Slater Investments Limited

Slater OEIC

Annual Report and Audited Financial Statements

For the year ended 30th April 2024

Directory

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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.

Value for Money Assessment

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

www.slaterinvestments.com/value-assessment-report

Authorised Status and General Information (Continued)

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 2023 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 2023 to 31 December 2023. 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 2023 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: 26 June 2024

Statement of Authorised Corporate Director's Responsibilities

Slater Investments Limited 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 position 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.

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Slater Income Fund ("the Company") for the year ended 30 April 2024

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 April 2024

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 2024 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 2024 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)

Other information (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 3, 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)

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

Azets Audit Services Limited
Chartered Accountants and Statutory Auditors
Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ
Date: 26 June 2024

Fund Manager's Report

Report for the year ended 30 April 2024

Performance	Six Months	1 Year	3 Years	5 Years	Since Launch*
Slater Income Fund P (Income) share class	+15.5%	+9.3%	+20.0%	+26.2%	+160.2%
Investment Association (IA) OE UK Equity Income	+15.1%	+8.2%	+18.1%	24.2%	157.9%

*A share class launch 19 September 2011

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 United Kingdom (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.

Fund Performance

To abuse further an already well-worn cliché, it was a year of two halves. The fund fell over -5% in the first half of its fund year but gained more than +15% on a total return basis in the second. The total return for the entire period was +9.3%. This compares to the IA UK Equity Income sector average return of +8.2%. The Slater Income Fund ranked in the second quartile of this peer group.

Income

The Slater Income Fund paid four quarterly dividends over the period, amounting to 8.5490p on the P Income share class. This was up +19% compared to the prior year. It is cheering that the Slater Income Fund's focus on companies that can support dividend growth is being manifested in the Fund's own dividend delivery.

At the end of April 2024, the running yield of the Slater Income Fund was 5.4%, materially ahead of the yield of the UK stock market of 3.7%. These are both calculated by comparing dividends paid over the last twelve months to the price at the end of the period.

(Please note that rates cited apply to the P Income share class and amounts and levels will vary modestly across the other share classes).

Fund Manager's Report (Continued)

Report for the year ended 30 April 2024

Market Commentary

The period started against the backdrop of rampant inflation (UK Consumer Price Index (CPI) inflation was +8.7% in April 2023) and ruptures in the global financial system with bank runs in the United States (US) (Silicon Valley Bank collapsed in March 2023), spilling into Europe with the failure of the once-mighty Credit Suisse. But as the year progressed, inflation eased (UK CPI inflation for March 2024 was +3.2%) and market volatility subsided. Whilst inflation remains a bit "stickier" than Central Banks might hope, the consensus now is that interest rates, globally, will be cut in the second half of this calendar year. This has been a fillip to most equity markets.

UK base rates increased by +1.0% over the period, ending at 5.25%. The yield on the UK 10-year bond also rose, ending at 4.5%. With the yield curve in backwardation, the anticipation of rate cuts is plain to see.

On a capital only basis, the UK equity market gained +3.4% over the period. Including dividends this return increased to a markedly more presentable +7.5%. A clear reminder, if any were needed, of the importance of dividends as a critical component of total returns.

Sad to say, many other equity markets performed more strongly than the UK. Europe was only mildly better, but the tech-heavy American indices roared ahead and Japan rallied by a third, firing their indices past the peaks last seen in the 1980s. China was the most obviously laggard, with their main index falling nearly -7%, dogged by concerns about their property market and surplus manufacturing capacity.

Despite this Chinese weakness, commodity prices were perhaps surprisingly perky. The iron ore price was up +16% and copper +17%. Continued fighting in Ukraine and fresh horrors in the Middle East put a bid under the oil price, with Brent gaining +8%.

The pound has been volatile against the dollar but ended the year roughly where it started at $1.25. The pound strengthened modestly against the euro. It is noteworthy that the media gloom about the UK's relative prospects is not shared by the better arbiter of these matters, the foreign exchange markets.

Growth Companies – Major Contributors and Detractors

XPS Pensions, the consulting actuaries, was a stand-out performer for the Slater Income Fund, with their shares gaining +68% which contributed +2.66% to the Fund's bottom line. The company expects to grow its revenues by an impressive +20% this year, helped by regulatory drivers (such as GMP equalisation), inflation linkages in their contracts and new client wins. The prospects for further growth looks excellent and should support continued progress in the dividend. The balance sheet is also in excellent shape, following the sale of their master trust business. Even after the surge in the share price, the stock offers a 3.7% dividend yield. The success of the shares saw the weighting within the Fund grow considerably so the holding was pruned, but the shares remain within the Fund's top ten holdings.

Ten Entertainment, the UK's second largest operator of ten pin bowling centres, succumbed to a takeover approach. This sent the shares up +59% which added +1.95% to the value of the Slater Income Fund.

Fund Manager's Report (Continued)

Report for the year ended 30 April 2024

Growth Companies – Major Contributors and Detractors (Continued)

The Fund also holds its larger peer, **Hollywood Bowl**, which also performed well, rising +42% and contributing +1.26% to the Fund. Hollywood Bowl's success has seen the shares be promoted into both the UK's Mid 250 index and (coincidentally) into the MSCI's Global Small Cap index. This will likely have triggered some buying by passive funds as well as bringing the shares to a wider audience. But the gains the Slater Income Fund has enjoyed shows the benefit of investing in companies earlier in their corporate development, a key plank of the process at Slater Investments. Hollywood Bowl's shares trade on a prospective dividend yield of 3.7% with good prospects for growth from the continued roll out of sites in both the UK and Canada.

The Slater Income Fund saw a second takeover when the quoted law firm **DWF** decided the stock market was perhaps not for them and pursued private equity ownership. The takeover saw the shares rise +53% which contributed +0.88% to the value of the Fund. Takeovers and take-privates have very much been a feature of the stock market this year and suggest that money outside the stock market is alert to the bargains currently available in the quoted arena.

The Slater Income Fund built up its holding in **GSK** during last year, taking it into the Fund's top ten holdings. This year has seen a +16% increase in its share price which contributed +0.91% to the value of the Fund. Recent results showed continued steady progress, with adjusted annual earnings per share up +16% on a constant currency basis in 2023. The exceptional launch of Arexvy, the world's first vaccine for respiratory syncytial virus (RSV), which achieved more than £1.2 billion of sales within one year of launch, shows this is still a powerful business capable of delivering "blockbuster" products. The company also upgraded its medium- and longer-term outlook, now talking of growing adjusted operating profits at an average annual growth rate of +11% from 2021 to 2026. The valuation of the shares still looks compelling for this level of growth, trading on a prospective price-to-earnings (PE) ratio of 10.9x. The prospective dividend yield is 3.5%, from a dividend that is 2.6 times covered by earnings.

St James's Place, the UK's largest financial advice firm, had a terrible year. The company has traditionally employed a bundled and somewhat opaque pricing model but as a response to the regulator's new Consumer Duty, the firm "simplified" its fund charges. Customers should be marginally better off from these changes, but ironically may not feel like it. Advisers and partners will take some of the strain and some of the cost will be borne by shareholders. The dividend was an immediate casualty being cut from over 50p to nearer 18p. This plainly undermined its credentials as a "good and growing income" stock for the Fund and the shares were sold in November 2023, but not before suffering a -47% fall, which cost the Fund -0.87%. Worse was yet to come. With full year results in February 2024, the firm announced a £426 million provision earmarked for refunds, owing to a marked increase in clients registering complaints as to whether they had actually received the ongoing advice service for which they had been charged. The shares fell by a further third after the Fund had sold out.

The single worst detractor for the year under review was **R&Q Insurance Holdings**. The shares fell -97% in the year which detracted -1.43% from the value of the Slater Income Fund. Management started the period pursuing a sensible strategy of establishing the legal separation of its new, fast-growing "fronting" business called Accredited, from its original more capital-intensive business consolidating long-tail legacy insurance books.

Fund Manager’s Report (Continued)

Report for the year ended 30 April 2024

Growth Companies – Major Contributors and Detractors (Continued)

Events took a turn for the worse when management proposed to sell Accredited at a less than impressive price, far below their own estimates shortly beforehand, and themselves leave with it. This proposal was narrowly accepted by shareholders but has been held up by the Bermudan regulator, who appears to have concerns of the financial health of what is left. More recently the company announced that “adverse developments” in their long-tail business and “significant unexpected costs and expenses” mean that the net proceeds from Accredited’s eventual sale are now seen as $100 million less than previously envisioned. The only good news in all this is that the weighting in the Fund is now *de minimis*.

Dividend Stalwarts – Major Contributors and Detractors

The bull case for the UK high street banks is that they are now boring, utility-esque businesses, regulated beyond the possibility of any further self-harm. Rising interest rates have restored profitability but as they are not growing their loan books, there is nowhere for these profits to go apart from back to shareholders. This thesis seems to be playing out in the case of both **Lloyds Banking** and **NatWest**. The former’s shares gained +8% over the period, the latter’s +9%. When adding in their generous dividends, the pair combined added +1.04% to the Slater Income Fund’s bottom line. NatWest still offers a dividend yield of 5.7% but the forecast dividend growth is going to slow from here and the government’s intended retail share offering is likely to create a period of indigestion, so the shares have been sold. The Fund continues to hold Lloyds, which has a dividend yield of 5.7%, a forecast rising dividend stream, with the promise of buybacks on top.

The Slater Income Fund sold out of its holding in **British American Tobacco** in December 2023 but, sadly, not before the shares had fallen -22% which detracted -0.58% from the Fund’s total value. After a series of management and organisational reshuffles, the company unfurled their vision to “Build a Smokeless World”. This may be a noble project but is perhaps not entirely cogent coming from one of the largest purveyors of cigarettes on the planet. The new plan is to have 50% of revenues coming from “non-combustibles” by 2035. This came with a write down of a whopping £25 billion of goodwill on acquired US brands. This is described as “non-cash” but of course it was cash once. The pursuit of growth in new categories comes with increased investment, a new cost cutting plan and reduced forecast dividend growth. Rival **Imperial Brand**s, which continues to be held in the Slater Income Fund, is investing more cautiously in new products and instead buying back its own shares furiously. By the time 2035 rolls around, Imperial will have bought back the bulk of today’s share capital.

Cyclical Companies - Contributors and Detractors

Morgan Sindall, the construction and regeneration group, continues to be a great performer. The shares rose +34% which contributed +1.00% to the value of the Slater Income Fund. Their results for 2023 showed continued growth in profit and revenues and a welcome +13% increase in the dividend per share. The company has six divisions: Fit Out is the current star, whilst Property Services is a drag, but out of the diversity there is strength. The group is managed with a keen eye on risk rather than revenue and has an average daily net cash balance of over £280 million.

