

# **ES BAKER STEEL GOLD AND PRECIOUS METALS FUND**

Annual Report and Audited Financial Statements  
for the year ended 31 August 2023

## **ES BAKER STEEL GOLD AND PRECIOUS METALS FUND**

### **AUTHORISED CORPORATE DIRECTOR'S REPORT AND AUDITED FINANCIAL STATEMENTS**

For the year ended 31 August 2023

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## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### MANAGEMENT AND PROFESSIONAL SERVICE PROVIDERS' DETAILS

**Authorised Corporate Director ("ACD")**

Equity Trustees Fund Services Limited  
4th Floor Pountney Hill House  
6 Laurence Pountney Hill  
London EC4R 0BL

**Statutory Auditor**

Deloitte LLP  
3rd Floor  
9 Haymarket Square  
Edinburgh EH3 8RY

**Investment Manager**

Baker Steel Capital Managers LLP\*  
34 Dover Street  
London W1S 4NG

**Depository**

CACEIS UK Trustee  
And Depository Services Limited\*\*+  
Broadwalk House  
5 Appold Street London EC2A 2DA  
(Authorised and regulated by the Financial  
Conduct Authority)

**Registrars and Transfer Agency**

FNZ Transfer Agency Services  
Level 7, 2 Redman Place  
Stratford  
London E20 1JQ

**Directors of the ACD**

Tim Callaghan  
Vincent Camerlynck  
James Gardner  
Dallas McGillivray

\* Authorised and regulated by the Financial Conduct Authority ("FCA").

\*\* Authorised and regulated by the Financial Conduct Authority ("FCA"), the Prudential Regulation Authority ("PRA") and Autorité de Contrôle Prudentiel et de Résolution ("ACPR").

+CACEIS Bank, UK Branch up to 30 September 2023

Please note that telephone calls may be recorded for monitoring and training purposes and to confirm investors' instructions.

## **ES BAKER STEEL GOLD AND PRECIOUS METALS FUND**

### **REPORT OF THE AUTHORISED CORPORATE DIRECTOR**

Equity Trustees Fund Services Limited ("ETFS"), the Authorised Corporate Director ("ACD") of ES Baker Steel Gold and Precious Metals Fund ("the Company"), is pleased to present the annual report and audited Financial Statements of the Company for the year ended 31 August 2023.

We hope that you find this report informative. If you require further information concerning your investment, please call our Registrar on 0330 024 0785.

#### **Constitution and Authorised Status**

The ES Baker Steel Gold and Precious Metals Fund is an Open-Ended Investment Company (OEIC) with Variable Capital ("ICVC"). The Company is authorised in the United Kingdom by the FCA pursuant to Regulation 14 of the OEIC Regulations with number IC000768. The effective date of the Authorisation Order made by the FCA was 22 July 2009. The head office of the Company is 4th floor Pountney Hill House, 6 Laurence Pountney Hill, London EC4R 0BL.

The minimum Share capital of the Company shall be £1 and the maximum Share capital shall be £100,000,000,000. The base currency for the Company is Pounds Sterling. The Share capital of the fund at all times equals the Net Asset Value of the sub-fund. The Shareholders are not liable for the debts of the Company.

The Company is a "UCITS Scheme", as defined in the FCA Rules.

The Company is valued on a mid-market basis, with daily single prices appearing on the ACD's website: ([www.equitytrustees.com](http://www.equitytrustees.com)). The Company valuation point is 12pm.

Subject to the OEIC Regulations and the provisions set out in the instrument constituting the Scheme, the ACD may establish additional Funds from time to time.

#### **Important Events during the year**

On 16 January 2023 share class I accumulation was launched. The share class may pay a performance fee per the prospectus.

From 1 August 2023 the target benchmark for the Fund has changed to MSCI ACWI Select Gold Miners IMI Index. This is due to the previous benchmark EMIX Global Mining Gold Index ceasing calculation after 31 July 2023.

#### **Important Events post year end**

EQT Holdings limited, the holding company for Equity Trustees, announced on 14 August 2023 its decision to exit its investment in the UK and Ireland including Equity Trustees Fund Services Limited, the manager of the OEIC. This will have no impact on individual Financial Statements.

As a result of the UK leaving the European Union on 31 January 2020, the FCA no longer permits EU financial institutions to provide depositary services in the UK after 31 December 2023. Therefore on 1 October 2023 ES Baker Steel Gold and Precious Metals Fund migrated their Depositary services from the CACEIS Bank, UK branch (an EU institution) to CACEIS UK Trustee and Depositary Services Limited, a registered UK company, with Company Number 12374468 and authorised by the FCA.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### REPORT OF THE AUTHORISED CORPORATE DIRECTOR (continued)

#### UCITS V

Equity Trustees Fund Services Limited is committed to ensuring that its remuneration policies and practices are consistent with and promote, sound and effective risk management. Its remuneration policy is designed to ensure that excessive risk taking is not encouraged by or within the Group including in respect of the risk profile of the Funds it operates, to manage the potential for conflicts of interest in relation to remuneration (having regard, inter alia, to its formal conflicts of interest policy) and to enable them to achieve and maintain a sound capital base.

Equity Trustees Fund Services Limited delegates portfolio management for its funds to various investment management firms. The investment managers' fees and expenses for providing investment management services are paid by the ACD out of its own remuneration under the ACD agreement. The investment management firms generally also make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive.

The remuneration strategy across ETFs is governed by the board of the holdings company Equity Trustees (UK & Europe) Limited. As a result of the company's size and structure, the board of ETFs has chosen not to establish a Remuneration Committee. The board has established a Remuneration Policy designed to ensure that the UCITS Remuneration Code in the Financial Conduct Authority handbook is met proportionately for all UCITS Remuneration Code Staff.

ETFs considers its activities as non-complex due to the fact that regulation limits the activities of the UCITS and the scope of investment in such a way so as to seek that investor risk is mitigated. The activities of ETFs and the delegated Investment Manager is strictly controlled within certain pre-defined parameters as set out in the prospectus of each UCITS.

In its role as a UCITS Manager, ETFs deems itself as lower risk due to the nature of the activities it conducts. ETFs does not pay any form of variable remuneration currently based on the Investment Performance of its UCITS. Therefore, ETFs have provided a basic overview of how staff, whose actions have a material impact on the Fund, are remunerated.

