



# **Slater Investments Limited**

Slater Recovery Fund

Annual Report

For the year ended 30<sup>th</sup> November 2021

## SLATER RECOVERY FUND

### DIRECTORY

#### Registered Office

Slater Investments Limited  
Nicholas House  
3 Laurence Pountney Hill  
London  
EC4R 0EU

#### Authorised Fund Manager (AFM)

Slater Investments Limited\*  
Nicholas House  
3 Laurence Pountney Hill  
London  
EC4R 0EU  
Telephone: (0207) 220 9460  
Fax: (0207) 220 9469

#### Administrator, Registrar and Transfer Agent

JTC Fund Services (UK) Limited\*  
18<sup>th</sup> Floor  
The Scalpel  
52 Lime Street  
London  
EC3M 7AF  
Investor Support: (0203) 893 1001

#### Custodian and Depositary

*(from 16 August 2021)*  
CACEIS Bank, UK Branch \*\*  
Broadwalk House  
5 Appold Street  
London  
EC2A 2DA

*(previously and up to 15 August 2021)*

Société Générale Securities Services\*  
Societe Generale  
One Bank Street  
Canary Wharf  
London  
E14 4SG

#### Auditor

Azets Audit Services Limited  
Ashcombe Court  
Woolsack Way  
Godalming  
Surrey  
GU7 1LQ

\* Authorised and regulated by the Financial Conduct Authority.

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

## SLATER RECOVERY FUND

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## **SLATER RECOVERY FUND**

### **AUTHORISED STATUS AND GENERAL INFORMATION**

#### **Authorised status**

Slater Recovery Fund (the “Fund”) is an authorised unit trust scheme established by a Trust Deed dated 25 March 2002. It is a UK UCITS scheme as defined in the Collective Investment Schemes Sourcebook (COLL). The Fund is authorised and regulated by the Financial Conduct Authority with effect from 2 April 2002.

Unitholders of the Fund are not liable for the debts of the scheme.

#### **Investment objective and strategy**

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

The Fund will invest in companies both in the UK and overseas but concentrating mainly or, where appropriate, exclusively on UK shares. Other investments including bonds, warrants and options, within the limits imposed by the trust deed may also be used where it is considered that they meet the investment objective. It is also intended where appropriate to take advantage of underwritings and placings. At times it may be appropriate for the Fund not to be fully invested but to hold cash and near cash. The Fund has powers to borrow as specified in the COLL and may invest in derivatives and forward transactions for hedging purposes only.

#### **Change in Custodian and Depositary**

Effective 16 August 2021, CACEIS Bank, UK Branch replaced Société Générale Securities Services as Custodian and Depositary of the Fund.

Up to date key investor information documents, the full prospectus and reports and accounts for the Fund can be requested by investors at any time.

#### **Value for Money Assessment**

From March 2020, unitholders as well as other interested parties may view the Authorised Fund Manager’s Value for Money Assessment Report in relation to the Fund at [www.slaterinvestments.com/policies](http://www.slaterinvestments.com/policies).

#### **Rights and terms attaching to each unit class**

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

#### **Remuneration Policy**

The Authorised Fund Manager is subject to a remuneration policy which is applicable to UK 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 policy is 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 UK UCITS funds it manages.

The fixed remuneration paid by the Authorised Fund Manager to its staff in respect of all funds that it manages in the financial year ended 31 December 2020 was £1,047,872 and was shared amongst 19 members of staff. The financial year of Slater Recovery Fund ran from 1 December 2020 to 30 November 2021, whereas the financial year of Slater Investments Limited runs from 1 January to 31 December. The above figures are taken from the financial report and accounts of Slater Investments Limited for the period 1 January 2020 to 31 December 2020. The financial statements of Slater Investments Limited have been independently audited.

All 14 Authorised Fund Manager staff members were fully or partially involved in the activities of the Fund. The variable remuneration paid by the Authorised Fund Manager to its staff in respect of all funds that it manages in the financial year ended 31 December 2020 was £719,617. The Authorised Fund Manager 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 Fund Manager. None of the Authorised Fund Manager’s staff actions had a material impact on the risk profile of the Fund.

## **SLATER RECOVERY FUND**

### **DIRECTORS' STATEMENT**

In accordance with COLL 4.5.8BR, the annual report and the audited financial statements were approved by the Authorised Fund Manager of the Fund and authorised for issue.

\_\_\_\_\_  
Mark Slater  
Director

\_\_\_\_\_  
Ralph Baber  
Director

SLATER INVESTMENTS LIMITED  
28 January 2022

### **STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES**

The FCA's Collective Investment Schemes sourcebook ('COLL') requires the Authorised Fund Manager to prepare accounts for each annual and half-yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the Fund and of its net revenue and the net capital gains on the property of the Fund for the year. In preparing the accounts the Authorised Fund Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the IA in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements; and
- make judgements and estimates that are prudent and reasonable.

The Authorised Fund Manager is responsible for the management of the Fund in accordance with its trust deed, Prospectus and COLL and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

So far as the Authorised Fund Manager is aware, there is no relevant audit information of which the Group and the Fund's Auditors are unaware, and the Authorised Fund Manager has taken all the steps that he or she ought to have taken as an Authorised Fund Manager in order to make himself or herself aware of any relevant audit information and to establish that the Group and the Fund's Auditors are aware of that information.

## **SLATER RECOVERY FUND**

### **STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE UNITHOLDERS OF SLATER RECOVERY FUND ('THE COMPANY')**

#### **For the period 16 August 2021 to 30 November 2021**

The depositary 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 depositary 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 depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised 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 November 2021

#### **For the period 1 December 2020 to 15 August 2021**

The depositary 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 depositary 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 depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook and, where applicable, the OEIC Regulations, the Instrument of Incorporation and Prospectus of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**Société Generale S.A. London Branch**  
15 August 2021

## **SLATER RECOVERY FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SLATER RECOVERY FUND**

#### **Opinion**

We have audited the financial statements of the Slater Recovery Fund (the “company”) for the year ended 30 November 2021 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 November 2021 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.

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.

## **SLATER RECOVERY FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SLATER RECOVERY FUND (CONTINUED)**

#### **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.

#### **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.

## **SLATER RECOVERY FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SLATER RECOVERY FUND (CONTINUED)**

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

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.

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  
Godalming  
Surrey  
GU7 1LQ  
Date:

## SLATER RECOVERY FUND

### FUND MANAGER'S REPORT

#### Report for the year to 30 November 2021

<u>Performance</u>	Six Months	1 year	3 years	5 years	Since launch*
Slater Recovery Fund P unit class	+4.19%	+33.14%	+77.63%	+135.39%	+728.60%
Investment Association (IA) OE UK All Companies	+0.34%	+17.24%	+22.87%	+35.63%	+347.65%

\* A unit class launched 10 March 2003

#### Portfolio Commentary

The market lives by headlines from day to day, and the pandemic continues to fill the front pages. One moment investors are relishing the prospect of a traditional Christmas, the next they are donning masks and fretting about lockdowns. The year to November 2021 began with exuberance over vaccines, relishing the reopening and only lost momentum as the bills started arriving, in the shape of rising taxes and inflation. Omicron had yet to raise its spikey head. Despite these ups and downs, the Fund had an outstanding year, returning +33.14% and handily beating the +17.24% from the Investment Association OE UK All Companies.

