Alliance Witan
Find your comfort zone©

TheZONE
Autumn 2024

ALLIANCE WITAN MERGER

We look at how legacy Witan shareholders will find much is the same, but a little that's different.

Contents

Alliance Witan: diversified, high-conviction

Research shows that active equity managers add most value through a small number of their highest-conviction positions.[1] Yet, the performance of concentrated portfolios can also be highly volatile.

The Alliance Witan portfolio mitigates this risk by blending together the best ideas of 11 best-in-class[2] stock pickers, each with different, complementary styles. We believe our diversified, high-conviction, global equity strategy should deliver more consistent outperformance and lower volatility than a strategy run by a single manager. Returns from single-manager strategies are often prone to sharp up and down moves; we aim to provide investors with a smoother ride.

1. Sebastian & Attaluri, Conviction in Equity Investing, The Journal of Portfolio Management, Summer 2014.
2. As rated by Willis Towers Watson.

Alliance Witan

ALLIANCE WITAN MERGER

As Alliance Witan emerges from the UK's biggest investment trust merger in history, legacy Witan shareholders will find much is the same, but a little that's different

Alliance Witan has begun its journey after a merger that has brought together two more-than century-old icons of the investment trust industry. Willis Tower Watson (WTW) continues in its role as investment manager, and will invest with the same investment strategy it has successfully employed for Alliance Trust since April 2017.

With just 9% of Witan shareholders opting to cash-out on the merger[1], this has created an investing powerhouse of around £4.9 billion[2] that could earn itself a prestigious spot on the UK's premier stock market – the FTSE 100 – later in the year when constituents are rejigged[3].

For legacy Witan shareholders, much of the investment strategy remains the same. Alliance Witan will continue investing in stock markets around the world. It will aim to provide its investors a mixture of capital growth and a rising dividend, and seek to retain a long, unbroken track record of consecutively raising the income paid to shareholders. It will continue to focus on bottom-up investing, utilising the expertise of a range of best-in-class stock pickers to build a globally diversified portfolio of shares.

Yet, there will be a few, subtle differences too. Here is what legacy Witan shareholders can expect from Alliance Witan's approach.

1. https://www.theaic.co.uk/aic/news/industry-news/alliance-trust-knocks-on-ftse-100-after-just-9-of-witan-shares-cash-out
2. https://bit.ly/3YJjRYT
3. https://www.londonstockexchange.com/indices/ftse-100/constituents/table

1. Mainstream equities only

Witan's portfolio strategy was comprised of two key components: a mainstream 'core' of large and mid-sized businesses from stock markets around the world, and a smaller, 'specialist' portion of more esoteric investments including smaller or unlisted companies, or those with a specific sector focus such as on climate change or life sciences.

Alliance Witan will take a more straightforward approach, investing across a range of mainstream developed market equities, with just a small portion invested in emerging market equities. It will, however, continue to hold some of the investments that have transferred from Witan's specialist portfolio, largely deeply discounted investment trusts, until such time that they can be sold profitably.

2. A simpler benchmark

Witan's benchmark was a composite of the MSCI All-Country World Index (ACWI) with the MSCI UK Investable Market Index. The portfolio therefore had an allocation to UK equities alongside global equities.

Alliance Witan will have no such allocation, with portfolio investments shifting to wherever bottom-up investment opportunities emerge across global stock markets. As such, its benchmark is simpler: the MSCI ACWI.

3. Higher conviction approach

Though Witan was a strong believer in a selective investment approach, with managers typically holding between 20 and 40 stocks each, Alliance Witan will take a more concentrated approach: asking its stock pickers to choose just 10 – 20 stocks to ensure only the very best investment ideas work their way into the portfolio. The only exception will come from the small emerging market portion, which, given the greater investment risks associated with stock markets in developing economies, allows for up to 60 stocks.

The team believe this approach offers investors the potential for the most attractive returns relative to the risks involved in achieving them, while still diversifying the overall portfolio across the various investment approaches of Alliance Witan's 8 – 12 stock pickers.