<b>30 June 2023</b>	<b>Number of Beneficiaries</b>	<b>Total Remuneration paid</b>	<b>Fixed remuneration</b>	<b>Variable remuneration paid</b>	<b>Carried interest paid by the UCITS</b>
Total remuneration paid by the UCITS Manager during the financial year	23	£1,434,451	£1,383,472	£50,979	£0
Remuneration paid to employees of the UCITS Manager who have a material impact on the risk profile of the UCITS	15	£1,166,964	£1,127,985	£38,979	£0
Senior Management	13	£1,001,685	£968,306	£33,379	£0
SMF	4	£383,195	£370,320	£12,875	£0
Employees receiving total remuneration that takes them into the same remuneration bracket as senior managers and risk takers	0	£0	£0	£0	£0

Equity Trustees Fund Services Limited annual accounts as at 30 June 2023.

Figures include remuneration paid to employees of Equity Trustees Fund Services Ireland Limited, for their actions that have a material impact on the Company. The figures are based on transfer pricing arrangements that exist between the companies.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### REPORT OF THE AUTHORISED CORPORATE DIRECTOR (continued)

#### Going Concern

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts, accordingly the Company has adequate financial resources to continue in operational existence for at least the next twelve months from the approval of these Financial Statements. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these Financial Statements and applicable accounting standards have been followed.

The Directors continue to closely monitor the market impact of the ongoing disruption created by the Russian-Ukraine conflict, as well as the current elevated rates of inflation and the subsequent rises in interest rates. Although these events may impact the performance of the ES Baker Steel Gold and Precious Fund, based on the Directors analysis of these events, they remain of the opinion that adequate financial resources and business continuity plans are in place for the ES Baker Steel Gold and Precious Fund to continue as a going concern.

#### **Certification of the annual report and audited Financial Statements by the Authorised Corporate Director, Equity Trustees Fund Services Limited.**

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001(SI2001/1228) and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL" or "COLL Sourcebook"), we hereby certify the annual report and audited Financial Statements on behalf of the ACD, Equity Trustees Fund Services Limited.



#### **James Gardner**

Director for and on behalf of Equity Trustees Fund Services Limited  
Authorised Corporate Director of ES Baker Steel Gold and Precious Metals Fund  
16 November 2023

## **ES BAKER STEEL GOLD AND PRECIOUS METALS FUND**

### **STATEMENT OF THE ACD'S RESPONSIBILITIES**

For the year ended 31 August 2023

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

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

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014; and amended in June 2017.
- give a true and fair view of the financial position of the Company and each of its sub-funds as at the end of that period and the net revenue and the net capital gains or losses on the scheme property of the Company and each of its sub-funds for that period.

In preparing the financial statements, the ACD is required to:

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

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with COLL 4.5.8BR, the Annual Report and the audited financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 16 November 2023.

## **ES BAKER STEEL GOLD AND PRECIOUS METALS FUND**

### **REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE COMPANY**

For the year ended 31 August 2023

The Depositary is responsible for the safekeeping of all of the property of the Company which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) as amended (the "OEIC Regulations"), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers applicable to the Company.

### **STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES**

For the year ended 31 August 2023

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 Authorised Corporate Director:

- (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 Sourcebook and, where applicable, the OEIC Regulations, the Instrument Of Incorporation and Prospectus of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

CACEIS Bank, UK Branch

Depositary of ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

16 November 2023



## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ES BAKER STEEL GOLD & PRECIOUS METALS FUND

For the year ended 31 August 2023

#### Report on the audit of the financial statements

##### Opinion

In our opinion the financial statements of ES Baker Steel Gold and Precious Metals fund (the 'Company'):

- give a true and fair view of the financial position of the Company and its sub-fund as at 31 August 2023 and of the net revenue and the net capital gains on the property of the company and its sub-fund for the year ended 31 August 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 sub-fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the related notes 1 to 16; and
- the distribution table.

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.

##### Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ES BAKER STEEL GOLD & PRECIOUS METALS FUND (Continued)

For the year ended 31 August 2023

#### **Other Information** *(continued)*

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included 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 Open-Ended Investment Companies Regulations 2001.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ES BAKER STEEL GOLD & PRECIOUS METALS FUND (Continued)

For the year ended 31 August 2023

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud** *(continued)*

We discussed among the audit engagement team including relevant internal specialists such as valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset values of the sub-fund. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; 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 any 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 the sub-fund 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 August 2023 is consistent with the financial statements.

##### **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**  
Statutory Auditor  
Edinburgh, United Kingdom  
16 November 2023

## **ES BAKER STEEL GOLD AND PRECIOUS METALS FUND**

### **REPORT OF THE INVESTMENT MANAGER**

For the year ended 31 August 2023

#### **Investment Objective and Policy**

The investment objective of the Company is to achieve capital growth.

The Company will seek to achieve its objective of capital growth through investing at least 70% in equity securities that have direct underlying Gold and/or precious metals exposure or through companies worldwide whose core business is involved in the mining, refining, production and marketing of Gold and/or precious metals. The Company may also invest in other transferable securities, approved money market instruments, government and public securities, deposits, cash and near cash. The Fund has the ability to invest in collective investment schemes up to a maximum of 10% NAV. The Fund will not invest in derivatives.

In pursuing the investment objective and policy, the assets of the Company will be invested so as to comply with the investment and borrowing powers and restrictions set out in the Regulations, the Instrument of Incorporation, and the Prospectus. A summary of the investment powers and safeguards applicable to the Company is set out in Appendix 1 of the Prospectus.

#### **Investment Review**

The ES Baker Steel Gold and Precious Metals Fund ("the Fund") rose +10.7% (B Class) during the period compared with the Index\* which rose +11.2%. The Fund has lagged its Index slightly over the course of the year amid a mixed period for gold and silver equities. While late-2022 saw a strong recovery for the sector, precious metals have faced headwinds in 2023, as the US dollar remained strong and the US Federal Reserve persisted with its interest rate hiking cycle. The Fund's relatively high weighting to silver miners compared with the Index has dragged on performance, as silver equities faced steep declines compared with gold and diversified miners. Platinum group metals ("PGM") producers also dragged on performance.

The Fund remains focused on high quality gold and silver miners that offer value, shareholder returns, and fundamental beta to higher precious metals prices. The Fund's core gold equity holdings were the top performers during the period, while silver and PGM miners were among the underperforming positions, highlighting the silver and PGM sub-sectors' recent lag. We continue to have conviction in our asset allocation, particularly regarding silver miners, given silver's growing demand as a key industrial metal for the green revolution, with applications across green technology, most notably in solar photovoltaic cells. We believe this sub-sector offers significant upside potential during a recovery phase, relative to the broader precious metals sector.

At the time of writing, investment team members have returned from the Denver Gold Conference, one of the biggest research events of the year where our team met with over 30 precious metals companies. In addition, our team have attended around 20 site visits in the last six months and met with various management teams across our investment universe. We have cautious optimism in the sector following the Conference, and we note that some companies have achieved encouraging exploration results. Weak investor sentiment persists towards the sector, yet we believe we are likely much closer to the bottom than the top. As a result of the Conference, we continue with our conviction to back more established companies that are generating quality results, investor returns, and offer compelling upside potential should precious metals prices rise.

