



WS Waverton Investment Funds
(Formerly LF Waverton Investment Funds)

Annual Report and Financial Statements

31 October 2023

WS Waverton Portfolio Fund
(Formerly LF Waverton Portfolio Fund)

AUTHORISED CORPORATE DIRECTOR ('ACD')

WAYSTONE MANAGEMENT (UK) LIMITED

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(Authorised and regulated by
the Financial Conduct Authority)

DIRECTORS OF THE ACD

A.M. Berry
V. Karalekas (appointed 14 July 2023)
T.K. Madigan*
K.J. Midl (appointed 9 October 2023)
C. O'Donnell (resigned 8 December 2022)
E.E. Tracey (appointed 9 October 2023)*
R.E. Wheeler
S.P. White*

INVESTMENT MANAGER

WAVERTON INVESTMENT MANAGEMENT LIMITED

16 Babmaes Street
London SW1Y 6AH
(Authorised and regulated by
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DEPOSITARY

THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED

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and regulated by the Financial Conduct Authority
and Prudential Regulation Authority)

REGISTRAR

LINK FUND ADMINISTRATORS LIMITED

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INDEPENDENT AUDITOR

KPMG LLP

St Vincent Plaza
319 St Vincent Street
Glasgow G2 5AS
(Chartered Accountants)

* Non-Executive Directors of the ACD.

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ACD'S REPORT

for the year ended 31 October 2023

Authorised Status

WS Waverton Investment Funds ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000018 and authorised by the Financial Conduct Authority with effect from 11 December 1998. The Company has an unlimited duration.

The Company and its sub-fund is a UK UCITS and the base currency of the Company and its sub-fund is pounds sterling.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

ACD's Statement

Economic Uncertainty

Whilst the outbreak of COVID-19 in March 2020 now seems a distant memory, Russia's incursion into Ukraine in February 2022 remains an unresolved conflict, that has led to inflationary pressures globally. Add to this the recent Israeli– Hamas conflict and we are faced with consequences in both the domestic and global economy. Significant increases in the prices of energy and commodities have reverberated around the world, leading to many countries seeing inflation rates at levels not seen for many years. To curb the increase in inflation, many nations' central banks have, over recent times, been progressively increasing interest rates. It appears we may be close to the peak of interest rates as inflation appears, in most economies, to be heading in a downward trajectory. What is not clear at this time is whether the consequences of these events will culminate in local, or even a global, recession or whether a 'soft-landing' is attainable.

Important Information

With effect from 17 February 2023:

- The settlement cycle when purchasing and redeeming shares was changed from T+4 to T+3;
- Wording setting out the basis on which the Company may enter into securities financing transactions and total return swaps was included in the Prospectus; and
- The composite comparator benchmark was changed to be made up of the following:
 - 75% MSCI AC World Net Total Return Index GBP;
 - 7.5% ICE BofA Sterling Corporate Index;
 - 7.5% ICE BofA UK Gilt Index; and
 - 10% SONIA (Sterling Overnight Index Average) 1 Month (GBP).

ACD'S REPORT continued

Important Information continued

With effect from 9 October 2023, the following changes occurred:

- The Authorised Corporate Director of the Company changed to Waystone Management (UK) Limited ('WMUK');
- In addition to the sub-fund name change with 'WS' replacing 'LF', the Company name changed to WS Waverton Investment Funds;
- The head office and registered office of the Company changed to 2nd floor, 20-22 Bedford Row, Holborn, London WC1R 4EB; and
- The website for the publication of prices and obtaining documents of the Company changed to www.waystone.com.

Remuneration Disclosure

On 9 October 2023 the ACD of the Fund changed. These report and accounts are being produced by the Fund's current ACD and the disclosures below relate to the most recent period for which audited information in respect of the current ACD is available, being the year ended 31 December 2022.

Investors' attention is drawn to the following:

1. The remuneration arising in respect of the accounting period for which this report and accounts is being prepared related to the Fund's previous ACD. We understand that the previous ACD discloses information in respect of that remuneration on its website.
2. The change of ACD was part of a wider corporate transaction whereby substantially all the previous ACD's Funds were transferred to the current ACD. As a result circa £83 billion of funds under management were transferred to the current ACD. The effects of this transaction in terms of remuneration will be reported to investors in due course once more recent audited accounts for the current ACD are available.

REMUNERATION

The ACD is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the Directive.

ACD'S REPORT continued

Remuneration Disclosure continued

The fixed remuneration paid by the ACD to its staff in respect of all funds that it manages in the year ended 31 December 2022 was £823,929 and was shared amongst 12 members of staff (2021: £751,344; 12 members of staff). The fixed remuneration paid by the ACD to the Remuneration Code Staff for the year ended 31 December 2022 was £292,500, shared amongst 3 employees. All 12 ACD staff members were fully or partially involved in the activities of the Company. The ACD did not pay any variable remuneration. The ACD staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Company or any other alternative investment fund the ACD is the AIFM of. None of the ACD's staff actions had a material impact on the risk profile of the Company.

Securities Financing Transactions

The Company has the ability to utilise Securities Financing Transactions (being transactions such as lending or borrowing of securities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, or margin lending transactions). No such transactions have been undertaken in the period covered by this report.

Task Force on Climate-related Financial Disclosures ('TCFD')

In accordance with current Financial Conduct Authority rules, the ACD is required to publish its own TCFD report and that of each fund. The report can be found at TCFD Reporting (fundsolutions.net/tcfd-reporting) and the report of the sub-fund of the Company can be found at <https://www.fundsolutions.net/uk/waverton-investment-management-limited/ws-waverton-investment-funds/tcfd-reporting/>.

