Alliance Trust PLC ('the Company')
LEI: 213800SZZD4E2IOZ9W55

7 March 2024

Strong Outperformance in Volatile Market

Annual results for the year ended 31 December 2023

Performance Highlights

- The Company's share price was 1,112.0 pence (£11.12) as at 31 December 2023, representing a Total Shareholder Return[1] of 20.2%. This was 4.9% ahead of its benchmark, the MSCI All Country World Index ('MSCI ACWI'), which returned 15.3%.

- The Company's Net Asset Value Total Return[1] of 21.6%, as at 31 December 2023, was 6.3% ahead of benchmark.

- The Company has delivered a Total Shareholder Return of 79.3% over the five-year period to 31 December 2023, equivalent to 12.4% per annum.

- A fourth interim dividend 6.34p has been declared, bringing the total dividend for the year ended 31 December 2023 to 25.2p per share. This is a 5% increase on the previous year, the 57th consecutive annual increase.

Dean Buckley, Chair of Alliance Trust PLC, commented:

"In a volatile market environment, Alliance Trust reported strong returns, outperforming the MSCI ACWI and most of its peers in the Association of Investment Companies ('AIC') Global Sector. These results extend the Company's long-term track record of attractive outright gains and relative performance.

In a highly concentrated market, it was reassuring to note that the driver of the Company's outperformance in 2023, was the broadly-based, skilled stock picking approach, rather than the result of any significant style, country, or sector biases.

I am pleased to say that this year also marks the 57th consecutive annual dividend increase a track record which is one of the longest in the investment trust industry, and one which the Board is confident can be extended well into the future.

About Alliance Trust PLC
Alliance Trust aims to deliver long-term capital growth and rising income from investing in global equities at a competitive cost. We blend the top stock selections of some of the world's best active managers, as rated by Willis Towers Watson, into a single diversified portfolio designed to outperform the market while carefully managing risk and volatility. Alliance Trust is an AIC Dividend Hero with 57 consecutive years of rising dividends.

https://www.alliancetrust.co.uk

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[1]Alternative Performance Measure. Total Shareholder Return ('TSR') is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend. Net Asset Value ('NAV') Total Return is a measure of the performance of the Company's NAV over a specified time period. It combines any change in the NAV and dividends paid.

-ENDS-

FINANCIAL HIGHLIGHTS AS AT 31 DECEMBER 2023

SHARE PRICE **1,112.0p** (2022: 948.0p)	**NET ASSET VALUE ('NAV') PER SHARE** **1,175.1p** (2022: 989.5p)
TOTAL SHAREHOLDER RETURN[1] **+20.2%** (2022: -5.8%)	**NAV TOTAL RETURN[1]** **+21.6%** (2022: -7.1%)
DISCOUNT TO NAV[1] **-5.4%** (2022: -4.2%)	**TOTAL DIVIDEND[2]** **25.2p** (2022: 24.0p)

The above data is as at 31 December 2023

	31 December 2023	31 December 2022	% Change
Net assets/shareholders' funds (£'000)	3,336,688	2,895,019	15.3
Shares in issue (excluding ordinary shares held in Treasury)	283,964,600	292,579,600	-2.9
NAV per share (p)	1,175.1	989.5	18.7
NAV Total Return (%)[1]	21.6	-7.1	
Share price (p)	1,112.0	948.0	17.3
Total dividend per share (p)[2]	25.2	24.0	5.0
Tota Shareholder Return (%)[1]	20.2	-5.8	
Discount to NAV (%)[1]	-5.4	-4.2	
Ongoing Charges Ration (%)[1]	0.62	0.61	

1. Alternative Performance Measure – see page 102 of the Annual Report for further information.
2. Total dividend rounded to one decimal place.

Notes:
NAV per share including income with debt at fair value.
NAV Total Return based on NAV including income with debt at fair value and after all costs.
Source: Morningstar and Juniper.

CHAIR'S STATEMENT

"It is with pleasure that I present the Annual Report for the year ended 31 December 2023, my first report as Chair."

2023: A GOOD YEAR FOR SHAREHOLDERS

2023 was a surprisingly positive year for financial markets, with global equities delivering strong gains despite a challenging economic and geopolitical backdrop. I am pleased to report that our Net Asset Value ('NAV') Total Return of 21.6% was significantly higher than the 15.3% return from our benchmark, the MSCI All Country World Index ('MSCI ACWI'). It also compared favourably with the average returns of our two peer groups, 16.3% for the Association of Investment Companies ('AIC') Global Sector investment trust peer group and 12.7% for the Morningstar universe of UK retail global equity funds (open-ended and closed-ended). By design, this outperformance was largely due to good stock picking, rather than the result of any significant style, country, or sector biases. The slight widening of the Company's discount, from 4.2% at the start of the year to 5.4% at the end, led to a marginally lower Total Shareholder Return ('TSR') of 20.2%.

DIVIDEND INCREASED FOR 57TH CONSECUTIVE YEAR

The Board declared a fourth interim dividend of 6.34p on 20 February 2024. As a result, the dividend for the full year increased by 5.0% from the prior year to 25.2p per share (2023: 24.0p). This year's dividend increase marks the 57th consecutive annual increase, a track record which is one of the longest in the investment trust industry, and one the Board is confident can be extended well into the future.

RESILIENT PERFORMANCE TRACK RECORD

It was, therefore, a good year for our shareholders, one that built on the solid foundations laid in prior years and, through the continued strong compounding of returns, boosted longer term performance metrics. Given our style-balanced approach, the Board is pleased to see the Company's investment strategy working as intended, avoiding dramatic swings of performance relative to benchmark and growth or value biased strategies, and delivering resilient returns through a range of market environments. These environments included Brexit, Covid, the war in Ukraine, surging interest rates to contain inflation and escalating tensions in the Middle East. At year-end, our performance was in the top quarter of the Morningstar peer group of global trusts and funds over one, three, and five years.

THREE AWARDS

It is also encouraging to see that the turnaround since the introduction of the multi-manager strategy in 2017 has been recognised externally. We won three awards in 2023: the **Global category of the 25th Investment Company of the Year Awards** run by Investment Week, in association with the AIC; **Best Marketing Campaign** in the AIC's Shareholder Communications Awards; and **Most Effective Brand Strategy Small Company** in the Awards for Marketing Effectiveness organised by the Financial Services Forum. These awards raised our profile and may help us attract the attention of new investors, which benefits existing shareholders if it leads to increased demand for our shares and a higher share price. Our marketing efforts will continue in 2024 with the launch of a refreshed brand.

DEBT COSTS LOWERED

Like homeowners with variable rate mortgages, we were disappointed by the increase in the cost of servicing our floating-rate debt. After a thorough review of our debt arrangements, we replaced a meaningful proportion of those facilities with fixed rate loans at attractive rates. Full details on the refinancing of the Company's debt can be found on page 52 of the Annual Report. Willis Towers Watson ('WTW'), our investment manager, is confident that using borrowed money to buy attractive stocks will, in the long run, produce returns that exceed borrowing costs. Hence, our continued faith in the strategic use of gearing, although on a tactical basis WTW used gearing sparingly in 2023 given its caution about the near-term economic and market outlook. You can read more about WTW's market outlook in its report.

DISCOUNT REMAINED STABLE

The widening of investment trust discounts was much discussed in 2023. At its worst point, the average trust's shares traded at a discount of 16.9%. This was a wider discount to the value of the industry's underlying assets than at any time since the 2008 Global Financial Crisis. In part, this reflected weak investor sentiment and increased competition from attractive savings rates on deposit accounts. However, the Company fared better than most, with its average discount remaining relatively stable throughout the year at 6.0% (2022: 5.9%). This compared favourably with the average discount for the AIC Global Sector of 9.8%.