4. Top-down style diversification

Alliance Witan will continue in a similar vein to Witan's strategy of selecting a diverse set of best-in-class stock pickers not always readily accessible to members of the UK public, but WTW will also seek to balance the investing style exposures of its stock pickers, giving the portfolio some resilience.

This, the team believes, is important in a world where disruptions are rife – from vicious wars to contentious elections, higher inflation and emerging technologies – and investing styles such as growth or value can drift in and out of favour.

"Although of course not guaranteed, a rising dividend will continue to be an important part of Alliance Witan's goal of serving as a hard working foundation for investor portfolios"

5. Dividends remain paramount alongside capital growth

Although of course not guaranteed, a rising dividend will continue to be an important part of Alliance Witan's goal of serving as a hard-working foundation for investor portfolios. For Alliance Witan shareholders, this means aiming to continue building on its 57-year track record of consecutively raising its dividend to shareholders – the third longest of any investment trust in the UK – and retaining its status merited by the industry trade body as an AIC Dividend Hero.

How economic issues in China are creating investment opportunities

Alliance Witan stock picker ARGA on why China's economic troubles are creating some interesting investment opportunities

Confidence in Chinese equities remains on a knife edge. Following a dreary year for the economy and its bourses, investor animal spirits were momentarily fired up in late September as the central bank announced stimulus measures aimed at boosting its ailing property sector and stock markets – including reduced interest rates and bank reserve requirements on new mortgages, and eased restrictions on borrowing for investing – only for the bulls to retreat as investors pondered what the government would do next.

The answer came a few weeks later, as the finance ministry sought to dovetail September's stimulus by outlining its fiscal commitments to propping up the economy, including support for the property and banking sectors, cash handouts, and help for debt-laden local governments. But in the absence of meat-on-the-bones detail in fiscal policy announcements, markets seem yet fully convinced that the flagging economy can be sufficiently re-energised.

As a result of investor scepticism, the valuations of some of China's great companies have become very attractive. Here, we look at why Alliance Witan stock picker ARGA thinks today's concerns regarding China are creating compelling opportunities, particularly in companies that are able to shield themselves from some of China's economic issues.

"As a result of investor scepticism, the valuations of some of China's great companies have become very attractive"

A (value) trap is set

As ARGA recently pointed out: "today's China opportunity exists because of its problems". Indeed, they are multi-faceted. Growth has slowed: sluggish on account of faltering demand and unenthused consumers. The crisis-hit property sector has turned from an economic boon to a considerable drag, draining confidence in an area that represents about a fifth of China's GDP and an asset seen as a key repository for long-term savings[1].

Elsewhere, overbearing regulation has emerged in sectors such as technology and education, spooking international investors. Its population, restricted by a one-child policy between 1980 and 2015, is ageing and reducing in size – putting consumption, healthcare and tax receipts at risk; remarkable given it used to be one of China's strongest contributors to growth.

China's population growth has turned negative

*Source: CNBS, Haver Analytics, Apollo Chief Economist. Note: Natural population growth shown. Natural population growth = (birth rate - death rate) * total population.*

1. https://www.reuters.com/markets/asia/china-new-home-prices-fall-fastest-pace-over-9-years-2024-05-17/

And all of this comes at a time of rising geopolitical tensions and fragmentation with the West, with a US-China trade war that hasn't eased.

As a result of this harsh reality, company revenue growth has declined and created risks to earnings forecasts already loaded with uncertainty.

Data as of March 2024. MSCI China, HSCEI, CSI 300 included.
Source: UBS Data, ARGA Analysis

Yet, it is in this sort of tricky economic environment that attractively valued companies can emerge. But ARGA believes that superficial measures such as stock pricing alone are insufficient to identify potentially compelling investment opportunities. Rather, in getting the risk-reward dynamic right for the portfolio, they are seeking firms focusing on shareholder value, that are on the right side of improving government standards, and which have strong underlying fundamentals that offer protection against the wider economic storm.

Tarred with the same brush

Economic difficulties aside, China is home to scores of great businesses and plenty that are resilient to its problems.