Prior to accessing the report of the sub-fund of the Company there is a link to the 'TCFD Reporting Guide' which provides an explanation of the TCFD report.

Value Assessment

In accordance with current Financial Conduct Authority rules, the ACD is required to carry out an annual assessment on whether the Company provides value to investors. The outcome of the latest assessment is available on the ACD's website.

WAYSTONE MANAGEMENT (UK) LIMITED

ACD of WS Waverton Investment Funds
11 January 2024

DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

K.J. MIDL

WAYSTONE MANAGEMENT (UK) LIMITED

ACD of WS Waverton Investment Funds

11 January 2024

STATEMENT OF ACD'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook published by the Financial Conduct Authority ('the COLL Sourcebook') requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Company, comprising its sub-fund, and of the net revenue and net capital gains on the property of the Company's sub-fund for the year.

In preparing the financial statements the ACD is responsible for:

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

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

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

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

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

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

The Depositary must ensure that:

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

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

REPORT OF THE DEPOSITARY

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the ACD:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED

Depositary of WS Waverton Investment Funds

11 January 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WS WAVERTON INVESTMENT FUNDS ('THE COMPANY')

Opinion

We have audited the financial statements of the Company for the year ended 31 October 2023 which comprise the *Statement of Total Return*, the *Statement of Change in Net Assets Attributable to Shareholders*, the *Balance Sheet*, the *Related Notes and Distribution Tables* for the Company and the accounting policies set out on pages 30 to 33.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Company as at 31 October 2023 and of the net revenue and the net capital gains on the property of the Company for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WS WAVERTON INVESTMENT FUNDS ('THE COMPANY') continued

Our conclusions based on this work:

- we consider that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Authorised Corporate Director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and Breaches of Laws and Regulations – Ability to Detect

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- assessing the segregation of duties in place between the ACD, the Depositary, the Administrator and the investment manager.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WS WAVERTON INVESTMENT FUNDS ('THE COMPANY') continued

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the ACD and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

CONTEXT OF THE ABILITY OF THE AUDIT TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WS WAVERTON INVESTMENT FUNDS ('THE COMPANY') continued

Other Information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

Authorised Corporate Director's (Waystone Management (UK) Limited) Responsibilities

As explained more fully in their statement set out on page 7 the Authorised Corporate Director is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WS WAVERTON INVESTMENT FUNDS ('THE COMPANY') continued

The Purpose of Our Audit Work and to Whom We Owe Our Responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

WIQAS QAISER
FOR AND ON BEHALF OF KPMG LLP, STATUTORY AUDITOR

Chartered Accountants
20 Castle Street
Edinburgh
EH1 2EG
11 January 2024

WS WAVERTON PORTFOLIO FUND ACD'S REPORT

for the year ended 31 October 2023

Important Information

Refer to the 'Important Information' section on pages 3 and 4.

Investment Objective and Policy

The investment objective of the WS Waverton Portfolio Fund ('the Fund') is to provide long term (in excess of 5 years) capital growth.

The Fund aims to achieve its objective by investing in a portfolio of global, including UK, equities and equity related securities (including ordinary and preference shares, global depositary receipts and American depositary receipts). The Fund's equity exposure (both direct and indirect) will be between 60% and 90%, typically 75%.

The Fund may also invest in other collective investment schemes (open and closed ended), bonds, deposits, cash, near cash, money market instruments, warrants and structured products. The Fund can gain indirect exposure to property and commodities via collective investment schemes.

The Fund may use derivatives and forward transactions for investment purposes and for the purposes of Efficient Portfolio Management.

Benchmarks

The Fund's comparator benchmarks are:

1. Composite Index made up of the following:

- 75% MSCI AC World Net Total Return Index GBP;
- 7.5% ICE BofA Sterling Corporate Index;
- 7.5% ICE BofA UK Gilt Index; and
- 10% SONIA (Sterling Overnight Index Average) 1 Month (GBP).

2. IA Mixed Investment 40-85% Shares sector.

The Fund's performance may be compared against the following indices: (1) a composite index of MSCI AC World Net Total Return Index GBP, ICE BofA Sterling Corporate Index, ICE BofA UK Gilts Index and SONIA 1 Month (GBP) and (2) the IA Mixed Investment 40-85% Shares sector (each referred to as 'comparator benchmarks'), using the weightings detailed above. As the Fund invests in a range of asset classes, there is no single index that is reflective of the Fund. The comparator benchmarks and the % weightings have been selected as we consider they will assist the investor in evaluating the Fund's performance against the performance of the asset classes (Bonds and Equities) the Fund invests in. The ACD believes that these are appropriate comparators for the Fund given the investment objective and policy of the Fund.

WS WAVERTON PORTFOLIO FUND

ACD'S REPORT continued

Benchmarks continued

The Fund is not constrained by the benchmarks and may take positions that differ significantly from the benchmarks.

Peer Group: Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

The ACD believes that this is a suitable comparator benchmark for the Fund given that the Fund's policy is to typically hold 75% in equities. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

WAYSTONE MANAGEMENT (UK) LIMITED

ACD of WS Waverton Portfolio Fund

11 January 2024

WS WAVERTON PORTFOLIO FUND

ACD'S REPORT continued

INVESTMENT MANAGER'S REPORT

for the year ended 31 October 2023

In the year to 31 October the total return on the Fund amounted to +5.1% (B Class) outperforming the Fund's composite benchmark by 1.1%. The peer group of similar funds across the industry (the IA Mixed Investment 40-85% Shares sector) was up 2.0% over the same time period.