#### **Market Overview**

Conflicting macroeconomic signals have sapped investor sentiment towards the precious metals sector in recent months, amid uncertainty over the outlook for US monetary policy as signs of inflation easing contrast with robust employment numbers. Speculation over the timescale for the completion of the US Fed's rate hike programme remains a key driver for the direction of short-term gold and silver prices. Despite the sector's mixed performance, we consider that precious metals miners are in healthy shape following the Q2 earnings season, while consolidation through constructive M&A remains a key theme for the sector. We also see some significant catalysts for recovery in the months ahead. A shift in US monetary policy appears imminent, as the US Fed prepares to pause its interest rate hike programme, amid fading (yet persistent) inflation.

\* The Index is MSCI ACWI Select Gold Miners Index. Prior to 1 August 2023 the Index was EMIX Global Mining Gold Index.

## **ES BAKER STEEL GOLD AND PRECIOUS METALS FUND**

### **REPORT OF THE INVESTMENT MANAGER** (continued)

For the year ended 31 August 2023

#### **Market Overview** (continued)

The imminent end of the sharpest rate hike cycle in decades represents a significant bullish driver for commodity prices, particularly precious metals, as yields fall and the US dollar retreats from its recent strength. Alongside falling US yields, the US dollar is also increasingly under pressure from high debt and an uncertain economic outlook, as well as from the longer-term "de-dollarisation" trend. We believe this shift in economic conditions marks the start of a significant upcycle for gold and precious metals equities, as the prospect of lower real interest rates and a weaker US dollar drive demand.

#### **Outlook**

The remainder of 2023 holds significant potential for the precious metals sector, given miners' undervaluation relative to broader equity markets and upcoming catalysts for the recovery of precious metals prices, most notably the end of the US interest rate hike cycle. While we expect uncertainty to persist, we believe that gold equities are poised for the start of a significant period of outperformance relative to broader financial assets.

We consider that real assets such as gold, which we believe to be the ultimate real asset, are positioned to outperform financial assets, due to persistent inflation, rising economic risk and geopolitical tension. While the gold sector's recent performance has been lacklustre, we note that the gold price has held up well, considering the negative headwinds which have faced the sector. Rising real interest rates and a strong dollar tend to weigh on gold prices, yet gold has largely remained resilient. A core reason for this is that physical demand for gold has remained robust during the past year. Jewellery buying, a key component of gold demand, has recovered following its COVID-19 slowdown. Meanwhile, central banks continue to be substantial buyers of gold. 2022 saw the highest central bank buying of gold on record, while H1 2023 saw higher levels of buying compared with H1 2022. In contrast, investment demand has been weak, amid negative investor sentiment. History however shows that as the cycle turns and sentiment towards gold improves, a rapid increase in investor demand, via ETCs and physical, can be a strong driver of gold prices.

With near-term catalysts indicating a recovery of precious metals prices ahead, gold and silver miners offer significant upside potential at present. We have conviction in the strategy of the Fund and the fundamental beta we have built into the portfolio.

Baker Steel Capital Managers LLP  
6 October 2023

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### COMPARATIVE TABLE, OCF AND RISK AND REWARD PROFILE

For the year ended 31 August 2023

#### Comparative Table

##### B Net Accumulation Shares

	31.08.23 (pence per share)	31.08.22 (pence per share)	31.08.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	95.00	113.95	158.48
Return before operating charges*	11.59	(17.32)	(41.92)
Operating charges	(1.46)	(1.63)	(2.61)
<b>Return after operating charges*</b>	10.13	(18.95)	(44.53)
Distributions on accumulation shares	(0.21)	(0.14)	-
Retained distribution on accumulation shares	0.21	0.14	-
<b>Closing net asset value per share</b>	<b>105.13</b>	<b>95.00</b>	<b>113.95</b>
*After direct transaction costs of:	<b>0.03</b>	<b>0.17</b>	<b>0.31</b>
<b>Performance</b>			
Return after charges	10.66%	(16.63%)	(28.10%)
<b>Other information</b>			
Closing net asset value (£)	3,106,087	2,934,774	2,398,133
Closing number of shares	2,954,512	3,089,113	2,104,475
Operating charges	1.45%	1.41%	2.01%
Direct transaction costs	0.03%	0.15%	0.18%
<b>Prices</b>			
Highest share price (pence)	135.46	143.19	166.50
Lowest share price (pence)	91.82	95.96	108.19

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### COMPARATIVE TABLE, OCF AND RISK AND REWARD PROFILE (continued)

For the year ended 31 August 2023

#### Comparative Table (continued)

##### S Net Accumulation Shares

	31.08.23 (pence per share)	31.08.22 (pence per share)	31.08.21 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	73.90	88.20	100.00
Return before operating charges*	9.23	(13.49)	(10.95)
Operating charges	(0.95)	(0.81)	(0.85)
<b>Return after operating charges*</b>	8.28	(14.30)	(11.80)
Distributions on accumulation shares	(0.65)	(0.59)	(0.43)
Retained distribution on accumulation shares	0.65	0.59	0.43
<b>Closing net asset value per share</b>	<b>82.18</b>	<b>73.90</b>	<b>88.20</b>
*After direct transaction costs of:	<b>0.03</b>	<b>0.00</b>	<b>0.15</b>
<b>Performance</b>			
Return after charges	11.20%	(16.21%)	(11.80%)
<b>Other information</b>			
Closing net asset value (£)	12,748,500	13,408,361	14,691,379
Closing number of shares	15,511,990	18,143,610	16,656,016
Operating charges	0.95%	0.91%	0.90%
Direct transaction costs	0.03%	0.14%	0.18%
<b>Prices</b>			
Highest share price (pence)	105.69	111.18	144.59
Lowest share price (pence)	71.42	74.65	83.78

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### COMPARATIVE TABLE, OCF AND RISK AND REWARD PROFILE (continued)

For the year ended 31 August 2023

#### Comparative Table (continued)

##### I Net Accumulation Shares

	<b>31.08.23</b>
	<b>(pence per share)</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges*	(15.32)
Operating charges	(0.78)
<b>Return after operating charges*</b>	<b>(16.10)</b>
Distributions on accumulation shares	0.38
Retained distribution on accumulation shares	(0.38)
<b>Closing net asset value per share</b>	<b>83.90</b>

\*After direct transaction costs of: **0.02**

##### Performance

Return after charges (16.10%)

##### Other information

Closing net asset value (£)	399,976
Closing number of shares	476,752
Operating charges	1.23%
Direct transaction costs	0.02%

##### Prices

Highest share price (pence)	107.25
Lowest share price (pence)	77.84

On 16 January 2023 Share Class I Net Accumulation was launched.



## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### COMPARATIVE TABLE, OCF AND RISK AND REWARD PROFILE (continued)

For the year ended 31 August 2023

#### Ongoing Charges Figure (OCF)

The OCF figure is the ratio of the relevant annualised total disclosable costs of accumulation shares from the most recent reporting year to the average net asset value for the shares over the same year. This is calculated in accordance with CESR/10-674.

The OCF for the B Net Accumulation share class as at 31 August 2023 was 1.45% (31 August 2022: 1.41%).  
The OCF for the S Net Accumulation share class as at 31 August 2023 was 0.95% (31 August 2022:0.90%).  
The OCF for the I Net Accumulation share class as at 31 August 2023 was 1.23% (31 August 2022:N/A).

#### Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward, but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



- This Fund is ranked at 7 because funds of this type have experienced high rises and falls in value in the past.
- The Fund invests in a specialist sector and it may not perform in line with funds that have a broader investment policy.

For further risk information please refer to the prospectus.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### TOP TEN PURCHASES AND TOP TEN SALES

For the year ended 31 August 2023

The top ten purchases and top ten sales during the year were as follows:

<b>Purchases</b>	<b>Cost £</b>	<b>Sales</b>	<b>Proceeds £</b>
NEWMONT CORPORATION	1,119,543	ANGLOGOLD ASHANTI LTD	1,107,191
SSR MINING INC	633,237	NEWCREST MINING LTD	827,245
ELDORADO GOLD --- RE	593,195	HECLA MINING CORPORATION	808,352
PAN AMERICAN SILVER	575,728	NORTHERN STAR RESOURCES	807,859
ST BARBARA	551,513	HARMONY GOLD MINING	714,106
NEWCREST MINING LTD	538,047	AGNICO EAGLE MINES LTD	657,536
BARRICK GOLD CORPORATION	532,912	KINROSS GOLD CORPORATION	548,746
GOLD FIELDS ADR	517,948	K92 MINING INC	545,551
PERSEUS MINING LTD	498,901	GOLD FIELDS ADR	536,023
B2GOLD CORPORATION	498,492	BARRICK GOLD CORPORATION	519,241
Other Purchases	5,515,758	Other Sales	6,783,894
<b>Total purchases during the year were</b>	<b>11,575,274</b>	<b>Total sales during the year were</b>	<b>13,855,743</b>

# ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

## PORTFOLIO STATEMENT

As at 31 August 2023

Holdings or Normal Value	Investments	Market Value £	% of Total Net Assets
	<b>BASIC RESOURCES 96.69% (95.90%)</b>		
12,235	Agnico Eagle Mines Ltd	465,643	2.86%
4,800	Anglo American Platinum Limited	132,206	0.81%
11,350	Anglogold Ashanti Ltd ADR Repr.1 Shs	152,266	0.94%
32,000	Artemis Gold Inc	113,481	0.70%
314,200	B2Gold Corporation	760,541	4.68%
45,550	Barrick Gold Corporation	582,678	3.58%
269,100	Centamin	236,135	1.45%
144,200	Centerra Gold Inc	678,746	4.18%
319,650	Coeur Mining Inc	607,924	3.74%
61,450	Eldorado Gold --- Registered Shs	463,594	2.85%
25,400	Endeavour Mng --- Registered Shs	406,376	2.50%
176,600	Equinox Gold Corporation	698,375	4.30%
123,150	Fresnillo Plc	708,605	4.36%
754,026	Genesis Minerals Ltd	601,196	3.70%
29,300	Gold Fields ADR	291,799	1.80%
203,800	Harmony Gold Mining Sponsored ADR	662,611	4.08%
315,350	Iamgold Corporation	614,678	3.78%
36,200	Impala Platinum Holdings Ltd	146,811	0.90%
28,500	K92 Mining Inc	104,560	0.64%
208,250	Kinross Gold Corporation	829,610	5.10%
55,100	Newcrest Mining Ltd	732,482	4.51%
16,400	Newmont Corporation	510,044	3.14%
54,650	Northern Star Resources Ltd	331,548	2.04%
457,400	Oceanagold Corporation	760,342	4.68%
92,800	Osisko Mining Inc	151,556	0.93%
66,730	Pan American Silver	871,519	5.36%
175,540	Pantoro Ltd	4,486	0.03%
403,074	Perseus Mining Ltd	387,300	2.38%
2,130	Polyus GDR	-	0.00%
702,750	Regis Resources	578,272	3.56%
3,297,500	Resolute Mining Ltd	615,153	3.78%
55,794	Ssr Mining Inc	653,840	4.02%
2,196,220	St Barbara	218,885	1.35%
18,720	Wheaton Precious Metal - Registered	643,649	3.96%
		<b>15,716,911</b>	<b>96.69%</b>
	<b>FINANCIAL SERVICES 0.00% (0.00%)</b>		
2,400,000	Equity Resources*	-	0.00%
		-	<b>0.00%</b>
	<b>Portfolio of Investments</b>	<b>15,716,911</b>	<b>96.69%</b>
	Net Other Assets	537,652	3.31%
	<b>Net Assets</b>	<b>16,254,563</b>	<b>100.00%</b>

Note: Comparative figures shown above in brackets relate to 31 August 2022.

\*Delisted

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### STATEMENT OF TOTAL RETURN

For the year ended 31 August 2023

			31.08.23	31.08.22
	Note	£	£	£
<b>Income:</b>				
Net capital gain/(losses)	2		2,323,884	(4,275,582)
Revenue	3	332,921		361,933
Interest		18,511		1,714
<b>Expenses:</b>				
Interest and similar charges	4	(190,485)		(194,542)
		<u>-</u>		<u>(139)</u>
Net revenue before taxation		160,947		168,966
Taxation	5	(48,206)		(58,870)
Net revenue after taxation			<u>112,741</u>	<u>110,096</u>
Total return before distributions			2,436,625	(4,165,486)
Distributions	6		<u>(112,741)</u>	<u>(111,018)</u>
<b>Change in net assets attributable to Shareholders from investment activities</b>			<u><b>2,323,884</b></u>	<u><b>(4,276,504)</b></u>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 August 2023

			31.08.23	31.08.22
	Note	£	£	£
<b>Opening net assets attributable to Shareholders</b>				
Amounts receivable on issue of Shares		13,700,094		13,253,445
Amounts payable on cancellation of Shares		<u>(16,224,928)</u>		<u>(10,328,486)</u>
			(2,524,834)	2,924,959
Retained Distribution on accumulation Shares	6		112,378	111,033
Change in net assets attributable to Shareholders from investment activities			2,323,884	(4,276,504)
<b>Closing net assets attributable to Shareholders</b>			<u><b>16,254,563</b></u>	<u><b>16,343,135</b></u>

