Alliance Witan

Alliance Witan PLC - Final Results

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Alliance Witan PLC ('the Company')
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7 March 2025

A landmark year

Annual results for the year ended 31 December 2024

Highlights

- 2024 was a landmark year for the Company, which was promoted to the FTSE 100 after the combination with Witan Investment Trust Plc ('Witan').
- The Company's share price was 1,244 pence (£12.44) as of 31 December 2024, representing a Share Price Total Return[1] of 14.3%.
- The Company's Net Asset Value Total Return[1] of 13.3%, while strongly positive, trailed our benchmark index, the MSCI All Country World Index ('MSCI ACWI'), which returned 19.6%.
- The Company's average discount narrowed to 4.7% from 5.4% at the end of 2023, which compared favourably with the average discount for the Association of Investment Company's Global Sector of 7.9%.
- A fourth interim dividend 6.73p per share was declared on 28 January 2025, bringing the total dividend for the year ended 31 December 2024 to 26.70p per share. This is a 6% increase on the previous year, the 58th consecutive annual increase.

Dean Buckley, Chair of Alliance Witan, commented:

"The Company delivered strong outright gains for shareholders in 2024, although in common with most active global equity strategies, we underperformed our benchmark index, MSCI ACWI, where performance was concentrated in a handful of the largest US companies. Even so, the Company's longer-term performance remains competitive, and demand for our shares was healthy last year, with the Company's discount narrowing, bucking the industry trend towards widening discounts. We also increased our dividend for the 58th consecutive year.

"Thanks to the support of both sets of shareholders, we achieved a historic combination with Witan, which places the Company in a strong position to realise economies of scale and offer better liquidity for our shares. With solid performance and a refreshed brand, supported by a marketing campaign that will continue in 2025, the Board is confident that the Company is well placed to continue delivering attractive returns for shareholders".

About Alliance Witan PLC

Alliance Witan aims to be a core investment that beats inflation over the long term through a combination of capital growth and rising dividend. The Company invests in global equities across a wide range of different sectors and industries to achieve its objective. Alliance Witan's portfolio uses a distinctive multi-manager approach. We blend the top stock selections of some of the world's best active managers into a single diversified portfolio designed to outperform the market while carefully managing risk. Alliance Witan is an AIC Dividend Hero with 58 consecutive years of rising dividends.

https://www.alliancewitan.com

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1. Alternative Performance Measure. Share Price Total Return is the return to shareholders through share price capital returns and dividends paid by the Company and re-invested. 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.

Financial highlights as at 31 December 2024

Net Assets **£5.2bn** (2023: £3.3bn)	**Net Asset Value ('NAV') per Share** **1,304.9p** (2023: 1,175.1p)
NAV Total Return[1] **+13.3%** (2023: +21.6%)	**Share Price** **1,244.0p** (2023: 1,112.0p)
Share Price Total Return[1] **+14.3%** (2023: +20.2%)	**Discount to NAV[1]** **-4.7%** (2023: -5.4%)
Earnings per Share (Revenue) **17.3p** (2023: 18.6p)	**Total Dividend per Share** **26.7p** (2023: 25.2p)

1. Alternative Performance Measure – see page 116 of the Annual Report for further information.
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 Partners Limited ('Juniper').

Chair's Statement

- Landmark combination with Witan
- Another strong year for equities
- 58th consecutive annual dividend increase
- Discount narrower than the AIC Global Sector average
- Named by the AIC as a top 20 best performing investment trust over ten years[1]

2024 was a landmark year for your Company. I would like to begin by thanking you for your support for the combination of Alliance Trust and Witan to form Alliance Witan and by welcoming all shareholders who have joined us as a result. This was a pivotal moment in our history, achieving economies of scale and elevating the Company to the FTSE 100. Now, as one of the industry's leaders, this status will provide better liquidity for our shares and, with good long term investment performance and a strong brand, help us attract new investors. We made a number of commitments to investors as part of the proposals, for example in respect of dividends and costs, and you will see as you read through the Annual Report how we have achieved each of these.

As I mentioned in the Interim Report for the six months ended 30 June 2024, there has been no change to the Company's investment strategy, just a larger pool of assets for our Investment Manager, WTW, to manage with the same professionalism that it has brought to the job since April 2017.

1. https://www.theaic.co.uk/aic/news/press-releases/top-20-best-performing-investment-trusts-for-your-isa

Investment Performance

It was another good year for global equity markets, and your Company delivered strong absolute returns. NAV Total Return was 13.3% and, due to a narrowing of the discount, Share Price Total Return was 14.3%. However, we lagged our benchmark index, the MSCI All Country World Index ('MSCI ACWI' or 'Index'), which returned 19.6%. We also marginally underperformed our peers in the AIC Global Sector, which is disappointing, but we were slightly ahead of the much wider, more representative Morningstar peer group of open and closed-ended global equity funds.

Simply put, our relative performance in 2024 suffered from not having enough exposure to the small number of very large companies that dominated market returns, especially in the US.

The narrowness of returns from global equity markets has been a common problem for all active managers in recent years, and we take comfort from the fact that, despite this persistent headwind, we are ahead of the Index and have significantly outperformed both peer groups over three years. You can read more about the contributors/detractors to the Company's investment performance during 2024 in the Investment Manager's Report on page 9 of the Annual Report.

Dividend increased for the 58th consecutive year

The Board declared a fourth interim dividend of 6.73p per share on 28 January 2025, resulting in a full year dividend of 26.70p, an increase of 6.0% on the prior year. This fulfils the promise we made at the time of the combination of Alliance Trust and Witan to increase dividends for the legacy shareholders of both companies. 2024's increase marks the 58th consecutive annual increase, which is one of the longest track records in the investment trust industry. Dividends are well supported by revenue and reserves, and the Board is confident annual dividend increases can continue well into the future. Due to our steady approach, the Company has received a 'Dividend Hero' investment company award from the Association of Investment Companies ('AIC').

Narrowing discount

Many investment trusts continued to trade on large discounts to NAV throughout 2024, with the industry average widening to 14.7% from 12.7%.[1] I am pleased to report that your Company fared better than most, with its average discount falling to 4.7% from 5.4% over the year. This compared favourably with the average discount for the AIC Global Sector of 7.9%.

Your Board remains committed to the maintenance of a stable discount. We will continue to use share buybacks as appropriate and invest in promotional activity to widen our shareholder base, to support the management of the discount. During 2024, the Company bought back 4.7 million shares (1.2% of shares in issue[2]), versus 8.6 million repurchased in 2023. The shares bought back during the year were placed in Treasury. This level of buybacks was significantly below that of our peers, in a year in which industry-wide buybacks hit a record level of £7.5 billion[3]. The shares held in Treasury can be reissued by the Company at a premium to estimated NAV when there is market demand.

Board changes

Following the completion of the combination of Alliance Trust with Witan, we welcomed four new Non-Executive Directors to the Board: Andrew Ross, Rachel Beagles, Shauna Bevan and Jack Perry, all of whom were former directors of Witan.

