

JUDICATURE (NORTHERN IRELAND) ACT 1978

## Funds in Court in Northern Ireland

### Statement of Accounts 2022-23

Accounts of Funds in Court of the Court of Judicature of Northern Ireland and of the county courts in Northern Ireland in respect of the year ended 31 March 2023 together with the Certificate and Report of the Comptroller and Auditor General thereon.

*Laid before the Northern Ireland Assembly  
under section 78(3) of the Judicature (Northern Ireland) Act 1978,  
as amended by Schedule 18 Paragraph 22 of the Northern Ireland Act 1998  
(Devolution of Policing and Justice Functions) Order 2010  
by the Department of Justice on behalf of the Comptroller and Auditor General*

*on*

*10 January 2024*



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# Performance Report

## Overview

This overview provides a summary of the activities and performance of the Court Funds Office for the year ended 31 March 2023.

## Foreword by the Accountant General

I present the Statement of Accounts for Funds in Court in Northern Ireland for the year ended 31 March 2023.

The Court Funds Office (CFO), which is a business unit of the Northern Ireland Courts and Tribunals Service (NICTS), continues to administer the funds held in court on behalf of minors and individuals who are deemed incapable of managing their own affairs by way of mental incapacity. As at 31 March 2023, £339m was held in court, compared with £343m as at 31 March 2022.

This year presented a number of challenges as the economy exited from the pandemic restrictions. The UK base rate of interest increased a number of times during the year and, on each occasion, it was considered appropriate to match the rise for our minor and patient clients. This means that our most vulnerable clients directly benefit from the higher interest earned by the cash funds held with CFO.

Inflation has remained high throughout the year. This has presented a challenge for our investment managers, particularly as the investment performance targets introduced in 2021 are inflation-based. A number of changes to the make-up of our portfolios were recommended by the investment manager and these were implemented during the year. While the portfolios reported losses in 2022-23, the investment manager believes they are well-positioned for the future.

The Digital Transformation Team progressed a project to develop a new IT system for the Office of Care and Protection and the Official Solicitor's Office. The new system went live in September 2023 and integrates with the existing CFO system, leading to efficiencies in communication, sharing of information and an improved payment process. Some of the expected benefits have now been realised with the project due for completion later in 2023-24.

CFO provides essential services to some of the most vulnerable members of society. Despite resourcing pressures, I am pleased to report that the staff in CFO continued to meet the challenges head-on and, with determination and commitment, ensured that all services continued with minimal disruption.

In closing, I would like to thank the staff of CFO for their commitment and hard work during the year. Despite the challenges faced, they continue to deliver a high quality service to all clients.



**Glyn Capper**  
*Accountant General of the  
Court of Judicature of Northern Ireland*

## **Statement of Purpose and Activities**

### **The Court Funds Office**

The Court Funds Office conducts the business of the Accountant General of the Court of Judicature of Northern Ireland and has been delegated the administrative responsibilities for funds in court. CFO is an office of the court, but administratively it operates as a discrete business unit within the Northern Ireland Courts and Tribunals Service, an agency of the Department of Justice (DoJ). It manages the funds held in court on behalf of clients, including:

- those who are deemed by the court to be incapable of managing their own affairs due to mental incapacity, or those who are wards of court. These cases relate predominately to the Court of Judicature.
- minors for whose benefit funds are lodged into court, usually as a result of a compensation award. These funds are held in court until the client claims their fund after they reach 18 years old, unless a court order instructs otherwise. These cases will arise both in the Court of Judicature and county courts.
- suitors involved in legal action where money is paid into CFO. These are cases in the Court of Judicature or the county courts. Monies are lodged into court in satisfaction or against costs as a token of intention to proceed with civil litigation. CFO will hold such monies until authorised to release them.

In addition, CFO holds funds for the Chancery Division of the Court of Judicature which acts as a receiver of last resort for the assets of individuals, partnerships or companies. CFO also holds all monetary bails received in the Court of Judicature and the county courts. Bails are retained by CFO until the court directs them to be remitted once the case has been dealt with.

The Accountant General is required to keep proper accounts in respect of funds held in court, in accordance with section 78(1) of the Judicature (Northern Ireland) Act 1978 (“the 1978 Act”). Where reference is made to the 1978 Act in this document, it should be interpreted to mean the 1978 Act, as amended by Schedule 18 (22) of the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

This Statement of Accounts has been prepared in accordance with the direction given by the Department of Finance (DoF) in pursuance of section 78(2) of the 1978 Act.

CFO operates under the Court Funds Rules (Northern Ireland) 1979 (“the Rules”). Following the devolution of justice, the rules are made by DoJ with the concurrence of DoF, in exercise of the powers conferred by section 82(1) of the 1978 Act.

### **Bank accounts**

The Accountant General is required by section 79(1) of the 1978 Act to maintain a bank account for the receipt and payment of Court of Judicature and county court monies. Accounts for this purpose are held with Danske Bank, enabling the Accountant General to meet the immediate cash requirements of CFO clients.

Monies in excess of the amount required to satisfy current demands are transferred to the Commissioners for the Reduction of National Debt (CRND) for investment. Funds are then drawn down from CRND, through the NICTS Investment Account, when additional money is required for investment transactions or to meet payments out of court.

**Funds held with the Commissioners for the Reduction of National Debt**

In accordance with the Rules, the Accountant General operates two interest bearing accounts, namely a deposit account and a short term investment account. The funds in these accounts are held by CRND, whose main function is the investment and management of major government funds.

The rates of interest paid to clients with funds in these accounts are set by a direction from DoJ with the concurrence of DoF and for the year ended 31 March 2023 the rates were as follows:

- Deposit account
  - 0.10% (to 5 June 2022)
  - 0.25% (from 6 June 2022 to 5 July 2022)
  - 0.50% (from 6 July 2022 to 11 September 2022)
  - 1.00% (from 12 September 2022 to 23 October 2022)
  - 1.50% (from 24 October 2022 to 22 January 2023)
  - 2.75% (from 23 January 2023 to 28 February 2023)
  - 3.25% (from 1 March 2023)
  
- Short term investment account
  - 0.50% (to 3 April 2022)
  - 0.75% (from 4 April 2022 to 5 June 2022)
  - 1.00% (from 6 June 2022 to 5 July 2022)
  - 1.25% (from 6 July 2022 to 11 September 2022)
  - 1.75% (from 12 September 2022 to 23 October 2022)
  - 2.25% (from 24 October 2022 to 22 January 2023)
  - 3.50% (from 23 January 2023 to 28 February 2023)
  - 4.00% (from 1 March 2023)

Funds held on behalf of minors and persons under disability are held in the short term investment account. Other funds are held in the deposit account in accordance with the Rules.

The deposits with CRND are operated in accordance with the Administration of Justice Act 1982 (“the 1982 Act”). Where reference is made to the 1982 Act in this document, it should be interpreted to mean the 1982 Act, as amended by Schedule 18 (22) of the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

Income generated by the deposits with CRND is used to pay the interest on the above accounts and, where sufficient funds have been generated, to contribute to the costs of administering the funds in court. Any residual surplus in a financial year, after the deduction of the above, is due to the Northern Ireland Consolidated Fund in accordance with section 39(2) of the 1982 Act. Section 39(3) of the 1982 Act provides for any deficiency in a financial year to be made good from the Northern Ireland Consolidated Fund.

Section 39(5) of the 1982 Act provides a guarantee by the Northern Ireland Consolidated Fund for the amounts paid to CRND by the Accountant General.

The arrangements between CRND and CFO in respect of the investment service provided by CRND are set out in a Memorandum of Understanding.

During 2022-23 the funds held with CRND were largely invested in overnight and short-term deposits with the Debt Management Account Deposit Facility, which is a government deposit facility. This facility enables the funds to earn a return closely related to the Bank of England base rate whilst protecting the capital and maintaining liquidity.

The funds held with CRND form the NICTS Investment Account. CRND prepare accounts under a separate direction issued by DoF. These accounts are audited separately and, since the devolution of justice powers, laid in the Northern Ireland Assembly.



**Investment of funds held in court**

Funds in court are held as both cash and securities. The securities held include the deposit holdings with CRND with additional holdings in other stocks and securities. All funds held in court are vested in the name of the Accountant General and invested in accordance with orders of the court in securities designated within statutory rules.

## **Principal Risks and Uncertainties**

Risk management is integrated into the activities of NICTS by linking risk directly to the achievement of objectives. NICTS implements effective risk management arrangements, which are detailed in a Risk Management Policy Statement. These include developing, monitoring and reviewing an Agency Risk Register which identifies the key risks, those responsible for ensuring that the risks are managed, and the action that will be taken to manage/mitigate them.

Senior management are responsible for the day to day management of risk, with the Agency Board owning the overall risk management framework. The Head of CFO is responsible for ensuring the management systems within CFO are robust in respect of accountability, critical challenge and oversight of risk. Risk management is taken forward as an integral part of the business planning process and is monitored on a quarterly basis by the NICTS Audit and Risk Assurance Committee.

There are seven risks appearing on the CFO Risk Register at the end of 2022-23:

Risk 1: Investment risk

Risk 2: Failure to progress outstanding NIAO VFM review or PAC recommendations

Risk 3: Incorrect / inconsistent data

Risk 4: Fees not applied correctly

Risk 5: Cost recovery shortfall

Risk 6: Compliance with General Data Protection Regulations

Risk 7: Resourcing

## Performance Summary

### Number of cases

The number of minor and patient cases with funds in court decreased from 12,374 at 31 March 2022 to 12,062 at 31 March 2023. During the year, a total of 1,433 minor and patient cases were paid out in full with funds being received for 1,121 new cases.

### CFO operational performance

A number of performance targets relating to CFO were published in the NICTS Business Plan for 2022-23. The targets (and the performance achieved) are as follows:

Task	Measure of Performance	Target	Achieved
<b>Receipts</b>	Receipt transactions will be posted on the day of receipt in respect of cheques, cash and money orders	95.0%	99.7%
	Receipt transactions will be posted within two working days of receipt in the bank in respect of direct credits	95.0%	99.8%
	Receipts will be posted within seven working days of the Registrar's payment date in respect of dividends	90.0%	96.5%
<b>Payments</b>	Payments will be made within five working days of receiving the relevant paperwork in respect of payments made: <ul style="list-style-type: none"> <li>○ to minors reaching 18 years old;</li> <li>○ on foot of a court order or invoice; or</li> <li>○ on receipt of a Notice of Acceptance</li> </ul>	95.0%	99.2%
	Regular payments will be made on or before the due date	95.0%	99.9%
<b>Investments</b>	Transactions will be completed within five working days of the relevant trade date in respect of sales and purchases of stock	98.0%	98.3%
<b>Customer Services</b>	Letters of confirmation that funds have been received by the Court Funds Office will be issued within five working days of receipt of funds in full in respect of minor cases	95.0%	99.8%
<b>Accounts</b>	Draft accounts to be issued to Comptroller and Auditor General for Northern Ireland in line with statutory deadline	By 30/11/22	Issued 16/06/22

All of the performance targets were achieved in 2022-23.