Fund Manager's Report (Continued)

Report for the year ended 30 April 2024

Cyclical Companies - Contributors and Detractors (Continued)

Oil & Gas companies have been a very mixed hunting ground for the Slater Income Fund. The Fund's largest holdings, **Shell**, had a good year, gaining +17% which contributed +1.39% to the Fund's total return. Their powerful position in liquified natural gas (LNG) and associated trading has driven profits and dividends forward. **BP** is also a top ten holding for the Fund and was little changed over the year, plagued by yet another Chief Executive Officer being unceremoniously given his marching orders. However, the Fund's holdings in **Diversified Energy** and **i3 Energy** were both unalloyed negatives for the Fund. Diversified Energy's shares halved before the Fund threw in the towel and sold in January. The US gas price continues to trade at remarkably low levels and the recent announcement by President Biden to prevent the construction of new LNG export terminals means this weakness is likely to persist. Diversified's business model is built around continuing acquisitions to offset its natural 10% decline rate, but with higher funding costs and distressed equity it is hard to see how they get out of the box. The holding cost the Fund -1.02%. i3 Energy is smaller, listed on the UK's alternative index, and Canadian focused but again suffered from the weak US gas price. The shares fell -46% over the period, which detracted -0.87% from the value of the Slater Income Fund. The company remains highly cash generative and has a solid balance sheet and a prospective dividend yield of over 9%. The Fund continues to hold the shares.

Ecora Resources buy long-term royalty streams in other firm's early-stage mining projects, in exchange for providing up front development funding. The company is pursuing a strategy of pivoting towards metals that are important in the energy transition and electrification, such as copper, cobalt and nickel. This sounds sensible on paper, but the cobalt and nickel prices have both halved (for differing reasons), reducing short-term cashflows and also increasing the risk that some projects will be delayed, threatening the hoped-for royalty stream. In the light of this, the firm announced an "updated capital allocation framework", a euphemism for cutting the dividend. The shares fell -32% over the year, which detracted -0.68% from the bottom line. The holding has been trimmed.

Acquisitions and Disposals

New positions were established in **B&M European Value Retail**, **Breedon**, **Genuit**, **Hunting**, **Inchcape** and **Midwich**.

The Funded added to existing positions in **Arbuthnot Banking**, **GSK**, **Liontrust Asset Management** and **Premier Miton**.

The Fund trimmed holdings in **Ecora Resources**, **Fonix Mobile**, **Hollywood Bowl**, **Imperial Brands**, **Palace Capital, Shell**, **SSE**, **Tesco** and **XPS Pensions**.

DWF, **Sureserve** and **Ten Entertainment** exited the Fund as the result of take-overs. **British American Tobacco** was added to before being sold.

City of London Investment Group, **Diversified Energy**, **Duke Royalty**, **Maintel**, **NatWest**, **Regional REIT** and **St James's Place** were sold in their entirety.

Fund Manager's Report (Continued)

Report for the year ended 30 April 2024

Outlook

In the short term, equity markets are in thrall to the words and deeds of central bankers. Any data point or utterance that supports the narrative of cuts to base rates is perceived as good news, whilst any economic news that suggests that inflation is in any way a bit "sticky", delaying the prospect of interest rate cuts, is seen as bad. Three rates cuts in 2024 are now priced in to markets and there is a risk that not all happen.

In the longer term, none of that matters very much. Interest rates will go down a bit, but probably not a lot. The days of zero interest rates are gone and that is no bad thing. Economic growth will be positive, but, again, probably not massively so. Some hoping for more may be disappointed. But some stability should be enough to be a decent environment for UK equities. Companies that have survived the shock of the Brexit referendum, Covid lockdowns, multiple prime ministers, supply chain disruptions, soaring costs and have nevertheless made it to 2024 have endured enough real-world stress testing to be in a powerful position if allowed quietly to get on with it.

Certainly, from an income point of view, the outlook is favourable. The UK stock market is trading towards to the cheap end of its historical range of a 3.0% to 4.0% dividend yield, suggesting good value. The market's dividends in aggregate are now better covered by earnings than they have been since the Global Financial Crisis. So, the quality as well as the quantity of income is good. There are fewer "progressive" dividends around, with more companies unwisely allowing their dividends to vary in line with earnings, both up and down. This in turn, makes it more of a challenge for an income fund to deliver a progressive dividend, but this is an outcome to which the Slater Income Fund still aspires. Whilst individual company boards may be too lazy or scared to commit to progressive dividends, pooling dividends through the Fund, combined with good income availability, helps the Slater Income Fund mitigate this problem. The ambition to deliver a rising income stream to holders is undimmed.

The Slater Income Fund continues to generate a premium dividend yield (5.4% as at end April 2024 P Inc class), whilst also growing its own dividend more quickly than the wider stock market. This, combined with still-low capital ratings for the shares in the Fund, provides clear reasons to look to the future with confidence.

Slater Investments Limited
June 2024

Fund Manager's Report (Continued)

Report for the year ended 30 April 2024

Distributions (pence per share)

	Year 2024	Year 2023	Year 2022	Year 2021
Class A Income				
Net income paid 31 March	1.2707	1.0934	1.0934	0.8998
Net income paid 30 June	2.6334	2.6334	2.6334	2.8447
Net income paid 30 September	-	1.7301	1.3992	1.3226
Net income paid 31 December	-	2.2550	2.1484	1.6940
Class A Accumulation				
Net income paid 31 March	1.8583	1.5143	1.5143	1.1304
Net income paid 30 June	4.2813	3.6672	3.6672	3.5986
Net income paid 30 September	-	2.4541	1.8841	1.7069
Net income paid 31 December	-	3.2403	2.9224	2.2062
Class B Income				
Net income paid 31 March	1.3498	1.1578	1.1578	0.9418
Net income paid 30 June	3.0851	2.7867	2.7867	2.9809
Net income paid 30 September	-	1.8329	1.4748	1.3879
Net income paid 31 December	-	2.3928	2.2678	1.7797
Class B Accumulation				
Net income paid 31 March	1.9730	1.5988	1.5988	1.1821
Net income paid 30 June	4.5527	3.8773	3.8773	3.7666
Net income paid 30 September	-	2.5983	1.9845	1.7889
Net income paid 31 December	-	3.4362	3.0813	2.3147
Class P Income				
Net income paid 31 March	1.3817	1.1818	1.1818	0.9554
Net income paid 30 June	3.1605	2.8465	2.8465	3.0257
Net income paid 30 September	-	1.8733	1.5027	1.4097
Net income paid 31 December	-	2.4474	2.3124	1.8086
Class P Accumulation				
Net income paid 31 March	2.0172	1.6307	1.6307	1.1993
Net income paid 30 June	4.6580	3.9572	3.9572	3.8247
Net income paid 30 September	-	2.6532	2.0216	1.8178
Net income paid 31 December	-	3.5111	3.1406	2.3533

Fund Manager's Report (Continued)

Report for the year ended 30 April 2024

Material portfolio changes
For the year ended 30 April 2024

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
Midwich	1,168,750	Sureserve	5,018,751
B&M European Value Retail	883,164	Ten Entertainment	2,887,500
Inchcape	826,794	NatWest	2,225,828
Hunting	805,883	British American Tobacco	1,475,040
Breedon	784,807	DWF	1,358,000
GSK	640,776	XPS Pensions	1,297,637
Genuit	495,234	Diversified Energy	777,500
Liontrust Asset Management	459,161	Shell	725,890
Premier Miton	132,268	St James's Place	643,383
Arbuthnot Banking	97,079	Maintel	501,885
British American Tobacco	57,261	Tesco	493,759
		SSE	473,360
		Regional REIT	468,819
		City of London Investment Group	452,558
		Palace Capital	428,924
		Imperial Brands	352,664
		Duke Royalty	333,837
		Ecora Resources	167,679
		Hollywood Bowl	115,455
		Fonix Mobile	8,444
		Other sales	534
Total purchases for the year	**6,351,177**	**Total sales for the year**	**20,207,447**

Environmental, Social And Governance ("ESG") Report

Report for the year ended 30 April 2024

Introduction

Slater Investments incorporates ESG factors into its investment process to mitigate risks and uncover new opportunities. The ESG Committee collaborates closely with the Investment Committee, ensuring that ESG considerations are integrated into the investment analysis and ongoing monitoring.

The company utilises an internal ESG investment standard. This standard allows Slater Investments to incorporate global sustainability disclosures, UN Sustainable Development Goals, an ESG materiality framework, and the Task Force on Climate-Related Financial Disclosures' ("TCFD") recommendations.

The primary focus of the ESG Committee is to monitor pre-emptively ESG risks that may emerge and threaten the price-earnings ratio or earnings growth prospects of Slater Investments investee companies.

Slater Investments remains a successful signatory of the Financial Reporting Council's UK's Stewardship Code ("Code"). The Code sets high standards of practice and promotes the responsible allocation, management and oversight of capital to create long-term value and sustainable benefits for the economy, environment, and society. Our latest report is available on our website.

Since September 2019, Slater Investments has been a voluntary member of the United Nations-supported Principles for Responsible Investment ("PRI"), an organisation committed to responsible investment. As part of our commitment to the PRI, we fully integrate screening and monitoring of ESG issues into our investment process. We produced our first full PRI report in 2021 and we continue to report against the principles. Our latest Transparency Report can be found on our website.

The Slater Income Fund (the "Fund") is categorised as Article 8 under the Sustainable Finance Disclosure Regulation ("SFDR"). SFDR requires fund managers to disclose information on various ESG indicators to investors. Reporting against the SFDR framework requires the integration of sustainability risks in fund managers' investment decision-making processes and provides transparency on sustainability within financial markets in a standardised format. Additional information can be found in Appendix F of the Fund's Prospectus. The periodic disclosures, as required under Article 11 of SFDR, are set out in Appendix I to this Report.

In 2023, the Fund began reporting in line with the TCFD. By adhering to the TCFD recommendations and focusing on TCFD-aligned reporting are now communicating climate-related risks and opportunities to potential investors. This helps to ensure that investors will be able to make more informed decisions about how their capital is allocated and be empowered to align their portfolios with their beliefs. The periodic disclosures, as required under the TCFD, are set out in Appendix II to this Report.

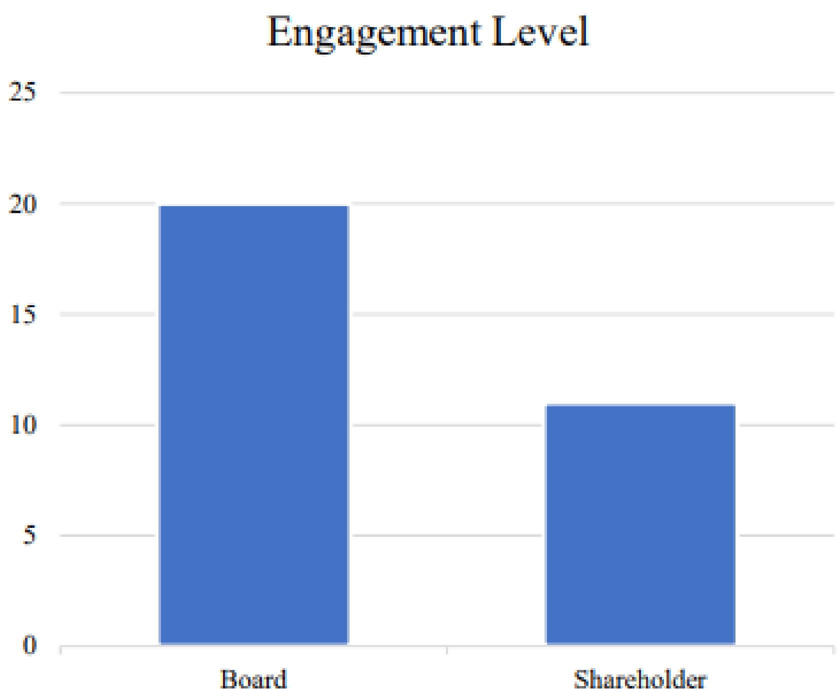
Engagement

The ESG Committee ("Committee") define 'engagements' as proactive interactions with investee companies where the primary aim is to pursue objectives predefined by the ESG Committee. This is important in distinguishing between meetings with companies where the topic of ESG is discussed and we may have input and offer guidance, but it is not the primary, predefined objective of the interaction. This change provides a more precise reflection of how the committee is engaging with companies.

