



Slater Investments Limited

Slater Growth Fund

Annual Report

For the year ended 31st December 2018

SLATER GROWTH FUND

DIRECTORY

Registered Office

Slater Investments Limited
Nicholas House,
3 Laurence Pountney Hill,
London
EC4R 0EU

Authorised Fund Manager (AFM)

Slater Investments Limited*
Nicholas House,
3 Laurence Pountney Hill,
London
EC4R 0EU
Telephone: (0207) 220 9460
Fax: (0207) 220 9469

Administrator, Registrar and Transfer Agent

JTC Fund Services (UK) Limited*
7th Floor
9 Berkeley Street
London
W1J 8DW

Investor Support: +44 203 893 1001

Custodian

RBC Investor Services Trust**
Riverbank House
2 Swan Lane
London
EC4R 3BF

Trustee

National Westminster Bank Plc**
135 Bishopsgate
London
EC2M 3UR.

Auditor

Barlow Andrews LLP
Carlyle House
78 Chorley New Road
Bolton
Lancashire
BL1 4BY

* Authorised and regulated by the Financial Conduct Authority.

** Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

SLATER GROWTH FUND

CONTENTS	PAGE
AUTHORISED STATUS AND GENERAL INFORMATION	1
DIRECTOR'S STATEMENT	2
STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES	2
TRUSTEE'S REPORT	3
INDEPENDENT AUDITOR'S REPORT	4
FUND MANAGER'S REPORT	6
FUND INFORMATION	
Comparative tables	11
Synthetic risk and reward indicator	12
Portfolio statement	13
ANNUAL FINANCIAL STATEMENTS	
Statement of total return	16
Statement of changes in net assets attributable to unitholders	16
Balance sheet	17
Notes to the annual financial statements	18

SLATER GROWTH FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

Slater Growth Fund (the “Fund”) is an authorised unit trust scheme established by a Trust Deed dated 15 March 2004. It is a UCITS scheme as defined in the Collective Investment Schemes Sourcebook (COLL). The Fund was authorised and regulated by the Financial Conduct Authority (FCA) with effect from 24 March 2004.

Unitholders of the Fund are not liable for the debts of the scheme.

Investment objectives

The investment objective of the Fund is to achieve capital growth.

The Fund will invest in companies both in the United Kingdom (UK) and overseas but concentrating mainly or, where appropriate, exclusively on UK shares. The Fund will focus in particular on shares which are deemed to be under valued and that have the potential of a significant re rating. Other investments including bonds, warrants and collective investment schemes, within the limits imposed by the trust deed may also be used where it is considered that they meet the investment objective. It is also intended where appropriate to take advantage of underwritings and placings. At times it may be appropriate for the Fund not to be fully invested but to hold cash and near cash. The Fund has powers to borrow as specified in COLL and may invest in derivatives and forward transactions for hedging purposes only.

Rights and terms attaching to each unit class

Each unit of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each unit in the event the Fund is wound up are on the same proportional basis.

Change in prospectus

A letter was sent to Unitholders on 31 May 2017, notifying them of changes to Slater Growth Fund, which became effective on 7 August 2017. These include a change of Authorised Fund Manager (AFM), Trustee, the Administrator and Registrar, consequential amendments to charges as a result of these changes, and a change in the name of the Scheme and the Fund.

Up to date key investor information documents, the full Prospectus and reports and accounts for the Fund can be requested by the investor at any time.

Remuneration Policy

The Authorised Fund Manager is subject to a remuneration policy which is applicable to UCITS funds and is consistent with the principles outlined in the Alternative Investment Fund Managers Directive (AIFMD) and the FCA Handbook of Rules and Guidance. The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.


The fixed remuneration paid by the Authorised Fund Manager to its staff in respect of all funds that it manages in the financial year ended 31 December 2017 was £826,103 and was shared amongst 14 members of staff. The above figures are taken from the financial report and accounts of Slater Investments Limited for the period 1 January 2017 to 31 December 2017. The financial statements of Slater Investments Limited have been independently audited.

All 14 Authorised Fund Manager staff members were fully or partially involved in the activities of the Fund. The variable remuneration paid by the Authorised Fund Manager to its staff in respect of all funds that it manages in the financial year ended 31 December 2017 was £582,214. The Authorised Fund Manager staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Fund or any other fund of the Authorised Fund Manager. None of the Authorised Fund Manager’s staff actions had a material impact on the risk profile of the Fund.

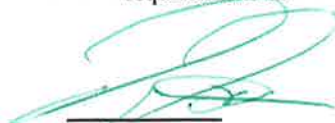
SLATER GROWTH FUND

DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the COLL as issued and amended by the FCA.



Mark Slater
Director



Ralph Baber
Director

SLATER INVESTMENTS LIMITED

Date: 22 February 2019

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The rules contained in the COLL and made by the FCA pursuant to the Financial Services and Markets Act 2000 require the Authorised Fund Manager to prepare financial statements for each annual accounting period, reporting the financial position of the scheme as at the end of that period and of its income for the period. In preparing those financial statements the Authorised Fund Manager is required to:

- Comply with the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association, the Trust Deed, and the rules in the COLL.
- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Authorised Fund Manager is required to keep proper accounting records and to manage the Trust in accordance with the regulations, the Trust Deed and the Prospectus.

SLATER GROWTH FUND

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF SLATER GROWTH FUND ('THE SCHEME') FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Trustee must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (the "AFM") are carried out (unless they conflict with the Regulations).

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

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

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

22 February 2019

Kevin Woodcock
Compliance Audit Manager
Trustee & Depositary Services

SLATER GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE SLATER GROWTH FUND

Opinion

We have audited the financial statements of the Slater Growth Fund (the 'fund') for the year ended 31 December 2018 which comprise the statement of total return, the statement of changes in net assets attributable to unitholders, the balance sheet and the notes to the annual financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the fund's affairs as at 31 December 2018 and of its net revenue and net capital gains or losses on the fund property for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by The Investment Association, the rules contained in the Collective Investment Schemes Sourcebook and the Trust Deed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the report of the Authorised Fund Manager for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- we have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

SLATER GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE SLATER GROWTH FUND (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the Authorised Fund Manager.