Even after recent market rallies, company valuations remain depressed, laying the groundwork for ARGA to find attractively valued investment opportunities. But they are being mindful of value traps – cheap-looking companies whose share prices justifiably end-up going nowhere – and using careful research to avoid them.

In particular, they're finding opportunities in companies falling under China's wider trend of improving shareholder returns: those that are focusing on cost control and reducing capital expenditure (capex) to improve free cash flow, as well as those increasing share buybacks and dividend pay-outs to create shareholder value.

What's more, the government in China, which plays an outsized hand in corporate life, has been encouraging of firms with a shareholder focus. It has a vested interest in the wealth stock markets created for households, particularly given their growing strategic importance amid the devastation of the property sector and the mostly domestic ownership of its A-share market.

It's why the regulator – the Chinese Securities Regulatory Commission – has been mirroring moves by regulators in Korea and Japan that have been helping improve capital efficiency within their markets, by stepping up calls for better governance, capital discipline and formal policies for dividends and share buybacks.

At the individual company level, ARGA has been seeking firms with fundamentals that are likely to insulate them from broader economic issues. These include solid balance sheets that enable companies to ride-out poor trading environments, as well as operational efficiencies that set them apart from their competitors, for example being able to position as low-cost providers.

ARGA cites Tencent, a Chinese internet company, and Alibaba, China's largest ecommerce company, as examples of attractive investments for the Alliance Witan portfolio. Both have strong balance sheets, with Alibaba in particular holding around $60bn in net cash – equivalent to around 30% of its total market value; both are focusing on improving profitability and shifting capital allocation to prioritise shareholder returns; and both have announced share buyback programs in 2024: by ARGA's estimates, they are forecast to return between 20-40% of their current market values in buybacks and dividends over the next few years.

Other investments for the portfolio include Prudential plc, an Asia-focused life and health insurer, and Sands China, a resort and casino operator in Macau.

As ARGA concludes: "China is clearly complex and troubled", but they believe that as long as research is diligent, market pessimism is creating value opportunities and the potential for attractive long-term returns for the Alliance Witan portfolio.

Sands

To watch the video
click here

Stock Spotlight – Las Vegas Sands

A. Rama Krishna, Founder and CIO of ARGA, discusses Las Vegas Sands and why it deserves a place in ARGA's portfolio.

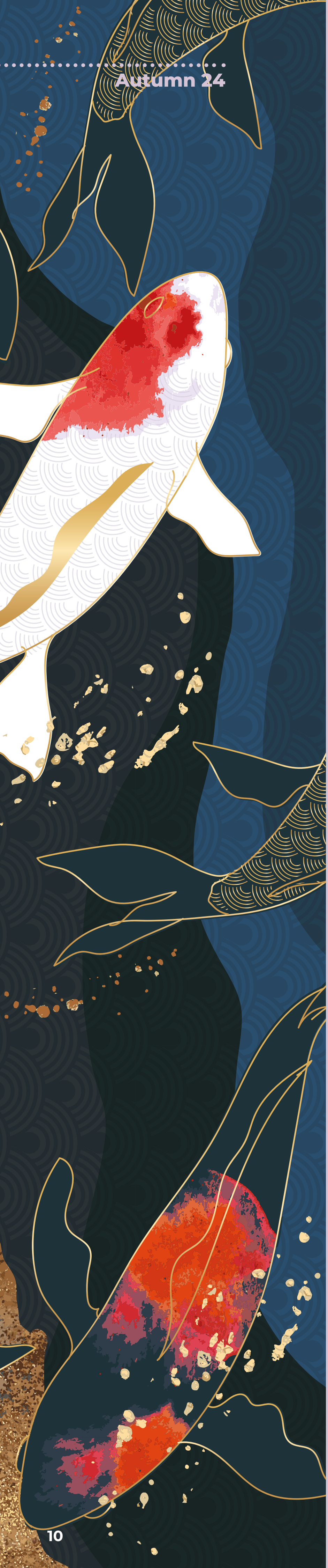
Views and opinions expressed herein are solely those of Alliance Witan. ARGA makes no representation or warranty as to their accuracy or completeness. To the fullest extent permitted by applicable law, ARGA expressly disclaims any liability whatsoever for errors or omissions in any information, and for any use or interpretation by others of any information, contained herein.

