

The Air Pilot Fund

Annual Report

for the year ended 31 January 2025

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The Air Pilot Fund

Report of the Authorised Corporate Director ('ACD')

Evelyn Partners Fund Solutions Limited ('EPFL'), as ACD, presents herewith the Annual Report for The Air Pilot Fund for the year ended 31 January 2025.

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.

The Financial Stability Board ('FSB') created the Task Force on Climate-related Financial Disclosures ('TCFD') to improve and increase reporting of climate-related financial information. EPFL have produced TCFD reports in compliance with the FCA's rules on climate-related financial disclosures. The TCFD Product report is designed to help you understand the impact the Company has on the climate and equally how climate change could influence the performance of the Company. The report will also give you the ability to compare a range of climate metrics with other funds. To understand the governance, strategy, and risk management that EPFL has in place to manage the risks and opportunities related to climate change, please refer to the TCFD Entity report. These reports are available on our website <https://www.evelyn.com/services/fund-solutions/tcf-reporting/>.

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 shares 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 44.

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.

Neil Coxhead

Director

Evelyn Partners Fund Solutions Limited

15 May 2025

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 scheme 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, previously published within the Annual Report this assessment can now be found on the ACD's website at:

<https://www.evelyn.com/services/fund-solutions/other-funds-administered-by-evelyn-partners-fund-solutions-limited/>

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

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 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
15 May 2025

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 2025, 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 31 January 2025 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 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 Report of the Authorised Corporate Director 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 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 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 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
Chartered Accountants
Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL
15 May 2025

Accounting policies of The Air Pilot Fund

for the year ended 31 January 2025

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') and the Investment Funds sourcebook ('FUND').

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 2025.

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.

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.

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.

Accounting policies of The Air Pilot Fund (continued)

for the year ended 31 January 2025

d Revenue (continued)

Compensation is treated as either revenue or capital in nature depending on the facts of each particular case.

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 2025 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.

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.

Accounting policies of The Air Pilot Fund (continued)

for the year ended 31 January 2025

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 60.21% of the funds under management in accordance with the investment objective and policy of the Fund.

Investment performance*

The year to 31 January 2025 was another good period for investors with equities in particular rallying strongly. The portfolio performed well rising 15.9%, outperforming the comparator benchmark of RPI +2.0% which produced a return of 5.7%.

Investors have been focused on three key issues over the last twelve months; interest rates, elections and growth of artificial intelligence ('AI'). Expectations of interest rate cuts have fluctuated with macroeconomic data. This has led to further volatility within the bond market, with UK gilts under pressure. However, with the exception of a sharp sell-off in August, equity markets have continued to move higher, buoyed by corporate earnings growth and positive sentiment following the decisive victory for the former President Donald Trump in the US Presidential election.

Investment activities**

We established four new equity positions during the year; Sumitomo Mitsui Financial Group, Ferguson, Yum China Holdings and Synopsys.

Sumitomo Mitsui Financial Group is the second largest bank in Japan. We believe the net-interest margin has bottomed and will continue to improve in coming quarters, driven by improving loan growth at large Japanese corporates and rising interest rates. With the valuation trading in-line with the 20-year average of 9.8 times we believe there is room for a re-rating back to pre "Kurodanomics" levels.

Ferguson is a value-add distributor of plumbing, heating and other industrial products in North America. Leading positions in the majority of their fragmented end markets give them scale advantages over competitors, enabling them to gain share and drive approximately 6% organic revenue growth through cycle. We are attracted to the high return on capital employed (>30%) business model and long term opportunity that will drive strong free cash flow growth. Furthermore, cyclicalities should be somewhat mitigated by their high exposure to the renovation market and the undersupply of housing in the US.

We have found it difficult to identify suitable investment opportunities in China in recent years, but we think that in Yum China Holdings we have a company which has a durable franchise, is well managed and has the opportunity to grow free cash flow. Finally, the valuation makes it very appealing, as the share price has derated in recent years along with the rest of the Chinese market. Fortunately we purchased it shortly before an announcement of a Chinese stimulus package, which provided an unexpected boost to the share price.

Synopsys is the leading vendor of semiconductor design automation software globally and the second largest provider of licenced semiconductor intellectual property behind ARM. These markets are stable duopolies with high barriers to entry (switching costs, superior products) and lower cyclicalities than the broader semi sector (research and development ('R&D') spend is the cut of last resort). The AI-driven smart everything era is pressuring the semi-industry to accelerate innovation and R&D spending, irrespective of the macroeconomic backdrop, driving revenue growth for Synopsys of over 10% in the medium-term and mid-teens percentage of free cash flow growth.

We sold the holdings of Prudential, Costco Wholesale and UPM-Kymmene to fund the purchases.

Investment strategy and outlook

We entered 2025 with bond yields rising in the face of stubborn inflation and concerns on both sides of the Atlantic that budget deficits will ensure a high level of government debt issuance. After two years of outsized returns, equities, especially longer duration stocks are vulnerable to profit taking should this pressure in bond markets return.

Politics remains the big uncertainty. Investors have celebrated the re-election of Donald Trump to the American presidency by purchasing the US market, particularly companies which will benefit from the re-shoring of manufacturing and supply chains, tax cuts and deregulation. The hurdle for Mr Trump to exceed expectations is not insurmountable, however, it is substantial.

* Source: FE fundinfo.