It is always difficult to pinpoint the precise reasons for movements in the Company's discount because there are so many factors involved, not all of them within our control. We attribute our discount stability to good investment performance and marketing, which stimulated demand for our shares, as well as the continued use of share buybacks. During the year, the Company bought back 8.6 million shares (2.9% of shares in issue as at 31 December 2022), versus 15.5 million in 2022. These share buybacks enhanced the NAV Total Return by 0.2%.

OPERATIONAL CHANGES SUCCESSFULLY IMPLEMENTED

As discussed in last year's Annual Report, we made some operational changes at the end of 2022, appointing Juniper Partners Limited ('Juniper') as company secretary and WTW to provide further marketing and distribution, public relations, and investor relations services. As previously detailed in the Interim Report, with effect from 1 April 2023, Juniper was also appointed to provide administration, finance and accounting services. The Board is pleased to report that these changes have been operating successfully.

SUCCESSION PLANNING

As part of the Board's succession planning, Gregor Stewart stepped down at the end of December, having served a total of nine years, of which just over four were as Chair. I am honoured to replace him. On behalf of the Board, I would like to thank Gregor wholeheartedly for his enthusiasm and commitment as a Director and leadership as Chair. Gregor's tenure was through a demanding period which saw the simplification of the Company's business and implementation of the current investment strategy. Gregor left the Board on a high note, with the Company delivering strong performance and receiving a handful of awards. As previously reported in the Interim Report, Anthony Brooke stepped down as a Director of the Company at the conclusion of the Annual General Meeting ('AGM') on 27 April 2023.

ANNUAL GENERAL MEETING

The Board looks forward to being able to meet shareholders again at this year's AGM, which will be held at the Apex Hotel in Dundee on 25 April 2024. For those shareholders who are not able to attend in person, we will be live streaming the event. As well as the formal business of the meeting, there will be an investor forum afterwards featuring two of our stock pickers, as well as members of WTW's investment team. There will be another in-person investor forum in London in the Autumn. In addition, shareholders can engage with the Company and its stock pickers via online presentations during the year.

KEEP UP TO DATE WITH COMPANY INFORMATION

The Company's website contains a vast amount of information such as details of shareholder meetings and investor forums, monthly factsheets, quarterly newsletters, and stock picker updates, as well as the Annual and Interim Reports. I would encourage you to visit the website to keep up to date on the performance of the Company. The QR code at the foot of page 7 of the Annual Report will take you directly to the appropriate section on the website, where you can also subscribe to receive these updates direct to your e-mail.

As always, the Board welcomes communication from shareholders and I can be contacted through the company secretary at investor@alliancetrust.co.uk.

OUTLOOK

Although inflation appears to have peaked and the next move in interest rates is likely to be down, the timing and pace of the expected easing of monetary policy by central banks is not clear. Cuts in interest rates may not arrive as soon or as quickly as the market expected towards the end of last year. As a result, the outlook for corporate earnings might not be as rosy as implied by some elevated stock prices. A soft landing, where economic growth shifts down to a lower gear but avoids global recession, is possible, but is not guaranteed. Nevertheless, every market environment produces winners and losers, and we are confident that our diversified but highly selective approach to stock picking will continue to add value for shareholders. Alliance Trust's innovative multi-manager investment strategy has already demonstrated strong performance through a variety of market conditions and the Board believes it can continue to build on that track record in the coming years.

Dean Buckley
Chair
6 March 2024

INVESTMENT MANAGER'S REPORT

STRONG INVESTMENT PERFORMANCE AGAINST A CHALLENGING MARKET BACKDROP

2023 could hardly have started with a less favourable backdrop. After 2022's market rout, equities were surrounded by uncertainty fuelled by rising interest rates, sticky inflation, and geopolitical conflict. It was therefore a surprise that stock markets generally performed so well. Indeed, on Wall Street many stocks ended the year at or near record highs. But it was a roller-coaster ride through the year, with markets suffering extreme mood swings from optimism and pessimism and back. A large proportion of the market's gains were made in the final quarter of 2023 after the US Federal Reserve signalled that interest rates could come down if inflation continued to decline.

The "Santa rally" from late October meant that the Company's benchmark index, the MSCI ACWI, which includes developed and emerging markets, delivered a total return (with dividends reinvested) of 15.3% for the year. The overall pattern of market returns was broadly speaking the reverse of 2022, with US mega-cap, tech-related stocks leading the way after the previous year's sell off. The so called "Magnificent Seven" – Nvidia, Microsoft, Tesla, Apple, Amazon, Meta and Alphabet – were responsible for over 50% of the MSCI ACWI's gains. Some of these advances were fuelled by excitement over the potential impact of Artificial Intelligence ('AI') on their future profits. However, in some cases at least, share price advances were underpinned by strong current earnings. During Covid, the share prices of many of the "Magnificent Seven" were fuelled largely by bullish sentiment; today, business fundamentals count, too.

There was more to the equity rally than US tech-related stocks, especially towards the end of 2023 when the rally broadened out. After decades of stagnation, the Japanese economy and stock market finally showed signs of life, with the Nikkei 225 index rising by more than 30%. However, depreciation of the yen trimmed the value of share price gains in sterling by half. Continental Europe and some emerging markets also posted strong gains for the year, though not China which failed to rebound after the lifting of Covid restrictions and had negative returns. The UK continued to lag the US and continental Europe, with the FTSE All-Share index returning 7.9%.

With relatively high interest rates ending the era of “free money”, it is possible that the greater breadth of market returns in 2023 showed that investors were focussing on company specifics to identity potential winners and losers.

The Company’s portfolio significantly outperformed the market in 2023, delivering a NAV Total Return of 21.6%, versus 15.3% for the index. Importantly, this outperformance was primarily driven, as intended, by our blend of stock pickers choosing a wide range of outperforming stocks from across the world, rather than country, sector or investment style exposures, although relative returns also benefitted from gearing and share buybacks. The table below shows the full breakdown of returns. We believe our managers’ stock picking skills could become increasingly important in what is likely to be a period of continuing macroeconomic instability.

CONTRIBUTION ANALYSIS

Contribution to Return in 2023	**%**
Benchmark Total Return	**15.3**
Asset Allocation	-0.3
Stock Selection	6.3
Gearing and Cash	1.0
Investment Manager Impact	**7.0**
Portfolio Total Return	**22.3**
Share Buybacks	0.2
Fees/Expenses	-0.6
NAV Including Income, Debt at Par	**21.9**
Change in Fair Value of Debt	-0.4
NAV Including Income, Debt at Fair Value	**21.6**
Change in Discount	-1.4
Total Shareholder Return	**20.2**

Source: Performance and attribution data sourced from WTW, Juniper, MSCI, FactSet and Morningstar as at 31 December 2023. Percentages may not add due to rounding.

REAPING THE BENEFITS OF COMPOUNDING

As long-term investors, one strong calendar year’s performance is not the best way to judge the success of our investment strategy. We prefer to focus on the impact of compounding of returns over time. It is, therefore, reassuring to see that last year’s gains versus benchmark have incrementally built on steady past performance to deliver outperformance of the benchmark in all key time periods.

For the three years ended 31 December 2023, the cumulative NAV Total Return was 33.9% with relatively low volatility, versus 26.8% for the MSCI ACWI (see chart on page 9 of the Annual Report). On an annualised basis, this equates to a NAV Total Return of 10.2% per annum, compared to 8.2% for the benchmark. Over five years and the period since we were appointed (1 April 2017 to 31 December 2023), the portfolio has delivered an annualised outperformance of 0.6% and 0.5% respectively. While this level of outperformance is less than we aspire to in the long run, it compares favourably with returns from most active managers and passive fund equivalents, after costs.