We have nothing to report in respect of the following matters to which the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

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

Responsibilities of the Authorised Fund Manager

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities set out on page 2, the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to liquidate the fund or to cease activity, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Fund's unitholders, as a body, in accordance with paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook. Our audit work has been undertaken so that we might state to the Fund's unitholders 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 Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

BARLOW ANDREWS LLP
CHARTERED ACCOUNTANTS & STATUTORY AUDITOR
CARLYLE HOUSE
78 CHORLEY NEW ROAD, BOLTON

22 February 2019

SLATER GROWTH FUND

FUND MANAGER'S REPORT

Report for the year to 31 December 2018

<u>Performance</u>	Six Months	1 year	3 years	5 years	Since launch*
Slater Growth Fund P unit class	-15.89%	-13.50%	+8.49%	+52.36%	+372.16%
Investment Association (IA) OE UK All Companies	-13.52%	-11.15%	+12.44%	+18.63%	+133.84%

* A unit class launched 30 March 2005

2018 was a year most investors would like to forget. The exuberance of 2017 was followed by sober conditions early in the year as the market adjusted to the prospect of rising interest rates and the winding down of quantitative easing. Conditions steadied in mid-year but prices began a sharp slide in October 2018. This was mainly due to concerns that the US Federal Reserve, under new chairman Jerome Powell, was steering by its model of the world rather than actual conditions. Some degree of cold turkey was always likely, given the Federal Reserve's \$50 billion monthly reduction in bond holdings. Under quantitative easing it increased its gross assets from under \$1 trillion to nearly \$4.5 trillion. Even reducing at \$600 billion per year, it would take until December 2023 to return to its pre-crisis size. These are uncharted waters for investors and the authorities alike. In early January the Federal Reserve began signalling it will take a more pragmatic view. As the Financial Times put it: better late than never.

Future Group has been our star performer, rising +12% and contributing +0.82%. The company delivered consistent upgrades. For instance, the consensus earnings per share forecast for the year to September 2019 rose from 20p to 27p during 2018. The company made a string of acquisitions and carried out a rights issue. The management has established a powerful track record in buying declining magazine titles, transferring their content online and using this to generate sales commission from e-commerce. We are always wary of acquisition sprees but believe Future is genuinely adding value, not merely exploiting its higher rating to generate earnings growth.

We bought **JTC** when it floated in March 2018 at 290p. The shares closed the year at 383p. There are similarities to Future in that it buys other businesses, in this case fund administrators, and slots them into its highly cost-efficient platform. Outsourcing from banks also continues to be a good source of growth, so the business can grow without acquisitions. Market risk is only indirect for JTC and the business essentially trades on its scale efficiencies, rather than simply from operating through tax havens. In August 2018 it paid €16 million for Van Doorn of Holland, on an enterprise value/earnings before interest, taxes and amortisation multiple of 9. In September 2018 it bought Jersey-based Minerva Holdings for £28 million, with a fully paid multiple of 7.5. We will monitor these deals for evidence of operational gains.

Liontrust Asset Management rose +22% and contributed +0.40%. The business has had great success attracting inflows for its sustainable funds. In November 2018 it reported a +21% rise in adjusted profits before tax for the half year to September 2018, helped by net inflows of £723 million, up from £178 million in the first half of 2017. Liontrust has been adept at exploiting the demand for virtuous investments without overly compromising on performance.

AFH Financial Group rose nearly +24% and contributed +0.37%. The company had another busy year buying independent financial advisers. During the year the company raised £15 million to fund acquisitions. Funds under management reached £5 billion, up from £2 billion in 2016. The company is capitalising on the shortage of advice from financial planners where demand is outstripping supply. AFH sees the available pipeline for acquisitions lasting at least another decade. As the expanded business matures, investors will place more emphasis on operational gains. For instance revenue per adviser is forecast to rise from £161k in the year to October 2018 to £225k in the current year and £327k in financial year 2020.

TV producer **Entertainment One** gained +9% and contributed +0.35%. Management confirmed that prospects remain bright and that trading in the first half underpins the full year outlook. The company is well positioned leveraging the global growth in original content being fuelled by the likes of Netflix. Reflecting this, the independent library valuation increased to \$2 billion (2017: \$1.7 billion). Family & Brands, which includes Peppa Pig and PJ Masks, continues to perform strongly, driven by ongoing consumer product roll-outs across a growing number of licensing contracts and streaming video on demand deals. There is a robust pipeline of new TV series. Film continues to transition to higher-quality production.

SLATER GROWTH FUND

FUND MANAGER'S REPORT (CONTINUED)

Report for the year to 31 December 2018

Taptica International contributed -0.35%. We sold the shares at just over 300p as we had become concerned about competitive pressures in the ad tech market generally. To be fair, the Taptica's Chief Executive Officer gave us a frank appraisal of industry dynamics and made the decision straightforward. The shares closed the year at 160p, vindicating the decision.

Codemasters Group, which develops video racing games, floated in June 2018 at a £280 million valuation and closed the year 20% lower. It contributed -0.38%. This poor performance was due to the failure of new game *Onrush*, which was launched to little fanfare in the summer. Despite excellent graphics, the game was badly received because it was modelled on arcade games where there is no clear start or finish. The latest version of the company's flagship *Formula 1* game has sold well since its launch in August 2018. The next important news will be the launch of *Dirt Rally 2* in February 2019. We liked the fact that management moved swiftly to redeploy staff from *Onrush* to other projects. But of course it would have been better not to have launched a game with such an unfamiliar structure. On a price/earnings ratio of 13 at year end, the shares are far from expensive.

Breedon Group, which operates quarries, fell -31% and contributed -0.41%. Forecasts ended the year little changed from their opening levels, so this was a case of de-rating rather than downgrades. The key event of the year was the £455 million cash purchase of Belfast-based *Lagan Group*. This was funded by a £170 million placing. At 10x earnings before interest, tax and amortisation this was not the sort of low-rated acquisition which had made Breedon so popular with investors, though it did give the company access to the much more buoyant market in the Irish Republic. At year end the shares stood at a price/earnings ratio of 11.5 and a price/earnings to growth ratio of below 1.

Online Bingo and casino business **JPJ** had a frustratingly mixed year. The business performed impressively but the shares suffered along with the whole sector as investors became alarmed by tightened regulations and rising levies. The shares were bought at around 800p, quickly rose +25% but then began to slide, closing the year at 637p. The contribution was -0.41%. In the UK, the Remote Gaming Duty was increased from +15% to +21% as from April 2019. An increase to 20% has been expected after the government's crackdown on fixed odds betting machines, which created a shortfall of tax revenues. JPJ is expanding rapidly on the continent and in Germany in particular. By the end of this year we expect the UK to fall below 50% of total income. At year end the price/earnings ratio was 5.6 and the enterprise value/earnings before interest, taxes and amortisation of 7.8. The company will start paying dividends from mid-year as cashflow reduces net debt.

