

Slater OEIC

Annual Report and Audited Financial Statements
For the year ended 30th April 2023



Slater Investments
Limited

Directory

Registered Office

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*Authorised and regulated by the Financial Conduct Authority.

** Subject to regulation by the Financial Conduct Authority and limited regulation by the the Prudential Regulation Authority.



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Authorised Status and General Information

Authorised status

Slater OEIC is an investment company with variable capital (ICVC) incorporated under the Open Ended Investment Company (OEIC) Regulations 2001. It is a UCITS scheme as defined in the Collective Investment Schemes Sourcebook (COLL) and is an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with the registration number IC000910 and is authorised and regulated by the Financial Conduct Authority with effect from 22 August 2011. The shareholders are not liable for the debts of the Company.

The sub-funds of the Company are segregated by law under the Protected Cell Regime. In the event that one sub fund in the Company is unable to meet its liabilities, the assets of another sub-fund within the Company will not be used to settle these liabilities.

The Company currently has one sub-fund, the Slater Income Fund (the “Fund”).

Investment objective

Slater Income Fund

The investment objective of the Fund is to produce an attractive and increasing level of income while additionally seeking long term capital growth by investing predominantly in the shares of UK listed companies across the full range of market capitalisations, including those listed on the Alternative Investment Market (AIM). From time to time the Fund may also hold the shares of companies listed overseas as well as cash, money market instruments, the units of collective investment schemes, bonds and warrants as permitted by the rules applicable to UCITS schemes and the Prospectus.

It is intended that the assets of the Fund will be managed so that it is eligible for quotation in the Investment Association's UK Equity Income sector.

The Fund has powers to borrow as specified in the FCA Collective Investment Schemes Sourcebook and may use derivatives for hedging and efficient portfolio management purposes only.

Rights and terms attaching to each share class

Each share of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each share in the event the Fund is wound up are on the same proportional basis.

Authorised Status and General Information (Continued)

Value for Money Assessment

Slater Investments Limited's latest Value for Money Assessment can be found at:

[https://www.slaterinvestments.com/value-assessment-report/.](https://www.slaterinvestments.com/value-assessment-report/)

Remuneration Policy

The Authorised Corporate Director is subject to a remuneration policy which is applicable to UCITS funds and is consistent with the principles outlined in the Alternative Investment Fund Managers Directive (AIFMD) and the FCA Handbook of Rules and Guidance. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The fixed remuneration paid by the Authorised Corporate Director to its staff in respect of all funds that it manages in the financial year ended 31 December 2022 was £1,294,010 and was shared amongst 23 members of staff. The above figures are taken from the financial report and accounts of Slater Investments Limited for the period 1 January 2022 to 31 December 2022. The financial statements of Slater Investments Limited have been independently audited.

All 23 Authorised Corporate Director staff members were fully or partially involved in the activities of the Fund. The variable remuneration paid by the Authorised Corporate Director to its staff in respect of all funds that it managed in the financial year ended 31 December 2022 was £931,958. The Authorised Corporate Director staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Fund or any other fund of the Authorised Corporate Director. One staff member has variable remuneration linked to the size of the Fund. None of the Authorised Corporate Director's staff actions had a material impact on the risk profile of the Fund.

Authorised Corporate Director's Statement

This report has been prepared in accordance with the requirements of the COLL as issued and amended by the FCA

Mark Slater
Director

Ralph Baber
Director

SLATER INVESTMENTS LIMITED
Date: 29 June 2023

STATEMENT OF AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

Slater Investments is the Authorised Corporate Director (the 'ACD')

The rules contained in the COLL and made by the FCA pursuant to the Financial Services and Markets Act 2000 require the ACD to prepare financial statements for each annual accounting period, reporting the financial positions of the scheme as at the end of that period and of its income for the period. In preparing those financial statements the ACD is required to:

- Comply with the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association, the Instrument of Incorporation, and the rules in the COLL.
- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the Regulations, the Instrument of Incorporation and the Prospectus.

Depository's Report to the Shareholders of the Slater OEIC

Statement of the Depository's Responsibilities in Respect of the Scheme and Report of the Depository to the Shareholders of the Slater Income Fund ("the Company") for the year ended 30 April 2023.

The depository is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

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

Having carried out such procedures as we consider necessary to discharge our responsibilities as depository of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Fund Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook and, where applicable, the OEIC Regulations, the Instrument of Incorporation and Prospectus of the Company, and

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

CACEIS Bank, UK Branch

30 April 2023

Independent Auditor's Report to the Shareholders of the Slater OEIC

Opinion

We have audited the financial statements of the Slater OEIC (the “company”) for the year ended 30 April 2023 which comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet and the notes to the annual financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 30 April 2023 and of its net revenue and net capital gains or losses on the company property for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by The Investment Association, the rules contained in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Authorised Corporate Director’s (the “ACD”) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Independent Auditor's Report to the Shareholders of the Slater OEIC (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook

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

- the information given in the report of the ACD for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- we have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the ACD.

We have nothing to report in respect of the following matters to which the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the company have not been kept; or
- the financial statements are not in agreement with those records.

Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of ACD's Responsibilities set out on page 2, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the company or to cease activity, or have no realistic alternative but to do so.

Independent Auditor's Report to the Shareholders of the Slater OEIC (Continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the fund and the industry, we identified that the principal risk of non-compliance with laws and regulations related to breaches of the applicable Financial Conduct Authority regulations. We also obtained an understanding of the legal and regulatory frameworks that the fund operates in, focusing on those that had a direct effect on material figures and disclosures in the financial statements, the main regulations considered in this context included the Financial Conduct Authority including its Collective Investment Schemes Sourcebook and Conduct of Business Sourcebook.

We evaluated the incentives and opportunities for fraud in the financial statements, including, but not limited to, the risk of override of controls, and designed procedures in response to these risks as follows;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- testing the appropriateness of journal entries and other adjustments;
- enquiring of management and the trustees concerning any non-compliance;
- review of the breaches log;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias, and.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Independent Auditor's Report to the Shareholders of the Slater OEIC (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's shareholders, as a body, in accordance with paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Azets Audit Services Limited
Chartered Accountants and Tax Advisors
Ashcombe Court
Woolsack Way
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Surrey
GU7 1LQ
Date: 30 June 2023

Fund Manager's Report

Report for the year to 30 April 2023

<u>Performance</u>	Six Months	1 Year	3 Years	5 Years	Since Launch*
Slater Income Fund P Inc Unit Class	+6.87%	-3.13%	+42.74%	+12.43%	+140.12%
Investment Association (IA) OE UK Equity Income	+11.30%	+2.41%	+37.79%	+15.65%	+138.40%

*A unit class launched 19 September 2011

Dividends

During the year the Slater Income Fund paid four quarterly dividends, which on the P Income share class amounted to 7.1874p per share. Having gained 65% in the prior year, this year's payment was down -7%. Most dividends across the stock market have been restored since Covid but the pace has been uneven and injected volatility into payments. The expectation is that this should now have washed through and the Slater Income Fund should be capable of delivering gently increasing dividends over time.

The historic yield on the Slater Income Fund at the end of April 2023 was 4.67%, calculated by comparing the dividends paid over the last twelve months to the share price at the end of the period. On the same basis, the broader United Kingdom (UK) stock market yields 3.49%, meaning the Slater Income Fund offers a 34% yield premium.

Please note that amounts and rates on other unit classes will vary modestly.

Overview

If a week is a long time in politics, what's a year in the UK equity market?

Over the last 12 months markets have had to contend with double-digit consumer price inflation, record low consumer confidence, Russia's continuing invasion of Ukraine, multiple hikes to interest rates, a terrifyingly disastrous "mini" budget, three Prime Ministers, a cost-of-living crisis, strikes and, recently, fresh tremors in the banking system.

Long-term interest rates, as observed in bond yields, have risen from extremely low levels to something perhaps more "normal"; normal, yet outside of lived experience since the Global Financial Crisis. As the cost of money is an input into the valuation of all assets, this upward reset has caused conniptions in most markets. Headline inflation rates seem sure to fall from here, but "stickiness" in some core elements, especially in the services sector, mean that there is still a two-way pull in the future direction of interest rates.

Fund Manager's Report (Continued)

Report for the year to 30 April 2023

Overview (continued)

Despite this maelstrom, UK equities were up over the period, helped by particular resilience amongst the largest constituents of the indices. The index of the largest 100 stocks was up 4.32% over the year. However, the mid, small and fledgling indices were all meaningfully down. This was very detrimental to our investment approach which typically has more in smaller stocks than many other funds in the peer group.

Objective

The investment objective of the Fund is to produce an attractive and increasing level of income whilst additionally seeking long term capital growth through investing predominantly in shares of UK listed equities.

We seek to achieve a consistent performance by broadly dividing the Fund into three complementary categories – **growth companies with attractive yields; dividend stalwarts with earnings pointing upwards; and high yielders with more cyclical upside.** In all three categories we are looking to invest across the market capitalisation spectrum.

The commentary below covers those stocks that contributed positively by more than +0.75%, or detracted negatively more heavily than -0.75%, to the Slater Income Fund's total return for the 12 months to the end of April 2023.

Fund Manager's Report (Continued)

Report for the year to 30 April 2023

Major Contributors and Detractors – Growth Companies



The consulting civil engineer, **RPS**, rose +114% as it agreed to be acquired by a Canadian rival, after a brief takeover battle. This was the biggest positive contributor to the Slater Income Fund, adding +2.88% to the Fund's bottom line. The Fund exited its position when the transaction completed in January 2023.

The second largest contributor to the Fund was also the happy victim of an agreed takeover: **Sureserve**, the provider of energy services to the social housing sector. Their shares rose +42% over the period, contributing +2.81% to the Fund's total return. This transaction has not yet completed and the shares are still held in the Fund. In fact, following the bump in the share price, it is the Slater Income Fund's largest holding.