Japan’s Stock Market Rout

Explainer: We take a look at what caused Japan’s flash in the pan stock market rout

We probably need to feel sorry for those poor investors who, in mid summer, while eagerly awaiting their holidays, brimming with optimism that markets would remain as transcendentally calm as the Mediterranean Sea they were about to dip into, suddenly had their hopes dashed amid a market melee that began with jitters over soft economic data and earnings in the US and rippled all the way across the Pacific to Japan.

In the month that followed, after a profitable year for Japanese equities, markets twisted themselves into a full-on meltdown before recovering to pre-drama levels in two shakes of a lamb’s tail. Here, we ask what happened, and whether it has done much to change Alliance Witan’s Japan stock picker, Dalton’s, approach to investing in the land of the rising sun.



1. So, what happened?

In the year-to-date to 11 July, Japan's stock markets had been enjoying strong performance, with its main market, the Nikkei 225, posting a near 27% gain[1]. Over the next 25 days, however, sentiment soured and bourses dropped precipitously: with the Nikkei giving up pretty much its entire year's run[2]. In one particularly searing day, 5 August, markets experienced their biggest drop since 1987's Black Monday[3]. And yet, following this, a recovery began taking hold, volatility reduced, and the storm passed.

2. What spurred the rout?

Concerns over soft US economic data and the rising risks of recession alongside mixed tech earning results and creeping scepticism over AI first rattled investors. Then, on 31 July, the Bank of Japan (BoJ) announced that it was raising rates for only the second time in 17 years, from 0-0.1% to 0.25%. This tightening of financial conditions hadn't been fully considered by the market, and triggered a global unwinding of yen-funded carry trades that had been popular for the best part of a decade.

3. Wait, what on earth is a 'carry' trade?!

Typifying the industry penchant for jargon, a carry trade involves an investor borrowing money in a country where it is cheap i.e. has low interest rates, and investing it in higher yielding assets in other markets in order to earn a profit from the spread between the two.

Borrowing in yen to fund carry trades had been around for some time but became particularly popular in 2016 when BoJ interest rates turned negative against a backdrop of positive rates elsewhere. The attractiveness of the yen carry trade intensified post pandemic when high inflation around the world caused interest rates to spike and the spread to widen.

In addition, as Japan found itself increasingly trailing in the global interest rate hiking cycle, currency pairs involved in the trades – i.e. the USD / JPY exchange rate - diverged in value, and a second kicker to profits was added via currency movements. Scores of investors piled in, scant able to find a better risk-reward trade-off. In short, it was an immensely profitable strategy.

1 & 2. Morningstar, 27 August 2024
3. https://edition.cnn.com/2024/08/04/investing/japan-nikkei-stock-rout-intl-hnk

4. Why was the market reaction this summer so extreme?

In investing, if things seem too good to be true, it's usually because they are, or at the very least, they won't last forever. This summer, both sides of the carry trade equation started to shift: on one side, as asset prices fell in the US and the market began pricing in steeper interest rate cuts; and on the other side, as the BoJ inched rates more meaningfully above zero and yen loans became more costly.

This left many investors de facto short an appreciating currency and long assets that were falling, creating a two-sided squeeze on the trade and an intense pressure to close it off before holidays began. Given how crowded yen carry had become across such a wide base of both speculative and longer-term investors, enthusiastic selling of assets pushed markets sharply downwards.

5. How did Alliance Witan's Japan stock picker, Dalton, react?

With markets rebounding so rapidly, stock picker Dalton could only responsibly do very little within a Japan portfolio that was already fully invested. But as activist investors, they used the opportunity to write to portfolio companies and suggest that they begin share buyback programs, encouraging them to utilise their (often vast piles of) cash to take advantage of future market volatility and add value for their shareholders. Indeed, many traders think yen carry may not have fully unwound yet, implying further volatility down the line as interest rates continue shifting on different sides of the equation.