Clare Dobie, having served for almost nine years, is retiring as a Director at the conclusion of this year's Annual General Meeting ('AGM'), as is Jack Perry, reducing the size of the Board to eight members.

On behalf of the Board, I would like to thank Clare and Jack for their contributions.

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 City Quay Hotel in Dundee on 1 May 2025. 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, Jennison and EdgePoint, 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. Further details of how to attend all these events can be found on the website.

The Board would strongly encourage shareholders to use the opportunity to have their say and use their vote at the AGM. Further information on the arrangements for the AGM, including information on how to vote either directly through the Registrar or though different platforms, is on pages 134 and 135 of the Annual Report.

Keep up-to-date

In these unusual times, the website will provide timely updates to shareholders. Therefore, I would encourage you to visit the website which contains a vast amount of information on investment performance, details of shareholder meetings and investor forums, monthly factsheets, quarterly newsletters, and Stock Picker updates, as well as the Annual and Interim Reports.

As always, the Board welcomes communication from shareholders and I can be contacted through Juniper Partners ('Juniper'), the Company Secretary at investor@alliancewitan.com.

Outlook

Since the start of President Trump's second term of office in January, tariffs have created uncertainty about the outlook for equities. Diplomatic tensions over efforts to end the war in Ukraine and conflict in Gaza have also raised geopolitical risks. Furthermore, European bond markets are adjusting to the prospect of increased borrowing to fund higher levels of defence and infrastructure spending.

While there is a risk that heightened levels of uncertainty will impact on business and consumer confidence, global growth and corporate earnings forecasts are currently healthy, giving some grounds for cautious optimism, about further gains for shareholders, especially if there is a broadening out of market leadership.

While the Index is highly concentrated, your portfolio has broader exposure to many good businesses that have not yet received the market recognition our Stock Pickers believe they deserve.

The portfolio will not always outperform the market in every discrete period, but we believe it will continue to add significant value for shareholders in the long run.

I look forward to meeting as many of you as possible at the AGM in Dundee or the next investor forum in London.

1. Weighted average discount (excluding 3i Group). Source: Winterflood.
2. Percentage based on the Company's issued share capital (excluding shares held in Treasury) as at 1 January 2025.
3. Source: AIC and Morningstar.

Dean Buckley
Chair
6 March 2025

Combination with Witan

The most significant development during the year under review was the combination of the Company with Witan.

Background

Following a comprehensive review of management arrangements, the Witan Board concluded that a combination with the Company was in the best interests of Witan's shareholders. Amongst other things this allowed them continued exposure to a successful multi-manager approach.

The combination was undertaken by way of a scheme of reconstruction and members' voluntary liquidation of Witan. The scheme required the approval of both the Company and Witan's shareholders and took effect on 10 October 2024. It resulted in the Company acquiring approximately £1,539 million of net assets from Witan in consideration for the issue of new ordinary shares to Witan shareholders. The name of the Company became Alliance Witan and the stock exchange ticker ALW.

Outcome

The combination was expected to result in substantial benefits for all shareholders and future investors. The outcomes of the key elements of the proposals include:

- **Greater profile and FTSE 100 inclusion:** the Company has assets of over £5 billion and is now a FTSE 100 Index constituent.
- **Lower management fees:** WTW agreed a new management fee structure; this resulted in an even more competitive blended fee rate for all shareholders.
- **Lower ongoing charges:** the new management fee structure and economies of scale have reduced ongoing charges to 0.56% (net of the management fee waiver).
- **No cost to either companies' shareholders:** the costs of the transaction were carefully managed, including the fee waiver from WTW, to ensure that the transaction was completed at no cost to all shareholders.
- **Attractive and progressive dividend policy:** the third and fourth interim dividend payments of 2024 were increased to ensure that they were commensurate with Witan's first interim dividend. It is expected that the dividend will continue to increase in the current year so that shareholders continue to see progression in their income.

Portfolio Transition

- The Company received assets including cash and equities from Witan and the Witan loan notes were novated to the Company. Details are provided in note 13 to the Financial Statements.
- BlackRock Investment Management (UK) Limited managed the portfolio transition. Direct costs of the portfolio transition and Manager changes were less than 0.04% of the Net Asset Value of the enlarged portfolio.

Investment Manager's Report

Market backdrop: equities untroubled by politics

For the second year running, global equities delivered strong returns in 2024, with economics trumping politics. Despite a record number of elections, conflicts in the Middle East and Ukraine reaching new heights, and a scary moment in Japan when the Nikkei Index of the top 225 blue-chip shares plunged 12% in a day at the beginning of August, investors focused on resilient global growth, falling inflation and interest rates, and healthy corporate profitability.

Hence, our benchmark index, the MSCI ACWI, returned 19.6% in 2024 following a return of 15.3% in 2023. Since 1987, the Index has returned an average of 8.4% per annum[1], so returns of this magnitude in two consecutive years are rare. The ebullient mood of equity investors was reflected in a surge in the prices of less established assets, such as cryptocurrency, with Bitcoin reaching all-time highs of over $100,000. Peanut the Squirrel Coin, a cryptocurrency named after the eponymous pet that New York environmental authorities seized and euthanised on 30 October 2024, at one point commanded a market cap of $1.7 billion.

However, regional equity market performance was mixed. US markets once again led the way, with the S&P 500 delivering a 27% return when measured in British pounds. Chinese equities rallied briefly following government stimulus, but concerns over the country's property market and trade tensions persisted. Together with a strong US dollar, these worries led to more subdued returns from emerging markets, which rose about 9%. In Japan, August's technically driven decline proved temporary, and the Nikkei resumed its ascent to close the year at a record high, although the yen's depreciation reduced returns for UK-based investors when converted into British pounds. The UK and European markets were more muted, with the FTSE All Share Index and the MSCI Europe ex UK Index returning 9.5% and 1.9% respectively.

Gains driven by US tech giants

Giant US technology related stocks were the standout performers, fuelled by investor excitement about generative artificial intelligence ('AI') and, from November onwards, hopes that Donald Trump's victory in the presidential election would weaken regulatory scrutiny. The share prices of the so called "Magnificent Seven" – Apple, Amazon, Alphabet, Meta, Microsoft, NVIDIA and Tesla – increased by 60% on average and were responsible for 43% of MSCI ACWI's gains. This was less than 2023 when they contributed 53%, but still a huge number emphasising the extreme concentration of index returns in a small number of companies.

Even so, from mid-year onwards, returns were no longer quite as skewed to the performance of a handful of shares. Although NVIDIA and Tesla returned a massive 176% and 65% respectively, giant tech was not the only game in town. Financial stocks returned 26.5%, and returns from the consumer discretionary, industrial and utility sectors were also well into double figures, pointing to the potential broadening out of market returns as stock-specific drivers came to the fore.

