



# WS Zennor Investment Funds

(Formerly LF Zennor Investment Funds)

Annual Report and Financial Statements  
for the period from 24 April 2023 to 30 November 2023



## AUTHORISED CORPORATE DIRECTOR ('ACD')

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### WAYSTONE MANAGEMENT (UK) LIMITED

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Telephone: 0345 922 0044  
Email: [investorservices@linkgroup.co.uk](mailto:investorservices@linkgroup.co.uk)  
(Authorised and regulated by  
the Financial Conduct Authority)

## DIRECTORS OF THE ACD

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A.M. Berry  
V. Karalekas (appointed 14 July 2023)  
T.K. Madigan\*  
K.J. Midl (appointed 9 October 2023)  
E.E. Tracey (appointed 9 October 2023)\*  
R.E. Wheeler  
S.P. White\*

## INVESTMENT MANAGER

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### ZENNOR ASSET MANAGEMENT LLP

86 Duke of York Square  
London SW3 4LY  
(Authorised and regulated by  
the Financial Conduct Authority)

## DEPOSITARY

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### THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED

160 Queen Victoria Street  
London EC4V 4LA  
(Authorised by the Prudential Regulation Authority  
and regulated by the Financial Conduct Authority  
and Prudential Regulation Authority)

## REGISTRAR

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### LINK FUND ADMINISTRATORS LIMITED

Customer Service Centre:  
Central Square  
29 Wellington Street  
Leeds LS1 4DL  
Telephone: 0345 922 0044  
Fax: 0113 224 6001  
(Authorised and regulated by  
the Financial Conduct Authority)

## INDEPENDENT AUDITOR

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### KPMG LLP

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

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\* Non-Executive Directors of the ACD.

CONTENTS

ACD’s Report . . . . .3

    Authorised Status. . . . .3

    ACD’s Statement . . . . .3

    Important Information . . . . .3

    Remuneration Disclosure . . . . .4

    Securities Financing Transactions. . . . .4

    Task Force on Climate-related Financial Disclosures (‘TCFD’). . . . .5

    Value Assessment . . . . .5

Director’s Statement . . . . .6

Statement of ACD’s Responsibilities. . . . .7

Statement of Depositary’s Responsibilities . . . . .8

Report of the Depositary . . . . .9

Independent Auditor’s Report to the Shareholders  
    of WS Zennor Investment Funds (‘the Company’) . . . . . 10

CONTENTS continued

WS ZENNOR JAPAN EQUITY INCOME FUND

ACD’s Report . . . . . 15

    Important Information . . . . . 15

    Investment Objective and Policy. . . . . 15

    Benchmark . . . . . 16

    Investment Manager’s Report . . . . . 17

    Fund Information . . . . . 18

    Portfolio Statement. . . . . 26

    Summary of Material Portfolio Changes . . . . . 29

FINANCIAL STATEMENTS

    Statement of Total Return . . . . . 30

    Statement of Change in Net Assets Attributable to Shareholders . . 31

    Balance Sheet . . . . . 32

    Notes to the Financial Statements. . . . . 33

    Distribution Table . . . . . 45

General Information. . . . . 47

## ACD'S REPORT

for the period from 24 April 2023 to 30 November 2023

### Authorised Status

WS Zennor Investment Funds ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC140553 and authorised by the Financial Conduct Authority with effect from 10 February 2023. The Company has an unlimited duration.

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

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

### ACD's Statement

#### Economic Uncertainty

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

### Important Information

With effect from 24 April 2023, a new Company, LF Zennor Investment Funds was launched.

With effect from 24 April 2023, a new Fund, the LF Zennor Japan Equity Income Fund was launched.

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

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

## ACD'S REPORT continued

### Remuneration Disclosure

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

Investors' attention is drawn to the following:

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

### REMUNERATION

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

The fixed remuneration paid by the ACD to its staff in respect of all funds that it manages in the year ended 31 December 2022 was £823,929 and was shared amongst 12 members of staff (31.12.21: £751,344; 12 members of staff). The fixed remuneration paid by the ACD to the Remuneration Code Staff for the year ended 31 December 2022 was £292,500, shared amongst 3 employees. All 12 ACD staff members were fully or partially involved in the activities of the Company. The ACD did not pay any variable remuneration. The ACD staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Company or any other alternative investment fund the ACD is the AIFM of. None of the ACD's staff actions had a material impact on the risk profile of the Company.