#### Major Contributors

**Future** again led the field with a +7.26% contribution and the shares rose +112%. Keeping up with this company is no mean feat. For the year to September 2021, it reported a 77% rise in adjusted earnings per share (EPS), driven by 23% organic growth in sales and a widening of operating margins from 28% to 32%. Future is highly acquisitive, and its biggest purchase was Goco, the price comparison website which it bought for £629 million in February 2021. It followed this in July 2021 by announcing the £300 million purchase of Dennis, the publisher of investment titles such as Moneyweek and Kiplinger, a United States (US) title. The Dennis deal closed on 1st October 2021. Both acquisitions show Future's focus on content which helps people decide what to buy. Its original arena was dispensing advice on consumer electronics. It sees similar scope with financial products. As with the gadgets, the aim is to sell adverts at high prices and to capture commission when people make a purchase. There have been some road bumps but only minor ones. Goco's move into the auto-switching of energy contracts was only in its infancy. It has been parked following the collapse of many power suppliers. In November 2021, Future predicted earnings for financial year 2022 would be 'materially above current expectations'.

**Next Fifteen Communications** was the second biggest contributor, delivering +2.88% and rocketing +120%. Consensus forecasts for the year to January 2021 nearly halved last year, only to bounce back to their starting point when revenues not only failed to collapse but actually grew 8%. That momentum continued and July 2021 interim sales grew 36%. Acquisitions always play a role, but organic growth was 23%. Visibility is low in the advertising and market sector so forecasts could nose downwards again. Even if they do, Next Fifteen Communications' customers are digital-friendly and therefore less vulnerable if restrictions are slammed back on. The shares closed the year on a forward price-earnings ratio (PE) of 21.

**Kape Technologies** (Kape) contributed +2.23% after climbing +113%. The year saw not one but two pivotal acquisitions. In March 2021 the company bought Tel Aviv-based Webselenese for \$149 million. This was a massively accretive deal which hoisted pro-forma EPS by 65% because the multiple paid was low. Webselenese's main website gives advice on which virtual private network (VPN) to use. It is also now lending its expertise to boost Kape's own marketing. In September 2021, Kape doubled its subscriber base with the \$936 million purchase of ExpressVPN, its nearest competitor. This deal was driven by more revenue and technology synergies than by cost-cutting, though soaring pay rates in Tel Aviv do make it attractive to move programming roles to Express, whose operations span from the Baltics to Singapore. We can never tell how many customers using VPNs are based in China because one attraction of these services is to make the location hard to trace. Kape assures us its exposure to China is modest. ExpressVPN in particular has a reputation for getting round the

## SLATER RECOVERY FUND

### FUND MANAGER'S REPORT (CONTINUED)

#### Report for the year to 30 November 2021

government's 'cybersecurity' obstacles. We are mindful of the risks and believe the groupwide exposure is small. The forward PE of less than 15 remains very attractive.

**Elixirr International** rose +180% and delivered +2.04%. In September 2021 this IT consultancy reported interims showing sales up 77% and profit before tax up 145% with adjusted EPS up 64%. The company is starting to award hefty options and it adds them back, flattering its figures. In the half year they amounted to 6% of operating profits but this is certain to rise. Option packages are an intrinsic part of the business model, so we accept them. We do object to companies arguing they are not a cost to shareholders. Setting aside this point, Chief Executive Stephen Newton is a man on a mission, and we expect the rapid progress to continue.

We had to say goodbye to **Gamesys** during the year. It contributed +1.64% before it was sold to Bally's of the US. Still with us is **CentralNic**, which has quietly morphed from a fairly humdrum provider of web addresses to a fast-growing adtech business. The shares rose +53% and the contribution was +1.43%. The 'Online Presence' division did bounce back strongly this year from a hiatus in corporate spending when the virus struck. But it is being eclipsed by the remarkable growth of the Online Marketing division, led by Team Internet. The driver here is Team Internet's Pubtonic service. Using various textual recognition algorithms this is able to find sites on social media of interest to advertisers. It buys the relevant slots on those pages and then sells them within Google's ad market. Prices within the Google market are higher so this activity can be lucrative. Early this year CentralNic bought a Polish business called Wando. This had software which boosted the performance of Pubtonic. Adtech businesses have a tendency to burn brightly and then fizzle out as competition catches up. This remains a risk for CentralNic but the Pubtonic boom still looks young.

**JTC**, the fund administrator, lifted underlying earnings by 12% in the first half of the year. In October 2021 it raised another £80 million to help fund a \$204 million acquisition in the US. The shares rose +52% and the contribution was +1.44%. This sparkling performance owed something to the fact that Sanne, its closest rival, succumbed to a \$2 billion bid from private equity. The strong recurring revenue enjoyed by both companies is a big attraction for bidders.

**Marlowe**, the ultra-acquisitive building safety and regulatory compliance group, contributed +1.43% with a +63% share gain. Interim results to September 2021 reported basic EPS rising 50% on sales up 61%. There is always a heavy element of PE arbitrage with this company, but we do see genuine growth as well. The software businesses in particular look promisingly scalable and high margin. The company is eyeing the sector for advice and monitoring of sustainability. Of course, others also see the opportunity, so acquisition prices may make this unattractive.

**Liontrust Asset Management** rose +54% and contributed +1.26%. The company has two growth drivers: its sustainable investment strategy which has lifted assets under management (AuM) from £3 billion in 2017 to £14 billion today, and its campaign to swallow weaker fund managers, wringing fat cost savings and broadening the product range. Sustainable investment appeals particularly to the company's retail investors. September 2021 interim results showed adjusted earnings rising 85% with the dividend doubling. Total AuM were £35.7 billion, up 73% year-on-year.

**Tesco** contributed +1.18% and the shares rose +22%, continuing the steady recovery which began with last summer's reopening. Asda and Morrison Supermarkets were both sold to private equity during the year for £6.8 billion and £7 billion respectively. Tesco is three times their size in market value so would be a much heftier target and might attract the attention of much more attention from the government, which gains broader power to intervene in takeovers in the new year. Tesco's valuation remains undemanding on a PE of 13.5 and a yield of

## SLATER RECOVERY FUND

### FUND MANAGER'S REPORT (CONTINUED)

#### Report for the year to 30 November 2021

3.7%. In October 2021, it announced a further £500 million buyback. Net debt, excluding £9 billion of leases, was only £2 billion at the interims to 28 August 2021. The company coped well with lockdown and with the reopening. Interest rates may rise next year but will likely remain heavily negative in real terms, making bids for blue chips relatively cheap to finance.

Canadian gas and oil producer **i3 Energy** contributed +1.09% and the shares rose +111%. Sharply recovering energy prices were obviously the main factor but i3 Energy has also applied a dollop of self-help. In July 2021, it raised £40 million to complete the purchase of assets in Alberta which doubled its daily output. As with last year's deal, the purchase multiple remained at 3x annual cashflow, though based on a higher oil price. The energy market looks set for several very lucrative years as political pressure inhibits exploration but before renewables are able to fill the gap. Hopes are fading for i3 Energy's Serenity find in the North Sea to be partnered and developed. The political climate may change if oil prices hit \$150 or move much higher.

**Jubilee Metals** climbed +43% and contributed +1.06%. Success until this year was purely based on its success in refining chrome for South African miners while being allowed to keep the platinum by-product. This year Jubilee began producing copper in Zambia. Over time we see the copper opportunity at least equalling platinum and probably outpacing it. Adjusted earnings in the year to June 2021 rose 93%.

