

The Air Pilot Fund

Annual Report

for the year ended 31 January 2024

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## The Air Pilot Fund

### Report of the Authorised Corporate Director ('ACD')

Evelyn Partners Fund Solutions Limited, as ACD, presents herewith the Annual Report for The Air Pilot Fund for the year ended 31 January 2024.

The Air Pilot Fund ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 9 December 2015. The Company is incorporated under registration number IC001054. It is a non-UCITS retail scheme ('NURS') complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND'), as published by the Financial Conduct Authority ('FCA'). As the Company is a NURS, the ACD also acts as Alternative Investment Fund Manager ('AIFM') in order to comply with the Alternative Investment Fund Manager's Directive ('AIFMD').

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

On 24 February 2022, Russian troops invaded Ukraine. In response, multiple jurisdictions have imposed economic sanctions on Russia and Belarus. In addition, a growing number of public and private companies have announced voluntary actions to curtail business activities with Russia and Belarus. In particular, The Air Pilot Fund does not have direct exposure to the Russian and Belarusian markets.

The shareholders are not liable for the debts of the Company.

The Company has no Directors other than the ACD.

The Instrument of Incorporation can be inspected at the offices of the ACD.

Copies of the Prospectus and Key Investor Information Document ('KIID') are available on request free of charge from the ACD.

#### Investment objective and policy

The investment objective of the Company is to achieve capital growth in real terms after inflation as measured by Retail Price Index ('RPI') + 2% over a 3 to 5 year investment cycle.

The Company may invest in transferable securities, fixed interest securities (Corporate, Government, and index linked bonds), closed ended funds, gold, cash and money market instruments. The Company may gain access to these asset types either directly or indirectly and may be predominately invested in other collective investment schemes. The weighting of the investment in each asset class may vary as seen appropriate and there may be times when there is no exposure to some asset classes. The Company has a worldwide outlook to investment although on occasion the Company may be focused more heavily in one or more countries depending on market conditions. The Company may also invest in any economic sector, unconstrained by region or asset class. In certain instances, for example in times of market stress, the Company's assets may be moved into more liquid investments and the Company may hold a higher proportion of deposits or its holdings may be reduced within the limits of the FCA Regulations. The scheme property may be invested in the units of collective investment schemes which are managed by an associate of the ACD.

It is the Company's intention that derivative and forward transactions will only be used for Efficient Portfolio Management, specifically to hedge out currency risk. The Company may also on occasion use derivative instruments to hedge out potential capital losses. The Company may only use derivatives and forward transactions for investment purposes by giving 60 days' prior notice to shareholders. The use of derivative and forward transactions for Efficient Portfolio Management is not intended to increase the risk profile of the Company.

Please be aware that there is no guarantee that capital will be preserved.

## Report of the Authorised Corporate Director (continued)

### Changes affecting the Company in the year

There were no fundamental or significant changes to the Company in the year.

Further information in relation to the Company is illustrated on page 47.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook and the Investment Funds sourcebook, we hereby certify the Annual Report on behalf of the ACD, Evelyn Partners Fund Solutions Limited.

A handwritten signature in black ink, appearing to be 'BM', written in a cursive style.

Brian McLean  
Director  
Evelyn Partners Fund Solutions Limited  
16 May 2024

## Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND') published by the FCA, require the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains on the property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for the Financial Statements of UK Authorised Funds ('the SORP') issued by The Investment Association in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Company's information on the ACD's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.









COLL also requires the ACD to carry out an Assessment of Value on the Company and publish this assessment within the Annual Report.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus, COLL and FUND.




## Assessment of Value - The Air Pilot Fund

In line with the provisions contained within COLL 6.6.20R, the Board of Evelyn Partners Fund Solutions Limited ('EPFL') as Authorised Corporate Director ('ACD'), has carried out an Assessment of Value for The Air Pilot Fund ('the Fund'). Furthermore, the rules require that EPFL publishes these assessments.

A high-level summary of the outcome of EPFL's rigorous review of the Fund for the year ended 31 January 2024 using the seven criteria set by the FCA is set out below:

1. Quality of Service	
2. Performance	
3. ACD Costs	
4. Economies of Scale	
5. Comparable Market Rates	
6. Comparable Services	
7. Classes of Shares	
Overall Rating	

EPFL has adopted a traffic light system to show how it rated the Fund:

-  On balance, the Board believes the Fund has delivered value to shareholders, with no material issues noted.
-  On balance, the Board believes the Fund has delivered value to shareholders, but may require some action.
-  On balance, the Board believes the Fund has not delivered value to shareholders and significant remedial action is now planned by the Board.

How EPFL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

EPFL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all funds' Assessments of Value. Ultimately the assessments will be subject to scrutiny by the Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the Board prior to communicating to investors if the Fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the EPFL AVC has separately considered, the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

EPFL believes the Assessment of Value can make it easier for investors to both evaluate whether the Fund is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

- (1) Quality of service – the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance – how the Fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs – the fairness and value of the Fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale – how costs have been or can be reduced as a result of increased assets-under-management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates – how the costs of the Fund compare with others in the marketplace;
- (6) Comparable services – how the charges applied to the Fund compare with those of other funds administered by EPFL;
- (7) Classes of shares – the appropriateness of the classes of shares in the Fund for investors.

## Assessment of Value - The Air Pilot Fund (continued)

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

EPFL, as ACD, has overall responsibility for the Fund. The Board assessed, amongst other things: the day-to-day administration of the Fund; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of shares; the calculation of income and distribution payments; the maintenance of accounting and other records; the preparation of annual audited and half-yearly Report & Accounts; the review of tax provisions and submission of tax computations to HMRC; the maintenance of the register of shareholders; the quality of marketing material sent to shareholders and the dealing and settlement arrangements. EPFL delegates the Investment Management of the Fund to two delegated third-party Investment Managers.

The Board reviewed information provided by EPFL's control functions on the adequacy of its internal services, including governance, operations and monitoring. Elements important to the investor experience such as the timely payment of settlement and distribution monies were also reviewed. Over the past year, EPFL has been audited by internal and external auditors, the Fund's Depositary and various EPFL delegated Investment Managers.

#### External Factors

The Board assessed the delegates' skills, processes and experience. Also considered were any results from service review meetings as well as the annual due diligence performed by EPFL on the delegated third-party investment managers, Waverton Investment Management Limited and Schroder & Co. Limited (trading under the name Cazenove Capital Management, 'Cazenove'), where consideration was given to, amongst other things, the delegates' controls around the Fund's liquidity management.

The Board also considered the nature, extent and quality of administrative and shareholder services performed under separate agreements covering depositary services, custodians, as well as services provided with regard to both audit and legal functions.

What was the outcome of the assessment?

#### Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on EPFL during the year. In addition, EPFL has performed its own independent analysis, using automated systems, of the Fund's liquidity. The Board concluded that EPFL had carried out its duties diligently.

#### External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefitted and should continue to benefit the Fund and its shareholders.

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

The Board reviewed the performance of the Fund, after the deduction of all payments out of the scheme property as set out in the Prospectus. Performance, against its benchmark, was considered over appropriate timescales having regard to the Fund's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk had been taken.

#### Investment Objective

The investment objective of the Company is to achieve capital growth in real terms after inflation as measured by RPI + 2% over a 3 to 5 year investment cycle.

#### Benchmark

As ACD, EPFL is required to explain in a fund's scheme documentation why a benchmark is being used or alternatively explain how investors should assess performance of a fund in the absence of a benchmark.

## Assessment of Value - The Air Pilot Fund (continued)

### 2. Performance (continued)

#### Benchmark (continued)

The benchmarks for the Fund are the UK Retail Price Index (RPI) +2% and the ARC Sterling Balanced Asset PCI Index. The UK RPI+2% benchmark is a 'target' benchmark, i.e. an index or similar factor that is part of a target the Investment Managers have set for a Fund's performance to match or exceed. The ARC Sterling Balanced Asset PCI Index is a 'comparator' benchmark, i.e. an index or similar factor against which an Investment Manager invites investors to compare a Fund's performance. Details of how the Fund has performed against its benchmarks over various timescales can be found below.

Cumulative Performance as at 31 December 2023 (%)

	Currency	1 year	3 year	5 year
ARC Sterling Balanced Asset PCI Index TR	GBP	5.98	3.65	20.80
The Air Pilot Fund Income	GBX	10.64	13.26	34.19
UK Retail Price Index +2% TR	GBP	6.61	35.31	45.61

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but FE fundinfo neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

Performance is calculated net of fees. Past performance is not a guide to future performance. Performance shown is representative of all share classes.

#### What was the outcome of the assessment?

The Board assessed the performance of the Fund over three and five years against its target benchmark and observed that it had performed behind this target benchmark. As a result, this section has been awarded an Amber rating. The Board noted however that the Fund had outperformed its comparator benchmark over both three and five years.

Consideration was given to the risk metrics associated with the Fund which focused on, amongst other things, volatility and risk adjusted returns where EPFL were comfortable that the outcomes were in line with expectations.