### Securities Financing Transactions

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

## ACD'S REPORT continued

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

In accordance with current Financial Conduct Authority rules, the ACD is required to publish its own TCFD report and that of each fund. The report can be found at TCFD Reporting ([fundsolutions.net/tcf-d-reporting](https://fundsolutions.net/tcf-d-reporting)) and the report of the sub-fund of the Company will be published on the ACD's website no later than 30 June 2024.

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

### Value Assessment

In accordance with current Financial Conduct Authority rules, the ACD is required to carry out an annual assessment on whether the Company provides value to investors. The outcome of this assessment will be published on the ACD's website no later than 30 April 2024.

## WAYSTONE MANAGEMENT (UK) LIMITED

ACD of WS Zennor Investment Funds

31 January 2024

## DIRECTOR'S STATEMENT

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

K.J. MIDL

**WAYSTONE MANAGEMENT (UK) LIMITED**

ACD of WS Zennor Investment Funds

31 January 2024



## STATEMENT OF ACD'S RESPONSIBILITIES

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

In preparing the financial statements the ACD is responsible for:

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

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

## STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

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

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

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

The Depositary must ensure that:

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

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

## REPORT OF THE DEPOSITARY

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

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

### THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED

Depositary of WS Zennor Investment Funds

31 January 2024

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

### Opinion

We have audited the financial statements of the Company for the period from 24 April 2023 to 30 November 2023 which comprise the *Statement of Total Return*, the *Statement of Change in Net Assets Attributable to Shareholders*, the *Balance Sheet*, the *Related Notes and Distribution Tables* for the Company and the accounting policies set out on pages 33 to 35.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Company as at 30 November 2023 and of the net revenue and the net capital gains on the property of the Company for the period then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

### Basis for Opinion

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

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

### Going Concern

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

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

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

Our conclusions based on this work:

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

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

### Fraud and Breaches of Laws and Regulations – Ability to Detect

#### IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Other Information

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

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

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

### Matters on Which We Are Required to Report by Exception

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

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

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

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

### Auditor's Responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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

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

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

Chartered Accountants  
20 Castle Street  
Edinburgh  
EH1 2EG  
1 February 2024



## WS ZENNOR JAPAN EQUITY INCOME FUND ACD'S REPORT

for the period from 24 April 2023 to 30 November 2023

### Important Information

Refer to the 'Important Information' section on page 3.

### Investment Objective and Policy

The WS Zennor Japan Equity Income Fund ('the Fund') aims to provide income, with the potential for capital growth over any five-year period after all costs and charges have been taken.

Capital invested is at risk and there is no guarantee the objective will be achieved over any time period.

The Fund will invest, directly and/or indirectly, at least 90% of the value of its assets in companies that are incorporated, domiciled, or listed in Japan. The Fund may gain this exposure by investing directly in shares of such companies, through which the Fund may also invest in Real Estate Investment Trusts (REITs), or other transferable securities (such as warrants and American Depositary Receipts), or indirectly through collective investment schemes.

The Fund may also invest in investment grade debt securities (such as government or corporate bonds) and hold cash and near cash (including money market instruments and deposits).

The Fund may at times be concentrated in terms of the number of investments it holds (i.e. have less than 50 holdings however the number of holdings will not fall below 20) but will always be subject to the concentration limits as set out in the UK UCITS Rules.

Investments in collective investment schemes (open ended) is limited to 10% of total assets by value. Indirect investments may include instruments managed or advised by the ACD or the Investment Manager or their associates.

The Fund can invest across different industry sectors and market capitalisation without limitation.

The Fund may use derivatives for the purpose of efficient portfolio management on a limited basis.

The minimum investment amount referenced above will not apply under extraordinary market conditions, in which circumstances the Fund may invest in asset classes other than those in which it normally invests in order to mitigate its exposure to market risk. Examples of extraordinary market conditions include economic, political unrest or instability, world events leading to market instability, or any events which give rise to high downside risk. During such periods, the Fund may temporarily invest up to 100% of its total assets in cash and cash equivalents.

## WS ZENNOR JAPAN EQUITY INCOME FUND

### ACD'S REPORT continued

#### Benchmark

The Fund's comparator benchmark is the Investment Association Japan Sector.

