DEPOSIT ADMINISTRATION FUND

GUARANTEED RETURN FUND RANGE

utmost
CORPORATE SOLUTIONS

GBP ANNUAL REPORT
2024

ECONOMIC BACK-DROP & MACRO SITUATION

We expected to see a busy political agenda in 2024 with a US election scheduled towards the end of the year coupled with numerous major elections around the globe. Ultimately it was the incumbent political parties that suffered with regime changes in both developed and emerging economies.

In the UK, the Conservative Government had until January 2025 to call an election but they instead decided to call a summer election. Already behind in the polls, the government of the last 14 years had hoped that the element of surprise would give them an advantage, which was not the case.

UK inflation, measured using consumer prices, started the year at 4%, two-times the Bank of England's target of 2%. Thankfully inflation fell to a low of 1.7% in September, although this proved short lived as inflationary pressures from transportation costs (including fuel) pushed rates back up to 2.6% in November before softening into the year end.

With progress made on inflation, the Bank of England's Monetary Policy Committee reduced interest rates by ½% from a high of 5 ¼% to 4 ¾%, which was less than markets had anticipated at the start of the year. On a forward-looking basis expectations are for further reductions in 2025.

Within the jobs market, UK unemployment remains low, marginally above 4% having almost halved from the peak a little over ten years ago. This combined with wage growth, that materially outstripped inflation in 2024, helped the services sector but has had limited impact on retail sales so far.