Cyber-technology specialist **NCC Group** contributed -0.44% after falling -25%. This was despite giving a positive trading update in September 2018. The company reiterated that trading is in line with full-year expectations for adjusted operating profit. It remains on track for double-digit revenue growth at its Assurance division, which comprises cybersecurity consulting, and, accounts for over 80% of revenues. The company is part way through its strategic transformation and there is room for margin improvement. A core technology holding.

Price comparison website **Gocompare.com Group** was bought during the year at around 125p. Profit forecasts remained broadly stable but the shares fell sharply, closing the year at 69p with a contribution of -0.45%. Motor premiums have been falling and the company decided to protect margins by reducing its marketing spend. Its strategic focus has been to develop savings-as-a-service offerings. In October 2018 it began a soft launch of the first of these, called *weflip*, which automatically switches power suppliers. We await early feedback from this and guidance on marketing spend. Meantime the shares closed the year at an undemanding price/earnings ratio of 7.6 and a 3% yield.

Online travel agency **On the Beach** took a roasting during the heatwave, but we remain massively impressed by the agility of its management. The shares fell 28% to close at 336p. The contribution was -0.49%. In August 2018, *On the Beach* paid £20 million for package holiday business *Classic Collection*. This gave the company an offering in long haul beach holidays. It also provided access to the segment of customers who still prefer to buy packages from their local agents. We suspect the experience gained here will be important when *On the Beach* eventually makes a serious move into Continental markets. At 336p the price/earnings ratio was 12.7 and the price/earnings to growth ratio below 0.5.

FUND MANAGER'S REPORT (CONTINUED)

Report for the year to 31 December 2018

ITV contributed -0.53% after falling -24%. The share took a downward lurch in November 2018, when the company guided toward a soft fourth quarter for broadcast advertising, leaving full year like for like forecasts at around 0. Erosion from digital competition has combined with consumer fatigue to make life particularly hard at the moment. Broadcasting has fixed cost and variable revenues. Towards the year end the company agreed new terms with Virgin which should be accretive to profit and we await a similar deal with Sky. The shares trade on a very modest 9x price/earnings ratio, generate plenty of cash and yield 6.5%.

Marketing automation provider **DotDigital Group** contributed -0.70% despite a good set of final results in which the company delivered adjusted earnings per share of 3.12p compared with broker consensus forecasts of 2.98p. Key operational metrics were positive including average revenue per user (ARPU) up +18% to £845 per month. The partnership with e-commerce platform provider Magento is delivering particularly strong growth. Following the acquisition of Comapi the company has accelerated its transition towards becoming an AI-driven, omni-channel platform, positioning itself extremely well to capitalise on the large global market for marketing automation technology. This is reflected in sales based on the 'volume of emails sent' now accounting for less than 50% of group turnover. The company is one of only a small handful of quoted 'Software as a Service' based technology companies in the UK delivering predominantly organic growth and high quality recurring revenues.

Quiz, the fast-fashion retailer, was particularly disappointing. It contributed -0.76% and the shares fell 79%. The damage was done with an update in October 2018 which reported that sales via the Next website had suddenly stopped growing. This had been the biggest driver of online sales growth in the year to March 2018, so the abrupt change was disconcerting and the explanation for it was unclear. Quiz is ramping up its marketing spend to boost sales via its own website. The shares were duly punished, closing the year on a price/earnings ratio of 6, a 5% yield and with net cash. Nonetheless, we have reduced the holding and are accelerating our exit strategy.

In its interims digital marketing specialist **XLMedia** (-0.77% contribution) said that it had been negatively impacted by regulatory changes and suffered the loss of revenue from some of its websites as a result of malicious activity by hackers. The company also reported a 31% year-on-year revenue decline at its Media division partially offset by growth in Publishing. In December 2018 it announced a \$10 million buyback programme. This helped the shares to stabilise and close the year at 75p, but still down -62%. As with Taptica, we see online advertising as a very challenging market. We sold the shares steadily from mid-year and, at the time of writing, have a tiny position remaining.

Life insurance giant **Prudential** fell -26% and contributed -1.01%. This poor performance came in spite of its plan to demerge the M&G business, long seen as a laggard compared to the faster-growing Asian operations. For five years until late 2017, Prudential moved in lock-step with the share price of AIA, its Hongkong-listed peer. Both of them trebled in sterling terms. The sharp underperformance of Prudential since then looks an interesting opportunity, while not forgetting that quantitative tightening makes a difficult environment for life funds generally.

CVS Group, which operates a network of veterinary practices, fell nearly -37% and contributed -1.06%. In 2018 the earnings multiple contracted sharply. The company seems to be getting a grip of staff turnover problems, though at the cost of higher pay for vets and nurses. On 12.5 times earnings at year end, the rating is hardly dizzy. We expect to see further consolidation of the market.

Restore made a -1.71% contribution after falling -45%. It reported interims in September 2018 which showed sales up +9% and adjusted earnings per share up +10%. The integration of the TNT document storage business was held up by the competition authorities but is now proceeding. This was the last sizable document storage acquisition possible in the UK that moves the dial although there are still new sales opportunities in the un-vended public sector. The core business of box storage still accounts for 70% of group profit. Looking forward, the scaling up of the scanning and shredding businesses and cross-selling look like being the big drivers in terms of top line growth, the challenge being to raise scanning and shredding margins closer to that of box storage. As with CVS, this has been a painful de-rating but it seems to have run its course. The shares closed the year on a 10.9 price/earnings, a rating which gives no credit for promising cross-selling opportunities. We sold the shares at higher levels during the first half.

SLATER GROWTH FUND

FUND MANAGER'S REPORT (CONTINUED)

Report for the year to 31 December 2018

Despite delivering a good set of interim results to the end of August 2018 with adjusted pre-tax profits up +15%, shares in database specialist **First Derivatives** (-1.71% contribution) fell precipitously after it was de-rated by the market on the back of short sellers targeting the company. With its unique proprietary database offering the company is starting to open up sizable new opportunities in substantial verticals outside finance. These include industrial applications, the Internet of Things, pharma, retail, telcos and utilities. The company, however, does not appear to have put sufficient effort into developing and scaling up its partner channels. As a result, progress is perceived by the market as being slower than anticipated and at odds with its very high historical rating. We had been reducing the holding steadily in the last year or so, selling on rising prices, and accelerated the pace in October 2018.