Environmental, Social And Governance ("ESG") Report (Continued)

Report for the year ended 30 April 2024

Slater Investments engaged with company representatives and fellow shareholders of investee companies of the Fund on 31 separate occasions during the 12 months to 30 April 2024.



Source: Slater Investments

One of our most significant engagements during the period between the interim report and annual report concerned the proposed restructuring of R&Q Insurance Holdings Ltd. ("R&Q") which was announced by the company in October 2023. The restructure would result in the company's profitable, programme management business ("Accredited"), being sold to a private equity company, with the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") also leaving with this part of the business. This would leave shareholders with the remaining, unprofitable, legacy insurance business, and losing critical incumbent executives.

The Committee firmly opposed the proposal and had a number of concerns. Firstly, as significant shareholders, we were disappointed and surprised not to have been consulted on this prior to its announcement to the market. The proposed restructure clearly raised serious concerns about what would remain for shareholders. To not be consulted on this was, in our view, poor practice. We were also concerned that alternative options had not been properly considered.

More broadly we felt the Board had not adequately fulfilled their responsibility to shareholders. We did not feel that shareholder value had been adequately represented by the Board, and poor engagement and communication displayed poor governance practice. We further felt there were conflicts of interest present in this restructuring. In our view the fact the executives were moving with Accredited posed a conflict of interest between shareholders and the executives.

Environmental, Social And Governance ("ESG") Report (Continued)

Report for the year ended 30 April 2024

The decision to divest Accredited was driven by concerns raised by the Board regarding a likely credit rating downgrade which would occur should the restructuring not take place. It was proposed that the restructure would provide cash proceeds sufficient to shore up R&Q's debt position. The Board proposed this restructuring was in the best interest of shareholders and protecting shareholder value. It was clear to us that this was misguided. Moreover, the share price fell c.80% in the days following the announcement of the restructuring.

The Committee engaged with both the Board and other shareholders to advocate for greater shareholder scrutiny and involvement in the process. This was somewhat complicated because of the nature of financial interests in R&Q from different shareholders. Some proportion of the share capital was owned by managers who also had a debt interest in R&Q. This presented some misalignment in interests between shareholders and further conflicts of interests. This further disadvantaged equity shareholders in representing their interests as, it is our opinion, that the debt holders' interests were closer aligned with an approval of the restructuring.

Sadly, despite our best efforts, the resolution for the proposed sale of Accredited was passed in January 2024 narrowly by 55% voted for to 45% voted against. To date, the restructure, whilst remaining conditional, is ongoing and is expected to complete during the second quarter of 2024.

The Committee met the Chairman of R&Q in March 2024 to gain a better understanding of the delays to the sale. He explained that approval was still required from certain insurance regulatory, antitrust bodies and a number of R&Q financing providers. This Engagement is considered completed.

The Committee has continued our engagement with STV Plc ("STV"). In November 2023, we engaged with the Chair of STV's Remuneration Committee. We expressed concern about the size of the Board, the high remuneration of Non-Executive Directors and the proposed updated remuneration policy. Following the meeting, the company confirmed that they regularly benchmarked data to ensure Non-Executive Directors fees aligned with the company's remuneration policy. They concluded that the current fee structure of the Non-Executive Directors was broadly aligned with fees paid to Non-Executive Directors not just in the FTSE Small Cap index but also in the bottom half of that index. They did however confirm that they were looking to reduce Board expense by cutting the number of Board members by two. Sadly, despite the concerns we had raised, the proposed remuneration policy continued to include nil paid options; therefore, in line with our voting policy we voted against both the policy and the chair of the Remuneration Committee at the company's 2024 Annual General Meeting.

In previous reports, the Committee had raised concerns surrounding STV's liability-driven investing ("LDI") strategy employed in its Defined Benefit Pension Funds. The handling of pension exposures remains a point of concern. The deficit recovery contribution payments made by the company to the pension funds on an annual basis (which in 2023 totalled £9.7 million) place a material financial strain on STV. We arranged an introduction to a pension consultancy company who specialised in developing innovative solutions for defined benefit pension schemes and who we believed could offer the company assistance. It was confirmed to us that this solution was being explored and we shall await further updates from the company.

Environmental, Social And Governance ("ESG") Report (Continued)

Report for the year ended 30 April 2024

In January 2024, we met with the CEO and CFO of STV to discuss STV's strategy moving forward. The macroeconomic environment that has clouded markets for some time has continued to apply cost pressures on most businesses, and STV has been no exception to this. We suggested to STV that now was the time to identify cost saving opportunities within their structure and to reduce their cost base to alleviate pressure from the company. They disclosed that cost-cutting measures had already been identified in both the short and long-term. In their full year results, issued on the 5 March 2024, STV announced a new three-year strategy containing an objective of modernising and simplifying the business, with a three-year cost saving plan being put in place. The market reacted well with the share price of the company rising 19.5% since the results to the 30 April.

With the release of the full year results came an additional announcement that Simon Pitts, their CEO, will depart from the company within 12 months. Our focus has now therefore turned to ensuring that a suitable successor is appointed to lead the company in its new three-year strategy. STV has shown progress in recent months, but we will continue to engage with the Board to ensure that the company continues to move in the right direction at such a pivotal time.

During 2023, there has been a noticeable change in the regulatory environment with the implementation of the Financial Conduct Authority's (the "FCA") Consumer Duty (the "Duty"). The Duty is a very significant piece of regulation that sets higher expectations for the standard of care firms across the financial services industry provide to consumers in retail financial markets. It aims to ensure that best practice around good outcomes for consumers is applied consistently across the industry. The Fund is in scope of the Duty and as of 30 April 2024, 30% of the portfolio companies within the Fund are also within scope of the Duty. With the effects from its implementation already being felt with some of the Fund's portfolio companies.

In November 2023, the Slater Income Fund sold its entire holding of St. James's Plc ("SJP") following pressure from the FCA for the company to overhaul its fee structures to ensure compliance with the Duty. The issues identified with SJP's fee structure included opaque and expensive charges for financial advice and high penalties for early withdrawals. The gravity of the situation was highlighted by the announcement by the company in February 2024, that a £426 million provision had been made to address potential client refunds linked to the historic evidencing and delivery of ongoing services. This had a substantial impact on the company's financials as they announced a pre-tax loss of £4.5 million for 2023, compared to the previous year's £504 million pre-tax profit.

Another company where we are seeing the effect of the Duty is Phoenix Group Plc, who is preparing for changes in its fee model as a result of the Duty applying to closed book products from July 2024. The company has a substantial portion of its assets in closed book products and is facing challenges in adjusting its fee model to comply with the Duty. The company has reported that it has had an ongoing programme of initiatives to review their products and services and over the past seven years, have invested significantly in focusing on good customer treatments and outcomes across its businesses. During that time, they have set aside over £200 million on reducing charges and are making planned investment to migrate customers to more modern technology. They have reported to have actively worked to ensure they are well positioned to comply fully with the Duty which comes into effect for the company on 31 July 2024 and for which they have set aside £70 million of its Solvency II capital. We will continue to hold the company and monitor the company's implementation of the Duty.

The ESG Committee continues to monitor all holdings which have implemented the Duty.

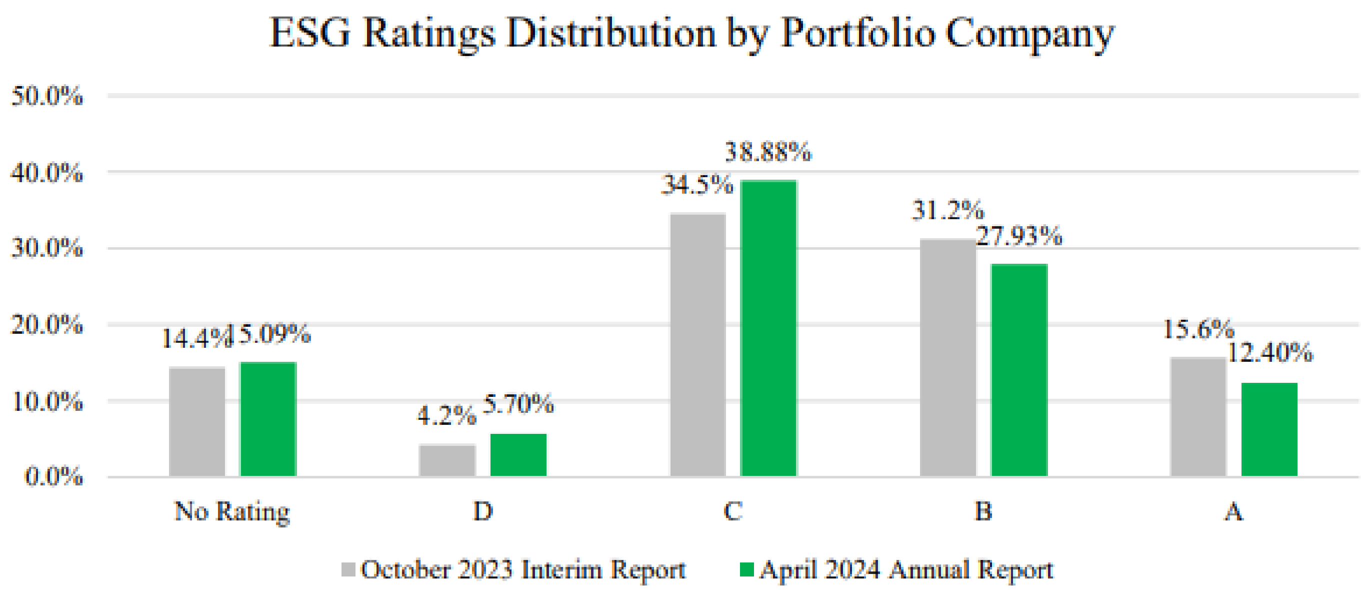
Environmental, Social And Governance ("ESG") Report (Continued)

Report for the year ended 30 April 2024

In December 2023, four Democratic members of the United States House of Representatives Committee on Energy and Commerce sent a request for information to the Chief Executive Officer of Diversified Energy plc ("Diversified Energy") regarding its well retirement and emissions information. Diversified Energy is a gas and oil production company operating in the Appalachian Basin and the Central Region in the United States. The letter cited concerns over unsustainable amounts of methane pollution and reports that the company may be severely underestimating the costs of plugging and cleaning up their wells. Following a press release detailing the request for information on 18 December 2023, Diversified Energy's share price dropped by 16%.

This letter led to the ESG Committee expressing its concerns to the Investment Committee about Diversified Energy's business model, which is reliant on purchasing ageing wells, restating the wells' Asset Retirement Obligations ("ARO"), and selling the remaining gas. This is only possible because of access to cheap debt and sellers being eager to divest their aging wells, especially those already leaking methane gas because it allows sellers to reduce their own ARO. We sold our position in the company from the Fund due to concerns as the current business model does not support the current dividend being paid by the company.

ESG Scoring



The chart above illustrates the distribution of the ESG ratings of the Fund's investee companies as of 30 April 2024.