1. https://www.msci.com/documents/10199/8d97d244-4685-4200-a24c-3e2942e3adeb

Portfolio performance: strong absolute gains but lagged benchmark index

Our portfolio's NAV Total Return was a robust 13.3% but, as with most active managers, it lagged the Company's benchmark index. The portfolio does, however, remain ahead of the Index over three years (28.0% vs 26.8%), albeit behind over five years (64.7% vs 70.8%). Disappointing though it was not to beat the MSCI ACWI in 2024, we were not alone. AJ Bell calculated that, to the end of November, just 18% of active global equity funds outperformed their passive peers, largely due to their inability to match high Index weightings in the "Magnificent Seven". The sheer size of these companies in the Index is mind boggling. NVIDIA, Microsoft and Apple, for example, represent 13% of the MSCI ACWI as at 31 December 2024 and, together, are bigger than the entire stock markets of several sizeable countries.

The skew of the Index towards mega-cap companies has been a challenge, to varying degrees, since the start of our multi-manager strategy in April 2017. As a broadly diversified strategy, with capital spread between 8-12 Managers, all with different approaches to investing, our portfolio naturally has a structural bias away from stocks that on rare occasions represent such a large proportion of our global benchmark. While we have some exposure to most of the "Magnificent Seven", it would require a lot of the Managers to choose them as one of their best ideas for us to be at Index weight, never mind be overweight.

The Index may have been hard to beat in recent years, but market concentration poses significant risks for passive strategies. At the end of 2024, the Index on average allocated around 150 times as much capital to each of Apple, NVIDIA and Microsoft as it did to the average stock, akin to us placing about 95% of the portfolio in one manager's hands and 0.5% each in the other ten.

We do not believe this is the right way to manage risk for shareholders, bearing in mind that index trackers are not investing lots of money in these companies because they are good businesses trading at good valuations, but because they are very big. If US large-cap stocks continue to dominate, tracker funds may continue to outperform active funds. But if sentiment on the technology sector turns sour, passive funds with big stakes will be hit much harder.

Not owning enough NVIDIA was painful

The strong outperformance of our portfolio versus our benchmark in 2023 continued into the first quarter of 2024, when the biggest contribution came from not owning, at that time, poorly performing Tesla and Apple. But thereafter stock selection became more challenging, particularly within the "Magnificent Seven". Although we benefitted from owning Amazon and Microsoft, we moved from an overweight to an underweight position in NVIDIA in the first quarter after its extraordinary outperformance, which then made it our biggest single detractor last year as that outperformance continued. Having helped us in the first quarter, the lack of exposure to Tesla and Apple, which both recovered strongly as the year progressed, counted against us from then on. Overall, our positions in the "Magnificent Seven" accounted for a third of the portfolio's underperformance versus the Index in 2024.

The remainder of the portfolio's underperformance came from a combination of being underweight in large-cap stocks in general and stock specific issues elsewhere, in some cases due to partial reversals of performance in 2023. For example, stock selection in financials detracted in large part due to our relative lack of exposure to strongly performing US banks such as JP Morgan and Goldman Sachs. In the consumer discretionary sector, the share price of UK-based drinks company Diageo, owned by Veritas Asset Management ('Veritas') and Metropolis Capital ('Metropolis'), continued to suffer from a post-Covid cyclical downturn, falling 8.5%, although both Managers believe the company will eventually recover lost ground when structural trends reassert themselves. Novo Nordisk, the Danish weight loss drugs company, was another notable detractor, as its shares fell 14% after disappointing test results. Our Stock Pickers see this as a temporary decline in a growing market in which Novo Nordisk has a leading position. Hence, it was one of our biggest purchases in 2024 (see table below).

Indeed, our Stock Pickers express a high degree of confidence in the latent value of many of their holdings. By far the most important long run ingredient underpinning share price performance is strong fundamentals, such as market-leading products or services, solid profit margins, plentiful cashflow and strong management.

Top 10 purchases and sales

Top 10 purchases	Value £m	Top 10 sales	Value £m

UnitedHealth Group	50.2	Alphabet	84.3
Novo Nordisk	48.8	NVIDIA	71.3
Synopsys	47.5	Fiserv	39.0
Microsoft	45.0	Aena	37.9
Netflix	41.5	Ebara	36.1
Philip Morris	41.4	TotalEnergies	35.0
Enbridge	39.4	PayPal	33.8
AT&T	39.0	Bureau Veritas	33.4
American Electric Power	37.3	KKR	33.2
Eli Lilly	36.6	Taiwan Semiconductor	32.2

Source: Juniper.
The purchases and sales are calculated by taking the net value of all transactions (buy and sells) for each holding held within the portfolio over the period. The tables exclude any non-equity holdings such as ETFs and any transfers from the combination with Witan.

Even so, in the short run, market sentiment can have a larger impact on share prices than fundamentals. When we break down the portfolio performance against the Index into fundamentals and sentiment, the portfolio's strong absolute performance has been mainly as a result of company fundamentals, whereas the Index's absolute performance has been more driven by market sentiment.

A full breakdown of the contributors to our Total Return in 2024 is shown in the following table.

Contribution analysis

Contribution to Return in 2024	**%**
Benchmark Total Return	**19.6**
Asset Allocation	-1.1
Stock Selection	-5.3
Gearing and Cash	0.6
Investment Manager Impact	**-5.8**
Portfolio Total Return	**13.8**
Share Buybacks	0.1
Fees/Expenses	-0.6
Taxation	-0.1
Change in Fair Value of Debt	0.4
Timing Differences	-0.2
NAV Total Return including Income, Debt at Fair Value	**13.3**
Change in Discount	1.0
Share Price Total Return	**14.3**

Source: Performance and attribution data sourced from WTW, Juniper, MSCI Inc, FactSet and Morningstar as at 31 December 2024. Percentages may not add due to rounding.

In the table below, we also list the top five contributors and detractors to portfolio performance during the year relative to the portfolio's benchmark.

Sands, Vulcan and Lyrical were the top performers

As we would expect from such a diverse line up, performance among our Managers was mixed. This is by design, as we do not want the portfolio to be biased towards any one approach of investing, which might make returns vulnerable to a sudden switch from one style to another. This happened in 2022 when growth stocks began to suffer significantly as central banks raised interest rates to combat inflation. Sands Capital ('Sands'), Vulcan Value Partners ('Vulcan'), and Lyrical Asset Management ('Lyrical') were the top performers last year. Sands and Vulcan both benefitted from owning tech giants. Sands held NVIDIA while Vulcan held Amazon, but Sands' largest contributor to relative performance was Axon Enterprise, an industrial business which makes tasers, body cameras and other software products. Its share price surged by 134% last year.