STOCK PICKER ALLOCATIONS

As in previous years, we kept all our so called “factor” positions well balanced relative to the benchmark in 2023 through regular small adjustments to stock picker allocations, allowing stock selection to shine through as the key source of return. However, we did add a Japan specialist, Dalton Investments (’Dalton’) in July, which was discussed in detail in the Interim Report. Excluding Dalton, the table on page 15 of the Annual Report which details stock picker weights at the beginning and end of the year shows little change. But this disguises the fact that, to keep pace with shifting market dynamics, from one factor to another, we regularly take money away from the best performing stock pickers and give it to those who are underperforming. It may seem counterintuitive to trim exposure to “winners” and increase exposure to “losers”, but this process helps to keep portfolio exposures balanced across sectors, countries, and styles, thereby avoiding the build-up of excessive concentration risks that can result from leaving allocations unchanged. The idea is to ensure that stock selection based on business fundamentals makes the key difference to returns, not over or underweight sector or country exposures, which can be subject to sentiment-based mood swings.

However, this rebalancing process is not automatic. Although we have target weights for each stock picker, changing allocations is ultimately a judgment call. For example, we did not add to Jupiter Asset Management ('Jupiter') or Lyrical Asset Management ('Lyrical') last year, despite their underperformance, as they often invest in smaller companies that are inherently riskier than the stocks typically chosen by of some of the other stock pickers, such as Veritas Asset Management ('Veritas'), who tend to focus on large, higher-quality value, companies.

SKILLED STOCK SELECTION DROVE RETURNS

The strategy clearly worked. Most of our stock pickers outperformed the MSCI ACWI, with the outperformers having a variety of investment styles and exposures. Vulcan Value Partners ('Vulcan'), which buys high quality stocks when their share prices drop below estimated long term value, was the biggest contributor to the portfolio's outperformance. Vulcan's concentrated selection of stocks rose collectively by almost 50%. Its most successful holdings included two of the "Magnificent Seven", **Microsoft** and **Amazon**, but Vulcan's top five contributors also included the industrial conglomerate **General Electric** and the private equity group **KKR**, whose share prices rose by 85% and 70% respectively.

Veritas and Sustainable Growth Advisors ('SGA'), both of which focus on high quality growth stocks, were close behind Vulcan, along with growth-style specialist Sands Capital ('Sands'), and Metropolis Capital ('Metropolis'), which has a value-based investment philosophy. Veritas and SGA both benefitted from owning **Amazon** and **Alphabet**, but, as with Vulcan, not all their top contributors were US tech-related businesses. Veritas' largest contributors to portfolio outperformance included **Safran**, the French aerospace and defence company, and **Aena**, the Spanish industrial group; SGA's contribution was topped by **MercardoLibre**, Latin America's answer to eBay. Sands was actually the strongest performer of all the managers in absolute terms but its low weight in the portfolio, means that it did not contribute as much to the portfolio's outperformance as the others. Sands' biggest individual contributor was the US software company **ServiceNow** and Metropolis' was **Alphabet**.

At the other end of the spectrum, the holdings in aggregate of Black Creek Investment Management ('Black Creek') and Jupiter failed to keep up with the market, but both picked some notable individual winners, as did GQG Partners ('GQG') whose overall return was market-like in 2023. For example, Black Creek's investment in **Ebara**, the Japanese industrial equipment manufacturer, returned 60% and was among the biggest individual contributors to portfolio performance. Jupiter's holdings in Kyndryl, the US technology infrastructure business spun out of IBM in 2021, posted a gain of 76% and GQG's investment in **Petrobras**, the Brazilian state-owned oil and natural gas major, delivered a return of almost 80%.

DIVERSE RANGE OF STOCKS OUTPERFORMED

Looking at the portfolio as a whole, it is clear that selective exposure to the "Magnificent Seven" stocks was a significant driver of portfolio returns last year. But it is important to point out that we had no exposure to Tesla, had a relatively low weight in Apple and a below benchmark weight in **Nvidia** early in the year when the stock soared, which detracted from relative performance. This demonstrates a selective approach to the "Magnificent Seven" by our stock pickers based on their assessment of business fundamentals, as opposed to treating them as a homogenous entity. Such was the rally among the "Magnificent Seven" that they accounted for approximately 30% of the S&P 500 at year end, or the same as the market capitalisation of Japan, Canada and the UK combined[1]. This represents enormous concentration risk in the benchmark which we are keen to mitigate, via active management.

Unlike the index, our returns were not reliant on a cluster of dominant players. Indeed, in aggregate, a greater proportion of our gains came from relatively small incremental contributions from diversified exposure to a wide variety of stocks in different industries. You can see from the pie charts on page 10 of the Annual Report that 53% of the benchmark's return came from the "Magnificent Seven". However, they accounted for only 34% of the portfolio's return.

Our stock pickers are not complacent about the ability of "big tech" companies to continue to dominate the market, hence continued exposure to **Amazon**, **Microsoft**, and **Alphabet**, which are all in the portfolio's top ten positions. However, our stock pickers remain wary of AI hype. As with the internet bubble 20 years ago and other innovative technologies like cloud computing, it could take several years before the clear winners of AI emerge, and they will not necessarily be the early front runners. So, while the portfolio does have exposure to AI, through Microsoft and a small position in Nvidia, for example, our stock pickers seek to profit from AI on a company-by-company basis, rather than treating AI as a broad theme. Having been through a euphoric period in which it was obligatory for every tech company to develop an AI strategy, it is now approaching the time when investors are likely to begin demanding real revenue and profits from the technology. Active management of exposures to AI, including within mega caps, will therefore be key.

1. Source: https://apolloacademy.com/wp-content/uploads/2024/01/010324-Chart.pdf

STOCK PICKERS' ADJUSTED HOLDINGS

Apart from regular rebalancing between selected stock pickers and the addition of Dalton, there were no major changes to our portfolio positioning in 2023. However, the stock pickers themselves adjusted their holdings. This could have happened for a variety of reasons. For example, stocks reaching their estimate of fair value and profits being taken, companies failing to live up to expectations and positions being sold, or cheap stocks being bought because their share prices have fallen well below fair value.

Examples of position changes in 2023 included:

- Black Creek sold out of Germany's **Heidelberg Materials** following significant share price appreciation and reinvested profits in US listed **Elanco Animal Health**, which produces medicines and vaccines that help prevent and treat disease in livestock and pets. Elanco trades at an attractive valuation, particularly when compared to its larger peer, Zoetis. Black Creek believes that Elanco can accelerate sales growth and increase its profitability in the coming years based on new product launches and improved operating efficiencies.

- Lyrical sold **Lincoln Financial** after it surprised investors by writing down the value of some of its assets and bought shares in **Gen Digital**, a global consumer, cyber safety provider based in the US. Cyber safety was synonymous with computer anti-virus software, but as people spend more of their lives online across many devices, threats have expanded beyond computer viruses. The ever-increasing volume and sophistication of online threats drives long term organic growth potential for the company.

- Veritas sold **CVS Health** due to growing doubts about its business model and established a position in **Diageo**, the UK based drinks company that has built an industry leading portfolio of brands through focused investment, and, in many countries, a dedicated route to market. Diageo can influence the evolution of luxury spirits across different categories and occasions, including super premium scotch and tequila. It is also growing brands of the future, including zero and lower alcohol choices through a combination of acquisition, developing their own brands, and investing in entrepreneurs through the Diageo backed accelerator programme. This high-quality exposure to a multi decade theme of premiumisation of developed market consumption makes the investment in Diageo very attractive.

- SGA bought shares in **Aon**, a commercial insurance broker that helps clients better manage risk, employee retirement, and health benefits. Aon monetises its insights, mainly through highly recurring commissions and fees, which provide predictable cash flows. The company has also been taking on higher margin businesses which are enabled by analytics and has been successful delivering consistent revenue growth and margin expansion over the years. SGA expects overall steady growth based on rising premiums in risk, health, and increases in retirement assets over a three-to-five-year investment horizon.