Hutchison China MediTech contributed -2.55%. Disappointingly, in November 2018 its leading drug, Fruquintinib, failed in a Phase 3 trial for the further indication of non-small cell lung cancer. In addition, in December 2018 the company announced it was abandoning a Phase 3 study comparing Savolitinib with Sutent in kidney cancer. On a positive note, Hutchison China MediTech still has a profusion of clinical trials under way and as we have seen with AstraZeneca's Imfinzi, a drug can miss the mark with one cancer and triumph against another. AstraZeneca and Hutchison China MediTech have begun a global Phase 2 study of Savolitinib and Tagrisso in non-small cell lung cancer patients whose disease has progressed after initial treatment with Tagrisso. In November 2018, Hutchison China MediTech successfully launched Fruquintinib for the treatment of colorectal cancer and the company has engineered more attractive terms with its partner Eli Lilly. During the year the Fund reduced its holding materially for risk management purposes when the shares were trading at the top of their range.

Purchases and sales

During the year we added shares in **AFH Financial Group, Alliance Pharma, Breedon Group, Entertainment One, Ergomed, Future Group, Inspired Energy, Iomart Group, ITV, Liontrust Asset Management, Mears, Next Fifteen Communications, Prudential, Quiz, Safecharge International** and **STV**. We bought shares in **Applegreen, Charles Taylor, Codemasters Group, Gocompare.com Group, IG Design Group, JPJ** and **JTC**.

We reduced shares in **First Derivatives, Hutchison China MediTech, Quiz, Restore** and **XLMedia**. We sold entirely out of **Matomy Media, OPG Power Ventures, Photo-Me International, Staffline Group** and **Taptica International**.

Slater Investments Limited.

22 February 2019

SLATER GROWTH FUND

FUND MANAGER'S REPORT (CONTINUED)

Distributions (pence per unit)

	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Class A Accumulation</u>				
Net income paid last day of February	-	0.2182	1.6499	0.4726
<u>Class B Accumulation</u>				
Net income paid last day of February	1.7752	2.6512	3.7314	2.4374
<u>Class P Accumulation</u>				
Net income paid last day of February	3.1991	3.9343	4.8066	3.4362

Material portfolio changes

For the year ended 31 December 2018

Purchases	Cost (£)	Sales	Proceeds (£)
Future Group	13,934,850	First Derivatives	18,299,078
Codemasters Group	11,280,000	Hutchison China MediTech ADR	16,598,702
JPJ	10,931,122	Staffline Group	6,696,593
JTC	10,278,892	Taptica International	3,906,493
Charles Taylor	6,532,696	XLMedia	3,368,389
Gocompare.com Group	5,743,023	Restore	2,470,736
IG Design Group	4,972,500	Photo-Me International	2,133,709
Prudential	4,761,881	Hutchison China MediTech	1,330,224
Alliance Pharma	4,667,143	OPG Power Ventures	1,196,500
Safecharge International Group	4,249,045	Matomy Media Group	86,264
Breedon Group	3,886,603	Quiz	48,956
ITV	3,566,151		
Entertainment One	3,435,020		
Applegreen	2,464,997		
Liontrust Asset Management	1,833,258		
Next Fifteen Communications	1,776,557		
AFH Financial Group	1,671,385		
Quiz	1,208,813		
Iomart Group	943,931		
STV Group	886,828		
Other purchases	737,316		
Total Purchases for the year	99,762,011	Total Sales for the year	56,135,644

SLATER GROWTH FUND

FUND INFORMATION

Comparative tables

Class A accumulation units	Year to	Year to	Year to
Change in net assets per unit	31.12.18	31.12.17	31.12.16
	pence	pence	pence
Opening net asset value per unit	521.98	404.50	421.47
Return before operating charges*	(71.29)	124.78	(10.84)
Operating charges	(8.04)	(7.30)	(6.13)
Return after operating charges*	(79.33)	117.48	(16.97)
Gross distribution on accumulation units	-	(0.22)	(1.65)
Accumulation distributions reinvested	-	0.22	1.65
Closing net asset value per unit	442.65	521.98	404.50
*after direct transaction costs of	0.28	0.15	0.35
Performance			
Return after charges	(15.20%)	29.04%	(4.03%)
Other information			
Closing net asset value	£34,126,382	£52,573,009	£44,226,643
Closing number of units	7,709,535	10,071,924	10,933,716
Operating charges	1.60%	1.54%	1.55%
Direct transaction costs	0.06%	0.03%	0.09%
Prices			
Highest unit price	529.69p	521.98p	448.09p
Lowest unit price	439.84p	404.16p	349.53p
Class B accumulation units	Year to	Year to	Year to
Change in net assets per unit	31.12.18	31.12.17	31.12.16
	pence	pence	pence
Opening net asset value per unit	539.72	415.64	427.51
Return before operating charges*	(74.15)	129.12	(7.64)
Operating charges	(5.53)	(5.04)	(4.23)
Return after operating charges*	(79.68)	124.08	(11.87)
Gross distribution on accumulation units	(1.78)	(2.65)	(3.73)
Accumulation distributions reinvested	1.78	2.65	3.73
Closing net asset value per unit	460.04	539.72	415.64
*after direct transaction costs of	0.29	0.16	0.36
Performance			
Return after charges	(14.76%)	29.85%	(2.78%)
Other information			
Closing net asset value	£10,290,942	£11,115,523	£9,010,289
Closing number of units	2,236,991	2,059,501	2,167,828
Operating charges	1.06%	1.03%	1.05%
Direct transaction costs	0.06%	0.03%	0.09%
Prices			
Highest unit price	548.73p	539.72p	435.91p
Lowest unit price	457.11p	415.30p	357.62p

SLATER GROWTH FUND

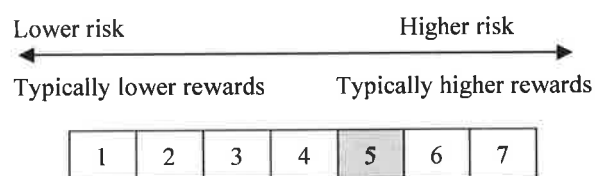
FUND INFORMATION (CONTINUED)