Top five stock contributors to performance

Stock	Sector	Country	Average Active Weight (%)	Total Return in Sterling (%)	Attribution Effect Relative to Benchmark (%)
Amazon	Consumer Discretionary	United States	1.0	47.0	0.2
Axon Enterprise	Industrials	United States	0.2	134.2	0.2
Salesforce	Information Technology	United States	0.4	29.8	0.2
NRG Energy	Utilities	United States	0.4	80.6	0.2
Nestle	Consumer Staples	Switzerland	-0.4	-25.9	0.2

Bottom five stock detractors to performance

Stock	Sector	Country	Average Active Weight (%)	Total Return in Sterling (%)	Attribution Effect Relative to Benchmark (%)
NVIDIA	Information Technology	United States	-1.8	176.1	-1.2
Broadcom	Information Technology	United States	-0.5	113.4	-0.6
Novo Nordisk	Health Care	Denmark	0.8	-14.0	-0.6
Tesla	Consumer Discretionary	United States	-0.8	65.4	-0.6
Apple	Information Technology	United States	-3.9	32.8	-0.4

Source: WTW.

The tables above illustrate the top five contributors and detractors to returns relative to benchmark in 2024. It aims to explain at a stock level which companies drove relative returns. For example, the Alliance Witan portfolio was underweight relative to benchmark in NVIDIA, Broadcom, Tesla and Apple. These stocks had very strong returns, which hurt our portfolio's relative performance. Conversely, not having an exposure to Nestle helped our relative performance given the stock was held in the benchmark and was down over the year. Our overweight position in Amazon, Axon Enterprise, Salesforce and NRG Energy contributed positively to relative returns given their strong performance. The average active weight is the arithmetic simple average weight of the stock in the portfolio minus the arithmetic simple average weight of the stock in the benchmark over the period.

Vulcan's largest contributor to our performance was KKR, the US-based private equity group, which returned 82%, prompting Vulcan to take profits. Its holding in Salesforce also did well, rising nearly 30%.

Lyrical, a deep-value style investor, benefitted from owning several less talked-about US-based companies, which all rebounded from cheap valuations. These included NRG Energy, Ameriprise Financials and eBay.

Of our Managers, the most notable laggard was Sustainable Growth Advisors ('SGA'), which was disappointing given its focus on large cap growth stocks which, as a group, had the strongest price momentum. SGA suffered from holding Novo Nordisk, and two of its other positions, ICON and Synopsys also stood out as detractors. The recent poor performance of SGA follows a long period of outperformance, so returns since we appointed SGA remain strong. Value Managers Metropolis and ARGA Investment Management ('ARGA'), the latter replacing Jupiter Asset Management ('Jupiter') in April, also struggled in the recent market environment, which has generally favoured growth managers.

Portfolio changes: two new Managers added after combination with Witan

As well as adding ARGA for Jupiter in the first half of the year, following Ben Whitmore's decision to leave Jupiter to set up his own business, there were two further changes to the Manager line-up during the integration of Witan's portfolio. Altogether, this contributed to an unusually high level of turnover of 98.5% of the portfolio in 2024. Both Alliance Trust and Witan already had GQG Partners ('GQG') and Veritas in common, which meant that there were some in-specie transfers of stocks. Additionally, the combination of Alliance and Witan presented us with an opportunity to introduce Jennison Associates ('Jennison') to the portfolio at a low cost.

Based in the US, Jennison specialises in investing in innovative, fast-growing businesses. It had been one of Witan's most successful managers and blending it with our other Managers increased the diversity of holdings in growth companies. We also took the opportunity to replace Black Creek Investment Management ('Black Creek') with EdgePoint Investment Group ('EdgePoint'), while we were using a transition manager to keep costs down to a minimum.

This change was prompted by succession planning at Black Creek. We had been monitoring Black Creek for some time due to the departure of a senior team member for health reasons and the uncertainty surrounding the timing of founder Bill Kanko's retirement. With a similar investment style to Black Creek, EdgePoint seeks to buy good, undervalued businesses and hold them until the market fully realises their potential.

Through the combination, we inherited a small number of investment trust and private equity fund holdings, representing less than 3% of the combined portfolio. These are specialist funds with portfolios focused on, among other things, early-stage life sciences, valuable intellectual property, innovative internet platforms and renewable infrastructure assets. Collective investments such as these are not normally part of our investment strategy. However, they are all trading at prices we believe are well below their intrinsic value, so rather than sell them at a loss, we will hold them until we can achieve attractive values.

Beyond that, the combination did not lead to any change in our investment approach. We retain high conviction in our line-up of Managers and their ability to pick winning stocks, although we keep them under constant review for any red flags and have access to a deep bench of talented replacements should these be needed.

Gearing: remaining cautious

Our gross gearing stood at 8.4% at the end of 2024 (4.9% net of underlying Manager and central cash), slightly above the level of 7.1% at the start of the year, reflecting the improving outlook for equities as the year progressed. However, given the strong performance from equity markets, it is still towards the lower end of the typical range of 7.5 to 12.5%.

Market outlook: multiple risks warrant diversification

As 2025 began, the mood among investors was upbeat, with many hoping President Trump's promises of deregulation and tax cuts would be supportive of equity markets. If returns can spread beyond a narrow group of highly valued US mega-cap technology stocks, it could provide firmer foundations for another good year for shares. The strong start to the year for European equities certainly offered hope for geographical diversification.

However, on-off tariffs and geopolitical tensions loom large, creating considerable uncertainty. This was reflected in an increase in equity market volatility in February.

In the first 2 months of 2025, the benchmark index rose by 2.2% suggesting that investors were still willing to look through some of the risks while forecast global growth and corporate earnings remain healthy. But confidence is fragile and, with valuations in the US still close to a record high despite February's pullback, the market is vulnerable to setbacks.

In this environment, we believe bottom-up stock picking, based on company fundamentals, should be a more reliable way to add value for shareholders in the long term than making bold, top-down market calls. So, we will continue to position the portfolio to maintain balanced regional, sector and style exposures, that are similar to the Index weightings by periodically adjusting Manager allocations. This should provide stability and reduce risk, while we rely on our Managers to add value by seeking out the best companies in each market segment.

While retaining some exposure to US mega-cap tech stocks that may continue delivering attractive returns, our portfolio is not reliant on them. It also contains many stocks that have remained in the shadows but have been performing well operationally and have excellent prospects not yet reflected in their share prices.

Hidden gems: stock picks with high potential

We asked our eleven Stock Pickers for examples of strong but underappreciated companies in the portfolio

Lyrical highlighted five of its US holdings that have underperformed the S&P 500 Index since the start of 2024 but, at the same time, have grown their forecast earnings per share by more than the Index. These are healthcare providers **Cigna** and **HCA**, **WEX** and **Global Payments**, which both provide business-to-business payment technology, and **Gen Digital**, which is a leading provider of cyber security and identity protection.

"Interestingly, even on this list there is inconsistency by the market," says Lyrical. "Cigna has the worst stock performance, but the second-best earnings per share ('EPS') growth. Gen Digital has the slowest EPS growth in the group, but the best performance".

ARGA cited **Accor**, the global hotel business, which has transitioned to an "asset light" business model by selling most of its hotels, while maintaining the lucrative franchise and management agreements attached to these properties. While **Sands Capital** sees potential in the share prices of **Sika**, a maintenance and building refurbishment specialist.