The Board found that the Fund is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months.

#### Were there any follow up actions?

EPFL will continue to monitor performance through its normal oversight process, at least bi-annually.

### 3. ACD Costs

#### What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflected the services provided. This included the annual management charge ('AMC'), Depositary/Custodian fees and audit fees. The AMC includes the ACD's periodic charge and the Investment Manager's fee.

The charges should be transparent and understandable to the investor, with no hidden costs.

#### What was the outcome of the assessment?

The Board received and considered information about each of the Fund's costs, and concluded that they were fair, reasonable and provided on a competitive basis.

#### Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

#### What was assessed in this section?

The Board reviewed each separate fee structure and the AUM of the Fund to examine the effect on the Fund to potential and existing investors should it increase or decrease in value.

#### What was the outcome of the assessment?

The Investment Manager's fees and the ACD fee are fixed percentage charges meaning there are no opportunities for savings going forward should the Fund grow in size.

The ancillary charges of the Fund represent 6 basis points<sup>1</sup>. Some of these costs are fixed and as the Fund grows in size may result in a small reduction in the basis point cost of these services.

#### Were there any follow up actions?

There were no follow-up actions required.

<sup>1</sup> One basis point is equal to 1/100th of 1%, or 0.01%. Figure calculated at interim report, 31 July 2023.



## Assessment of Value - The Air Pilot Fund (continued)

### 5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges figure ('OCF') of the Fund and how those charges affect its returns.

The OCF of the Fund was compared against the 'market rate' of similar external funds.

What was the outcome of the assessment?

The OCF of 0.99%<sup>2</sup> was found to have compared favourably with those of similar externally managed funds.

Note that EPFL has not charged an entry fee, exit fee or any other event-based fees on this Fund.

Were there any follow up actions?

There was no further action required as the Board were of the opinion that no element within the OCF gave any cause for concern.

### 6. Comparable Services

What was assessed in this section?

The Board compared the Investment Manager's fee with those of other funds administered by EPFL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

The Investment Manager's fee was found to have compared favourably with that of other EPFL administered funds displaying similar characteristics.

Were there any follow up actions?

There was no further action required as the Board were of the opinion that the Investment Manager's fee gave no cause for concern.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the Fund's set-up to ensure that where there are multiple share classes shareholders were in the correct share class given the size of their holding.

What was the outcome of the assessment?

There is only one share class in the Fund, therefore this part of the assessment does not apply.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

Notwithstanding the issue raised in section 2, the Board concluded that The Air Pilot Fund had provided value to shareholders.

Dean Buckley

Chairman of the Board of Evelyn Partners Fund Solutions Limited

18 March 2024

#### Consumer Feedback

On reviewing this Assessment of Value report, we would welcome invaluable feedback from investors via our short questionnaire which can be found online:

<https://www.evelyn.com/services/fund-solutions/assessment-of-value/>

Investors views are invaluable to the development and delivery of this report.

Should you be unable to access the questionnaire online please contact us directly on 0141 222 1151 and we will provide you with a paper copy of the questionnaire.

<sup>2</sup> Figure calculated at interim report, 31 July 2023.

## Report of the Depositary to the shareholders of The Air Pilot Fund

### Depositary's responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Investment Funds sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's revenue is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ('AIFM') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to 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 AIFM:

- (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 revenue in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited  
16 May 2024

## Independent Auditor's report to the shareholders of The Air Pilot Fund

### Opinion

We have audited the financial statements of The Air Pilot Fund (the 'Company') for the year ended 31 January 2024, which comprise the Statement of total return, Statement of change in net assets attributable to shareholders, Balance sheet, the related Notes to the financial statements, including significant accounting policies and the Distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the financial position of the Company as at 28 February 2024 and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the Investment Association Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook (COLL Rules) of the Financial Conduct Authority 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 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

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

### Other Information

The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on Other Matters Prescribed by the COLL Rules

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

- Proper accounting records for the Company have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the Authorised Corporate Director's report for the year is consistent with the financial statements.

## Independent Auditor's report to the shareholders of The Air Pilot Fund (continued)

### Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's responsibilities set out on page 4, the Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director either intends to wind up the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

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

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 and the IA Statement of Recommended Practice for Authorised Funds;
- the Financial Conduct Authority's COLL Rules;
- the Financial Conduct Authority's Investment Funds Sourcebook; and
- the Company's Prospectus.

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of the Authorised Corporate Director. We corroborated these enquiries through our review of submitted returns, external inspections, relevant correspondence with regulatory bodies and the Company's breaches register.

## Independent Auditor's report to the shareholders of The Air Pilot Fund (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Authorised Corporate Director was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Corporate Director oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- management override of controls; and
- the completeness and classification of special dividends between revenue and capital.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the Company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and reviewing judgements made by the Authorised Corporate Director in its calculation of accounting estimates for potential management bias;
- Using a third-party independent data source to assess the completeness of the special dividend population and determining whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payments;
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook, Investment Funds Sourcebook and its Prospectus;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the IA Statement of Recommended Practice for Authorised Funds; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

#### Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

*Johnston Carmichael LLP*

Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditor  
Bishop's Court  
29 Albyn Place  
Aberdeen AB10 1YL  
16 May 2024

## Accounting policies of The Air Pilot Fund

for the year ended 31 January 2024

### a Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014 and amended in June 2017, and the requirements of the Collective Investment Schemes sourcebook ('COLL Rules').

The ACD has considered a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the ACD is satisfied the Fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

### b Valuation of investments

The purchases and sales of investments are included up to close of business on the last business day of the accounting year.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

The quoted investments of the Fund have been valued at the global closing bid-market prices excluding any accrued interest in the case of debt securities ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year.

Collective investment schemes are valued at the bid price for dual priced funds and at the single price for single priced funds and are valued at their most recent published price prior to the close of business valuation on 31 January 2024.

Structured products are valued at fair value and calculated by an independent source. Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments. Where this information is unavailable the ACD uses the valuation made available by the structured product holding manufacturer.

### c Foreign exchange

The base currency of the Fund is UK sterling which is taken to be the Fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

### d Revenue

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Distributions from collective investment schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation on distributions from collective investment schemes is deducted from the cost of the investment and does not form part of the Fund's distribution.

## Accounting policies of The Air Pilot Fund (continued)

for the year ended 31 January 2024

### d Revenue (continued)

Distributions from collective investment schemes which are re-invested on behalf of the Fund are recognised as revenue on the date the securities are quoted ex-dividend and form part of the Fund's distribution.

Excess reportable income from reporting offshore funds is recognised as revenue when the reported distribution rate is available and forms part of the Fund's distribution.

Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case.

Interest on bank deposits and short term deposits is recognised on an accruals basis.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. The effective yield is a calculation that amortises any discount or premium on the purchase of an investment over its remaining life based on estimated cash flows. The amortised amounts form part of the distributable revenue and are calculated at each month end.

### e Expenses

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accrual basis.

Bank interest paid is charged to revenue.

### f Allocation of revenue and expenses to multiple share types

All revenue and expenses which are directly attributable to a particular share type are allocated to that type. All revenue and expenses which are attributable to the Fund are allocated to the Fund and are normally allocated across the share types pro rata to the net asset value of each type on a daily basis.

### g Taxation

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 31 January 2024 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

When a disposal of a holding in a non-reporting offshore fund is made, any gain is an offshore income gain and tax will be charged to capital. There may be instances where tax relief is due to revenue for the utilisation of excess management expenses.

## Accounting policies of The Air Pilot Fund (continued)

for the year ended 31 January 2024

### *h Efficient Portfolio Management*

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for Efficient Portfolio Management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

### *i Dilution levy*

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

### *j Distribution policies*

#### *i Basis of distribution*

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income shares are paid to shareholders. Distributions attributable to accumulation shares are re-invested in the relevant type on behalf of the shareholders.

#### *ii Unclaimed distributions*

Distributions to shareholders outstanding after 6 years are taken to the capital property of the Fund.

#### *iii Revenue*

All revenue is included in the final distribution with reference to policy d.

#### *iv Expenses*

Expenses incurred against the revenue of the Fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy e.

#### *v Equalisation*

Group 2 shares are shares purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 shares. Equalisation is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes. Equalisation per share is disclosed in the Distribution table.



## Investment Manager's report - Waverton Investment Management Limited

At the balance sheet date Waverton Investment Management Limited managed 59.20% of the funds under management in accordance with the investment objective and policy of the Fund.

### Investment performance\*

Global equities ended a very good year on a strong note. The portfolio managed by Waverton Investment Management Limited rose by 9.2%, net of fees, outperforming the broader market. The comparator benchmark, the ARC Sterling Balanced Index, rose 3.0% and RPI +2% was 5.8% during the period.