** Source: Bloomberg, Waverton Investment Management Limited.

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

Investment strategy and outlook (continued)

We have taken advantage of the volatility of bond markets to add a little duration within the portfolio which now stands at just under 9 years. Notwithstanding the re-rating of equity markets over the last two years, we continue to find interesting investment ideas. AI is likely to revolutionise the world as we know it, however, it remains unclear which companies and products will be the winners and whether sufficient profits can be generated to deliver the expected returns. The rapid development of the Chinese AI company, DeepSeek, has highlighted this uncertainty. We are therefore maintaining a broader portfolio than the market, with an underweight exposure to both the highly rated Magnificent Seven and the US as a whole. We remain focused on ensuring the portfolio contains companies that can outperform over the long-term and where valuations are attractive relative to fundamentals.

Waverton Investment Management Limited
13 February 2025

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 39.79% of the funds under management in accordance with the investment objective and policy of the Fund.

Investment performance*

For the year ended 31 January 2025, the portfolio managed by Schroder & Co. Limited returned 13.8%, versus RPI +2.0% at 5.7%.

Investment activities**

The most significant change to the portfolio over the year was to transition the equity component away from pooled funds and into, predominantly, direct equities with a quality growth bias. Over this relatively short period, there have been a number of stocks generating notable positive returns which are focussed in the technology space, notably Palo Alto Networks, NVIDIA, Broadcom and Meta Platforms 'A'. Changes to the portfolio include an increased allocation to US small and medium sized companies through adding to Thermo Fisher Scientific and, outside of equities, additions to gilts and global government bonds. The primary driver of returns over the period were the equities, in addition to the hedge funds which produced positive returns in addition to the position in gold which reached all-time highs.

The final quarter of 2024 brought a dramatic shift in the global landscape as we learnt that Donald Trump had won the US election, with this seismic political event likely to increase escalating geopolitical tensions. Concerns surrounding inflation reacceleration also grew, with central banks split on how to proceed in their rate cutting cycles. Quarter 4 saw mixed results across asset classes; US equities rallied following the election result, driven by optimism about deregulation and tax cuts, although gains were later tempered by concerns about trade wars and rising inflation, dragging other regions lower too. This capped off a strong year in which the S&P 500 Index matched its prior annual performance, rising by approximately 24% for the second year running. The impressive gains were largely driven by the continued success of the "Magnificent 7" technology stocks, which saw an increase of 67% during the calendar year.

The UK saw the first Labour Government Budget in 14 years, with Chancellor Rachel Reeves delivering a classic 'tax and spend' budget, as expected. Taxes will rise by £40bn a year, mostly through a rise in employer national insurance contributions, and borrowing will rise by £140bn more over the next five years. Gilt yields rose during the period in reaction to the Budget, with concerns about rising inflation and its potential to hinder economic growth weighed on the market too, whilst uncertainty about the Bank of England's policy path added to volatility.

Emerging Markets faced a volatile period. China, a major driver of Emerging Market performance, saw a rollercoaster ride, with initial stimulus hopes giving way to concerns about the lack of specific measures and the potential for a trade war with the US, as well as weaker data prints for imports, exports, retail sales and Consumer Price Index ('CPI'). India, which has been Asia's best performer in recent years suffered after a weaker earnings season triggered profit taking in an already expensive market.

Fixed income markets experienced a period of significant volatility, particularly towards the end of 2024. US Treasury yields rose in the aftermath of the election on the expectation that stronger growth and higher inflation would lead to fewer US Federal Reserve ('Fed') rate cuts. The Fed also pivoted in a more hawkish direction in December; although they cut rates again, bringing their total cuts in 2024 to 100 basis points ('bps'), they only signalled 50bps of cuts for 2025. The UK gilt market underperformed, with yields rising sharply and the spread between UK gilt yields and those of other major sovereign bonds widening as investors reacted to the UK government's budget announcement.

* Source: FE fundinfo.

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

Investment Manager's report - Schroder & Co. Limited (continued)

Investment strategy and outlook**

Looking ahead, we expect the global economy to continue to deliver growth in the region of 2.5%-3% over the next couple of years. While this is broadly in line with 2023 and 2024, the relative stability masks some major shifts at the country level. Stronger growth in the US is offset by weaker growth elsewhere, notably China. Trump's plan to cut taxes and regulation should boost US growth in 2025 and 2026. However, faster growth may add to the inflationary pressure from any potential tariffs and immigration restrictions, which could mean less scope for interest rate cuts.

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

14 February 2025

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

Summary of portfolio changes

for the year ended 31 January 2025

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

	Cost £
Purchases:	
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	2,700,000
HSBC Global Funds ICAV - Global Government Bond UCITS ETF	2,145,505
Amundi Prime All Country World UCITS ETF	2,053,028
SPDR S&P 500 UCITS ETF	1,558,401
HSBC Index Tracker Investment Funds - FTSE All-World Index Fund	1,256,000
Fisher Investments Institutional US Small and Mid-Cap Core Equity Fund	1,239,804
L&G Multi-Strategy Enhanced Commodities	1,067,034
Synopsys	944,279
Ferguson	887,077
Sumitomo Mitsui Financial Group	866,462
Yum China Holdings	852,326
UK Treasury Gilt 0.375% 22/10/2026	793,773
Microsoft	751,479
Vanguard FTSE 250 UCITS ETF	733,640
Canadian Imperial Bank of Commerce 0% 15/03/2030	700,000
Vontobel Fund - TwentyFour Absolute Return Credit Fund	696,210
Thermo Fisher Scientific	651,437
Novo Nordisk	624,358
Waverton Real Assets	623,700
WisdomTree Physical Gold - GBP Daily Hedged	577,142