During the 6 months from October 2023 Interim Report to April 2024 Annual Report, we observed significant changes in the distribution of ESG ratings. Notable changes include a decrease in the highest rating "**A**" from 15.6% to 12.40%, an increase in the lowest rating "**D**" from 4.2% to 5.70%, and an increase in the "**C**" rating from 34.5% to 38.88%.

Environmental, Social And Governance ("ESG") Report (Continued)

Report for the year ended 30 April 2024

Voting

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

The below table gives a summary of all of Slater Investments' voting instructions across the Fund's portfolio companies during the twelve months to 30 April 2024.

Meetings	
Total number of meetings voted at	55
Total number of resolutions voted on	816
Number of resolutions where we voted with management	589
Number of resolutions where we voted against management	227
Number of resolutions where we abstained	0
Number of resolutions where we voted against our voting policy	3

Of Slater Investments' 227 votes against management recommendations:

- 74 related to the disapplication of pre-emptive rights;
- 58 related to (Non-)Executive Director remuneration;
- 44 related to the power for Directors to allot shares;
- 29 related to the (re-)election of (Non-)Executive Directors;
- 19 related to the request to make political donations;
- 2 related to amendments of Articles of Association; and
- 1 related to Merger or Acquisition Events.

The votes against management recommendations '*related to the disapplication of pre-emption rights*' and '*related to the power for Directors to allot shares*' were not in conjunction with a targeted capital raise but instead related to a general authority. Slater Investments does not believe Directors require such a general authority. If there is a business case, this can duly be presented to investors.

The votes against management recommendations classed as '*related to (Non-)Executive Director remuneration*' occur where Slater Investments disagreed with either a company's remuneration report or policy. The rationale for these votes mostly surrounds the use of nil-cost options. In the majority of instances where Slater Investments votes against either the remuneration report or policy, the re-election of the Chair of the Remuneration Committee, who presided over the report and/or policy, is also voted against.

Slater Investments does not support the funding of political parties or organisations.

Environmental, Social And Governance ("ESG") Report (Continued)

Report for the year ended 30 April 2024

The vote against management recommendations '*related to amendments of Articles of Association*' involved the following resolutions:

- *Amend Articles of Association to Increase the Aggregate Limit on Directors' Fees* proposed by Diversified Energy Plc at its Annual General Meeting held in May 2023. Slater Investments did not believe that the proposed fee increase for directors was warranted due to the company's poor performance.
- *Adopt New Articles of Association* proposed by Chesnara Plc at its Annual General Meeting in May 2023. The proposed changes to their Articles of Association included an amendment to the maximum amount of the aggregate remuneration of directors. Slater Investments did not believe that the proposed increase was warranted and not appropriate for company of that size.

The votes against management recommendations '*related to Merger or Acquisition Events*' involved the resolution proposed by R&Q at its Special General Meeting held in January 2024 to approve the sale of R&Q's Program Management Business, Accredited, as detailed above in the 'Engagement' section. Slater Investments did not believe that the proposed restructuring was in the best interest of shareholders on the basis that, in our view, the proposal would leave shareholders with an unprofitable business with poor growth prospects.

There were three meetings during the reporting period where Slater Investments voted against its Voting Policy in favour of authorising Directors to allot shares. Slater Investments felt that in these cases the proposed resolutions were in the best interest of the respective companies. Therefore, we voted against our voting policy and in favour of the resolutions.

- Arbuthnot Banking Group Plc – Authorise Issue of Equity in Connection with the Fundraising (link)
- Rathbones Group Plc - Authorise Issue of Equity in Connection with the Combination (link)
- Liontrust Asset Management Plc - Authorise Issue of Equity in Connection with the Acquisition (link)

There was one resolution proposed by shareholders during the 12 months leading to 30 April 2024. This was at Shell Plc's Annual General Meeting held in May 2023. Shareholders proposed the following resolution: *Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement*. Slater Investments did not believe that the resolution was in the best interests of the company and shareholders so we voted against it.

The Company's Voting Policy can be found on its website, along with a full archive of historic vote reports.

ESG Committee
Slater Investments Limited
June 2024

Fund Information

Comparative tables

Class A income shares Change in net assets per share	Year to 30.04.2024 pence	Year to 30.04.2023 pence	Year to 30.04.2022 pence
Opening net asset value per share	140.36	152.08	140.64
Return before operating charges*	10.89	(2.73)	20.23
Operating charges	(2.27)	(2.25)	(2.37)
Return after operating charges*	8.62	(4.98)	17.86
Gross distribution on income shares	(7.27)	(6.74)	(6.42)
	-		
Closing net asset value per share	141.71	140.36	152.08
*after direct transaction costs of	0.06	0.19	0.12
Performance			
Return after charges	6.14%	(3.27) %	12.70%
Other information	-		
Closing net asset value (£)	683,232	1,437,712	1,470,329
Closing number of shares	482,130	1,024,299	966,814
Operating charges	1.67%	1.57%	1.58%
Direct transaction costs	0.05%	0.13%	0.08%
Prices			
Highest share price	144.57p	152.58p	158.57p
Lowest share price	126.82p	131.75p	138.21p

Class A accumulation shares Change in net assets per share	Year to 30.04.2024 pence	Year to 30.04.2023 pence	Year to 30.04.2022 pence
Opening net asset value per share	199.06	205.32	181.49
Return before operating charges*	17.61	(3.16)	26.88
Operating charges	(3.21)	(3.10)	(3.05)
Return after operating charges*	14.40	(6.26)	23.83
Gross distribution on accumulation shares	(9.99)	(9.09)	(8.42)
Retained distributions on accumulation shares	9.99	9.09	8.42
Closing net asset value per share	213.46	199.06	205.32
*after direct transaction costs of	0.09	0.26	0.16
Performance			
Return after charges	7.23%	(3.05) %	13.13%
Other information			
Closing net asset value (£)	513,961	851,627	911,278
Closing number of shares	240,774	427,821	443,825
Operating charges	1.63%	1.58%	1.55%
Direct transaction costs	0.05%	0.13%	0.08%
Prices			
Highest share price	214.85p	205.47p	208.85p
Lowest share price	185.46p	179.60p	183.09p

Fund Information (Continued)

Comparative tables (continued)

Class B income shares Change in net assets per share	Year to 30.04.2024 pence	Year to 30.04.2023 pence	Year to 30.04.2022 pence
Opening net asset value per share	148.55	159.29	147.47
Return before operating charges*	11.58	(1.93)	20.31
Operating charges	(1.60)	(1.70)	(1.73)
Return after operating charges*	9.98	(3.63)	18.58
Gross distribution on income shares	(7.69)	(7.11)	(6.76)
Closing net asset value per share	150.84	148.55	159.29
*after direct transaction costs of	0.06	0.20	0.13
Performance			
Return after charges	6.72%	(2.28)%	12.60%
Other information			
Closing net asset value (£)	2,382,024	2,724,862	5,448,794
Closing number of shares	1,579,178	1,834,330	3,420,571
Operating charges	1.10%	1.11%	1.10%
Direct transaction costs	0.04%	0.13%	0.08%
Prices			
Highest share price	153.87p	160.72p	166.91p
Lowest share price	134.65p	139.40p	145.58p

Class B accumulation shares Change in net assets per share	Year to 30.04.2024 pence	Year to 30.04.2023 pence	Year to 30.04.2022 pence
Opening net asset value per share	210.58	214.94	190.08
Return before operating charges*	18.75	(2.13)	27.04
Operating charges	(2.23)	(2.23)	(2.18)
Return after operating charges*	16.52	(4.36)	24.86
Gross distribution on accumulation shares	(10.54)	(9.58)	(8.85)
Retained distributions on accumulation shares	10.54	9.58	8.85
Closing net asset value per share	227.10	210.58	214.94
*after direct transaction costs of	0.10	0.28	0.17
Performance			
Return after charges	7.84%	(2.03)%	13.08%
Other information			
Closing net asset value (£)	4,186,145	3,792,144	3,876,902
Closing number of shares	1,843,298	1,800,822	1,803,698
Operating charges	1.07%	1.08%	1.06%
Direct transaction costs	0.05%	0.13%	0.08%
Prices			
Highest share price	228.58p	216.27p	219.51p
Lowest share price	196.82p	189.47p	191.79p

Fund Information (Continued)

Comparative tables (continued)

Class P income shares	**Year to**	**Year to**	**Year to**
Change in net assets per share	**30.04.2024**	**30.04.2023**	**30.04.2022**
	pence	**pence**	**pence**
Opening net asset value per share	151.78	162.94	149.73
Return before operating charges*	11.84	(2.64)	21.39
Operating charges	(1.23)	(1.27)	(1.31)
Return after operating charges*	10.61	(3.91)	20.08
Gross distribution on income shares	(7.84)	(7.25)	(6.87)
Closing net asset value per share	154.55	151.78	162.94
*after direct transaction costs of	0.07	0.20	0.13
Performance			
Return after charges	6.99%	(2.40)%	13.41%
Other information			
Closing net asset value (£)	33,316,341	42,183,972	38,471,976
Closing number of shares	21,557,335	27,793,441	23,611,639
Operating charges	0.84%	0.82%	0.82%
Direct transaction costs	0.05%	0.13%	0.08%
Prices			
Highest share price	157.66p	163.72p	169.77p
Lowest share price	137.81p	142.23p	148.12p

Class P accumulation shares	**Year to**	**Year to**	**Year to**
Change in net assets per share	**30.04.2024**	**30.04.2023**	**30.04.2022**
	pence	**pence**	**pence**
Opening net asset value per share	214.97	220.22	193.08
Return before operating charges*	19.20	(3.50)	28.82
Operating charges	(1.76)	(1.75)	(1.68)
Return after operating charges*	17.44	(5.25)	27.14
Gross distribution on accumulation shares	(10.75)	(9.76)	(9.00)
Retained distributions on accumulation shares	10.75	9.76	9.00
Closing net asset value per share	232.41	214.97	220.22
*after direct transaction costs of	0.10	0.28	0.17
Performance			
Return after charges	8.11%	(2.38)%	14.06%
Other information			
Closing net asset value (£)	24,542,617	26,412,424	31,206,644
Closing number of shares	10,560,137	12,286,521	14,170,911
Operating charges	0.83%	0.83%	0.80%
Direct transaction costs	0.05%	0.13%	0.08%
Prices			
Highest share price	233.92p	220.61p	223.51p
Lowest share price	201.18p	193.17p	194.83p

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

Lower risk ← → Higher risk

Typically lower rewards — Typically higher rewards

1	2	3	4	5	6	7

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

This Company has been measured as 6 because it has experienced moderate to high volatility historically.