### CFO modernisation

During the year, a project progressed to develop a new IT system for the Office of Care and Protection and the Official Solicitor's Office. The new system went live in September 2023 and integrates with the existing CFO system, leading to efficiencies in communication, sharing of information and an improved payment process. The project is due for completion later in 2023-24.

## Performance Analysis

### Results for the year

The results for the year are detailed on page 29 and show a surplus for the year of £532,000 (2021-22: surplus of £16,000).

The fund reported a significant surplus in 2022-23 as the Bank of England base rate increased during the year from 0.75% to 4.25%. This means that a contribution is able to be made towards the running costs of the office. An amount of £85,000 has been earmarked for this, with the remaining surplus added to the accumulated reserves brought forward.

The introduction of fees in January 2017 ensures that CFO clients make a contribution to the running costs of the office. A total of £579,000 was payable to NICTS for the year to 31 March 2023 (2021-22: £594,000).

DoF have agreed where a deficit results after the deduction of interest payable to CFO clients and CRND management charges, this can be recovered from the Northern Ireland Consolidated Fund (NICF). As noted above, a surplus was generated in 2022-23, so there was no requirement to make a call on the NICF. In 2021-22, a deficit of £29,000 was recoverable from the NICF and added to the reserves.

The accumulated reserves carried forward as at 31 March 2023 totalled £593,000 (31 March 2022: £61,000). Under section 39(2) of the 1982 Act, all of the accumulated reserves are ultimately payable to NICF.

### Performance of client portfolios

Client income for the year, including interest allocated to their accounts, totalled £4.3m, equivalent to 1.3% of client holdings at year end (2021-22: £2.9m or 0.8%). Income has increased compared with last year, primarily due to the rise in the interest rates.

Total client holdings decreased from £343.0m to £339.4m during the year. Accounting for net receipts from clients of £10.5m, this represents a decrease value of £14.0m (5.1% of client holdings at the start of the year). The loss in valuation of securities held on behalf of clients was £17.5m (2021-22: gain of £8.5m).

Table 1 shows the market value of cash and securities held on behalf of clients as at 31 March 2023 and 31 March 2022.

Table 1	Patients		Minors		Other funds	
	(£000's)		(£000's)		(£000's)	
	31/3/23	31/3/22	31/3/23	31/3/22	31/3/23	31/3/22
Cash Account Balances	26,776	25,679	54,990	48,526	26,660	28,887
Debt Securities	-	-	-	-	-	-
Investment Securities	179,264	194,127	51,214	45,406	-	-
Total	206,040	219,806	106,204	93,932	26,660	28,887

Given the protective role of CFO, and subsequent low risk approach to investment, it had been the policy of CFO to invest the majority of funds lodged into court directly in government gilts (debt securities), as long as this is appropriate. However, the returns available on government gilts mean that they are no longer considered appropriate for direct investment by CFO clients. As a result, no funds are invested directly in gilt holdings.

A portfolio restructuring exercise took place in 2018-19 to replace direct government gilt holdings with a balanced portfolio including some exposure to corporate bonds, other government bonds and equities. Rather than investing directly in gilts, clients' funds are now invested in exchange traded funds (ETFs) with underlying bond holdings. These provide CFO clients with exposure to a wide variety of bond holdings.

Overall, client holdings in investment securities decreased from £239.5m to £230.5m. Purchases exceeded sales by £8.5m, with the overall value of investment securities decreasing by £17.5m. The total of £230.5m includes ETFs with underlying holdings in corporate bonds (£33.4m), UK gilts (£4.7m) and other government bonds (£44.9m). There was a continuing reduction in underlying UK gilt holdings during the year as the portfolios were re-balanced in accordance with the recommendations of the investment manager.

Table 2 details the investment activity during the year for minors and patients.

<b>Table 2</b>	<b>Patients</b>		<b>Minors</b>		<b>Total</b>
	<b>Investment Securities</b>		<b>Investment Securities</b>		
	<b>Bonds</b>	<b>Equities</b>	<b>Bonds</b>	<b>Equities</b>	
<b>Underlying holdings</b>	<b>(£000's)</b>	<b>(£000's)</b>	<b>(£000's)</b>	<b>(£000's)</b>	<b>(£000's)</b>
Opening value 1/4/22	75,740	118,387	18,717	26,689	239,533
Purchases	27,705	26,026	8,414	12,962	75,107
Sales	(32,863)	(21,225)	(7,123)	(5,439)	(66,650)
Net transfers out***	-	-	-	-	-
Internal transfers**	-	-	-	-	-
Gain / (Loss) in value	(5,917)	(8,589)	(1,591)	(1,414)	(17,511)
<b>Closing value 31/3/23</b>	<b>64,665</b>	<b>114,599</b>	<b>18,417</b>	<b>32,798</b>	<b>230,479</b>
<b>% gain / (loss) in value*</b>	<b>(8.43%)</b>	<b>(7.37%)</b>	<b>(8.57%)</b>	<b>(4.75%)</b>	<b>(7.45%)</b>

\*The percentage gain / (loss) in value has been calculated using the average value of holdings at the start and end of the year.

\*\*Internal transfers occur from minor accounts to patient accounts in cases where a minor becomes a patient once they turn 18.

\*\*\*Net transfers out represents the value of investments that have been transferred out of court.

For comparison purposes, Table 3 provides a summary of capital returns for certain types of investments for the year, measured by market indices.

<b>Table 3</b>		<b>Index at 31/3/2022</b>	<b>Index at 31/3/2023</b>	<b>Movement in index</b>	<b>% movement in index</b>
<b>Investment securities</b>	<b>FTSE All share</b>	4,187.78	4,157.88	(29.90)	(0.71%)
	<b>FTSE 100</b>	7,515.68	7,631.74	116.06	1.54%
	<b>FTSE All World (Ex UK)</b>	554.58	535.96	(18.62)	(3.36%)
<b>Debt securities</b>	<b>FTSE Fixed rate gilts up to 5 years</b>	84.65	81.57	(3.08)	(3.64%)
	<b>FTSE Fixed rate gilts 5-15 years</b>	173.96	151.03	(22.93)	(13.18%)
	<b>FTSE Index-linked gilts up to 5 years</b>	321.64	326.58	4.94	1.54%
	<b>FTSE Index-linked gilts 5-15 years</b>	527.20	467.44	(59.76)	(11.34%)

The overall capital return on investment securities was negative over the 12 month period to 31 March 2023. The markets continued to be volatile as the economy recovered after the COVID-19 pandemic, coupled with the ongoing situation in Ukraine. As inflation has remained high, steps have been taken to reposition the portfolios to react to this.

On average, the capital value of investment securities held by CFO decreased in value by just over 7.4%. This reflects the balanced nature of the portfolios, which include underlying investments in corporate and government bonds. As interest rates increased sharply, the capital value of bonds generally decreased, particularly long-term holdings. Equities held also generated capital losses. The minor accounts are more likely to be lower value amounts and so held in the tiered portfolios, which have performed better than the larger portfolios. This explains the difference between the performance in equities held by minors and patients.

The overall equity performance is lower than the movement in the indices noted above. The portfolios have moved away from UK exposure in recent years, which has been beneficial in previous years, although the UK indices have outperformed the world index above in 2022-23. Also, there is an element of exposure to alternative markets, such as property or commodities, in the larger portfolios (more likely to be held by patients) which have underperformed against the equity indices above.

As noted above, CFO client funds that were previously invested in direct gilt holdings are now invested in ETFs where the underlying assets are UK gilts, other government bonds and corporate bonds. This has allowed CFO clients to gain exposure to a wide range of the gilt and bond market, thus reducing risk due to increased diversification. The exposure to the UK gilt market was further reduced in May 2022 as portfolios were rebalanced.

Our contracted investment managers, Davy Private Clients, have commented in respect of the investment performance within the Investment Manager's Report on page 11. They have also provided a factsheet in respect of each of their target portfolios, which can be found in Appendix A.

### Five Year Performance

The investment strategy recommended by Davy Private Clients is with a long-term view in mind and, for this reason, clients' funds are only invested if they are likely to be held in court for more than five years. Table 4 provides a summary of the portfolio returns for the last five-year period.

<b>Table 4</b>	2018/19	2019/20	2020/21	2021/22	2022/23	Five year average
	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)
Capital return Gain / (Loss)	8,898	(7,164)	24,484	8,544	(17,511)	<b>3,450</b>
Portfolio income (Dividends/Interest)	4,272	4,334	3,150	2,764	2,698	<b>3,444</b>
<b>Total Portfolio Returns</b>	<b>13,170</b>	<b>(2,830)</b>	<b>27,634</b>	<b>11,308</b>	<b>(14,813)</b>	<b>6,894</b>

The five-year period has generated an overall positive capital return and this should be added to the portfolio income to get the total portfolio return. The average annual total return for the five-year period is almost £7m and with an average portfolio value of £217m, this equates to an average annual return of around 3.2%. This is in line with the targeted annual returns of the portfolios for most of the period, which ranged from 2% to 5% depending on the level of risk in the portfolio. The introduction of inflation-based targets has increased the target returns as inflation has been high over the most recent period. Funds held as cash during this period had an average annual return of around 0.8%.

### Auditors

The statement of accounts for Funds in Court in Northern Ireland is audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the 1978 Act.

The audit of the financial statements for 2022-23 resulted in a notional audit fee of £14,400 (2021-22: £14,150). This charge is included within non-staff programme costs within the accounts of NICTS. The C&AG did not provide any non-audit services during the year.



**Glyn Capper**  
*Accountant General of the  
 Court of Judicature of Northern Ireland*  
 19 December 2023

*[The following report has been provided by Davy Private Clients UK, who are contracted to provide investment portfolio management services to CFO]*

## **Investment Manager's Report**

This report comprises three sections:

1. Review of the investment markets in the period to 31 March 2023
2. Outlook for the year ahead
3. Portfolio Positioning

### **Review of investment markets in the period to 31 March 2023**

Despite the fourth quarter rally, calendar year 2022 was an unusually bad year for stocks and an exceptionally bad one for bonds. A relief rally towards the end of 2022 and continuing into 2023 softened the headline returns for the major asset classes over the reporting period with global equities -0.99% in sterling terms and global hedged bonds -5.11%.

As we entered the period, the supply chain pressures brought about by post-pandemic reopening had already started to ease. However, an energy crisis triggered by Russia's invasion of Ukraine kept upward pressure on the more volatile components of the inflation measure.

Investors in turn, underestimated how aggressively central banks would respond in their fight against inflation, with rising interest rates hitting bonds hard and fear of recession dragging stocks into a bear market (down 20% or more). The higher interest rates rise, the greater the reduction in the present values of future cashflows such as bond coupons and equity dividends – explaining the drawdowns experienced for both low-risk and high-risk investors.

The natural question now is whether we are through the worst of the damage and can look forward to recovery in 2023. The good news is that most of the rises in interest rates have already happened – at least in the United States.