In many ways it seems hard to square this message with the brooding pessimism that was consensus in early 2023. It is easy to forget that both policy makers and professionals began the year with equally bleak outlooks amidst traditional economic indicators that were flashing red. Instead economic growth, and more importantly asset returns across nearly all developed markets have surprised to the upside. The US is by many measures the valedictorian; 2.8 million jobs have been added since November 2022, goods inflation has cooled and core inflation is already below the US Federal Reserve's ('Fed') late 2022 projections. At an aggregate level wage inflation has remained in control, but importantly was fastest amongst the lowest wage quartile. At the same time equity and business ownership became more widespread and record Oil and Gas production now means the country is a significant energy exporter.

Many thought inflation could only be tamed with a rise in unemployment and that both the magnitude and rate of increase on interest rates witnessed in 2022 and 2023 would induce a global recession. It is true, the tightening cycle was not without some major financial dislocations. Central banks in North America and Switzerland were forced to provide liquidity to the banking sector in February/March with the collapses of Silicon Valley Bank ('SVB'), Signature Bank and Credit Suisse, and government bond markets remained under pressure during most of the year. The Gilt Index fell 8.8% before rallying sharply in November and December to end the twelve months down 1.6%.

Sentiment, however, changed suddenly at the start of November when softer macroeconomic data supported a growing belief that interest rates are peaking. This, coupled with a more dovish tone from the Fed's Chairman increased the prospect of an earlier than expected rate cut in 2024, precipitating a strong rally in all major asset classes including equity markets over the last three months of the reporting period.

There continues to be some debate about whether or not the US economy will slip into recession this year. A slowdown of the economy is part of the Fed's plan and while there are a number of indicators warning that a recession is likely we believe the picture is more nuanced. We have, therefore, sought to maintain a balance in the Fund.

### Investment activities\*

Equities generated the strongest returns within the portfolio. Regional equity market performance was polarised with North America and Japan generating double digit returns while Asia Pacific ex-Japan and Emerging Markets fell with the much-heralded recovery of the Chinese economy disappointing. After notably weak returns the previous twelve months, Technology and Communication Services led the market higher. The newly coined "Magnificent 7" (Apple, Microsoft, Amazon.com, NVIDIA, Tesla, Alphabet 'A' and Meta Platforms) dominated market returns. Many of these stocks are seen as beneficiaries of the leap in adoption of Artificial Intelligence which excited investors last year as well as being safe havens when growth is scarce and the cost of capital is rising. Over the full year the "Magnificent 7" accounted for 63% of market returns.

Despite being underweight these names, the portfolio benefitted from strong stock selection particularly in North America, continental Europe and Japan. The strongest contributors to performance were a combination of its more traditional and growth companies. These included the semiconductor manufacturer, Advanced Micro Devices, which rallied on growing optimism around its graphics processing unit growth prospects; the industrial conglomerate, Hitachi; the aggregates and cement producer, CRH, bolstered by the announcement of infrastructure projects and on-shoring investments in the US; the fashion retailer, Inditex, which continued to deliver strong growth and record margins; and three of the "Magnificent 7", Amazon.com, Alphabet 'A' and Microsoft.

\*Source: Bloomberg and Waverton Investment Management Limited.

## Investment Manager's report - Waverton Investment Management Limited (continued)

### Investment activities\* (continued)

We established six new equity positions; UnitedHealth Group, Valaris, Shin-Etsu Chemical, United Rentals, Thermo Fisher Scientific and General Electric.

UnitedHealth Group is the largest health insurer in America, and its Optum division has developed, through acquisitions and organically, a number of higher growth service businesses, that include patient care, via physician practices and lower cost settings outside traditional hospitals, a Pharmacy Benefit Manager, and financial service offerings. The Group should be able to deliver defensive revenue growth as it benefits from the ongoing inflation in US healthcare spend and taking market share, especially in more profitable value add plans. The Group's dominant market position should provide resilience against any regulatory disruption, particularly in the run-up to a US Presidential election. With a cash conversion ratio of about 1.2x due to premiums being paid before claims, we see this as an attractive defensive investment.

Valaris is one of the leaders in offshore drilling, with the industry's largest fleet. After years of underinvestment in oil production, we believe Valaris is well positioned in both its active fleet and stacked rigs to take advantage of growth opportunities in most large offshore basins and the recovery in offshore day rates. Trading on less than 5 time price-earnings normalised earnings the shares look attractive.

Shin-Etsu Chemical is a Japanese chemical manufacturer with leading positions in two businesses – silicon wafer production and polyvinyl chloride ('PVC') production. Silicon wafers are the building blocks for semiconductors and while that industry is going through a cyclical slowdown just now, we believe the long term fundamentals are favourable which will benefit Shin-Etsu Chemical. The PVC business is driven by the US and its housing and infrastructure sectors, both of which we think are industries with strong outlooks.

United Rentals is the largest rental equipment company in North America, renting construction and maintenance vehicles and machinery to a broad customer base. Scale provides both pricing power and allows for greater fleet efficiency, a key determinant of profitability. Consolidation of the shares over the summer presented the opportunity to invest in this high quality compounder, with revenue growth of at least 6% per annum and earnings per share growth of over 10% per annum.

Thermo Fisher Scientific is a leading instrument, consumable and service provider and trusted partner to the life science industry. This is a fast growing industry (~4-6% per annum) where Thermo Fisher Scientific continues to take market share. The business model is attractive given the high level of recurring revenues from their consumable sales (razor blade model). The shares have underperformed due to the industry slowdown, mostly on Covid-19 normalisation, and China. However, with the market set to recover towards the end of the year and the shares attractively valued we see this as an opportunistic entry point into a long-term quality compounder.

Following the spin-off of Vernova by mid-2024, General Electric will finally lose its conglomerate status and become a leading pure-play aerospace business. Its core commercial aircraft engine market is highly attractive given the long term structural mid to high single digit growth rate, very high barriers to entry, multi-year visibility from their order book and recurring after-market revenues from their large installed base of engines. The current valuation of 24 times 2025 price-earnings for the aerospace business underappreciated the long-term growth opportunity, in particular the upside risk to earnings as after-market margins likely outperform.

We sold the holdings of Ocado Group, DuPont de Nemours, Intertek Group and Linde to fund the purchases.

### Investment strategy and outlook

Following the recent surge in all asset classes the outlook for markets is more finely balanced. Six months ago many esteemed strategists and economists predicted we would be in recession by now. In the meantime, interest rates have remained elevated on both sides of the Atlantic and corporate earnings have been more resilient than feared. The recent acknowledgement by Jerome Powell that inflation is improving and that the Fed has started to debate cutting interest rates, has changed the consensus view away from recession to a soft landing.

Current prices suggests consensus expects more policy rate cuts than our central bankers currently care to confess to, a continued decline in inflation (lead by the falling cost of shelter) and that aggregate earnings will grow at a healthy 11% clip. A forecast of following winds and fair seas for investors then?

\*Source: Bloomberg and Waverton Investment Management Limited.

## Investment Manager's report - Waverton Investment Management Limited (continued)

### Investment strategy and outlook (continued)

That consensus was so wrong last year does not mean it is any more or less likely to be correct this year. Where knowledge of consensus does help is in knowing how it might be upset. Risk in 2024 is seemingly Janus faced. We start the year with one eye on the embers of inflation; a shock higher in energy prices, a Red Sea ruckus and re-surgent Chinese demand may fan the flames. The other remains fixed on recession; a continual grind higher in interest expense, the floundering Chinese property market, and a slow-footed Federal Reserve Board may put them out entirely. That said, absent the politics, there is much to look forward to in 2024. Indeed, the probability of a good outcome may prove conditional. Success begets success and consensus is right to ascribe the falls in inflation we've experienced in 2023 make the policy makers' challenge of engineering a soft landing in 2024 more likely. Perhaps asset markets are right to end 2023 with fire in their belly. Nevertheless, lest we forget the lessons of 2023, it is right to finish by denouncing all predictions as hot air. Better we remain humble, and nimble. Time is much better spent ensuring the portfolio contains companies that can outperform over the long-term whatever this year holds.

Waverton Investment Management Limited

12 February 2024

## Investment Manager's report - Schroder & Co. Limited (trading under the name Cazenove Capital Management)

At the balance sheet date Schroder & Co. Limited (trading under the name Cazenove Capital Management) managed 40.80% of the funds under management in accordance with the investment objective and policy of the Fund.

### Investment performance\*

For the year to 31 January 2024, the portfolio managed by Cazenove Capital Management returned 3.5% on a total return, net of fees basis, versus RPI+2.0% at 6.9% and ARC Sterling Balanced Index at 3.0%.

### Investment activities\*

In 2022, prior to the invasion of Ukraine, we reduced exposure to equities within portfolios in favour of more defensive assets and diversifiers such as commodities, hedge funds and cash. This served The Air Pilot Fund portfolio well in 2022 but was more of a headwind for portfolios through 2023 when the global economy and stock markets performed better than we had anticipated. Economic conditions improved markedly as we went through 2023 with inflation falling faster than expected. As it became clearer that interest rates would not need to move higher, we steadily increased exposure to equities and bonds.