Comparative tables (continued)

Class P accumulation units	Year to	Year to	Year to
Change in net assets per unit	31.12.18	31.12.17	31.12.16
	pence	pence	pence
Opening net asset value per unit	548.43	421.15	431.13
Return before operating charges*	(75.44)	131.16	(6.73)
Operating charges	(4.21)	(3.88)	(3.25)
Return after operating charges*	(79.65)	127.28	(9.98)
Gross distribution on accumulation units	(3.20)	(3.93)	(4.81)
Accumulation distributions reinvested	3.20	3.93	4.81
Closing net asset value per unit	468.78	548.43	421.15
*after direct transaction costs of	0.29	0.16	0.36
Performance			
Return after charges	(14.52%)	30.22%	(2.31%)
Other information			
Closing net asset value	£441,545,880	£432,892,452	£341,004,926
Closing number of units	94,190,864	78,932,781	80,969,590
Operating charges	0.79%	0.78%	0.80%
Direct transaction costs	0.05%	0.03%	0.09%
Prices			
Highest unit price	559.17p	548.43p	439.10p
Lowest unit price	465.80p	420.81p	361.63p

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class in the year. Direct transaction costs are the total charges for the year, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the weighted average net asset value over the year and the weighted average units in issue for the pence per unit figures.

Synthetic risk and reward indicator



The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Fund. It is calculated based on the volatility of the Fund using weekly historic returns over the last five years. If five years data is not available for a fund, the returns of a representative portfolio are used.

This Fund has been measured as 5 because it has experienced moderate to high volatility historically.

SLATER GROWTH FUND

FUND INFORMATION (CONTINUED)

Portfolio statement

as at 31 December 2018

Holding or nominal value		Bid value £	Percentage of total net assets	
			31 Dec'18 %	31 Dec'17 %
APPAREL RETAILERS				
3,254,997	Quiz	1,077,404	0.22	
	Total Apparel Retailers	1,077,404	0.22	0.84
CONSTRUCTION & MATERIALS				
10,270,114	Breedon Group	6,059,367	1.25	
11,390,243	SigmaRoc	4,373,853	0.90	
	Total Construction & Materials	10,433,220	2.15	1.86
CONSUMER SERVICES				
453,959	Applegreen	2,251,637	0.46	
4,579,615	Gocompare.com Group	3,132,457	0.64	
1,350,000	JPJ	8,572,500	1.76	
	Total Consumer Services	13,956,594	2.86	-
ELECTRICITY				
	Total Electricity	-	-	0.27
FINANCIAL SERVICES				
3,587,914	AFH Financial Group	12,127,149	2.50	
595,638	Arbuthnot Banking Group	6,135,071	1.26	
2,366,984	Charles Taylor	5,089,016	1.05	
353,420	Close Brothers Group	5,089,248	1.05	
3,531,694	JTC	13,243,853	2.73	
1,875,270	Liontrust Asset Management	10,914,071	2.25	
165,577	River & Mercantile	364,269	0.07	
	Total Financial Services	52,962,677	10.91	5.94
GENERAL RETAILERS				
1,584,982	CVS Group	10,468,806	2.15	
	Total General Retailers	10,468,806	2.15	3.32
HOUSEHOLD GOODS & HOME CONSTRUCTION				
1,125,000	Telford Homes	3,178,125	0.65	
975,000	IG Design Group	5,596,500	1.15	
	Total Household Goods & Home Construction	8,774,625	1.80	0.95

SLATER GROWTH FUND

FUND INFORMATION (CONTINUED)

Portfolio statement (continued)

as at 31 December 2018

Holding or nominal value		Bid value £	Percentage of total net assets	
			31 Dec'18 %	31 Dec'17 %
INDUSTRIAL ENGINEERING				
400,000	Pressure Technologies	368,000	0.08	
2,369,307	Trifast	4,335,832	0.89	
	Total Industrial Engineering	4,703,832	0.97	1.29
INDUSTRIAL TRANSPORTATION				
3,775,000	Avation	9,626,250	1.98	
220,000	James Fisher & Sons	3,775,200	0.78	
	Total Industrial Transportation	13,401,450	2.76	2.47
LEISURE GOODS				
	Total Leisure Goods	-	-	0.69
LIFE INSURANCE				
1,260,000	Prudential	17,665,200	3.64	
	Total Life Insurance	17,665,200	3.64	3.86
MEDIA				
5,204,743	Entertainment One	18,435,200	3.79	
4,987,500	Future Group	23,840,250	4.91	
9,000,000	ITV	11,236,500	2.31	
2,720,452	Next Fifteen Communications	13,058,170	2.69	
2,415,742	STV Group	8,358,467	1.72	
1,550,000	Wilmington Group	2,712,500	0.56	
825,625	XLMedia	602,706	0.12	
	Total Media	78,243,793	16.10	13.21
OIL & GAS PRODUCERS				
12,503,900	Amerisur Resources	1,908,095	0.39	
	Total Oil & Gas Producers	1,908,095	0.39	0.45
PHARMACEUTICALS & BIOTECHNOLOGY				
30,945,000	Alliance Pharma	20,733,150	4.27	
329,464	Clinigen Group	2,470,980	0.51	
2,950,000	Ergomed	4,543,000	0.93	
666,082	Hutchison China MediTech	22,979,829	4.73	
	Total Pharmaceuticals & Biotechnology	50,726,959	10.44	16.27

SLATER GROWTH FUND

FUND INFORMATION (CONTINUED)