The negative news is that we are only starting to see the impact on the real economy and corporate earnings. Looking back on the events of 2022 – double-digit inflation, a spike in borrowing costs, an energy crisis, and a war in Eastern Europe – it's hard to believe that the economy and corporate earnings continued to grow. You certainly couldn't tell from the financial markets, where stocks fell into a bear market and bonds had their worst year on reliable record.

### **Outlook for the year ahead**

Interpretations of the economic and financial data always differ depending on who you talk to. However, now more than ever you could have two rational investors making a compelling case in opposite directions.

On the one hand, the increase in unemployment required to slow wage growth and pressures on the stickier side of inflation has only ever been followed by a recession in the United States. The rapid increase in interest rates is another indicator – albeit with some delay – that the economy might soon begin contracting. Some of the effects of higher rates are being immediately felt in the banking sector, as aside from individual issues in the regional U.S. banks, lending is slowing down. We can also look at older style recession indicators such as the change in money supply, or more specifically the amount of cash or equivalents available to move around the system. This too is contracting at its fastest pace in recent history.

These factors, however, look at the change in the economic data and don't consider the levels that we are starting from. The positives that we can take are that while things like money supply



are contracting, they are doing so from historic highs. The money injected into the developed economies either directly or indirectly in response to the pandemic had many questioning whether there would be too much money chasing too few goods – and so a contraction is not necessarily a bad thing. Unemployment paints a similar picture. A 1 – 1.5% increase in the rate of unemployment takes us from a 70+ year low, to somewhere still below long-term averages. Finally, throughout history interest rates have never been as low in developed economies as they were post covid-19 pandemic and so although rates are increasing at a very fast pace, they still aren't at levels that justify a concern.

Chair Powell also made it clear that rate cuts were not in the Fed's plans this year, as fighting inflation remains their primary objective. While increasing the risk of recession, this means that bond yields' recent decline may have been premature. However, weaker lending means that the peak in bond yields, and the risk of further loss from bonds, are lower than previously thought. We note that yields are still close to their highest level in over a decade, so bonds do warrant their place in a portfolio, especially in an eventual recession, where they should outperform cash.

Normally when the bond market expects a recession, longer-term yields dip below shorter-term yields, known as a yield curve inversion, and the credit spreads on lower-quality bonds increase. The yield curve has been inverted for some time but yield spreads on lower-grade bonds are not far above average, meaning that credit investors are not being compensated for recession risk.

Like last year, the stock market has been driven by expectations for interest rates. The idea that central banks were close to their peak fuelled the Q4 / Q1 rally until investors realised that the no-landing scenario meant higher rates. Now that banking fears have raised expectations of rate cuts, stocks have surged again, especially in the higher-growth sectors. Given that authorities have better ways to address banking issues, this feels over-enthusiastic to us.

Does this near-term exuberance mean that equity investors are headed for a crash landing? Economic downturns almost always see bear markets (down 20% or more), where earnings and valuations typically decline by 10-25% each. Corporate profits have stalled, but not fallen yet, which we would expect when slower growth meets higher wages and costs of capital. Valuations though have already fallen by circa 20% from their 2021 peaks, so markets are less vulnerable.

In conclusion, if the economy does suffer a hard landing, investors should have less to fear as markets have mostly descended in advance. Stocks are not particularly cheap, and some turbulence would be normal, but much of the typical decline already happened last year, and more modest valuations mean higher return prospects from here. At higher yields now, high grade bonds can once again provide some cushion in a portfolio, and alternatives showed last year that they can smooth the return experience too. So, while we can't rule out a bumpy landing, let alone try to time it, we take comfort from knowing that well diversified portfolios are better able to see us through one now than they have been for some time.

**Portfolio Positioning**

The major change in our positioning, which was applied across all portfolios within the mandate was the increase in the exposure to non-traditional diversifying assets.

As we entered an environment of higher inflation and interest rate volatility, coupled with relatively low starting yields, we believed that not only were the return prospects poor in fixed income, but also that they might not play their traditional role as a defensive allocation. However, we do still believe that in a recessionary environment, high quality fixed income will provide the portfolio with its traditional defensive qualities.

During the period we significantly increased portfolio exposure to short-duration inflation-linked bonds, which our research suggested provides portfolios with the best protection against shocks to inflation expectations.

As a part of this review, we also sought to focus on low or uncorrelated assets within our alternative allocations. As a first step, this meant a gradual reduction in the more market sensitive property allocation across the portfolios. Further, given the low opportunity cost that low starting yields present, we continued to increase our allocation to gold, which was one of the portfolios best performers in the period.

Finally, given that we thought returns from market beta may be muted in comparison to recent years, we continued to increase the active management split in the portfolio across several equity holdings.

**Davy Private Clients UK  
May 2023**

# Accountability Report

## Statement of the Accountant General's Responsibilities

Under section 78(1)(b) of the Judicature (Northern Ireland) Act 1978 as amended by Schedule 18 (22) of the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 the Accountant General is required to prepare a statement of accounts for each financial year in a form directed by DoF. The accounts are prepared on an accruals basis and must give a true and fair view of the income and expenditure for the financial year and the balances held at the year end.

In preparing the accounts, the Accountant General is required to comply with International Financial Reporting Standards, adapted and interpreted for the public sector context, having regard to the *Government Financial Reporting Manual* (FReM) and in particular to:

- observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accountant General has been appointed as Accounting Officer for the funds in court. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the funds, for keeping proper records and for safeguarding assets, are set out in the Accounting Officers' Memorandum issued by DoF and published in *Managing Public Money Northern Ireland* (MPMNI).

The Accountant General is required to confirm that the statement of account as a whole is fair, balanced and understandable and that he takes personal responsibility for the statement of account and the judgements required for determining that it is fair, balanced and understandable.

So far as the Accountant General is aware, there is no relevant audit information of which the auditors are unaware. The Accountant General has taken all the steps that ought to have been taken to be aware of any relevant audit information and to establish that the auditors are aware of that information.

## **Governance Statement**

### **Scope of responsibility**

As Accountant General of the Court of Judicature in Northern Ireland, I have responsibility, as a statutory officer, for funds in court. I have delegated the administrative responsibilities for funds in court to CFO. CFO is a discrete business unit within NICTS, which itself is an agency of DoJ and is managed within the control framework of NICTS.

As an agency of DoJ, NICTS operates under a framework document that has been agreed by DoJ and DoF. The agency framework document sets out the arrangements for the effective governance, financing and operation of NICTS. An updated version of the framework document was agreed by the NICTS Agency Board on 27 March 2023 and will remain in draft until it is approved by a future Minister of Justice.

As Director of NICTS, I am responsible for the day-to-day operation and administration of the organisation and the leadership and management of its staff. I am also accountable for the NICTS budget and the efficient and effective delivery of NICTS business. Managerial responsibility for CFO rests with the Head of Finance.

### **Purpose of the governance framework**

The governance framework is the system which ensures the effectiveness of the direction and control of NICTS. As Accounting Officer, I have established a governance framework and management structure to support me in the management of the key risks for NICTS, including CFO. The framework is not designed to eliminate all risk but to manage risk to a reasonable level. The framework is based on an ongoing process which is designed to identify and prioritise the risks to the achievement of policies, aims and objectives; evaluate the likelihood of those risks being realised and the impact should they be realised; and manage them efficiently, effectively and economically.

### **Governance framework and management structure**

During 2022-23, NICTS complied with the key principles of the Corporate Governance in Central Government Departments – Code of Good Practice (Northern Ireland) 2013 which it considered applicable. The key management structures which support the delivery of effective corporate governance in NICTS and CFO are detailed below:

#### NICTS Agency Board

The Agency Board (the Board) provides a vital role in shaping and directing the organisation to ensure it is equipped to deliver high quality and cost effective services to court and tribunal users. The Board is responsible for business and corporate planning and reporting and the oversight of the functions of NICTS including finance, planning, performance and policy initiatives. The Board operates within the parameters of the agency framework document and the agreed terms of reference. The framework document is published on the NICTS website.

The Board met on four occasions during the 2022-23 financial year. At the beginning of each Board meeting members are asked by me, as the Chair, to declare any conflicts or potential conflicts of interest. To allow members to prepare and consider any potential conflicts of interest they are provided with an agenda and all papers to be discussed five working days before the meeting. During 2022-23, no potential conflicts of interest were identified in relation to CFO.

NICTS Finance Committee

The Finance Committee (the Committee) is a sub-committee of the Agency Board and assists the Board with financial oversight and budgetary control. The terms of reference for the Committee are included in the agency framework document and published on the NICTS website.

The role of Finance Director in NICTS is performed by the Head of Finance who advises the Committee on any material issues concerning financial oversight and budgetary control, including CFO. Management information on funds in court is presented to the Committee at each meeting. The Committee met on four occasions during 2022-23. After each meeting, the Head of Finance provides a highlight report to the Board covering the main issues discussed by the Committee.

NICTS Audit and Risk Assurance Committee (ARAC)

The ARAC is a sub-committee of the Agency Board and its role is to provide the Board and myself, as Accounting Officer, with independent assurance over the adequacy and effectiveness of the established internal control and risk management systems within NICTS, including CFO. ARAC monitors the effective implementation of all agreed audit recommendations; examines the effectiveness of the overall risk management process; and receives assurance from the NICTS Risk Co-ordinator.

ARAC operates in accordance with the Audit Committee Handbook (Northern Ireland) published on 29 May 2013 and updated on 1 April 2018. Although ARAC primarily considers matters within NICTS, including CFO, it also ensures that the inter-relationships between it and the Departmental Audit and Risk Committee are documented and agreed, particularly where assurance is provided on matters which properly support the Departmental Governance Statement.

The Committee is chaired by an independent non-executive member of the Agency Board. The terms of reference for ARAC are published on the NICTS website.

ARAC met on five occasions during 2022-23. After each meeting, the Chair of ARAC presents a report to the Agency Board covering the main issues discussed by the committee. Matters considered include:

- NIAO audit strategies and reports to those charged with governance;
- Internal Audit plan, including strategy, activity reports and progress updates;
- Head of Internal Audit's annual opinion and report;
- Risk management and corporate governance;
- Fraud governance and fraud reporting; and
- Annual reports and accounts.

Court Funds Judicial Liaison Group

The Court Funds Judicial Liaison Group (JLG) provides judicial oversight of the investment activities of CFO. The JLG is provided with an up-to-date overview of investments and a six-monthly review of investment performance. A representative of the contracted investment manager presents investment performance information and is in attendance at all meetings to respond to any queries from the JLG in respect of the investment performance or any related issues.

Meetings are usually held at least once per legal term. The Group met on two occasions during 2022-23. Matters discussed include:

- Investment performance;
- Investment portfolio models; and
- Non-invested patient funds.

### CFO Management Team

The CFO management team also contributes to the governance framework of CFO. The team consists of the CFO Business Manager, the Office Manager and managers of each team within CFO. The team meets regularly to review the performance of CFO and address any other business issues that arise. The team is also responsible for preparing the CFO risk register on a quarterly basis.