Much of the strength seen in the global economy over 2023 came from the US, driven by consumers spending surplus savings built up throughout the pandemic. Broadly speaking, companies have been able to pass through cost increases directly to end consumers without damaging demand, therefore protecting profit margins. This has been most pronounced in some of the largest companies in the market, namely Amazon.com, Meta, Alphabet 'A', Apple, Tesla and Microsoft, where we saw a very strong rebound in stock prices after sharp falls in 2022. In addition to this, the emergence of Artificial Intelligence ('AI') has generated further buzz in these names and NVIDIA, which has emerged as the most dominant supplier of hardware and software required for AI. These stocks led the world equity index to a return of just over 15% over 2023.

65% of the global equity index is made up of the US, which in turn is increasingly dominated by those companies mentioned above. The principal headwind for our equities within the Fund's portfolio over 2023 was being underweight these names, and biased towards more defensive and value funds which lagged on a relative basis.

Outside of equities, we have been active in both the bond and alternatives allocation in portfolios. More recent additions to equities have been funded by reducing exposure to commodities, including gold, and hedge funds. We still believe gold can act as a valuable hedge against shocks, however, it has performed far better than we would have expected in a rising interest rate environment and looks vulnerable at current levels (near to a record high). Hedge funds served their purpose over 2022, protecting capital well, but are an expensive asset class to own now bonds have become more compelling.

The bond market has been through a turbulent period since the pandemic with interest rates falling to near zero before then rising at the fastest rate in decades to where they sit today: 5.25% in the UK and 5.5% in the US. This rise led to a very sharp fall in bond prices over 2022 and the first half of 2023. We had been concerned about this for some time and acted to protect portfolios from the worst of the falls. Over the second half of 2023, we became positive on bonds again, taking the view interest rates rises were largely priced in, as inflation fell more quickly than expected and economic growth slowed.

### Investment strategy and outlook

Looking forward, the economic outlook has certainly improved with inflation moderating and economic growth proving more robust than expected. This increases the chance of a 'soft landing' for the US economy, when previously a recession looked more likely. Key to this will be inflation and interest rates. If inflation proves to be more resilient than expected, then interest rates could continue to climb, in turn making the backdrop more difficult for companies and consumers alike. In the short term, this would likely be bad news for equities and bonds. However, should inflation continue to moderate as recent data is suggesting, the global economy will likely reactive positively, as should risk assets which would be beneficial to The Air Pilot Fund portfolio.

Schroder & Co. Limited (trading under the name Cazenove Capital Management)

14 February 2024

\*Source: Cazenove Capital Management, Datastream and Lipper.

## Summary of portfolio changes

for the year ended 31 January 2024

The following represents the major purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£
Purchases:	
UK Treasury Gilt 1.125% 31/01/2039	1,606,920
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	1,310,000
HSBC Global Funds ICAV - Global Government Bond UCITS ETF	1,079,942
M&G Investment Funds 1 - Japan Fund	1,079,434
UnitedHealth Group	1,045,950
Shin-Etsu Chemical	980,115
Thermo Fisher Scientific	950,372
HSBC Index Tracker Investment Funds - FTSE All-World Index Fund	947,260
M&G Investment Funds 3 - Emerging Markets Bond Fund	862,400
UK Treasury Inflation-Linked Gilt 2.5% 17/07/2024	861,876
United Rentals	814,651
General Electric	811,011
UK Treasury Gilt 1.25% 31/07/2051	717,830
UK Treasury Inflation-Linked Gilt 0.125% 22/03/2026	682,795
UK Treasury Inflation-Linked Gilt 0.125% 10/08/2028	664,523
Citigroup Global Markets Funding Luxembourg SCA 0% 14/06/2029	650,000
Vanguard S&P 500 UCITS ETF	642,592
AQR UCITS Funds - AQR Alternative Trends UCITS Fund	536,057
UK Treasury Gilt 0.5% 22/10/2061	456,064
Citigroup Global Markets Funding Luxembourg SCA 0% 18/10/2029	425,000
Barclays Bank 0% 23/03/2029	425,000
	Proceeds
	£
Sales:	
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	2,060,000
Invesco Markets II - Invesco US Treasury Bond UCITS ETF	1,627,052
Linde	1,107,314
DuPont de Nemours	980,464
Trojan Investment Funds - Trojan Income Fund	710,039
Polar Capital Funds - UK Value Opportunities Fund	695,568
UK Treasury Gilt 0.25% 31/07/2031	682,430
Citigroup Global Markets Funding Luxembourg 0% 26/05/2028	660,600
SG Issuer SA 0% 16/09/2024	640,548
Intertek Group	625,967
Honeywell International	620,715
iShares Japan Equity Index Fund UK	614,961
Hitachi	557,690
Polar Capital Funds - Insurance Fund	502,790
Schroder Sterling Corporate Bond Fund	502,351
Merrill Lynch BV 0% 23/03/2028	501,720
TM Tellworth UK Select	497,750
iShares USD Treasury Bond 20+yr UCITS ETF	450,968
Centrica 7% 19/09/2033	437,989
Greencoat UK Wind	434,815

Portfolio statement  
as at 31 January 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* 17.38% (12.90%)			
Aaa to Aa2 1.09% (1.27%)			
US Treasury Inflation Indexed Bonds 1% 15/02/2046**	\$400,000	332,271	0.40
US Treasury Note 1.25% 15/05/2050	\$1,400,000	571,847	0.69
		<u>904,118</u>	<u>1.09</u>
Aa3 to A1 11.54% (5.31%)			
JPMorgan Chase & Co 0.991% 28/04/2026**	£450,000	426,879	0.52
UK Treasury Gilt 0.125% 31/01/2028	£1,400,000	1,217,440	1.47
UK Treasury Gilt 1.25% 31/07/2051	£1,500,000	746,550	0.90
UK Treasury Gilt 2% 07/09/2025	£250,000	241,450	0.29
UK Treasury Gilt 3.25% 22/01/2044	£1,600,000	1,353,760	1.64
UK Treasury Inflation-Linked Gilt 0.125% 10/08/2028**	£500,000	678,799	0.82
UK Treasury Inflation-Linked Gilt 0.125% 22/03/2026**	£475,000	688,620	0.83
UK Treasury Inflation-Linked Gilt 1.25% 22/11/2027**	£500,000	1,017,329	1.23
UK Treasury Inflation-Linked Gilt 2.5% 17/07/2024**	£230,000	878,741	1.06
UK Treasury Gilt 1.125% 31/01/2039	£2,300,000	1,509,260	1.82
UK Treasury Gilt 0.5% 22/10/2061	£1,550,000	471,665	0.57
UK Treasury Gilt 1% 31/01/2032	£400,000	324,840	0.39
		<u>9,555,333</u>	<u>11.54</u>
A2 to A3 1.17% (0.22%)			
M&G 5.625% 20/10/2051**	£300,000	284,667	0.34
Society of Lloyd's 4.75% 30/10/2024	£400,000	396,344	0.48
Volkswagen Financial Services 0.875% 20/02/2025	£300,000	285,651	0.35
		<u>966,662</u>	<u>1.17</u>
Baa1 to Baa2 0.90% (2.39%)			
Phoenix Group Holdings 5.75% Perpetual**	£400,000	346,696	0.42
Rothsay Life 5.5% 17/09/2029**	£400,000	397,072	0.48
		<u>743,768</u>	<u>0.90</u>
Baa3 and below 2.68% (3.71%)			
Burford Capital 5% 01/12/2026	£300,000	282,591	0.34
Electricite de France 5.875% Perpetual**	£400,000	373,500	0.45
Ford Motor Credit 2.748% 14/06/2024	£400,000	394,960	0.48
Liverpool Victoria Friendly Society 9.44% 22/05/1943**	£400,000	391,264	0.47
Orsted 2.5% 18/02/2021**	£600,000	423,336	0.51
Vmed O2 UK Financing 4% 31/01/2029	£400,000	355,880	0.43
		<u>2,221,531</u>	<u>2.68</u>
Total debt securities		<u>14,391,412</u>	<u>17.38</u>

\* Grouped by credit rating - source: Interactive Data and Bloomberg.

\*\* Variable interest security.