6. Does this change much about Dalton's approach to Japan?

Very little. Rather, the stock picker remains focused on Japan's encouraging progress in its corporate reforms – one of the big long-term drivers of share price returns. The recent takeover bid of one of Alliance Witan's Japan portfolio companies, Seven & I – the $39bn owner of 7-Eleven convenience stores – from Canadian convenience store giant Alimentation Couche-Tard is case in point.

Though the bid is in its early stages, it represents a remarkable moment in Japanese corporate history as the largest ever takeover bid by a foreign firm, and a clear indication that reforms are beginning to produce results and encourage a more dynamic dealmaking environment.

In particular, Seven & I appear to be following the government's Ministry for the Economy, Trade and Industry's (METI) guidelines on evaluating the deal by the letter: setting up a special committee to frame a response and invite other bids.

Equity Manager Spotlight

SGA

Investment Philosophy

SGA's investment approach brings together high business quality, superior long-term growth and attractive cash flow-based valuation. It looks for businesses whose growth is more predictable and sustainable, who generate recurring revenue streams and attractive free cash flow with management who have proved to be good stewards of shareholder capital.

Once SGA has confirmed that a business can grow faster than the market over a 3-5 year period, it can then be included in its Qualified Company List and is eligible for inclusion in client portfolios.

SGA constantly evaluates a company's quality, growth and value characteristics against other candidates on the Qualified Company List, to ensure portfolios comprise the best possible investment opportunities.

HK Gupta
Principal, Analyst &
Portfolio Manager

Stock Spotlight – Synopsys

SGA's HK Gupta outlines his investment in leading chip designer Synopsys, revealing why it's a great way to access semiconductor industry growth while avoiding some of its cyclicality

To watch the latest Stock Picker interview CLICK HERE

Launched in 1986, Californian firm Synopsys is a leader in chip design and verification within the semiconductor industry, generating around $5 billion in revenue each year.

The demand for semiconductors has ballooned in recent years due to a suite of emerging technologies such as automation, the Internet of Things (IoT) and AI. Synopsys supports clients in chip design, which is often complex and costly, and requires customising and perfecting over many years of testing.

Much of the business fits within SGA's view of 'quality' - in particular, Synopsys' highly repeatable revenues, which are attached to the longer-term and less cyclical research and development (R&D) budgets of semiconductor firms.

Synopsys – Fast Facts

1986	€5.843bn		CEO	Headquarters
Founded **1986**	Revenue (2023)	circa. 20,300	Sassine Ghazi	Sunnyvale - CA, US

Companies mentioned are for informational purposes only and should not be considered investment advice.

Equity Manager Spotlight

Jennison

Investment Philosophy

Jennison Associates is a global investment management company that specialises in a select range of active equity and fixed income investment strategies. The firm's equity expertise spans style disciplines, geographies, and market capitalisations.

Jennison takes a long-term view in its investment approach which is rooted in fundamental research and security selection. Portfolios are built from the bottom-up, security by security and internal research underlies all investment decisions.

Sector-expert analysts conduct deep equity research to inform their fundamental outlooks and earnings models. At the same time, knowledge, insights, and perspective for each team are shared freely and rapidly across the equity groups. This deep perspective, coupled with cross-team collaboration, ensures that only high-quality recommendations are presented to portfolio managers.

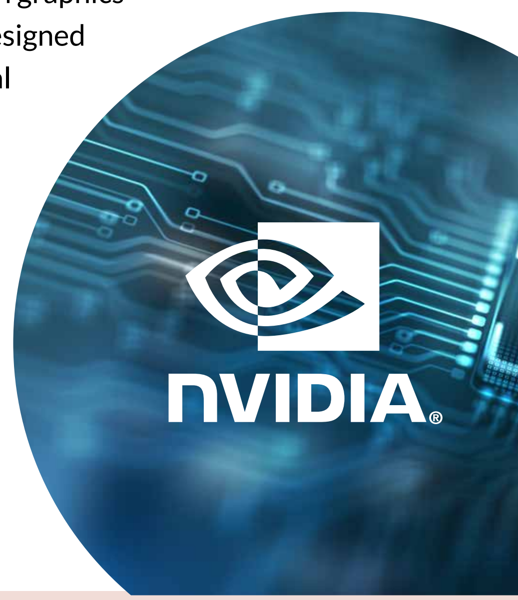
Mark Baribeau
Managing Director – Head of Global Equity