#### Major Detractors

**Clinigen** fell -8% to close at 599p and it detracted by -0.83%. The company has seemed to suffer a plague of frogs during the year. In the US, biotech company Iovance failed to agree dosing terms with the Food & Drug Administration (FDA), meaning there is no clear approval timeline for its drug, which works in combination with Clinigen's Proleukin. Results from clinical trials have been impressive, so a solution seems likely eventually. Clinigen was forced to downgrade forecasts because of a fall in sales of Proleukin in the US for patients with kidney cancer. Some doctors had switched during the pandemic to newer drugs which allow people to spend less time in hospital. The FDA also surprised everyone by blocking the sale of Erwinase, a cancer drug it had previously approved. Batch consistency may be the issue. Clinigen markets the drug in the US for its UK manufacturer. On 2nd December 2021, Triton Partners launched a £1.2 billion agreed bid at 883p. Triton is a private equity group which has some companies in related markets. We are considering our response.

**Prudential** detracted by -0.87% though this was partly offset by the +0.32% from selling the shares in Jackson Financial, the US insurance arm which was demerged during the year. In demerged form Prudential has started to outperform its Asian peers, such as Hong Kong-based AIA. The turmoil in Chinese property has been an unfortunate backdrop for the company's debut year as an Asian life company, though direct exposure to Evergrande, the largest defaulter, seems to be minimal. Consensus earnings are forecast to grow a third between 2021 and 2023. We remain confident the reinvention of Prudential will pay off.

**Venture Life** detracted by -1.19% after a -49% fall in the share price. The shares had been Covid-19 winners as sales of hand gel boomed and people bought mouthwash. Hand gel sales then plunged as the focus switched to airborne transmission. Sales of mouthwash in China had been a highlight in 2020 but collapsed this year, apparently because the local distributor had itself been hit by the multiple local lockdowns in parts of China which hurts its non-internet sales. Investors had also been primed to expect some acquisitions which failed to materialise. The company replaced its finance director in November 2021 and is seeking a new director to chair the board. The house broker cut its forecast for this year by 27% and by 39% for 2022, leaving the shares on 21 times. We think there is scope for this number to recover but the company needs to rebuild credibility with investors.

## **SLATER RECOVERY FUND**

### **FUND MANAGER'S REPORT (CONTINUED)**

#### **Report for the year to 30 November 2021**

**Best of the Best** detracted by -1.27% after the shares fell -70%. Earnings more than trebled in the year to April 2021 but went sharply into reverse after the reopening. Playing spot the ball was popular during lockdown but lost some fans once they were free to socialise. Online advertising costs also rose as the economy got back into gear. An update in August 2021 delivered the bad news, leading analysts to predict a 56% fall in profits in the current year. An update in November 2021 reported that trading was in line with these reduced numbers. The forward multiple was around 12 times at 30 November 2021.

The Fund sold its positions in **CML Microsystems, Codemasters, IG Design, Jackson Financial** (demerged from Prudential) **Jet2, Lok’N Store, Mears, Rank** and **Volex**.

Six holdings were the subject of takeovers during the period – **AFH Financial, Applegreen, Arrow Global, Gamesys, Goco** and **Scapa**.

The Fund’s positions in **Calnex Solutions, City of London Investment Group**, and **Ergomed** were trimmed during in the period. **Volex** was bought and sold during the period.

Sales proceeds were reinvested in a range of existing holdings. These were: **Alliance Pharma, Avation, Breedon, CentralNic, Clinigen, Fintel, Franchise Brands, Future, Hollywood Bowl, i3 Energy, Inspired, Instem, Iomart, JTC, Kape Technologies, Kin and Carta, Liontrust Asset Management, Marlowe, MJ Gleeson, NCC Group, Next Fifteen Communications, Prudential, Randall & Quilter, Redcentric, Restore, SigmaRoc, STV Group, Sureserve, Ten Entertainment, Tesco, Trifast**, and **Venture Life**.

A number of new holdings were also established. These included: **Anglo Pacific, Begbies Traynor, Best of the Best, Brewin Dolphin, Brooks Macdonald, Clipper Logistics, Converge Technology, Devolver Digital, Eneraqua Technologies, Foresight Group, Jubilee Metals, Lords Group Trading, Premier Miton, Rathbones, Reach, Serco, SSE, Supreme, TinyBuild, TT Electornics** and **UP Global Sourcing**.

#### **Outlook**

The market and the world remain prey to the pandemic but we are encouraged by the success of vaccines, antibodies and antivirals. The focus for investors next year is likely to return to the tapering of monetary stimulus and a gradual normalisation of interest rates. UK shares are on much lower forward multiples than other markets, meaning buying from overseas should be helpful. We remain confident about the portfolio.

Slater Investments Limited.  
28 January 2022

## SLATER RECOVERY FUND

### FUND MANAGER'S REPORT (CONTINUED)

#### Distributions (pence per unit)

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Class A Accumulation</u>				
Net income paid 31 January	-	-	-	-
Net income paid 31 July	-	0.0866	-	-
<u>Class B Accumulation</u>				
Net income paid 31 January	0.1651	-	0.4825	0.3467
Net income paid 31 July	-	0.8851	-	0.1900
<u>Class P Accumulation</u>				
Net income paid 31 January	0.7421	-	0.8477	0.7029
Net income paid 31 July	-	1.3780	-	0.4904

#### Material portfolio changes

For the year ended 30 November 2021

<b>Major Purchases</b>	<b>Cost (£)</b>	<b>Major Sales</b>	<b>Proceeds (£)</b>
Prudential	13,377,817	Codemasters*	6,861,196
Tesco	13,086,300	Gamesys	6,586,647
Serco	12,326,573	AFH Financial	3,051,850
Clinigen Group	9,386,957	Calnex Solutions	1,963,241
SSE	6,769,287	Scapa	1,638,094
Jubilee Metals	6,555,878	Jet2	1,331,308
STV Group	5,936,850	Rank Group	1,228,590
Devolver Digital	5,911,193	Goco	1,027,268
Lords Group Trading	5,830,413	Arrow Global	777,529
Randall & Quilter	4,914,576	CML Microsystems	697,756
Kape Technologies	4,909,528	Lok'nStore	648,336
Alliance Pharma	4,527,829	Jackson Financial	572,799
UP Global Sourcing	4,235,942	Applegreen	493,773
Inspired	3,991,739	IG Design	492,547
JTC	3,960,502	City of London Investment Group	442,250
Eneraqua Technologies	3,761,438	Ergomed	366,199
Future	3,723,757	Mears	250,240
Fintel	3,378,667	Voilex	179,663
Foresight Group	3,326,400		
Converge Technology	3,208,598		
Best of the Best	3,094,638		
Begbies Traynor	3,063,089		
Marlowe	3,036,985		
Redcentric	2,892,716		
Anglo Pacific	2,771,793		
TT Electronics	2,625,477		
Other Purchases	30,721,420		
<b>Total purchases for the year</b>	<b>171,326,362</b>	<b>Total sales for the year</b>	<b>28,609,286</b>

\*This figure includes one transaction of £238,641 from the previous reporting period to 30 November 2020.