Fund Information (Continued)

Portfolio statement
as at 30 April 2024

Holding or nominal value		Bid value £	Percentage of total net assets 30 Apr'24 %	30 Apr'23 %
	ASSET MANAGEMENT & CUSTODY BANKS			
200,000	Liontrust Asset Management	1,350,000	2.06	
205,000	Polar Capital	1,109,050	1.69	
1,050,001	Premier Miton	745,501	1.14	
65,000	Rathbones	1,064,700	1.62	
975,000	XPS Pensions	2,574,000	3.92	
	Total Asset Management & Custody Banks	6,843,251	10.43	10.13
	BROADCASTING			
861,856	STV	2,042,599	3.11	
	Total Broadcasting	2,042,599	3.11	2.73
	BROADLINE RETAIL			
150,000	B&M European Value Retail	778,500	1.19	
	Total Broadline Retail	778,500	1.19	-
	BUILDING PRODUCTS			
675,000	Norcros	1,235,250	1.88	
134,863	Genuit	588,677	0.90	
	Total Building Products	1,823,927	2,78	1.61
	CONSTRUCTION & ENGINEERING			
85,000	Morgan Sindall	1,925,250	2.93	
	Total Construction & Engineering	1,925,250	2.93	1.86
	CONSTRUCTION & MATERIALS			
210,000	Breedon	760,200	1.16	
	Total Construction & Materials	760,200	1.16	-
	CONSUMER FINANCE			
573,521	H&T	2,403,053	3.66	
	Total Consumer Finance	2,403,053	3.66	3.39
	DISTRIBUTORS			
125,000	Inchcape	999,375	1.52	

Fund Information (Continued)

Portfolio statement (continued)
as at 30 April 2024

Holding or nominal value		Bid value £	Percentage of total net assets 30 Apr'24 %	30 Apr'23 %
535,000	Ultimate Products	936,250	1.43	
	Total Distributors	1,935,625	2.95	-
	DIVERSIFIED BANKS			
130,495	Arbuthnot Banking	1,331,049	2.03	
4,500,000	Lloyds Banking	2,335,500	3.56	
97,000	Secure Trust Bank	679,000	1.03	
	Total Diversified Banks	4,345,549	6.62	7.70
	DIVERSIFIED FINANCIAL SERVICES			
1,350,000	M&G	2,713,500	4.13	
	Total Diversified Financial Services	2,713,500	4.13	4.77
	DIVERSIFIED METALS & MINING			
900,000	Capital	904,500	1.38	
26,000	Rio Tinto	1,422,200	2.17	
1,000,000	Ecora Resources	819,000	1.25	
	Total Diversified Metals & Mining	3,145,700	4.80	2.83
	ELECTRIC UTILITIES			
120,000	SSE	1,999,800	3.05	
	Total Electric Utilities	1,999,800	3.05	3.56
	FOOD RETAIL			
660,000	Tesco	1,954,260	2.98	
	Total Food Retail	1,954,260	2.98	3.02
	INDUSTRIAL REITS			
1,010,000	Urban Logistics REIT	1,167,560	1.78	
	Total Industrial REITs	1,167,560	1.78	1.84
	INTEGRATED OIL & GAS			
540,000	BP	2,810,160	4.28	
145,000	Shell	4,151,350	6.33	
	Total Integrated Oil & Gas	6,961,510	10.61	9.21

Fund Information (Continued)

Portfolio statement (continued)
as at 30 April 2024

Holding or nominal value		Bid value £	Percentage of total net assets 30 Apr'24 %	30 Apr'23 %
	LEISURE FACILITIES			
600,000	Hollywood Bowl	2,046,000	3.12	
	Total Leisure Facilities	2,046,000	3.12	4.31
	LIFE & HEALTH INSURANCE			
725,000	Chesnara	1,823,375	2.78	
1,250,000	Legal & General	2,950,000	4.50	
250,000	Phoenix Group	1,224,500	1.87	
	Total Life & Health Insurance	5,997,875	9.15	8.29
	OIL & GAS EQUIPMENT & SERVICES			
265,000	Hunting	948,700	1.45	
	Total Oil & Gas Equipment & Services	948,700	1.45	-
	OIL & GAS EXPLORATION & PRODUCTION			
100,000	Energean	1,103,000	1.68	
6,250,000	i3 Energy	681,250	1.04	
	Total Oil & Gas Exploration & Production	1,784,250	2.72	5.17
	PHARMACEUTICALS			
185,000	GSK	3,094,125	4.71	
	Total Pharmaceuticals	3,094,125	4.71	2.61
	PUBLISHING			
1,000,000	Reach	736,000	1.12	
	Total Publishing	736,000	1.12	1.09
	REAL ESTATE OPERATING COMPANIES			
550,000	Palace Capital	1,347,500	2.05	
	Total Real Estate Operating Companies	1,347,500	2.05	2.68
	REINSURANCE			
1,405,549	R&Q Insurance Holdings	25,370	0.03	
	Total Reinsurance	25,370	0.03	1.10

Fund Information (Continued)

Portfolio statement (continued)
as at 30 April 2024

Holding or nominal value		Bid value £	Percentage of total net assets 30 Apr'24 %	30 Apr'23 %
	TECHNOLOGY DISTRIBUTORS			
275,000	Midwich Group	1,166,000	1.78	
	Total Technology Distributors	1,166,000	1.78	0.45
	TOBACCO			
110,000	Imperial Brands	2,011,350	3.06	
	Total Tobacco	2,011,350	3.06	5.66
	TRANSACTION & PAYMENT PROCESSING SERVICES			
885,441	Fonix Mobile	2,125,058	3.24	
	Total Transaction & Payment Processing Services	2,125,058	3.24	9.76
	Portfolio of investments	62,082,512	94.61	96.61
	Net current assets on capital account	3,541,808	5.39	3.39
	Net assets	65,624,320	100.00	100.00

Annual Financial Statements

For the year ended 30 April 2024

Statement of total return

	Notes	30 April 2024 £	30 April 2024 £	30 April 2023 £	30 April 2023 £
Income					
Net capital (loss)/gain	4		1,141,898		(4,879,744)
Revenue	6	4,174,740		4,181,754	
Expenses	7	(601,705)		(713,794)	
Net revenue before taxation		3,573,035		3,467,960	
Taxation	8	-		-	
Net revenue after taxation			3,573,035		3,467,960
Total return before distributions			4,714,933		(1,411,784)
Distributions	9		(4,144,185)		(4,144,101)
Change in net assets attributable to shareholders from investment activities			570,748		(5,555,885)

Statement of changes in net assets attributable to shareholders

	30 April 2024 £	30 April 2024 £	30 April 2023 £	30 April 2023 £
Opening net assets attributable to shareholders		77,402,741		81,385,923
Amounts receivable on issue of shares	5,584,196		15,203,880	
Amounts payable on cancellation of shares	(19,674,641)		(15,425,056)	
Amounts payable on share class conversions	(1,399)		-	
Dilution adjustment	16,755		48,925	
		(14,075,089)		(172,251)
Change in net assets attributable to shareholders from investment activities		570,748		(5,555,885)
Retained distributions on accumulation shares		1,725,920		1,744,954
Closing net assets attributable to shareholders		65,624,320		77,402,741

Annual Financial Statements (Continued)

For the year ended 30 April 2024

Balance sheet

	Notes	30 April 2024 £	30 April 2024 £	30 April 2023 £	30 April 2023 £
ASSETS					
Fixed Assets					
Investments			62,082,512		74,797,260
Current Assets					
Debtors	10	2,111,149		837,428	
Cash	11	3,526,559		2,763,618	
Total current assets			5,637,708		3,601,046
Total assets			67,720,220		78,398,306
LIABILITIES					
Creditors					
Distribution payable on income shares		743,708		869,245	
Other creditors	12	1,352,192		126,320	
Total liabilities			2,095,900		995,565
Net assets attributable to shareholders			65,624,320		77,402,741

Notes to the Annual Financial Statements

For the year ended 30 April 2024

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 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 the purchase and sale of investments, 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 period. 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 periods 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 2024

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 a deferred tax asset is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient tax 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.

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 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 2024

1. ACCOUNTING POLICIES (Continued)

i. Financial assets (continued)

Basic financial assets, which include securities sold receivable, 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 securities purchased payable 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 of 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 2024

2. DISTRIBUTION POLICIES (Contnued)

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 balances, 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 ACD's policies for managing these risks are summarised below. These policies have been applied throughout the year

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 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 2024

3. RISK MANAGEMENT POLICIES (Continued)

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/(LOSS)

	30 April 2024 £	30 April 2023 £
The net gains on investments during the year comprise:		
Non-derivative securities	1,141,524	(4,886,974)
Currency gains	799	8,169
Transaction charges	(425)	(939)
Net capital gain	1,141,898	(4,879,744)

5. PURCHASES, SALES AND TRANSACTION COSTS

	30 April 2024 £	30 April 2023 £
Purchases excluding transaction costs	6,351,177	21,214,912
Corporate actions	-	-
	6,351,177	21,214,912
Commissions	3,725	12,448
Taxes and other charges	20,569	86,699
Total purchase transaction costs	24,294	99,147
Purchases including transaction costs	6,375,471	21,314,059

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2024

5. PURCHASES, SALES AND TRANSACTION COSTS (Continued)

Purchase transaction costs expressed as a percentage of the principal amount:		
Commissions	0.06%	0.06%
Taxes and other charges	0.32%	0.41%
Sales excluding transaction costs	20,207,447	18,050,244
Corporate actions	-	2,627,836
	20,207,447	20,678,080
Commissions	(7,337)	(9,790)
Taxes and other charges	(50)	(80)
Total sale transaction costs	(7,387)	(9,870)
Sales net of transaction costs	20,200,060	20,668,210
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:	0.05%	0.13%
Transaction handling charges		
These are total charges payable to the Depositary in respect of each transaction.	425	939

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	0.57%	0.84%

6. REVENUE

	30 April 2024 £	30 April 2023 £
UK dividends	3,675,670	3,518,342
Overseas dividends	369,820	417,230
Property dividends	-	198,588
Bank interest	129,250	47,594
Total revenue	4,174,740	4,181,754

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2024

7. EXPENSES

	30 April 2024 £	30 April 2023 £
Payable to the ACD or associates:		
ACD's periodic charge	549,679	652,131
	549,679	652,131
Payable to the Depositary or associates:		
Depositary's fees	19,562	25,401
Safe Custody fees	6,861	7,562
	26,423	32,963
Other expenses:		
Financial Conduct Authority Fee	85	201
Audit fee	7,344	6,360
Other expenses	18,174	22,139
	25,603	28,700
Total expenses	601,705	713,794

8. TAXATION

	30 April 2024 £	30 April 2023 £
Analysis of the tax charge for the year		
UK Corporation tax at 20% (2023: 20%)	15,445	36,904
Tax relief from capital	(15,445)	(36,904)
Total tax (credit)/charge	-	-
Factors affecting the tax charge for the year		
Net revenue before taxation	3,573,035	3,467,960
Corporation tax at 20% (2023: 20%)	714,607	693,592
Effects of:		
Revenue not subject to taxation	(809,098)	(787,114)
ACD periodic charge treated as capital	109,936	130,426
Tax relief from capital	(15,445)	(36,904)
Current tax (credit)/charge	-	-

At 30 April 2024 the Fund has deferred tax assets of £1,040,118 (2023: £945,627) 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 2024

9. DISTRIBUTIONS

	30 April 2024 £	30 April 2023 £
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
1st Interim	934,301	810,990
2nd Interim	1,150,895	1,267,296
3rd Interim	622,990	652,635
Final	1,330,134	1,440,963
Amounts deducted on cancellation of shares	169,286	81,012
Amounts added on issue of shares	(63,421)	(108,795)
Distributions	4,144,185	4,144,101
Distributions represented by:		
Net revenue after taxation	3,573,035	3,467,961
Add: Income received after distribution	-	-
Add: ACD's periodic charge and other expenses charged to capital	571,150	676,140
	4,144,185	4,144,101

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

10. DEBTORS

	30 April 2024 £	30 April 2023 £
Amounts receivable for issue of shares	1,195,131	49,731
Accrued income	916,114	787,628
Securities sold receivable	-	-
Prepayments	(96)	69
Total debtors	2,111,149	837,428

11. CASH

	30 April 2024 £	30 April 2023 £
Capital bank account	3,526,559	2,763,618
Total cash	3,526,559	2,763,618

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2024

12. OTHER CREDITORS

	30 April 2024 £	30 April 2023 £
Accrued expenses	22,639	15,632
Amounts payable for the cancellation of shares	1,329,553	31,007
Securities purchased payable	-	79,681
Total other creditors	1,352,192	126,320

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 £549,679 (2023: 652,131). Amounts due and payable at the year end to Slater Investments Limited total £nil (2023: £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 £1,195,131 (2023: £49,731), amounts payable at year end for shares redeemed total £1,329,553 (2023: £31,007).