- Sands sold **Edward Lifesciences** following a weakening of its conviction in the company and bought shares in **Roper Technologies**, a diversified industrial technology company that operates over 40 businesses in more than 40 niche markets. The company sells software and engineered products and solutions across four segments: application software, network software and systems, measurement and analytical solutions, and process technologies. The corporate strategy prioritises cash flow growth, which Roper then seeks to deploy into acquiring new businesses. Roper maintains strict investment criteria when evaluating acquisition targets, and its rigorous standards are based on its proprietary "cash return on investment" metric. The company is indiscriminate in the types of businesses it seeks to own; rather, it focuses exclusively on free cash generation and management quality. Each business is decentralised and operates autonomously, with a mandate to grow and generate cash. Sands' research suggests that Roper is an acquirer of choice for engaged management teams that desire to continue independent operations. It expects steady cash flow growth as Roper executes on its disciplined acquisition and growth strategy.

Overall, total stock turnover was 43.0% of the portfolio in 2023, down from 56.7% in 2022.

UNCERTAIN OUTLOOK

Although the year ended on a high note for stock markets, it is not easy to predict how they will evolve in 2024. Most economists and analysts were wrong footed by the global economy in 2023, which highlights the difficulty of basing an investment strategy on macroeconomic developments. That is why WTW places limited emphasis on second guessing the speed of global Gross Domestic Product ('GDP') growth, or which country will be up or down, and instead we leave it to our managers to decide if and how macroeconomic conditions impact their choice of holdings.

Even so, the macroeconomic outlook does influence the level of gearing that we set and manager allocations. In a world where geopolitics is back on the investment agenda and there are multiple elections on the horizon, including in the US, India, the European Parliament, and the UK, the short-term outlook for equities is more than usually uncertain. We are conscious that the full impact of past interest rate increases has yet to fully filter through to the real economy, for example, on debt refinancing by households and corporations. It is possible, therefore, that recession may just have been postponed rather than avoided if people pull in their horns. Although hoped for interest rate reductions may limit the damage of a downturn on companies' earnings, a soft landing is not assured. Even if recession is avoided, growth could remain sluggish. Finally, notwithstanding any future reductions, with interest rates back to a more normal level historically, there could be continued competition for equities from the perceived safety of bonds and cash. We therefore remain cautious and are keeping the portfolio's net gearing low.

We are, however, excited about the prospects for active management and the companies in the portfolio. Macroeconomic and market volatility typically leads to higher differentiation of valuations between stocks, which skilled stock pickers can exploit for long term advantage. In 2023, our fund managers demonstrated that, collectively, they can add significant value despite a challenging macroeconomic backdrop. We remain confident that they can continue to do well by selectively investing in companies with strong fundamentals rather than following short-term trends that often drive indices. We, in turn, will continue to dynamically manage the stock pickers and their allocations in the light of evolving market conditions to ensure the portfolio strikes a comfortable balance between reward and risk. They will seek the rewards; we will manage risk.

RESPONSIBLE INVESTMENT

As stewards of the Company's assets, we apply high standards of responsible investment to managing the portfolio. Environmental, Social and Governance ('ESG') factors can all influence returns, so these risk factors are integrated into WTW's investment processes, including assessing how managers evaluate ESG risk in their decisions over what stocks to purchase. Climate change poses significant risks to investment returns from many companies, which is why both we and the Company have pledged to have its assets transitioned to achieve Net Zero by 2050 at the latest, with an interim target of reducing portfolio emissions by 50% by 2030, relative to 2019.

There was a reduction last year in the portfolio's weighted average carbon intensity (which measures carbon emissions as a proportion of revenue) to 74.5 tCO_2e/\$M Sales from 117 tCO_2e/\$M Sales in 2022. However, progress towards Net Zero will not be linear. Emissions from the portfolio are dependent on holdings, which can change from year to year as our stock pickers seek value for investors. Even so, the direction of travel is clearly set out and if companies are perceived as being slow to adapt to a Net Zero world, we will generally vote against or engage with them to encourage positive changes to business practices. We believe this is preferable to excluding them from the portfolio, since exclusion merely passes the responsibility of ownership to other investors who may be less scrupulous about adherence to ESG standards or regulation. As well as engaging with companies on climate change, our stock pickers, together with stewardship provider EOS at Federated Hermes ('EOS'), focused on a wide range of other issues last year. These engagements included:

- Dalton seeking to rationalise the structure of Japan based **Seven & I**, which operates a wide variety of businesses, including convenience stores, superstores, food services and financial services. In an ongoing engagement, Dalton is urging the company to spin off its 7 Eleven global convenience store business to enhance corporate value.
- SGA engaging with **Yum! Brands** (owner of KFC, Pizza Hut, and Taco Bell) to improve labour, health and safety, environmental performance and ethics within its protein supply chains.
- Veritas challenging **Meta** by voting against management for the business to report on online child exploitation to provide shareholders more information about how well the company is managing these risks.

Overall, EOS and our stock pickers engaged with 95 companies in the portfolio on 539 issues and objectives throughout the year. Of these, the environmental category accounted for 28% of the total. Meanwhile, our stock pickers voted on all available proposals, casting votes at 3,522 resolutions. Of these resolutions, they voted against company management on 410 and abstained from voting on 53 occasions. The topics and the breakdown of the ways in which our stock pickers voted are detailed on page 13 of the Annual Report.

OUR STOCK PICKERS

HOW WE MANAGE THE COMPANY'S PORTFOLIO

WTW has overall responsibility for managing the Company's portfolio. It's our job to select a diverse team of expert stock pickers, each of whom invest in a customised selection of 10-20 of their 'best ideas'. We then allocate capital to them, relative to the risks they represent. For example, small-cap stocks are typically more risky than large-cap stocks, so on average a small-cap specialist would tend to receive less capital than a stock picker who focuses on large-cap stocks. However, the allocations do not remain static; we keep them under constant review and vary them over time according to market conditions, with the goal of keeping our exposures to different parts of global stocks markets well balanced.

We encourage our stock pickers to ignore the benchmark and only buy a small number of stocks in which they have strong conviction, while we manage risk through the stock picker allocations. On their own, each of the stock picker's high conviction mandates has the potential to perform well. This is supported by our experience of managing high conviction portfolios and academic evidence[1]. But concentrated selections of stocks can be volatile and risky, so we mitigate these dangers by blending stock pickers with complementary investment approaches or styles, which can be expected to perform differently in different market conditions. This smooths out the peaks and troughs of performance associated with concentrated single-manager strategies.

Several of the stock pickers in the current portfolio have been with us since inception of the multi-manager strategy, though we do actively monitor and rearrange the line-up where necessary. There was one addition to the team in 2023. As previously detailed, in July we added a specialist Japan manager, Dalton. This was funded with capital from the other stock pickers, principally Black Creek, Metropolis, Sands, GQG and Veritas. Additional information on Dalton can be found on page 12 of the Interim Report for the six months ended 30 June 2023.

We invest a lot of time and effort on identifying skilled stock pickers for the Company's portfolio, undertaking extensive qualitative and quantitative analysis. This due diligence process focuses on:

- The investment processes, resources and decision-making that make up the stock picker's competitive advantage;
- The culture and alignment of the organisation that leads to sustainability of that competitive advantage;
- Their approach to responsible investment. We aim to appoint stock pickers who actively engage with the companies in which they invest and have an effective voting policy. When necessary, we challenge the stock pickers and guide them towards better practices; and
- The operational infrastructure that minimises risk from a compliance, regulatory and operational perspective.

Our views are formed over extended periods from multiple interactions with the managers, including regular meetings. We look beyond past performance numbers to try to understand their 'competitive edge'. This involves examining and interrogating processes for selecting stocks, adherence to this process through different market conditions, team dynamics, training, and experience. Performance track records are just a single data point, and, without the context of the additional information, they are unlikely to persuade us that a stock picker is skilled.

Once selected, we tend to form long-term partnerships with our stock pickers, generally only taking them out of the portfolio if something fundamental changes, such as the departure of a key individual from the business or a change in business strategy or fortunes. With highly active, concentrated portfolios, short-term underperformance is to be expected and is not a reason to doubt a stock picker if they are adhering to their philosophy and process. We do, however, keep a constant eye out for talent and may bring new managers into the portfolio at the expense of an incumbent if they are a better fit.