	Proceeds £
Sales:	
JPMorgan Funds - America Equity Fund	2,944,772
Vanguard S&P 500 UCITS ETF	2,782,794
Robeco Capital Growth - BP Global Premium Equities	1,866,680
HSBC Index Tracker Investment Funds - FTSE All-World Index Fund	1,587,900
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	1,500,000
Amundi Prime All Country World UCITS ETF	1,299,760
UK Treasury Gilt 0.125% 31/01/2028	1,242,326
Schroder ISF Asian Total Return	1,177,833
L&G Multi-Strategy Enhanced Commodities UCITS ETF	1,094,613
Neuberger Berman US Equity Index Putwrite Fund	1,064,600
Neuberger Berman US Large Cap Value Fund	1,005,000
UK Treasury Inflation-Linked Gilt 2.5% 17/07/2024	888,510
M&G Investment Funds 3 - Emerging Markets Bond Fund	849,075
UPM-Kymmene	819,923
Wellington Global Health Care Equity Fund	807,778
Ninety One Funds Series III - Global Environment Fund	780,550
Findlay Park American Fund	728,748
Costco Wholesale	726,714
Citigroup Global Markets Funding Luxembourg 0% 14/06/2029	716,625
Fidelity Investment Funds ICVC - Global Dividend Fund	716,100

Portfolio statement
as at 31 January 2025

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* 15.65% (17.38%)			
Aaa to Aa2 0.94% (1.09%)			
US Treasury Inflation Indexed Bonds 1% 15/02/2046**	\$400,000	330,157	0.36
US Treasury Note 1.25% 15/05/2050	\$1,400,000	535,542	0.58
		865,699	0.94
Aa3 to A1 10.38% (11.54%)			
JPMorgan Chase & Co 0.991% 28/04/2026**	£450,000	445,266	0.48
UK Treasury Gilt 2% 07/09/2025	£700,000	690,326	0.75
UK Treasury Inflation-Linked Gilt 0.125% 22/03/2026**	£750,000	1,138,987	1.23
UK Treasury Gilt 0.375% 22/10/2026	£775,000	729,531	0.79
UK Treasury Inflation-Linked Gilt 1.25% 22/11/2027**	£500,000	1,042,449	1.13
UK Treasury Inflation-Linked Gilt 0.125% 10/08/2028**	£500,000	700,703	0.76
UK Treasury Gilt 1% 31/01/2032	£900,000	721,575	0.78
UK Treasury Gilt 1.125% 31/01/2039	£2,800,000	1,765,876	1.91
UK Treasury Gilt 3.25% 22/01/2044	£1,600,000	1,250,832	1.35
UK Treasury Gilt 1.25% 31/07/2051	£1,500,000	674,340	0.73
UK Treasury Gilt 0.5% 22/10/2061	£1,550,000	438,108	0.47
		9,597,993	10.38
A2 to A3 0.73% (1.17%)			
Legal & General Group 5.5% 27/06/2064**	£400,000	382,820	0.41
Volkswagen Financial Services 0.875% 20/02/2025	£300,000	299,427	0.32
		682,247	0.73
Baa1 to Baa2 1.16% (0.90%)			
Barclays 1.7% 03/11/2026**	£300,000	292,551	0.32
BNP Paribas 3.375% 23/01/2026	£400,000	394,540	0.43
Phoenix Group Holdings 5.75% Perpetual**	£400,000	378,104	0.41
		1,065,195	1.16
Baa3 and below 2.44% (2.68%)			
Burford Capital 5% 01/12/2026	£400,000	387,768	0.42
Electricite de France 5.875% Perpetual**	£400,000	388,876	0.42
Orsted 2.5% 18/02/2021**	£600,000	433,206	0.47
Pension Insurance 5.625% 20/09/2030	£300,000	292,674	0.32
Rolls-Royce 3.375% 18/06/2026	£400,000	391,968	0.42
Vmed O2 UK Financing 4% 31/01/2029	£400,000	361,000	0.39
		2,255,492	2.44
Total debt securities		14,466,626	15.65

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

** Variable interest security.

Portfolio statement (continued)
as at 31 January 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities 54.39% (39.84%)			
Equities - United Kingdom 5.39% (5.29%)			
Equities - incorporated in the United Kingdom 4.49% (4.96%)			
Energy 1.30% (1.36%)			
Shell	44,800	1,199,744	1.30
Materials 1.33% (0.97%)			
Anglo American	31,400	747,163	0.81
Antofagasta	15,000	258,675	0.28
Rio Tinto	4,600	224,986	0.24
		1,230,824	1.33
Industrials 0.21% (0.00%)			
RELX	4,900	197,225	0.21
Health Care 1.10% (1.12%)			
AstraZeneca	9,000	1,020,960	1.10
Financials 0.00% (0.99%)		-	-
Real Estate 0.55% (0.52%)			
Supermarket Income REIT	750,000	505,500	0.55
Total equities - incorporated in the United Kingdom		4,154,253	4.49
Equities - incorporated outwith the United Kingdom 0.90% (0.33%)			
Energy 0.23% (0.33%)			
Valaris	5,600	215,969	0.23
Consumer Discretionary 0.31% (0.00%)			
Trip.com Group	5,000	283,015	0.31
Communication Services 0.36% (0.00%)			
Tencent Holdings	8,000	331,521	0.36
Total equities - incorporated outwith the United Kingdom		830,505	0.90
Total equities - United Kingdom		4,984,758	5.39
Equities - Europe 9.11% (8.78%)			
Equities - Denmark 0.25% (0.00%)			
Novo Nordisk	3,400	232,682	0.25