The CFO Business Manager meets with the Head of Finance on a monthly basis to discuss the performance of CFO and report on progress against the CFO Business Plan.

Full details of the membership and attendance of the Board, its sub-Committees and the Judicial Liaison Group are shown in Tables 5-8 on pages 21 and 22.

### **Risk management and internal control**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of NICTS, including CFO, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in MPMNI.

#### Internal Control

The system of internal control is not designed to eliminate all risk of failure, but to manage risk to a reasonable level to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control has been in place in NICTS for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts. This accords with DoF guidance.

NICTS has in place a range of policies and processes to ensure that it is compliant with MPMNI, policies and guidance issued by DoJ and financial delegations granted by DoJ and DoF.

#### Risk Management

Risk management forms a central element of the governance framework. Risk management is championed by the Head of Finance, with the Agency Board owning the overall risk management framework.

The Agency aims to assess and effectively manage risk in the achievement of its business objectives. Its capacity to manage risk derives from the experience and ability of managers to operate the fully documented risk management process. The Departmental Risk Management Framework is in line with best practice set out in the NIAO report on ‘Good Practice in Risk Management’.

The framework details the approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management. This approach allows risks to be identified and managed at all levels and to be escalated as appropriate.

The Board provides leadership and direction in managing the risk environment in which the agency operates. Each Head of Division provides leadership to the risk management process in their particular areas of responsibility, as well as corporately through their involvement in the Board, the Audit and Risk Assurance Committee and local management meetings. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. The corporate risk appetite is set by the Board and used as a starting point for setting levels of risk tolerance. Managers and Heads of Division escalate risks which have exceeded specific risk appetites to the next level of management. CFO management contributes fully to this process.

The Agency’s overall arrangements for effective risk management include:

- an approach to risk management that aligns directly with that of the Department;
- an agreed risk appetite in line with the DoJ's policy;
- quarterly review of Branch, Divisional and Corporate Risk Registers to identify and escalate the risks threatening to impact upon the achievement of the Agency's objectives;
- quarterly review of corporate risks by the Board;
- Audit and Risk Committee agenda focusing specifically on risk management;
- structures in place to assess and report on information risk; and
- bi-annual Stewardship Statements from managers, providing formal assurance on their management of risk for their respective business areas.

A key element of the Agency's risk and control framework is a professionally led Internal Audit function that works to Government Internal Audit Standards. Internal Audit reviews the overall arrangements for managing risk, provides assurance, and reports any matters of concern to the ARAC. Assurance is also obtained from NIAO who present their report to ARAC following the statutory audit of the Agency's Annual Report and Accounts.

#### Information assurance

NICTS is committed to managing and protecting personal data in line with data protection legislation and DoJ policies and procedures. NICTS is represented on a number of departmental groups including the Information Risk Owners' Council (IROC), Accreditation Panel and Security Managers' Forum. In addition, NICTS provides bi-annual updates on records and information management to ARAC.

Data incidents are reported and managed in line with the DoJ Security Incident Reporting policy. Minor or low risk incidents are recorded and managed locally by NICTS. Major incidents which involve an actual data breach may result in the Information Commissioner's Office (ICO) taking enforcement action or could cause harm and/or distress to individuals. Major incidents are reported to the DoJ Information Security (IS) Team to allow for potential notification to the ICO within 72 hours of becoming aware of the incident.

During 2022-23 there were no incidents within CFO that were required to be reported to the ICO. All data incidents are investigated to identify any lessons learned and appropriate remedial actions including the implementation of revised business processes as required.

The Information Assurance Risk Register continues to be reviewed at every meeting of IROC and the Chief Information Officer presents a report for discussion covering all incidents.

The accreditation of the network and infrastructure is the responsibility of DoF Enterprise Shared Services (ESS), which has confirmed that these elements of its service are fully accredited. NICTS is responsible for accrediting only the aspects of the service that relate to line of business systems. Typically this relates to application software, databases and online interfaces. Full accreditation certificates have been issued by DoJ for all NICTS line of business systems, including the CFO systems.

Annual IT Health Checks on all NICTS line of business systems were completed in 2022-23 and are underway for 2023-24.

IT Assist, part of ESS, provides and hosts all NICTS information systems. They provide a resilient solution, based on high availability, redundancy and mirrored data centres. Disaster recovery tests were completed in May 2023 for the main NICTS line of business applications.

NICTS continues to monitor and review the application of information assurance policies to ensure data is handled appropriately and that any associated risks are identified and managed.

## Review of effectiveness of the governance framework

As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit, the internal control framework and comments made by external audit in their reports to those charged with governance and other reports. A sound governance framework has been established across NICTS, which includes:

- Agency Board;
- ARAC with independent membership;
- Governance reviews;
- Annual governance statement;
- Stewardship statements; and
- Independent reviews by Internal Audit.

The CFO Business Manager prepares a stewardship statement for submission to the NICTS Head of Finance on a bi-annual basis.

I received additional comfort from the inter-departmental assurance report relating to shared services provided to the various NI departments, by the DoF Head of Internal Audit. This report offers an update on the key business areas and provides satisfactory assurance.

The Head of Internal Audit has provided overall **Satisfactory Assurance** over the NICTS systems based on the work carried out during the year. In relation to CFO, an internal audit carried out during 2022-23 provided overall **Satisfactory Assurance**.

During 2022-23, a follow up was completed of the Review of Non-invested Patients' and Minors' Funds. Previously, limited assurance had been provided on some aspects of the systems by which patient funds were invested, leading to delays in the process in some cases. A management letter was issued raising the assurance in this area from limited to satisfactory.

### NICTS Agency Board Effectiveness

Information presented to the Board is fundamental for its assessment and understanding of the performance of NICTS. The Board receives a variety of standard information, and other papers, which are quality reviewed by the Board secretariat. The information received allows the Board to be kept informed of any issues that it needs to be aware of, or take action on, to support decision making and drive improvement.

A review of effectiveness of the Board was commissioned in March 2023 and the findings were analysed and presented to the Board in June 2023. The Board considers that it is fulfilling its governance requirements.

## Significant internal control issues

No issues have been identified as significant to CFO during 2022-23 as a result of the assurance activity.

## Audit recommendations

### Internal audit

The 2022-23 report on CFO from the internal auditors had no recommendations.

All outstanding recommendations are monitored by ARAC every six months and Internal Audit will confirm implementation of all priority one recommendations.

### External audit

The 2021-22 report on CFO from the external auditors made no recommendations.



**Accounting Officer Statement on Assurance**

NICTS has an established and robust assurance framework that includes primary assurance, through line management structures, on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity.

In addition, independent assurance is provided by the NICS Group Internal Audit and Fraud Investigation Service, operating to Public Sector Internal Audit Standards. Internal Audit delivers an agreed prioritised programme of systems-based audits covering all NICTS systems, including CFO, over time. The Head of Internal Audit provides me with an Annual Report and Opinion on the level of assurance that can be provided based on the work done. For the 2022-23 year an overall **satisfactory assurance** was provided.

NICTS has maintained a framework of control to ensure that there are sufficient processes in place to provide assurance over financial and operational risks, as well as performing a regular review of the effectiveness of the system of internal control.

I am therefore satisfied that I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support NICTS, including CFO, in delivering its statutory duties and to meet the aims and objectives of the Department, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in accordance with MPMNI.



**Glyn Capper**  
*Accountant General of the  
Court of Judicature of Northern Ireland*  
19 December 2023

**Table 5 – Membership and attendance at Agency Board for 2022-23**

<b>Member</b>	<b>Position</b>	<b>Attendance</b>
Glyn Capper	Acting Director of NICTS (Chair)	4 / 4
Elaine Topping	Acting Chief Operating Officer	3 / 4
Karen Ward	Chief Modernisation Officer	3 / 4
<sup>1</sup> Alison Houston	Lady Chief Justice's Office	1 / 2
<sup>1</sup> Mandy Kilpatrick	Lady Chief Justice's Office	2 / 2
Patrick Butler	Head of Legacy Inquest Unit	3 / 4
Nicole Lappin	Non-Executive Member	4 / 4
Graham Dalton	Non-Executive Member	4 / 4
The Honourable Mr Justice Colton	Judicial Representative	4 / 4
<sup>2</sup> Her Honour Judge Smyth QC, Recorder of Belfast	Judicial Representative	1 / 3
<sup>2</sup> His Honour Judge Fowler QC, Recorder of Belfast	Judicial Representative	0 / 1
<sup>3</sup> Presiding District Judge Keown (Magistrates Court)	Judicial Representative	0 / 1
<sup>3</sup> Presiding District Judge McGarrity (Magistrates Court)	Judicial Representative	1 / 3
John Duffy (President of the Appeals Tribunal)	Judicial Representative	4 / 4

<sup>1</sup> Mandy Kilpatrick (Principal Private Secretary to the Lady Chief Justice) resigned from the Agency Board and retired from NICTS and was replaced by Alison Houston on 05 December 2022.

<sup>2</sup> His Honour Judge Fowler QC, Recorder of Belfast resigned from the Agency Board and was replaced by Her Honour Judge Smyth QC, Recorder of Belfast on 20 July 2022.

<sup>3</sup> Presiding District Judge McGarrity, Magistrates Court resigned from the Agency Board and was replaced by Presiding District Judge Keown, Magistrates Court on 19 January 2023.

**Table 6 – Membership and attendance at Finance Committee for 2022-23**

<b>Member</b>	<b>Position</b>	<b>Attendance</b>
Glyn Capper	Acting Director of NICTS (Chair)	4 / 4
Elaine Topping	Acting Chief Operating Officer	4 / 4
Karen Ward	Chief Modernisation Officer	3 / 4
Louise Laverty	Acting Head of Finance	4 / 4
Graham Dalton	Non-Executive Member	4 / 4
The Honourable Mr Justice Colton	Judicial Representative	4 / 4

**Table 7 – Membership and attendance at NICTS ARAC for 2022-23**

<b>Member</b>	<b>Position</b>	<b>Attendance</b>
Nicole Lappin	Non-Executive Member (Chair)	5 / 5
The Honourable Mr Justice Huddleston	Judicial Representative	5 / 5
Philip Cromie	Non-Executive Member	5 / 5

**Table 8 – Membership and attendance at Judicial Liaison Group for 2022-23**

<b>Position</b>	<b>Member</b>	<b>Attendance</b>
High Court Judge (Chair)	The Hon. Mr Justice Rooney	1 / 2
Accountant General	Glyn Capper	2 / 2
<sup>1</sup> Master (King's Bench and Appeals)	Master Harvey	0 / 1
Master (Care and Protection)	Master Wells	1 / 2
District Judge	District Judge Duncan	2 / 2
<sup>2</sup> County Court Judge	His Hon. Judge Devlin	0 / 1
Official Solicitor	Mairead Holder	1 / 2
Acting Head of Finance	Louise Laverty	2 / 2
Deputy Accountant General	Richard Ronaldson	2 / 2
Office of Care and Protection	Olga Edwards	1 / 2
Independent member	John West	2 / 2
Independent member (M J Hudson)	John Arthur	2 / 2

<sup>1</sup> Master McCorry retired on 26 August 2022. He was replaced by Master Harvey.