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### BALANCE SHEET

As at 31 August 2023

	Note	31.08.23		31.08.22	
		£	£	£	£
<b>Assets</b>					
Fixed assets:					
Investments			15,716,911		15,673,611
<b>Current assets:</b>					
Debtors	7	45,885		78,249	
Cash and bank balances	8	<u>617,706</u>		<u>642,355</u>	
Total current assets			<u>663,591</u>		<u>720,604</u>
<b>Total assets</b>			<u>16,380,502</u>		<u>16,394,215</u>
<b>LIABILITIES</b>					
<b>Liabilities</b>					
Creditors:					
Other creditors	9	<u>125,939</u>		<u>51,080</u>	
Total creditors			<u>125,939</u>		<u>51,080</u>
<b>Total liabilities</b>			<u>125,939</u>		<u>51,080</u>
<b>Net assets attributable to Shareholders</b>			<u><u>16,254,563</u></u>		<u><u>16,343,135</u></u>

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2023

#### 1A. ACCOUNTING BASIS AND POLICIES

##### (a) Basis of accounting

The Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 “The Financial Reporting Standards Applicable in the UK and Republic of Ireland” and the Statement of Recommended Practice (“SORP”) for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

As described in the Certification of Financial Statements by Directors of the ACD on page 5, the ACD continues to adopt the going concern basis in the preparation of the Financial Statements of the Fund.

##### (b) Realised and unrealised gains and losses

Realised gains or losses have been calculated as the proceeds from disposal less book cost. Where realised gains or losses have arisen in previous years, a corresponding reversal of such previously recognised loss or gain is recognised in unrealised gains or losses.

Unrealised gain/losses are calculated with reference to the original recorded value of the asset or liability, and only the element of gain/loss within the accounting period is recorded in the Financial Statements. All unrealised and realised gains are capital in nature and do not form part of the Fund’s distributable income.

##### (c) Recognition of revenue

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex dividend and are recognised net of attributable tax credits.

Interest on bank and other cash deposits is recognised on an accruals basis.

All revenue includes withholding taxes but excludes irrecoverable tax credits.

##### (d) Treatment of stock and special dividends

The ordinary element of stock dividends received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax treatment follows the treatment of the principal amount.

##### (e) Treatment of expenses

Expenses are recorded on an accrual basis, but the Fund may incur additional allowable expenses which are charged as and when they are incurred.

Expenses of the Fund are charged against capital including the costs associated with the purchase and sale of investments.

##### (f) Allocation of revenue and expenses to multiple Share Classes

Any revenue or expenses not directly attributable to a particular Share Class will normally be allocated prorata to the net assets of the relevant Share Classes.

##### (g) Taxation

Tax is provided for using tax rates and laws which have been enacted or substantively enacted at the balance sheet date.

Corporation tax is provided for on the income liable to corporation tax less deductible expenses.

Where tax has been deducted from revenue that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 1A. ACCOUNTING BASIS AND POLICIES (continued)

##### (h) Distribution policy

The net revenue after taxation, as disclosed in the Financial Statements, after adjustment for items of a capital nature, is distributable to Shareholders as dividend distributions. Any revenue deficit is deducted from capital.

Distributions not claimed within a six year period from the date the distribution become due for payment will be forfeited and added back to the capital of the fund.

In addition, the portfolio transaction charges will be charged wholly to the capital of the Fund. Accordingly, the imposition of such charges may constrain the capital growth of the Fund.

The ACD has elected to pay all revenue less expenses charged to revenue and taxation as a final distribution at the end of the annual accounting period.

##### (i) Basis of valuation of investments

Listed investments are valued at close of business bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting period.

Market value is defined by the SORP as fair value which is the bid value of each security.

All investments are recognised and derecognised on trade date, and any trades that occur between valuation point and close of business are included in the Financial Statements.

Derivative assets and liabilities are valued at fair value price at the Balance sheet date, using latest dealing prices, valuation from reliable sources (e.g. Bloomberg/Thomson Reuters) or an assessment of fair value based on specialist valuation (e.g. the Black Scholes valuation model which takes asset and market data to determine the fair price of an asset) and appropriate pricing models.

Non-observable entity specific data is only used where relevant observable market data is not available. Typically, this category will include single broker-priced instruments, suspended/unquoted securities, private equity, unlisted close-ended funds and open-ended funds with restrictions on redemption rights.

The ACD has a Fair Value Committee that meets once a month to review all FVP & Stale priced assets. If at any time the administrator is unable to locate a market price for an asset, they will contact this committee to provide a FVP & our committee will meet as soon as possible to agree & instruct a FVP. In order to do this, we will review sites such as Bloomberg & other websites that may provide information on the asset, as well as seeking the Investment Managers view on the valuation. Taking all this information into account, we will provide the administrator with a price to use in the funds valuation

##### (j) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

No critical judgements have been made by the ACD in applying the accounting policies of the Sub-Funds. Furthermore, there are no significant areas of estimation uncertainty affecting the carrying amounts of assets and liabilities as at the reporting date.

##### (k) Exchange rates

Transactions in foreign currencies are recorded in Sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into Sterling at the closing mid-market exchange rates ruling on that date.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 1A. ACCOUNTING BASIS AND POLICIES (continued)

##### (l) Dilution Adjustment

The ACD may require a dilution adjustment on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution adjustment may be charged in the following circumstances: where the scheme property is in continual decline; on a Fund experiencing large levels of net sales relative to its size; on 'large deals'; in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution adjustment.

##### (m) Equalisation

Equalisation applies only to Shares purchased during the distribution period (Group 2 Shares). It represents the accrued revenue included in the purchase price of the Shares.

After averaging it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the Shares for Capital Gains tax purposes.

#### 1B. RISK MANAGEMENT POLICIES

In pursuing the investment objectives, a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations.

The main risks from the Company's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed overleaf:

##### (a) Foreign currency risk

A significant portion of the Company's assets or the equities in which the Company invests may be denominated in a currency other than the base currency of the Company or Class. There is the risk that the value of such assets and/or the value of any dividends from such assets may decrease if the underlying currency in which assets are traded falls relative to the base currency in which Shares of the relevant Fund are valued and priced.

It is not the intention of the Company to enter into any contracts to manage Currency Risk. All foreign currencies are exchanged into/out of Sterling without delay.

##### (b) Interest rate risk profile of financial assets and liabilities

The interest rate risk is the risk that the value of the Company's investments will fluctuate due to changes in the interest rate.

The manager manages this risk by maintaining a balanced portfolio with due consideration to interest rates.