# SLATER RECOVERY FUND

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) REPORT

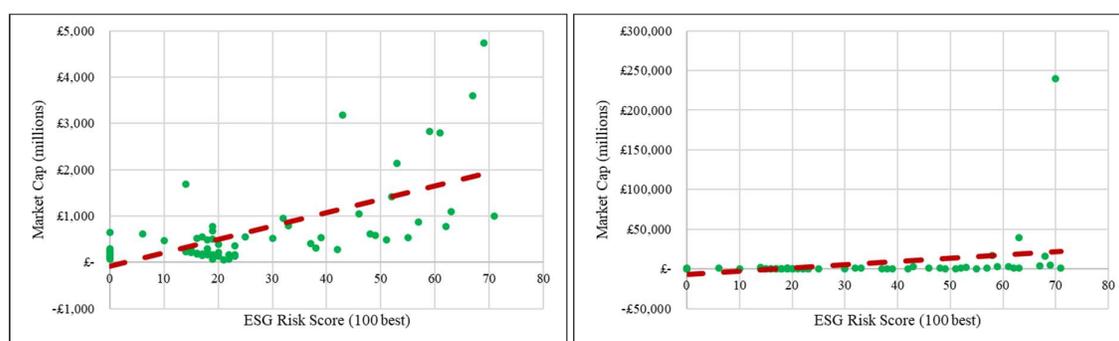
### Report for the period to 30 November 2021

#### Introduction

We are proud to have been listed as a [successful signatory](#) to the Financial Reporting Council’s 2020 [UK Stewardship Code](#) in September 2021, being included in the first cohort of those accredited. The Code sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them.

#### ESG Scoring

ESG scoring remains in its infancy as there is no globally accepted, or accurate, methodology. Combined with a distinct lack of data to populate these frameworks. Only 82% of the Fund’s holdings have sufficient data points available for inclusion, and in many cases this data is inaccurate. ESG data providers focus on larger capitalised companies, who in turn are able to dedicate more resource towards their ESG activities and reporting. This leaves us in a situation where their ESG scores are materially higher, even if their eventual product is no better than those of other smaller companies. Our analysis of this is illustrated:



Sources: Clarity AI and Stockopedia

The trendline shows a positive correlation between the market capitalisation of a company and its ESG score. The two graphs are the same, except the left-hand iteration has the top 4 companies by market cap (whose ESG scores are 70, 68, 63 and 58 respectively) removed.

Our ESG scores are calculated using our own interpretation of the Sustainability Accounting Standards Board (“SASB”) standards. Given our dislike of adjusted numbers, this entails being significantly harsher where companies have not reported the required data points. The globally accepted default methodology provides an industry average in the place of a null data point. We, however, adjust this so that a null data point counts as 0.

To ensure the quantitative work we do remains relevant, we actively provide feedback on consultations to our trade body, the Investment Association, and the emerging standards providers, SASB and the Task Force on Climate-related Financial Disclosures. We are also working with investee companies to help them translate the ESG work they do into a corresponding ESG score, as small to mid-caps are currently being unreasonably punished due to their data not being properly collected.

We use the information generated by our ESG data providers as a starting point to engage with companies we own. We then carry out our own analysis to understand why there is a shortfall in the data and/or score, and if that shortfall is one of disclosure or whether it presents a risk to the rating. We have stressed in investee company meetings that time needs to be spent on making sure that data is accurate.

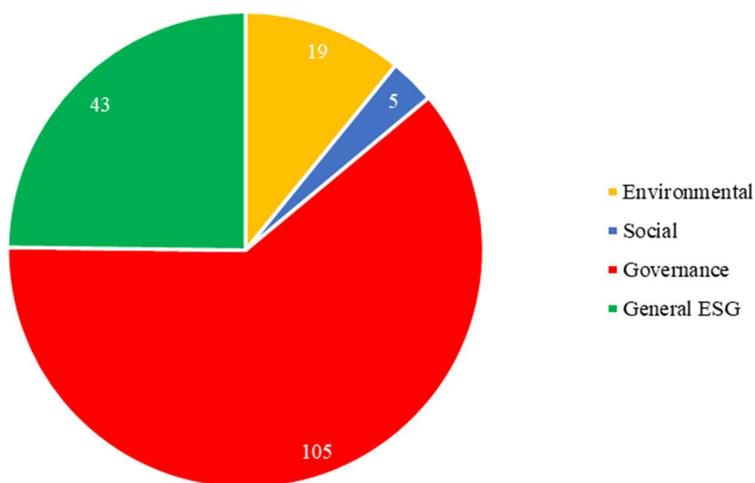
## SLATER RECOVERY FUND

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) REPORT (CONTINUED)

#### Engagement

We do not invest in a company with the view of engaging; in an ideal situation we aim to buy into a high-quality business and monitor it. This ongoing monitoring of investee companies is equally as important as the initial investment decision itself, and sometimes shareholder engagement can help to support good corporate governance. This is important not only because it enhances shareholder interests directly, but also owing to the wider benefits it can have from an ESG perspective.

During the year to November 2021, our ESG team attended 464 company meetings. We classed 172 of these interactions as engagement, broken down by classification as follows:



Engagement is conducted by our ESG team across all companies we hold shares in on behalf of clients. Examples of our engagement are listed below, split into two categories; that conducted with individual companies on specific issues, and thematic engagement on a broader scale with a group of companies.

Thematically, in light of clarification from the UK Government on its Carbon Budget plans, the overarching topic of the period for us was evaluating all investee companies with a specific focus on any potential stranded assets. The ramifications of the environmental pillar of ESG are becoming more real, with two headline grabbing events during the period in ‘a Dutch court ruling that Royal Dutch Shell must cut carbon emissions by 45% by 2030’ ([link](#)) and ‘Exxon losing two board seats to an activist hedge fund over climate related proposals’ ([link](#)) taking place. Our investment process does not lend itself to a significant number of capital-intensive companies, however these changes will affect everyone, and we are keen to ensure management are alive to the risk. We have engaged with our companies regarding their plans for aligning themselves with the transition to net-zero carbon emissions. The companies we have seen with the good governance are taking this seriously by creating achievable roadmaps.

Regarding setting net-zero targets, two investee companies approached us during the quarter asking our opinion on the best route forward. Given the nature of these companies’ business and the technology currently available, it is impossible for them to operate in a net-zero manner. However, given the ever-increasing amount of net-zero pledges companies in their sectors were making, they wondered if they should be doing the same. We believe that any targets should be based on an achievable plan, and do not believe the current trend of setting a target and figuring out the specifics later is a demonstration of good governance, especially when most plans involve use of copious carbon offsets, which we do not believe will hold much weight in the future (and will come at a greater cost to the business). Instead, working towards organically reducing emissions and electricity consumption where possible is a much more effective use of management’s time, as these actions also filter through and improve the business.

## SLATER RECOVERY FUND

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) REPORT (CONTINUED)

On 4 August 2021, we wrote to the Chair of the Audit Committee for all companies where we hold a material position, defined as ownership greater than 3% of the company. Our intention is to examine the risks each business faces; to understand how they are discussed at Board level, and how much time the Board spends on them. We were very pleased to receive a response from all 39 companies we contacted, with an average response time of 17 days. Meetings with each Chair have been scheduled over the coming months and, by November 2021, 10 had already occurred. We have been encouraged with the quality of engagement, and found it interesting that many of the Chairs of the Audit Committees have confirmed this is the first time an investor has asked to engage directly with them.

In January 2021, IG Design announced its new remuneration policy. The proposed value creation scheme (“VCS”) set a 450p share price as the base level for performance when, at the time of release, the company’s share price was 610p. This would mean that the VCS would pay out £14.9 million in March 2023 to the executives even if the share price fell to 570p. We strongly believed the market dislocation caused by Covid-19 was taken advantage of. We spoke to the Chair of the Remuneration Committee and were not impressed by their response. We made our feelings clear to the company and voted against the implementation of this policy. When the resolution was ultimately passed, we could not support such value destructive actions and sold out of our position.