<sup>2</sup> His Honour Judge Devlin moved from his role as the assigned Civil Judge in Laganside in January 2023. He has been replaced by His Honour Judge Gilpin.

**FUNDS IN COURT IN NORTHERN IRELAND****THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR  
GENERAL TO THE NORTHERN IRELAND ASSEMBLY****Opinion on financial statements**

I certify that I have audited the financial statements of Funds in Court in Northern Ireland for the year ended 31 March 2023 under the Judicature (Northern Ireland) Act 1978 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Funds in Court in Northern Ireland affairs as at 31 March 2023 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Judicature (Northern Ireland) Act 1978 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Finance directions issued thereunder.

**Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs)(UK), applicable law and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of Funds in Court in Northern Ireland in accordance with the ethical requirements of the Financial Reporting Council’s Revised Ethical and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

**Conclusions relating to going concern**

In auditing the financial statements, I have concluded that Funds in Court in Northern Ireland's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Funds in Court in Northern Ireland'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.

The going concern basis of accounting for Funds in Court in Northern Ireland is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accountant General 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 my audit certificate and report. The Accountant General is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

**Opinion on other matters**

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

- the information given in the Performance Report, Investment Manager's Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

In the light of the knowledge and understanding of the Funds in Court in Northern Ireland and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report, Investment Manager's Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

**Responsibilities of the Accountant General for the financial statements**

As explained more fully in the Statement of Accounting General's Responsibilities, the Accounting General is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accountant General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Funds in Court in Northern Ireland'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 Accountant General anticipates that the services provided by Funds in Court in Northern Ireland will not continue to be provided in the future.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Judicature (Northern Ireland) Act 1978 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

My objective is 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 a certificate that includes my 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Funds in Court in Northern Ireland through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the financial reporting framework, International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual;
- making enquires of management and those charged with governance on Funds in Court in Northern Ireland's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Funds in Court in Northern Ireland financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement partner led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the management override of controls;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - o performing analytical procedures to identify unusual or unexpected relationships or movements;
  - o testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - o assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - o investigating significant or unusual transactions made outside of the normal course of business; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Report**

I have no observations to make on these financial statements.



Dorinnia Carville  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

22 December 2023



## Statement of Income and Expenditure for the year ended 31 March 2023

	Note	Year Ended 31 March	
		2023 £000	2022 £000
<b>Income</b>			
Interest Income	3	2,295	192
Interest Expense	4	(1,626)	(124)
<b>Net Interest Income</b>		<b>669</b>	<b>68</b>
Dividend Income		2,698	2,764
(Loss)/Gain Arising from Securities	5	(17,511)	8,544
Transfer from/(to) Client Holdings		14,813	(11,308)
<b>Net Income</b>		<b>669</b>	<b>68</b>
<b>Expenditure</b>			
Administrative Expenses - CFO		(85)	-
Management Charges from CRND		(52)	(52)
<b>Total Expenses</b>		<b>(137)</b>	<b>(52)</b>
<b>Surplus Transferred to Reserves</b>		<b>532</b>	<b>16</b>

The notes on pages 31 to 38 form part of these accounts

## Statement of Financial Position as at 31 March 2023

	Note	31 March	
		2023 £000	2022 £000
<b>Assets</b>			
Cash and Cash Equivalents	6	3,083	2,201
Loans and Advances	7	106,583	100,937
Debt Securities	8	-	-
Investment Securities	9	230,479	239,533
Other Assets	10	863	442
<b>Total Assets</b>		<b>341,008</b>	<b>343,113</b>
<b>Liabilities</b>			
Clients Cash Account Balances	11	108,426	103,092
Clients Holdings in Securities	12	230,987	239,892
Other Liabilities : Payables	13	1,595	129
<b>Total Liabilities</b>		<b>341,008</b>	<b>343,113</b>

The notes on pages 31 to 38 form part of these accounts



**Glyn Capper**  
*Accountant General of the  
 Court of Judicature of Northern Ireland*

19 December 2023

## Statement of Cash Flows for the year ended 31 March 2023

	Note	Year Ended 31 March	
		2023	2022
		£000	£000
<b>Cash Flows from Operating Activities</b>			
Net Loans and Advances (repaid) / received		(5,646)	(5,954)
Cost of Purchases of Securities	15	(75,107)	(56,964)
Proceeds from Sales of Securities	15	66,650	42,746
Interest Received		1,994	146
Dividends Received	15	2,549	2,920
Receipt from Consolidated Fund		29	21
Expenses		(52)	(52)
<b>Net Cash Outflow from Operating Activities</b>		<b>(9,583)</b>	<b>(17,137)</b>
<b>Cash Flows from Client Cash Accounts</b>			
Lodgements from Clients	15	65,636	69,003
Payments to Clients	15	(55,171)	(51,439)
<b>Net Cash Inflow from Client Cash Accounts</b>		<b>10,465</b>	<b>17,564</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>882</b>	<b>427</b>
Cash and cash equivalents at 1 April		2,201	1,774
Cash and cash equivalents at 31 March		3,083	2,201

The notes on pages 31 to 38 form part of these accounts

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

These accounts have been prepared in accordance with a direction made by DoF under section 78 of the Judicature (Northern Ireland) Act 1978 as amended by Schedule 18 (22) of the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, and in accordance with applicable International Financial Reporting Standards (IFRS), to the extent that such requirements are relevant to the activities of CFO.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified by the revaluation of certain financial assets and liabilities.

No new accounting standards, interpretations or amendments to existing standards have been issued to be effective in 2022-23 for the first time. In addition, none have been published that are mandatory for accounting periods on or after 1 April 2023 that are relevant to CFO.

#### 1.2 Recognition of Income

Income is recognised in the accounts on the following bases:

- Income on investments is recognised as it accrues rather than on a cash received basis;
- Realised gains and losses on disposals or maturities of investments are taken to the Statement of Income and Expenditure in the period they arise; and
- Valuation gains and losses on securities are recognised in the same way as realised gains and losses and are included in the carrying value of those securities in the Statement of Financial Position (SoFP). This reflects the nature of the holdings, which are held on behalf of third parties and can be ordered to be repaid at any time.

#### 1.3 Critical Accounting Estimates and Key Judgements

There were no critical accounting estimates or assumptions used in the preparation of these accounts.

#### 1.4 Financial Instruments

Financial assets and financial liabilities are recognised in the SoFP on the basis of the contractual provisions of the instrument, and are initially measured at fair value.

##### *Financial assets*

Debt securities and investment securities are designated as financial assets held at fair value through profit and loss, and are shown in the SoFP at the market end-of-day mid-prices, which are provided to CFO directly by the stock exchange and the investment manager. The valuation method reflects the nature of the client holdings, which can be ordered to be repaid at any time and it would therefore be inappropriate to designate investment holdings as “Held to Maturity”.

All regular way purchases or sales of financial assets (i.e. those that require delivery of assets within the time frame established by regulation or convention in the marketplace) are recognised and derecognised on a trade date basis.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred, or substantially all the risks and rewards of ownership have been transferred. The difference between the carrying amount of the financial asset derecognised and the consideration received and receivable is recognised in profit or loss.

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

*Financial liabilities*

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL). Financial liabilities are derecognised when, and only when, obligations are discharged, cancelled or they expire.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

**1.5 Administrative Expenses**

CFO administrative expenses are accounted for in the NICTS Agency Accounts. The element of these costs that are recovered by NICTS, and the charges levied by CRND are included in the Statement of Income and Expenditure.

**1.6 Foreign Currency Transactions**

Items included in the statement of accounts are measured using Pounds Sterling, which is the functional and presentational currency.

Foreign exchange gains and losses resulting from re-valuations are taken to the Statement of Income and Expenditure, but as the risk is borne by the clients a balancing transaction is reflected to adjust client holdings in the functional currency. In 2022-23, the level of foreign currency transactions was negligible.

**2. Financial Risk Management**

Financial risks include credit risk, liquidity risk and market risks (interest rate and currency). CFO does not assume any financial risks in relation to its principal activity of holding funds in court, as the funds comprise solely of third party assets. The financial risks of investing in securities are borne by the clients.

The financial risks of providing the returns on deposit accounts are covered by a guarantee, on the basis that Section 39(2) of the Administration of Justice Act 1982 requires any surplus to be paid to the Northern Ireland Consolidated Fund, and Section 39(3) requires any deficits to be met by the Northern Ireland Consolidated Fund.

**3. Interest Income**

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Loans and Advances	2,206	192
Cash and Cash Equivalents	89	-
<b>Total Interest Income</b>	<b>2,295</b>	<b>192</b>

**4. Interest Due to Clients' Accounts**

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Court Funds – Deposit Account	296	12
Court Funds – Investment Account	1,330	112
<b>Total Interest Payable</b>	<b>1,626</b>	<b>124</b>

**5. Gain/(Loss) Arising from Securities**

	<b>Year ended 31 March 2023 £000</b>	<b>Year ended 31 March 2022 £000</b>
(Loss)/Gain Arising from Client Security Holdings	(17,511)	8,544
<b>Total (Loss)/Gain Arising from Securities</b>	<b>(17,511)</b>	<b>8,544</b>

**6. Cash and Cash Equivalents**

Cash and Cash Equivalents include balances held in bank accounts to meet the requirements for the day to day business of the office.

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
Sterling bank accounts – client monies	3,041	2,201
Sterling bank accounts – other monies	42	-
<b>Cash and Cash Equivalent Holdings</b>	<b>3,083</b>	<b>2,201</b>

**7. Loans and Advances**

Loans and Advances primarily represent call notice deposits placed with the Debt Management Office by the Commissioners for the Reduction of the National Debt.

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
Call Notice Deposits	106,583	100,937
<b>Loans and Advances Holdings</b>	<b>106,583</b>	<b>100,937</b>

**8. Debt Securities**

Debt Securities comprised UK Government Gilts held on behalf of clients. The remaining debt securities held matured during 2020-21.

## 9. Investment Securities

Investment Securities relate to holdings held by the Accountant General on behalf of clients and comprise:-

- holdings of stocks, shares and loan notes; and
- holdings of National Savings Certificates and Bonds.

	31 March 2023		31 March 2022	
	Holding 000's	Market Value £000	Holding 000's	Market Value £000
Stocks, Shares and Loan Notes	31,292	230,461	26,408	239,493
National Savings and Other Holdings	16	18	36	40
<b>Total Investment Securities</b>	<b>31,308</b>	<b>230,479</b>	<b>26,444</b>	<b>239,533</b>

### Fair Value Hierarchy

The fair value of investments has been determined using the following hierarchy:

Level 1: Where there is a quoted price for an identical asset in an active market at the reporting date.

Level 2: Where such quoted prices are unavailable, the price of a recent transaction for an identical asset.