Portfolio statement (continued)
as at 31 January 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - Europe (continued)			
Equities - Finland 0.00% (1.24%)		-	-
Equities - France 0.38% (0.00%)			
Schneider Electric	1,700	348,733	0.38
Equities - Germany 1.19% (1.01%)			
Deutsche Telekom	34,100	921,182	1.00
Zalando	5,900	176,462	0.19
Total equities - Germany		1,097,644	1.19
Equities - Ireland 3.12% (1.25%)			
CRH GBP	16,000	1,287,680	1.39
CRH USD	6,250	498,219	0.54
TE Connectivity	9,250	1,102,660	1.19
Total equities - Ireland		2,888,559	3.12
Equities - Netherlands 0.74% (0.61%)			
Technip Energies	29,700	682,804	0.74
Equities - Norway 0.20% (0.00%)			
Mowi	11,500	186,013	0.20
Equities - Spain 2.34% (2.37%)			
Amadeus IT Group	17,550	1,042,458	1.13
Industria de Diseno Textil	25,400	1,119,869	1.21
Total equities - Spain		2,162,327	2.34
Equities - Sweden 0.89% (1.02%)			
Sandvik	49,500	826,333	0.89
Equities - Switzerland 0.00% (1.28%)		-	-
Total equities - Europe		8,425,095	9.11
Equities - North America 33.10% (20.80%)			
Equities - Canada 1.11% (1.46%)			
Canadian Pacific Kansas City	16,000	1,026,923	1.11

Portfolio statement (continued)
as at 31 January 2025

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - North America (continued)			
Equities - United States 31.99% (19.34%)			
Adobe	1,000	351,913	0.38
Advanced Micro Devices	8,650	806,698	0.87
Alphabet 'A'	11,600	1,904,564	2.06
Amazon.com	10,350	1,978,874	2.14
American Express	5,400	1,378,216	1.49
Autoliv	12,200	963,443	1.04
Broadcom	3,550	631,746	0.68
Cadence Design Systems	1,000	239,524	0.26
CME Group	4,100	779,975	0.84
CSX	11,100	293,457	0.32
Eli Lilly	575	375,338	0.41
Ferguson Enterprises	5,600	816,283	0.88
Fortinet	5,400	438,415	0.47
GE Vernova	2,000	599,799	0.65
General Electric	7,800	1,278,584	1.38
Home Depot	1,050	348,189	0.38
Illinois Tool Works	1,700	354,571	0.38
International Business Machines	5,300	1,090,540	1.18
Intuit	1,590	769,056	0.83
Lululemon Athletica	700	233,269	0.25
Marsh & McLennan	5,700	995,086	1.07
McDonald's	1,200	278,698	0.30
Meta Platforms 'A'	755	418,390	0.45
Microsoft	4,200	1,402,659	1.52
NIKE	3,100	191,756	0.21
NVIDIA	4,600	444,211	0.48
Owens Corning	770	114,408	0.12
Palo Alto Networks	3,250	482,236	0.52
Qualcomm	9,050	1,258,864	1.36
Stryker	1,100	346,161	0.37
Synopsys	2,200	929,823	1.00
Thermo Fisher Scientific	3,575	1,719,815	1.86
United Rentals	2,170	1,324,110	1.43
UnitedHealth Group	3,050	1,331,931	1.44
Visa	6,200	1,706,341	1.83
Yum China Holdings	28,300	1,052,467	1.14
Total equities - United States		<u>29,629,410</u>	<u>31.99</u>
Total equities - North America		<u>30,656,333</u>	<u>33.10</u>

Portfolio statement (continued)
as at 31 January 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - Far East 6.53% (4.97%)			
Equities - Hong Kong 0.30% (0.00%)			
AIA Group	50,000	280,175	0.30
Equities - Japan 4.60% (3.85%)			
Asahi Group Holdings	103,500	905,583	0.98
Hitachi	65,000	1,332,709	1.44
Shin-Etsu Chemical	28,900	732,530	0.79
Sumitomo Mitsui Financial Group	58,500	1,176,027	1.27
Unicharm	18,200	114,927	0.12
Total equities - Japan		4,261,776	4.60
Equities - Taiwan 0.44% (0.00%)			
Taiwan Semiconductor Manufacturing ADR	2,400	403,956	0.44
Equities - South Korea 0.14% (0.00%)			
Samsung Electronics	180	131,319	0.14
Equities - Singapore 1.05% (1.12%)			
United Overseas Bank	43,600.00	971,162	1.05
Total equities - Far East		6,048,388	6.53
Equities - India 0.26% (0.00%)			
HDFC Bank	5,000	243,974	0.26
Total equities		50,358,548	54.39
Closed-Ended Funds 2.98% (2.48%)			
Closed-Ended Funds - incorporated in the United Kingdom 1.16% (0.56%)			
HICL Infrastructure	520,000	587,600	0.63
SDCL Energy Efficiency Income Trust	950,000	492,100	0.53
Total closed-ended funds - incorporated in the United Kingdom		1,079,700	1.16
Closed-Ended Funds - incorporated outwith the United Kingdom 1.82% (1.92%)			
3i Infrastructure	217,000	688,975	0.74
Sequoia Economic Infrastructure Income Fund	680,000	525,640	0.57
Syncona	500,000	475,000	0.51
Total closed-ended funds - incorporated outwith the United Kingdom		1,689,615	1.82
Total closed-ended funds		2,769,315	2.98