Portfolio statement (continued)

as at 31 December 2018

Holding or nominal value		Bid value £	Percentage of total net assets	
			31 Dec'18 %	31 Dec'17 %
SOFTWARE & COMPUTER SERVICES				
5,640,000	Codemasters Group	9,024,000	1.86	
15,072,123	DotDigital Group	11,304,092	2.33	
153,110	First Derivatives	3,245,932	0.67	
2,140,625	Iomart Group	7,064,063	1.45	
4,679,111	NCC Group	8,202,482	1.69	
6,913,895	Redcentric	4,978,004	1.02	
	Total Software & Computer Services	43,818,573	9.02	14.37
SUPPORT SERVICES				
32,712,695	Inspired Energy	5,037,755	1.04	
4,450,000	IWG	9,287,150	1.91	
4,270,000	Sureserve (formerly Lakehouse)	854,000	0.18	
1,654,524	Mears Group	5,393,748	1.11	
3,700,242	Restore	11,877,777	2.44	
1,991,547	Safecharge International Group	4,580,558	0.94	
4,940,000	WYG	2,025,400	0.42	
	Total Support Services	39,056,388	8.04	12.11
TECHNOLOGY HARDWARE & EQUIPMENT				
417,500	CML Microsystems	1,711,750	0.35	
	Total Technology Hardware & Equipment	1,711,750	0.35	0.42
TRAVEL & LEISURE				
9,433,879	Marston's	8,872,563	1.83	
2,125,128	On the Beach	7,129,804	1.46	
	Total Travel & Leisure	16,002,367	3.29	4.14
OVERSEAS SECURITIES				
162,000	Walt Disney	13,948,589	2.87	
	Total Overseas Securities	13,948,589	2.87	2.60
	Portfolio of investments	378,860,322	77.96	85.06
	Net current assets	107,102,882	22.04	14.94
	Net assets	485,963,204	100.00	100.00

SLATER GROWTH FUND

ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2018

Statement of total return

	Notes	31 December 2018		31 December 2017	
		£	£	£	£
Income					
Net capital gains/(losses)	4		(87,198,388)		112,398,157
Revenue	6	7,592,726		7,172,825	
Expenses	7	(4,637,719)		(3,940,631)	
Net revenue before taxation		<u>2,955,007</u>		<u>3,232,194</u>	
Taxation	8	<u>(45,132)</u>		<u>(23,027)</u>	
Net revenue after taxation			<u>2,909,875</u>		<u>3,209,167</u>
Total return before distributions			<u>(84,288,513)</u>		<u>115,607,324</u>
Distributions	9		<u>(2,992,707)</u>		<u>(3,203,367)</u>
Change in net assets attributable to unitholders from investment activities			<u>(87,281,220)</u>		<u>112,403,957</u>

Statement of changes in net assets attributable to unitholders

	31 December 2018		31 December 2017	
	£	£	£	£
Opening net assets attributable to unitholders		496,580,984		394,241,858
Amounts receivable on issue of units	116,884,678		33,228,403	
Amounts payable on cancellation of units	(43,273,754)		(46,472,425)	
Amounts payable on unit class conversions	<u>(424)</u>		<u>(2,761)</u>	
		73,610,500		(13,246,783)
Change in net assets attributable to unitholders from investment activities		(87,281,220)		112,403,957
Retained distributions on accumulation units		3,052,940		3,181,952
Closing net assets attributable to unitholders		<u>485,963,204</u>		<u>496,580,984</u>

SLATER GROWTH FUND**ANNUAL FINANCIAL STATEMENTS (CONTINUED)**
For the year ended 31 December 2018**Balance sheet**

	Notes	31 December 2018		31 December 2017	
		£	£	£	£
ASSETS					
Fixed Assets					
Investments			378,860,322		422,412,384
Current Assets					
Debtors	10	1,185,530		18,428,514	
Cash	11	<u>106,240,196</u>		<u>56,036,958</u>	
Total current assets			<u>107,425,726</u>		<u>74,465,472</u>
Total assets			<u>486,286,048</u>		<u>496,877,856</u>
LIABILITIES					
Creditors					
Other creditors	12	<u>322,844</u>		<u>296,872</u>	
Total liabilities			<u>322,844</u>		<u>296,872</u>
Net assets attributable to unitholders			<u>485,963,204</u>		<u>496,580,984</u>

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. ACCOUNTING POLICIES

a. Basis of preparation

The financial statements have been prepared in compliance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

b. Going concern

The Authorised Fund Manager has, at the time of approving the financial statements, a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

c. Revenue

Dividends from equities are recognised when the security is quoted ex-dividend. Bank interest is accounted for on an accruals basis.

In the case of an ordinary stock dividend the whole amount is recognised as revenue. In the case of an enhanced stock dividend, the value of the enhancement, calculated as the amount by which the total market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is treated as capital. The balance is treated as revenue.

d. Expenses

All expenses are accounted for on an accruals basis and, other than those relating to purchase and sale of investments and dealing in the units of the scheme, are charged against income as shown in these accounts.

e. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on net revenue for the year. The taxable amount differs from net revenue as reported in the Statement of Total Return (SOTR) because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Fund's liability for current tax is calculated using tax rates that have been enacted by the reporting end date.

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)

e. Taxation (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the SOTR. Deferred tax assets and liabilities are offset when the Fund has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

f. Valuation of investments

The investments of the Fund have been valued at their fair value using closing bid prices on the last business day of the accounting period. Fair value is normally the bid value of each security by reference to quoted prices from reputable sources; that is the market price. If the Authorised Fund Manager believes that the quoted price is unreliable, or if no price exists, a valuation technique is used whereby fair value is the Authorised Fund Manager's best estimate of a fair and reasonable value for that investment. The fair value excludes any element of accrued interest.

g. Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange ruling at the date of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the net capital gains/(losses) for the period in the SOTR.

h. Cash

Cash includes deposits held on call with banks.

i. Financial assets

The Authorised Fund Manager has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of the Fund's financial instruments.

Financial assets are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)

i. Financial assets (continued)

Basic financial assets, which include amounts receivable for the issue of units, accrued income and cash, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost. Amortised cost is the amount at which the financial asset is measured at initial recognition, less any reduction for impairment or uncollectability.

Basic financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOTR.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

j. Financial liabilities

Financial liabilities are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified into specified categories. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of recognition.

Basic financial liabilities, which include amounts payable for cancellation of units and accrued expenses, are initially measured at transaction price. Other financial liabilities are measured at fair value.

Financial liabilities are derecognised when, and only when, the Fund's obligations are discharged, cancelled, or they expire.

2. DISTRIBUTION POLICIES

a. Basis of distribution

The policy of the Fund is to distribute any net revenue shown as such in the SOTR adjusted for any dealing expenses incurred and allocated to capital. Revenue attributable to accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

b. Apportionment to multiple unit classes

The Authorised Fund Manager's periodic charge is directly attributable to individual unit classes. All other income and expenses are allocated to the unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the income or expenses are recognised.

c. Equalisation

Equalisation applies only to units purchased during the period. It is the average amount of income included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the units for UK capital gains tax purposes.