Level 3: Where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not good estimate of fair value.

The investment securities have been included at fair value within these categories as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Investment Securities at 31 March 2023</b>				
Stocks, Shares and Loan Notes	229,460	-	1	230,461
National Savings and Other Holdings	-	-	18	18
<b>Total Investment Securities</b>	<b>229,460</b>	<b>-</b>	<b>19</b>	<b>230,479</b>
<b>Investment Securities at 31 March 2022</b>				
Stocks, Shares and Loan Notes	239,492	-	1	239,493
National Savings and Other Holdings	-	-	40	40
<b>Total Investment Securities</b>	<b>239,492</b>	<b>-</b>	<b>41</b>	<b>239,533</b>

**10. Other Assets****Receivables**

Receivables comprise of amounts due from the Consolidated Fund in accordance with Section 39(3) of the Administration of Justice Act 1982.

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Due from Consolidated Fund	-	29
<b>Total Receivables</b>	<b>-</b>	<b>29</b>

**Accrued Income**

Accrued income reflects interest that has been contractually earned but remains unpaid at the year end and dividends which have been declared and are due but which have not yet been received. It does not include unpaid dividends and distributions on stocks and shares where there is no contractual commitment to make such a distribution. The balance is comprised of the following elements:-

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
<b>Holdings with CRND</b>		
Accrued Interest on Deposits	355	54
<b>Total CRND Accrued Interest</b>	<b>355</b>	<b>54</b>
<b>Client Holdings</b>		
Dividends Due	508	359
<b>Total Client Accrued Income</b>	<b>508</b>	<b>359</b>
<b>Total Accrued Income</b>	<b>863</b>	<b>413</b>
<b>Total Other Assets</b>	<b>863</b>	<b>442</b>

**11. Clients' Cash Account Balances**

The cash balances for which the Accountant General is liable at the year end are:-

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Court Funds placed on Deposit Account	25,040	26,889
Court Funds placed on Investment Account	79,580	73,241
Unclaimed balances (see note 19)	765	761
Other monies	3,041	2,201
<b>Total Cash Balances</b>	<b>108,426</b>	<b>103,092</b>

Other monies include monies paid into court in satisfaction of a judgment, which are only transferred to the Deposit Account if not claimed within 21 days (Court of Judicature) or 28 days (county courts).



**12. Client Holdings in Securities**

	<b>31 March 2023</b> <b>£000</b>	<b>31 March 2022</b> <b>£000</b>
Debt Securities (see note 8)	-	-
Investment Securities (see note 9)	230,479	239,533
Accrued Income (see note 10)	508	359
<b>Total Client Holdings in Securities</b>	<b>230,987</b>	<b>239,892</b>

**13. Other Liabilities : Payables**

	<b>31 March 2023</b> <b>£000</b>	<b>31 March 2022</b> <b>£000</b>
Accumulated Reserves (see note 14)	593	61
Interest Accrued on Clients' Accounts	917	68
CFO Administrative Expenses	85	-
<b>Total Other Liabilities : Payables</b>	<b>1,595</b>	<b>129</b>

**14. Accumulated Reserves**

	<b>31 March 2023</b> <b>£000</b>	<b>31 March 2022</b> <b>£000</b>
Opening balance	61	16
Surplus for the year - retained	507	16
Surplus for the year – payable to Consolidated Fund	25	-
Receipt due from Consolidated Fund (note 10)	-	29
<b>Closing balance</b>	<b>593</b>	<b>61</b>

Under section 39(2) of the Administration of Justice Act 1982, the accumulated reserves are ultimately payable to the Northern Ireland Consolidated Fund.

## 15. Clients' Receipts and Payments

	Year ended 31 March 2023			Year ended 31 March 2022		
	Court of Judicature £000	County Courts £000	Total £000	Court of Judicature £000	County Courts £000	Total £000
<b>Opening Balance</b>	<b>65,602</b>	<b>37,490</b>	<b>103,092</b>	<b>58,193</b>	<b>38,549</b>	<b>96,742</b>
Receipts from clients	52,179	13,457	65,636	56,315	12,688	69,003
Sales of securities	65,331	1,319	66,650	42,642	104	42,746
Dividends and interest received	2,508	40	2,548	2,889	31	2,920
<b>Total Receipts</b>	<b>120,018</b>	<b>14,816</b>	<b>134,834</b>	<b>101,846</b>	<b>12,823</b>	<b>114,669</b>
Payments to clients	(41,764)	(13,407)	(55,171)	(38,626)	(12,813)	(51,439)
Purchases of securities	(73,156)	(1,951)	(75,107)	(55,928)	(1,036)	(56,964)
<b>Total Payments</b>	<b>(114,920)</b>	<b>(15,358)</b>	<b>(130,278)</b>	<b>(94,554)</b>	<b>(13,849)</b>	<b>(108,403)</b>
Interest credited to client accounts	440	338	778	48	36	84
Transfers between Court of Judicature and county courts	21	(21)	-	69	(69)	-
<b>Closing Balance</b>	<b>71,161</b>	<b>37,265</b>	<b>108,426</b>	<b>65,602</b>	<b>37,490</b>	<b>103,092</b>

## 16. Movement in clients' securities

	Year ended 31 March 2023		
	Court of Judicature £000	County Courts £000	Total £000
<b>Opening Balance</b>	<b>233,955</b>	<b>5,937</b>	<b>239,892</b>
Purchases of securities	73,156	1,951	75,107
Sales of securities	(65,331)	(1,319)	(66,650)
Net transfers out	-	-	-
Movement in market value	(17,309)	(202)	(17,511)
Movement in accrued income	149	-	149
<b>Closing balance</b>	<b>224,620</b>	<b>6,367</b>	<b>230,987</b>

**17. Financial instruments**

The principal activity of the CFO is to hold funds in court on behalf of clients. Funds are held in either an interest bearing bank account or in liquid investments as recommended by the contracted investment manager. Highly liquid holdings are held in order to meet cash flows as they fall due and to generate income that is sufficient to meet the interest obligations to clients.

**18. Contingent liabilities**

As at 31 March 2023, there were no contingent liabilities.

**19. Unclaimed balances**

CFO holds a number of accounts that are classified as unclaimed in accordance with rule 55 of the Court Funds Rules (Northern Ireland) 1979. These accounts relate to funds in court where no transactions, other than the credit of annual interest, have been processed for the specified number of years. Before an account is classified as unclaimed, CFO makes all reasonable efforts to facilitate the transfer of the funds to their beneficial owner. To reduce the risk of current and future cases being classified as unclaimed, CFO maintains contact with the guardians and controllers of those with funds in court throughout the life of the case.

Included within the unclaimed balances disclosed in note 11, there are two categories of funds. These are:

- 1) those cases for which the details are known, but the beneficiary of the funds in court has not been able to be traced -

	31 March 2023			31 March 2022		
	Court of Judicature	County Courts	Total	Court of Judicature	County Courts	Total
	£	£	£	£	£	£
Monies on deposit	305,141	67,027	372,168	305,141	67,027	372,168

- 2) those cases for which the details are unknown –

	31 March 2023			31 March 2022		
	Court of Judicature	County Courts	Total	Court of Judicature	County Courts	Total
	£	£	£	£	£	£
Monies on deposit	75,080	4,836	79,916	75,080	4,836	79,916
Equities	28,981	-	28,981	26,143	-	26,143

Interest and dividends received since 1995 have been pooled for practical reasons, pending allocation to a specific case when a genuine claim is received and paid out. The total pooled balance of interest and dividends is -

	31 March 2023			31 March 2022		
	Court of Judicature	County Courts	Total	Court of Judicature	County Courts	Total
	£	£	£	£	£	£
Monies on deposit	238,036	74,705	312,741	234,964	74,122	309,086

Total unclaimed funds at the year end are:

- Monies on deposit of £764,825
- Equities valued at £28,981

NICTS publishes details of unclaimed balances held by CFO on its website.

**20. Events after reporting period**

There were no material events after the reporting period.

The Accountant General authorised these financial statements for issue on 22 December 2023.

# **Appendix A**

## **Portfolio factsheets**

# Portfolio Performance Review



## Market Review

It was another confusing month for investors, with a combination of good and bad economic news. Firstly, the US job market cooled a little, with unemployment rising and wage growth moving down slightly. Consumer Price Inflation (CPI) slowed to 6%. Core CPI (excluding food and energy) dipped to 5.5%, with services and wage costs being the main cause. In the Eurozone, we had two inflation releases in March. On the last day of the month, CPI fell from 8.5% to 6.9%, a positive surprise, but core CPI rose to 5.7%, a stubborn problem for the European Central Bank (ECB). The UK suffered a negative surprise with CPI rising to 10.4%, instead of falling as expected, and core CPI rose to 6.2%. In more positive news, PMI (Purchasing Managers' Index) business surveys showed a rebound across the US, Europe and the UK, in manufacturing and services sectors. This confirmed that global economic momentum is still strong despite central banks' aggressive interest rate hikes.

For all the economic news, the March headlines were dominated by events in the banking sector. Three smaller US banks, including Silicon Valley Bank, which was the darling of the technology start up scene, failed in a short period when depositors lost confidence and fled. Then in Europe, Credit Suisse was force-sold to its local rival UBS after a series of missteps ended in a deposit flight there too. All eyes were on the central banks to see if they would hold firm on interest rates to cushion the banking system. However, the US Federal Reserve (the Fed), the ECB and the Bank of England all held firm in March, reaffirming that fighting inflation was paramount and hiked rates accordingly. Given the heightened uncertainty, they refrained from committing to further action, preferring to "be data dependent", or in other words, to wait and see how things evolved.

Markets, as they have done for the past year, took their lead from interest rate expectations. These had risen sharply in February, causing both bonds and stocks to sell off. However, softer US inflation, and then the banking failures, prompted the rate markets to change direction in March and price in rate cuts instead. This led bond yields to drop, lifting bond prices, and provided a confidence boost to the stock market, particularly the higher growth sectors that had struggled in the face of higher rates. Despite all the banking fears, global stock markets ended up gaining almost 3% (in US Dollar terms) on the month. On a sector basis, technology was the outstanding leader, with financials and real estate lagging. The idea that the Fed was finished with rate hikes weakened the US dollar, softening equity returns for both euro and sterling investors.

## Portfolio Positioning

March has been a volatile month for markets in recent years. This March was no different, as concerns over fragility in the banking sector impacted equity returns. Stocks held up over the month, assisted by falling bond yields. Against this backdrop, Cautious portfolios rose 1.3% whilst the Cautious tiered portfolio rose 1.6%.

Year to date, returns remain tightly clustered, ranging from 3.3% in Moderate tiered portfolios to 2.6% in Cautious portfolios.

We continue to monitor other potential investment opportunities.