Portfolio statement (continued)

as at 31 January 2025

Investment	Nominal value or holding	Market value £	% of total net assets
Collective Investment Schemes 20.90% (33.43%)			
UK Authorised Collective Investment Schemes 2.03% (6.11%)			
HSBC Index Tracker Investment Funds - FTSE All-World Index Fund	350,000	975,800	1.05
M&G Investment Funds 1 - Japan Fund	600,000	909,300	0.98
Total UK authorised collective investment schemes		<u>1,885,100</u>	<u>2.03</u>
Offshore Collective Investment Schemes 18.87% (27.32%)			
Amundi Prime All Country World UCITS ETF	100,000	956,000	1.03
AQR UCITS Funds - AQR Alternative Trends UCITS Fund	5,000	634,650	0.69
Coremont Investment Fund			
- Brevan Howard Absolute Return Government Bond Fund	5,400	664,881	0.72
Coremont Investment Fund			
- Landseeram European Equity Focus Long/Short Fund	3,300	421,330	0.46
Fisher Investments Institutional US Small and Mid-Cap Core Equity Fund	9,900	1,260,468	1.36
HSBC Global Funds ICAV - Global Government Bond UCITS ETF	270,000	2,498,661	2.69
JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund	1,200,000	1,200,000	1.30
L&G Multi-Strategy Enhanced Commodities	108,677	1,139,152	1.23
Morgan Stanley Investment Funds - Global Asset Backed Securities Fund	39,000	907,140	0.98
Schroder Special Situations Fund - Diversified Alternative Assets ^	15,000	1,279,500	1.38
Skyline Umbrella Fund ICAV - Fortem Capital Progressive Growth Fund	850,000	1,162,714	1.26
SPDR S&P 500 UCITS ETF	3,600	1,767,204	1.91
Vanguard FTSE 250 UCITS ETF	23,000	738,070	0.80
Vontobel Fund - TwentyFour Absolute Return Credit Fund	17,000	1,693,200	1.82
Waverton Investment Funds - Waverton Asia Pacific Fund ^^	16,100	539,350	0.58
Waverton Investment Funds - Waverton Real Assets Fund ^^	70,000	609,000	0.66
Total offshore collective investment schemes		<u>17,471,320</u>	<u>18.87</u>
Total collective investment schemes		<u>19,356,420</u>	<u>20.90</u>
Exchange Traded Commodities 3.70% (3.05%)			
Gold Bullion Securities	10,500	2,178,166	2.35
WisdomTree Physical Gold - GBP Daily Hedged	86,000	1,250,010	1.35
Total exchange traded commodities		<u>3,428,176</u>	<u>3.70</u>

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

^^ Security managed by the Investment Manager, Waverton Investment Management Limited.

Portfolio statement (continued)

as at 31 January 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Structured Products 1.22% (2.95%)			
Canadian Imperial Bank of Commerce 0% 15/03/2030	700,000	757,699	0.82
Morgan Stanley BV 0% 12/12/2030	360,000	366,913	0.40
Total structured products		<u>1,124,612</u>	<u>1.22</u>
Portfolio of investments		91,503,697	98.84
Other net assets		1,072,396	1.16
Total net assets		<u>92,576,093</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges and 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 2024.

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

GICS was developed by and is the exclusive property and a service mark of MSCI Inc. ('MSCI') and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ('S&P') and is licensed for use by Evelyn Partners Services Limited. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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 on 12 February 2025.

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.

	2025	2024	2023
	p	p	p
Income			
Change in net assets per share			
Opening net asset value per share	141.08	134.55	136.54
Return before operating charges	21.42	10.10	0.87
Operating charges	(1.04)	(1.20)	(1.30)
Return after operating charges *	20.38	8.90	(0.43)
Distributions [^]	(2.58)	(2.37)	(1.56)
Closing net asset value per share	158.88	141.08	134.55
* after direct transaction costs of:	0.05	0.02	0.03
Performance			
Return after charges	14.45%	6.61%	(0.31%)
Other information			
Closing net asset value (£)	92,288,609	82,534,017	80,975,508
Closing number of shares	58,087,041	58,503,012	60,182,181
Operating charges ^{^^}	0.69%	0.89%	0.98%
Direct transaction costs	0.03%	0.01%	0.02%
Published prices			
Highest share price	160.2	142.4	138.3
Lowest share price	141.9	131.3	125.4

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

[^] Rounded to 2 decimal places.

^{^^} 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)

	2025	2024	2023
	p	p	p
Accumulation			
Change in net assets per share			
Opening net asset value per share	155.85	146.12	147.13
Return before operating charges	23.77	11.03	0.74
Operating charges	(1.14)	(1.30)	(1.75)
Return after operating charges *	22.63	9.73	(1.01)
Distributions [^]	(2.88)	(2.59)	(1.56)
Retained distributions on accumulation shares [^]	2.88	2.59	1.56
Closing net asset value per share	178.48	155.85	146.12
* after direct transaction costs of:	0.05	0.02	0.03
Performance			
Return after charges	14.52%	6.66%	(0.69%)
Other information			
Closing net asset value (£)	287,484	225,393	183,942
Closing number of shares	161,076	144,623	125,886
Operating charges ^{^^}	0.69%	0.89%	0.98%
Direct transaction costs	0.03%	0.01%	0.02%
Published prices			
Highest share price	178.6	155.9	148.7
Lowest share price	156.7	142.6	135.2

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

[^] Rounded to 2 decimal places.