Takeovers are something of a mixed blessing. Obviously, the immediate kicker to performance is not to be sniffed at. A takeover is also a validation that money outside the stock market has seen what we saw. But Slater Investments sets out to own its positions for a long time and takeovers can lift us out of a position before they have fully blossomed. There is also the issue of how to recycle any proceeds. In any event, with the UK equity market continuing to trade at a discount both to its own history and to other global markets, it is likely takeovers will continue to be a feature.

From an income point of view, neither RPS nor Sureserve made a meaningful contribution to the Fund's dividend. Both had decent yields at the point of purchase but for differing reasons had eliminated or reduced their dividends. Despite the Fund's focus on dividends, in these two cases the holding had been retained because there was still clear upside. This flexibility has allowed the Fund to generate material gains in this period as that upside has been realised. Now, reinvesting the proceeds of these two acquisitions is likely to be salutary to the income generating powers of the Fund.

Fund Manager's Report (Continued)

Report for the year to 30 April 2023

Major Contributors and Detractors – Growth Companies (continued)

H&T, the UK's largest pawnbroker (and now the 6th largest retailer of pre-owned and new jewellery and watches), had a good year. Their shares gained +31%, adding +1.31% to the Fund's total return. The company is seeing increased demand for short-term loans as the cost-of-living crisis bites but is actually more excited by the supply side of the equation. Rising regulatory hurdles have limited the provision of short-term credit to those with tricky credit histories. Payday lenders are long gone. Now home collected credit has almost evaporated. Internet lenders are in retreat and only want prime customers. H&T thinks now is the time to expand and came to shareholders in September 2022 to raise fresh equity to grow the pledge book and to open up to 20 new stores. The Slater Income Fund supported this equity raise and added to its holding, taking H&T into one of the Fund's top ten positions. Progress since the equity raise has been very encouraging. Preliminary results published in March 2023 showed the pledge book was up over 50% and earnings per share (EPS) were up nearly 80% year-on-year. Pleasingly, the annual dividend increased 25%. Consensus forecasts are for EPS to nearly double from 2022's level by 2025, yet the shares trade on a prospective price-to-earnings (PE) ratio of only 8. In income terms, the prospective dividend yield is 4.5% and dividend growth should broadly follow the healthy trajectory of earnings.

XPS Pensions, the pension consulting and administration business, has had a busy time. Their advisory business has been helping pension trustees grapple with regulatory changes as well as assessing improvements to solvency positions as a result of rising bond yields. Traumatic events in markets, such as the Truss "mini budget", have their customers reaching for the phone to get their actuaries to puzzle out the implications. XPS has also benefited from inflation-linkage across many of its contracts. Very handy indeed in current circumstances. The upshot is that the group expects to grow its revenues by 17-19% in their current financial year. XPS's shares gained +18% over the period under review, which contributed +0.97% to the Slater Income Fund's total return. The shares offer a prospective dividend yield approaching 5%. They are in the Fund's top ten holdings. In a year that has seen mega-cap companies scoop the pool, the success of XPS is life-affirming to the Slater Investments process - identifying good and growing income across the size spectrum.



Fonix Mobile, which supplies mobile interaction and payment services for media, charity and enterprise clients, continues to grind out good returns. They have signed new clients, materially extended the scope of their relationship with ITV and taken their first steps overseas. The shares were up +30% over the period, which contributed +0.87% to the Fund's bottom line. Fonix trades on a prospective PE of above 20, making it comfortably the highest rated holding in the Fund. However, the dividend yield is attractive at about 3.5% (helped by a high payout ratio) and the firm continues to grow its dividend by high single-digit percentages.

Fund Manager's Report (Continued)

Report for the year to 30 April 2023

Major Contributors and Detractors – Growth Companies (continued)

By far the worst detractor for the Fund was **R&Q Insurance Holdings**, which fell -60%, knocking -2.42% from the Fund's bottom line. The shares continue to languish in the fallout from a poorly structured, and ultimately botched, takeover attempt from its former largest shareholder. However, the business itself has made underlying progress. The starting point for a recovery situation is often better governance. At R&Q, a new Senior Independent Non-Executive Director and a new Non-Executive Chairman have been appointed. Slater Investments has engaged with both and consider them strong appointments. Both are also determined to recover at least some of the lost shareholder value. The simplest path to do this may be to separate the Program Management business from its Legacy Insurance business. How exactly this can be achieved remains to be seen. Sadly, the dividend has been sacrificed during this process but the Fund retains its holding in anticipation of a value creating event.



The Fund's investment in **Watkin Jones** last year was a mistake. The developer of purpose-built student accommodation and build-to-rent properties warned of project delays at the end of September 2022, causing the shares to plummet. The company hopes this is mostly a timing issue but it could be more structural as rising interest rates mean that the required return for the ultimate institutional owners of these buildings needs to be higher. Rampant building materials' inflation and a fragile supply chain add to the risk of building out the pipeline. The Fund cut its losses and the shares were sold. But not before suffering a sickening -63% share price decline and a -1.37% hit to the value of the Fund.

Maintel, the provider of managed telecom services to smaller businesses and public sector organisations, had a year to forget. Supplies of hardware were snarled up by chip shortages whilst clients delayed implementing projects. This double whammy caused a material profit warning. A few weeks later the Chief Executive left with immediate effect. One of the Non-Executives has stepped up to be Executive Chairman. Her background is in private equity and she is bringing much needed clarity to proceedings. Whilst the prospects for a restoration of the dividend look remote, it looks like a corner has been turned. The shares fell -65% over the period and detracted -1.28% from the value of the Slater Income Fund.

Fund Manager's Report (Continued)

Report for the year to 30 April 2023

Major Contributors and Detractors – Growth Companies (continued)

STV's diversification continues, with 38% of earnings now coming from Digital and Studios, but overall revenues are declining modestly because TV advertising revenues are suffering. The operational performance of the group has been strong but this has not been rewarded by the stock market, with the shares down -24%, detracting -1.09% from the value of the Slater Income Fund. The shares offer a prospective dividend yield of 4.5%, from a dividend that is three times covered by earnings.



DWF, a provider of legal services, posted mildly disappointing interim results in December 2022, with working capital and net debt both going modestly in the wrong direction. The shares have been terrible, falling -44% over the year, detracting -1.04% from the Fund's bottom line. This seems a massive overreaction for what is a steady, gently growing (and hopefully quite boring!) business. The shares have slipped all traditional valuation moorings and now trade on a prospective PE of below 6 and a dividend yield of over 8%. The dividend is twice covered and is forecast to grow nicely over the next three years. The Fund added to its holding over the period.

Reach

Reach owns both national and regional newspapers and is making the transition to online delivery. So far this is not going according to the script because advertising yields online have collapsed. Part of this is cyclical – reduced demand for advertising in a tough consumer environment – but some may be structural as short form video takes share from online printed media. Some is also probably just unlucky – the war in Ukraine and the death of the Queen kept advertisers away. The shares were down -48% over the 12 months under review and detracted -0.98% from the Fund's value. The shares now trade on a prospective PE of below 4 and a dividend yield of 9%. Aside from a complex pension liability, the group has no debt. The Fund bought more shares in the period.

Secure Trust Bank fell -45%, detracting -0.83% from the value of the Slater Income Fund. It provides consumer and business finance in four distinct niches. It is funded by raising consumer deposits and these cost more as the Bank of England has increased base rates. The company maintains that this increased cost of funding will be passed on in dearer loans, such that it will maintain its net interest margin at its target level of 5.5%, but the stock market does not seem to be convinced. The shares now trade at about 30% of book value, a PE multiple of below 4 and a dividend yield approaching 7%.

Fund Manager's Report (Continued)

Report for the year to 30 April 2023

Major Contributors and Detractors – Dividend Stalwarts

Imperial Brands, now two years into a five-year transformation plan, cheered the stock market with its progress. The group has stopped ceding market share in its key territories and is simplifying its operations. The ongoing share buyback also works well when the firm can buy its own shares back on a single digit PE multiple. The shares rose +18% over the year and contributed +1.09% to the Fund's return. Meanwhile British American Tobacco fared badly with the shares down -13%, detracting -0.24%. This is an unusual level of dispersion for two fairly similar businesses whose shares usually trade in lockstep. It now means that Imperial Brands is on a premium to its larger peer, again an unusual state of affairs. Both shares offer outstanding dividend yields: British American has a prospective yield of over 8%, Imperial Brands nearer 7.5%. Volume declines are, of course, a continuing feature of both businesses, but ever-increasing prices, as well as progress with new categories (vaping, heat-not burn, modern oral), mean both groups anticipate growing their dividends for years to come.



Major Contributors and Detractors – Cyclical

The price of a barrel of Brent crude started the period at over \$100 but ended it nearer \$80. Nonetheless, large oil stocks performed very well. **BP** shares rose +36% and **Shell** gained +13%. The pair added +2.64% to the Fund's total return. Both companies are in rude financial health. BP, whose mantra is now "performing whilst transforming", set out a financial framework which states that even at a \$60 oil price BP could sustain its capital expenditure plans, buy back \$4 billion of its own shares per annum and grow the annual dividend by around 4%. With a prospective dividend yield of over 4%, BP clearly provides both a good and a growing income. The Slater Income Fund added to its holding during the period.