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

3. RISK MANAGEMENT POLICIES

In pursuing its investment objective as stated on page 1, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities, together with cash, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the Authorised Fund Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

Market price risk is the risk that the value of the Fund's investment holdings 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 mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the manager in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Foreign currency risk

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as some of the Fund's assets and income may be denominated in currencies other than sterling which is the Fund's functional currency.

The Authorised Fund Manager has identified three principal areas where foreign currency risk could impact the Fund. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally movements in exchange rates affecting income received by the Fund. The Fund converts all receipts of income received in foreign currency, into sterling on the day of receipt.

Credit risk

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 responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Authorised Fund Manager as an acceptable counterparty.

Interest rate risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

Liquidity risk

The Fund's assets comprise mainly of readily realisable securities. The main liability of the Fund is the redemption of any units that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Fund's assets is regularly reviewed by the Authorised Fund Manager.

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

4. NET CAPITAL GAINS/(LOSSES)

	31 December 2018	31 December 2017
	£	£
The net gains/(losses) on investments during the year comprise:		
Non-derivative securities	(87,178,479)	112,225,565
Currency gains/(losses)	6,550	178,699
Transaction charges	(26,459)	(6,107)
Net capital gains/(losses)	(87,198,388)	112,398,157

5. PURCHASES, SALES AND TRANSACTION COSTS

	31 December 2018	31 December 2017
	£	£
Purchases excluding transaction costs	99,517,477	65,996,126
Commissions	59,256	45,156
Taxes and other charges	185,278	50,612
Total purchase transaction costs	244,534	95,768
Purchases including transaction costs	99,762,011	66,091,894

Purchase transaction costs expressed as a percentage of the principal amount:

Commissions	0.06%	0.07%
Taxes and other charges	0.19%	0.08%

Sales excluding transaction costs	56,185,142	92,991,026
Corporate actions	-	21,365,476
	56,185,142	114,356,502
Commissions	(49,051)	(51,638)
Taxes and other charges	(447)	(341)
Total sale transaction costs	(49,498)	(51,979)
Sales net of transaction costs	56,135,644	114,304,523

Sales transaction costs expressed as a percentage of the principal amount:

Commissions	0.09%	0.06%
Taxes and other charges	0.00%	0.00%

Total purchases and sales transaction costs expressed as a percentage of the weighted average net asset value over the year:	0.05%	0.03%
--	-------	-------

Transaction handling charges

These are total charges payable to the depositary in respect of each transaction.

	26,459	6,107
--	--------	-------

Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date	1.89%	0.84%
--	-------	-------

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

6. REVENUE

	31 December 2018 £	31 December 2017 £
UK dividends	5,698,438	6,255,201
Overseas dividends	1,631,620	900,475
Bank interest	262,668	17,149
Total revenue	<u>7,592,726</u>	<u>7,172,825</u>

7. EXPENSES

	31 December 2018 £	31 December 2017 £
Payable to the Authorised Fund Manager or associates:		
Authorised Fund Manager's periodic charge	4,408,655	1,572,550
Authorised Fund Manager's periodic charge paid to previous Authorised Fund Manager *	-	2,165,617
Registration fees^	-	3,431
	<u>4,408,655</u>	<u>3,741,598</u>
Payable to the trustee or associates:		
Trustee's fees	194,016	155,300
Safe Custody fees	29,514	33,598
Exit fees paid to previous Trustee*	-	6,000
	<u>223,530</u>	<u>194,898</u>
Other expenses:		
Financial Conduct Authority Fee	194	106
Audit fee	5,340	3,977
Other expenses	-	52
	<u>5,534</u>	<u>4,135</u>
Total expenses	<u>4,637,719</u>	<u>3,940,631</u>

*From August 2017 Slater Investments Limited replaced Marlborough Fund Managers Limited as Authorised Fund Manager of the Fund and National Westminster Bank replaced HSBC Bank as Trustee of the Fund. HSBC Bank charged an exit fee to the Fund.

^This fee was paid to the previous Authorised Fund Manager, Marlborough Fund Managers Limited, and is no longer charged by the new Authorised Fund Manager, Slater Investments Limited.

8. TAXATION

	31 December 2018 £	31 December 2017 £
Analysis of the tax charge for the year		
UK Corporation tax at 20% (2017: 20%)	-	-
Overseas tax	45,132	23,027
Total tax charge	<u>45,132</u>	<u>23,027</u>
Factors affecting the tax charge for the year		
Net revenue before taxation	2,955,007	3,232,194
Corporation tax at 20% (2017: 20%)	591,002	646,439
Effects of:		
Revenue not subject to taxation	(1,466,012)	(1,431,136)
Unrelieved excess management expenses	875,010	784,697
Overseas tax	45,132	23,027
Current tax charge	<u>45,132</u>	<u>23,027</u>

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

8. TAXATION (CONTINUED)

At 31 December 2018 the Fund has deferred tax assets of £3,515,997 (2017: £2,640,987) arising from surplus management expenses which have not been recognised due to uncertainty over the availability of future taxable profits.

9. DISTRIBUTIONS

	31 December 2018	31 December 2017
	£	£
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Final - Income to December	3,052,941	3,182,022
Amounts deducted on cancellation of units	78,016	143,492
Amounts added on issue of units	(137,826)	(119,316)
Amounts payable on unit class conversions	(424)	(2,761)
Revenue brought forward	-	(70)
Distributions	<u>2,992,707</u>	<u>3,203,367</u>
Distributions represented by:		
Net revenue after taxation	2,909,875	3,209,167
Add: Revenue deficit for the period - A Accumulation share class	79,904	-
Add: Other capital expenses	6,550	-
Add: Prior year income received post year end	6,513	-
Interest income received post year end	<u>(10,102)</u>	<u>(6,513)</u>
Balance brought forward	(713)	-
Balance carried forward	<u>680</u>	<u>713</u>
	<u>2,992,707</u>	<u>3,203,367</u>

Details of the distribution per unit are set out in the distribution table in note 17.