"Investment results have been weak despite solid fundamental results," says Sands. "We believe that investors have focused on slower than historical organic growth, caused by several factors, including the real estate crisis in China, slowdown in electric vehicle production, and a pause in green building incentives."

Sands Capital also mentioned **Roper Technologies**, a diversified industrial technology company, and **Keyence**, a leading designer of high-end factory automation based in Japan, as attractive businesses with share price appreciation potential.

Vulcan highlighted **CoStar Group**, an information provider to the commercial and residential real estate industries, and **Everest Group**, a global insurance and reinsurance business, while **GQG** mentioned the UK-based pharmaceutical company **AstraZeneca**, the Brazil-based oil and gas company **Petrobras**, **Bank Mandiri** in Indonesia, and the Indian tobacco company **ITC**.

SGA backed **Danaher**, the US industrial group, **Intuit**, which provides do-it-yourself accounting software for small businesses, and **HDFC Bank** in India. **Jennison** highlighted **Reddit**, the online social media platform.

"Reddit is targeting 49% growth in the third quarter of 2024 and consensus is at 41% in Q4, but then market estimates are fading down to around 20% in 2025, which we think is overly conservative and creates an opportunity for investment today."

Veritas's nominations for underappreciated businesses were **Amadeus**, the Spanish software company focusing on air travel, **The Cooper Companies**, which makes contact lenses, and **Thermo Fisher Scientific**, the world's largest scientific equipment provider.

Japan specialist **Dalton's** best stocks included **Bandai Namco**, a multinational that publishes video games and makes toys, **Shimano**, the bicycle equipment manufacturer, and **Rinnai**, one of the global leaders in water heaters. **Metropolis** highlighted **Andritz**, the Austrian headquartered business supplying industrial equipment to the pulp and paper, metals and hydropower industries, **Crown Holdings**, which makes aluminium drinks cans, and **Admiral**, the UK insurer.

Finally, **EdgePoint**, the newest addition to our Manager line-up, pointed to **Dayforce**, a global human resources software company, **Nippon Paints Holdings** in Japan, **Franco-Nevada**, a gold-focused royalty company in Canada, and **Qualcomm**, which invented significant pieces of the underlying technology required for mobile phones.

"The market looks at Qualcomm as a handset supplier and the stock moves in relation to expected handset sales over the following quarters," says EdgePoint. "We consider Qualcomm to be one of the world's leading designers of energy-efficient processors at a point in time when demand for energy-efficient processing is growing rapidly across a wide range of industries. Some of the major opportunities for Qualcomm over the next 5 years include artificial intelligence, automobiles, personal computers and smartphones."

Altogether, these fundamentally strong businesses combine with others to create a robust, multi-manager portfolio that offers attractive long-term growth with lower risk than a single manager strategy, and therefore a more comfortable ride through the ups and downs of the market. Such companies may have remained below the radar in 2024, when investors became giddy with the stellar returns from the US technology shares, but we look forward to their attributes receiving the recognition from the market that they deserve.

Craig Baker, Stuart Gray, Mark Davis
Willis Towers Watson
Investment Manager

The securities referred to above represent the views of the underlying managers and are not stock recommendations.

Summary of Portfolio
As at 31 December 2024

A full list of the Company's Investment Portfolio can be found on the Company's website, www.alliancewitan.com

Top 20 holdings

Name	£m	%
Microsoft	236.3	4.3
Amazon	197.4	3.6
Visa	156.2	2.8
UnitedHealth Group	116.4	2.1
Alphabet	107.7	1.9
Diageo	92.4	1.7
Meta	88.6	1.6
NVIDIA	82.7	1.5
Aon	75.1	1.4
Novo Nordisk	73.1	1.3
Netflix	70.9	1.3
Mastercard	70.7	1.3
Eli Lilly	69.9	1.3
Salesforce	61.5	1.1
HDFC Bank	58.2	1.1
Safran	53.3	1.0
Taiwan Semiconductor	49.9	0.9
Petrobras	48.1	0.9
State Street	48.0	0.9
Philip Morris	47.6	0.9

The 20 largest stock positions, given as a percentage of the total assets. Each Stock Picker selects up to 20 stocks.*
Top 20 holdings 32.9%
Top 10 holdings 22.2%

* Apart from GQG Partners, which also manages a dedicated emerging markets mandate with up to 60 stocks.

Dividend

We have paid our shareholders a rising dividend for 58 consecutive years. Providing that level of reliability is something of which we are extremely proud. We carefully manage the Company's dividend. For instance, should there be a year in which income is unexpectedly high, we may retain some of that income to help fund future dividends. Due to our steady approach, the Company has received a 'Dividend Hero' investment company award from the Association of Investment Companies ('AIC').

Our 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.

While shareholders are not asked to approve a final dividend, given the timing of the payment of the quarterly payments, each year they are given the opportunity to share their views when they are asked to approve the Company's Dividend Policy.

Fourth interim dividend

As previously announced, a fourth interim dividend of 6.73p per ordinary share will be paid on 31 March 2025 to those shareholders who were on the register at close of business on 28 February 2025.

Increased dividend

The Company has increased its total dividend for the year ended 31 December 2024 to 26.7p per ordinary share (2023: 25.2p), a 6.0% increase on the previous year.

Dividend	2024 (p)	2023 (p)	% increase
1st Interim	6.62	6.18	7.1
2nd Interim	6.62	6.34	4.4
3rd Interim	6.73	6.34	6.2
4th Interim	6.73	6.34	6.2

Reserves

It is the Board's intention to utilise distributable reserves as well as portfolio income to fund dividend payments. Further details of the dividend payments for the year to 31 December 2024 and information on distributable reserves can be found in notes 7 and 2(b)(x) of the Financial Statements, respectively.

Ongoing Charges and Discount

Ongoing charges[1]

The Company's ongoing charges ratio ('OCR') decreased to 0.56% (including the impact of the investment management fee waiver) (2023: 0.62%). Total administrative expenses were £3.9m (2023: £2.9m) and investment management expenses were £18.4m (2023: £16.3m). Further details of the Company's expenses are provided in note 4 of the Financial Statements on page 90 of the Annual Report. The Company's costs remain competitive for an actively managed multi-manager global equity strategy.

Maintaining a stable discount[1]

One of the Company's strategic objectives is to maintain a stable share price discount to NAV. The Company has the authority to buy back its own shares in the market if the discount is widening and to hold these shares in Treasury.

During the year under review, the Company's share price traded at an average discount of 4.7% (2023: 6.0%). As at 31 December 2024, the Company's share price discount was 4.7% (2023: 5.4%). The average discount (unweighted) for the AIC Global Sector was 7.9%.

Share issuance and buybacks

As a result of the combination with Witan, 120,949,382 new ordinary shares were issued for assets valued at £1.5bn implying an effective issue price of £12.7459246 per share.