Ecora Resources, a mining royalty company, holds rights to income streams from mines they neither operate nor own. The company has enjoyed a windfall from its thermal coal royalty at Kestrel (in Australia, formerly operated by Rio Tinto). The company has used this bonanza to reposition their portfolio towards "future facing metals", those that will have a significant role to play in the energy transition, including copper, nickel, cobalt, vanadium and uranium. The financial contribution from these newer projects will perhaps not be felt in full until 2027 and the stock market is currently refusing to look that far out. The shares had a bad 12 months, falling -34% and detracting -1.14% from the value of the Slater Income Fund. The Fund added to its position during the period

Fund Manager's Report (Continued)

Report for the year to 30 April 2023

Additions and Disposals

The Slater Income Fund bought new positions in **Capital, Diversified Energy, Energean, i3 Energy, Lloyds Banking, NatWest, and St James's Place.**

The following holdings were added to: **Arbuthnot Banking, BP, DWF, Ecora Resources, GSK, H&T, Hollywood Bowl, Legal & General, Liontrust Asset Management, M&G, Morgan Sindall, Norcros, Rathbones, Reach, SSE, UP Global Sourcing and XPS Pensions.**

The positions in **Glencore, LXI REIT, Real Estate Investors, Supermarket Income REIT and Watkin Jones** were sold entirely.

The Fund inherited positions in **AssetCo** and **Haleon** as the result of corporate activity. Both were sold.

Brewin Dolphin, River & Mercantile, RPS and Secure Income REIT were taken over.

The following holdings were trimmed: **British American Tobacco, Chesnara, City of London Investment Group, Maintel, Phoenix Group and Regional REIT.**

Duke Royalty was both added to and trimmed.

Outlook

Despite the wall-to-wall gloom from the media, forecasts for 2023 economic growth are being revised up. At the time of writing, the Bank of England still expects UK economic output (GDP) to contract by -0.5% but the Office for Budget Responsibility is less gloomy, with -0.2%. Some Investment Banks now have positive growth, for example Panmure Gordon now expect +0.4% GDP growth for 2023. To be fair, either way it's pretty close to zero. But, to repeat, this is better than feared at the end of 2022. Markets take their lead not from the level, but the change.

Inflation should be peaking around now which will provide respite for both consumers and corporates. So far, most companies have been able to pass on inflation with surprisingly little fuss. This means that company profits have not, in general, been squeezed but it also suggests that inflation is perhaps a little more embedded than Central Banks would want to see. The next few months will be critical for seeing how inflation and interest rates unfold. There is a good chance that a very positive picture emerges.

Fund Manager's Report (Continued)

Report for the year to 30 April 2023

Outlook (Continued)

There continues to be tremendous value on offer in UK equities and certainly within the Slater Income Fund. 30 of the Fund's 45 holdings trade on single digit prospective PE ratios. 29 of the holdings have a prospective dividend yield of more than 5%. Valuation may not matter much in the short term but in the long run it matters a lot. The Fund's holdings are not just cheap. They are also expected to be growing earnings and dividends in the years ahead. This combination of value and growth, encapsulated in the Fund's mantra of "good and growing income", should provide a solid underpinning for future returns.



Slater Investments Limited.
June 2023

Fund Manager's Report (Continued)

Distributions (pence per share)

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>Class A Income</u>				
Net income paid 31 March	1.0934	1.3643	0.8998	1.0743
Net income paid 30 June	2.6334	2.0431	2.8447	1.3672
Net income paid 30 September	-	1.3992	1.3226	0.9819
Net income paid 31 December	-	2.1484	1.6940	1.1529
<u>Class A Accumulation</u>				
Net income paid 31 March	1.5143	1.7968	1.1304	1.2988
Net income paid 30 June	3.6672	2.7150	3.5986	1.6644
Net income paid 30 September	-	1.8841	1.7069	1.2082
Net income paid 31 December	-	2.9224	2.2062	1.4328
<u>Class B Income</u>				
Net income paid 31 March	1.1578	1.4353	0.9418	1.1186
Net income paid 30 June	2.7867	2.1523	2.9809	1.4256
Net income paid 30 September	-	1.4748	1.3879	1.0234
Net income paid 31 December	-	2.2678	1.7797	1.2051
<u>Class B Accumulation</u>				
Net income paid 31 March	1.5988	1.8877	1.1821	1.3513
Net income paid 30 June	3.8773	2.8562	3.7666	1.7340
Net income paid 30 September	-	1.9845	1.7889	1.2592
Net income paid 31 December	-	3.0813	2.3147	1.4964
<u>Class P Income</u>				
Net income paid 31 March	1.1818	1.4596	0.9554	1.1320
Net income paid 30 June	2.8465	2.1904	3.0257	1.4437
Net income paid 30 September	-	1.5027	1.4097	1.0408
Net income paid 31 December	-	2.3124	1.8086	1.2218
<u>Class P Accumulation</u>				
Net income paid 31 March	1.6307	1.9205	1.1993	1.3676
Net income paid 30 June	3.9572	2.9079	3.8247	1.7561
Net income paid 30 September	-	2.0216	1.8178	1.2759
Net income paid 31 December	-	3.1406	2.3533	1.5173

Fund Manager's Report (Continued)

Material portfolio changes

For the year ended 30 April 2023

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
NatWest	2,120,710	Glencore	3,025,717
Lloyds Banking	2,092,267	RPS	2,841,600
Diversified Energy	1,945,557	Brewin Dolphin	2,712,242
M&G	1,863,351	Supermarket Income REIT	2,623,902
i3 Energy	1,287,475	River & Mercantile	1,850,254
Energean	1,283,139	Phoenix Group	1,139,976
St James's Place	1,242,722	Secure Income REIT	1,064,095
Capital	816,173	Duke Royalty	892,114
XPS Pensions	815,421	Chesnara	860,953
Ecora Resources	765,206	Real Estate Investors	701,444
DWF	756,002	British American Tobacco	685,543
LXI REIT	681,410	LXI REIT	607,216
Noreros	648,175	Watkin Jones	438,770
SSE	606,112	AssetCo	432,260
Legal & General	555,895	City of London Investment Group	372,840
BP	495,889	Haleon	359,144
Rathbones	482,807	Regional REIT	55,371
GSK	458,401	Maintel	14,637
Liontrust Assset Management	356,826		
Other purchases	1,941,374		
Total purchases for the year	21,214,912	Total sales for the year	20,678,078

Environmental, Social and Governance ('ESG') Report

Report for the year to 30 April 2023

Introduction

The Financial Reporting Council (“FRC”) oversees the UK’s Stewardship Code (“Code”), promoting transparency and integrity in business and setting high stewardship standards for those investing money on behalf of UK investors. The Code was refreshed in 2020, requiring all institutions to reapply for signatory status. Slater Investments Limited (“Slater Investments” or the “Company”) is proud to have been successful and was added in the first cohort of those accepted. The Code additionally requires signatories to demonstrate year-on-year improvement. Slater Investments’s 2021 Stewardship Code Report was also successful. The 2022 Report (which is currently under review by the FRC) is available [online](#). Since September 2019, the Company has been a voluntary member of the United Nations supported Principles for Responsible Investment, an organisation committed to responsible investment. This involvement places Slater Investments at the heart of the global community seeking to build a more sustainable financial system.

Sustainable Finance Disclosure Regulation (“SFDR”)

The Slater Income Fund is classified as Article 8 under Regulation (EU) 2019/2088, which means it is a “Fund which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.” Integral to this is the assessment of the risks and opportunities presented by various ESG factors, which is embedded in our investment process. Additional information can be found in Appendix 6 of the Fund’s [Prospectus](#).

The periodic disclosures, as required under Article 11 of SFDR, are set out in the Appendix.

ESG and the Investment Process

Slater Investments’s ESG Committee works closely with the Company’s Investment Committee to ensure that stewardship is embedded in Slater Investments’s investment process. The primary focus for the ESG Committee is to pre-emptively monitor for ESG risks that may emerge which might threaten the price earnings ratio or earnings growth prospects of Slater Investments’s investee companies. The ESG Committee regularly works with investee companies, offering advice as to how they can improve their ESG practices.

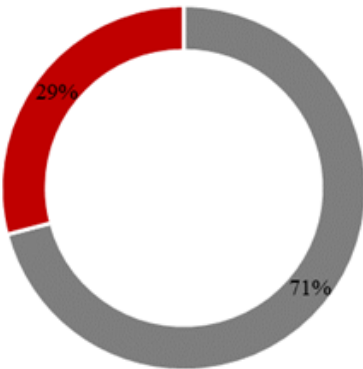
The introduction of SFDR has increased disclosure requirements but has not changed the integrated sustainable investment approach in the Fund’s investment process. We continue to view ESG screening and analysis of portfolio companies as an integral, complementary tool to the fundamental research that is undertaken to understand, with a high level of conviction, a company’s risks, earnings and growth potential.

Environmental, Social and Governance ('ESG') Report (Continued)

Company Level Engagement

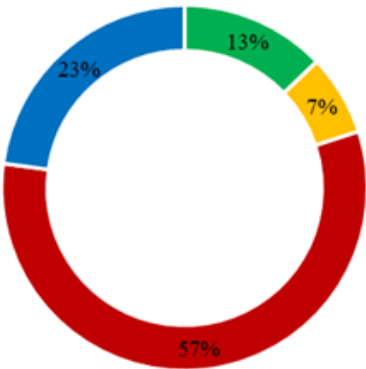
Slater Investments met with company representatives on 244 separate occasions during the twelve months to 30 April 2023. Of those meetings, 70 were classed as engagement, broken down as follows:

Meetings & Engagement



■ Interactions ■ Engagements

Engagement Category



■ Environmental ■ Social ■ Governance ■ General ESG

Source: Slater Investments

In March 2023, we met with the Chairman of STV Plc (“STV”) to discuss the directors’ remuneration policy and the liability-driven investing (“LDI”) strategy being employed in the company’s Defined Benefit pension fund. We had previously met with the company’s HR & Communications Director in September 2022 to discuss our stance on the directors’ remuneration policy. At STV’s previous two Annual General Meetings, Slater Investments voted against the company’s remuneration policy due to the use of nil-cost options. To our disappointment, the Board continues to propose the use of nil-cost options. We had also been pushing STV to engage the pension trustees to abandon LDI since 2020 and significantly increased the pressure in 2021. The company and trustees, unfortunately, maintained their LDI strategy at great cost to shareholders. In late 2022, in the wake of the Truss Budget, we met with the Chief Financial Officer to assess the damage. The company eventually provided a detailed response to our questions about LDI exposure. It clarified, for the first time, that LDI was being carried out by a segregated account rather than via a fund, which we had been told up until that moment. The situation is highly unsatisfactory. Although we have heard the excuse that “everyone else was doing it” too often, at least the board now has a more complete understanding of its pension fund exposures. The chair had the decency to “take full responsibility” although it is not yet clear what this means. While the executive team has done a superb job managing the business, the handling of pension exposures has undermined their achievements. We remain convinced that the board would benefit from a new member who would not be blinded by actuarial science and would insist on only agreeing to risks being taken that they fully understand.