^{^^} 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 2025

	Notes	2025		2024	
		£	£	£	£
Income:					
Net capital gains	2		10,402,018		3,906,893
Revenue	3	2,234,004		2,144,799	
Expenses	4	<u>(527,965)</u>		<u>(587,017)</u>	
Net revenue before taxation		1,706,039		1,557,782	
Taxation	5	<u>(195,766)</u>		<u>(141,759)</u>	
Net revenue after taxation			<u>1,510,273</u>		<u>1,416,023</u>
Total return before distributions			11,912,291		5,322,916
Distributions	6		(1,510,389)		(1,415,545)
Change in net assets attributable to shareholders from investment activities			<u>10,401,902</u>		<u>3,907,371</u>

Statement of change in net assets attributable to shareholders

for the year ended 31 January 2025

	2025		2024	
	£	£	£	£
Opening net assets attributable to shareholders		82,759,410		81,159,450
Amounts receivable on issue of shares	26,931		188,708	
Amounts payable on cancellation of shares	<u>(616,781)</u>		<u>(2,499,867)</u>	
		(589,850)		(2,311,159)
Change in net assets attributable to shareholders from investment activities		10,401,902		3,907,371
Retained distributions on accumulation shares		4,631		3,748
Closing net assets attributable to shareholders		<u>92,576,093</u>		<u>82,759,410</u>

Balance sheet
as at 31 January 2025

	Notes	2025 £	2024 £
Assets:			
Fixed assets:			
Investments		91,503,697	82,042,147
Current assets:			
Debtors	7	699,987	242,505
Cash and cash equivalents	8	2,144,158	1,320,575
Total assets		<u>94,347,842</u>	<u>83,605,227</u>
Liabilities:			
Creditors:			
Distribution payable		(694,140)	(746,498)
Other creditors	9	(1,077,609)	(99,319)
Total liabilities		<u>(1,771,749)</u>	<u>(845,817)</u>
Net assets attributable to shareholders		<u>92,576,093</u>	<u>82,759,410</u>

Notes to the financial statements

for the year ended 31 January 2025

1. Accounting policies

The accounting policies are disclosed on pages 9 to 11.

2. Net capital gains

	2025	2024
	£	£
Non-derivative securities - realised gains	4,754,550	1,137,782
Non-derivative securities - movement in unrealised gains	5,502,286	2,709,178
Derivative contracts - realised gains	338,060	115,105
Derivative contracts - movement in unrealised losses	(174,506)	(64,435)
Currency gains	21,862	12,448
Forward currency contracts losses	(38,893)	(2,026)
Compensation	69	524
Transaction charges	(1,410)	(1,683)
Total net capital gains	<u>10,402,018</u>	<u>3,906,893</u>

3. Revenue

	2025	2024
	£	£
UK revenue	213,661	245,530
Unfranked revenue	108,896	135,441
Overseas revenue	1,147,906	1,206,177
Interest on debt securities	665,047	475,559
Bank and deposit interest	98,494	82,092
Total revenue	<u>2,234,004</u>	<u>2,144,799</u>

4. Expenses

	2025	2024
	£	£
Payable to the ACD and associates		
Annual management charge*	877,648	808,366
Annual management charge rebate*	(398,855)	(270,892)
	<u>478,793</u>	<u>537,474</u>
Payable to the Depositary		
Depositary fees	<u>27,830</u>	<u>25,751</u>
Other expenses:		
Audit fee	9,600	8,568
Non-executive directors' fees	1,407	1,723
Safe custody fees	3,746	3,462
Bank interest	185	3,682
FCA fee	902	538
KIID production fee	500	457
Administration fee	5,002	5,362
	<u>21,342</u>	<u>23,792</u>
Total expenses	<u>527,965</u>	<u>587,017</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 2025, the annual management charge after rebates is 0.55%. 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 2025

5. Taxation	2025	2024
	£	£
<i>a. Analysis of the tax charge for the year</i>		
UK corporation tax	129,993	89,248
Overseas tax withheld	65,773	52,511
Total taxation (note 5b)	<u>195,766</u>	<u>141,759</u>

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2024: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2024: 20%). The differences are explained below:

	2025	2024
	£	£
Net revenue before taxation	<u>1,706,039</u>	<u>1,557,782</u>
Corporation tax @ 20%	341,208	311,556
Effects of:		
UK revenue	(42,732)	(49,106)
Overseas revenue	(168,483)	(173,202)
Overseas tax withheld	65,773	52,511
Total taxation (note 5a)	<u>195,766</u>	<u>141,759</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:

	2025	2024
	£	£
Interim income distribution	808,579	652,800
Interim accumulation distribution	2,482	1,725
Final income distribution	694,140	746,498
Final accumulation distribution	2,149	2,023
	<u>1,507,350</u>	<u>1,403,046</u>
Equalisation:		
Amounts deducted on cancellation of shares	3,108	13,191
Amounts added on issue of shares	(69)	(692)
Total net distributions	<u>1,510,389</u>	<u>1,415,545</u>

Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	1,510,273	1,416,023
Undistributed revenue brought forward	501	23
Undistributed revenue carried forward	(385)	(501)
Distributions	<u>1,510,389</u>	<u>1,415,545</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 2025