The Fund's performance may be compared against the Investment Association Japan Sector as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers.

#### WAYSTONE MANAGEMENT (UK) LIMITED

ACD of WS Zennor Japan Equity Income Fund  
31 January 2024

## WS ZENNOR JAPAN EQUITY INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT

for the period from 24 April 2023 to 30 November 2023

The Fund launched in April of this year and we are pleased with progress so far. The Japanese market overall has had a strong year up until the time of writing and the Fund has participated in that upside, with the price of the B Accumulation shares which launched at a price of £1.00 now valued on the 30th November at £1.05. The biggest drag on returns for GBP based investors has been the weakness of the Yen against both Sterling and other major currencies. The interest rate differential between Japan and the United Kingdom has widened during the course of the year, making the Yen less attractive. There are now expectations that interest rates have stopped rising in the West, signalling a potential turnaround in the value of the Yen, which if it continues, could be a potential tailwind for investors in the medium term. The Fund is heavily tilted away from exporters in favour of more domestic Yen sales orientated companies.

The corporate governance revolution in Japan is gathering pace and is now a major theme in the Japanese market and of the Fund. The Tokyo Stock Exchange announced plans earlier in the year plans to get companies to explain their low price to book ratios, what they intend to do on capital allocation and how to address cost of capital/return on invested capital negative spreads (in many cases).

We have been pleased with some of the stock price moves in our mid and small sized names, such as Seikitokyu Kogyo, where an activist investor pushed it hard to move its dividend payout ratio to 100% and the shares surged to a point from where we decided to exit. Drug wholesaler, Medipal performed well, the company have moved to a 40% payout ratio and announced a 2.7% share buyback. We also enjoyed success with Seino Transport and have sold the shares as intrinsic value was hit after a large buyback was announced and a significant rise in the total payout ratio. Panasonic, a large holding for us performed poorly, although has recently announced a withdrawal from the automotive business which may herald the beginning of further structural change. As the Tokyo Stock Exchange continue to tighten their grip on corporate governance at Japanese companies, the Toyota Group have made significant strides to unravelling the complex inter-company shareholding structures. Toyota Industries, one of the largest positions in the Fund, is a leading forklift and air compressor manufacturer whose market capitalisation is entirely covered by their cross shareholdings in the Toyota group.

The Fund is fully invested at the time of writing. The Portfolio has approximately 50% in smaller stocks, with the other 50% being held in large and mid-cap companies. The portfolio yield is over 3% and we are confident in stable, positive dividend growth over the next few years. The Fund trades on an undemanding forward Price to Earnings ratio of 12.6x and a deep discount to book value of 0.7x. As we look into 2024, we will continue to focus on the bottom-up story for Japan and Alpha generation. Although economic headwinds may reappear, with a US slowdown and Chinese "recession", there is enough good corporate governance news to ensure that stock pickers will do very well. Added to which, we think that the Japanese Yen is extremely undervalued and could at some point begin to appreciate.

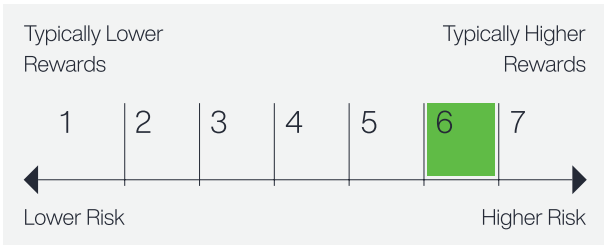
### ZENNOR ASSET MANAGEMENT LLP

Investment Manager

18 December 2023

WS ZENNOR JAPAN EQUITY INCOME FUND  
ACD’S REPORT continued  
FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund’s returns have varied. It is a measure of a fund’s volatility. As the Fund has less than 5 years’ price history, this calculation incorporates the volatility of an appropriate benchmark index. The higher a fund’s past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. This indicator is based on historical data and may not be a reliable indication of the future risk profile of this fund.

The Fund has been classed as 6 because its volatility has been measured as above average to high.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

Counterparty Risk: The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

Liquidity Risk: The Fund may invest in assets where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

Changes in Interest Rate Risk: A rise in interest rates generally cause bond prices to fall.