**Warning: Past performance is not a reliable guide to future returns and future returns are not guaranteed. The value of investments and of any income derived from them may go down as well as up. You may not get back all of your original investment. Returns on investments may increase or decrease as a result of currency fluctuations. The holdings and their weightings are indicative in nature and have been provided for illustrative purposes only. Please note the Investment Manager has full discretion to change these holdings and weightings at any point in time. The managers of the underlying funds have similar discretion. Indicative information should not be relied on by potential investors to make investment decisions. This document is not intended to constitute an offer or solicitation for the purchase or sale of any financial instruments, trading strategy, product or service and does not take into account the investment objectives, knowledge and experience or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of the investor's own objectives, experience and resources.**

For further enquiries, please contact:

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# CFO Moderate Growth Portfolio

Factsheet as at 31<sup>st</sup> March 2023

## Objective

The objective of the Moderate Growth investment strategy is to achieve long-term capital growth by investing in a balanced portfolio of domestic and international equities, fixed interest securities and alternative investments.

The Moderate Growth investment strategy aims to achieve a return in excess of inflation, while seeking to achieve a balance between stability of returns and capital appreciation.

## Portfolio Facts at a Glance

<b>Objective</b>	Moderate Growth
<b>Risk Profile</b>	Medium to High
<b>Target Return</b>	Inflation + 2%
<b>Investment Manager</b>	J & E Davy (UK) Limited trading as Davy Private Clients UK
<b>Currency</b>	GBP (Underlying funds may vary)
<b>Third Party Total Expense Ratio</b>	0.37%
<b>Yield</b>	1.03%
<b>Geography</b>	Global

## Current Portfolio Holdings

	Weighting (%)
<b>Equities</b>	<b>52.5</b>
<b>International Equity</b>	<b>46.0</b>
iShares MSCI World Core ETF	25.0
iShare Global Quality ETF	8.0
Scottish Mortgage IT	3.0
Smithson IT	5.0
Alliance Trust	5.0
<b>Emerging Equity</b>	<b>6.5</b>
iShares Emerging Markets ETF	6.5
<b>Bonds</b>	<b>32.5</b>
<b>Nominal Bonds</b>	<b>14.0</b>
iShares Global Gov. Bond ETF	14.0
<b>Inflation Linked Bonds</b>	<b>5.0</b>
Lyxor Global 1-10 Year IL Bond ETF	5.0
<b>Corporate Bonds</b>	<b>13.5</b>
iShares Global Corporate Bond ETF	13.5
<b>Alternatives</b>	<b>15.0</b>
<b>Absolute Return Funds</b>	<b>6.0</b>
Ruffer Total Return Fund	6.0
<b>Commodities</b>	<b>3.0</b>
iShares Physical Gold ETC	3.0
<b>Real Assets</b>	<b>6.0</b>
HICL Infrastructure	4.0
iShares UK Property ETF	2.0
<b>Cash</b>	<b>0.0</b>
<b>Cash</b>	<b>0.0</b>
<b>Total</b>	<b>100.0</b>

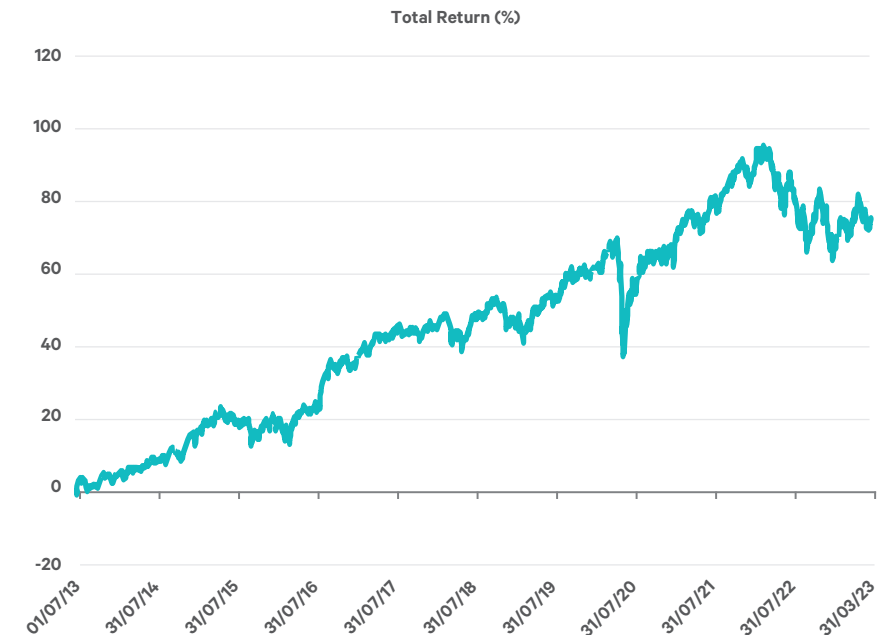
**Table 1:** Performance (Gross of Fees) to 31<sup>st</sup> March 2023

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	5 Year (Annualised)	SI (Annualised)	SI 01/07/13
Moderate Growth Portfolio	0.7%	2.9%	4.7%	-6.0%	5.8%	4.4%	6.0%	76.0%
ARC Sterling Balanced Asset PCI Index	-0.2%	1.8%	4.1%	-4.3%	5.3%	2.6%	3.6%	41.6%
UK CPI Index	0.8%	1.3%	4.1%	10.1%	5.9%	4.2%	2.8%	31.1%

**Table 2:** Annual Performance (Gross of Fees)

2018	2019	2020	2021	2022
-3.8%	15.1%	6.3%	10.9%	-12.1%

## Portfolio Performance



**Warning:** Past performance is not a reliable guide to future returns and future returns are not guaranteed. The value of investments and of any income derived from them may go down as well as up. You may not get back all of your original investment. Returns on investments may increase or decrease as a result of currency fluctuations. The holdings and their weightings are indicative in nature and have been provided for illustrative purposes only. Please note the Investment Manager has full discretion to change these holdings and weightings at any point in time. The managers of the underlying funds have similar discretion. Indicative information should not be relied on by potential investors to make investment decisions. This document is not intended to constitute an offer or solicitation for the purchase or sale of any financial instruments, trading strategy, product or service and does not take into account the investment objectives, knowledge and experience or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of the investor's own objectives, experience and resources.

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# CFO Defensive Growth Portfolio

Factsheet as at 31<sup>st</sup> March 2023

**Objective**

The objective of the Defensive Growth investment strategy is to achieve long-term capital growth by investing in a defensive portfolio of domestic and international equities, fixed interest securities and alternative investments.

The Defensive Growth investment strategy aims to achieve a return in excess of inflation, while seeking to achieve a balance between stability of returns and capital appreciation.

**Portfolio Facts at a Glance**

<b>Objective</b>	Defensive Growth
<b>Risk Profile</b>	Low to Medium
<b>Target Return</b>	Inflation + 1%
<b>Investment Manager</b>	J & E Davy (UK) Limited trading as Davy Private Clients UK
<b>Currency</b>	GBP (Underlying funds may vary)
<b>Third Party Total Expense Ratio</b>	0.36%
<b>Yield</b>	1.19%
<b>Geography</b>	Global

**Current Portfolio Holdings**      **Weighting (%)**

<b>Equities</b>	<b>40.0</b>
<b>International Equity</b>	<b>35.0</b>
iShares MSCI World Core ETF	20.0
iShare Global Quality ETF	6.0
Scottish Mortgage IT	2.0
Smithson IT	3.5
Alliance Trust	3.5
<b>Emerging Equity</b>	<b>5.0</b>
iShares Emerging Markets ETF	5.0
<b>Bonds</b>	<b>45.0</b>
<b>Nominal Bonds</b>	<b>19.0</b>
iShares Global Gov. Bond ETF	19.0
<b>Inflation Linked Bonds</b>	<b>8.0</b>
Lyxor Global 1-10 Year IL Bond ETF	8.0
<b>Corporate Bonds</b>	<b>18.0</b>
iShares Global Corporate Bond ETF	18.0
<b>Alternatives</b>	<b>15.0</b>
<b>Absolute Return Funds</b>	<b>6.0</b>
Ruffer Total Return Fund	6.0
<b>Commodities</b>	<b>3.0</b>
iShares Physical Gold ETC	3.0
<b>Real Assets</b>	<b>6.0</b>
HICL Infrastructure	4.0
iShares UK Property ETF	2.0
<b>Cash</b>	<b>0.0</b>
<b>Cash</b>	<b>0.0</b>
<b>Total</b>	<b>100.0</b>

**Table 1:** Performance (Gross of Fees) to 31<sup>st</sup> March 2023

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	SI (Annualised)	SI 09/03/21
Defensive Growth Portfolio	1.0%	2.8%	4.6%	-6.1%	N/A*	-0.7%	-1.4%
ARC Sterling Balanced Asset PCI Index	-0.2%	1.8%	4.1%	-4.3%	5.3%	0.2%	0.4%
UK CPI Index	0.8%	1.3%	4.1%	10.1%	5.9%	8.4%	18.1%

**Table 2:** Annual Performance (Gross of Fees)

2018	2019	2020	2021	2022
N/A*	N/A*	N/A*	N/A*	-12.4%

\* N/A due to inception date of 09 March 2021

**Portfolio Performance**



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Davy Private Clients UK, Davy UK and Davy Capital Markets UK are the trading names of J & E Davy (UK) Limited. J & E Davy (UK) Limited is authorised and regulated by the Financial Conduct Authority. J & E Davy (UK) Limited is a Davy Group company and also a member of the Bank of Ireland Group.

# CFO Cautious Growth Portfolio

**Factsheet** as at 31<sup>st</sup> March 2023

**Objective**

The objective of the Cautious Growth investment strategy is to achieve a rate of return in excess of inflation while seeking to minimise volatility of returns by investing in a diversified portfolio of predominantly defensive assets.

The Cautious Growth investment strategy aims to mitigate the impact of inflation by adopting a low to moderate risk mandate.

