)

As at 31 May 2022	Holdings	Market Value £
CT UK	10,672,744	14,526,672
CT American Select	4,261,654	11,575,504
CT American	1,769,687	11,212,736
CT Global Emerging Markets Equity	9,160,631	11,054,134
CT Japan	1,717,119	5,667,696
CT European	536,363	4,013,498
CT Asia	1,736,689	3,658,510
CT UK Smaller Companies	2,211,714	2,806,001
CT UK Equity Income	735,388	2,804,696
CT European Select	1,212,082	2,234,837
CT American Smaller Companies	278,340	1,476,513
CT European Smaller Companies	780,663	952,877

Where investments are held in funds managed by an Investment Manager, a rebate is paid into the Fund. The rebates from underlying securities amounted to £Nil (2022: £54,984) for the year.

11. Contingent Liabilities

There were no contingent liabilities as at the year ended 31 May 2023 (2022: £Nil).

12. Share Classes

The Fund currently has three classes of shares: Class Z Income, Class Z Accumulation, and Class I Accumulation. The distribution per share is given in the distribution tables on pages 140 and 141. All shares have the same rights on winding up.

The ACD's service charge for the class of each share is as follows:

Class Z	0.75%
Class I	0.65%

The following table shows the shares in issue during the year:

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class Z Income	793,817	88,727	(132,651)	–	749,893
Class Z Accumulation	58,640,672	6,566,721	(13,174,403)	–	52,032,990
Class I Accumulation	20,051,195	2,989,410	(4,385,692)	–	18,654,913

13. Risk Management Policies

General risk management policies for the Fund are described in note 4 of the Aggregated Notes to the Financial Statements on pages 14 to 16.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures

Market Price Risk

Risk management policies surrounding this risk are discussed in note 4 of the Aggregated Notes to the Financial Statements on pages 14 to 16.

At 31 May 2023, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £3,269,139 (2022: £3,599,184).

Foreign Currency Risk

The Fund does not have significant exposure to currency risk as all assets and liabilities are held in Sterling. The Fund converts all receipts of revenue, received in currency, into Sterling on the day of receipt. Indirect impact of Foreign Currency exposure from investment in collective investment schemes is discussed in note 4 of the Aggregated Notes to the Financial Statements on page 15.

Interest rate risk

Interest rate risk profile of financial assets as at 31 May 2023:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	597	–	65,680	66,277
	597	–	65,680	66,277

Interest rate risk profile of financial assets as at 31 May 2022:

Currency	Floating rate financial assets £'000	Fixed rate £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	401	–	72,714	73,115
	401	–	72,714	73,115

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Interest rate risk profile of financial liabilities as at 31 May 2023:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(222)	(222)
	–	(222)	(222)

Interest rate risk profile of financial liabilities as at 31 May 2022:

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	(501)	(501)
	–	(501)	(501)

Please note that short-term debtors and creditors are included in the interest rate risk tables above.

The Fund's net cash holdings of £596,923 (2022: £401,559) are held in floating rate deposit accounts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate.

As at 31 May 2023 and 2022, the Fund had exposure to interest rate risk via underlying exposure in collective investment schemes. However, the Fund does not have any significant direct interest rate risk and as such no sensitivity risk analysis is presented.

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

14. Risk Disclosures (continued)

Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Valuation technique as at 31 May 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	65,383	–	65,383
Total	–	65,383	–	65,383

Valuation technique as at 31 May 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collective Investment Schemes	–	71,984	–	71,984
Total	–	71,984	–	71,984

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the 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.

15. Portfolio Transaction Costs

The Fund does not have direct transaction costs for the year ended 31 May 2023 (2022: £Nil) as the securities held are all collective investment schemes. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 123.

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was Nil% (2022: Nil%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Indirect transaction costs

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.

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

Notes to the Financial Statements (continued)

for the year ended 31 May 2023

16. Leverage

In accordance with the Alternative Investment Funds Management Directive (AIFMD) we are required to disclose the 'leverage' of the Fund. Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways 'gross method' and 'commitment method' and the Fund must not exceed maximum exposures under both methods.

The 'commitment' method shall be the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The 'gross' method shall be the sum of the absolute value of all positions and each derivative position will be converted into the equivalent position in the underlying assets. The 'gross' method shall exclude the value of any cash and cash equivalents from the sum of the absolute value of all positions. The ACD must set maximum leverage levels and operate the Fund within these levels at all times.

There are two ways in which the ACD can introduce leverage to the Fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Neither of these are important features in terms of how the ACD manages the Fund. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

For the year ended 31 May 2023, the Fund did not hold any derivatives, whilst from time to time, the Fund had borrowings (2022: £Nil).