## Portfolio statement (continued)

as at 31 January 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities 39.84% (37.46%)			
Equities - United Kingdom 5.29% (6.89%)			
Equities - incorporated in the United Kingdom 4.96% (6.89%)			
Energy 1.36% (1.44%)			
Shell	46,000	<u>1,125,620</u>	<u>1.36</u>
Materials 0.97% (1.36%)			
Anglo American	42,200	<u>800,281</u>	<u>0.97</u>
Industrials 0.00% (0.88%)		-	-
Consumer Staples 0.00% (0.41%)		-	-
Health Care 1.12% (1.15%)			
AstraZeneca	8,800	<u>924,000</u>	<u>1.12</u>
Financials 0.99% (0.94%)			
Prudential	57,000	466,488	0.56
SDCL Energy Efficiency Income Trust	650,000	<u>354,250</u>	<u>0.43</u>
		820,738	0.99
Real Estate 0.52% (0.71%)			
Supermarket Income REIT	535,000	<u>432,815</u>	<u>0.52</u>
Total equities - incorporated in the United Kingdom		<u>4,103,454</u>	<u>4.96</u>
Equities - incorporated outwith the United Kingdom 0.33% (0.00%)			
Energy 0.33% (0.00%)			
Valaris	5,600	<u>272,030</u>	<u>0.33</u>
Total equities - United Kingdom		<u>4,375,484</u>	<u>5.29</u>
Equities - Europe 8.78% (9.78%)			
Equities - Finland 1.24% (1.21%)			
UPM-Kymmene	35,900	<u>1,029,258</u>	<u>1.24</u>
Equities - Germany 1.01% (1.13%)			
Deutsche Telekom	43,000	<u>833,554</u>	<u>1.01</u>
Equities - Ireland 1.25% (2.22%)			
CRH	18,400	<u>1,034,816</u>	<u>1.25</u>
Equities - Netherlands 0.61% (0.59%)			
Technip Energies	30,500	<u>502,002</u>	<u>0.61</u>

Portfolio statement (continued)  
as at 31 January 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - Europe (continued)			
Equities - Spain 2.37% (2.13%)			
Amadeus IT Group	15,450	857,440	1.04
Industria de Diseno Textil	32,400	1,097,504	1.33
Total equities - Spain		<u>1,954,944</u>	<u>2.37</u>
Equities - Sweden 1.02% (1.29%)			
Sandvik	50,800	847,841	1.02
Equities - Switzerland 1.28% (1.21%)			
TE Connectivity	9,500	1,060,521	1.28
Total equities - Europe		<u>7,262,936</u>	<u>8.78</u>
Equities - North America 20.80% (16.91%)			
Equities - Canada 1.46% (1.50%)			
Canadian Pacific Kansas City	19,000	1,206,512	1.46
Equities - United States 19.34% (15.41%)			
Advanced Micro Devices	8,900	1,170,709	1.41
Alphabet 'A'	8,720	958,793	1.16
Amazon.com	7,550	919,553	1.11
American Express	6,700	1,056,100	1.28
Autoliv	10,430	892,568	1.08
CME Group	5,950	961,569	1.16
Costco Wholesale	1,261	687,769	0.83
General Electric	8,000	831,756	1.01
International Business Machines	6,500	937,037	1.13
Intuit	1,630	807,851	0.98
Marsh & McLennan	5,900	897,938	1.08
Microsoft	2,200	686,440	0.83
Qualcomm	9,300	1,084,641	1.31
Thermo Fisher Scientific	2,250	951,963	1.15
United Rentals	2,230	1,094,625	1.32
UnitedHealth Group	2,450	984,290	1.19
Visa	5,050	1,083,324	1.31
Total equities - United States		<u>16,006,926</u>	<u>19.34</u>
Total equities - North America		<u>17,213,438</u>	<u>20.80</u>



## Portfolio statement (continued)

as at 31 January 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - Far East 4.97% (3.88%)			
Equities - Japan 3.85% (2.79%)			
Asahi Group Holdings	35,400	1,047,662	1.27
Hitachi	19,100	1,197,428	1.45
Shin-Etsu Chemical	29,600	932,461	1.13
Total equities - Japan		<u>3,177,551</u>	<u>3.85</u>
Equities - Singapore 1.12% (1.09%)			
United Overseas Bank	55,600	926,884	1.12
Total equities - Far East		<u>4,104,435</u>	<u>4.97</u>
Total equities		<u>32,956,293</u>	<u>39.84</u>
Closed-Ended Funds 2.48% (3.87%)			
Closed-Ended Funds - incorporated in the United Kingdom 0.56% (1.76%)			
HICL Infrastructure	360,000	462,240	0.56
Closed-Ended Funds - incorporated outwith the United Kingdom 1.92% (2.11%)			
3i Infrastructure	217,000	717,185	0.87
Sequoia Economic Infrastructure Income Fund	500,000	414,000	0.50
Syncona	390,000	457,080	0.55
Total closed-ended funds - incorporated outwith the United Kingdom		<u>1,588,265</u>	<u>1.92</u>
Total closed-ended funds - United Kingdom		<u>2,050,505</u>	<u>2.48</u>
Collective Investment Schemes 33.43% (37.70%)			
UK Authorised Collective Investment Schemes 6.11% (5.63%)			
Fidelity Institutional Funds - Emerging Markets Fund	560,000	597,520	0.72
Fidelity Investment Funds ICVC - Global Dividend Fund	660,000	709,500	0.86
HSBC Index Tracker Investment Funds - FTSE All-World Index Fund	450,000	1,043,100	1.26
M&G Investment Funds 1 - Japan Fund	830,000	1,130,045	1.37
M&G Investment Funds 3 - Emerging Markets Bond Fund	1,050,000	837,375	1.01
Ninety One Funds Series III - Global Environment Fund	500,000	736,750	0.89
Total UK authorised collective investment schemes		<u>5,054,290</u>	<u>6.11</u>

## Portfolio statement (continued)

as at 31 January 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Collective Investment Schemes (continued)			
Offshore Collective Investment Schemes 27.32% (32.07%)			
AQR UCITS Funds - AQR Alternative Trends UCITS Fund	5,200	577,148	0.70
ATLAS Global Infrastructure Fund	2,600	351,126	0.42
Coremont Investment Fund			
- Brevan Howard Absolute Return Government Bond Fund	5,700	629,408	0.76
Coremont Investment Fund			
- Landseeram European Equity Focus Long/Short Fund	3,300	376,360	0.45
Federated Hermes Unconstrained Credit Fund	550,800	475,451	0.57
Findlay Park American Fund	4,250	682,423	0.82
HSBC Global Funds ICAV			
- Global Government Bond UCITS ETF	115,000	1,062,336	1.28
JPMorgan Funds - America Equity Fund	24,000	2,121,356	2.57
L&G Multi-Strategy Enhanced Commodities UCITS ETF	105,000	1,105,860	1.34
Lyxor Core US TIPS ETF	6,750	697,950	0.84
Morgan Stanley Investment Funds - Global Asset Backed Securities Fund	42,000	971,880	1.17
Neuberger Berman US Equity Index Putwrite Fund	95,000	1,029,800	1.24
Neuberger Berman US Large Cap Value Fund	100,000	983,000	1.19
Polar Capital Funds - UK Value Opportunities Fund	34,000	393,380	0.48
Robeco Capital Growth - BP Global Premium Equities	15,250	1,761,985	2.13
RWC Funds - RWC Global Emerging Markets Fund	5,000	434,346	0.52
Schroder ISF Asian Total Return <sup>^</sup>	2,500	1,043,856	1.26
Schroder Special Situations Fund - Diversified Alternative Assets <sup>^</sup>	15,000	1,351,200	1.63
Skyline Umbrella Fund ICAV - Fortem Capital Progressive Growth Fund	540,000	686,232	0.83
Vanguard S&P 500 UCITS ETF	34,000	2,476,220	2.99
Vontobel Fund - TwentyFour Absolute Return Credit Fund	17,000	1,664,810	2.01
Waverton Investment Funds - Waverton Asia Pacific Fund <sup>^^</sup>	16,500	472,395	0.57
Wellington Global Health Care Equity Fund	73,000	734,782	0.89
William Blair SICAV - US Small-Mid Cap Growth Fund	5,000	543,400	0.66
Total offshore collective investment schemes		<u>22,626,704</u>	<u>27.32</u>
Total collective investment schemes		<u>27,680,994</u>	<u>33.43</u>
Exchange Traded Commodities 3.05% (3.07%)			
Gold Bullion Securities	10,500	1,559,025	1.88
WisdomTree Physical Gold - GBP Daily Hedged	90,000	964,800	1.17
Total exchange traded commodities		<u>2,523,825</u>	<u>3.05</u>

<sup>^</sup> Securities managed by the Investment Manager, Schroder & Co. Limited (trading under the name Cazenove Capital Management).

<sup>^^</sup> Security managed by the Investment Manager, Waverton Investment Management Limited.

## Portfolio statement (continued)

as at 31 January 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Structured Products 2.95% (3.21%)			
Barclays Bank 0% 23/03/2029 <sup>^^^</sup>	£425,000	457,045	0.55
Canadian Imperial Bank of Commerce 9.1% 28/02/2028	£600,000	695,718	0.84
Citigroup Global Markets Funding Luxembourg SCA 0% 14/06/2029	£650,000	684,544	0.83
Citigroup Global Markets Funding Luxembourg SCA 0% 18/10/2029	£425,000	459,593	0.56
JP Morgan Structured Products BV 0% 09/09/2025	£100,000	142,218	0.17
Total structured products		<u>2,439,118</u>	<u>2.95</u>
Portfolio of investments		82,042,147	99.13
Other net assets		717,263	0.87
Total net assets		<u>82,759,410</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 January 2023.

<sup>^^^</sup> Barclays Bank 0% 23/03/2029 is priced using valuations made available by Barclays Bank and is not listed on a stock exchange.

United Kingdom equities are grouped in accordance with Global Industry Classification Standard ('GICS').