7. Debtors	2025	2024
	£	£
Sales awaiting settlement	502,196	-
Accrued revenue	142,586	178,555
Recoverable overseas withholding tax	55,047	39,758
Prepaid expenses	158	82
	<u>699,987</u>	<u>218,395</u>
Payable from the ACD and associates		
Annual management charge rebate	-	24,110
	<u>-</u>	<u>24,110</u>
Total debtors	<u>699,987</u>	<u>242,505</u>
8. Cash and cash equivalents	2025	2024
	£	£
Total cash and cash equivalents	<u>2,144,158</u>	<u>1,320,575</u>
9. Other creditors	2025	2024
	£	£
Purchases awaiting settlement	930,216	-
Currency trades outstanding	780	-
Other expenses:		
Safe custody fees	3,381	1,700
Audit fee	9,600	8,568
Non-executive directors' fees	1,653	1,624
Administration fee	930	-
Transaction charges	1,056	281
	<u>16,620</u>	<u>12,173</u>
Total accrued expenses	<u>16,620</u>	<u>12,173</u>
Corporation tax payable	<u>129,993</u>	<u>87,146</u>
Total other creditors	<u>1,077,609</u>	<u>99,319</u>
10. Commitments and contingent liabilities		
At the balance sheet date there are no commitments or contingent liabilities.		
11. Share types		
The following reflects the change in shares in issue in the year:		
		Income
Opening shares in issue		58,503,012
Total shares cancelled in the year		(415,971)
Closing shares in issue		<u>58,087,041</u>

Notes to the financial statements (continued)

for the year ended 31 January 2025

11. Share types (continued)	Accumulation
Opening shares in issue	144,623
Total shares issued in the year	16,453
Closing shares in issue	<u>161,076</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 are disclosed in note 7.

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per income share has decreased from 158.9p to 149.5p and the accumulation share has decreased from 178.5p to 167.9p as at 7 May 2025. 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.

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
2025	£	£	%	£	%	£	%	£
Equities	20,154,493	10,785	0.05%	7,353	0.04%	248	0.00%	20,172,879
Closed-Ended Funds	1,402,805	3,064	0.22%	-	-	-	-	1,405,869
Bonds	4,699,991	606	0.01%	-	-	-	-	4,700,597
Collective Investment Schemes*	15,471,021	-	-	-	-	-	-	15,471,021
Structured Products*	1,060,000	-	-	-	-	-	-	1,060,000
Total	<u>42,788,310</u>	<u>14,455</u>	<u>0.28%</u>	<u>7,353</u>	<u>0.04%</u>	<u>248</u>	<u>0.00%</u>	<u>42,810,366</u>

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 31 January 2025

14. Transaction costs (continued)

a Direct transaction costs (continued)

	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
Total	23,889,568	6,290	0.40%	-	-	-	-	23,895,858

	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£
2025								
Equities	10,146,673	(3,904)	0.04%	-	-	-	-	10,142,769
Closed-Ended Funds	515,924	(258)	0.05%	-	-	-	-	515,666
Bonds	4,596,679	(208)	0.00%	-	-	-	-	4,596,471
Collective Investment Schemes	26,444,938	(418)	0.00%	-	-	-	-	26,444,520
Structured Products*	2,538,060	-	-	-	-	-	-	2,538,060
Total	44,242,274	(4,788)	0.09%	-	-	-	-	44,237,486

	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
Total	25,638,472	(4,327)	0.13%	(1)	-	-	-	25,634,144

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 31 January 2025

14. Transaction costs (continued)

a Direct transaction costs (continued)

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:

	£	% of average net asset value
2025		
Commission	19,243	0.02%
Taxes	7,353	0.01%
Financial transaction tax	248	0.00%
2024		
Commission	10,617	0.01%
Taxes	1	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 0.13% (2024: 0.10%).

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.

(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 2025, 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 £3,795,623 (2024: £3,260,581).

Notes to the financial statements (continued)

for the year ended 31 January 2025

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk (continued)

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
2025	£	£	£
Canadian dollar	1,026,923	-	1,026,923
Danish krone	232,682	141	232,823
Euro	4,291,508	46,232	4,337,740
Hong Kong dollar	894,711	-	894,711
Japanese yen	4,261,776	11,958	4,273,734
Norwegian krone	186,013	-	186,013
Singapore dollar	971,162	-	971,162
Swedish krona	1,789,776	4,975	1,794,751
US dollar	34,938,188	(613,798)	34,324,390
Total foreign currency exposure	48,592,739	(550,492)	48,042,247

	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

At 31 January 2025, 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 £2,402,112 (2024: £1,662,959).

Notes to the financial statements (continued)

for the year ended 31 January 2025

15. Risk management policies (continued)

a Market risk (continued)

(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 2025, 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 £266,468 (2024: £283,503).

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.

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

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2025	£	£	£	£	£	£
Canadian dollar	-	-	-	1,026,923	-	1,026,923
Danish krone	-	-	-	273,416	(40,593)	232,823
Euro	-	-	-	4,418,410	(80,670)	4,337,740
Hong Kong dollar	-	-	-	894,711	-	894,711
Japanese yen	-	-	-	4,329,902	(56,168)	4,273,734
Norwegian krone	-	-	-	210,350	(24,337)	186,013
Singapore dollar	-	-	-	971,162	-	971,162
Swedish krona	-	-	-	1,794,751	-	1,794,751
UK sterling	6,714,861	-	8,397,965	30,271,121	(850,101)	44,533,846
US dollar	962,416	-	535,542	33,546,312	(719,880)	34,324,390
	<u>7,677,277</u>	<u>-</u>	<u>8,933,507</u>	<u>77,737,058</u>	<u>(1,771,749)</u>	<u>92,576,093</u>

	Variable rate financial assets	Variable rate financial liabilities	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>-</u>	<u>8,152,238</u>	<u>67,893,240</u>	<u>(845,817)</u>	<u>82,759,410</u>

Notes to the financial statements (continued)

for the year ended 31 January 2025

15. Risk management policies (continued)

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. Some of the 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.