**Portfolio Facts at a Glance**

<b>Objective</b>	Cautious Growth
<b>Risk Profile</b>	Low
<b>Target Return</b>	Inflation
<b>Investment Manager</b>	J & E Davy (UK) Limited trading as Davy Private Clients UK
<b>Currency</b>	GBP (Underlying funds may vary)
<b>Third Party Total Expense Ratio</b>	0.34%
<b>Yield</b>	1.28%
<b>Geography</b>	Global

Current Portfolio Holdings	Weighting (%)
<b>Equities</b>	<b>31.0</b>
<b>International Equity</b>	<b>27.0</b>
iShares MSCI World Core ETF	17.0
iShare Global Quality ETF	5.0
Scottish Mortgage	1.0
Smithson IT	2.0
Alliance Trust	2.0
<b>Emerging Equity</b>	<b>4.0</b>
iShares Emerging Markets ETF	4.0
<b>Bonds</b>	<b>54.0</b>
<b>Nominal Bonds</b>	<b>23.0</b>
iShares Global Gov. Bond ETF	23.0
<b>Inflation Linked Bonds</b>	<b>10.0</b>
Lyxor Global 1-10 Year IL Bond ETF	10.0
<b>Corporate Bonds</b>	<b>21.0</b>
iShares Global Corporate Bond ETF	21.0
<b>Alternatives</b>	<b>15.0</b>
<b>Absolute Return Funds</b>	<b>6.0</b>
Ruffer Total Return Fund	6.0
<b>Commodities</b>	<b>3.0</b>
iShares Physical Gold ETC	3.0
<b>Real Assets</b>	<b>6.0</b>
HICL Infrastructure	4.0
iShares UK Property ETF	2.0
<b>Cash</b>	<b>0.0</b>
<b>Cash</b>	<b>0.0</b>
<b>Total</b>	<b>100.0</b>

**Table 1:** Performance (Gross of Fees) to 31<sup>st</sup> March 2023

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	5 Year (Annualised)	SI (Annualised)	SI 01/07/13
Cautious Growth Portfolio	1.3%	2.6%	4.3%	-6.3%	1.5%	2.1%	3.8%	44.4%
ARC Sterling Cautious Asset PCI Index	0.2%	1.4%	3.4%	-3.8%	2.9%	1.6%	2.4%	25.9%
UK CPI Index	0.8%	1.3%	4.1%	10.1%	5.9%	4.2%	2.8%	31.1%

**Table 2:** Annual Performance (Gross of Fees)

2018	2019	2020	2021	2022
-2.6%	11.1%	6.2%	4.4%	-12.7%

**Portfolio Performance**



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# CFO Moderate Growth II Portfolio

Factsheet as at 31<sup>st</sup> March 2023

**Objective**

The objective of the Moderate Growth investment strategy is to achieve long-term capital growth by investing in a balanced portfolio of domestic and international equities, fixed interest securities and alternative investments.

The Moderate Growth investment strategy aims to achieve a return in excess of inflation, while seeking to achieve a balance between stability of returns and capital appreciation.

**Portfolio Facts at a Glance**

<b>Objective</b>	Moderate Growth
<b>Risk Profile</b>	Medium to High
<b>Target Return</b>	Inflation + 2%
<b>Investment Manager</b>	J & E Davy (UK) Limited trading as Davy Private Clients UK
<b>Currency</b>	GBP (Underlying funds may vary)
<b>Third Party Total Expense Ratio</b>	0.25%
<b>Yield</b>	0.61%
<b>Geography</b>	Global

Current Portfolio Holdings	Weighting (%)
<b>Equities</b>	<b>52.5</b>
<b>International Equity</b>	<b>46.0</b>
iShares MSCI World Core ETF	46.0
<b>Emerging Market Equity</b>	<b>6.5</b>
iShares MSCI Core EM	6.5
<b>Bonds</b>	<b>32.5</b>
<b>Corporate &amp; Other Bonds</b>	<b>32.5</b>
iShares Core Global Aggregate Bond ETF	27.5
Lyxor Global 1-10 Year IL Bond ETF	5.0
<b>Alternatives</b>	<b>15.0</b>
<b>Absolute Return Funds</b>	<b>10.0</b>
Ruffer Total Return Fund	10.0
<b>Commodities</b>	<b>5.0</b>
iShares Physical Gold ETC	5.0
<b>Cash</b>	<b>0.0</b>
<b>Total</b>	<b>100.0</b>

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**Table 1:** Performance (Gross of Fees) to 31<sup>st</sup> March 2023

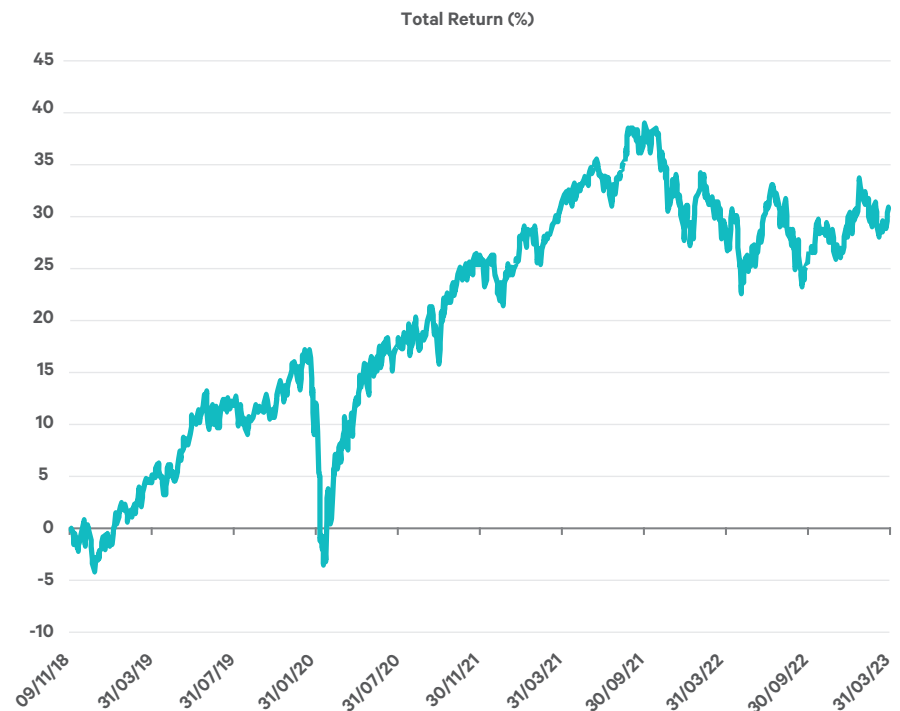
	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	SI (Annualised)	SI 09/11/18
Moderate Growth II Portfolio	1.3%	3.3%	4.5%	-2.2%	8.3%	6.3%	30.9%
ARC Sterling Balanced Asset PCI Index	-0.2%	1.8%	4.1%	-4.3%	5.3%	2.8%	12.7%
UK CPI Index	0.8%	1.3%	4.1%	10.1%	5.9%	4.4%	20.8%

**Table 2:** Annual Performance (Gross of Fees)

2018	2019	2020	2021	2022
N/A*	15.8%	10.9%	10.8%	-8.3%

\* N/A due to inception date of 09 Nov 2018

**Portfolio Performance**



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# CFO Defensive Growth II Portfolio

Factsheet as at 31<sup>st</sup> March 2023

## Objective

The objective of the Defensive Growth investment strategy is to achieve long-term capital growth by investing in a defensive portfolio of domestic and international equities, fixed interest securities and alternative investments.

The Defensive Growth investment strategy aims to achieve a return in excess of inflation, while seeking to achieve a balance between stability of returns and capital appreciation.

## Portfolio Facts at a Glance

<b>Objective</b>	Defensive
<b>Risk Profile</b>	Low to Medium
<b>Target Return</b>	Inflation + 1%
<b>Investment Manager</b>	J & E Davy (UK) Limited trading as Davy Private Clients UK
<b>Currency</b>	GBP (Underlying funds may vary)
<b>Third Party Total Expense Ratio</b>	0.24%
<b>Yield</b>	0.81%
<b>Geography</b>	Global

## Current Portfolio Holdings

	Weighting (%)
<b>Equities</b>	<b>40.0</b>
<b>International Equity</b>	<b>35.0</b>
iShares MSCI World Core ETF	35.0
<b>Emerging Market Equity</b>	<b>5.0</b>
iShares MSCI Core EM	5.0
<b>Bonds</b>	<b>45.0</b>
<b>Corporate &amp; Other Bonds</b>	<b>45.0</b>
iShares Core Global Aggregate Bond ETF	37.0
Lyxor Global 1-10 Year IL Bond ETF	8.0
<b>Alternatives</b>	<b>15.0</b>
<b>Absolute Return Funds</b>	<b>10.0</b>
Ruffer Total Return Fund	10.0
<b>Commodities</b>	<b>5.0</b>
iShares Physical Gold ETC	5.0
<b>Cash</b>	<b>0.0</b>
<b>Total</b>	<b>100.0</b>

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**Table 1:** Performance (Gross of Fees) to 31<sup>st</sup> March 2023

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	SI (Annualised)	SI 09/03/2021
Defensive Growth Portfolio	1.5%	3.1%	4.3%	-2.6%	N/A*	1.0%	2.2%
ARC Sterling Balanced Asset PCI Index	-0.2%	1.8%	4.1%	-4.3%	5.3%	0.2%	0.4%
UK CPI Index	0.8%	1.3%	4.1%	10.1%	5.9%	8.4%	18.1%

**Table 2:** Annual Performance (Gross of Fees)

2018	2019	2020	2021	2021
N/A*	N/A*	N/A*	N/A*	-8.8%

\* N/A due to inception date of 09 March 2021

## Portfolio Performance



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# CFO Cautious Growth II Portfolio

Factsheet as at 31<sup>st</sup> March 2023

**Objective**

The objective of the Cautious Growth investment strategy is to achieve a rate of return in excess of inflation while seeking to minimise volatility of returns by investing in a diversified portfolio of predominantly defensive assets.

The Cautious Growth investment strategy aims to mitigate the impact of inflation by adopting a low to moderate risk mandate.

**Portfolio Facts at a Glance**

<b>Objective</b>	Cautious Growth
<b>Risk Profile</b>	Low
<b>Target Return</b>	Inflation
<b>Investment Manager</b>	J & E Davy (UK) Limited trading as Davy Private Clients UK
<b>Currency</b>	GBP (Underlying funds may vary)
<b>Third Party Total Expense Ratio</b>	0.23%
<b>Yield</b>	1.05%
<b>Geography</b>	Global

**Current Portfolio Holdings**      **Weighting (%)**

<b>Equities</b>	<b>31.0</b>
<b>International Equity</b>	<b>27.0</b>
iShares MSCI World Core ETF	27.0
<b>Emerging Market Equity</b>	<b>4.0</b>
iShares MSCI Core EM	4.0
<b>Bonds</b>	<b>54.0</b>
<b>Corporate &amp; Other Bonds</b>	<b>54.0</b>
iShares Core Global Aggregate Bond ETF	44.0
Lyxor Global 1-10 Year IL Bond ETF	10.0
<b>Alternatives</b>	<b>15.0%</b>
<b>Absolute Return Funds</b>	<b>10.0%</b>
Ruffer Total Return Fund	10.0%
<b>Commodities</b>	<b>5.0%</b>
iShares Physical Gold ETC	5.0%
<b>Cash</b>	<b>0.0</b>
<b>Total</b>	<b>100.0</b>

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**Table 1:** Performance (Gross of Fees) to 31<sup>st</sup> March 2023

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	SI (Annualised)	SI 09/11/18
Cautious Growth II Portfolio	1.6%	2.7%	4.0%	-3.2%	2.9%	3.3%	15.5%
ARC Sterling Cautious Asset PCI Index	0.2%	1.4%	3.4%	-3.8%	2.9%	1.8%	8.0%
UK CPI Index	0.8%	1.3%	4.1%	10.1%	5.9%	4.4%	20.8%

**Table 2:** Annual Performance (Gross of Fees)

2018	2019	2020	2021	2022
N/A*	11.2%	9.2%	3.4%	-9.5%

\* N/A due to inception date of 09 Nov 2018

**Portfolio Performance**



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