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## Risk and reward profile\*

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

← Typically lower rewards, lower risk			Typically higher rewards, higher risk →			
1	2	3	4	5	6	7

The Fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

For full details on risk factors for the Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

\* As per the KIID published 26 March 2024.

## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	2024	2023	2022
	p	p	p
<b>Income</b>			
Change in net assets per share			
Opening net asset value per share	134.55	136.54	127.69
Return before operating charges	10.10	0.87	11.34
Operating charges	(1.20)	(1.30)	(1.35)
Return after operating charges *	8.90	(0.43)	9.99
Distributions <sup>^</sup>	(2.37)	(1.56)	(1.14)
Closing net asset value per share	141.08	134.55	136.54
* after direct transaction costs of:	0.02	0.03	0.03
<b>Performance</b>			
Return after charges	6.61%	(0.31%)	7.82%
<b>Other information</b>			
Closing net asset value (£)	82,534,017	80,975,508	84,411,647
Closing number of shares	58,503,012	60,182,181	61,821,632
Operating charges <sup>^^</sup>	0.89%	0.98%	1.00%
Direct transaction costs	0.01%	0.02%	0.02%
<b>Published prices</b>			
Highest share price	142.4	138.3	143.0
Lowest share price	131.3	125.4	127.9

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. The Investment Manager's fees exclude any holdings within the portfolio of investments that are managed by the Investment Managers, Schroder & Co. Limited (trading under the name Cazenove Capital Management) and Waverton Investment Management Limited. Where the ACD's periodic charge and the Investment Manager's fee are cumulatively lower than the annual management charge a rebate may occur.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

## Comparative table (continued)

	2024	2023	2022
	p	p	p
<b>Accumulation</b>			
Change in net assets per share			
Opening net asset value per share	146.12	147.13	136.49
Return before operating charges	11.03	0.74	12.09
Operating charges	(1.30)	(1.75)	(1.45)
Return after operating charges *	9.73	(1.01)	10.64
Distributions <sup>^</sup>	(2.59)	(1.56)	(1.21)
Retained distributions on accumulation shares <sup>^</sup>	2.59	1.56	1.21
Closing net asset value per share	155.85	146.12	147.13
* after direct transaction costs of:	0.02	0.03	0.04
<b>Performance</b>			
Return after charges	6.66%	(0.69%)	7.80%
<b>Other information</b>			
Closing net asset value (£)	225,393	183,942	1,684,888
Closing number of shares	144,623	125,886	1,145,153
Operating charges <sup>^^</sup>	0.89%	0.98%	1.00%
Direct transaction costs	0.01%	0.02%	0.02%
<b>Published prices</b>			
Highest share price	155.9	148.7	153.5
Lowest share price	142.6	135.2	136.7

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. The Investment Manager's fees exclude any holdings within the portfolio of investments that are managed by the Investment Managers, Schroder & Co. Limited (trading under the name Cazenove Capital Management) and Waverton Investment Management Limited. Where the ACD's periodic charge and the Investment Manager's fee are cumulatively lower than the annual management charge a rebate may occur.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

## Financial statements - The Air Pilot Fund

### Statement of total return for the year ended 31 January 2024

	Notes	2024		2023	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		3,906,893		(1,308,795)
Revenue	3	2,144,799		1,594,068	
Expenses	4	<u>(587,017)</u>		<u>(583,049)</u>	
Net revenue before taxation		1,557,782		1,011,019	
Taxation	5	<u>(141,759)</u>		<u>(50,914)</u>	
Net revenue after taxation			<u>1,416,023</u>		<u>960,105</u>
Total return before distributions			5,322,916		(348,690)
Distributions	6		(1,415,545)		(960,600)
Change in net assets attributable to shareholders from investment activities			<u><u>3,907,371</u></u>		<u><u>(1,309,290)</u></u>

### Statement of change in net assets attributable to shareholders for the year ended 31 January 2024

	2024		2023	
	£	£	£	£
Opening net assets attributable to shareholders		81,159,450		86,096,535
Amounts receivable on issue of shares	188,708		40,982	
Amounts payable on cancellation of shares	<u>(2,499,867)</u>		<u>(3,670,738)</u>	
		(2,311,159)		(3,629,756)
Change in net assets attributable to shareholders from investment activities		3,907,371		(1,309,290)
Retained distributions on accumulation shares		3,748		1,961
Closing net assets attributable to shareholders		<u><u>82,759,410</u></u>		<u><u>81,159,450</u></u>

Balance sheet  
as at 31 January 2024

	Notes	2024 £	2023 £
Assets:			
Fixed assets:			
Investments		82,042,147	79,703,562
Current assets:			
Debtors	7	242,505	285,910
Cash and cash equivalents	8	1,320,575	2,405,026
Total assets		<u>83,605,227</u>	<u>82,394,498</u>
Liabilities:			
Creditors:			
Distribution payable		(746,498)	(527,196)
Other creditors	9	(99,319)	(707,852)
Total liabilities		<u>(845,817)</u>	<u>(1,235,048)</u>
Net assets attributable to shareholders		<u>82,759,410</u>	<u>81,159,450</u>



Notes to the financial statements  
for the year ended 31 January 2024

1. Accounting policies

The accounting policies are disclosed on pages 13 to 15.

2. Net capital gains / (losses)	2024	2023
	£	£
Non-derivative securities - realised gains	1,137,782	3,327,410
Non-derivative securities - movement in unrealised gains / (losses)	2,709,178	(4,813,128)
Derivative contracts - realised gains	115,105	242,445
Derivative contracts - movement in unrealised losses	(64,435)	(56,938)
Currency gains / (losses)	12,448	(19,676)
Forward currency contracts losses	(2,026)	(1,699)
Compensation	524	14,983
Transaction charges	(1,683)	(2,192)
Total net capital gains / (losses)	<u>3,906,893</u>	<u>(1,308,795)</u>
3. Revenue	2024	2023
	£	£
UK revenue	245,530	221,387
Unfranked revenue	135,441	90,550
Overseas revenue	1,206,177	914,523
Interest on debt securities	475,559	339,938
Bank and deposit interest	82,092	27,670
Total revenue	<u>2,144,799</u>	<u>1,594,068</u>
4. Expenses	2024	2023
	£	£
Payable to the ACD and associates		
Annual management charge*	808,366	826,979
Annual management charge rebate*	(270,892)	(285,761)
	<u>537,474</u>	<u>541,218</u>
Payable to the Depositary		
Depositary fees	<u>25,751</u>	<u>26,309</u>
Other expenses:		
Audit fee	8,568	8,164
Non-executive directors' fees	1,723	1,505
Safe custody fees	3,462	2,818
Bank interest	3,682	106
FCA fee	538	800
KIID production fee	457	494
Administration fee	5,362	1,635
	<u>23,792</u>	<u>15,522</u>
Total expenses	<u>587,017</u>	<u>583,049</u>

\*The annual management charge is 1.00% and includes the ACD's periodic charge and the Investment Manager's fees. Where the ACD's periodic charge and the Investment Manager's fee are cumulatively lower than the annual management charge a rebate may occur.

For the year ended 31 January 2024, the annual management charge after rebates is 0.66%. The Investment Manager's fees exclude any holdings within the portfolio of investments that are managed by the Investment Managers, Schroder & Co. Limited (trading under the name Cazenove Capital Management) and Waverton Investment Management Limited.

## Notes to the financial statements (continued)

for the year ended 31 January 2024

5. Taxation	2024	2023
	£	£
<i>a. Analysis of the tax charge for the year</i>		
UK corporation tax	89,248	4,767
Overseas tax withheld	52,511	46,148
Total taxation (note 5b)	<u>141,759</u>	<u>50,914</u>

### *b. Factors affecting the tax charge for the year*

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%). The differences are explained below:

	2024	2023
	£	£
Net revenue before taxation	<u>1,557,782</u>	<u>1,011,019</u>
Corporation tax @ 20%	311,556	202,204
Effects of:		
UK revenue	(49,106)	(44,277)
Overseas revenue	(173,202)	(145,492)
Overseas tax withheld	52,511	46,147
Utilisation of excess management expenses	-	(7,668)
Total taxation (note 5a)	<u>141,759</u>	<u>50,914</u>

## 6. Distributions

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

	2024	2023
	£	£
Interim income distribution	652,800	426,849
Interim accumulation distribution	1,725	584
Final income distribution	746,498	527,196
Final accumulation distribution	2,023	1,377
	<u>1,403,046</u>	<u>956,006</u>
Equalisation:		
Amounts deducted on cancellation of shares	13,191	4,611
Amounts added on issue of shares	(692)	(11)
Net equalisation on conversions	-	(6)
Total net distributions	<u>1,415,545</u>	<u>960,600</u>

Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	1,416,023	960,105
Undistributed revenue brought forward	23	518
Undistributed revenue carried forward	(501)	(23)
Distributions	<u>1,415,545</u>	<u>960,600</u>

Details of the distribution per share are disclosed in the Distribution table.