##### (c) Credit risk

The Company may find that companies in which it invests fail to settle their debts on a timely basis. The value of securities issued by such companies may fall as a result of the perceived increase in credit risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

##### (d) Liquidity risk

This is the risk that there is insufficient liquidity which would restrict a Fund's investment opportunities or ability to pay liabilities at short notice. This risk is managed by ensuring that overdrafts are monitored and maintained within investment limits and exposure to unquoted or illiquid securities is limited.

##### (e) Market price risk

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of stocks can mitigate market risk.



## **ES BAKER STEEL GOLD AND PRECIOUS METALS FUND**

### **NOTES TO THE FINANCIAL STATEMENTS** (continued)

For the year ended 31 August 2023

#### **1B RISK MANAGEMENT POLICIES** (continued)

##### **(f) Counterparty risk**

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfill their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties.

Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

##### **(g) Operational risk**

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot eliminate operational risks but, through the continual review and assessment of its control environment, by monitoring and responding to potential risks, they can be managed.

High level controls include effective segregation of duties, trade confirmation checking and reconciliation procedures, incident reporting and oversight of delegated functions.

##### **(h) Leverage**

In accordance with the IA SORP issued in May 2014 and amended in June 2017, as ACD we are required to disclose any leverage of the Fund. Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives (calculated as the sum of the net asset value and the incremental exposure through the derivatives and in accordance with the IA SORP commitment approach (CESR/10-788)) divided by the net asset value.

The Fund's exposure is defined with reference to the 'Commitment' method. Commitment method exposure is calculated as the sum of all positions of the Fund, after netting off derivative and security positions and is disclosed within the Financial Statements Note 13(d).

##### **(i) Fair value of financial assets and financial liabilities and Derivatives**

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

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 2. NET CAPITAL (LOSSES)

	31.08.23	31.08.22
	£	£
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	2,345,700	(4,244,384)
Realised gain on currency	-	1,287
Derivative securities' losses	-	(2,694)
Transaction charges	(21,816)	(29,791)
<b>Net capital gain/(losses)</b>	<b>2,323,884</b>	<b>(4,275,582)</b>

#### 3. REVENUE

	31.08.23	31.08.22
	£	£
Dividend distributions from Collective Investment Schemes		
Overseas Dividends	289,645	341,839
UK Dividends	43,276	20,094
<b>Total revenue</b>	<b>332,921</b>	<b>361,933</b>

#### 4. EXPENSES

	31.08.23	31.08.22
	£	£
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's fees	127,239	135,381
Administration fees	14,455	12,503
Registrar fees	5,604	6,263
	<u>147,298</u>	<u>154,147</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	14,820	5,305
Safe custody fees	1,220	7,381
	<u>16,040</u>	<u>12,686</u>
<b>Other expenses:</b>		
Fees paid to auditor - audit of financial statements*	15,840	16,440
Fees paid to PwC - tax compliance services	2,400	4,200
FCA fees	547	446
KIID productions & distribution fees	1,970	3,498
Other miscellaneous expenses	6,390	3,125
	<u>27,147</u>	<u>27,709</u>
<b>Total expenses</b>	<b>190,485</b>	<b>194,542</b>

\*Audit fee for the period is £12,015 (2022: £13,200) exclusive of VAT.

#### 5. TAXATION

	31.08.23	31.08.22
	£	£
Current tax:		
Overseas tax	48,206	58,870
Corporation tax	-	-
<b>Total current tax charge (Note 5b)</b>	<b>48,206</b>	<b>58,870</b>
<b>Total taxation</b>	<b>48,206</b>	<b>58,870</b>

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 5. TAXATION (continued)

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

The tax charge for the year differs from the 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEIC). The differences are explained below:

	31.08.23 £	31.08.22 £
Net revenue before taxation	160,947	168,966
Net revenue for the year multiplied by the standard rate of corporation tax 20%	32,190	33,794
<b>Effects of:</b>		
Revenue not subject to corporation tax	(66,584)	(67,373)
Movement in excess management expenses	34,394	33,579
Overseas tax	48,206	58,870
Adjustments in respect of prior periods	-	-
<b>Total tax charge (Note 5 (a))</b>	<b>48,206</b>	<b>58,870</b>

##### c) Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current year or prior year.

At the year end, the Fund has unutilised management expenses of £1,657,416 (2022: £1,460,379) and a potential deferred tax asset of £331,483 (2022: £292,076) It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

#### 6. FINANCE COSTS

##### Distributions

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	31.08.23 £	31.08.22 £
<b>Accumulation</b>		
Interim distribution	37,232	23,345
Final distribution	75,146	87,688
<b>Total distribution</b>	<b>112,378</b>	<b>111,033</b>
Add: Revenue deducted on cancellation of shares	403	4
Deduct: Revenue received on issue of shares	(40)	(19)
<b>Net distributions for the year</b>	<b>112,741</b>	<b>111,018</b>
<b>Reconciliation of net revenue after taxation to distributions</b>		
Net revenue after taxation	112,741	110,096
Shortfall transferred from capital	-	922
<b>Net distributions for the year</b>	<b>112,741</b>	<b>111,018</b>

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 7. DEBTORS

	31.08.23	31.08.22
	£	£
Accrued revenue	42,145	56,977
Amounts receivable on issue of shares	1,872	21,272
Interest receivable	1,868	-
<b>Total debtors</b>	<b>45,885</b>	<b>78,249</b>

#### 8. CASH AND BANK BALANCES

	31.08.23	31.08.22
	£	£
Sterling	617,706	642,355
<b>Total cash and bank balances</b>	<b>617,706</b>	<b>642,355</b>

#### 9. OTHER CREDITORS

	31.08.23	31.08.22
	£	£
Accrued ACD's periodic charge	9,380	10,731
Accrued Depository's fees	3,209	1,982
Accrued expenses	29,672	26,500
Amounts payable for cancellation of shares	83,678	11,867
<b>Total creditors</b>	<b>125,939</b>	<b>51,080</b>

#### 10. RELATED PARTY TRANSACTIONS

A fixed and variable fee are paid to the ACD, as disclosed in note 11. Details of the shares created and cancelled by the ACD are shown in the Statement of Change in Shareholders' Net Assets.

##### *Significant Shareholders*

A platform nominee has a holding of 60% of the Fund. (2022 65%).