Concentrated Fund: The Fund intentionally holds a small number of investments and so will be more concentrated than many other funds. The Fund may also invest in stocks with a particular industry or sector focus. This means that the performance of a single stock, industry or sector within the Fund has a greater effect (loss or gain) on the value of the Fund.

Currency Risk: As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

For more information about the Fund’s risks, please see the Risk Factors section of the Prospectus which is available at [www.waystone.com](http://www.waystone.com).

## WS ZENNOR JAPAN EQUITY INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables

Information relates to the period from 24 April 2023 to 30 November 2023. The operating charges relate to expenses incurred on an ex post basis over the period ending 30 November 2023, expressed as an annualised percentage of the average net asset value.

#### A ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.11.23 <sup>1</sup> pence per share
Opening net asset value per share	100.00
Return before operating charges*	5.19
Operating charges	(0.32)
Return after operating charges	4.87
Distributions	(1.18)
Retained distributions on accumulation shares	1.18
Closing net asset value per share	104.87
* after direct transaction costs of:	(0.19)

#### PERFORMANCE

Return after charges	4.87%
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#### OTHER INFORMATION

Closing net asset value (£'000)	31,981
Closing number of shares	30,497,275
Operating charges	0.50% <sup>2,3</sup>
Direct transaction costs	0.18%

#### PRICES

Highest share price	110.45
Lowest share price	97.76

<sup>1</sup> Fund launched on 24 April 2023.

<sup>2</sup> Annualised figure due to Fund launched less than 1 year.

<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee to seek to achieve an Operating Charges Figure of 0.50%.

WS ZENNOR JAPAN EQUITY INCOME FUND  
ACD'S REPORT continued  
FUND INFORMATION continued

Comparative Tables continued

A INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	30.11.23 <sup>1</sup> pence per share
Opening net asset value per share	100.00
Return before operating charges*	5.19
Operating charges	(0.32)
Return after operating charges	4.87
Distributions	(1.19)
Closing net asset value per share	103.68
* after direct transaction costs of:	(0.19)

PERFORMANCE

Return after charges	4.87%
----------------------	-------

OTHER INFORMATION

Closing net asset value (£'000)	7,198
Closing number of shares	6,941,975
Operating charges	0.50% <sup>2,3</sup>
Direct transaction costs	0.18%

PRICES

Highest share price	110.46
Lowest share price	97.76

<sup>1</sup> Fund launched on 24 April 2023.

<sup>2</sup> Annualised figure due to Fund launched less than 1 year.

<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee to seek to achieve an Operating Charges Figure of 0.50%.

## WS ZENNOR JAPAN EQUITY INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### B ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.11.23 <sup>1</sup> pence per share
Opening net asset value per share	100.00
Return before operating charges*	5.18
Operating charges	(0.63)
Return after operating charges	4.55
Distributions	(1.18)
Retained distributions on accumulation shares	1.18
Closing net asset value per share	104.55
* after direct transaction costs of:	(0.19)

##### PERFORMANCE

Return after charges	4.55%
----------------------	-------

##### OTHER INFORMATION

Closing net asset value (£'000)	1,672
Closing number of shares	1,599,202
Operating charges	1.00% <sup>2,3</sup>
Direct transaction costs	0.18%

##### PRICES

Highest share price	110.23
Lowest share price	97.75

<sup>1</sup> Fund launched on 24 April 2023.

<sup>2</sup> Annualised figure due to Fund launched less than 1 year.

<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee to seek to achieve an Operating Charges Figure of 1.00%.

WS ZENNOR JAPAN EQUITY INCOME FUND  
ACD'S REPORT continued  
FUND INFORMATION continued

Comparative Tables continued

B INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	30.11.23 <sup>1</sup> pence per share
Opening net asset value per share	100.00
Return before operating charges*	5.18
Operating charges	(0.63)
Return after operating charges	4.55
Distributions	(1.18)
Closing net asset value per share	103.37
* after direct transaction costs of:	(0.19)

PERFORMANCE

Return after charges	4.55%
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OTHER INFORMATION

Closing net asset value (£'000)	1,459
Closing number of shares	1,411,554
Operating charges	1.00% <sup>2,3</sup>
Direct transaction costs	0.18%

PRICES

Highest share price	110.23
Lowest share price	97.75

<sup>1</sup> Fund launched on 24 April 2023.