## Notes to the financial statements (continued)

for the year ended 31 January 2024

7. Debtors	2024	2023
	£	£
Sales awaiting settlement	-	28,963
Accrued revenue	178,555	199,396
Recoverable overseas withholding tax	39,758	33,843
Prepaid expenses	82	127
	<u>218,395</u>	<u>262,329</u>
Payable from the ACD and associates		
Annual management charge rebate	<u>24,110</u>	<u>23,581</u>
Total debtors	<u>242,505</u>	<u>285,910</u>
8. Cash and cash equivalents	2024	2023
	£	£
Total cash and cash equivalents	<u>1,320,575</u>	<u>2,405,026</u>
9. Other creditors	2024	2023
	£	£
Purchases awaiting settlement	-	692,940
Accrued expenses:		
Other expenses:		
Safe custody fees	1,700	887
Audit fee	8,568	8,164
Non-executive directors' fees	1,624	946
KIID production fee	-	42
Transaction charges	281	106
Total accrued expenses	<u>12,173</u>	<u>10,145</u>
Corporation tax payable	<u>87,146</u>	<u>4,767</u>
Total other creditors	<u>99,319</u>	<u>707,852</u>

## 10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

## Notes to the financial statements (continued)

for the year ended 31 January 2024

### 11. Share types

The following reflects the change in shares in issue in the year:

	Income
Opening shares in issue	60,182,181
Total shares issued in the year	122,289
Total shares cancelled in the year	<u>(1,801,458)</u>
Closing shares in issue	<u>58,503,012</u>
	Accumulation
Opening shares in issue	125,886
Total shares issued in the year	<u>18,737</u>
Closing shares in issue	<u>144,623</u>

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a Fund all the assets of the Fund will be realised and apportioned to the share types in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share type has the same rights on winding up.

### 12. Related party transactions

Evelyn Partners Fund Solutions Limited, as ACD is a related party due to its ability to act in respect of the operations of the Fund.

The ACD acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the Fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amounts due from the ACD and its associates at the balance sheet date is disclosed in note 7.

### 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per income share has increased from 141.1p to 150.2p and the accumulation share has increased from 155.9p to 165.9p as at 8 May 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

### 14. Transaction costs

#### a Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

## Notes to the financial statements (continued)

for the year ended 31 January 2024

### 14. Transaction costs (continued)

#### a Direct transaction costs (continued)

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2024									
Equities	5,491,250	3,078	0.06%	-	-	-	-	-	5,494,328
Closed-Ended Funds	649,203	2,151	0.33%	-	-	-	-	-	651,354
Bonds	9,102,699	1,061	0.01%	-	-	-	-	-	9,103,760
Collective Investment Schemes*	7,146,416	-	-	-	-	-	-	-	7,146,416
Structured Products*	1,500,000	-	-	-	-	-	-	-	1,500,000
<b>Total</b>	<b>23,889,568</b>	<b>6,290</b>	<b>0.40%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,895,858</b>

	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2023									
Equities	8,446,314	9,738	0.12%	-	-	148	0.00%	-	8,456,200
Closed-Ended Funds	844,071	1,165	0.14%	-	-	-	-	-	845,236
Bonds*	8,574,476	-	-	-	-	-	-	-	8,574,476
Collective Investment Schemes*	12,762,279	-	-	-	-	-	-	-	12,762,279
Structured Products*	1,667,875	-	-	-	-	-	-	-	1,667,875
<b>Total</b>	<b>32,295,015</b>	<b>10,903</b>	<b>0.26%</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>0.00%</b>	<b>-</b>	<b>32,306,066</b>

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2024									
Equities	6,965,988	(2,246)	0.03%	(1)	0.00%	-	-	-	6,963,741
Closed-Ended Funds	870,702	(269)	0.03%	-	-	-	-	-	870,433
Bonds	5,922,617	(393)	0.01%	-	-	-	-	-	5,922,224
Collective Investment Schemes	10,515,015	(1,392)	0.01%	-	-	-	-	-	10,513,623
Exchange Traded Commodities*	53,825	(27)	0.05%	-	-	-	-	-	53,798
Structured Products*	1,310,325	-	-	-	-	-	-	-	1,310,325
<b>Total</b>	<b>25,638,472</b>	<b>(4,327)</b>	<b>0.13%</b>	<b>(1)</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,634,144</b>

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 31 January 2024

### 14. Transaction costs (continued)

#### a Direct transaction costs (continued)

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
2023	£	£	%	£	%	£	%	£	
Equities	10,049,964	(4,635)	0.05%	-	-	-	-	10,045,329	
Closed-Ended Funds	359,671	(184)	0.05%	-	-	-	-	359,487	
Bonds*	5,357,355	-	-	-	-	-	-	5,357,355	
Collective Investment Schemes	15,846,818	(422)	0.00%	-	-	-	-	15,846,396	
Exchange Traded Commodities	1,299,758	(147)	0.01%	-	-	-	-	1,299,611	
Structured Products*	923,175	-	-	-	-	-	-	923,175	
<b>Total</b>	<b>33,836,741</b>	<b>(5,388)</b>	<b>0.11%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,831,353</b>	

Capital events amount of £19,718 (2023: £956) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

#### Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year:

2024	£	% of average net asset value
Commission	10,617	0.01%
Taxes	1	0.00%

2023	£	% of average net asset value
Commission	16,291	0.02%
Financial transaction tax	148	0.00%

#### b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.10% (2023: 0.13%).

### 15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

#### a Market risk

Market risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 31 January 2024

### 15. Risk management policies (continued)

#### a Market risk (continued)

##### (i) Other price risk

The Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are equities, collective investment schemes, closed-ended funds and exchange traded commodities.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 January 2024, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the Fund would increase or decrease by approximately £3,260,581 (2023: £3,331,660).

##### (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

The foreign currency risk profile of the Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2024	£	£	£
Canadian dollar	1,206,512	-	1,206,512
Euro	4,320,419	40,655	4,361,074
Japanese yen	3,177,551	10,335	3,187,886
Singapore dollar	926,884	-	926,884
Swedish krona	1,740,409	(896)	1,739,513
US dollar	21,031,408	5,900	21,037,308
Total foreign currency exposure	32,403,183	55,994	32,459,177

## Notes to the financial statements (continued)

for the year ended 31 January 2024

### 15. Risk management policies (continued)

#### a Market risk (continued)

#### (ii) Currency risk (continued)

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2023	£	£	£
Canadian dollar	1,213,386	-	1,213,386
Danish krone	-	11,989	11,989
Euro	5,033,787	21,882	5,055,669
Japanese yen	2,266,328	10,042	2,276,370
Singapore dollar	884,890	-	884,890
Swedish krona	1,823,956	(28)	1,823,928
US dollar	17,037,497	10,598	17,048,095
Total foreign currency exposure	<u>28,259,844</u>	<u>54,483</u>	<u>28,314,327</u>

At 31 January 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Fund would increase or decrease by approximately £1,622,959 (2023: £1,415,716).

#### (iii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. During the year the Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities. The Fund also has indirect exposure to interest rate risk as it invests in bond funds. The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 January 2024, if interest rates increased or decreased by 25 basis points, with all other variables remaining constant, then the net assets attributable to shareholders of the Fund would increase or decrease by approximately £283,503 (2023: £170,803).

The Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.



## Notes to the financial statements (continued)

for the year ended 31 January 2024

### 15. Risk management policies (continued)

#### a Market risk (continued)

#### (iii) Interest rate risk (continued)

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£		£	£	£
Canadian dollar	-	-	1,206,512	-	1,206,512
Euro	661	-	4,360,413	-	4,361,074
Japanese yen	-	-	3,187,886	-	3,187,886
Singapore dollar	-	-	926,884	-	926,884
Swedish krona	-	-	1,739,513	-	1,739,513
UK sterling	7,226,817	7,580,391	36,338,842	(845,817)	50,300,233
US dollar	332,271	571,847	20,133,190	-	21,037,308
	<u>7,559,749</u>	<u>8,152,238</u>	<u>67,893,240</u>	<u>(845,817)</u>	<u>82,759,410</u>

	Variable rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£		£	£	£
Canadian dollar	-	-	1,213,386	-	1,213,386
Danish krone	-	-	11,989	-	11,989
Euro	146	-	5,055,523	-	5,055,669
Japanese yen	-	-	2,276,370	-	2,276,370
Singapore dollar	-	-	884,890	-	884,890
Swedish krona	-	-	1,823,928	-	1,823,928
UK sterling	5,329,588	7,009,143	41,741,440	(1,235,048)	52,845,123
US dollar	363,473	662,643	16,021,979	-	17,048,095
	<u>5,693,207</u>	<u>7,671,786</u>	<u>69,029,505</u>	<u>(1,235,048)</u>	<u>81,159,450</u>

#### b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Fund. The Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors, and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Portfolio statement.