#### 11. SHARE CLASSES

The Fund currently has three share classes, the annual management charge for these are as follows:

B Accumulation Shares	1.00%
S Accumulation Shares	0.50%
I Accumulation Shares	0.75%

The reconciliation of the opening and closing number of Shares of each class is shown below:

	31.08.22	Issued	Liquidated	Converted	31.08.23
B Accumulation Shares	3,089,113	9,834,649	(9,969,250)	-	2,954,512
S Accumulation Shares	18,143,610	2,987,283	(5,618,903)	-	15,511,990
I Accumulation Shares	-	530,225	(53,473)	-	476,752

The distribution per share class is given in the distribution tables on page 34.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent liabilities or outstanding commitments at the balance sheet date (2022: £nil).

#### 13. RISK DISCLOSURES

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 1B on pages 24 to 25.

##### (a) Foreign currency risk

	Portfolio of Investments	Net other assets	Total
	£	£	£
<b>Currency:</b>			
<b>31.08.23</b>			
Australian Dollar	3,469,321	-	3,469,321
Canadian Dollar	4,969,229	-	4,969,229
South African Rand	279,016	-	279,016
US Dollar	6,054,605	42,147	6,096,752
Total foreign currency exposure	14,772,171	42,147	14,814,318
Sterling	944,740	495,505	1,440,245
<b>Total Net Assets</b>	<b>15,716,911</b>	<b>537,652</b>	<b>16,254,563</b>

	Portfolio of Investments	Net other assets	Total
	£	£	£
<b>Currency:</b>			
<b>31.08.22</b>			
Australian Dollar	3,201,979	-	3,201,979
Canadian Dollar	5,632,267	4,761	5,637,028
South African Rand	345,344	-	345,344
US Dollar	5,461,430	52,214	5,513,644
Total foreign currency exposure	14,641,020	56,975	14,697,995
Sterling	1,032,591	612,549	1,645,140
<b>Total Net Assets</b>	<b>15,673,611</b>	<b>669,524</b>	<b>16,343,135</b>

If Sterling to foreign currency exchange rates has strengthened/increased by 10% as at balance sheet date, the net asset value of the Fund would have increased by the following amounts set out in the table below. If Sterling to foreign currency exchange rates has weakened/decreased by 10% as at balance sheet date, the net asset value of the Fund would have decreased by the following amounts set out in the table below.

These calculations assume all other variables remain constant.

	Increase	Decrease
	£	£
2023	1,481,432	1,481,432
2022	1,469,800	1,469,800

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 13. RISK DISCLOSURES (continued)

##### (b) Interest rate risk profile of financial assets and liabilities

The only interest bearing financial assets of the sub-fund are bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates or the international equivalent.

Currency	Floating rate financial assets	Financial assets not carrying interest	Total
Assets	£	£	£
<b>31.08.23</b>			
Australian Dollar	-	3,469,321	3,469,321
Canadian Dollar	-	4,969,229	4,969,229
Sterling	617,706	948,480	1,566,186
US Dollar	-	6,096,750	6,096,750
South African Rand	-	279,016	279,016
<b>Total</b>	<b>617,706</b>	<b>15,762,796</b>	<b>16,380,502</b>

Currency	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
Liabilities	£	£	£
<b>31.08.23</b>			
Sterling	-	(125,939)	(125,939)
<b>Total</b>	<b>-</b>	<b>(125,939)</b>	<b>(125,939)</b>

Currency	Floating rate financial assets	Financial assets not carrying interest	Total
Assets	£	£	£
<b>31.08.22</b>			
Australian Dollar	-	3,201,979	3,201,979
Canadian Dollar	-	5,637,028	5,637,028
Sterling	642,355	1,053,864	1,696,219
US Dollar	-	5,513,645	5,513,645
South African Rand	-	345,344	345,344
<b>Total</b>	<b>642,355</b>	<b>15,751,860</b>	<b>16,394,215</b>

Currency	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
Liabilities	£	£	£
<b>31.08.22</b>			
Sterling	-	(51,080)	(51,080)
<b>Total</b>	<b>-</b>	<b>(51,080)</b>	<b>(51,080)</b>

The Fund does not have any significant direct exposure to interest rates risk and as such no sensitivity analysis has been presented.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 13. RISK DISCLOSURES (continued)

##### (b) Interest rate risk profile of financial assets and liabilities (continued)

The floating rate financial assets and liabilities comprise bank balances which earn or pay interest at rates linked to the UK base rate.

##### (c) Market Risk

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by the following amounts set out in the tables below.

If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by the following amounts set out in the tables below.

These calculations have been applied to non-derivative securities only (see note 1B (h) for an explanation of the Fund's leverage during the year). These calculations assume all other variables remain constant.

	<b>Increase</b>	<b>Decrease</b>
	<b>£</b>	<b>£</b>
2023	1,571,691	1,571,691
2022	1,567,361	1,567,361

##### (d) Leverage

The Fund did not employ any significant leverage as at 31 August 2023, other than that available to the Fund as a result of its ability to borrow up to 10% of its value on a permanent basis.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 14. PORTFOLIO TRANSACTION COSTS

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on pages 14 - 16.

	31.08.23		31.08.22	
	£	£	£	£
<b>Analysis of total purchase costs:</b>				
Purchase in year before transaction costs				
Equities		<u>11,567,178</u>		<u>17,927,346</u>
		<u>11,567,178</u>		<u>17,927,346</u>
Commissions:				
Equities	8,096		13,888	
<b>Taxes:</b>				
Equities			-	
<b>Total Purchase costs</b>	<u>8,096</u>		<u>13,888</u>	
<b>Gross purchase total</b>		<u>11,575,274</u>		<u>17,941,234</u>
<b>Analysis of total sale costs:</b>				
Gross sales in year before transaction costs				
Equities		<u>13,863,326</u>		<u>14,866,000</u>
		<u>13,863,326</u>		<u>14,866,000</u>
Commissions:				
Equities	(7,583)		(7,751)	
Taxes:				
Equities		-		-
<b>Total sale costs</b>	<u>(7,583)</u>		<u>(7,751)</u>	
<b>Total sales net of transaction costs</b>		<u>13,855,743</u>		<u>14,858,249</u>

#### PORTFOLIO TRANSACTION COSTS %

	31.08.23		31.08.22	
		%		%
<b>Transaction costs as percentage of principal amounts</b>				
Purchases - Commissions				
Equities	0.07		0.08	
Purchase - Taxes				
Equities	-		-	
Sales - Commissions				
Equities	0.05		0.05	
Sales - Taxes				
Equities	-		-	
<b>Transaction costs as percentage of average net asset value</b>				
Commissions	0.08		0.10	
Taxes	-		-	

The portfolio dealing spread as at 31 August 2023 was 1.01% (31 August 2022: 0.59%)



## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2023

#### 15. POST BALANCE SHEET EVENTS

On 15 November 2023, the net asset value per share for Share Class B Accumulation was 1.0390, Share Class S Accumulation was 0.8131 and Share Class I Accumulation was 0.8296, which represents a post year end price movement of (2.20%), (2.10%) and (2.15%) respectively.