Stock Spotlight – NVIDIA

Tech powerhouse NVIDIA is back under the spotlight, this time with stock picker Mark Baribeau of Jennison Associates

To watch the latest Stock Picker interview CLICK HERE

NVIDIA remains a clear leader in chip manufacturing, and in particular, in graphics processing units (GPU): high end semiconductors that were originally designed for complex motion graphics used in gaming but have found an additional and extremely lucrative use in the accelerated computing required for emerging technology generative AI.



The large language models that serve generative AI use millions and millions of computations as they attempt to replicate how the human mind works, and must be powered by GPUs.

The stock picker believes that over the next few years, as nearly $1 trillion of data centre infrastructure is gradually upgraded into accelerated computing, with around $200-$300 billion forecast spending each year, the market opportunity for dominant incumbent NVIDIA is enormous.

NVIDIA – Fast Facts

1993	€60.9bn		CEO	Headquarters
Founded 1993	Revenue (2023)	circa. 29,600	Jensen Huang	Santa Clara, CA - USA

Companies mentioned are for informational purposes only and should not be considered investment advice.

Equity Manager Spotlight

EdgePoint

Investment Philosophy

EdgePoint invests in businesses for the long-term, viewing a stock as an ownership interest in a company. It endeavours to acquire these ownership stakes at prices below an assessment of their true worth.

EdgePoint believes that the best way to buy a business at an attractive price is to have an idea about the business that isn't widely shared by others – what the managers refer to as a proprietary insight.

EdgePoint focuses on companies with strong competitive positions, defendable barriers to entry, long-term growth prospects and run by competent management teams. Holdings reflect the belief that looking beyond a five-year investment horizon enables the stock picker to develop proprietary views that aren't reflected in the current stock price.

Tye Bousada
Co-Founder, President and Co-CEO

Stock Spotlight – JLL

Newly onboarded stock picker EdgePoint describes how property services company JLL assists clients in buying or leasing the buildings that are so important to their operations

To watch the latest Stock Picker interview CLICK HERE

JLL is a global property services company helping clients to buy or lease properties – including commercial, industrial and retail real estate – as well as with full real estate outsourcing services.

EdgePoint outlines that this is useful in a couple of key ways: in providing accurate information on transactions, and in providing expertise on an essential part of a business that is often non-core to its operations, potentially leading to vast savings.

The stock picker believes there's lots of runway for growth in each of JLL's markets, and that the stock remains undervalued due to the fear created in lockdown that home-working policies could severely impact the purchase & sale and leasing sides of the business; a fear that is unwinding as people return to the office.

JLL – Fast Facts

Founded **1999**	**€20.8bn** Revenue (2023)	circa. 100,000+	**CEO** Christian Ulbrich	**Headquarters** Chicago - IL, US

Portfolio Update

Global equity markets continued their ascent in the third quarter, although returns for sterling investors were dampened by a sizeable currency appreciation as the pound rallied against the US dollar. The MSCI All Country World Index returned 0.5%. Although equities were supported by central bank interest rate cuts by the Bank of England and US Federal Reserve, data on inflation and growth remained mixed. Emerging markets outperformed developed market equities, after China's aggressive monetary stimulus measures led to a remarkable surge in its stock market.

Our portfolio underperformed the market, with NAV total returns of -0.3%. Share price total returns were slightly lower at -1.3% due to a widening of the discount, which was supported by buybacks. The portfolio's underperformance was due to stock selection, largely by GQG and SGA in the US and Europe, while ARGA, Lyrical, Black Creek and Veritas all added value.