1. Sebastian & Attaluri, Conviction in Equity Investing, The Journal of Portfolio Management, Summer 2014.

INVESTMENT PORTFOLIO

OUR 30 LARGEST INVESTMENTS AT 31 DECEMBER 2023

	Name	Country of Listing	Value of Holding (£m)	% of Total Assets
1	Alphabet	United States	140.9	4.2
2	Microsoft	United States	137.6	4.1
3	Amazon.com	United States	111.4	3.3
4	Visa	United States	92.1	2.8
5	Nvidia	United States	71.8	2.2
6	Mastercard	United States	60.4	1.8
7	Petrobras	Brazil	55.2	1.7
8	UnitedHealth Group	United States	50.1	1.5
9	TotalEnergies	France	44.2	1.3
10	Meta	United States	43.9	1.3
11	MercadoLibre	Uruguay	40.3	1.2
12	Airbus	France	39.7	1.2
13	Diageo	United Kingdom	39.7	1.2
14	ASML	Netherlands	37.1	1.1
15	Canadian Pacific	Canada	36.8	1.1
16	HDFC Bank	India	36.5	1.1
17	Adani Enterprises	India	33.5	1.0
18	VINCI	France	32.7	1.0
19	AIA	Hong Kong	32.1	1.0
20	Fiserv	United States	31.6	0.9
21	Novo Nordisk	Denmark	31.5	0.9
22	The Cooper Companies	United States	31.4	0.9
23	Intuit	United States	31.3	0.9
24	Autodesk	United States	31.2	0.9
25	Workday	United States	31.2	0.9
26	Danaher	United States	31.2	0.9
27	S&P Global	United States	30.9	0.9
28	Yum! Brands	United States	30.7	0.9
29	ICON	Ireland	30.7	0.9
30	Safran	France	29.7	0.9

Source: Bloomberg, WTW, MSCI, Juniper, FactSet
Note: All figures are subject to rounding differences.
A full list of holdings can be found on pages 16 to 28 of the Annual Report.

DIVIDEND

DIVIDEND POLICY

Subject to market conditions and the Company's performance, financial position and outlook, the Board will seek to pay a dividend that increases year on year. The Company expects to pay four interim dividends per year, on or around the last day of June, September, December and March, and will not, generally, pay a final dividend for a particular financial year.

INCREASED DIVIDEND

As previously noted in the Chair's Statement, the Company has increased its total dividend for the year ended 31 December 2023 to 25.2p per ordinary share (2022: 24.00p), a 5.0% increase on the previous year.

Dividend	2023 (p)	2022 (p)	% increase
1st Interim	6.18	6.00	3.0
2nd Interim	6.34	6.00	5.7
3rd Interim	6.34	6.00	5.7
4th Interim	6.34	6.00	5.7

The Board is of the opinion that the increased level of total dividend is both sustainable and affordable and it expects to extend the Company's 57-year track record of annual dividend increases for many years.

The Company's Dividend Policy (as detailed above), Investment Objective (as detailed on page 2 of the Annual Report) and Investment Strategy all remain unchanged. The Board aims to continue delivering a rising dividend year after year as well as capital growth.

The chart on page 29 of the Annual Report shows the growth in the Company's dividend over the last 57 years. It also shows what has been achieved for investors to date. If you had invested £100 in the Company at the start of 1968 and you had reinvested your dividends in additional shares, you would have shares worth £28,755 at the end of 2023, and £6,619 if you did not.

In determining the level of future dividends, the Board will take into account factors such as any anticipated increase or decrease in dividend cover, projected income, inflation and the yield on similar investment trusts.

The Board will continue to take advantage of the Company's structure as an investment trust and will use both its investment income and its significant accumulated distributable reserves to fund dividend payments.

The Company policy of paying quarterly interim dividends means that shareholders have certainty of the date on which they will receive their income but means they are not asked to approve the final dividend. However, each year shareholders are given the opportunity to share their views on the Company's dividend by being asked to approve the Company's Dividend Policy.

AMPLE RESERVES

The Company's distributable reserves at 31 December 2023 were £3.3bn (2022: £2.9bn). Of these, the Company's revenue reserve was £84.3m (2022: £102.3m), realised capital reserves were £2.7bn (2022: £2.7bn) and unrealised capital reserves were £0.6bn (2022: £0.1bn). Both elements of the capital reserves are readily convertible to cash.

FOURTH INTERIM DIVIDEND

A fourth interim dividend of 6.34p per ordinary share will be paid on 28 March 2024 to shareholders who are on the register at close of business on 29 February 2024. The fourth interim dividend will be paid from both income and revenue reserves. The provisional payment dates for the 2024 financial year can be found on page 107 of the Annual Report.

ONGOING CHARGES & DISCOUNT

ONGOING CHARGES[1]

The Company's Ongoing Charges Ratio ('OCR') marginally increased to 0.62% (2022: 0.61%). The new operating model, as described in the 2022 Annual Report, was implemented during the year whereby WTW was appointed to provide further marketing and distribution, public relations and investor relations services. In addition, Juniper was appointed as company secretary and to provide administration, finance and accounting services. As a consequence, a larger proportion of costs are now variable, rather than fixed. Total administrative expenses were £2.9m (2022: £6.5m) and investment management expenses were £16.3m (2022: £12.8m). Further details of the Company's expenses are provided in Note 4 of the financial statements on page 85 of the Annual Report. The Board has a policy of adopting a one-quarter revenue and three-quarters capital allocation for management fees, financing costs and other indirect expenses. The Company's costs remain competitive for an actively managed multi-manager global equity investment company.

REDUCED SHARE BUYBACKS

The Company bought back 2.9% (2022: 5.0%) of its issued share capital during the year, purchasing 8,615,000 of which 8,335,000 were cancelled and 280,000 shares held in Treasury. It is our intention that all future share buybacks will be held in Treasury. The total cost of the share buybacks was £86.1m (2022: £149.6m). The weighted average discount of shares bought back in the year was 6.2%. Share buybacks contributed a total of 0.2% to the Company's NAV performance in the year.

STABLE DISCOUNT[1]

One of the Company's strategic objectives is the maintenance of a stable share price discount to Net Asset Value.

During the year under review, the Company's share price traded at an average discount of 6.0% (2022: 5.9%).

As at 31 December 2023, the Company's share price discount was 5.4% (2022: 4.2%). The average discount (unweighted) for the AIC Global Sector was 9.8%.

1. Alternative Performance Measure (see page 102 of the Annual Report for details).

HOW WE MANAGE OUR RISK

In order to manage the risks facing the Company, the Board maintains and reviews a Risk Register and Heat Map. The Risk Register details all principal and emerging risks facing the Company at any given time. The principal risks facing the Company, as determined by the Board, are Market Risk, Investment Performance Risk, Strategy & Market Rating, Capital Structure & Financial Risk, Operational Risk, and Legal & Regulatory Risk.

As part of its review process, the Board considers input on the principal and emerging risks facing the Company from its key service providers WTW and Juniper. Any risks and their associated risk ratings are then discussed, and the Risk Register and Heat Map updated accordingly, with additional monitoring put in place as required.

PRINCIPAL RISKS

The principal risks facing the Company and how the Board aims to manage these risks are detailed below.