The Company bought back 1.2%* (2023: 3.0%) of its issued share capital during the year, purchasing 4,722,000 shares which were placed in Treasury. The total cost of the share buybacks was £57.0m (2023: £86.6m). The weighted average discount of shares bought back in the year was 5.7%. Share buybacks contributed a total of 0.1% to the Company's NAV performance in the year.

1. Alternative Performance Measure – see page 116 of the Annual Report for details.
* Percentage based on the Company's issued share capital (excluding shares held in Treasury) as at 31 December 2024.

What We Do

How WTW manages the portfolio

WTW as Investment Manager has overall responsibility for managing the Company's portfolio. It is the Investment Manager's 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'. WTW then allocates capital to them, relative to the risks the Stock Picker represents. 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; WTW keeps them under constant review and varies them over time according to market conditions, with the goal of keeping our exposures to different parts of global stocks markets well balanced.

Stock Pickers are encouraged to ignore the benchmark and only buy a small number of stocks in which they have strong conviction, while WTW manages 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 WTW's experience of managing high-conviction portfolios and academic evidence[1]. But concentrated selections of stocks can be volatile and risky, so WTW mitigates 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 the Investment Manager since inception of the multi-manager strategy, though it does actively monitor and rearrange the line-up where necessary.

WTW invests 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. WTW aims to appoint Stock Pickers who actively engage with the companies in which they invest and have an effective voting policy. When necessary, they challenge the Stock Pickers and guide them towards better practices; and
- The operational infrastructure that minimises risk from a compliance, regulatory and operational perspective.

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

The Investment Manager's views are formed over extended periods from multiple interactions with the Managers, including regular meetings. They look beyond past performance numbers to try to understand the '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 WTW that a Stock Picker is skilled.

Once selected, the Investment Manager tends to form long-term partnerships with the 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, periods of short-term underperformance are to be expected and are not a reason to doubt a Stock Picker if they are adhering to their philosophy and process. WTW does, 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.

Responsible investment

WTW believes that Environmental, Social and Governance ('ESG') factors have the potential to impact financial risk and return. As long-term investors, WTW aims to incorporate these factors into its investment process.

As stewards of the Company's assets, WTW seeks to integrate responsible investment into its process for managing the portfolio. ESG factors can influence returns, so these risk factors are taken into account in WTW's investment processes, including assessing how Managers evaluate ESG risk in their decisions over what stocks to purchase. Climate change poses potential significant risks to investment returns from many companies, which is why both WTW and the Company have stated an intention to manage the assets with a goal of achieving Net Zero greenhouse gas emissions from the portfolio by 2050, with an interim intention of reducing portfolio emissions by approximately 50% by 2030, relative to 2019.

In 2024, we saw an increase in the portfolio's weighted average carbon intensity (which measures carbon emissions as a proportion of revenue) from 71.9tCO2e/$M sales to 117. 9tCO2e/$M sales. Over the year, some higher-emitting stocks came into the portfolio including, industrial company Alaska Air and materials company Alcoa Ord, and our allocation to the higher-emitting Utilities sector went up slightly with purchases of companies such as Southern Ord and American Electric Power. We are monitoring our progress against our Net Zero goal, and our Managers and EOS at Federated Hermes ('EOS') continue to engage with the companies in the portfolio on climate related issues.

Progress towards Net Zero will not be linear. Emissions from the portfolio are dependent on holdings, which can change from year to year as WTW's Stock Pickers seek value for investors. If companies are perceived as being at higher financial risk by being slow to adapt to a Net Zero world, we expect to use stewardship, such as voting and engagement, to encourage positive changes to business practices. WTW believes this is preferable to excluding companies 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, WTW's Stock Pickers, together with stewardship provider EOS, focused on a wide range of other issues last year.

Overall, EOS engaged with 97 companies in the portfolio on 515 issues and objectives throughout the year. Key areas of engagement included board effectiveness, climate change, human and labour rights and human capital, biodiversity, digital rights and AI. Of these engagements, the environmental category accounted for 29% of the total number of engagements, with 63% of environmental engagements relating to climate change. Meanwhile the Stock Pickers cast votes at 3,346 resolutions in 2024. Of these resolutions, they voted against company management on 386 and abstained from voting on 38 occasions.

How We Manage Our Risks

In order to monitor and manage risks facing the Company, the Board maintains and regularly reviews a risk register and heat map. The risk register details all principal and emerging risks thought to face the Company at any given time. The principal risks facing the Company, as determined by the Board, are Investment, Operational and Legal and Regulatory Non-Compliance.

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 measures put in place to monitor, manage and mitigate risks as required. During the period the Board carefully reviewed the risks associated with the implementation of the combination and the post transaction integration risks.

Principal risks

The principal risks facing the Company, how they have changed during the year and how the Board aims to monitor and manage these risks are detailed below.

Risk and potential impact	Risk rating	How we monitor and manage the risk
Market risk: loss on the portfolio in absolute terms, caused by economic and political events, interest rate movements and fluctuation in foreign exchange rates.	Increased due to geopolitical and macro-economic uncertainty	• The Board sets investment guidelines and the Investment Manager selects Stock Pickers and styles to provide diversification within the portfolio. • The Board receives regular updates from the Investment Manager and monitors adverse movements and impacts on the portfolio. • An explanation of the different components of market risk and how they are individually

		managed is contained in note 18 to the Financial Statements.
Investment performance: relative underperformance makes the Company an unattractive investment proposition.	Stable	• The Company's investment performance against its investment objective, relevant benchmark and closed and open ended peer group are reviewed and challenged where appropriate by the Board at every Board meeting. • The Board receives regular reporting from the Investment Manager to allow it to review the approach to ESG and climate risk factors embedded within the investment process from the Company's perspective.
Strategy and market rating: demand for the Company's shares decreases due to changes in demand for the Company's strategy or secular changes in investor demand.	Stable	• The Board regularly reviews the share register and receives feedback from the Investment Manager and broker on all marketing and investor relations and shareholder meetings, to keep informed of investor sentiment and how the Company is perceived in the market. • The Board monitors the Company's share price discount and, working with the broker undertakes periodic share buybacks as appropriate to meet its strategic objective of maintaining a stable discount. • The proposed combination with Witan and the benefits to ongoing investors in terms of scale and investor proposition were reviewed and thoroughly considered to ensure the enlarged Company would be an attractive proposition for both current and prospective shareholders.
Capital structure and financial risk: inappropriate capital or gearing structure may result in losses for the Company.	Stable	• The Board receives regular updates on the capital structure of the Company including share capital, borrowings, structure of reserves, compliance with