To set the performance figures in context, the MSCI AC World index was up 4.9% in the year to 31 October; by contrast, gilts were down 6.4% over the same period. Equities make up by far the largest proportion of our portfolio (typically approx. 75%), and have performed well over the last year; in fact, we outperformed in all regions except the UK (which is a relatively small allocation, accounting for only six stocks – of which Anglo American and Diageo held us back on this occasion). Strong returns were seen in all other regions, with names as diverse as Inditex, Synopsys, Microsoft and Taiwan Semiconductor Manufacturing all recording returns of over 30%. On the downside, it was mainly in the fixed interest and alternatives spaces where we lost money as bond yields have continued to rise in the face of further interest rate hikes by central banks: long-dated treasuries, REITs like Supermarket Income and PRS, and HICL Infrastructure were all very difficult places to be. However, we do consider 10-year US treasury yields of nearly 5% to be attractive in an environment when inflation is falling and there are fears of recession – so we have gradually been increasing our bond exposure in recent months.

In the first half of the year we introduced some new equity names, among which were DuPont de Nemours and United Health. Since the end of April we have sold DuPont on litigation concerns, but added to United Health, which we like for its defensive qualities. Over the last six months, most trades have involved adding to undervalued names (e.g. 3i Infrastructure, PRS REIT), and trimming things which have done well like Synopsys and Vulcan Materials. We also bought more Schlumberger (which first entered the portfolio in April this year) as we believe that the energy space requires a great deal of catch-up in capital expenditure – something which high oil prices can only encourage.

The two key debates – i.e. when interest rates will peak, and whether the US economy will experience a 'soft landing' – are still unresolved. Asset allocators are tending towards caution in the expectation that recession is inevitable after such a material tightening of credit conditions as we have seen over the last two years. 'Bottom-up' investors, on the other hand, are generally more sanguine, cautioning that the extraordinary conditions which prevailed during the pandemic mean that the usual assumptions about employment, savings rates etc. do not apply this time in the same way as they have done in the past, thus rendering predictions of imminent recession unduly alarmist. At Waverton, we believe current conditions do warrant a slightly cautious asset allocation, but we are also confident that we can continue to add value within the asset classes by eschewing index funds and instead focussing on the specific risk / reward parameters of the companies we invest in.

As we approach the end of 2023, the level at which bond yields settle will be a crucial factor in the outlook for asset prices. If geopolitical risk causes the oil price to increase, that will be unhelpful because it will affect both the inflation outlook and consumers' ability to spend. On the other hand, the pressing needs of Israel and Ukraine might encourage the US senate to stop playing political games around the budget and thereby

WS WAVERTON PORTFOLIO FUND

ACD'S REPORT continued

INVESTMENT MANAGER'S REPORT continued

restore some confidence to the treasury market. In the meantime, equity analysts will increasingly focus on 2024 and 2025 earnings: a few more months without a recession and a Q3 earnings season hasn't exhibited too many negative surprises will likely be helpful in that regard and enable equities to make progress as the year closes.

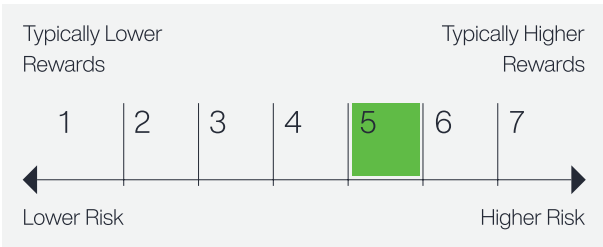
WAVERTON INVESTMENT MANAGEMENT LIMITED

Investment Manager

8 November 2023

WS WAVERTON PORTFOLIO FUND
ACD’S REPORT continued
FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund’s returns have varied. It is a measure of a fund’s volatility. The higher a fund’s past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 5 because its volatility has been measured as above average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

Currency Risk: As the Fund invests in global securities and other funds that invest in global securities, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

Counterparty Risk: As the Fund may enter into derivative agreements and structured products there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

Use of Derivatives: The Fund may invest in derivatives to generate additional capital or income. A movement in the value of the derivative’s underlying asset may have a much larger negative impact on the value of the Fund (down as well as up) than if the Fund were to hold the underlying investment itself.

Bond Risk: Bonds are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a bond is also affected by its credit rating.

For more information about of the Fund’s risks, please see the Risk Factors section of the Prospectus which is available at www.waystone.com.

WS WAVERTON PORTFOLIO FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables

Where the Fund has significant investment in collective investment schemes, exchange-traded funds and similar products, the operating charges figure takes account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the year end weighted against the net asset value of the share class at that date. Following an update to industry guidance, with effect from 1 July 2021, the operating charges figure also takes account of the ongoing charges incurred in closed end underlying schemes calculated as the expense value of such holdings at the year end weighted against the net asset value of the share class at that date.

A INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.10.23 pence per share	31.10.22 pence per share	31.10.21 pence per share
Opening net asset value per share	229.64	252.13	208.75
Return before operating charges*	14.85	(17.40)	47.55
Operating charges	(2.78)	(2.74)	(2.63)
Return after operating charges	12.07	(20.14)	44.92
Distributions	(3.35)	(2.35)	(1.54)
Closing net asset value per share	238.36	229.64	252.13
* after direct transaction costs of:	0.08	0.22	0.11

PERFORMANCE

Return after charges	5.26%	(7.99)%	21.52%
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OTHER INFORMATION

Closing net asset value (£'000)	352,573	357,339	366,109
Closing number of shares	147,914,607	155,607,444	145,206,896
Operating charges	1.16%	1.13%	1.12%
Direct transaction costs	0.03%	0.09%	0.04%

PRICES

Highest share price	248.14	263.30	252.44
Lowest share price	229.91	223.19	210.45

WS WAVERTON PORTFOLIO FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables continued

B INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.10.23 pence per share	31.10.22 pence per share	31.10.21 pence per share
Opening net asset value per share	228.93	251.37	208.10
Return before operating charges*	14.82	(17.36)	47.43
Operating charges	(2.18)	(2.13)	(2.04)
Return after operating charges	12.64	(19.49)	45.39
Distributions	(3.94)	(2.95)	(2.12)
Closing net asset value per share	237.63	228.93	251.37
* after direct transaction costs of:	0.08	0.22	0.11

PERFORMANCE

Return after charges	5.52%	(7.75)%	21.81%
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OTHER INFORMATION

Closing net asset value (£'000)	81,380	52,939	52,756
Closing number of shares	34,246,828	23,124,143	20,987,450
Operating charges	0.91%	0.88%	0.87%
Direct transaction costs	0.03%	0.09%	0.04%

PRICES

Highest share price	247.62	262.55	251.98
Lowest share price	229.26	222.77	209.81

WS WAVERTON PORTFOLIO FUND
ACD’S REPORT continued
FUND INFORMATION continued

Fund Performance to 31 October 2023 (%)

	1 year	3 years	5 years
WS Waverton Portfolio Fund	5.06	17.74	36.85
IA Mixed Investment 40-85% Shares sector ¹	1.96	9.34	17.49

¹ Source: Morningstar Direct.

The performance of the Fund is based on the published price per B Income share with income reinvested.

The performance of the Fund disclosed in the above table may differ from the ‘Return after charges’ disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on page 47.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

WS WAVERTON PORTFOLIO FUND

ACD'S REPORT continued

PORTFOLIO STATEMENT

as at 31 October 2023

Holding	Portfolio of Investments	Value £'000	31.10.23 %
	DEBT SECURITIES – 3.10% (31.10.22 – 1.97%)		
£14,724,000	UK Treasury 1.25% 31/7/2051	6,558	1.51
£9,162,800	US Treasury 1.125% 15/1/2033	6,912	1.59
	TOTAL DEBT SECURITIES	13,470	3.10
	BOND FUNDS – 11.84% (31.10.22 – 12.15%)		
3,277,708	Waverton Global Strategic Bond ^{1,2}	22,023	5.08
3,749,034	Waverton Sterling Bond ^{1,2}	29,336	6.76
	TOTAL BOND FUNDS	51,359	11.84
	EQUITIES – 73.51% (31.10.22 – 74.14%)		
	UNITED KINGDOM – 11.50% (31.10.22 – 15.40%)		
185,301	Anglo American	3,885	0.90
89,399	AstraZeneca	9,160	2.11
222,876	Diageo	6,924	1.60
134,585	Intertek	5,145	1.19
7,604,660	PRS REIT	5,483	1.26
177,252	RELX	5,084	1.17
438,561	Shell	11,604	2.67
2,513,632	Urban Logistics REIT	2,609	0.60
	TOTAL UNITED KINGDOM	49,894	11.50
	CONTINENTAL EUROPE – 12.27% (31.10.22 – 12.02%)		
217,097	Amadeus IT	10,177	2.35
404,616	Inditex	11,472	2.64
25,808	Linde	8,128	1.87
369,100	Sandvik	5,160	1.19

WS WAVERTON PORTFOLIO FUND

ACD'S REPORT continued

PORTFOLIO STATEMENT continued

as at 31 October 2023

Holding	Portfolio of Investments	Value £'000	31.10.23 %
62,755	Siemens	6,816	1.57
3,697,659	Taylor Maritime Investments	2,560	0.59
91,987	TE Connectivity	8,926	2.06
	TOTAL CONTINENTAL EUROPE	53,239	12.27
	JAPAN – 9.07% (31.10.22 – 8.88%)		
324,900	Asahi	9,603	2.21
227,200	Hitachi	11,715	2.70
253,000	KDDI	6,176	1.42
15,800	Keyence	4,996	1.15
87,200	Shin-Etsu Chemical	2,116	0.49
339,670	Toyota Motor	4,784	1.10
	TOTAL JAPAN	39,390	9.07
	ASIA PACIFIC (EXCL JAPAN) – 3.69% (31.10.22 – 3.21%)		
195,000	Hong Kong Exchanges and Clearing	5,644	1.30
83,800	Taiwan Semiconductor Manufacturing ADS	5,964	1.38
270,400	United Overseas Bank	4,393	1.01
	TOTAL ASIA PACIFIC (EXCL JAPAN)	16,001	3.69
	NORTH AMERICA – 36.98% (31.10.22 – 34.63%)		
181,210	AIG	9,154	2.11
93,090	Alphabet 'A'	9,515	2.19
81,532	Amazon.com	8,938	2.06
87,258	American Express	10,502	2.42
171,058	Canadian Pacific Kansas City	9,963	2.30
71,163	CME	12,514	2.88
18,718	Costco Wholesale	8,518	1.96
18,776	Intuit	7,652	1.76
59,362	Marsh & McLennan	9,278	2.14
27,679	Microsoft	7,712	1.78