GQG and SGA both suffered from owning Novo Nordisk, the Danish weight loss drug company, which was the largest detractor to portfolio performance. The company's share price tumbled by -23% after disappointing trial results from its next generation anti-obesity drug, Monlunabant. GQG noted that while the weight loss from the new treatment was meaningful, there were moderate side effects that were unlikely to lead to regulatory approval. There were also concerns about Novo Nordisk's ability to ramp up supply to meet demand for its range of obesity products.

However, SGA says the company's long-term opportunity remains favourable given the rise in obesity and diabetes globally and its market leadership position. "As the incidences of diabetes and obesity continue to rise across the world, Novo Nordisk's manufacturing scale, technology leadership, and continued product mix upgrades, position the company well to benefit from attractive pricing power," says SGA. "The chronic nature of diabetes and haemophilia, as well as the widespread obesity crisis, is likely to lead Novo Nordisk to continue generating recurring revenues."

Detractors amongst the Magnificent Seven

Among the other significant detractors were some of the so-called Magnificent Seven, which led the market up through the first half of the year. After moving in unison for an extended period, the Magnificent Seven's share prices have been more volatile and divergent recently, and we were on the wrong side of some of the movements in the third quarter. Tesla, for example, previously one of the laggards in the group, rose strongly after reporting a rise in vehicle deliveries for the first time in three quarters on the back of a boost in Chinese demand following the rollout of new subsidies to encourage electric transition. We held less stock in the company than the index, so this detracted from relative returns.

To learn more about the portfolio price and performance click here

Alliance Witan

We also suffered from being underweight Apple, which rose by more than 4% in the quarter. This was a relatively small advance compared to history, but the company is such a large component of the index that our underweight hurt relative returns. Our overweight positions in two other index giants, Amazon and Alphabet, whose share prices fell 9% and 14% respectively, were an additional drag on relative performance.

Main contributors to performance

The main contributors included Aon, the US insurer owned by SGA and Veritas, whose shares rose by more than 10%, and some of ARGA's holdings in emerging markets did well, notably Ping An Insurance and Sands, the gambling resort owner, both in China. Ping An and Sands benefited from the government's stimulus measures. ARGA's holdings in Lojas Renner, Brazil's largest fashion retailer, also did well on better-than-expected earnings as fewer markdowns bolstered profit margins.

Among Lyrical's contributors was United Rentals, the US equipment rental company, which was up 9.2% in September and 18% over the quarter. Lyrical says the outlook for demand for US non-residential construction remains healthy as large mega-projects break ground. Earnings estimates continue to rise, as they have for most of the past 15 years. Lyrical continues to expect the company to deliver double digit earnings per share growth, while the stock is attractively valued and trading at a significant discount to the S&P 500.

As well as Aon, Veritas benefitted from owning two UK consumer staples stocks, Unilever and Diageo, which both posted gains. Diageo rose strongly on commentary, released ahead of its Annual General Meeting. CEO Debra Crew said that the premium spirit maker's expectations on trading hadn't changed since it released full-year earnings back at the end of July, and "good progress" was being made on some of its strategic initiatives. These included improving how it distributes its products in the key US market, after excess inventory had caused problems late last year, and restructuring its Nigerian business model. Fears have been growing about a potential slowdown for the business in a weak global economy. Weakening performance in Latin America raised the question of whether other markets could also be in line for softer performance. The price rise was also fuelled by China's economic stimulus package. Many luxury companies rely heavily on

United Rentals delivered strong returns, with shareholder Lyrical optimistic about robust demand for U.S. non-residential construction as large mega-projects break ground.

Chinese consumer spending. Last year, Diageo's net sales in Greater China increased 12%, primarily driven by strong growth in Chinese white spirits. It also owns a 34% stake in the Moët Hennessy drinks division.

Veritas continues to expect further share price appreciation from Diageo, which is well positioned for the growth globally of the market for alcoholic drinks, thanks to its collection of premium brands such as Johnnie Walker and Smirnoff. That gives it pricing power and in turn helps it earn substantial profits.