17. Post Balance Sheet Events

As at the close of business on the balance sheet date, the Net Asset Value per Class Z Income share was 86.62p, for Class Z Accumulation share at 92.38p, and for Class I Accumulation share at 92.93p. As at close of business on 5 September 2023, the Net Asset Value per Class Z Income share was 88.45p, for Class Z Accumulation share at 94.33p, and for Class I Accumulation share at 94.92p. These represent an increase of 2.11%, 2.11% and 2.14% movement from the year end value.

Distribution Tables

for the year ended 31 May 2023

Class Z Income Shares

Interim Distribution (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Income	Equalisation	2022 Net Distribution Paid	2021 Net Distribution Paid
1	0.1207	–	0.1207	–
2	0.0799	0.0408	0.1207	–

Class Z Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.1225	–	0.1225	–
2	0.0342	0.0883	0.1225	–

Class I Accumulation Shares

Interim Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 June 2022
Group 2: Shares purchased from 1 June 2022 to 30 November 2022

Group	Net Accumulation	Equalisation	2022 Net Accumulation	2021 Net Accumulation
1	0.1705	–	0.1705	0.0389
2	0.1048	0.0657	0.1705	0.0389

Distribution Tables (continued)

for the year ended 31 May 2023

Class Z Income Shares

Final Distribution (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Income	Equalisation	2023 Net Distribution Paid	2022 Net Distribution Paid
1	0.6868	–	0.6868	0.3700
2	0.3306	0.3562	0.6868	0.3700

Class Z Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.7308	–	0.7308	0.3799
2	0.3810	0.3498	0.7308	0.3799

Class I Accumulation Shares

Final Accumulation (in pence per share)

Group 1: Shares purchased prior to 1 December 2022
Group 2: Shares purchased from 1 December 2022 to 31 May 2023

Group	Net Accumulation	Equalisation	2023 Net Accumulation	2022 Net Accumulation
1	0.7812	–	0.7812	0.4423
2	0.3876	0.3936	0.7812	0.4423

General Information

Launch date:	27 March 2015
Period end date for distributions:	31 May and 30 November
Distribution dates:	31 July and 31 January

Funds Available:
Embark Horizon Multi-Asset Fund I
Embark Horizon Multi-Asset Fund II
Embark Horizon Multi-Asset Fund III
Embark Horizon Multi-Asset Fund IV
Embark Horizon Multi-Asset Fund V

Minimum initial lump sum investment:

Z-Class	£500
I-Class	£10,000,000

Minimum additional contribution:

Z-Class	£50,000
I-Class	£1,000,000

Valuation point:	12:00 noon (London time)

Management charges:

Z-Class	0.75%
I-Class	0.65%

The ACD may refuse subscriptions at its discretion.

Access to the I Share Class is restricted to intermediaries (investing on behalf of underlying investors) that have entered into arrangements for this Share Class with the ACD and which the ACD expects to invest, including investments made by any other members of the intermediary's group, at least £10,000,000 into the Fund. Any such concession must be duly considered and approved by the ACD, prior to investing in the I Share Class.

The ACD may waive the investment minima at its discretion.

Applications for Z-Class or I-Class may only be made by persons who have terms of business or arrangements with the Investment Manager or their duly appointed representative.

The Risk Profile Service Provider

The Risk Profile Service Provider role is currently (and has been since the inception of the Embark Horizon Multi-Asset range of funds) fulfilled by EV (EValue Limited), an independent risk profile service provider. Using the output from its investment research tools, EV produces the risk profile framework for the range of funds. This takes the form of five strategic asset allocations, formulated using a long-term time horizon and aligned to five risk profiles. EV updates these asset allocation weightings on at least a quarterly basis. The Investment Manager – currently and since the inception of the fund, Columbia Threadneedle Investments - will consider these weightings when deciding on the construction of the portfolios within the Embark Horizon Multi-Asset range of funds.

General Information (continued)

Investor Contact Details

The information in this report is designed to enable shareholders to make an informed judgment on the activities of the Company during the year it covers and the result of those activities at the end of the year. The full Report and Accounts are available on request from the ACD. For more information about the activities and performance of the Company during the year and previous years, please contact the ACD at the address noted below.

Embark Investments
100 Cannon Street
London EC4N 6EU
Phone no. 0333 300 0382

You can obtain further information about the Company, copies of its prospectus and its latest Annual Report and any subsequent half-yearly report, in English, free of charge from the Management Company or at www.embarkinvestments.co.uk.

You can obtain other practical information and the latest prices of shares at www.embarkinvestments.co.uk.

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