WS WAVERTON PORTFOLIO FUND

ACD'S REPORT continued

PORTFOLIO STATEMENT continued

as at 31 October 2023

	Holding	Portfolio of Investments	Value £'000	31.10.23 %
	84,544	Qualcomm	7,594	1.75
	229,331	Schlumberger	10,517	2.42
	18,127	Synopsys	7,013	1.62
	70,349	T-Mobile	8,340	1.92
	29,655	UnitedHealth	13,086	3.01
	72,982	Visa	14,134	3.26
	37,444	Vulcan Materials	6,065	1.40
		TOTAL NORTH AMERICA	160,495	36.98
		TOTAL EQUITIES	319,019	73.51
		COLLECTIVE INVESTMENT SCHEMES – 3.65% (31.10.22 – 3.58%)		
	235,992	Waverton Asia Pacific ^{1,2}	6,846	1.58
	4,109,873	Waverton European Dividend Growth ^{1,2}	8,964	2.07
		TOTAL COLLECTIVE INVESTMENT SCHEMES	15,810	3.65
		ALTERNATIVES – 4.59% (31.10.22 – 5.52%)		
	1,548,017	3i Infrastructure ³	4,629	1.07
	630,485	Cordiant Digital Infrastructure ³	18	0.00
	2,169,587	GCP Asset Backed Income ³	1,172	0.27
	2,356,101	HICL Infrastructure ³	2,804	0.65
	13,060	Invesco Physical Gold ETC ⁴	2,068	0.48
	5,474,856	Sequoia Economic Infrastructure Income ³	4,259	0.98
	2,641,091	Starwood European Real Estate Finance ³	2,308	0.53
	3,661,060	Supermarket Income REIT	2,658	0.61
		TOTAL ALTERNATIVES	19,916	4.59
		STRUCTURED PRODUCTS – 0.80% (31.10.22 – 1.04%)		
	6,411,000	Luminis 0% 22/12/2026	3,483	0.80

WS WAVERTON PORTFOLIO FUND
ACD'S REPORT continued
PORTFOLIO STATEMENT continued
as at 31 October 2023

Holding	Portfolio of Investments	Value £'000	31.10.23 %
	FORWARD CURRENCY CONTRACTS – 0.00% (31.10.22 – 0.27%)	–	–
	Portfolio of investments	423,057	97.49
	Net other assets	10,896	2.51
	Net assets	433,953	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares unless stated otherwise.

¹ Collective investment scheme.
² Related party holding (see note 12).
³ Closed end fund.
⁴ Exchange traded commodity.

Definition:
ADS – American Depositary Shares.

WS WAVERTON PORTFOLIO FUND

ACD'S REPORT continued

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 October 2023

Total purchases for the year £'000 (note 16)	108,903	Total sales for the year £'000 (note 16)	105,097
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
UnitedHealth	11,626	US Treasury 2.375% 15/2/2042	13,023
US Treasury 2.375% 15/2/2042	11,202	RELX	9,544
Schlumberger	9,639	Shell	7,546
US Treasury 1.125% 15/1/2033	6,953	Home Depot	6,416
UK Treasury 1.25% 31/7/2051	6,596	Microsoft	5,253
Intertek	6,020	AstraZeneca	4,984
DuPont De Nemours	4,775	DuPont De Nemours	4,502
PRS REIT	3,957	Synopsys	4,495
Marsh & McLennan	3,904	Keyence	4,398
Waverton Sterling Bond	3,838	UK Treasury 1.75% 7/9/2037	4,343

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

WS WAVERTON PORTFOLIO FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
for the year ended 31 October 2023

	Notes	£'000	31.10.23 £'000	£'000	31.10.22 £'000
Income:					
Net capital gains/(losses)	3		15,757		(38,876)
Revenue	4	11,115		8,872	
Expenses	5	(4,425)		(4,293)	
Interest payable and similar charges	7	(1)		-	
Net revenue before taxation		6,689		4,579	
Taxation	6	(458)		(427)	
Net revenue after taxation			6,231		4,152
Total return before distributions			21,988		(34,724)
Distributions	8		(6,302)		(4,212)
Change in net assets attributable to shareholders from investment activities			15,686		(38,936)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 October 2023

	£'000	31.10.23 £'000	£'000	31.10.22 £'000
Opening net assets attributable to shareholders		410,278		418,865
Amounts receivable on issue of shares	46,544		55,134	
Amounts payable on redemption of shares	(38,555)		(24,785)	
		7,989		30,349
Change in net assets attributable to shareholders from investment activities		15,686		(38,936)
Closing net assets attributable to shareholders		433,953		410,278

WS WAVERTON PORTFOLIO FUND
FINANCIAL STATEMENTS continued
BALANCE SHEET
as at 31 October 2023

	Notes	31.10.23 £'000	31.10.22 £'000
ASSETS			
Fixed assets			
Investments		423,057	405,027
Current assets			
Debtors	9	20,818	1,931
Cash and bank balances	10	7,414	6,071
Total assets		<u>451,289</u>	<u>413,029</u>
LIABILITIES			
Investment liabilities		–	(211)
Creditors			
Distribution payable	11	(3,212)	(2,150)
Other creditors	11	(14,124)	(390)
Total liabilities		<u>(17,336)</u>	<u>(2,751)</u>
Net assets attributable to shareholders		<u>433,953</u>	<u>410,278</u>

WS WAVERTON PORTFOLIO FUND

FINANCIAL STATEMENTS continued

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2023

1. Accounting Policies

The principal accounting policies, which have been applied in both the current and prior year, are set out below.

(A) BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014, as amended.

These financial statements are prepared on a going concern basis. The ACD has made an assessment of the Fund's ability to continue as a going concern, and is satisfied it has the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made as at the date of issue of these financial statements, covering the subsequent 12 months, and considers liquidity, declines in global capital markets, known redemption levels, expense projections and key service provider's operational resilience. The ACD also considered the Fund's continued ability to meet ongoing costs, and is satisfied it has the resources to meet these costs and to continue in business.