In April 2021, City of London Investment Group [announced](#) that the company's payment of historical dividends over a period of 12 years had resulted in a technical infringement of the Companies Act 2006. For a business that is not hugely complicated, we see this as a disappointing demonstration of governance. Along with asking the company for an explanation from the Audit Committee about the quality of their auditors, we also pointed out that they should have a finance director and cut back on the number of directors. We have further consulted with the Chairman, Barry Ailing, and Chair of Audit & Risk, Peter Roth, and believe the augmented internal controls that are being put in place are a step in the right direction.

In November 2020, Take-Two Interactive tabled a cash plus shares bid totalling 464p per share for Codemasters which was subsequently recommended for acceptance by Codemasters’s Board. We engaged with Codemasters’ Executive Directors and their Rule 3 advisor, along with the Independent Non-Executive Directors. Though accepting that the bidder offered an exciting home for the staff, the amount offered did not truly reflect the price of such a strategic asset. We felt the Non-Executive Directors were conflicted by the relative large pay out on the option scheme. The award of options to non-executive directors presents a conflict of interest that compromised their independence. We informed the bidder and the Board that we would not accept the bid price. Subsequently, a secondary full cash bid was received from Electronic Arts at 604p per share; 140p per share and 30% higher.

Two investee companies, who had identified staff retention as a key risk, engaged with us in the period. As the majority of their offices are in geographies with a higher average staff turnover than the UK, attracting and retaining good employees is of more importance. Their market research identified a correlation between the more desirable employees and those that cared more about social issues. We discussed what the companies could do to improve their appeal to this demographic, and the appropriate accreditation that would give weight to these actions. These companies are now working towards gaining their [B Corp](#) certification.

#### Voting

Exercising our voting rights is the most powerful tool we have at our disposal. It is the one absolute way in which we can hold companies accountable. We vote at every shareholder meeting, regardless of the size of our investments in accordance with our Voting Policy. The matters to be voted on are assessed internally using our Voting Policy for each general or extraordinary meeting of an investee company. It is our policy to vote in favour of company management usually. The ESG Committee is responsible for developing and monitoring the Voting Policy which builds on established best practice.

Our up-to-date Voting Policy can be found on our [website](#), along with a complete archive of our voting history.

**Slater Investments ESG**  
January 2022

## SLATER RECOVERY FUND

### FUND INFORMATION

#### Comparative tables

<b>Class A accumulation units</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per unit</b>	<b>30.11.21</b>	<b>30.11.20</b>	<b>30.11.19</b>
	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
Opening net asset value per unit	293.11	263.80	223.74
Return before operating charges*	104.72	33.40	43.93
Operating charges	(5.63)	(4.09)	(3.87)
Return after operating charges*	99.09	29.31	40.06
Gross distribution on accumulation units	0.09	-	-
Accumulation distributions reinvested	(0.09)	-	-
Closing net asset value per unit	392.20	293.11	263.80
*after direct transaction costs of	0.69	0.27	0.13
<b>Performance</b>			
Return after charges	33.80%	11.11%	17.91%
<b>Other information</b>			
Closing net asset value	£12,862,020	£6,269,809	£5,003,268
Closing number of units	3,279,450	2,139,037	1,896,593
Operating charges	1.51%	1.55%	1.63%
Direct transaction costs	0.19%	0.10%	0.05%
<b>Prices</b>			
Highest unit price	411.18p	297.63p	266.67p
Lowest unit price	297.72p	194.80p	210.22p
<b>Class B accumulation units</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per unit</b>	<b>30.11.21</b>	<b>30.11.20</b>	<b>30.11.19</b>
	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
Opening net asset value per unit	305.46	273.58	230.66
Return before operating charges*	109.23	34.79	45.53
Operating charges	(3.98)	(2.91)	(2.61)
Return after operating charges*	105.25	31.88	42.92
Gross distribution on accumulation units	(1.05)	-	(0.67)
Accumulation distributions reinvested	1.05	-	0.67
Closing net asset value per unit	410.71	305.46	273.58
*after direct transaction costs of	0.74	0.28	0.13
<b>Performance</b>			
Return after charges	34.45%	11.66%	18.61%
<b>Other information</b>			
Closing net asset value	£5,886,824	£3,615,409	£3,212,988
Closing number of units	1,433,326	1,183,579	1,174,444
Operating charges	1.03%	1.07%	1.05%
Direct transaction costs	0.19%	0.10%	0.05%
<b>Prices</b>			
Highest unit price	430.06p	310.15p	276.48p
Lowest unit price	310.31p	202.32p	216.82p

## SLATER RECOVERY FUND

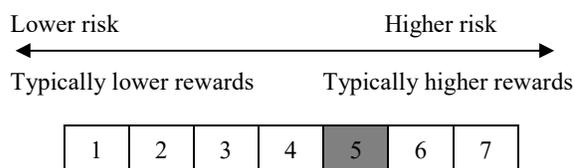
### FUND INFORMATION (CONTINUED)

#### Comparative tables (continued)

<b>Class P accumulation units</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per unit</b>	<b>30.11.21</b>	<b>30.11.20</b>	<b>30.11.19</b>
	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
Opening net asset value per unit	311.61	278.33	234.21
Return before operating charges*	111.54	35.49	46.12
Operating charges	(3.06)	(2.21)	(2.00)
Return after operating charges*	108.48	33.28	44.12
Gross distribution on accumulation units	(2.12)	-	(1.34)
Accumulation distributions reinvested	2.12	-	1.34
Closing net asset value per unit	420.09	311.61	278.33
*after direct transaction costs of	0.71	0.28	0.13
<b>Performance</b>			
Return after charges	34.81%	11.96%	18.84%
<b>Other information</b>			
Closing net asset value	£382,304,574	£113,484,105	£54,266,852
Closing number of units	91,006,034	36,418,279	19,497,631
Operating charges	0.76%	0.79%	0.79%
Direct transaction costs	0.18%	0.10%	0.05%
<b>Prices</b>			
Highest unit price	439.62p	316.38p	281.27p
Lowest unit price	316.58p	206.00p	220.36p

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit 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 units in issue for the pence per unit 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 5 because it has experienced moderate to high volatility historically.

## SLATER RECOVERY FUND

### FUND INFORMATION (CONTINUED)

#### Portfolio statement

as at 30 November 2021

Holding or nominal value		Bid value £	Percentage of total net assets	
			30 Nov'21 %	30 Nov'20 %
<b>CONSTRUCTION &amp; MATERIALS</b>				
2,534,660	Breedon Group	2,461,155	0.61	
1,357,920	Eneraqua Technologies	3,761,438	0.94	
6,137,277	Lords Group Trading	7,364,732	1.84	
1,111,411	SigmaRoc	933,585	0.23	
	Total Construction & Materials	14,520,910	3.62	1.55
<b>CONSUMER SERVICES</b>				
3,765,091	Devolver Digital	6,588,909	1.64	
1,166,667	Fonix Mobile	1,773,334	0.44	
3,512,420	Franchise Brands	4,917,388	1.23	
1,627,393	Hollywood Bowl	3,653,497	0.91	
293,188	Loungers	776,948	0.19	
823,782	Ten Entertainment	1,993,552	0.50	
560,000	tinyBuild	1,097,600	0.27	
2,496,921	UP Global Sourcing	4,382,096	1.09	
	Total Consumer Services	25,183,324	6.27	9.75
<b>ENERGY</b>				
450,000	SSE	6,981,750	1.74	
	Total Energy	6,981,750	1.74	-
<b>FINANCIAL SERVICES</b>				
2,612,872	Begbies Traynor	3,475,305	0.87	
619,639	Brewin Dolphin	2,119,202	0.53	
60,715	Brooks Macdonald	1,621,091	0.40	
53,127	City of London Investment Group	270,948	0.07	
1,922,651	Fintel (formly The Simplybiz Group)	4,076,020	1.02	
792,000	Foresight Group	3,579,840	0.89	
931,756	JTC	7,901,291	1.97	
270,000	Liontrust Asset Management	5,508,000	1.37	
1,133,457	Premier Miton	1,926,877	0.48	
1,130,000	Prudential	14,413,150	3.60	
4,452,432	Randall & Quilter	7,662,592	1.92	
143,606	Rathbones	2,656,486	0.66	
	Total Financial Services	55,210,802	13.78	10.59