Risk and potential impact	Risk rating	How we manage the risk
Market Risk Market risk is the risk of loss on the Company's portfolio of investments in absolute terms, caused by adverse price movements. Examples of market risk arising from falls in equity prices include economic and political events, interest rate movements, and fluctuations in foreign exchange rates.	**Increased** Geopolitical and macro-economic uncertainty has increased. Interest rates continue to affect market valuations.	• Short-term market movements will inevitably occur; however, the investment manager chooses a blend of stock pickers and styles to provide diversification with the aim of providing a factor neutral portfolio position. • The Board regularly receives portfolio updates from the investment manager whereby changes in equity prices, interest rate movements, fluctuations in foreign exchange rates, and market outlook is considered and discussed.
Investment Performance Risk Investment performance risk is the risk of relative underperformance of the Company against its investment objective or against a relevant benchmark and closed and open-ended peer group which makes the Company an unattractive investment proposition. Poor consideration of ESG and climate risk factors could adversely affect the Company's investment performance and reputation.	**Decreased** The Company's investment portfolio produced positive returns in 2023, outperforming its benchmark and many of its peers.	• The Company's investment policy is monitored by the Board to ensure it continues to remain appropriate and is being adhered to by the investment manager. • The Board regularly reviews and challenges the performance of the investment manager and individual stock pickers. • The Board receives regular portfolio and market updates from the investment manager on the portfolio's performance against the Company's benchmark and peer group as well as updates on the performance of individual stock pickers. • The Board receives income forecasts and scenario analysis before determining dividends. • The Board conducts an annual evaluation of the investment manager. • The investment manager's approach to ESG and climate risk factors is embedded within its overall assessment of investment risk. A tailored ESG framework applies across all stages of the Company's investment process. This includes ongoing monitoring of the underlying stock picker's ESG reporting.

Strategy & Market Rating This risk accrues from any of the following having an impact on the level at which the shares trade in relation to the underlying Net Asset Value: The Company's investment objective and policy are not deemed appropriate; uncompetitive investment performance or secular changes in investor demand. Any of these may lead to demand for the Company's shares decreasing as the Company becomes an unattractive investment opportunity.	**Stable** The Company's investment objective, policy and strategy produced positive returns in 2023. The Company's share price traded consistently relative to underlying NAV throughout 2023 unlike many closed-ended peers. No issues of concern raised by major shareholders.	• The Board regularly reviews the Company's investment objective, policy and strategy to ensure it remains appropriate. • The Board regularly reviews the Company's share register and hears from the investment manager and the Company's broker on all marketing/investor relations and shareholder meetings. • The performance of, and market demand for shares in the Company's peer group is also compared. • The Board monitors the Company's share price discount, and working with the broker and investment manager undertakes periodic share buy backs, as appropriate, to meet its strategic objective of maintaining a stable discount. • The Annual General Meeting and investor forums provide an opportunity for investors to engage directly with the Board. • Meetings are held with major shareholders by the investment manager and/or Chair upon request or on an ad hoc basis.
Capital Structure & Financial Risk Inappropriate capital structure. Liquid resources insufficient to meet liabilities. Decrease in the valuation of assets amplified by any gearing that the Company may have.	**Stable** A full review of the Company's borrowing facilities was undertaken in 2023 (details of which can be found on page 52 of the Annual Report).	• The Board receives regular updates on the capital structure of the Company including, share capital (issued and held in Treasury), borrowings, structure of reserves, level of gearing and buy back authorities. • The Company's investments are in quoted securities that are readily realisable. • The investment manager has delegated authority to utilise gearing within preset limits and provides regular reporting to the Board. • Active review and management of borrowing limits and associated costs by the Board. • Shareholder authority is sought annually in relation to share buybacks to support the management of the discount. • Shareholder authority is sought annually in relation to share issuances to facilitate the issuance of shares when there is market demand. • Review of reports from the company secretary in relation to share buyback activity and level of distributable reserves. • Review of reports from the company secretary confirming compliance with all legal, regulatory and commercial requirements (e.g. loan covenants).
Operational Risk All of the Company's operational functions are outsourced to third party service providers. The Company's key service providers are WTW (AIFM and investment	**Stable** Outsourced service providers were consolidated during 2022/23 with no adverse	• The performance of the Company's key service providers is subject to annual review by the Board. This includes a review of audited internal controls reports provided by the key service providers. In addition, the investment manager and

manager), Juniper (company secretary, administration, finance and accounting services), NatWest Trustee and Depositary Services (depositary), BNY Mellon (custodian), Computershare Investor Services (registrar), and Investec (corporate broker). The Company is therefore reliant on the effective controls, processes, people, and systems, in place at its service providers to ensure the smooth day-to-day operations of the Company. Operational risks include cybercrime, IT systems failure, inadequacy of oversight and controls, climate risk, and ineffective disaster recovery planning by the investment manager, administrator or other key service providers resulting in operational failure. A failure in the operation controls of the Company's service providers could result in financial, legal or regulatory and reputational damage for the Company.	impact on the standard of service received. Cyberattacks against non-primary targets are becoming more widespread.	company secretary also provide comment on the performance of the AIFM, depositary, custodian, registrar, and corporate broker to aid the Board in their review of these providers. • Any breaches in controls which have resulted in incidents or errors are required to be immediately notified to the Board along with proposed remediation actions. • The technology platforms of all key service providers are subject to regular testing, including penetration testing, vulnerability scans and patch management. Reporting on the testing undertaken by each service provider is reviewed by the Board annually. • Disaster recovery plans are in place at the investment manager, company secretary and administrator as well as at the Company's other key service providers. The results of disaster recovery tests are shared with the Board.
Legal & Regulatory Risk As an investment company listed on the London Stock Exchange, the Company is required to adhere to a variety of legal and regulatory requirements. Should the Company fail to adhere to all legal and regulatory requirements, it risks facing financial and legal penalties, reputational damage, and potentially losing its status as an investment trust.	**Stable** The Company has remained compliant with legal and regulatory requirements throughout 2023.	• Review of the Company's Annual Report and financial statements by an independent auditor provides the Board with assurance that the Company has met all required legal and regulatory requirements. • On at least an annual basis, the Board receives reports from all the Company's key service providers in respect of their compliance with legal and regulatory obligations. • Regulatory risks and controls are examined under operational risks, set out above. • Any errors or breaches in respect of legal and regulatory non-compliance are to be reported to the Board immediately along with remediation actions. • Directors receive quarterly compliance reports from WTW and Juniper which include details on the results of any regulatory visits. • Shareholder documentation is subject to stringent review prior to circulation.

EMERGING RISKS

Emerging risks are typified by having a high degree of uncertainty and may result from sudden events, new potential trends or changing specific risks where the impact and probable effect is hard to assess. As the assessment becomes clearer the risk may be added to the Risk Matrix of 'known' risks.

The Board is currently monitoring a number of emerging risks: Geopolitical tension is an ever-increasing emerging risk for the Company due to ongoing conflicts across the world and the affect that they may have on global markets. Numerous governmental elections will also be taking place across the world in 2024, with particular focus on the US, UK and Indian elections. It is estimated that nearly 50% of the world's population are eligible to vote in elections during the coming year. Stubborn underlying inflation, slow monetary policy response with a subsequent risk of recession, continues to adversely impact equity markets. Our investment manager has advised that the market outlook for 2024 remains highly uncertain.

Dean Buckley
Chair
6 March 2024

VIABILITY AND GOING CONCERN STATEMENTS

VIABILITY STATEMENT

The Board has assessed the prospects and viability of the Company beyond the 12 months required by the Going Concern accounting provisions.

The Board considered the current position of the Company and its prospects, strategy and planning process as well as its principal and emerging risks in the current, medium and long term, as set out on pages 31 to 34 of the Annual Report. The Company's Investment Objective, which was approved by shareholders in April 2019, is set out on page 2 of the Annual Report. After the year-end but prior to approval of these Accounts, the Board reviewed its performance against its strategic objectives and its management of the principal and emerging risks facing the Company.

The Board received regular updates on performance and other factors that could impact on the viability of the Company.

The Board also engaged with WTW on the longer-term impact of climate change and other societal change factors on the portfolio, and how the portfolio should be transitioned to a Net Zero greenhouse gas emissions position by 2050.

The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for at least the next five years; the Board expects this position to continue over many more years to come. The Company's Investment Objective is to deliver a real return over the long term through a combination of capital growth and a rising dividend and the Board regards the Company's shares as a long-term investment. The Board believes that a period of five years is considered a reasonable period for investment in equities and is appropriate for the composition of the Company's portfolio.