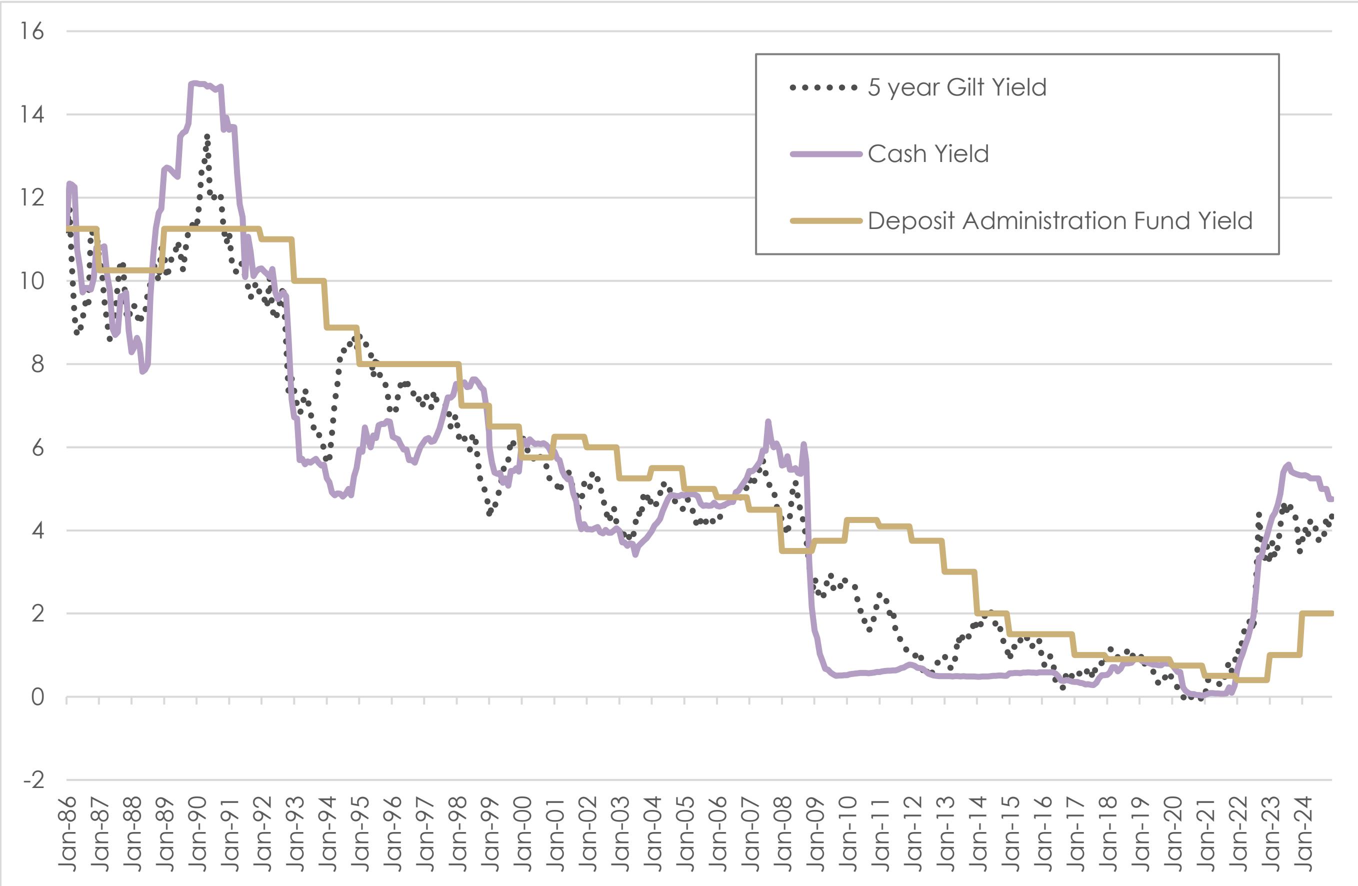
UK FINANCIAL MARKETS

Bonds traditionally perform best in falling interest rate environments, with longer dated bonds outperforming shorter dated securities, however, 2024 was different. Expectations of UK interest rate cuts during much of the year were greater than what was delivered and ultimately bond investors were disappointed. In this environment cash and short dated bonds once again outperformed longer dated bonds.

THE GBP DEPOSIT ADMINISTRATION FUND

The following chart details the fund's 2024 declared rate of 2.0%, along with cash returns and the yield on 5 year UK Government Bonds (known as Gilts).

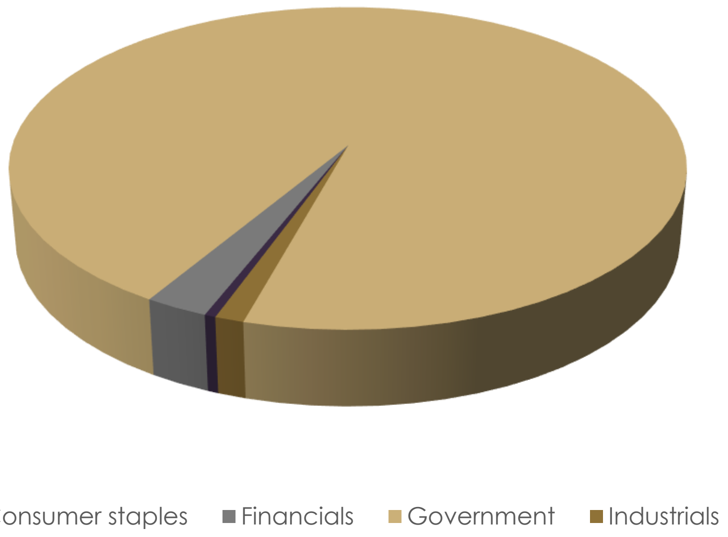
PERFORMANCE COMPARISON CHART



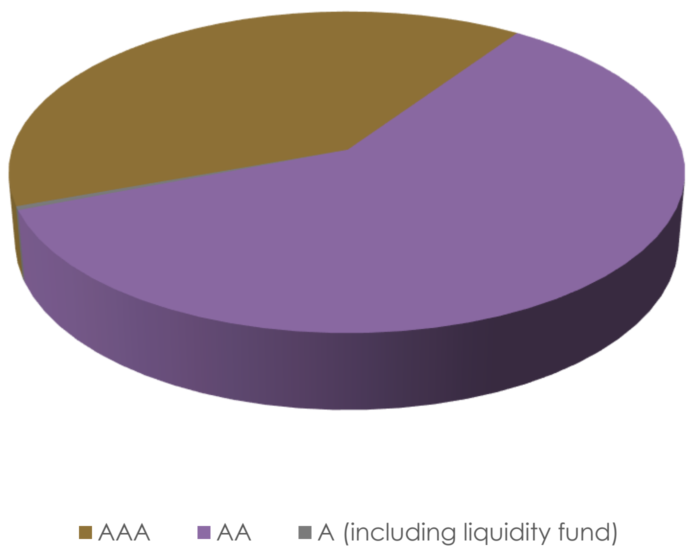
At the year-end the portfolio was 96% allocated to government and government related bonds with the balance in corporate bonds. The portfolios sensitivity to changes in interest rates, measured using modified duration, was at 2.2 years having increased from 1.4 years at the start of 2024.

Our fund managers positioned the assets backing the Deposit Administration Fund defensively for much of 2024 before starting to extend the average time to maturity (average life) of the securities to benefit from the prevailing market conditions.

ASSET DISTRIBUTION BY SECTOR



ASSET DISTRIBUTION BY CREDIT RATING



A WORLD *of* DIFFERENCE

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