Environmental, Social and Governance ('ESG') Report (Continued)

Slater Investments has continued engaging with companies on their ESG disclosure responsibilities. As reporting disclosure responsibilities on Slater Investments's investee companies continue to grow, Slater Investments continues to play a positive role in guiding companies as to what aspects of ESG are material to their businesses. Throughout the year, Slater Investments has engaged with Polar Capital Holdings plc and Liontrust Asset Management PLC on ESG disclosure reporting. Engagement with these and other investee companies is viewed as an ongoing measure that can help these companies stay informed and adapt to changes in the ESG reporting landscape.

We have always maintained, when talking to companies we own, their work in the wider ESG space is a journey and not something that can be ticked off overnight. However, the companies are demonstrating progress along this journey, and we have seen improvements from investee companies.

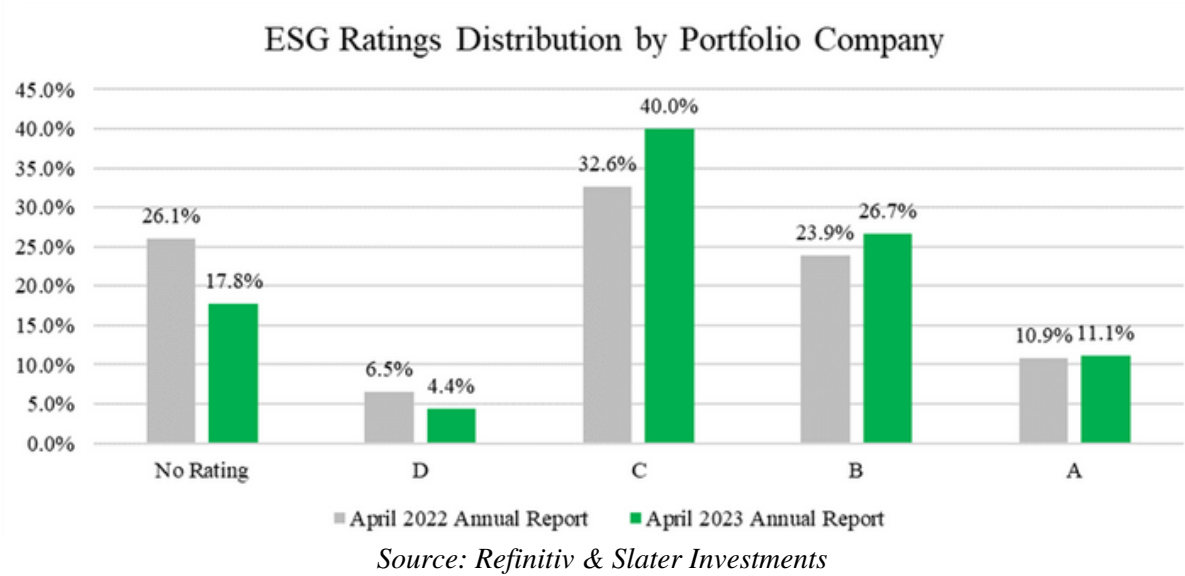
ESG Scoring

The largest problem facing quantitative ESG ratings is the lack of accurate data. The majority of Slater Investments's investment universe is made up of small to mid-market capitalisation companies where the availability of ESG data is even more limited. The ESG Committee has helped ESG rating providers understand the nuances of collecting this information. Alongside this, the ESG Committee has assisted investee companies in understanding how to engage with ESG rating providers.

A company's ESG rating can present a material risk and is one Slater Investments continues to monitor closely. The information generated by Refinitiv, Slater Investments's ESG ratings provider, is only the starting point for Slater Investments's score and disclosure-related engagement with investee companies. The Company takes these ratings and then carries out its own analysis to understand if there is a shortfall in the underlying data and/or score, why this is the case and if that shortfall is one of disclosure or whether it presents a risk to the rating of the company.

When calculating an ESG rating, Slater Investments uses an aggregate score that includes controversies, which are defined as information that is not reported and may indicate potential ESG risks. These controversies could include toxic waste spills (environmental), human rights violations (social), or inadequate internal controls (governance). The controversies are incorporated in the ESG score by assigning a negative score to affected companies, which is based on the severity and nature of the controversy and the companies' responses to these issues. This provides investors with a more comprehensive view of a company's ESG performance, as controversies can have a significant impact on a company's reputation and financial performance.

Environmental, Social and Governance ('ESG') Report (Continued)



The chart above illustrates the distribution of the ESG rating of the Slater Income Fund’s portfolio companies as of 30th April 2023. ‘D’ rated companies are in the fourth quartile, indicating poor relative ESG performance and insufficient transparency in reporting material ESG data. ‘C’ rated companies are in the third quartile, with satisfactory relative ESG performance and a moderate degree of material ESG data reporting. Companies rated ‘B’ are in the second quartile and demonstrate good relative ESG performance and have above average transparency in reporting material ESG data. ‘A’ rated companies are in the first quartile, which indicates excellent relative ESG performance and a high degree of material ESG data reporting and transparency.

Based on the chart above, there have been some changes in the ESG ratings of the companies between April 2022 and April 2023.

‘No rating’ has decreased from 26.1% to 17.8%, which means that more companies have received an ESG rating between April 2022 and April 2023. This may be due in part to the growing awareness among investors and consumers about the impact of companies on the environment and society, resulting in the demand for greater transparency from companies. Companies are also facing regulatory pressure as governments and regulators are putting pressure on companies to disclose ESG data points.

The percentage of companies with a ‘D’ rating has decreased from 6.5% to 4.4%, which indicates that fewer companies have a poor ESG profile. The percentage of companies with a ‘C’ rating has increased from 32.6% to 40.0%, indicating that more companies have a satisfactory ESG rating. The percentage of companies with a ‘B’ rating has increased from 23.9% to 26.7%, indicating that more companies have a good ESG rating. The percentage of companies with an ‘A’ rating has remained relatively stable, with only a slight increase from 10.9% to 11.1%.

The ESG Committee continues to engage with companies regarding their ESG ratings and has stressed in investee company meetings that time needs to be spent on ensuring published ESG data is accurate. With more portfolio companies increasing and improving their disclosure, coupled with engagement with ESG data providers, their scores will continue to improve.

Environmental, Social and Governance ('ESG') Report (Continued)

Small and mid-capitalised companies are currently overlooked, and therefore punished, because ESG ratings agencies are generally focused on larger market capitalisation companies. This is the driving factor in the number of SIL's investee companies currently not being rated although there has been an improvement over the period.

Voting

Exercising voting rights is the most powerful tool Slater Investments has. It is the most definitive way in which Slater Investments can hold companies accountable. All proxy votes for investee companies are assessed by the ESG Committee. The Company does not subscribe to, nor receive, voting recommendations from third-party voting services, though does however listen to them and consider their recommendations in instances where they engage with us.

Slater Investments's up-to-date Voting Policy can be found on the [website](#), along with a full archive of historic vote reports.

ESG Committee

Slater Investments Limited

April 2023

Fund Information

Comparative tables

Class A income shares	Year to	Year to	Year to
Change in net assets per share	30.04.2023	30.04.2022	30.04.2021
	pence	pence	pence
Opening net asset value per share	152.08	140.64	112.79
Return before operating charges*	(2.73)	20.23	35.64
Operating charges	(2.25)	(2.37)	(1.91)
Return after operating charges*	(4.98)	17.86	33.73
Gross distribution on income shares	(6.74)	(6.42)	(5.88)
Closing net asset value per share	140.36	152.08	140.64
*after direct transaction costs of	0.19	0.12	0.07
Performance			
Return after charges	(3.27)%	12.70%	29.91%
Other information			
Closing net asset value (£)	1,437,712	1,470,329	1,627,998
Closing number of shares	1,024,299	966,814	1,157,560
Operating charges	1.57%	1.58%	1.55%
Direct transaction costs	0.13%	0.08%	0.06%
Prices			
Highest share price	152.58p	158.57p	145.31p
Lowest share price	131.75p	138.21p	106.83p
Class A accumulation shares	Year to	Year to	Year to
Change in net assets per share	30.04.2023	30.04.2022	30.04.2021
	pence	pence	pence
Opening net asset value per share	205.32	181.49	139.17
Return before operating charges*	(3.16)	26.88	44.67
Operating charges	(3.10)	(3.05)	(2.35)
Return after operating charges*	(6.26)	23.83	42.32
Gross distribution on accumulation shares	(9.09)	(8.42)	(7.37)
Retained distributions on accumulation shares	9.09	8.42	7.37
Closing net asset value per share	199.06	205.32	181.49
*after direct transaction costs of	0.26	0.16	0.08
Performance			
Return after charges	(3.05)%	13.13%	30.41%
Other information			
Closing net asset value (£)	851,627	911,278	734,980
Closing number of shares	427,821	443,825	404,973
Operating charges	1.58%	1.55%	1.53%
Direct transaction costs	0.13%	0.08%	0.06%
Prices			
Highest share price	205.47p	208.85p	183.82p
Lowest share price	179.60p	183.09p	132.19p