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 2024	30 April 2023
Class P Income shares owned by Slater Investments Limited	0.52%	0.38%
Class P Accumulation shares owned by Northglen Investments Limited directly and indirectly	7.19%	5.64%
Class P Income shares owned by directors and dependents of directors beneficially and non-beneficially	1.76%	1.46%
Class P Accumulation shares owned by directors and dependents of directors beneficially and non-beneficially	4.92%	3.86%

14. SHAREHOLDERS' 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.

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2024

14. SHAREHOLDERS' FUNDS (Continued)

During the year the ACD 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 2023	1,024,299	1,834,330	27,793,441
Share issues	25,991	72,634	570,467
Share cancellations	(34,617)	(984,533)	(6,531,845)
Share conversions	(533,543)	656,747	(274,728)
Closing shares in issue at 30 April 2024	482,130	1,579,178	21,557,335

Accumulation shares	Class A	Class B	Class P
Opening shares in issue at 1 May 2023	427,821	1,800,822	12,286,521
Share issues	12,136	9,579	298,325
Share cancellations	(12,236)	(55,330)	(2,222,790)
Share conversions	(186,947)	88,227	198,081
Closing shares in issue at 30 April 2024	240,774	1,843,298	10,560,137

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 £3,104,126 (2023: £3,739,863). 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 2024	Investments (£)	Net current assets (£)	Total (£)
USD	-	-	-

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

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 (2023: £nil). A five per cent increase would have the equal and opposite effect.

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2024

15. RISK DISCLOSURES (Continued)

Liquidity risk

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

	30 April 2024 £	30 April 2023 £
Within one year:		
Distribution payable on income shares	743,708	869,245
Other creditors	1,352,192	126,320
Total	2,095,900	995,565

16. FAIR VALUE DISCLOSURE

Fair value hierarchy as at 30 April 2024

	30 April 2024		30 April 2023	
Valuation technique	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1	62,082,512	-	74,797,260	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	62,082,512	-	74,797,260	-

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 ACD. The ACD 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)

For the year ended 30 April 2024

17. DISTRIBUTION TABLE

For the period from 1 May 2023 to 31 July 2023
Group 1: shares purchased prior to 1 May 2023
Group 2: shares purchased on or after 1 May 2023

		Net revenue to 31-Jul-23 Pence per share	Equalisation to 31-Jul-23 pence per share	Distribution paid 30-Sep-23 pence per share	Distribution paid 30-Sep-22 pence per share
Income shares					
Class A	Group 1	1.7301p	0.0000p	1.7301p	1.3992p
	Group 2	0.3532p	1.3769p	1.7301p	1.3992p
Class B	Group 1	1.8329p	0.0000p	1.8329p	1.4748p
	Group 2	1.1325p	0.7004p	1.8329p	1.4748p
Class P	Group 1	1.8733p	0.0000p	1.8733p	1.5027p
	Group 2	1.0103p	0.8630p	1.8733p	1.5027p
Accumulation shares					
Class A	Group 1	2.4541p	0.0000p	2.4541p	1.8841p
	Group 2	0.0000p	2.4541p	2.4541p	1.8841p
Class B	Group 1	2.5983p	0.0000p	2.5983p	1.9845p
	Group 2	1.2008p	1.3976p	2.5983p	1.9845p
Class P	Group 1	2.6532p	0.0000p	2.6532p	2.0216p
	Group 2	0.0000p	2.6532p	2.6532p	2.0216p

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2024

17. DISTRIBUTION TABLE (Continued)

For the period from 1 August 2023 to 31 October 2023
Group 1: shares purchased prior to 1 August 2023
Group 2: shares purchased on or after 1 August 2023

		Net revenue to 31-Oct-23 pence per share	Equalisation to 31-Oct-23 pence per share	Distribution paid 31-Dec-23 pence per share	Distribution paid 31-Dec-22 pence per share
Income shares					
Class A	Group 1	2.2550p	0.0000p	2.2550p	2.1484p
	Group 2	0.7013p	1.5537p	2.2550p	2.1484p
Class B	Group 1	2.3928p	0.0000p	2.3928p	2.2678p
	Group 2	1.1056p	1.2872p	2.3928p	2.2678p
Class P	Group 1	2.4474p	0.0000p	2.4474p	2.3124p
	Group 2	2.0658p	0.3817p	2.4474p	2.3124p
Accumulation shares					
Class A	Group 1	3.2403p	0.0000p	3.2403p	2.9224p
	Group 2	0.0000p	3.2403p	3.2403p	2.9224p
Class B	Group 1	3.4362p	0.0000p	3.4362p	3.0813p
	Group 2	3.4362p	0.0000p	3.4362p	3.0813p
Class P	Group 1	3.5111p	0.0000p	3.5111p	3.1406p
	Group 2	3.1791p	0.3320p	3.5111p	3.1406p

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2024

17. DISTRIBUTION TABLE (Continued)

For the period from 1 November 2023 to 31 January 2024

Group 1: shares purchased prior to 1 November 2023

Group 2: shares purchased on or after 1 November 2023

		Net revenue to 31-Jan-24 pence per share	Equalisation to 31-Jan-24 pence per share	Distribution paid 31-Mar-24 pence per share	Distribution paid 31-Mar-23 pence per share
Income shares					
Class A	Group 1	1.2707p	0.0000p	1.2707p	1.0934p
	Group 2	0.3341p	0.9365p	1.2707p	1.0934p
Class B	Group 1	1.3498p	0.0000p	1.3498p	1.1578p
	Group 2	0.3109p	1.0388p	1.3498p	1.1578p
Class P	Group 1	1.3817p	0.0000p	1.3817p	1.1818p
	Group 2	1.1065p	0.2752p	1.3817p	1.1818p
Accumulation shares					
Class A	Group 1	1.8583p	0.0000p	1.8583p	1.5143p
	Group 2	0.6871p	1.1712p	1.8583p	1.5143p
Class B	Group 1	1.9730p	0.0000p	1.9730p	1.5988p
	Group 2	1.9730p	0.0000p	1.9730p	1.5988p
Class P	Group 1	2.0172p	0.0000p	2.0172p	1.6307p
	Group 2	1.3932p	0.6240p	2.0172p	1.6307p

Notes to the Annual Financial Statements (Continued)

For the year ended 30 April 2024

17. DISTRIBUTION TABLE (Continued)

For the period from 1 February 2024 to 30 April 2024
Group 1: shares purchased prior to 1 February 2024
Group 2: shares purchased on or after 1 February 2024

		Net revenue to 30-Apr-24 pence per share	Equalisation to 30-Apr-24 pence per share	Distribution payable 30-Jun-24 pence per share	Distribution paid 30-Jun-23 pence per share
Income shares					
Class A	Group 1	2.8999p	0.0000p	2.8999p	2.6334p
	Group 2	2.8999p	0.0000p	2.8999p	2.6334p
Class B	Group 1	3.0851p	0.0000p	3.0851p	2.7867p
	Group 2	3.0851p	0.0000p	3.0851p	2.7867p
Class P	Group 1	3.1605p	0.0000p	3.1605p	2.8465p
	Group 2	3.1605p	0.0000p	3.1605p	2.8465p
Accumulation shares					
Class A	Group 1	4.2813p	0.0000p	4.2813p	3.6672p
	Group 2	4.2813p	0.0000p	4.2813p	3.6672p
Class B	Group 1	4.5527p	0.0000p	4.5527p	3.8773p
	Group 2	4.5527p	0.0000p	4.5527p	3.8773p
Class P	Group 1	4.6580p	0.0000p	4.6580p	3.9572p
	Group 2	4.6580p	0.0000p	4.6580p	3.9572p

Appendix I
SFDR Periodic Report

For the year ended 30 April 2024

PRODUCT NAME: Slater Income Fund (the "Fund")

Legal Entity Identifier: 213800ZG4XQFOOLUNE54

Did this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☐ 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
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☒ It promoted E/S characteristics but **did not make any sustainable investments**

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 Fund's investment approach. The primary aim of our ESG considerations is to preserve and enhance the value of the Fund's 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 Slater Investments' investment approach.

Appendix I
SFDR Periodic Report (Continued)

For the year ended 30 April 2024

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?	76%
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		57 (B-)

*Although 7 companies were in violation of 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?**

From the previous period the Fund reported the following:

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?	72%
UN Global Compact/ norms breach assessment	Does the company violate any of the UN Global Compact Ten Principles	8*
Portfolio Weighted Average Refinitiv ESG Rating excluding cash		61.0 (B)

There has been an increase in the share of companies in the portfolio which have set targets for net zero or emission reduction. We have seen an overall slight decline in the portfolio weighted average Refinitiv ESG rating. Compared to the last period. We have seen a reduction in the number of companies which violated at least one of the UN Global Compact Ten Principles.

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

Slater Investments 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.

Appendix I
SFDR Periodic Report (Continued)

For the year ended 30 April 2024

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:

- incorporating PAI data into engagement with investee companies;
- evaluating PAIs of new investment in the Fund as part of wider ESG research of companies.

Indicators applicable to investments in investee companies			
Adverse sustainability indicator		**Metric**	**Annual Report 2024**
Climate and other environment-related indicators			
Greenhouse gas emissions (GHG)	GHG Emissions	GHG Emissions - Scope 1 (shown in thousands)	5,186.09 Tonnes
		GHG Emissions - Scope 2 (shown in thousands)	852.03 Tonnes
		GHG Emissions - TOTAL (shown in thousands)	6,038.12 Tonnes
		GHG Emissions - Scope 3 (shown in thousands)	89,567.43 Tonnes
	Carbon Footprint	Carbon Footprint	59.42 CO2e/£M
	GHG Intensity of Investee Companies	GHG intensity of investee companies	68.54 CO2e/£M
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	14.81%
	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	9.32%
	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	717.67 GWh/£M[1]
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	35.15%
Water	Emissions of water	Tonnes of emissions to water generated by investee companies per £million invested, expressed as a weighted average.	0.46 Tonnes/£M
Waste	Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per £million invested, expressed as a weighted average	0.76 Tonnes/£M

Appendix I
SFDR Periodic Report (Continued)

For the year ended 30 April 2024

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	33.86%
	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	81.60%
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	25.07
	Board gender diversity	Average ratio of female to male board members in investee companies	30.42
	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%
Other Environmental Matters			
Emissions	Emissions of ozone depletion substances	Tonnes of inorganic pollutants equivalent per £million invested, expressed as a weighted average	4.95 Tonnes/£M
	Emissions of inorganic pollutants	Tonnes of air pollutants equivalent per £million invested, expressed as a weighted average	90.19 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.	23.86%
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%

Appendix I
SFDR Periodic Report (Continued)

For the year ended 30 April 2024

Other Social Matters			
Social and employee matters	Insufficient Whistle-blower Protection (%)	Share of investments in entities without policies on the protection of whistle-blowers	31.02%
	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)	53.44%
Human rights	Lack of Human Rights Policy (%)	Share of investments in entities without a human rights policy	18.34%
	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	30.89%

Indicators applicable to investments in investee companies			
Adverse sustainability indicator		Metric	Interim Report 2024
Climate and other environment-related indicators			
Greenhouse gas emissions (GHG)	GHG Emissions	GHG Emissions - Scope 1 (shown in thousands)	5,488.36 Tonnes
		GHG Emissions - Scope 2 (shown in thousands)	899.35 Tonnes
		GHG Emissions - TOTAL (shown in thousands)	6,387.61 Tonnes
		GHG Emissions - Scope 3 (shown in thousands)	96,401.00[2] Tonnes

[1] The sectors identified as high impact climate sectors include Oil & Gas Exploration & Production, Steel, Diversified Metals & Mining, Building Products, Oil & Gas Equipment & Services, Construction Materials, Integrated Oil & Gas and Electric Utilities.