(B) RECOGNITION OF REVENUE

Dividends on quoted equities are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment in the scheme and does not form part of the distributable revenue.

Reportable income from funds with 'reporting fund' status for UK tax purposes is recognised when the information is made available by the reporting fund.

Revenue on debt securities is accounted for on an effective yield basis.

Rebates of Annual Management Charges (AMC rebates) from underlying investments are accounted for on an accruals basis and are recognised as revenue or capital in line with the allocation of the Annual Management Charge between capital and revenue distribution policies of the underlying investments.

The treatment of the income on derivative contracts is dependent upon the nature of the transaction. To determine whether the returns should be treated as capital or revenue the motive and circumstances of the transaction are used. Where positions are undertaken to protect or enhance capital, the returns are

WS WAVERTON PORTFOLIO FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 October 2023

recognised in net capital gains; similarly where positions are taken to generate or protect revenue, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

(C) TREATMENT OF EXPENSES

All expenses, except for those relating to the purchase and sale of investments, are charged against revenue.

The Fund receives a rebate of the Annual Management Charge in relation to related party investments in the Fund. This is to eliminate double charging and, as such, is not a reduction in expenses suffered by shareholders.

(D) ALLOCATION OF REVENUE AND EXPENSES TO MULTIPLE SHARE CLASSES

Any revenue or expense not directly attributable to a particular share class will normally be allocated pro-rata to the net assets of the relevant share classes unless a different allocation method is deemed more appropriate by the ACD.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

(E) TAXATION

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Offshore income gains, from funds without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

WS WAVERTON PORTFOLIO FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 October 2023

(F) BASIS OF VALUATION OF INVESTMENTS

All investments are valued at their fair value as at close of business on the last business day of the financial year.

Quoted investments are valued at fair value which generally is the bid price, excluding any accrued interest in the case of debt securities. Accrued interest on debt securities is included in revenue.

Collective investment schemes are valued at published bid prices for dual priced funds and at published prices for single priced funds.

Open forward currency contracts are valued based on the difference between the contract value and the market value adjusted by the prevailing spot rate and swap curve.

Structured products for which a price can only be obtained from the issuer are valued at the fair value per the issuer and the value is confirmed by an independent price provider by reference to the terms as defined in the term sheet of the structured product.

(G) EXCHANGE RATES

The base and functional currency of the Fund is pounds sterling. Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rate prevailing at close of business on the last business day of the financial year.

(H) DILUTION LEVY

The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; on a sub-fund experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

(I) DIRECT TRANSACTION COSTS

Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Debt security investments have no separately identifiable transaction costs as they form part of the dealing spread. Indirect transaction costs may be incurred on transactions in underlying schemes but these do not form part of the direct transaction costs disclosures. Direct transaction costs do not include any difference between

WS WAVERTON PORTFOLIO FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 October 2023

the quoted bid and offer prices or internal administrative or holding costs. The average portfolio dealing spread disclosed is the difference between the bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange, expressed as a percentage of the value determined by reference to the offer price.

2. Distribution Policies

Surplus revenue after expenses and taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital.

Interim distributions may be made at the ACD's discretion and the balance of revenue is distributed in accordance with the COLL Sourcebook.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the Fund.

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

3. Net Capital Gains/(Losses)

The net capital gains/(losses) during the year comprise:

	31.10.23 £'000	31.10.22 £'000
Non-derivative securities	15,280	(42,897)
Derivative contracts	–	2,365
Forward currency contracts	209	1,111
Transaction charges	(3)	(3)
AMC rebates from underlying investments	432	298
Currency (losses)/gains	(161)	250
Net capital gains/(losses)	15,757	(38,876)

WS WAVERTON PORTFOLIO FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 October 2023

4. Revenue

	31.10.23 £'000	31.10.22 £'000
Non-taxable dividends	7,611	6,481
UK property income distributions	550	404
Interest on debt securities	633	472
Interest distributions on CIS holdings	1,946	1,394
AMC rebates from underlying investments	76	88
Bank interest	299	33
Total revenue	11,115	8,872

5. Expenses

	31.10.23 £'000	31.10.22 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	4,188	4,055
Legal and professional fees	5	5
Typesetting costs	4	4
Registration fees	112	115
	4,309	4,179
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	81	79
Safe custody and other bank charges	23	25
	104	104
Other expenses:		
Audit fees	11	9
Legal and professional fees	1	1
	12	10
Total expenses	4,425	4,293

WS WAVERTON PORTFOLIO FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 October 2023

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

6. Taxation

	31.10.23 £'000	31.10.22 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	458	427
Current tax charge	458	427
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	458	427

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.10.22: 20%). The difference is explained below:

	31.10.23 £'000	31.10.22 £'000
Net revenue before taxation	6,689	4,579
Corporation tax at 20%	1,338	916
Effects of:		
Non-taxable dividends	(1,522)	(1,297)
RPI movement on UK index-linked gilts	(17)	–
AMC rebates taken to capital	86	60
Unutilised excess management expenses	115	321
Corporation tax charge	–	–
Overseas tax	458	427
Total tax charge (note 6a)	458	427

c) Deferred tax

At the year end there is a potential deferred tax asset of £2,120,000 (31.10.22: £2,005,000) in relation to surplus management expenses. It is considered unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

WS WAVERTON PORTFOLIO FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 October 2023

7. Interest Payable and Similar Charges

	31.10.23 £'000	31.10.22 £'000
Interest payable	1	–
Total interest payable and similar charges	1	–

8. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on redemption of shares, and comprise:

	31.10.23 £'000	31.10.22 £'000
Interim	3,087	2,102
Final	3,212	2,149
	6,299	4,251
Add: Revenue deducted on redemption of shares	110	47
Deduct: Revenue received on issue of shares	(107)	(86)
Net distributions for the year	6,302	4,212

Details of the distributions per share are set out in the table on page 47.