Fund Information (Continued)

Comparative tables (continued)

Class B income shares	Year to	Year to	Year to
Change in net assets per share	30.04.2023	30.04.2022	30.04.2021
	pence	pence	pence
Opening net asset value per share	159.29	147.47	117.52
Return before operating charges*	(1.93)	20.31	37.44
Operating charges	(1.70)	(1.73)	(1.34)
Return after operating charges*	(3.63)	18.58	36.10
Gross distribution on income shares	(7.11)	(6.76)	(6.15)
Closing net asset value per share	148.55	159.29	147.47
*after direct transaction costs of	0.20	0.13	0.07
Performance			
Return after charges	(2.28)%	12.60%	30.72%
Other information			
Closing net asset value (£)	2,724,862	5,448,794	11,544,802
Closing number of shares	1,834,330	3,420,571	7,828,322
Operating charges	1.11%	1.10%	1.05%
Direct transaction costs	0.13%	0.08%	0.05%
Prices			
Highest share price	160.72p	166.91p	152.35p
Lowest share price	139.40p	145.58p	111.75p
Class B accumulation shares	Year to	Year to	Year to
Change in net assets per share	30.04.2023	30.04.2022	30.04.2021
	pence	pence	pence
Opening net asset value per share	214.94	190.08	144.15
Return before operating charges*	(2.13)	27.04	47.60
Operating charges	(2.23)	(2.18)	(1.67)
Return after operating charges*	(4.36)	24.86	45.93
Gross distribution on accumulation shares	(9.58)	(8.85)	(7.70)
Retained distributions on accumulation shares	9.58	8.85	7.70
Closing net asset value per share	210.58	214.94	190.08
*after direct transaction costs of	0.28	0.17	0.09
Performance			
Return after charges	(2.03)%	13.08%	31.86%
Other information			
Closing net asset value (£)	3,792,144	3,876,902	3,551,617
Closing number of shares	1,800,822	1,803,698	1,868,474
Operating charges	1.08%	1.06%	1.06%
Direct transaction costs	0.13%	0.08%	0.05%
Prices			
Highest share price	216.27p	219.51p	192.50p
Lowest share price	189.47p	191.79p	137.83p

Fund Information (Continued)

Comparative tables (continued)

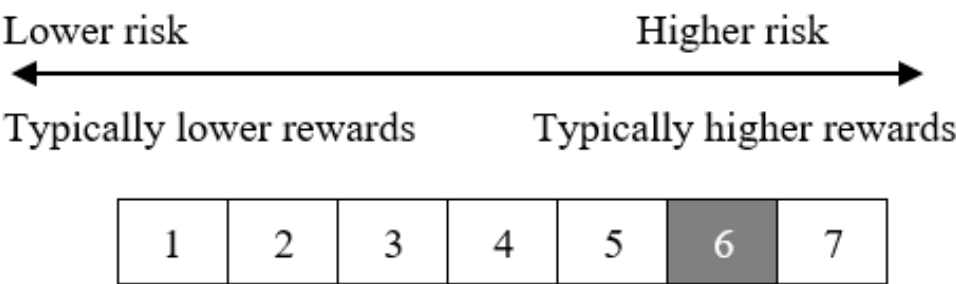
Class P income shares	Year to	Year to	Year to
Change in net assets per share	30.04.2023	30.04.2022	30.04.2021
	pence	pence	pence
Opening net asset value per share	162.94	149.73	119.32
Return before operating charges*	(2.64)	21.39	37.70
Operating charges	(1.27)	(1.31)	(1.05)
Return after operating charges*	(3.91)	20.08	36.65
Gross distribution on income shares	(7.25)	(6.87)	(6.24)
Closing net asset value per share	151.78	162.94	149.73
*after direct transaction costs of	0.20	0.13	0.07
Performance			
Return after charges	(2.40)%	13.41%	30.92%
Other information			
Closing net asset value (£)	42,183,972	38,471,976	42,968,481
Closing number of shares	27,793,441	23,611,639	28,696,736
Operating charges	0.82%	0.82%	0.82%
Direct transaction costs	0.13%	0.08%	0.05%
Prices			
Highest share price	163.72p	169.77p	154.67p
Lowest share price	142.23p	148.12p	113.34p
Class P accumulation shares	Year to	Year to	Year to
Change in net assets per share	30.04.2023	30.04.2022	30.04.2021
	pence	pence	pence
Opening net asset value per share	220.22	193.08	145.26
Return before operating charges*	(3.50)	28.82	49.12
Operating charges	(1.75)	(1.68)	(1.30)
Return after operating charges*	(5.25)	27.14	47.82
Gross distribution on accumulation shares	(9.76)	(9.00)	(7.82)
Retained distributions on accumulation shares	9.76	9.00	7.82
Closing net asset value per share	214.97	220.22	193.08
*after direct transaction costs of	0.28	0.17	0.09
Performance			
Return after charges	(2.38)%	14.06%	32.92%
Other information			
Closing net asset value (£)	26,412,424	31,206,644	17,821,458
Closing number of shares	12,286,521	14,170,911	9,230,083
Operating charges	0.83%	0.80%	0.80%
Direct transaction costs	0.13%	0.08%	0.06%
Prices			
Highest share price	220.61p	223.51p	195.52p
Lowest share price	193.17p	194.83p	139.65p

Fund Information (Continued)

Comparative tables (continued)

Operating charges are the same as the ongoing charges and are the total expenses paid by each share class in the year. Direct transaction costs are the total charges for the year, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the weighted average net asset value over the year and the weighted average shares in issue for the pence per share figures.

Synthetic risk and reward indicator



The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Fund. It is calculated based on the volatility of the Fund using weekly historic returns over the last five years. If five years data is not available for a fund, the returns of a representative portfolio are used.

This Fund has been measured as 6 because it has experienced high volatility historically.

Fund Information (Continued)

Portfolio statement as at 30 April 2023

Holding or nominal value		Bid value £	Percentage of total net assets	
			30 Apr'23 %	30 Apr'22 %
BANKS				
4,500,000	Lloyds Banking	2,169,000	2.80	
780,000	NatWest	2,042,820	2.64	
97,000	Secure Trust Bank	614,980	0.79	
	Total Banks	4,826,800	6.23	-
CONSTRUCTION & MATERIALS				
85,000	Morgan Sindall	1,438,200	1.86	
675,000	Norcros	1,248,750	1.61	
	Total Construction & Materials	2,686,950	3.47	3.05
FINANCIAL SERVICES				
120,000	Arbuthnot Banking	1,140,000	1.47	
130,665	City of London Investment Group	569,699	0.74	
1,125,000	Duke Royalty	348,750	0.45	
573,521	H&T	2,620,991	3.39	
135,000	Liontrust Asset Management	1,161,000	1.50	
1,350,000	M&G	2,767,500	3.58	
205,000	Polar Capital	1,002,450	1.30	
835,000	Premier Miton	759,850	0.98	
65,000	Rathbones	1,268,800	1.64	
100,000	St James's Place	1,206,500	1.56	
1,550,000	XPS Pensions	2,441,250	3.15	
	Total Financial Services	15,286,790	19.76	21.41
FOOD RETAILERS				
832,109	Tesco	2,339,058	3.02	
	Total Food Retailers	2,339,058	3.02	2.78

Fund Information (Continued)

Portfolio statement (continued)
as at 30 April 2023

Holding or nominal value		Bid value £	Percentage of total net assets	
			30 Apr'23 %	30 Apr'22 %
HOUSEHOLD GOODS & HOME CONSTRUCTION				
535,000	UP Global Sourcing	735,625	0.95	
	Total Household Goods & Home Construction	735,625	0.95	2.18
LIFE INSURANCE				
725,000	Chesnara	2,011,875	2.60	
1,250,000	Legal & General	2,926,250	3.78	
250,000	Phoenix Group	1,479,500	1.91	
	Total Life Insurance	6,417,625	8.29	9.96
MINING				
1,225,000	Ecora Resources	1,465,100	1.89	
900,000	Capital	876,600	1.13	
26,000	Rio Tinto	1,312,480	1.70	
	Total Mining	3,654,180	4.72	6.55
MEDIA				
1,000,000	Reach	844,500	1.09	
861,856	STV	2,111,547	2.73	
	Total Media	2,956,047	3.82	4.78
NONLIFE INSURANCE				
1,405,549	R&Q Insurance Holdings	857,385	1.10	
	Total Nonlife Insurance	857,385	1.10	2.62

Fund Information (Continued)

Portfolio statement (continued) as at 30 April 2023

Holding or nominal value		Bid value £	Percentage of total net assets	
			30 Apr'23 %	30 Apr'22 %
OIL & GAS PRODUCERS				
540,000	BP	2,885,760	3.73	
1,600,000	Diversified Energy	1,514,400	1.96	
100,000	Energiean	1,237,000	1.60	
6,250,000	i3 Energy	1,250,000	1.61	
173,000	Shell	4,241,960	5.48	
	Total Oil & Gas Producers	11,129,120	14.38	6.74
PHARMACEUTICALS & BIOTECHNOLOGY				
140,000	GSK	2,017,120	2.61	
	Total Pharmaceuticals & Biotechnology	2,017,120	2.61	2.98
REAL ESTATE				
724,000	Palace Capital	1,578,320	2.04	
898,345	Regional REIT	497,683	0.64	
1,010,000	Urban Logistics REIT	1,424,100	1.84	
	Total Real Estate	3,500,103	4.52	11.92
SOFTWARE & COMPUTER SERVICES				
888,889	Fonix Mobile	1,733,334	2.24	
	Total Software & Computer Services	1,733,334	2.24	1.64
SUPPORT SERVICES				
1,400,000	DWF	884,800	1.14	
4,015,001	Sureserve	4,938,451	6.38	
	Total Support Services	5,823,251	7.52	6.79
TELECOMMUNICATIONS				
318,476	Maintel	350,324	0.45	
	Total Telecommunications	350,324	0.45	1.28
TOBACCO				
62,500	British American Tobacco	1,829,375	2.36	
130,038	Imperial Brands	2,557,847	3.30	
	Total Tobacco	4,387,222	5.66	6.12