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.

The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The dearth of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the ACD's ability to execute substantial deals.

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.

Notes to the financial statements (continued)

for the year ended 31 January 2025

15. Risk management policies (continued)

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.

	Investment assets	Investment liabilities
Basis of valuation	2025	2025
	£	£
Quoted prices	71,174,889	-
Observable market data	19,204,196	-
Unobservable data*	1,124,612	-
	<u>91,503,697</u>	<u>-</u>

	Investment assets	Investment liabilities
Basis of valuation	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>

* 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 assumptions used are under continuous review by the ACD with particular attention paid to the carrying value of the investments.

Notes to the financial statements (continued)

for the year ended 31 January 2025

15. Risk management policies (continued)

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 there was direct exposure to derivatives. 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 the Fund at any given time and may not exceed 100% of the net asset value of the property of the Fund.

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.

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 1.22%.

Notes to the financial statements (continued)

for the year ended 31 January 2025

15. Risk management policies (continued)

f Derivatives (continued)

(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		
Canadian Imperial Bank of Commerce 0% 15/03/2030	757,699	0.82%
Morgan Stanley BV 0% 12/12/2030	366,913	0.40%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 January 2025

Interim distributions in pence per share

Group 1 - Shares purchased before 1 February 2024

Group 2 - Shares purchased 1 February 2024 to 31 July 2024

	Net revenue	Equalisation	Total distributions 15 October 2024	Total distributions 15 October 2023
Income				
Group 1	1.388	-	1.388	1.089
Group 2	1.388	-	1.388	1.089
Accumulation				
Group 1	1.541	-	1.541	1.193
Group 2	1.119	0.422	1.541	1.193

Final distributions in pence per share

Group 1 - Shares purchased before 1 August 2024

Group 2 - Shares purchased 1 August 2024 to 31 January 2025

	Net revenue	Equalisation	Total distributions 15 April 2025	Total distributions 15 April 2024
Income				
Group 1	1.195	-	1.195	1.276
Group 2	1.195	-	1.195	1.276
Accumulation				
Group 1	1.334	-	1.334	1.399
Group 2	1.334	-	1.334	1.399

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 shareholders but must be deducted from the cost of shares for capital gains tax purposes.

Accumulation distribution

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 Evelyn Partners Group Limited ('the Group'), including individuals designated as Material Risk Takers (MRTs) 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 2024 includes details on the remuneration policy. The remuneration committee comprises three independent non-executive directors¹ and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met seven times during 2024.

Remuneration policy

The main principles of the remuneration policy are:

- aligns the interests of employees with those of our clients/customers and investors;
- is compliant with relevant regulation and considers market best practice;
- is pragmatic, flexible, economic, and considers the commercial objectives of the business;
- is competitive and helps the Group attract and retain talented people;
- encourages behaviours consistent with the Group's values, ambitions, strategy, and risk appetite (including environmental, social and governance risk factors);
- supports the delivery of fair outcomes for our clients; and
- is clear, fair, free from bias and based on objective criteria that avoids discrimination (including gender).

Remuneration systems

Fixed pay is determined by considering an employee's role and responsibilities, external market information, and internal budgets/affordability. The remuneration committee considers all of these factors when determining appropriate salary/fixed profit share budgets as part of the annual pay review, and by exception any increases outside of the annual pay review.

Evelyn Partners operates Discretionary Incentive Plans (DIP) – these are discretionary bonus schemes that enable employees to be recognised for their hard work and commitment, through linking reward to the performance and outcomes, including client outcomes, of both the business and the individual employee.

Bonus awards under a DIP are made in cash and/or equity awards and are driven by the following factors:

- The financial performance (primarily EBITDA performance) of the business;
- An employee's individual performance in relation to the Group's key performance indicators and financial outcomes;
- An employee's individual performance in relation to behaviours which are in line with the Group's values, which includes client outcomes and regulatory compliance; and
- A risk and control review, which includes client outcomes.

¹ Please note that the data provided for the independent non-executive directors is as at 31 December 2024. 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 70 employees is £3.58 million of which £3.19 million is fixed remuneration. This is based on the salary and benefits for those identified as working in EPFL as at 31 December 2024. Any variable remuneration is awarded for the year ended 31 December 2024. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed below.

Evelyn Partners Group Limited 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 year ended 31 December 2024 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 2024 to 31 December 2024			
	Fixed	Variable Cash	Variable Equity	Total	No. MRTs
	£'000	£'000	£'000	£'000	
Senior Management	3,448	2,470	-	5,918	15
Other MRTs	477	338	-	815	5
Total	3,925	2,808	-	6,733	20

Investment Managers

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 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 - resigned 31 March 2025
Brian McLean
Mayank Prakash - resigned 30 April 2025
Neil Coxhead

Independent Non-Executive Directors of the ACD

Dean Buckley
Linda Robinson
Victoria Muir
Sally Macdonald

Non-Executive Directors of the ACD

Guy Swarbreck - resigned 31 March 2025

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