		ongoing covenants and shareholder authorities, to allow ongoing monitoring of the appropriate structure. • The Board reviews and manages the borrowing limits under which the Investment Manager operates. As part of the Witan combination, additional borrowing was novated to the Company. These additional facilities provide an increased blend of interest rates and maturity dates. • Shareholder authority is sought annually in relation to share issuance and buybacks to facilitate ongoing management of the share capital.
Operational		
All of the Company's operations are outsourced to third party service providers. Any failure in the operational controls of the Company's service providers could result in financial, legal or regulatory and reputational damage for the Company. Operational risks include cyber security, IT systems failure, inadequacy of oversight and control, climate risk and ineffective disaster recovery planning.	Stable	• The Board monitors the services provided by the key services suppliers and formally reviews the performance of each on an annual basis, including the review of audited internal control reports where appropriate. No material issues were raised as part of the evaluation process in 2024. • Cyber security continues to be a key focus for the Board. Reports on the cyber security, IT testing environment and disaster recovery testing of each key service provider are reviewed by the Board annually. • Any breaches in controls which have resulted in errors or incidents are required to be immediately notified to the Board along with proposed remediation actions.
Legal and regulatory		
Failure to adhere to all legal and regulatory requirements could lead to financial and legal penalties, reputational damage and potential loss of investment trust status.	Stable	• The Board has contracted with its key service suppliers, including the Investment Manager and Juniper, in relation to its ongoing legal and regulatory compliance. The Board receives quarterly

reports from each supplier to monitor ongoing compliance. The Company has complied with all legal and regulatory requirements in 2024.

- Any breaches in controls which have resulted in errors or incidents are required to be immediately notified to the Board, along with proposed remediation actions.
- The review of the Annual Report by the independent auditors provides additional assurance that the Company has met all legal and regulatory requirements in respect of those disclosures.

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 continues to be an emerging risk for the Company due to ongoing conflicts across the world. Along with increased populism and nationalism, these risks may impact individual economies and global markets. Although covered in the operational risk section above, the Board recognises the increased risk that cybercrime and the misuse of AI poses to the Company.

Geopolitical events such as the conflicts in the Middle East region, coupled with the potential breakdown of post war alliances and potential new trade tariffs and changes to US economic and international policies introduced by President Trump, could bring uncertainty and fragility to capital markets in 2025, including persistent or reacceleration of inflationary pressures.

Stakeholder Engagement – Section 172 Statement

The Directors have a number of obligations including those under section 172 of the Companies Act 2006. These obligations relate to how the Board takes account of various factors in making its decisions – including the impact of its decisions on key stakeholders. The Board is focused on the Company's performance and its responsibilities to stakeholders, corporate culture and diversity, as well as its contributions to wider society, and it takes account of stakeholder interests when making decisions on behalf of the Company.

As an externally-managed investment trust, the Board considers the Company's key stakeholders to be existing and potential new shareholders and its service providers.

Full details on the primary ways in which the Board engaged with the Company's key stakeholders can be found on pages 30 to 35 of the Annual Report.

Dean Buckley
Chair
6 March 2025

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 27 to 29 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 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, which was approved by shareholders in April 2019, 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 2024 the Company had total assets of £5.6bn, with net gearing of 4.9% and gross gearing of 8.4%. At the year-end the Company had £182.7m 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 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 Board regularly reviews revenue forecasts and considers the long-term sustainability of dividends under a variety of different scenarios. The Company has sufficient funds to meet its Dividend Policy commitments.

- **Reserves**: The Company has large reserves (at 31 December 2024 it had £3.7bn of distributable reserves and £1.5bn 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, to take advantage of any significant widening of the discount and to produce NAV accretion for shareholders.

- **Significant Risks:** The Company has a risk and control framework which includes a number of triggers which, if breached, would alert the Board to any potential adverse scenarios. The Board has developed and reviewed various scenarios based on potentially adverse events as set out in note 18 on pages 100 to 107 of the Annual Report.

- **Borrowing:** In consideration of the combination with Witan, the Company's borrowing facilities were reviewed to ensure they remained appropriate. The Company's available bank borrowing facilities were consequently increased by £50m; and £155m of fixed rate loan notes were novated from Witan as part of the combination. The Company's weighted average borrowings costs have reduced by 0.3%. All borrowings are secured by floating charges over the assets of the Company. 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.

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 for at least the period to 31 March 2026. 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 36 to 69 of the Annual Report (other than pages 61 to 63 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 30 to 35 of the Annual Report.

Each of the Directors, who are listed on pages 37 to 40 of the Annual Report, 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, are fair, balanced and understandable and provides the information necessary to assess the Company's position, performance, business model and strategy.

On behalf of the Board

Dean Buckley
Chair
6 March 2025

Statement of Comprehensive Income for the year ended 31 December 2024

	Year to 31 December 2024			**Year to 31 December 2023**		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
£000						
Income	**72,463**	**354**	**72,817**	69,591	1,678	71,269
Gains on investments held at fair value through profit or loss	**-**	**449,551**	**449,551**	-	578,715	578,715
Losses on derivatives	**-**	**(206)**	**(206)**	-	-	-
Gains/(losses) on fair value of debt	**-**	**16,708**	**16,708**	-	(11,371)	(11,371)
Total	**72,463**	**466,407**	**538,870**	69,591	569,022	638,613
Investment management fees	**(5,381)**	**(13,058)**	**(18,439)**	(5,074)	(11,228)	(16,302)
Administrative expenses	**(3,661)**	**(281)**	**(3,942)**	(2,558)	(344)	(2,902)
Finance costs	**(3,221)**	**(9,662)**	**(12,883)**	(2,380)	(7,141)	(9,521)
Foreign exchange losses	**-**	**(1,010)**	**(1,010)**	-	(3,737)	(3,737)
Profit before tax	**60,200**	**442,396**	**502,596**	59,579	546,572	606,151
Taxation	**(6,545)**	**(5,348)**	**(11,893)**	(6,231)	(251)	(6,482)
Profit for the year	**53,655**	**437,048**	**490,703**	53,348	546,321	599,669
All profit for the year is attributable to equity holders.						
Earnings per share (pence per share)	**17.30**	**140.95**	**158.25**	18.55	189.98	208.53

All revenue and capital items in the above statement derive from continuing operations.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Company does not have any other comprehensive income and hence profit 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 2024

				Distributable reserves				
	Share	**Share premium**	**Capital redemption**	**Realised capital**	**Unrealised capital**	**Revenue**	**Total distributable**	**Total**

£000	capital	account	reserve	reserve	reserve	reserve	reserves	equity
At 1 January 2023	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
Total comprehensive income:								
Profit for the year	-	-	-	**458,122**	**(21,074)**	**53,655**	**490,703**	**490,703**
Transactions with owners, recorded directly to equity:								
Issue of ordinary shares in respect of the combination with Witan	**3,024**	**1,535,877**	-	-	-	-	-	**1,538,901**
Costs in relation to the combination	-	**(4,947)**	-	-	-	-	-	**(4,947)**
Ordinary dividends paid	-	-	-	-	-	**(82,414)**	**(82,414)**	**(82,414)**
Unclaimed dividends returned	-	-	-	-	-	**9**	**9**	**9**
Own shares purchased	-	-	-	**(56,987)**	-	-	**(56,987)**	**(56,987)**
Balance at 31 December 2024	**10,130**	**1,530,930**	**11,892**	**3,059,862**	**553,571**	**55,568**	**3,669,001**	**5,221,953**

The £553.6m (2023: £574.6m) 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 borrowings of £22.8m (2023: £5.5m) and gains on unquoted investments of £3.5m (2023: £nil) which are not distributable.