Fund Information (Continued)

Portfolio statement (continued) as at 30 April 2023

Holding or nominal value		Bid value £	Percentage of total net assets	
			30 Apr'23 %	30 Apr'22 %
TRAVEL & LEISURE				
635,000	Hollywood Bowl	1,520,825	1.96	
700,000	Ten Entertainment	1,820,000	2.35	
	Total Travel & Leisure	3,340,825	4.31	3.81
UTILITIES				
150,000	SSE	2,755,500	3.56	
	Total Utilities	2,755,500	3.56	2.64
Portfolio of investments		74,797,259	96.61	97.25
Net current assets on capital account		2,605,482	3.39	2.75
Net assets		77,402,741	100.00	100

Annual Financial Statements

For the year ended 30 April 2023

Statement of total return

	Notes	30 April 2023		30 April 2022	
		£	£	£	£
Income					
Net capital (loss)/gain	4		(4,879,744)		7,717,303
Revenue	6	4,181,754		3,427,360	
Expenses	7	(713,794)		(700,519)	
Net revenue before taxation		3,467,960		2,726,841	
Taxation	8	-		-	
Net revenue after taxation			3,467,960		2,726,841
Total return before distributions			(1,411,784)		10,444,144
Distributions	9		(4,144,101)		(3,390,344)
Change in net assets attributable to shareholders from investment activities			(5,555,885)		7,053,800

Statement of changes in net assets attributable to shareholders

	30 April 2023		30 April 2022	
	£	£	£	£
Opening net assets attributable to shareholders		81,385,923		78,249,336
Amounts receivable on issue of shares	15,203,880		17,334,405	
Amounts payable on cancellation of shares	(15,425,056)		(22,520,766)	
Amounts payable on share class conversions	-		(57)	
Dilution adjustment	48,925		67,967	
		(172,251)		(5,118,451)
Change in net assets attributable to shareholders from investment activities		(5,555,885)		7,053,800
Retained distributions on accumulation shares		1,744,954		1,201,238
Closing net assets attributable to shareholders		77,402,741		81,385,923

Annual Financial Statements (Continued)

For the year ended 30 April 2023

Balance sheet

	Notes	30 April 2023		30 April 2022	
		£	£	£	£
ASSETS					
Fixed Assets					
Investments			74,797,260		79,145,461
Current Assets					
Debtors	10	837,428		1,209,964	
Cash	11	<u>2,763,618</u>		<u>1,781,120</u>	
Total current assets			<u>3,601,046</u>		<u>2,991,084</u>
Total assets			<u>78,398,306</u>		<u>82,136,545</u>
LIABILITIES					
Creditors					
Distribution payable on income shares		869,245		609,636	
Other creditors	12	<u>126,320</u>		<u>140,986</u>	
Total liabilities			<u>995,565</u>		<u>750,622</u>
Net assets attributable to shareholders			<u><u>77,402,741</u></u>		<u><u>81,385,923</u></u>

Notes to the Annual Financial Statements

For the year ended 30 April 2023

(1) Accounting Policies

a. Basis of Preparation

The financial statements have been prepared in compliance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

b. Going concern

The authorised corporate director (the “ACD”) has at the time of approving the financial statements, a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

c. Revenue

Dividends from equities are recognised when the security is quoted ex-dividend. Bank interest is accounted for on an accruals basis.

In the case of an ordinary stock dividend the whole amount is recognised as revenue. In the case of an enhanced stock dividend, the value of the enhancement, calculated as the amount by which the total market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is treated as capital. The balance is treated as revenue.

d. Expenses

All expenses are accounted for on an accruals basis and, other than those relating to purchase and sale of investments and dealing in the shares of the Company, are charged against income as shown in these accounts.

e. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on net revenue for the year. The taxable amount differs from net revenue as reported in the Statement of Total Return (SOTR) because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Fund's liability for current tax is calculated using tax rates that have been enacted by the reporting end date.

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

(1) Accounting Policies (continued)

e. Taxation (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the SOTR. Deferred tax assets and liabilities are offset when the Fund has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

f. Valuation of investments

The investments of the Fund have been valued at their fair value using closing bid prices on the last business day of the accounting period. Fair value is normally the bid value of each security by reference to quoted prices from reputable sources; that is the market price. If the ACD believes that the quoted price is unreliable, or if no price exists, a valuation technique is used whereby fair value is the ACD's best estimate of a fair and reasonable value for that investment.

f. Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange ruling at the date of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the net capital gains for the period.

h. Cash and cash equivalents

Cash and cash equivalents include deposits held on call with banks and bank overdrafts. Bank overdrafts are shown within creditors under liabilities.

i. Financial assets

The ACD has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of the Fund's financial instruments.

Financial assets are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

(1) Accounting Policies (continued)

i. Financial assets (continued)

Basic financial assets, which include amounts receivable for the issue of shares, accrued income and cash and cash equivalents, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost. Amortised cost is the amount at which the financial asset is measured at initial recognition, less any reduction for impairment or un-collectability.

Basic financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOTR.

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

j. Financial liabilities

Financial liabilities are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified into specified categories. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of recognition.

Basic financial liabilities, which include amounts payable for cancellation of shares and accrued expenses, are initially measured at transaction price. Other financial liabilities are measured at fair value.

Financial liabilities are derecognised when, and only when, the Fund's obligations are discharged, cancelled, or they expire.

(2) Distribution Policies

a. Basis of distribution

The policy of the Fund is to distribute any net revenue shown as such in the SOTR adjusted for the ACD's periodic charge and any dealing expenses incurred and allocated to capital. Revenue attributable to accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue.

b. Apportionment to multiple share classes

The ACD's periodic charge is directly attributable to individual share classes. All other income and expenses are allocated to the share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

(2) Distribution Policies (continued)

c. Equalisation

Equalisation applies only to shares purchased during the period. It is the average amount of income included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the shares for UK capital gains tax purposes.

(3) Risk Management Policies

In pursuing its investment objective as stated on page 1, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities, together with cash, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Mark Price Risk

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Instrument of Incorporation, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Foreign Currency Risk

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as some of the Fund's assets and income may be denominated in currencies other than sterling which is the Fund's functional currency.

The ACD has identified three principal areas where foreign currency risk could impact the Fund. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally movements in exchange rates affecting income received by the Fund. The Fund converts all receipts of income received in foreign currency, into sterling on the day of receipt.

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

Credit Risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty.

Interest Rate Risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

Liquidity Risk

The Fund's assets comprise mainly of readily realisable securities. The main liability of the Fund is the redemption of any shares that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Fund's assets is regularly reviewed by the ACD.

(4) Net Capital Gain

	30 April 2023	30 April 2022
	£	£
The net gains on investments during the year comprise:		
Non-derivative securities	(4,886,974)	7,718,584
Currency gains	8,169	245
Transaction charges	(939)	(1,526)
Net capital gain	(4,879,744)	7,717,303

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

(5) Purchases, Sales and Transaction Costs

	30 April 2023 £	30 April 2022 £
Purchases excluding transaction costs	21,214,912	13,757,475
Corporate actions	-	-
	<u>21,214,912</u>	<u>13,757,475</u>
Commissions	12,448	10,602
Taxes and other charges	86,699	44,146
Total purchase transaction costs	<u>99,147</u>	<u>54,748</u>
Purchases including transaction costs	<u><u>21,314,059</u></u>	<u><u>13,812,223</u></u>
Purchase transaction costs expressed as a percentage of the principal amount:		
Commissions	0.06%	0.08%
Taxes and other charges	0.41%	0.32%
Sales excluding transaction costs	18,050,244	19,533,714
Corporate actions	2,627,836	86,296
	<u>20,678,080</u>	<u>19,620,010</u>
Commissions	(9,790)	(9,504)
Taxes and other charges	(80)	(99)
Total sale transaction costs	<u>(9,870)</u>	<u>(9,603)</u>
Sales net of transaction costs	<u><u>20,668,210</u></u>	<u><u>19,610,407</u></u>
Sales transaction costs expressed as a percentage of the principal amount:		
Commissions	0.05%	0.05%
Taxes and other charges	0.00%	0.00%
Total purchases and sales transaction costs expressed as a percentage of the weighted average net asset value over the year:	<u>0.13%</u>	<u>0.08%</u>
Transaction handling charges		
These are total charges payable to the Depositary in respect of each transaction.	<u>939</u>	<u>1,526</u>
Average portfolio dealing spread		
This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.		
Average portfolio dealing spread at the balance sheet date	<u><u>0.84%</u></u>	<u><u>1.26%</u></u>

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

(6) Revenue

	30 April 2023 £	30 April 2022 £
UK dividends	3,518,342	2,670,594
Overseas dividends	417,230	373,832
Property dividends	198,588	382,815
Bank interest	47,594	119
Total revenue	4,181,754	3,427,360

(7) Expenses

	30 April 2023 £	30 April 2022 £
Payable to the ACD or associates: ACD's periodic charge	652,131	650,096
	<u>652,131</u>	<u>650,096</u>
Payable to the Depositary or associates: Depositary's fees Safe Custody fees	25,401 7,562	21,892 6,092
	<u>32,963</u>	<u>27,984</u>
Other expenses: Financial Conduct Authority Fee Audit fee Other expenses	201 6,360 22,139	218 7,560 14,661
	<u>28,700</u>	<u>22,439</u>
Total expenses	713,794	700,519

(8) Taxation

	30 April 2023 £	30 April 2022 £
Analysis of the tax charge for the year		
UK Corporation tax at 20% (2022: 20%)	36,904	63,177
Tax relief from capital	(36,904)	(63,177)
Total tax (credit)/charge	-	-
Factors affecting the tax charge for the year		
Net revenue before taxation	3,467,960	2,726,841
Corporation tax at 20% (2022: 20%)	693,592	518,100
Effects of:		
Revenue not subject to taxation	(787,114)	(578,441)
ACD periodic charge treated as capital	130,426	123,518
Tax relief from capital	(36,904)	(63,177)
Current tax (credit)/charge	-	-

At 30 April 2023 the Fund has deferred tax assets of £945,627 (2022: £852,105) arising from surplus management expenses which have not been recognised due to uncertainty over the availability of future taxable profits.