[2] An Indicator relating to GHG Emissions published previously in the Fund's Interim Report (as of October 2023) was misstated. These have now been rectified and are as stated above.

What were the top investments of this financial product?

Name	GICS Sub Industry	Country	JTC NAV %
Shell PLC	Integrated Oil & Gas	United Kingdom	6.28%
GSK plc	Pharmaceuticals	United Kingdom	4.63%
Legal & General Group PLC	Life & Health Insurance	United Kingdom	4.45%
BP PLC	Integrated Oil & Gas	United Kingdom	4.27%
M&G PLC	Diversified Financial Services	United Kingdom	4.05%
XPS Pensions Group PLC	Asset Management & Custody Banks	United Kingdom	3.74%
H & T Group PLC	Consumer Finance	United Kingdom	3.68%

Appendix I
SFDR Periodic Report (Continued)

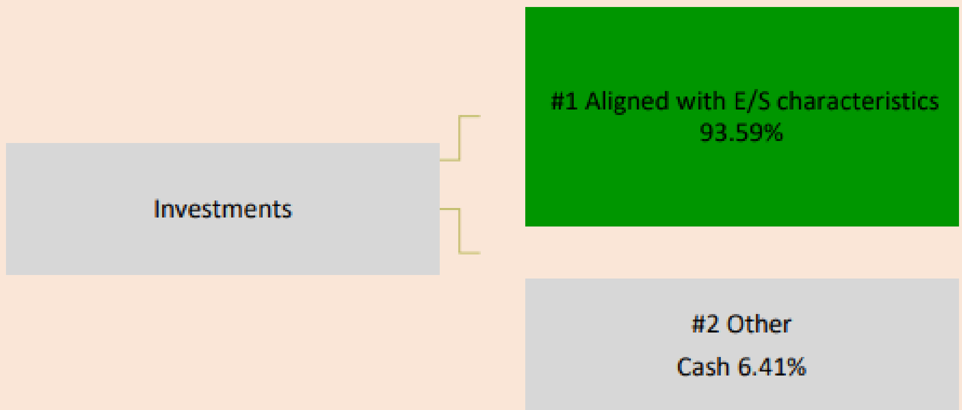
For the year ended 30 April 2024

Lloyds Banking Group PLC	Diversified Banks	United Kingdom	3.50%
Fonix Mobile PLC	Transaction & Payment Processing Services	United Kingdom	3.25%
Hollywood Bowl Group PLC	Leisure Facilities	United Kingdom	3.13%
STV Group PLC	Broadcasting	United Kingdom	3.06%
Imperial Brands PLC	Tobacco	United Kingdom	3.04%
SSE PLC	Electric Utilities	United Kingdom	3.02%
Tesco PLC	Food Retail	United Kingdom	2.93%
Morgan Sindall Group PLC	Construction & Engineering	United Kingdom	2.90%

Source: Slater Investments. Weightings above are from mid prices on 30th April 2024

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 I
SFDR Periodic Report (Continued)

For the year ended 30 April 2024

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

Investments are made in various economic sectors. The top five as of 30th April 2024 and using the GICS Sub Industry are shown in the table below:

Sub Industry	% Assets
Integrated Oil & Gas	10.54%
Asset Management & Custody Banks	10.17%
Life & Health Insurance	7.64%
Diversified Banks	6.58%
Pharmaceuticals	4.63%

Source: Slater Investments. Weightings above are from mid prices on 30th April 2024

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. The Fund does not commit to making investments in companies that are aligned with the EU Taxonomy

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 I
SFDR Periodic Report (Continued)

For the year ended 30 April 2024

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 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.

Appendix II
TCFD Periodic Climate Related Financial Disclosures

For the year ended 30 April 2024

Slater Income Fund (the "Fund")

This report is based on the recommendations set out by the Task Force on Climate-Related Financial Disclosures (TCFD), a global organisation formed to develop a set of recommended climate-related disclosures that companies and financial institutions can use to more clearly inform investors, shareholders and the public of their climate-related financial risks.

Risk Management

Climate risks

As long-term investors, climate-related risks and opportunities are considered over the short, medium and long term across the Fund's holdings. Sector analysis is a key part of this.

There are two main types of climate-related risks: physical and transition risk. Dealing with each risk in turn:

Physical climate risks are either acute or chronic. Acute risks include heatwaves, droughts, wildfires, and flooding. Chronic risks are driven by longer term shifts in climate patterns like sea level rise, and higher average temperatures. These threats come in two forms: idiosyncratic and systemic risks. Idiosyncratic risks are more specific and localised, affecting individual assets or companies. This could be a company heavily dependent on a specific geographic location. Systemic risks are risks that affect the entire financial system or a significant portion of it. Sea level rise, widespread temperature increases, or large-scale natural disasters can have systemic implications.

Transition risks are the potential costs to society of shifting to a low carbon economy to mitigate climate change. They arise primarily from policy change and the level of technological adoption, but also from market developments such as changes in consumer preferences.

Both the physical effects of climate change and the transition to a low-carbon economy are sources of financial risks and have the potential to affect a company's profitability if exposed to these risks.

These risks are not mutually exclusive, which means a company can be exposed to and impacted by both. Identifying these risks involves a thorough analysis of various aspects of a company's operations, supply chain, and overall business strategy. This involves evaluation of regulatory and policy risks, assessing transition risk & considering reputational risk. Once climate related risks are identified, these considerations are integrated into the investment process.

Scenario Analysis

To understand how physical and transition risks could affect different sectors in the future, we make use of the Paris Agreement Capital Transition Assessment (PACTA). This is done on a quarterly basis, and helps Slater Investments to assess the resilience of our investment strategy under a range of scenarios.

Appendix II
TCFD Periodic Climate related Financial Disclosures (Continued)

For the year ended 30 April 2024

Through the assessment the following questions are answered:

- what proportion of the Fund's holdings are invested in climate-related sectors?
- do portfolio companies' net zero plans tally with climate scenarios which comply with the Paris Agreement?
- which of the Fund's holdings significantly influence the results?
- what level of risk is the value of the portfolio exposed in various transition scenarios?

Climate Metrics for the Fund Investments

Slater Investments uses the following metrics to measure the collective carbon impact of the Fund's holdings, calculated according to TCFD standards, which in turn are based on the internationally accepted Greenhouse Gas (GHG) Protocol. The GHG Protocol is a set of accounting and reporting standards for GHG emissions. It is one of the most widely used frameworks globally for businesses and governments to understand, quantify, and manage their greenhouse gas emissions.

Scope 1 Carbon Emission: Direct emissions from sources that are owned or controlled by the entity. This includes emissions from combustion of fossil fuels, on-site industrial processes, and transportation owned or controlled by the organisation.

Scope 2 Carbon Emission: Indirect emissions from the generation of purchased energy, such as electricity, heating, and cooling. These emissions occur outside the organisation's boundaries but result from activities that support its operations.

Scope 3 Carbon Emission: the result of activities from assets not owned or controlled by the organisation, but that the organisation indirectly affects in its value chain.

Monitoring and managing Scope 1 and 2 emissions helps organisations understand their direct and indirect contributions to greenhouse gas emissions. This approach might not account for all emissions associated with a product or service, as it does not consider the entire supply chain.

Disclosure of Scope 3 emissions under TCFD is currently voluntary. Calculating Scope 3 emissions can be difficult because they are generated by third parties (e.g., a supply chain partner) for which the reporting company has limited visibility or control. We currently refrain from publishing this data. We will re-evaluate our position on Scope 3 emission disclosures as the calculation methodologies in this area continue to evolve and become more standardised.

Total Carbon Emissions: The sum of all greenhouse gas emissions, typically measured in carbon dioxide equivalent (CO_2e), produced directly or indirectly by an entity.

Total carbon emissions offer a holistic view of the environmental impact of an organisation, considering both direct and indirect sources. This metric might oversimplify the analysis, and specific details about the sources and types of emissions may be lost.

Total Carbon Footprint: The total amount of greenhouse gases, measured in CO_2e, that are directly and indirectly associated with an organisation's activities and products.

Appendix II
TCFD Periodic Climate related Financial Disclosures (Continued)

For the year ended 30 April 2024

The carbon footprint provides a comprehensive measure of the environmental impact, considering emissions throughout the entire life cycle of products and services. Calculating a total carbon footprint requires extensive data, and some emissions factors may be estimates, introducing uncertainties into the results.

Weighted Average Carbon Intensity (WACI): The average amount of greenhouse gas emissions per unit of output, activity, or economic value, often expressed as CO_2e per unit.

This metric helps assess the efficiency of resource use in relation to emissions, providing insights into the carbon efficiency of different activities or products. The accuracy of this metric depends on the availability and accuracy of data. Additionally, variations in emissions factors for different activities can affect the reliability of comparisons.

High Impact Sub Industry: This refers to industries or economic sectors that are particularly vulnerable to the effects of climate change or have a significant impact on climate change through their greenhouse gas emissions. Identifying high-impact sectors is crucial for assessing climate-related risks and implementing strategies to mitigate or adapt to these risks.