Balance Sheet as at 31 December 2024

£000	**2024**	2023
Non-current assets		
Investments held at fair value through profit or loss	**5,402,381**	3,482,329
	5,402,381	3,482,329
Current assets		
Outstanding settlements and other receivables	**11,282**	9,321
Cash and cash equivalents	**182,725**	84,974
	194,007	94,295
Total assets	**5,596,388**	3,576,624
Current liabilities		
Outstanding settlements and other payables	**(13,057)**	(9,792)
Bank loans	**(45,245)**	-
	(58,302)	(9,792)
Total assets less current liabilities	**5,538,086**	3,566,832
Non-current liabilities		
Fixed rate loan notes held at fair value	**(299,276)**	(215,144)
Bank loans	**(15,000)**	(15,000)
Deferred tax provision	**(1,857)**	-
	(316,133)	(230,144)
Net assets	**5,221,953**	3,336,688
Equity		
Share capital	**10,130**	7,106
Share premium account	**1,530,930**	-
Capital redemption reserve	**11,892**	11,892
Capital reserve	**3,613,433**	3,233,372
Revenue reserve	**55,568**	84,318
Total equity	**5,221,953**	3,336,688

All net assets are attributable to equity holders.

Net asset value per ordinary share attributable to equity holders (£)	**£13.05**	£11.75

The Financial Statements were approved by the Board of Directors and authorised for issue on 6 March 2025.

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 2024

£000	**2024**	2023
Cash flows from operating activities		
Profit before tax	**502,596**	606,151

Adjustments for:		
Gains on investments	**(449,551)**	(578,715)
Losses on derivatives	**206**	-
(Gains)/losses on fair value of debt	**(16,708)**	11,371
Foreign exchange losses	**1,010**	3,737
Finance costs	**12,883**	9,521
Operating cash flows before movements in working capital	**50,436**	52,065
(Increase)/decrease in receivables	**(2,274)**	1,599
Decrease in payables	**(43)**	(36)
Net cash inflow from operating activities before tax	**48,119**	53,628
Taxes paid	**(10,701)**	(6,654)
Net cash inflow from operating activities	**37,418**	46,974
Cash flows from investing activities		
Proceeds on disposal of investments	**4,697,547**	1,600,165
Purchases of investments	**(4,702,449)**	(1,489,643)
Settlement of derivative financial instruments	**(206)**	-
Net cash (outflow)/inflow from investing activities	**(5,108)**	110,522
Net cash inflow before financing	**32,310**	157,496
Cash flows from financing activities		
Dividends paid - equity	**(82,414)**	(71,378)
Unclaimed dividends returned	**9**	14
Net cash acquired following the combination with Witan	**177,581**	-
Costs paid in relation to the combination with Witan	**(4,947)**	-
Purchase of own shares	**(56,987)**	(88,060)
Repayment of bank debt	**(59,000)**	(63,500)
Drawdown of bank debt	**104,874**	15,000
Issue of loan notes	**-**	60,632
Finance costs paid	**(12,033)**	(10,357)
Net cash inflow/(outflow) from financing activities	**67,083**	(157,649)
Net increase/(decrease) in cash and cash equivalents	**99,393**	(153)
Cash and cash equivalents at the start of the year	**84,974**	88,864
Effect of foreign exchange rate changes	**(1,642)**	(3,737)
Cash and cash equivalents at end of the year	**182,725**	84,974

The financial information set out above does not constitute the Company's statutory Financial Statements for the years ended 31 December 2024 or 2023, but is derived from those Financial Statements. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 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 International Financial Reporting Standards ('IFRS'). The Company qualifies as an investment entity.

1. Income

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

£000	2024	2023
Revenue:		
Income from investments		
Listed dividends – UK	**10,125**	12,836
Listed dividends - Overseas	**60,838**	55,761
	70,963	68,597
Other income		
Bank interest	**1,475**	987
Other income	**25**	7
	1,500	994
Total allocated to revenue	**72,463**	69,591

Capital:		
Income from investments		
Listed dividends – UK	**23**	-
Listed dividends – Overseas	**331**	1,678
Total allocated to capital	**354**	1,678
Total income	**72,817**	71,269

2. Dividends

Dividends paid during the year

£000	2024	2023
2022 fourth interim dividend 6.00p per share	-	17,498
2023 first interim dividend 6.18p per share	-	17,849
2023 second interim dividend 6.34p per share	-	18,028
2023 third interim dividend 6.34p per share	-	18,003
2023 fourth interim dividend 6.34p per share	**18,003**	-
2024 first interim dividend 6.62p per share	**18,799**	-
2024 second interim dividend 6.62p per share	**18,676**	-
2024 third interim dividend 6.73p per share	**26,936**	-
	82,414	71,378

Dividends payable for the year

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.

£000	2024	2023
2023 first interim dividend 6.18p per share	-	17,849
2023 second interim dividend 6.34p per share	-	18,028
2023 third interim dividend 6.34p per share	-	18,003
2023 fourth interim dividend 6.34p per share	-	18,003
2024 first interim dividend 6.62p per share	**18,799**	-
2024 second interim dividend 6.62p per share	**18,676**	-
2024 third interim dividend 6.73p per share	**26,936**	-

2024 fourth interim dividend 6.73p per share, payable 31 March 2025	**26,933**	-
	91,344	71,883

3. Earnings per share

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

	2024			2023		
£000	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Ordinary shares						
Earnings for the purpose of earnings per share being net profit attributable to equity holders	**53,655**	**437,048**	**490,703**	53,348	546,321	599,669
Number of shares						
Weighted average number of ordinary shares in issue during the year		**310,079,630**			287,573,436	

The Company has no securities in issue that could dilute the return per ordinary share. Therefore the basic and diluted earnings per ordinary share are the same.

4. Related party transactions

There are amounts of £1,222 (2023: £1,222) and £34,225 (2023: £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 37 to 40 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 55 to 60 of the Annual Report.

£000	**2024**	**2023**
Total emoluments	**337**	350

ANNUAL REPORT

The Annual Report will be available in due course on the Company's website www.alliancewitan.com. 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

This year's AGM will be held on 1 May 2025 at 11.00 a.m. at the Apex City Quay Hotel & Spa, 1 West Victoria Dock Road, Dundee DD1 3JP.

The Board remains committed to maintaining a physical AGM, with shareholders and Directors present in person. However, the AGM will also be streamed live to shareholders. A web link will be provided for those shareholders wishing to join the AGM via the live stream. Information on how to obtain the link will be published on the Company's website in due course.