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

(9) Distributions

	30 April 2023 £	30 April 2022 £
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
1st Interim	810,990	698,487
2nd Interim	1,267,296	871,633
3rd Interim	652,635	670,909
Final	1,440,963	1,086,217
Amounts deducted on cancellation of shares	81,012	151,775
Amounts added on issue of shares	(108,795)	(88,677)
Distributions	4,144,101	3,390,344
Distributions represented by:		
Net revenue after taxation	3,467,961	2,726,841
Add: Income received after distribution	-	-
Add: ACD's periodic charge and other expenses charged to capital	676,140	663,503
	4,144,101	3,390,344

(10) Debtors

	30 April 2023 £	30 April 2022 £
Amounts receivable for issue of shares	49,731	505,167
Accrued income	787,628	653,095
Securities sold receivable	-	51,702
Prepayments	69	-
Total debtors	837,428	1,209,964

(11) Cash

	30 April 2023 £	30 April 2022 £
Capital bank account	2,763,618	1,781,120
Total cash	2,763,618	1,781,120

(12) Other Creditors

	30 April 2023 £	30 April 2022 £
Accrued expenses	15,632	11,807
Amounts payable for the cancellation of shares	31,007	935
Securities purchased payable	79,681	128,244
Total other creditors	126,320	140,986

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

(13) Related Parties

Slater Investments Limited is regarded as a related party by virtue of having the ability to act in respect of the operations of the Fund.

Management fees paid to Slater Investments Limited for the year amounted to £652,131 (2022: £650,096). Amounts due and payable at the year end to Slater Investments Limited total £nil (2022: £nil).

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the statement of changes in net assets attributable to shareholders. Amounts outstanding at year end for the issue of shares is £49,731 (2022: £505,167), amounts payable at year end for shares redeemed total £31,007 (2022: £128,244).

As at the year end the ACD, Directors of the ACD and their dependents, Northglen Investments Limited (parent of the ACD) and fellow subsidiaries in the group which the ACD belongs to, held shares in the Fund as follows:

Investor	%Holdings	
	30 April 2023	30 April 2022
Class P Income shares owned by Slater Investments Limited	0.38%	0.33%
Class P Accumulation shares owned by Northglen Investments Limited directly and indirectly	5.64%	5.49%
Class P Income shares owned by directors and dependents of directors beneficially and non-beneficially	1.46%	1.35%
Class P Accumulation shares owned by directors and dependents of directors beneficially and non-beneficially	3.86%	3.63%

(14) Shareholder's Funds

The Fund currently has three shares classes: Class A (minimum investment £1,000); Class B (minimum investment £100,000); and Class P (minimum investment £5,000,000). The annual management charges are 1.5%, 1% and 0.75% respectively.

During the year the Authorised Corporate Director has issued, cancelled and converted shares from one share class to another as set out below:

Income shares	Class A	Class B	Class P
Opening shares in issue at 1 May 2022	966,814	3,420,571	23,611,639
Share issues	145,609	54,867	6,707,088
Share cancellations	(88,124)	(1,641,108)	(2,525,286)
Share conversions	-	-	-
Closing shares in issue at 30 April 2023	1,024,299	1,834,330	27,793,441
Accumulation shares	Class A	Class B	Class P
Opening shares in issue at 1 May 2022	443,825	1,803,698	14,170,911
Share issues	22,882	49	2,191,522
Share cancellations	(38,886)	(2,925)	(4,075,912)
Share conversions	-	-	-
Closing shares in issue at 30 April 2023	427,821	1,800,822	12,286,521

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

(15) Risk Disclosures

Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and the net assets by £3,739,863 (2022: £3,957,273). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

Foreign currency exposure as at 30 April 2023	Investments (£)	Net current assets (£)	Total (£)
USD	-	-	-
Foreign currency exposure as at 30 April 2022	Investments (£)	Net current assets (£)	Total (£)
USD	-	51,702	51,702

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the USD would have the effect of increasing the return and net assets of the Fund by £nil (2022: £2,585). A five per cent increase would have the equal and opposite effect.

Liquidity risk

The following table provides a maturity analysis of the Fund's financial liabilities:

	30 April 2023 £	30 April 2022 £
Within one year:		
Distribution payable on income shares	869,245	609,636
Other creditors	126,320	140,986
Total	995,565	750,622

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2023

(16) Fair Value Disclosure

Fair value hierarchy as at 30 April 2023

Valuation technique	30 April 2023		30 April 2022	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1	74,797,260	-	79,145,461	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<u>74,797,260</u>	<u>-</u>	<u>79,145,461</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The Fund has adopted “Amendments to FRS 102”, Section 34 which establishes a hierarchy to be used to estimate the fair value of investments that are publicly traded or whose fair value can be reliably measured if they are not publicly traded. The levels of the hierarchy are as follows:

1. Fair value based on a quoted price for an identical instrument in an active market.
2. Fair value based on a valuation technique using observable market data.
3. Fair value based on a valuation technique that relies significantly on non-observable market data and will include values not primarily derived from observable market data.

The determination of what constitutes “observable” requires significant judgement by the Authorised Corporate Director. The Authorised Corporate Director considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Where investments have final redeemable prices supported by the underlying administrators, these would have been classified as Level 2.

Notes to the Annual Financial Statements (Continued)

(17) Distribution Table

For the period from 1 May 2022 to 31 July 2022

Group 1: shares purchased prior to 1 May 2022

Group 2: shares purchased on or after 1 May 2022

		Net revenue to 31-Jul-22 Pence per share	Equalisation to 31-Jul-22 pence per share	Distribution paid 30-Sep-22 pence per share	Distribution paid 30-Sep-21 pence per share
Income shares					
Class A	Group 1	1.3992p	0.0000p	1.3992p	1.3226p
	Group 2	0.5460p	0.8532p	1.3992p	1.3226p
Class B	Group 1	1.4748p	0.0000p	1.4748p	1.3879p
	Group 2	0.9552p	0.5196p	1.4748p	1.3879p
Class P	Group 1	1.5027p	0.0000p	1.5027p	1.4097p
	Group 2	0.5889p	0.9138p	1.5027p	1.4097p
Accumulation shares					
Class A	Group 1	1.8841p	0.0000p	1.8841p	1.7069p
	Group 2	0.2093p	1.6748p	1.8841p	1.7069p
Class B	Group 1	1.9845p	0.0000p	1.9845p	1.7889p
	Group 2	1.9845p	0.0000p	1.9845p	1.7889p
Class P	Group 1	2.0216p	0.0000p	2.0216p	1.8178p
	Group 2	0.8256p	1.1960p	2.0216p	1.8178p

Notes to the Annual Financial Statements (Continued)

(17) Distribution Table (Continued)

For the period from 1 November 2022 to 31 January 2023

Group 1: shares purchased prior to 1 November 2022

Group 2: shares purchased on or after 1 November 2022

		Net revenue to 31-Jan-23 pence per share	Equalisation to 31-Jan-23 pence per share	Distribution paid 31-Mar-23 pence per share	Distribution paid 31-Mar-22 pence per share
Income shares					
Class A	Group 1	1.0934p	0.0000p	1.0934p	1.3643p
	Group 2	1.0196p	0.0738p	1.0934p	1.3643p
Class B	Group 1	1.1578p	0.0000p	1.1578p	1.4353p
	Group 2	0.0036p	1.1542p	1.1578p	1.4353p
Class P	Group 1	1.1818p	0.0000p	1.1818p	1.4596p
	Group 2	0.8470p	0.3348p	1.1818p	1.4596p
Accumulation shares					
Class A	Group 1	1.5143p	0.0000p	1.5143p	1.7968p
	Group 2	0.6019p	0.9124p	1.5143p	1.7968p
Class B	Group 1	1.5988p	0.0000p	1.5988p	1.8877p
	Group 2	1.4364p	0.1624p	1.5988p	1.8877p
Class P	Group 1	1.6307p	0.0000p	1.6307p	1.9205p
	Group 2	1.0846p	0.5461p	1.6307p	1.9205p

Notes to the Annual Financial Statements (Continued)

(17) Distribution Table (Continued)

For the period from 1 February 2023 to 30 April 2023

Group 1: shares purchased prior to 1 February 2023

Group 2: shares purchased on or after 1 February 2023

		Net revenue to 30-Apr-23 pence per share	Equalisation to 30-Apr-23 pence per share	Distribution payable 30-Jun-23 pence per share	Distribution paid 30-Jun-22 pence per share
Income shares					
Class A	Group 1	2.6334p	0.0000p	2.6334p	2.0431p
	Group 2	2.0562p	0.5772p	2.6334p	2.0431p
Class B	Group 1	2.7867p	0.0000p	2.7867p	2.1523p
	Group 2	0.5098p	2.2769p	2.7867p	2.1523p
Class P	Group 1	2.8465p	0.0000p	2.8465p	2.1904p
	Group 2	2.3946p	0.4519p	2.8465p	2.1904p
Accumulation shares					
Class A	Group 1	3.6672p	0.0000p	3.6672p	2.7150p
	Group 2	2.1884p	1.4788p	3.6672p	2.7150p
Class B	Group 1	3.8773p	0.0000p	3.8773p	2.8562p
	Group 2	3.8773p	0.0000p	3.8773p	2.8562p
Class P	Group 1	3.9572p	0.0000p	3.9572p	2.9079p
	Group 2	3.0563p	0.9009p	3.9572p	2.9079p

Appendix

SFDR Periodic Report

Product Name: Slater Income Fund (the “Fund”)

Legal Entity Identifier: 213800ZG4XQFOOLUNE54

Did this financial product have a sustainable investment objective?	
<div><div><div></div><div></div><div></div></div> Yes</div>	<div><div><div></div><div></div><div></div></div> No</div>
<div><div><input type="checkbox"/> It made sustainable investments with an environmental objective: ____%</div><div><div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div><div><div><input type="checkbox"/> It made sustainable investments with a social objective: ____%</div></div></div>	<div><div><input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments</div><div><div><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with a social objective</div></div><div><div><input checked="" type="checkbox"/> It promoted E/S characteristics but did not make any sustainable investments</div></div></div>

To what extent were the environmental and/or social characteristics promoted by this financial product met?