## SLATER RECOVERY FUND

### FUND INFORMATION (CONTINUED)

#### Portfolio statement (continued)

as at 30 November 2021

Holding or nominal value		Bid value £	Percentage of total net assets	
			30 Nov'21 %	30 Nov'20 %
	<b>GENERAL RETAILERS</b>			
121,087	CVS Group	2,651,805	0.66	
864,080	Supreme	1,572,626	0.39	
5,950,000	Tesco	16,463,650	4.11	
	Total General Retailers	20,688,081	5.16	3.40
	<b>INDUSTRIAL ENGINEERING</b>			
730,000	Flowtech Fluidpower	949,000	0.24	
13,567	Renew Holdings	107,586	0.03	
994,772	Trifast	1,402,629	0.35	
	Total Industrial Engineering	2,459,215	0.62	2.04
	<b>INDUSTRIAL GOODS &amp; SERVICES</b>			
285,575	Clipper Logistics	1,899,074	0.47	
	Total Industrial goods & services	1,899,074	0.47	-
	<b>INDUSTRIAL TRANSPORTATION</b>			
550,454	Avation	495,409	0.12	
	Total Industrial Transportation	495,409	0.12	0.53
	<b>MEDIA</b>			
660,000	Future	23,628,000	5.89	
775,001	Next Fifteen Communications	8,525,011	2.13	
453,125	Reach	1,169,063	0.29	
2,073,221	STV Group	6,945,290	1.73	
	Total Media	40,267,364	10.04	9.67
	<b>OIL &amp; GAS PRODUCERS</b>			
44,852,207	i3 Energy	4,776,760	1.19	
	Total Oil & Gas Producers	4,776,760	1.19	1.22
	<b>PRECIOUS METALS &amp; MINING</b>			
2,165,463	Anglo Pacific	2,815,102	0.70	
52,245,000	Jubilee Metals	8,254,710	2.06	
	Total precious metals & mining	11,069,812	2.76	-
	<b>PHARMACEUTICALS &amp; BIOTECHNOLOGY</b>			
8,453,090	Alliance Pharma	8,605,246	2.15	
1,784,913	Clinigen Group	10,673,830	2.66	
300,000	Ergomed	3,840,000	0.96	
266,780	Hutchmed	1,365,914	0.34	
359,361	Instem	2,767,080	0.69	
4,383,822	Venture Life Group	2,016,558	0.50	
	Total Pharmaceuticals & Biotechnology	29,268,628	7.30	10.88

## SLATER RECOVERY FUND

### FUND INFORMATION (CONTINUED)

#### Portfolio statement (continued)

as at 30 November 2021

Holding or nominal value		Bid value £	Percentage of total net assets	
			30 Nov'21 %	30 Nov'20 %
	<b>REAL ESTATE INVESTMENT &amp; SERVICES</b>			
581,405	Countryside Properties	2,400,040	0.60	
118,363	MJ Gleeson	852,568	0.21	
	Total Real Estate Investment & Services	3,252,608	0.81	2.92
	<b>SOFTWARE &amp; COMPUTER SERVICES</b>			
1,387,595	dotDigital Group	2,689,159	0.67	
236,605	Iomart Group	354,908	0.09	
2,814,171	Kape Technologies	11,172,423	2.79	
486,783	Kin and Carta	1,455,481	0.36	
794,700	NCC Group	1,809,717	0.46	
2,805,827	Redcentric	3,493,255	0.87	
	Total Software & Computer Services	20,974,943	5.24	10.44
	<b>SUPPORT SERVICES</b>			
5,548,453	CentralNic	7,815,853	1.95	
776,773	Elixirr International	5,282,056	1.32	
925,135	IWG	2,584,827	0.64	
902,285	Marlowe	8,355,159	2.08	
841,294	Restore	4,038,211	1.01	
9,002,952	Serco	11,849,338	2.95	
5,056,738	Sureserve Group	4,298,589	1.08	
	Total Support Services	44,224,033	11.03	11.99
	<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT</b>			
1,027,337	TT Electronics	2,337,192	0.58	
	Total Technology Hardware & Equipment	2,337,192	0.58	0.31
	<b>TELECOMMUNICATIONS</b>			
679,123	Calnex Solutions	808,156	0.20	
	Total Telecommunications	808,156	0.20	1.75
	<b>TRAVEL &amp; LEISURE</b>			
128,750	Best of the Best	901,250	0.22	
616,000	Marston's	400,400	0.10	
	Total Travel & Leisure	1,301,650	0.32	1.50
	<b>UTILITIES</b>			
28,362,902	Inspired	4,538,064	1.13	
	Total Utilities	4,538,064	1.13	0.67

**SLATER RECOVERY FUND****FUND INFORMATION (CONTINUED)****Portfolio statement (continued)**

as at 30 November 2021

<b>Holding or nominal value</b>		<b>Bid value £</b>	<b>Percentage of total net assets</b>	
			<b>30 Nov'21 %</b>	<b>30 Nov'20 %</b>
	<b>OVERSEAS SECURITIES</b>			
730,054	Converge Technologies	4,623,191	1.15	
85,395	Hutchmed	2,163,153	0.54	
	Total Overseas Securities	6,786,344	1.69	1.60
	<b>UNQUOTED SECURITIES</b>			
1,653,028	Genagro	12,370	0.00	
	Total Unquoted Securities	12,370	0.00	0.01
	<b>Portfolio of investments</b>	297,056,489	74.07	80.82
	<b>Net current assets</b>	103,996,929	25.93	19.18
	<b>Net assets</b>	401,053,418	100.00	100.00

**SLATER RECOVERY FUND****ANNUAL FINANCIAL STATEMENTS  
For the year ended 30 November 2021****Statement of total return**

		<b>30 November 2021</b>		<b>30 November 2020</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>					
Net capital gains	4		54,631,967		13,901,474
Revenue	6	3,270,099		537,406	
Expenses	7	(2,098,326)		(750,994)	
Net revenue/(loss) before taxation		<u>1,171,773</u>		<u>(213,588)</u>	
Taxation	8	<u>(1,251)</u>		<u>(290)</u>	
Net revenue/(loss) after taxation			<u>1,170,522</u>		<u>(213,878)</u>
<b>Total return before distributions</b>			<b>55,802,489</b>		<b>13,687,596</b>
Distributions	9		(1,199,165)		(23,237)
<b>Change in net assets attributable to unitholders from investment activities</b>			<u><b>54,603,324</b></u>		<u><b>13,664,359</b></u>

**Statement of changes in net assets attributable to unitholders**

		<b>30 November 2021</b>		<b>30 November 2020</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening net assets attributable to unitholders</b>			123,369,323		62,483,108
Amounts receivable on issue of units		225,255,352		55,290,545	
Amounts payable on cancellation of units		(4,071,258)		(8,176,731)	
Amounts receivable on unit class conversions		(439)		10	
Dilution adjustments		<u>346,027</u>		<u>108,032</u>	
			221,529,682		47,221,856
Change in net assets attributable to unitholders from investment activities			54,603,324		13,664,359
Retained distributions on accumulation units			1,551,089		-
<b>Closing net assets attributable to unitholders</b>			<u><b>401,053,418</b></u>		<u><b>123,369,323</b></u>