## Notes to the financial statements (continued)

for the year ended 31 January 2024

### 15. Risk management policies (continued)

#### b Credit risk (continued)

The Fund holds cash and cash deposits with financial institutions which potentially exposes the Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

#### c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Fund may not be able to immediately sell such securities.

To reduce liquidity risk the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the Fund to meet large redemptions, while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

#### d Fair value of financial assets and financial liabilities

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

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

## Notes to the financial statements (continued)

for the year ended 31 January 2024

### 15. Risk management policies (continued)

#### d Fair value of financial assets and financial liabilities (continued)

Basis of valuation	Investment assets	Investment liabilities
	2024	2024
	£	£
Quoted prices	51,843,225	-
Observable market data	27,759,804	-
Unobservable data*	2,439,118	-
	<u>82,042,147</u>	<u>-</u>
Basis of valuation	Investment assets	Investment liabilities
	2023	2023
	£	£
Quoted prices	46,404,572	-
Observable market data	30,695,218	-
Unobservable data*	2,603,772	-
	<u>79,703,562</u>	<u>-</u>

\* Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments. Where this information is unavailable the ACD uses the valuation made available by the structured product holding manufacturer.

#### Unobservable data

Unobservable data has been used only where relevant observable market data is not available. Where there was no reputable price source for an investment, the ACD has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The ACD of the Fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other the assumptions used are under continuous review by the ACD with particular attention paid to the carrying value of the investments.

#### e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

#### f Derivatives

The Fund may employ derivatives with the aim of reducing the Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year the Fund had exposure to derivatives embedded in structured products. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in a Fund at any given time and may not exceed 100% of the net asset value of the property of the Fund.

## Notes to the financial statements (continued)

for the year ended 31 January 2024

### 15. Risk management policies (continued)

#### f Derivatives (continued)

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

In the year, the Fund held structured products with embedded derivatives. Exposure created by underlying derivatives is monitored by the ACD as well as the rating of the issuer of the structured product. A third party is used to verify the prices of the structured products.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

#### (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Fund may transact in derivative contracts which potentially exposes the Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

#### (ii) Leverage

The leverage is calculated as the exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

As at the balance sheet date, the leverage was 2.95%.

#### (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date the global exposure is as follows:

	Gross exposure value £	% of the total net asset value
Investment		
Structured Products		
Barclays Bank 0% 23/03/2029 ^^^	457,045	0.55%
Canadian Imperial Bank of Commerce 9.1% 28/02/2028	695,718	0.84%
Citigroup Global Markets Funding Luxembourg SCA 0% 14/06/2029	684,544	0.83%
Citigroup Global Markets Funding Luxembourg SCA 0% 18/10/2029	459,593	0.56%
JP Morgan Structured Products BV 0% 09/09/2025	142,218	0.17%

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 31 January 2024

Interim distributions in pence per share

Group 1 - Shares purchased before 1 February 2023

Group 2 - Shares purchased 1 February 2023 to 31 July 2023

	Net revenue	Equalisation	Total distributions 15 October 2023	Total distributions 15 October 2022
Income				
Group 1	1.089	-	1.089	0.679
Group 2	0.635	0.454	1.089	0.679
Accumulation				
Group 1	1.193	-	1.193	0.464
Group 2	0.466	0.727	1.193	0.464

Final distributions in pence per share

Group 1 - Shares purchased before 1 August 2023

Group 2 - Shares purchased 1 August 2023 to 31 January 2024

	Net revenue	Equalisation	Total distributions 15 April 2024	Total distributions 15 April 2023
Income				
Group 1	1.276	-	1.276	0.876
Group 2	1.276	-	1.276	0.876
Accumulation				
Group 1	1.399	-	1.399	1.094
Group 2	1.399	-	1.399	1.094

### Equalisation

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

### Accumulation distributions

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

## Remuneration

### Remuneration code disclosure

The remuneration committee is responsible for setting the remuneration policy for all partners, directors and employees within the Evelyn Partners Group Limited ('the Group'), including individuals designated as Material Risk Takers under the Remuneration Code. The remuneration policy is designed to be compliant with the Code and provides a framework to attract, retain, motivate and reward partners, directors and employees. The overall policy is designed to promote the long-term success of the group and to support prudent risk management, with particular attention to conduct risk.

### Remuneration committee

The remuneration committee report contained in the Group Report and Financial Statements for the year ended 31 December 2023 includes details on the remuneration policy. The remuneration committee comprises five non-executive directors and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met eight times during 2023<sup>1</sup>.

### Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business;
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices;
- to foster and support conduct and behaviours which are in line with our culture and values;
- to maintain a sound risk management framework;
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking;
- to comply with all relevant regulatory requirements; and
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a "balanced scorecard" approach to variable remuneration non-financial criteria including, but not limited to, compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

### Remuneration systems

The committee reviews all partners' and directors' fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a Deferred Option Plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 31 December 2023. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

<sup>1</sup> Please note that the data provided for the non-executive directors is as at 31 December 2023. The data provided is for independent non-executive directors only.

## Remuneration (continued)

### Aggregate quantitative information

The total amount of remuneration paid by Evelyn Partners Fund Solutions Limited ('EPFL') is nil as EPFL has no employees. However, a number of employees have remuneration costs recharged to EPFL and the annualised remuneration for these 72 employees is £3.51 million of which £3.23 million is fixed remuneration. This is based on the salary and benefits for those identified as working in EPFL as at 31 December 2023. Any variable remuneration is awarded for the year ended 31 December 2023. This information excludes any senior management or other Material Risk Takers ('MRTs') whose remuneration information is detailed below.

The Group reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Group. It is difficult to apportion remuneration for these individuals in respect of their duties to EPFL. For this reason, the aggregate total remuneration awarded for the financial year 2023 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for EPFL		For the period 1 January 2023 to 31 December 2023				
	Fixed £'000	Variable		Total £'000	No. MRTs	
		Cash £'000	Equity £'000			
Senior Management	3,518	1,662	-	5,180	18	
Other MRTs	919	848	-	1,767	5	
<b>Total</b>	<b>4,437</b>	<b>2,510</b>	<b>-</b>	<b>6,947</b>	<b>23</b>	

### Investment Manager

The ACD has appointed Waverton Investment Management Limited and Schroder & Co. Limited (trading under the name Cazenove Capital Management) to provide investment management and related advisory services to the ACD. The Investment Managers are paid a monthly fee out of the scheme property of The Air Pilot Fund which is calculated on the total value of the portfolio of investments at the month end excluding any holdings within the portfolio that are managed by the Investment Managers. The Investment Managers are compliant with the Capital Requirements Directive regarding remuneration and therefore their staff are covered by remuneration regulatory requirements.

## Further information

### Distributions and reporting dates

Where net revenue is available it will be distributed/allocated semi-annually on 15 April (final) and 15 October (interim). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 February	final
	1 August	interim
Reporting dates:	31 January	annual
	31 July	interim

### Buying and selling shares

The property of the Fund is valued at 5pm on each Wednesday and the last business day of the month with the exception of the last business day prior to any bank holiday in England and Wales, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary, and prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

Prices of shares and the estimated yield of the share types are published on the following website: [www.trustnet.com](http://www.trustnet.com) or may be obtained by calling 0141 222 1151.

### Benchmark

RPI +2% is the target set for the Company's performance to match or exceed over the long term.

The ACD has selected this target benchmark as the ACD believes it best reflects the objective to see absolute returns above inflation over a long term investment cycle after costs.

Shareholders may also compare the performance of the Company against the ARC Sterling Balanced Index. Comparison of the Company's performance against the benchmark will give shareholders an indication of how the Company is performing against an index based on the real performance numbers delivered to discretionary private clients by participating investment managers.

The ACD has selected this comparator benchmark as the ACD believes it best reflects the asset allocation of the Company.

This benchmark is not a target for the Company, nor is the Company constrained by the benchmark.



## Appointments

### ACD and Registered office

Evelyn Partners Fund Solutions Limited  
45 Gresham Street  
London EC2V 7BG  
Telephone 0207 131 4000  
Authorised and regulated by the Financial Conduct Authority

### Administrator and Registrar

Evelyn Partners Fund Solutions Limited  
177 Bothwell Street  
Glasgow G2 7ER  
Telephone 0141 222 1151 (Registration)  
0141 222 1150 (Dealing)  
Authorised and regulated by the Financial Conduct Authority

### Directors of the ACD

Andrew Baddeley  
Brian McLean  
Mayank Prakash  
Neil Coxhead

### Independent Non-Executive Directors of the ACD

Dean Buckley  
Linda Robinson  
Victoria Muir  
Sally Macdonald

### Non-Executive Directors of the ACD

Paul Wyse - resigned 11 July 2023  
Guy Swarbreck - appointed 21 August 2023

### Investment Managers

Waverton Investment Management Limited  
16 Babmaes Street  
London SW1Y 6AH  
Authorised and regulated by the Financial Conduct Authority

### Schroder & Co. Limited (trading under the name Cazenove Capital Management)

1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority

### Depository

NatWest Trustee and Depository Services Limited  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh EH12 1HQ  
Authorised and regulated by the Financial Conduct Authority

### Auditor

Johnston Carmichael LLP  
Bishop's Court  
29 Albyn Place  
Aberdeen AB10 1YL