This investment product effectively promotes Environmental and Social Characteristics by methodically integrating ESG research into the Investment Manager's investment approach. The primary aim of our ESG considerations is to preserve and enhance the value of our investments. During the reporting period, Slater Investments identified material risks and opportunities for the Fund’s investments, which were consistently evaluated. In addition, ESG reviews and sustainability impact reviews were conducted for new companies entering the Fund throughout the reporting period. Furthermore, we measure principal adverse impact indicators on a quarterly basis, which are subject to oversight by the ESG Committee.

The Fund also adheres to the environmental and social characteristics by assessing the extent to which investee companies comply with relevant legislation and internationally recognised standards. This process serves as a crucial aspect of the Investment Manager’s investment approach.

Appendix

How did the sustainability indicators perform?

Sustainability Indicators	Details	Metric
Companies which have set or committed to Science Based Target % of AUM, excluding cash	Has the company set targets or objectives to be achieved on emission reduction?	71%
UN Global Compact/Norms breach assessment	Does the company violate any of the UN Global Compact Ten Principles	7*
Portfolio Weighted Average Refinitiv ESG Rating excluding cash		56.3 (B-)

*Although seven companies violated at least one of the UN Global Compact Ten Principles, these violations did not pose a significant financial risk to the respective companies. However, such violations have resulted in unnecessary reputational harm. Slater Investments continues to monitor these companies.

- **And compared to previous periods.**

There were no previous periods. This is the first period the Fund is reporting.

- **What were the objectives of the sustainable investments that the financial product partially made, and how did the sustainable investment contribute to such objectives?**

The Investment Manager does not currently classify any investment as sustainable investments.

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable – see above.

How did this financial product consider principal adverse impacts (“PAIs”) on sustainability factors?

Slater Investments considers PAIs on sustainability factors on behalf of the Fund by:

- the PAIs are regularly monitored across the Fund on a quarterly basis. This monitoring data is presented and discussed in Slater Investments’s ESG Committee
- incorporating PAI data into engagement with investee companies
- evaluating PAIs of new investment in the Fund as part of wider ESG research of companies

Appendix

Indicators applicable to investments in investee companies			
Adverse sustainability indicator		Metric	Impact 2023
Climate and other environment-related indicators			
Greenhouse gas emissions (GHG)	GHG Emissions	GHG Emissions - Scope 1 (Tonnes)	5,067.12 Tonnes
		GHG Emissions - Scope 2 (Tonnes)	800.53 Tonnes
		GHG Emissions - TOTAL (incl estimates)	5,867.64 Tonnes
		GHG Emissions - Scope 3 (Tonnes)	9,1753.19 Tonnes
	Carbon Footprint	Carbon Footprint	61.80 CO2e/£M
	GHG Intensity of Investee Companies	GHG intensity of investee companies	79.20 CO2e/£M
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	11%
	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	12%
	Energy consumption intensity per high impact climate sector	Energy consumption in gigawatt hours (GWh) per £million of revenue of investee companies, per high impact climate sector	597.83 GWh/£M
Biodiversity	Activities negatively affecting biodiversity areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	36%
Water	Emissions to water	Tonnes of emissions to water generated by investee companies per £million invested, expressed as a weighted average.	0.04 Tonnes/£M
Waste	Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per £million invested, expressed as a weighted average	108.30 Tonnes

Appendix

Social and employee, respect for human rights, anti-corruption and anti-bribery matters			
Social and Employee matters	Violations of UN Global Compact (UNGC) principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	33%
	Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	44%
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	29%
	Board gender diversity	Average ratio of female to male board members in investee companies	28%
	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0

Appendix

Other Environmental Matters			
Emissions	Emissions of ozone depletion substances	Tonnes of inorganic pollutants equivalent per £million invested, expressed as a weighted average	20.50 Tonnes/£M
	Emissions of inorganic pollutants	Tonnes of air pollutants equivalent per £million invested, expressed as a weighted average	35.30 Tonnes/£M
	Investments in companies without carbon reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement.	29%
Water, waste and material emissions	Investments in producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0
Other Social Matters			
Social and employee matters	Insufficient Whistle-blower Protection (%)	Share of investments in entities without policies on the protection of whistle-blowers	29%
	Lack of a supplier code of conduct (%)	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	55%
Human rights	Lack of Human Rights Policy (%)	Share of investments in entities without a human rights policy	21%
	Lack of Anti-Corruption/Bribery Policy (%)	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the UN Convention against Corruption	28%

Appendix

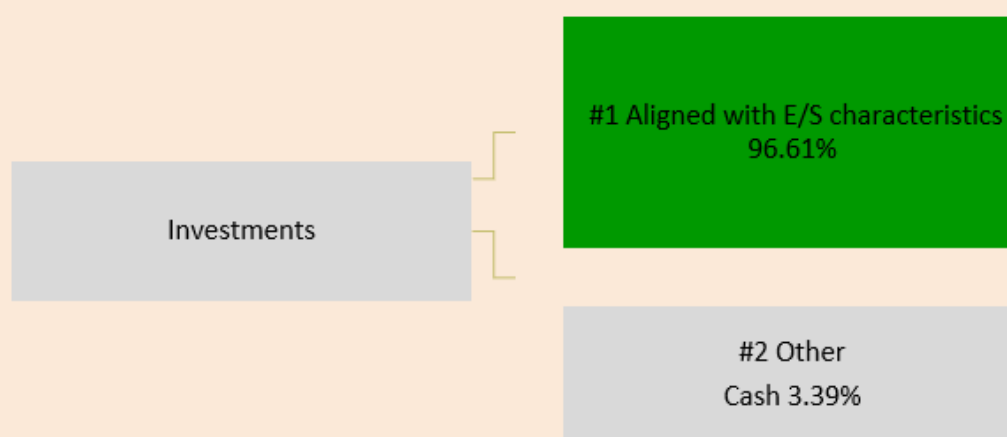
What were the top investments of this financial product?

Largest Investments	Industry	% Assets	Country
Sureserve Group PLC	Commercial Services & Supplies	6.38%	UK
Shell PLC	Oil, Gas & Consumable Fuels	5.48%	UK
Legal & General Group PLC	Insurance	3.78%	UK
BP PLC	Oil, Gas & Consumable Fuels	3.73%	UK
M&G PLC	Financial Services	3.58%	UK
SSE PLC	Electric Utilities	3.56%	UK
H & T Group PLC	Consumer Finance	3.39%	UK
Imperial Brands PLC	Tobacco	3.30%	UK
XPS Pensions Group PLC	Capital Markets	3.15%	UK
Tesco PLC	Consumer Staples Distribution & Retail	3.02%	UK
Lloyds Banking Group PLC	Banks	2.80%	UK
STV Group PLC	Media	2.73%	UK
Natwest Group PLC	Banks	2.64%	UK
GSK plc	Pharmaceuticals	2.61%	UK
Chesnara PLC	Insurance	2.60%	UK

Source: Slater Investments

What was the proportion of sustainability-related investments?

- What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Appendix

- In which economic sector were the investments made?**

Investments are made in various economic sectors. The top five as of 30th April 2023 and using the GICS Industry are shown in the table below:

Industry	% Assets
Oil, Gas & Consumable Fuels	14.32
Capital Markets	10.90
Insurance	9.37
Banks	7.70
Commercial Services & Supplies	6.88

Source: Slater Investments

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

- Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?**

Not applicable. The Fund does not commit to making a minimum proportion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- What was the share of investments made in transitional and enabling activities**

Not applicable. The Fund does not commit to making a minimum proportion of investments in transitional and enabling activities.

- How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods**

Not Applicable. There were no previous periods. This is the first period the Fund is reporting.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy

The share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy was 100%. These investments may be aligned with the EU Taxonomy, but the Investment Manager is not currently in a position to specify the exact proportion of the financial product's underlying investments as calculated according to the EU Taxonomy. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.

Appendix

What was the share of socially sustainable investments?

Not applicable. None of the investments are currently classified as socially sustainable investments.

What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Cash is included under “#2 Other”.

What action has been taken to meet the environmental and/or social characteristics during the reference period

As mentioned in our response to “To what extent were the environmental and/or social characteristics promoted by this financial product met?”, the Fund promoted environmental and social characteristics during the reference period under review:

- ESG is integrated in the Investment Process
- Adherence to good governance

How did the financial product perform compared to the reference benchmark

No reference benchmark has been used for the Slater Income Fund for the purpose of attaining E/S characteristics.

- **How does the reference benchmark differ from a broad market index?**

Not applicable.

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

Not applicable.

- **How did this financial product perform compared with the reference benchmark?**

Not applicable.

- **How did this financial product perform compared with the broad market index?**

Not applicable.

Slater Investments Limited



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