**SLATER RECOVERY FUND****ANNUAL FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 November 2021****Balance sheet**

	Notes	30 November 2021		30 November 2020	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			297,056,489		99,702,962
<b>Current Assets</b>					
Debtors	10	1,691,364		1,259,798	
Cash	11	<u>106,864,645</u>		<u>22,418,951</u>	
Total current assets			<u>108,556,009</u>		<u>23,678,749</u>
Total assets			<u>405,612,498</u>		<u>123,381,711</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Creditors	12	<u>4,559,080</u>		<u>12,388</u>	
Total liabilities			<u>4,559,080</u>		<u>12,388</u>
<b>Net assets attributable to unitholders</b>			<u><u>401,053,418</u></u>		<u><u>123,369,323</u></u>

## SLATER RECOVERY FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 30 November 2021

#### 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 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 Fund Manager 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 the purchase and sale of investments and dealing in the units of the scheme, 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.

###### 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 a deferred tax asset 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.

## SLATER RECOVERY FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2021

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 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 Authorised Fund Manager believes that the quoted price is unreliable, or if no price exists, a valuation technique is used whereby fair value is the Authorised Fund Manager's best estimate of a fair and reasonable value for that investment. The fair value excludes any element of accrued interest.

##### g. 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 net capital gains/(losses) for the period.

##### h. Cash

Cash includes deposits held on call with banks.

##### i. Financial assets

The Authorised Fund Manager 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.

Basic financial assets, which include amounts receivable for the issue of units, accrued income and cash, 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 units 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.

## **SLATER RECOVERY FUND**

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 30 November 2021**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **k. Dilution adjustments**

The Authorised Fund Manager may require a dilution adjustment on the subscription or redemption of units if, in its opinion, the existing unitholders (for purchases) or the remaining unitholders (for redemptions) might otherwise be adversely affected. The dilution adjustment is carried out whereby the Authorised Fund Manager may adjust the price of units being subscribed for or being redeemed on any given dealing day. The single price of the units can be adjusted either higher or lower at the discretion of the Authorised Fund Manager. Any dilution adjustment included in the price applied to either a subscription or redemption of units is applied to all transactions in the relevant unit class during the relevant period and all transactions in that unit class during the relevant period will be dealt at the same price which includes the dilution adjustment.

Examples of situations where a dilution adjustment may be applied include when there are net inflows or outflows from the Fund on any given day exceeding 0.25% of the Net Asset Value of the Fund, where the Fund is in continual decline or in any other case where the Authorised Fund Manager is of the opinion that the interests of unitholders require the application of a dilution adjustment.

#### **2. DISTRIBUTION POLICIES**

##### **a. Basis of distribution**

The policy of the Fund is to distribute any net revenue shown as such in the Statement of Total Return adjusted for any dealing expenses incurred and allocated to capital. Revenue attributable to accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

##### **b. Apportionment of multiple unit classes**

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

##### **c. Equalisation**

Equalisation applies only to units purchased during the period. It is the average amount of income included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the units 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 securities sold receivable and securities purchased payable, amounts receivable for issues and payable for cancellations and debtors for accrued income.

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

## **SLATER RECOVERY FUND**

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 30 November 2021**

#### **3. RISK MANAGEMENT POLICIES (CONTINUED)**

##### **Market 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 manager in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, 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 Authorised Fund Manager 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.

##### **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 Authorised Fund Manager 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 units 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 Authorised Fund Manager.

## SLATER RECOVERY FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2021

#### 4. NET CAPITAL GAINS

	30 November 2021 £	30 November 2020 £
The net gains on investments during the year comprise:		
Non-derivative securities	54,638,461	13,905,031
Currency gains	79	589
Transaction charges	(6,573)	(4,146)
<b>Net capital gains</b>	<u>54,631,967</u>	<u>13,901,474</u>

#### 5. PURCHASES, SALES AND TRANSACTION COSTS

	30 November 2021 £	30 November 2020 £
Purchases excluding transaction costs	170,867,464	42,599,170
Corporate actions	-	-
	<u>170,867,464</u>	<u>42,599,170</u>
Commissions	104,237	26,873
Taxes and other charges	354,661	58,758
Total purchase transaction costs	<u>458,898</u>	<u>85,631</u>
<b>Purchases including transaction costs</b>	<u>171,326,362</u>	<u>42,684,801</u>

Purchase transaction costs expressed as a percentage of the principal amount:

Commissions	0.06%	0.06%
Taxes and other charges	0.21%	0.14%

Sales excluding transaction costs	28,259,684	5,960,050
Corporate actions	359,985	193,876
	<u>28,619,669</u>	<u>6,153,926</u>
Commissions	(10,253)	(3,246)
Taxes and other charges	(130)	(19)
Total sale transaction costs	<u>(10,383)</u>	<u>(3,265)</u>
<b>Sales net of transaction costs</b>	<u>28,609,286</u>	<u>6,150,661</u>

Sales transaction costs expressed as a percentage of the principal amount:

Commissions	0.04%	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>0.18%</u>	<u>0.10%</u>
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#### Transaction handling charges

These are total charges payable to the depositary in respect of each transaction.

	<u>6,573</u>	<u>4,146</u>
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#### 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>0.73%</u>	<u>1.56%</u>
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## SLATER RECOVERY FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2021

#### 6. REVENUE

	30 November 2021 £	30 November 2020 £
UK dividends	2,737,347	465,946
Overseas dividends	532,795	50,708
Bank interest	(43)	20,752
<b>Total revenue</b>	<u>3,270,099</u>	<u>537,406</u>

#### 7. EXPENSES

	30 November 2021 £	30 November 2020 £
Payable to the AFM or associates: AFM's periodic charge	<u>1,960,351</u>	<u>687,618</u>
	1,960,351	687,618
Payable to the trustee or associates: Trustee's fees	10,861	5,901
Safe Custody fees	<u>70,448</u>	<u>29,562</u>
	81,309	35,463
Other expenses: Financial Conduct Authority Fee	233	219
Audit fee	8,640	4,800
Other expenses	<u>47,793</u>	<u>22,894</u>
	56,666	27,913
<b>Total expenses</b>	<u>2,098,326</u>	<u>750,994</u>

#### 8. TAXATION

	30 November 2021 £	30 November 2020 £
Analysis of the tax charge for the year UK Corporation tax at 19% (2020: 19%)	-	-
Overseas tax	<u>1,251</u>	<u>290</u>
<b>Total tax charge</b>	<u>1,251</u>	<u>290</u>
Factors affecting the tax charge for the year Net revenue/(loss) before taxation	<u>1,171,773</u>	<u>(213,588)</u>
Corporation tax at 19% (2020: 19%)	234,354	(42,718)
Effects of: Revenue not subject to taxation	(654,028)	(103,330)
Unrelieved excess management expenses	419,674	146,048
Overseas tax	<u>1,251</u>	<u>290</u>
<b>Current tax charge</b>	<u>1,251</u>	<u>290</u>

At 30 November 2021, the Fund has deferred tax assets of £2,204,872 (2020: £1,785,198) arising from surplus management expenses which have not been recognised due to uncertainty over the availability of future taxable profits.