10. DEBTORS

	31 December 2018	31 December 2017
	£	£
Amounts receivable for issue of units	84,052	919,381
Accrued income	1,037,058	871,573
Securities sold receivable	19,989	16,636,699
Prepaid expenses	5,962	86
Taxation recoverable	38,469	775
Total debtors	<u>1,185,530</u>	<u>18,428,514</u>

11. CASH

	31 December 2018	31 December 2017
	£	£
Capital bank account	69,068,883	1,528,380
Revenue bank account	2,994,121	2,400,646
Deposit account	34,177,192	52,107,932
Total cash	<u>106,240,196</u>	<u>56,036,958</u>

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

12. OTHER CREDITORS

	31 December 2018	31 December 2017
	£	£
Amounts payable for cancellation of units	307,489	213,340
Accrued expenses	15,355	83,532
Total other creditors	<u>322,844</u>	<u>296,872</u>

13. RELATED PARTIES

Slater Investments Limited is regarded as a related party by virtue of having the ability to act in respect of the operations of the Fund. Marlborough Fund Managers Limited, the previous Authorised Fund Manager, is regarded as a related party.

Management fees paid to Slater Investments Limited for the year amounted to £4,408,655 (2017: £1,572,550). Amounts due and payable at the year end to Slater Investments Limited total £nil (2017: £63,535). Management fees paid to Marlborough Fund Managers Limited, the previous Authorised Fund Manager, amounted to £nil (2017: £2,165,617). Amounts due and payable at the year end total £nil (2017: £nil).

The aggregate monies received by the Authorised Fund Manager through the issue of units and paid on cancellation of units are disclosed in the statement of changes in net assets attributable to unitholders. Amounts outstanding at year end for the issue of units is £84,052 (2017: £919,381), amounts payable at year end for units redeemed total £307,489 (2017: £213,340).

As at the year end the Authorised Fund Manager, Directors of the Authorised Fund Manager and their dependents and Northglen Investments Limited, parent of the Authorised Fund Manager, held units in the Fund as follows:

Investor	% Holdings	
	31 December 2018	31 December 2017
Proportion of class A units owned by Slater Investments Limited	0.42%	0.32%
Proportion of class A units owned by Northglen Investments Limited	-	13.29%
Proportion of class P units owned by Northglen Investments Limited	1.33%	-
Proportion of class A and P units owned by directors beneficially and non-beneficially	0.20%	0.23%
Proportion of class A and P units owned by dependents of the directors beneficially and non-beneficially	0.05%	0.14%

14. UNITHOLDERS' FUNDS

The Fund currently has three unit classes: Class A (minimum investment £3,000); Class B (minimum investment £100,000); and Class P (minimum investment £5,000,000). The annual management charges are 1.5%, 1% and 0.75% respectively.

During the year the Authorised Fund Manager has issued or cancelled units as set out below:

Accumulation units	Class A	Class B	Class P
Opening units in issue at 1 January 2018	<u>10,071,924</u>	<u>2,059,501</u>	<u>78,932,781</u>
Units issued	505,533	328,497	20,732,759
Units cancelled	(2,839,469)	(138,948)	(5,512,881)
Unit conversions	<u>(28,453)</u>	<u>(12,059)</u>	<u>38,205</u>
Closing units in issue at 31 December 2018	<u>7,709,535</u>	<u>2,236,991</u>	<u>94,190,864</u>

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

15. RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and the net assets by £18,943,016 (2017: £21,120,619). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

Foreign currency exposure as at 31 December 2018	Investments (£)	Net current assets (£)	Total (£)
US Dollar	13,948,589	133,337	14,081,926
Foreign currency exposure as at 31 December 2017	Investments (£)	Net current assets (£)	Total (£)
US Dollar	12,922,356	85,598	13,007,954

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the United States Dollar would have the effect of increasing the return and net assets of the Fund by £704,096 (2017: £650,398). A five per cent increase would have the equal and opposite effect.

Liquidity risk

The following table provides a maturity analysis of the Fund's financial liabilities:

	31 December 2018 £	31 December 2017 £
Other creditors		
Less than 1 year	322,844	296,872
Total	<u>322,844</u>	<u>296,872</u>

16. FAIR VALUE DISCLOSURE

Fair value hierarchy as at 31 December 2018

Valuation technique	31 December 2018		31 December 2017	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1	378,860,322	-	422,412,384	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<u>378,860,322</u>	<u>-</u>	<u>422,412,384</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

SLATER GROWTH FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

16. FAIR VALUE DISCLOSURE (CONTINUED)

The Fund has adopted “Amendments to FRS 102”, Section 34 which establishes a hierarchy to be used to estimate the fair value of investments that are publicly traded or whose fair value can be reliably measured if they are not publicly traded. The levels of the hierarchy are as follows:

- (1) Fair value based on a quoted price for an identical instrument in an active market.
- (2) Fair value based on a valuation technique using observable market data.
- (3) Fair value based on a valuation technique that relies significantly on non-observable market data and will include values not primarily derived from observable market data.

The determination of what constitutes “observable” requires significant judgement by the Authorised Fund Manager. The Authorised Fund Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Where investments have final redeemable prices supported by the underlying administrators, these would have been classified as Level 2.

17. DISTRIBUTION TABLE

ACCUMULATION UNITS

For the year ended 31 December 2018

Group 1: units purchased prior to 1 January 2018

Group 2: units purchased on or after 1 January 2018

		Net revenue to 31-Dec-18 pence per unit	Equalisation to 31-Dec-18 pence per unit	Distribution payable 28-Feb-19 pence per unit	Distribution paid 28-Feb-18 pence per unit
Class A	Group 1	0.0000p	0.0000p	0.0000p	0.2182p
	Group 2	0.0000p	0.0000p	0.0000p	0.2182p
Class B	Group 1	1.7752p	0.0000p	1.7752p	2.6512p
	Group 2	0.8167p	0.9585p	1.7752p	2.6512p
Class P	Group 1	3.1991p	0.0000p	3.1991p	3.9343p
	Group 2	1.8481p	1.3510p	3.1991p	3.9343p

For Corporate Unitholders the percentage split between Franked and Unfranked income relating to this distribution was:

Franked	96.57%	Unfranked	3.43%
---------	--------	-----------	-------

‘£0.00 is the Trustee’s net liability to corporation tax in respect of the gross revenue.

‘0.0000p is the Trustee’s net liability to corporation tax per unit.



Slater Investments Limited

Nicholas House

3 Laurence Pountney Hill

London

EC4R 0EU

Investor Relations: 020 7220 9460

Dealing: 0203 893 1001

Email: lisa@slaterinvestments.com

Website: www.slaterinvestments.com

Slater Investments Limited (Reg. No.2863882), is registered in England and Wales, and is authorised and regulated in the UK by the Financial Conduct Authority.