In arriving at this conclusion, the Board considered:

- **Financial Strength:** As at 31 December 2023 the Company had Total Assets of £3.6bn, with net gearing of 4.5% and gross gearing of 7.1%. At the year-end the Company had £85.0m of cash or cash equivalents.

- **Investment:** The portfolio is invested in listed equities across the globe. The portfolio is structured for long-term performance; the Board also considers five years as being an appropriate period over which to measure performance.

- **Liquidity:** The Company is closed-ended, which means that there is no requirement to realise investments to allow shareholders to sell their shares. The Directors consider this structure supports the long-term viability and sustainability of the Company and have assumed that shareholders will continue to be attracted to the closed-ended structure due to its liquidity benefit. During the year WTW carried out a liquidity analysis and stress test which indicated that around 93% of the Company's portfolio could be sold within a single day and a further 6% within 10 days, without materially influencing market pricing. WTW performs liquidity analysis and stress testing on the Company's portfolio of investments on an ongoing basis under both current and stressed conditions. WTW remains comfortable with the liquidity of the portfolio under both of these market conditions. The Board would not expect this position to materially alter in the future.

- **Dividends:** The Company has significant accumulated distributable reserves which together with investment income can be used to support payment of the Company's dividend. The Company has sufficient funds to meet its Dividend Policy commitments.

- **Reserves**: The Company has large reserves (at 31 December 2023 it had £3.3bn of distributable reserves and £11.9m of other reserves).

- **Discount**: The Company has no fixed discount control policy. The Company will continue to buy back shares when the Board considers it appropriate and to take advantage of any significant widening of the discount and to produce NAV accretion for shareholders (see page 30 of the Annual Report).

- **Significant Risks:** The Company has a risk and control framework (see pages 31 to 34 of the Annual Report) which includes a number of triggers which, if breached, would alert the Board to any potential adverse scenarios. The Board has approved various sensitivities to market, credit, liquidity and gearing as set out in Note 18 on pages 92 to 98 of the Annual Report.

- **Borrowing:** As detailed on page 52 of the Annual Report, the Board undertook a review of the Company's borrowing facilities in 2023. Following review, the Company has increased its Fixed Rate Loan Notes ('Notes') from £160m to £220.6m and repaid its existing bank borrowing, the result of which being that the Company's weighted average borrowing costs have reduced by 0.9% per annum. The Board has also diversified the number of bank counterparties and terms to maturity of Notes. The Company comfortably meets its banking covenants.

- **Security:** The Company retains title to all assets held by the custodian which are subject to further safeguards imposed on the depositary.

- **Operations:** Throughout the year under review, the Company's key service providers continued to operate in line with service level agreements with no significant errors or breaches having been recorded. As previously detailed, the Board concluded the work it was undertaking to strengthen its operating model.

GOING CONCERN STATEMENT

In view of the conclusions drawn in the foregoing Viability Statements, which considered the resources of the Company over the next 12 months and beyond, the Directors believe that the Company has adequate financial resources to continue in existence the period to 31 December 2025. Therefore, the Directors believe that it is appropriate to continue to adopt the Going Concern basis in preparing the financial statements.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;

- Make judgements and accounting estimates that are reasonable and prudent;

- State whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and

- Prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

REPORT OF DIRECTORS AND RESPONSIBILITY STATEMENT

The Report of the Directors on pages 35 to 55 (other than pages 54 to 55 which form part of the Strategic Report) of the Annual Report and Accounts has been approved by the Board. The Directors have chosen to include information relating to future development of the Company and relationships with suppliers, customers and others and their impact on the Board's decisions on pages 49 to 53 of the Strategic Report.

Each of the Directors confirm to the best of their knowledge that:

- the Financial Statements, prepared in accordance with the applicable set of UK adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- the Annual Report includes a fair view of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces; and

- in the opinion of the Board, the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's performance, business model and strategy.

On behalf of the Board

Dean Buckley
Chair
6 March 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Year to 31 December 2023			Year to 31 December 2022		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Income	**69,591**	**1,678**	**71,269**	95,521	-	95,521
Gain/(loss) on investments held at fair value through profit or loss	**-**	**578,715**	**578,715**	-	(358,675)	(358,675)
(Loss)/gain on fair value of debt	**-**	**(11,371)**	**(11,371)**	-	54,682	54,682
Total	**69,591**	**569,022**	**638,613**	95,521	(303,993)	(208,472)
Investment management fees	**(5,074)**	**(11,228)**	**(16,302)**	(3,197)	(9,586)	(12,783)
Administrative expenses	**(2,558)**	**(344)**	**(2,902)**	(5,562)	(912)	(6,474)
Finance costs	**(2,380)**	**(7,141)**	**(9,521)**	(2,156)	(6,469)	(8,625)
Foreign exchange (losses)/gains	**-**	**(3,737)**	**(3,737)**	-	486	486
Profit/(loss) before tax	**59,579**	**546,572**	**606,151**	84,606	(320,474)	(235,868)
Taxation	**(6,231)**	**(251)**	**(6,482)**	(6,435)	(342)	(6,777)
Profit/(loss) for the year	**53,348**	**546,321**	**599,669**	78,171	(320,816)	(242,645)

All profit/(loss) for the year is attributable to equity holders.

Earnings per share attributable to equity holders						
Basic (pence per share)	**18.55**	**189.98**	**208.53**	26.14	(107.28)	(81.14)
Diluted (pence per share)	**18.55**	**189.98**	**208.53**	26.14	(107.28)	(81.14)

The Company does not have any other comprehensive income and hence the total profit/(loss) for the year, as disclosed above, is the same as the Company's total comprehensive income.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

			Distributable reserves				
	Share capital	**Capital redemption reserve**	**Realised capital reserve**	**Unrealised capital reserve**	**Revenue reserve**	**Total distributable reserves**	**Total Equity**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 January 2022	7,703	11,295	2,763,783	481,177	95,222	3,340,182	3,359,180
Total Comprehensive income/(loss):							
Profit/(loss) for the year	-	-	56,607	(377,423)	78,171	(242,645)	(242,645)
Transactions with owners, recorded directly to equity:							
Ordinary dividends paid	-	-	-	-	(71,086)	(71,086)	(71,086)
Unclaimed dividends returned	-	-	-	-	27	27	27
Own shares purchased	(389)	389	(150,457)	-	-	(150,457)	(150,457)
Balance at 31 December 2022	7,314	11,684	2,669,933	103,754	102,334	2,876,021	2,895,019
Total Comprehensive income:							
Profit for the year	**-**	**-**	**75,430**	**470,891**	**53,348**	**599,669**	**599,669**
Transactions with owners, recorded directly to equity:							
Ordinary dividends paid	**-**	**-**	**-**	**-**	**(71,378)**	**(71,378)**	**(71,378)**
Unclaimed dividends returned	**-**	**-**	**-**	**-**	**14**	**14**	**14**
Own shares purchased	**(208)**	**208**	**(86,636)**	**-**	**-**	**(86,636)**	**(86,636)**
Balance at 31 December 2023	**7,106**	**11,892**	**2,658,727**	**574,645**	**84,318**	**3,317,690**	**3,336,688**

The £574.6m (2022: £103.8m) of unrealised capital reserve arising on the revaluation of investments is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The unrealised capital reserve includes unrealised gains on the fixed rate loans of £5.5m (2022: £16.9m) which are not distributable.

BALANCE SHEET AS AT 31 DECEMBER 2023

	2023	2022
	£000	£000
Non-current assets		
Investments held at fair value through profit or loss	**3,482,329**	3,012,492
Right of use asset	**-**	54
	3,482,329	3,012,546
Current assets		
Outstanding settlements and other receivables	**9,321**	9,648
Cash and cash equivalents	**84,974**	88,864
	94,295	98,512
Total assets	**3,576,624**	3,111,058
Current liabilities		
Outstanding settlements and other payables	**(9,792)**	(9,344)
Bank loans	**-**	(63,500)
Lease liability	**-**	(38)
	(9,792)	(72,882)
Total assets less current liabilities	**3,566,832**	3,038,176
Non-current liabilities		
Fixed rate loan notes held at fair value	**(215,144)**	(143,141)
Bank loans	**(15,000)**	-
Lease liability	**-**	(16)
	(230,144)	(143,157)
Net assets	**3,336,688**	2,895,019
Equity		
Share capital	**7,106**	7,314
Capital redemption reserve	**11,892**	11,684
Capital reserve	**3,233,372**	2,773,687
Revenue reserve	**84,318**	102,334
Total equity	**3,336,688**	2,895,019

All net assets are attributable to equity holders.