	31.10.23 £'000	31.10.22 £'000
Distributions represented by:		
Net revenue after taxation	6,231	4,152
Allocations to capital:		
Tax relief on AMC rebates from underlying investments	70	60
Equalisation on conversions ¹	1	–
Net distributions for the year	6,302	4,212

¹ Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

WS WAVERTON PORTFOLIO FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 October 2023

9. Debtors

	31.10.23 £'000	31.10.22 £'000
Amounts receivable for issue of shares	340	489
Sales awaiting settlement	18,907	–
Accrued revenue:		
Non-taxable dividends	811	651
Interest from debt securities	72	36
Interest distributions on CIS holdings	496	516
AMC rebates from underlying investments	171	144
	1,550	1,347
Prepaid expenses	–	1
Taxation recoverable:		
Overseas withholding tax	21	94
Total debtors	20,818	1,931

10. Cash and Bank Balances

	31.10.23 £'000	31.10.22 £'000
Bank balances	7,414	6,071
Total cash and bank balances	7,414	6,071

11. Creditors

	31.10.23 £'000	31.10.22 £'000
Distribution payable	3,212	2,150
Other Creditors		
Amounts payable for redemption of shares	98	13

WS WAVERTON PORTFOLIO FUND**FINANCIAL STATEMENTS** continued**NOTES TO THE FINANCIAL STATEMENTS** continued

for the year ended 31 October 2023

	31.10.23 £'000	31.10.22 £'000
Purchases awaiting settlement	13,634	–
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	357	335
Typesetting costs	4	4
Registration fees	8	19
	369	358
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	7
Safe custody and other bank charges	3	3
	10	10
Other expenses	13	9
Total other creditors	14,124	390

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Waystone Management (UK) Limited ('WMUK') ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 11.

The Fund invests in other funds managed by the ACD, or an associate of the ACD. The ACD rebates the Annual Management Charge which is based on the net asset value of these investments in order to eliminate double charging.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 28 and amounts due at the year end are disclosed in notes 9 and 11.

WMUK and its associates (including other authorised investment funds managed by WMUK or its associates) held 77,360 (31.10.22: 84,245) of the Fund's shares at the balance sheet date.

WS WAVERTON PORTFOLIO FUND

FINANCIAL STATEMENTS continued

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 October 2023

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date the following shareholders held in excess of 20% of the shares in issue of the Fund:

All Funds Nominee Limited	86.89% (31.10.22: 0.00%)
Roy Nominees Limited	0.00% (31.10.22: 86.46%)

As part of the investment strategy, the Fund may from time to time hold shares in other collective investment schemes managed by the same Investment Manager or for which WMUK is also the ACD. At the balance sheet date the value of the holdings was as follows:

	31.10.23 £'000	31.10.22 £'000
Investment Manager in common	67,169	64,547

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.10.22: none).

14. Shares in Issue

	A Income	B Income
Annual Management Charge	1.00%	0.75%
Opening shares in issue	155,607,444	23,124,143
Issues	7,693,853	11,819,207
Redemptions	(15,086,489)	(997,465)
Conversions	(300,201)	300,943
Closing shares in issue	147,914,607	34,246,828

15. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for Efficient Portfolio Management (including hedging) and investment purposes.

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The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

(A) CREDIT RISK

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction. The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings. All bonds in which the Fund invests are investment grade securities which are lower risk.

There were no forward currency contracts held at the balance sheet date. The total position by counterparty at the prior year balance sheet date was as follows:

31.10.22 Counterparty	Forward currency contracts £'000
BNY Mellon	1,111

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(B) INTEREST RATE RISK

Interest rate risk is the risk that the value of the Fund’s investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes may expose the Fund to indirect interest rate risk to the extent that they may invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund’s underlying investments on a regular basis. The Fund may also indirectly be exposed to interest rate risk through its investment in collective investment schemes. As the Fund has no significant direct exposure to interest rate risk, no sensitivity analysis has been presented.

The table below shows the direct interest rate risk profile:

	31.10.23 £'000	31.10.22 £'000
Floating rate investments	51,359	49,858
Fixed rate investments	13,470	8,092
Investments on which interest is not paid	358,228	347,077
Investment liabilities on which interest is not paid	–	(211)
Total investments	423,057	404,816

The floating rate investments comprise collective investment schemes that pay UK interest distributions.

Investments on which interest is not paid include equities and collective investment schemes that do not pay UK interest distributions and structured products.

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

WS WAVERTON PORTFOLIO FUND
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The table below shows the direct foreign currency risk profile:

	31.10.23 £'000	31.10.22 £'000
Currency:		
Canadian dollars	9,963	9,397
Danish krone	21	93
Euros	28,660	30,906
Hong Kong dollars	5,644	4,109
Japanese yen	39,643	36,673
Singapore dollars	4,393	4,583
Swedish krona	5,160	4,221
US dollars	186,395	150,466
	<u>279,879</u>	<u>240,448</u>
Pounds sterling	154,074	169,830
Net assets	<u>433,953</u>	<u>410,278</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £13,994,000 on the net assets of the Fund (31.10.22: £12,022,000).

(D) LEVERAGE

The Fund did not employ any significant leverage in the current or prior year.