## SLATER RECOVERY FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2021

#### 9. DISTRIBUTIONS

	30 November 2021 £	30 November 2020 £
The distributions take account of revenue received or deducted on the issue of units and revenue deducted or received on the cancellation of units, and comprise:		
Interim - Income to May	873,382	-
Final - Income to November	677,708	-
Equalisation deducted on cancellation of units	2,396	9,573
Equalisation added on issue of units	(353,882)	(32,800)
Equalisation receivable on unit class conversions	(439)	(10)
<b>Distributions</b>	<u>1,199,165</u>	<u>23,237</u>
Distributions represented by:		
Net revenue/(loss) after taxation	1,170,522	(213,878)
Add: Revenue deficit for the year - All Classes (2020: Class A unit class)	<u>27,756</u>	<u>190,997</u>
Balance brought forward	(42)	(314)
Balance carried forward	929	(42)
	<u>1,199,165</u>	<u>23,237</u>

Details of the distribution per unit are set out in the distribution table in note 17.

#### 10. DEBTORS

	30 November 2021 £	30 November 2020 £
Amounts receivable for issue of units	1,559,331	1,218,395
Accrued income	107,361	41,198
Securities sold receivable	24,575	-
Prepaid expenses	97	205
<b>Total debtors</b>	<u>1,691,364</u>	<u>1,259,798</u>

#### 11. CASH

	30 November 2021 £	30 November 2020 £
Capital bank account	-	9,272
Revenue bank account	-	34,133
GBP cash account	106,864,645	22,375,546
<b>Total cash</b>	<u>106,864,645</u>	<u>22,418,951</u>

#### 12. CREDITORS

	30 November 2021 £	30 November 2020 £
Securities purchased payable	4,126,551	-
Amounts payable for cancellation of units	390,403	2,632
Accrued expenses	42,126	9,756
<b>Total creditors</b>	<u>4,559,080</u>	<u>12,388</u>

## SLATER RECOVERY FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2021

#### 13. RELATED PARTIES

Slater Investments Limited (the 'AFM') 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 £1,960,351 (2020: £687,618). No amounts were due and payable at the year end to Slater Investments Limited (2020: £nil).

The aggregate monies received by the AFM through the issue of units and paid on cancellation of units are disclosed in the statement of changes in net assets attributable to unitholders. Amounts outstanding at year end for the issue of units is £1,559,331 (2020: £1,218,395), amounts payable at year end for units redeemed total £390,403 (2020: £2,632).

As at the year end the AFM, Directors of the AFM and Northglen Investments Limited, parent of the AFM, held units in the Fund as follows:

Investor	% Holdings	
	30 November 2021	30 November 2020
Proportion of class P units owned by Slater Investments Limited	0.08%	0.19%
Proportion of class P units owned by Northglen Investments Limited	3.55%	8.88%
Proportion of class P units owned by directors beneficially and non-beneficially	1.08%	2.48%

#### 14. UNITHOLDERS' FUNDS

The Fund currently has three unit classes: Class A (minimum investment £3,000); 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 Fund Manager has issued or cancelled units as set out below:

Accumulation units	Class A	Class B	Class P
Opening units in issue at 1 December 2020	2,139,037	1,183,579	36,418,279
Units issued	1,625,167	157,081	55,141,535
Units cancelled	(107,583)	(3,198)	(845,088)
Unit conversions	(377,171)	95,864	291,308
Closing units in issue at 30 November 2021	3,279,450	1,433,326	91,006,034

## SLATER RECOVERY FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2021

#### 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 £14,852,824 (2020: £4,985,148). 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 at 30 November 2021	<b>Investments (£)</b>	<b>Net current assets (£)</b>	<b>Total (£)</b>
United States Dollar	2,175,523	-	2,175,523
Canadian Dollar	4,623,191	-	4,623,191
Foreign currency exposure at 30 November 2020	<b>Investments (£)</b>	<b>Net current assets (£)</b>	<b>Total (£)</b>
United States Dollar	1,989,549	-	1,989,549

##### Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the United States Dollar would have the effect of increasing the return and net assets of the Fund by £339,936 (2020: £99,477). 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:

	<b>30 November 2021</b>	<b>30 November 2020</b>
	<b>£</b>	<b>£</b>
Creditors		
Less than 1 year	1,925,160	12,388
<b>Total</b>	<b>1,925,160</b>	<b>12,388</b>

#### 16. FAIR VALUE DISCLOSURE

Fair value hierarchy as at 30 November 2021

	<b>30 November 2021</b>		<b>30 November 2020</b>	
	<b>Assets (£)</b>	<b>Liabilities (£)</b>	<b>Assets (£)</b>	<b>Liabilities (£)</b>
Level 1	297,044,119	-	99,690,584	-
Level 2	-	-	-	-
Level 3	12,370	-	12,378	-
	<b>297,056,489</b>	<b>-</b>	<b>99,702,962</b>	<b>-</b>

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.

## SLATER RECOVERY FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2021

#### 16. FAIR VALUE DISCLOSURE (CONTINUED)

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 Fund Manager. The Authorised Fund Manager 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.

Genagro is being priced based on the latest shareholder update from the company (2020: same).

#### 17. DISTRIBUTION TABLE

##### ACCUMULATION UNITS

For the period from 1 December 2020 to 31 May 2021

Group 1: units purchased prior to 1 December 2020

Group 2: units purchased on or after 1 December 2020

		Net revenue to 31-May-21 pence per unit	Equalisation to 31-May-21 pence per unit	Distribution paid 31-Jul-21 pence per unit	Distribution paid 31-Jul-20 pence per unit
<b>Class A</b>	Group 1	0.0867p	0.0000p	0.0867p	0.0000p
	Group 2	0.0000p	0.0867p	0.0867p	0.0000p
<b>Class B</b>	Group 1	0.8851p	0.0000p	0.8851p	0.0000p
	Group 2	0.4002p	0.4849p	0.8851p	0.0000p
<b>Class P</b>	Group 1	1.3780p	0.0000p	1.3780p	0.0000p
	Group 2	0.7834p	0.5946p	1.3780p	0.0000p

'£0.00 is the trustee's net liability to corporation tax in respect of the gross revenue.

'0.0000p is the trustee's net liability to corporation tax per unit.

**SLATER RECOVERY FUND**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 30 November 2021**

**17. DISTRIBUTION TABLE (CONTINUED)**

**ACCUMULATION UNITS**

**For the period from 1 June 2021 to 30 November 2021**

Group 1: units purchased prior to 1 June 2021

Group 2: units purchased on or after 1 June 2021

		Net revenue to 30-Nov-21 pence per unit	Equalisation to 30-Nov-21 pence per unit	Distribution payable 31-Jan-22 pence per unit	Distribution paid 31-Jan-21 pence per unit
<b>Class A</b>	Group 1	0.0000p	0.0000p	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p
<b>Class B</b>	Group 1	0.1651p	0.0000p	0.1651p	0.000p
	Group 2	0.0256p	0.1395p	0.1651p	0.000p
<b>Class P</b>	Group 1	0.7421p	0.0000p	0.7421p	0.0000p
	Group 2	0.3398p	0.4023p	0.7421p	0.0000p

'£0.00 is the trustee's net liability to corporation tax in respect of the gross revenue.

'0.0000p is the trustee's net liability to corporation tax per unit.



**Slater Investments Limited**

Nicholas House

3 Laurence Pountney Hill

London

EC4R 0EU

Investor Relations: 020 7220 9460

Dealing: 0203 893 1001

Email: [lisa@slaterinvestments.com](mailto:lisa@slaterinvestments.com)

Website: [www.slaterinvestments.com](http://www.slaterinvestments.com)