Net asset value per ordinary share attributable to equity holders		
Basic and diluted (£)	**£11.75**	£9.89

The financial statements were approved by the Board of Directors and authorised for issue on 6 March 2024.

They were signed on its behalf by:

Jo Dixon
Chair of the Audit and Risk Committee

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023		
	2023	2022
	£000	£000
Cash flows from operating activities		
Profit/(loss) before tax	**606,151**	(235,868)
Adjustments for:		
(Gains)/losses on investments	**(578,715)**	358,675
Losses/(gains) on fair value of debt	**11,371**	(54,682)
Foreign exchange losses/(gains)	**3,737**	(486)
Depreciation	**-**	174
Finance costs	**9,521**	8,625
Scrip dividends	**-**	(503)
Operating cash flows before movements in working capital	**52,065**	75,935
Decrease/(increase) in receivables	**1,599**	(3,189)
Decrease in payables	**(36)**	(1,153)
Net cash inflow from operating activities before tax	**53,628**	71,593
Taxes paid	**(6,654)**	(7,302)
Net cash inflow from operating activities	**46,974**	64,291
Cash flows from investing activities		
Proceeds on disposal of investments	**1,600,165**	2,202,258
Purchases of investments	**(1,489,643)**	(1,920,913)
Net cash inflow from investing activities	**110,522**	281,345
Net cash inflow before financing	**157,496**	345,636
Cash flows from financing activities		
Dividends paid - equity	**(71,378)**	(71,086)
Unclaimed dividends returned	**14**	27
Purchase of own shares	**(88,060)**	(149,033)
Repayment of bank debt	**(63,500)**	(117,000)
Drawdown of bank debt	**15,000**	-
Issue of loan notes	**60,632**	-
Principal paid on lease liabilities	**-**	(293)
Interest paid on lease liabilities	**-**	(17)
Finance costs paid	**(10,357)**	(8,435)
Net cash outflow from financing activities	**(157,649)**	(345,837)
Net decrease in cash and cash equivalents	**(153)**	(201)
Cash and cash equivalents at the start of the year	**88,864**	88,579
Effect of foreign exchange rate changes	**(3,737)**	486
Cash and cash equivalents at end of the year	**84,974**	88,864

The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2023 or 2022, but is derived from those financial statements. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

The same accounting policies, presentations and methods of computation are followed in these financial statements as were applied in the Company's last annual audited financial statements, other than those stated in the Annual Report.

Basis of accounting

The financial statements have been prepared in accordance with UK-adopted international accounting standards ('IASs').

The financial statements have been prepared on the historical cost basis, except that investments and fixed rate notes are stated at fair value through the profit and loss. The Association of Investment Companies ('AIC') issued a Statement of Recommended Practice: Financial Statements of Investment Companies ('AIC SORP') in July 2022. The Directors have sought to prepare the financial statements in accordance with the AIC SORP where the recommendations are consistent with IFRS. The Company qualifies as an investment entity.

1. INCOME

An analysis of the Company's revenue is as follows:

	2023 £000	2022 £000
Revenue:		
Income from investments		
Listed dividends – UK	**12,836**	14,795
Listed dividends - Overseas	**55,761**	80,135
	68,597	94,930
Other income		
Property rental income	**-**	257
Other interest	**987**	323
Other income	**7**	11
	994	591
Total allocated to revenue	**69,591**	95,521
Capital:		
Income from investments		
Listed dividends – Overseas	**1,678**	-
Total allocated to capital	**1,678**	-
Total income	**71,269**	95,521

During the year ended 31 December 2023 the Company received a special dividend of £1,678,000 from Swire Pacific which was treated as a capital dividend.

2. DIVIDENDS

3.

Dividends Paid

	2023 £000	**2022 £000**
2021 fourth interim dividend 5.825p per share	**-**	17,752
2022 first interim dividend 6.000p per share	**-**	17,921
2022 second interim dividend 6.000p per share	**-**	17,791
2022 third interim dividend 6.000p per share	**-**	17,622
2022 fourth interim dividend 6.000p per share	**17,498**	-
2023 first interim dividend 6.180p per share	**17,849**	-
2023 second interim dividend 6.340p per share	**18,028**	-
2023 third interim dividend 6.340p per share	**18,003**	-
	71,378	71,086

We also set out below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1158/1159 of the Corporation Tax Act 2010 are considered.

Dividends Earned	2023 £000	2022 £000
2022 first interim dividend 6.000p per share	**-**	17,921
2022 second interim dividend 6.000p per share	**-**	17,791
2022 third interim dividend 6.000p per share	**-**	17,622
2022 fourth interim dividend 6.000p per share	**-**	17,498
2023 first interim dividend 6.180p per share	**17,849**	-
2023 second interim dividend 6.340p per share	**18,028**	-
2023 third interim dividend 6.340p per share	**18,003**	-
2023 fourth interim dividend 6.340p per share	**18,003**	-
	71,883	70,832

4. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2023			**2022**		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Ordinary shares						
Earnings for the purpose of basic earnings per share being net profit/(loss) attributable to equity holders	**53,348**	**546,321**	**599,669**	78,171	(320,816)	(242,645)
Number of shares						
Weighted average number of ordinary shares for the purposes of:						
Basic earnings per share			**287,573,436**			299,027,659
Diluted earnings per share			**287,573,436**			299,027,937

The basic figure is arrived at by reducing the number of ordinary shares by nil (2022: nil) ordinary shares held in a trust that was set up to satisfy awards made under historic share award schemes (no new awards will be made). The 1,611 ordinary shares held in trust were sold on 3 March 2022. The trust was terminated on 1 April 2022.

5. RELATED PARTY TRANSACTIONS

There are amounts of £1,222 (2022: £1,222) and £34,225 (2022: £34,225) owed to AT2006 and The Second Alliance Trust Limited, respectively, at year-end.

There are no other related parties other than those noted below.

Transactions with key management personnel

Details of the Non-Executive Directors are disclosed on pages 36 to 38 of the Annual Report.

For the purpose of IAS 24 ‘Related Party Disclosures’, key management personnel comprised the Non-Executive Directors of the Company.

Details of remuneration are disclosed in the Remuneration Report on pages 60 to 65 of the Annual Report.

	2023 £000	2022 £000
Total emoluments	**350**	329

ANNUAL REPORT

The Annual Report will be available in due course on the Company's website www.alliancetrust.co.uk. It will also be made available to the public at the Company's registered office, River Court, 5 West Victoria Dock Road, Dundee DD1 3JT and at the offices of the Company's Registrar, Computershare Investor Services PLC, Edinburgh House, 4 North St Andrew Street, Edinburgh EH2 1HJ after publication.

In addition to the full Annual Report, up-to-date performance data, details of new initiatives and other information about the Company can be found on the Company's website.

ANNUAL GENERAL MEETING

The 136th Annual General Meeting of the Company will be held on 25 April 2024 commencing at 11:00 a.m. at the Apex City Quay Hotel & Spa, 1 West Victoria Dock Road, Dundee DD1 3JP. Subject to there being no restrictions in place at the time, shareholders will be welcome to attend in person. In any event we will stream the AGM live to shareholders and they will be able to submit questions in advance or during the meeting. Full details of how to view the meeting and submit questions will be sent to all shareholders and will be on the Company's website. Shareholders are recommended to lodge proxies for their votes before the meeting so that they can be certain their votes will be counted.