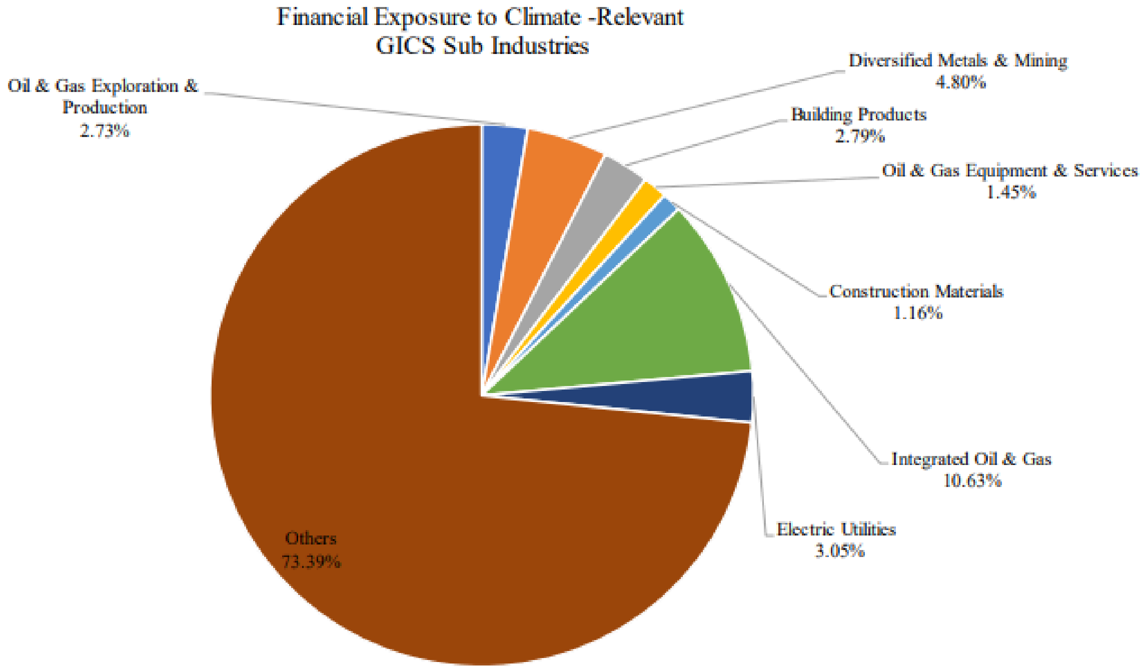
The results of our analysis are as follows:

Climate Metric	Unit Of Measurement	Coverage	April 2024 Amount
Scope 1 Carbon Emission	tCO2e -shown in thousands	82.06%	5,186.09
Scope 2 Carbon Emission	tCO2e -shown in thousands	84.89%	852.03
Total Carbon Emissions	tCO2e -shown in thousands	83.64%	6,038.12
Carbon Footprint	tCO2e/£m Invested	83.64%	59.42
WACI	tCO2e/£m Revenue	83.64%	68.54
High Impact Sectors		100.00%	26.61%

Appendix II
TCFD Periodic Climate related Financial Disclosures (Continued)

For the year ended 30 April 2024

What proportion of the Fund's holdings are invested in climate-related GICS Sub Industries?



GICS Sub Industry	WACI tCo2e/£M Revenue	Contribution to Portfolio WACI%	Asset Holding £M	Asset Exposure
Integrated Oil & Gas	18.45	26.9%	£6,961,510	10.63%
Diversified Metals & Mining	10.65	15.5%	£3,145,700	4.80%
Electric Utilities	15.94	23.3%	£1,999,800	3.05%
Building Products	3.38	4.9%	£1,823,927	2.79%
Oil & Gas Exploration & Production	0.89	1.3%	£1,784,250	2.73%
Oil & Gas Equipment & Services	0.35	0.5%	£948,700	1.45%
Construction Materials	14.21	20.7%	£760,200	1.16%

Source: Slater Investments. Weightings above are from mid prices on 30th April 2024

Explanation of GICS Sub-Industries

Integrated Oil & Gas

Oil & Gas Exploration & Production, Integrated Oil & Gas and Oil & Gas Equipment & Services

This sub-industry comprises companies engaged in one of the following: exploration, production, refining, marketing and transportation, or chemical production of oil and gas.

Appendix II
TCFD Periodic Climate related Financial Disclosures (Continued)

For the year ended 30 April 2024

In the scenario of an orderly transition, there would likely be a shift towards renewable energy sources, resulting in reduced demand for traditional fossil fuels. Companies investing in clean energy alternatives and carbon capture technologies may thrive during this transition. Strategies for adaptation might involve diversification into renewable energy portfolios.

In a disorderly transition, increased regulatory pressures and abrupt policy changes could disrupt traditional business models, leading to stranded assets as the demand for fossil fuels declines rapidly. Companies with a focus on sustainable practices may have a competitive advantage in navigating this transition.

In a hothouse world scenario, there would be severe impacts due to heightened climate-related events and potential global policy shifts. Extreme weather events may disrupt operations and infrastructure, making a shift towards renewable energy imperative for business continuity.

The most significant drivers are the regulatory environment, carbon pricing, and environmental standards. Changes in regulations can influence the cost structure and operational practices of companies involved in oil and gas exploration and production. Additionally, the sub-industry faces challenges due to the global shift towards renewable energy, necessitating an assessment of risks and opportunities associated with the transition to a low-carbon economy.

Diversified Metals & Mining

This sub-industry is comprised of companies engaged in the diversified production or extraction of metals and minerals not classified elsewhere. It excludes iron ore mining, bauxite mining and coal mining.

In an orderly transition, there could be a growing demand for sustainably sourced metals and minerals. Companies adopting ethical mining practices and embracing transparency in the supply chain may gain a competitive advantage. Emphasis would be placed on minimising environmental impacts and ensuring fair labour practices. Companies investing in technological innovation to improve efficiency and reduce environmental footprints may also see increased market opportunities.

In a disorderly transition, disruptions in the supply chain may occur due to regulatory changes impacting mining operations. Increased scrutiny on the environmental and social aspects of mining activities may pose challenges. Companies with a commitment to ethical sourcing and sustainable practices may navigate these changes more effectively.

In a hothouse world scenario, climate-related impacts on mining operations and transportation may be significant. There may be an increased emphasis on resilient supply chains and sustainable extraction practices. Companies with robust environmental and social governance measures may be better positioned to address challenges in this scenario.

The most significant driver is environmental and social impacts from mining operations. The sub-industry demands transparency in disclosing efforts to minimise these impacts, emphasising responsible mining practices. Additionally, regulatory changes, technological advancements, and market demand for sustainably sourced metals and minerals are key drivers shaping the strategies and operations of companies in the Diversified Metal & Mining sub-industry.

Appendix II
TCFD Periodic Climate related Financial Disclosures (Continued)

For the year ended 30 April 2024

Building Products

This sub-industry comprises companies engaged in the manufacturing of building components and home improvement equipment and products, excluding lumber and plywood.

In an orderly transition, there would be a growing demand for sustainable and eco-friendly building products. Companies investing in green technologies and low-carbon materials may see an increased market share. Emphasis would be placed on energy-efficient building practices and the use of environmentally friendly materials.

In a disorderly transition, increased costs due to regulatory changes and supply chain disruptions could be expected. Demand for traditional building products may decline as sustainability becomes a key consideration in construction projects. Companies adapting quickly to eco-friendly practices may navigate these changes more successfully.

In a hothouse world scenario, there would be increased vulnerability to extreme weather events affecting building projects. There would be a greater emphasis on resilient and climate-adaptive building materials, and strict regulations on carbon emissions may impact the sub-industry.

The most significant drivers are energy efficiency and emissions. The production of building materials is energy-intensive and contributes to greenhouse gas emissions. Companies in this sub-industry must address these issues by implementing strategies for energy efficiency, exploring alternative materials, and adopting emission reduction practices. Regulations aimed at promoting energy-efficient building practices and the growing demand for climate-resilient infrastructure are key considerations that Building Products providers need to address in their strategic planning.

Construction Materials

This sub-industry comprises companies engaged in the manufacturing of construction materials including sand, clay, gypsum, lime, aggregates, cement, concrete, and bricks.

In an orderly transition, there would be a growing demand for sustainable and eco-friendly construction materials. Companies investing in green technologies and low-carbon materials may see an increased market share. Emphasis would be placed on energy-efficient construction practices.

In a disorderly transition, increased costs due to regulatory changes and supply chain disruptions could be expected. Demand for traditional materials may decline as sustainability becomes a key consideration. Companies adapting quickly to eco-friendly practices may navigate these changes more successfully.

In a hothouse world scenario, there would be increased vulnerability to extreme weather events affecting construction projects. There would be a greater emphasis on resilient and climate-adaptive building materials, and strict regulations on carbon emissions may impact the sub-industry.

Appendix II
TCFD Periodic Climate related Financial Disclosures (Continued)

For the year ended 30 April 2024

The most significant drivers are energy efficiency and emissions. The production of materials like cement and steel is energy-intensive and contributes substantially to greenhouse gas emissions. Companies in this sub-industry must address these issues by implementing strategies for energy efficiency, exploring alternative materials, and adopting emission reduction practices. Regulations aimed at promoting energy-efficient building practices and the growing demand for climate-resilient infrastructure are key considerations that Construction Material providers need to address in their strategic planning.

Electric Utilities

This sub-industry comprises companies which produce or distribute electricity and includes both nuclear and non-nuclear facilities.

In an orderly transition, there would likely be a shift towards renewable energy sources, resulting in increased investment in renewable energy projects such as wind, solar, and hydroelectric power. Companies focusing on renewable energy generation may experience growth opportunities and gain a competitive edge. Strategies for adaptation might involve diversification into clean energy sources and investments in grid modernisation to support increased renewable energy integration.

In a disorderly transition, regulatory uncertainties and rapid policy changes could disrupt traditional utility business models, leading to challenges in asset management and revenue stability. Companies with a forward-thinking approach and a diversified energy portfolio may be better positioned to withstand these disruptions.

In a hothouse world scenario, extreme weather events such as hurricanes, wildfires, and storms could lead to widespread power outages and infrastructure damage, highlighting the importance of resilient and adaptive infrastructure. Utilities may need to invest in infrastructure hardening and grid resilience measures to ensure reliable electricity supply in the face of climate-related challenges.

The most significant drivers are regulatory changes, renewable energy integration, and grid resilience. Regulatory policies regarding emissions, renewable energy mandates, and grid reliability standards greatly influence the operations and investment decisions of electric utilities. Additionally, the transition to renewable energy sources and the need for resilient infrastructure in the face of climate change are key considerations for the Electric Utilities sub-industry. Companies in this sub-industry must navigate these drivers effectively to ensure long-term sustainability and resilience in their operations.

Product Scenario Alignment

Expressing the likely implied temperature increase linked to the Fund's holdings is inherently intricate. This rapidly evolving metric involves numerous assumptions. Although guidance on calculating this forward-looking indicator is continually improving, we currently refrain from publishing this data. Doing so could pose a risk of potential misinformation and would be heavily qualified. The data would only serve as an indication of a range of potential temperature increases and associated scenarios, given the uncertainty of forecasts for the global economy's decarbonisation.

Appendix II
TCFD Periodic Climate related Financial Disclosures (Continued)

For the year ended 30 April 2024

Our intention is to release the implied temperature rise (ITR) of the Fund's holdings in subsequent years. This will occur once we have developed a methodology which accurately represents the most likely future decarbonisation pathway. This pathway will be tailored to a representative basket of assets for the Fund, considering factors such as its sector, asset class, investee company-specific projected decarbonisation pathways, and other pertinent carbon intensity data, including progress against emission reduction initiatives.

Climate Value at Risk

We continue to assess the reliability of Climate Value at Risk (Climate VaR) as a metric to gauge potential financial losses for a portfolio company due to climate change. Our intention is to incorporate this measure into future TCFD reporting. However, we aim to do so only when we are confident in the adequacy and quality of the data. At this current time, we are not yet confident about the adequacy and quality of the available data.

Additionally, we are committed to a comprehensive understanding of the metric's potential limitations and weaknesses to present data in a manner that is both accurate and appropriate. This involves carefully determining the indicator's suitable time horizon and ensuring that the chosen scenarios accurately represent the potential impact without causing misinterpretation. Once these evaluations are completed, we will publish the metric as part of our ongoing commitment to transparent and informed climate-related financial reporting.

Data sources

We have incorporated data from Thomson Reuters Eikon or its affiliates or information providers. Although Slater Investments gathers information from sources we consider reliable, Thomson Reuters Eikon does not warrant or guarantee the originality, accuracy, and/or completeness of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose.

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