(E) LIQUIDITY RISK

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions should insufficient cash be held at the bank to meet this obligation. The ACD monitors the liquidity profile of the Fund daily.

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

WS WAVERTON PORTFOLIO FUND
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Based on this analysis 93.44% of the portfolio can be liquidated within 5 days and 95.91% within 21 working days (31.10.22: 93.74% within 5 days and 97.05% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

All financial liabilities are payable in one year or less, or on demand.

(F) MARKET PRICE RISK

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts, would have the effect of increasing the return and net assets by £21,153,000 (31.10.22: £20,185,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

During the year the Investment Manager has used structured products and forward currency contracts.

Refer to note 3 for the impact of derivatives and forward currency contracts in the year and to the Portfolio Statement for the position of forward currency contracts held at the year end.

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16. Portfolio Transaction Costs

31.10.23	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	72,293	23	87	72,403
Collective investment schemes	9,998	1	1	10,000
Debt securities	26,498	2	–	26,500
Purchases total	<u>108,789</u>	<u>26</u>	<u>88</u>	<u>108,903</u>
Transaction cost % of purchases total		0.02%	0.08%	
Transaction cost % of average NAV		0.01%	0.02%	
Ordinary shares	80,418	(26)	(1)	80,391
Collective investment schemes	5,854	–	–	5,854
Debt securities	18,854	(2)	–	18,852
Sales total	<u>105,126</u>	<u>(28)</u>	<u>(1)</u>	<u>105,097</u>
Transaction cost % of sales total		0.03%	–	
Transaction cost % of average NAV		0.01%	–	

Average portfolio dealing spread at 31.10.23 is 0.10% (31.10.22: 0.11%).

WS WAVERTON PORTFOLIO FUND

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31.10.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	193,044	80	188	193,312
Collective investment schemes	46,303	6	22	46,331
Debt securities	14,869	–	–	14,869
Purchases total	254,216	86	210	254,512
Transaction cost % of purchases total		0.03%	0.08%	
Transaction cost % of average NAV		0.02%	0.05%	
Ordinary shares	168,941	(71)	(1)	168,869
Collective investment schemes	36,852	(11)	–	36,841
Debt securities	13,300	–	–	13,300
Sales total	219,093	(82)	(1)	219,010
Transaction cost % of sales total		0.04%	–	
Transaction cost % of average NAV		0.02%	–	

The collective investment schemes include closed end funds and exchange traded commodities.

WS WAVERTON PORTFOLIO FUND

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NOTES TO THE FINANCIAL STATEMENTS continued

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17. Fair Value Hierarchy

Investments are categorised into the following levels based on their fair value measurement:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1;

Level 3: Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

31.10.23	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	352,405	70,652	–	423,057

31.10.22	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	334,872	70,155	–	405,027
Investment liabilities	–	(211)	–	(211)

18. Subsequent Event

As at 5 January 2024, the price of the Fund's share classes, compared to that at the balance sheet date, have moved as follows:

Share class	Balance Sheet Date	05.01.24	Movement
A Income	239.24	252.86	5.69%
B Income	238.80	252.20	5.61%

The increase in the prices is primarily due to favourable market conditions. These were approved on 11 January 2024.

WS WAVERTON PORTFOLIO FUND

FINANCIAL STATEMENTS continued

DISTRIBUTION TABLE

for the year ended 31 October 2023 – in pence per share

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.11.22	01.05.23
To	30.04.23	31.10.23

A INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.06.23	Paid 30.06.22
Group 1	1.6455	–	1.6455	1.1866
Group 2	1.0813	0.5642	1.6455	1.1866

Final	Net Revenue	Equalisation	Payable 31.12.23	Paid 31.12.22
Group 1	1.7070	–	1.7070	1.1645
Group 2	1.0581	0.6489	1.7070	1.1645

B INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.06.23	Paid 30.06.22
Group 1	1.9366	–	1.9366	1.4931
Group 2	1.4823	0.4543	1.9366	1.4931

Final	Net Revenue	Equalisation	Payable 31.12.23	Paid 31.12.22
Group 1	2.0062	–	2.0062	1.4593
Group 2	1.2403	0.7659	2.0062	1.4593

GENERAL INFORMATION

Share Capital

The minimum share capital of the Fund is £1 and the maximum share capital is £100,000,000,000.

Structure of WS Waverton Investment Funds

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority. On the introduction of any new sub-fund or class, a revised Prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The only sub-fund currently available is:

WS Waverton Portfolio Fund

In the future there may be other sub-funds of the Company.

Classes of Share

The Instrument of Incorporation allows income and accumulation shares to be issued.

Holders of income shares are entitled to be paid the distributable income attributed to such shares on any relevant interim and annual allocation dates.

Holders of accumulation shares are not entitled to be paid the income attributed to such shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation share.

Valuation Point

The current valuation point of the Fund is 10.00am (London time) on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

Buying and Selling Shares

The ACD will accept orders to deal in the shares on each business day between 8.30am to 5.30pm (London time) and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: PO Box 389, Darlington DL1 9UF or by telephone on 0345 922 0044.

GENERAL INFORMATION continued

Prices

The prices of all shares are published on every dealing day on the ACD's website: www.waystone.com and may also be obtained by calling 0345 922 0044 during the ACD's normal business hours.

Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Documents and the most recent interim and annual reports may be inspected at, and obtained from, the ACD at 2nd floor, 20-22 Bedford Row, Holborn, London, WC1R 4EB during normal business hours on any Business Day, in addition to being available at www.waystone.com.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. Information about the Financial Ombudsman can be found on its website at www.financial-ombudsman.org.uk.

Data Protection Act

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.

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