Looking to future earnings in aggregate, analysts forecast corporate profits generally to pick-up significantly in 2025, particularly in the US. Despite these high expectations, we believe declining inflation and further gradual easing of monetary policy in advanced economies should support corporate earnings growth and stock prices.

Biggest positions sold and acquired over the quarter

Top 10 largest net purchases Q3 2024	Net value of stock purchased (£m)	% of equity portfolio purchased	Top 10 largest net sales Q3 2024	Net value of stock sold (£m)	% of equity portfolio sold
American Electric Power	35.3	0.94	Alphabet	65.7	1.77
Novo Nordisk	35.1	0.94	NVIDIA	54.0	1.46
United Health Group	34.6	0.92	Broadcom	35.7	0.96
Enbridge	28.9	0.77	Fiserv	33.3	0.90
Salesforce	20.9	0.56	Apple	30.6	0.83
Aon	20.5	0.55	Berkshire Hathaway	18.9	0.51
Progressive	19.2	0.51	Qualcomm	17.9	0.48
AT&T	16.9	0.45	ASML	17.6	0.47
Verizon Communications	14.2	0.38	Sanwa	15.5	0.42
Ahold Delhaize	13.6	0.36	Alibaba	14.9	0.40

IMPORTANT INFORMATION AND RISK WARNINGS

This section contains important regulatory disclosures and risk warnings that are relevant to the material in this document. You should read this section carefully, as it is intended to inform and protect you.

Towers Watson Investment Management Limited (TWIM) has approved this communication for issue to Retail Clients. Past performance is not a reliable indicator of future returns.

The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Investment trusts may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV), meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV. This means that potential investors could get back less than the amount originally invested.

Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

No investment decisions should be based in any manner on the information and opinions set forth above. You should verify all claims, do your own due diligence, and/or seek advice from your own professional adviser(s) before investing in any securities mentioned.

The Alliance Witan Board has appointed Towers Watson Investment Management Limited (TWIM) as its Alternative Investment Fund Manager (AIFM). TWIM is part of Willis Towers Watson. Issued by Towers Watson Investment Management Limited. Towers Watson Investment Management Limited, registered office Watson House, London Road, Reigate, Surrey RH2 9PQ is authorised and regulated by the Financial Conduct Authority, firm reference number 446740.

Past performance is not a reliable indicator of future returns. Notes: All data is provided as of end March 2024 unless otherwise stated. All figures may be subject to rounding errors. Sources: Investment performance data is provided by BNY Mellon Performance & Risk Analytics Europe Limited, Morningstar and MSCI Inc; key trades data is provided by BNYM Fund Services (Ireland) Limited. Equity portfolio return is the return achieved by the equity managers, and so includes the effect of any of their cash holdings (gross of their fees). Returns are quoted net of withholding taxes (some of which are potentially recovered at a later date) and therefore potentially underestimate the managers' relative performance.

Registrars

Our registrars are:

Computershare Investor Services PLC,

Edinburgh House, 4 North St Andrew Street,

Edinburgh EH2 1HJ

Telephone: 0370 889 3187

Change of address notifications and registration enquiries for shareholdings registered in your own name should be sent to the Company's registrars at the above address. You should also contact the registrars if you would like the dividends on shares registered in your own name to be sent to your bank or building society account. You may check your holdings and view other information about Alliance Witan shares registered in your own name at computershare.com

How to Invest

There are a growing number of savings and investment platforms where you can purchase shares in Alliance Witan direct. They are primarily for investors who understand their personal attitude to risk and those related to equity-based products.

Share Investment

Alliance Witan PLC invests primarily in equities and aims to generate capital growth and a progressively rising dividend from its portfolio of investments. Alliance Witan currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream investment products, and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products, because they are shares in an investment trust. The shares in Alliance Witan may also be suitable for institutional investors who seek a combination of capital and income return. Private investors should consult an IFA who specialises in advising on the acquisition of shares before acquiring shares.

Contact

Alliance Witan PLC
River Court,
5 West Victoria Dock Road,
Dundee DD1 3JT
Tel +44 (0)1382 938320
investor@alliancewitan.com
alliancewitan.com