There were no other post Balance Sheet events since 31 August 2023.

#### 16. FAIR VALUE DISCLOSURE

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet where applicable.

Valuation technique	31.08.23		31.08.22	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1: The unadjusted quoted price in an active market for identical assets or liabilities	15,716,911	-	15,665,996	-
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly	-	-	7,615	-
Level 3: Inputs are unobservable (i.e. for which market data in unavailable) for the asset or liability	-	-	-	-
	<u>15,716,911</u>	<u>-</u>	<u>15,673,611</u>	<u>-</u>

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### DISTRIBUTION TABLE

For the year ended 31 August 2023

Final dividend distribution in pence per share

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.10.23</b>	<b>Paid 31.10.22</b>
Class B Accumulation	0.0595	0.1488	0.2084	0.1360

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.10.23</b>	<b>Paid 31.10.22</b>
Class S Accumulation	0.1905	0.2452	0.4357	0.4602

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.10.23</b>	<b>Paid 31.10.22</b>
Class I Accumulation	0.0975	0.1964	0.2939	-

## **ES BAKER STEEL GOLD AND PRECIOUS METALS FUND**

### **GENERAL INFORMATION**

#### **The Company**

The ES Baker Steel Gold and Precious Metals Fund is an Open-Ended Investment Company with Variable Capital ("ICVC"). The Company is authorised in the United Kingdom by the Financial Conduct Authority ("FCA") pursuant to Regulation 14 of the OEIC Regulations with number IC000768. The effective date of the Authorisation Order made by the FCA was 22 July 2009.

#### **The Authorised Corporate Director ('ACD')**

The ACD is Equity Trustees Fund Services Limited, a private company incorporated with limited liability in England under the Companies Act 1985. Its registered office and head office are situated at 4th Floor Pountney Hill House, 6 Laurence Pountney Hill, London, EC4R 0BL.

The ACD is authorised and regulated to carry on regulated activities in the United Kingdom by virtue of its authorisation by the FCA.

#### **The Depositary**

The Depositary acts as the custodian for all assets relating to the Company. The Depositary as at the Company year end was CACEIS Bank, UK Branch, Broadwalk House, 5 Appold Street, London EC2A 2DA, United Kingdom.

The Depositary is authorised and regulated by the Financial Conduct Authority, the Prudential Regulation Authority and Autorite de Controle Prudentiel et de Resolution.

#### **The Investment Manager**

The Investment Manager to the Company is Baker Steel Capital Managers LLP.

#### **Prospectus**

Copies of the Company's Prospectus are available free of charge from the ACD upon request and can also be downloaded from [www.equitytrustees.com](http://www.equitytrustees.com).

#### **Share Type**

The Company currently has three share classes available for investment:

B Accumulation,

S Accumulation, and

I Accumulation

#### **Pricing and Dealing**

The Company is valued on a mid-market basis, with daily single prices appearing on the Equity Trustees Services Limited website [www.equitytrustees.com](http://www.equitytrustees.com).

Shares in the Company are "single priced". This means that subject to the preliminary charge, redemption charge and any applicable dilution levy, the price of a Share for both buying and selling purposes will be the same and determined by reference to a particular Valuation Point.

Shares may be bought and sold on any business day by contacting your stockbroker, or by application in writing to FNZ Transfer Agency Services Limited, Level 7, 2 Redman Place, Stratford, London, E20 1JQ. All transactions will be dealt on a forward pricing basis, i.e. at the next valuation point following receipt of a valid application.

Contract notes are issued for all purchases and sales of shares and will be dispatched within 24 hours of the next valuation point following receipt of application.

The shares of the Company are non-certificated.

#### **Distribution Policy**

Where net revenue is available it will be distributed to holders of income share classes and retained for holders of accumulation share classes. Distribution rates will be calculated on the annual and interim accounting dates of 31 August and 28/29 February and distributed as income on 31 October and 30 April.

## ES BAKER STEEL GOLD AND PRECIOUS METALS FUND

### GENERAL INFORMATION (continued)

#### Dilution

The actual cost to the Company of purchasing or selling its investments may be higher or lower than the mid-market value used in calculating the unit price, e.g. due to dealing charges or through dealing at prices other than the mid-market price. In normal circumstances these costs are charged to the Company. Under certain circumstances (e.g. large volumes of deals) this may have an adverse effect on the interests of shareholders generally. In order to prevent this effect, called 'dilution', the ACD has the power to charge a dilution adjustment on the sale and/or redemption of units. The dilution adjustment will be applied at outset and will be paid into and will become part of the Company. The dilution adjustment for the Company will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes. The ACD reserves the right, however, to impose a dilution levy at its absolute discretion on any or all deals, should this prove necessary in the opinion of the ACD, to protect the interests of the Shareholders.

#### Management Charges

The Annual Management Charge for B Accumulation is 1.00%.

The Annual Management Charge for S Accumulation is 0.50%

The Annual Management Charge for I Accumulation is 0.75%

#### Reports

Reports will be made available to all shareholders on an annual and half-yearly basis.

#### Publication of Prices

The price of shares in the sub-fund are quoted daily on the web pages of Financial Express at [www.fundlistings.com](http://www.fundlistings.com).

#### Taxation

Income earned by shareholders from the Company is liable to UK Income Tax at the rate applicable for the individual shareholders. Tax Certificates will be issued annually with the valuation in April and will carry a credit for Income Tax.

#### Capital Gains Tax

As an ICVC, the Company is exempt from UK Capital Gains tax. An individual's first £12,300 of net gains on disposals in the 2023/2024 tax year are exempt from tax. Gains in excess are subject to a rate of tax dependent on an individual's total annual taxable income.

#### Value Added Assessment

Effective from 30 September 2019 the FCA has introduced Value Added Assessment requirements for Authorised Fund Managers to conduct a Value Assessment on each fund they managed. The assessment for our fund is available on our website at [www.equitytrustees.com](http://www.equitytrustees.com).

#### Important Information

It is important to remember that the price of shares, and the income from them, can fall as well as rise and it is not guaranteed that investors will get back the amount originally invested. Past performance is not a guide to future performance. Changes in the rate of exchange of currencies, particularly where overseas securities are held, may also affect the value of your investment. The issue of shares may be subject to an initial charge and this is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard an ICVC investment as long term.

Past performance is not a reliable indicator to future performance. Neither income nor capital is guaranteed. Dealing charges and the bid /offer spread on the underlying securities in ES Baker Steel Gold and Precious Metals Fund could have the effect that investors would not achieve the indicative returns stated. Changes in exchange rates may also cause the value of investments to go down as well as up.

Please note shareholders are not liable for debts of the Company.