<sup>2</sup> Annualised figure due to Fund launched less than 1 year.

<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee to seek to achieve an Operating Charges Figure of 1.00%.



WS ZENNOR JAPAN EQUITY INCOME FUND  
ACD'S REPORT continued  
FUND INFORMATION continued

Comparative Tables continued

C ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.11.23 <sup>1</sup> pence per share
Opening net asset value per share	100.00
Return before operating charges*	5.18
Operating charges	(0.57)
Return after operating charges	4.61
Distributions	(1.18)
Retained distributions on accumulation shares	1.18
Closing net asset value per share	104.61
* after direct transaction costs of:	(0.19)

PERFORMANCE

Return after charges	4.61%
----------------------	-------

OTHER INFORMATION

Closing net asset value (£'000)	66
Closing number of shares	63,048
Operating charges	0.90% <sup>2,3</sup>
Direct transaction costs	0.18%

PRICES

Highest share price	110.27
Lowest share price	97.75

<sup>1</sup> Fund launched on 24 April 2023.

<sup>2</sup> Annualised figure due to Fund launched less than 1 year.

<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee to seek to achieve an Operating Charges Figure of 0.90%.

# WS ZENNOR JAPAN EQUITY INCOME FUND

## ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### C INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	30.11.23 <sup>1</sup> pence per share
Opening net asset value per share	100.00
Return before operating charges*	5.19
Operating charges	(0.57)
Return after operating charges	4.62
Distributions	(1.19)
Closing net asset value per share	103.43
* after direct transaction costs of:	(0.19)

##### PERFORMANCE

Return after charges	4.62%
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##### OTHER INFORMATION

Closing net asset value (£'000)	79
Closing number of shares	76,648
Operating charges	0.90% <sup>2,3</sup>
Direct transaction costs	0.18%

##### PRICES

Highest share price	110.28
Lowest share price	97.75

<sup>1</sup> Fund launched on 24 April 2023.

<sup>2</sup> Annualised figure due to Fund launched less than 1 year.

<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee to seek to achieve an Operating Charges Figure of 0.90%.

## WS ZENNOR JAPAN EQUITY INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Fund Performance

As the Fund was launched less than one year ago, in accordance with FCA rules, no performance data is permitted to be reported.

Details of the distributions per share for the period are shown in the Distribution Table on pages 45 and 46.

#### RISK WARNING

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

**WS ZENNOR JAPAN EQUITY INCOME FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT**  
as at 30 November 2023

Holding	Portfolio of Investments	Value £'000	30.11.23 %
	CONSTRUCTION & MATERIALS – 5.71%		
31,900	Fukushima Galilei	834	1.96
62,400	Hibiya Engineering	783	1.84
32,600	Kyudenko	810	1.91
	TOTAL CONSTRUCTION & MATERIALS	2,427	5.71
	RAW MATERIALS & CHEMICALS – 12.52%		
58,900	Asahi Yukizai	1,333	3.14
70,000	Inabata	1,182	2.78
41,700	Nippon Soda	1,185	2.79
104,000	Shin-Etsu Polymer	793	1.87
47,900	T Hasegawa	822	1.94
	TOTAL RAW MATERIALS & CHEMICALS	5,315	12.52
	AUTOMOBILES & TRANSPORTATION EQUIPMENT – 7.30%		
87,200	Piolax	1,055	2.49
30,100	Toyota Industries	2,043	4.81
	TOTAL AUTOMOBILES & TRANSPORTATION EQUIPMENT	3,098	7.30
	MACHINERY – 17.27%		
162,600	Aichi	809	1.91
112,100	Daiwa Industries	857	2.02
108,600	Eagle Industry	960	2.26
65,700	Hirano Tecseed	665	1.57
40,900	Koike Sanso Kogyo	835	1.97
69,200	Kurimoto	1,229	2.89
340,400	Sintokogio	1,975	4.65
	TOTAL MACHINERY	7,330	17.27

## WS ZENNOR JAPAN EQUITY INCOME FUND

### ACD'S REPORT continued

### PORTFOLIO STATEMENT continued

as at 30 November 2023

Holding	Portfolio of Investments	Value £'000	30.11.23 %
	ELECTRIC APPLIANCES & PRECISION INSTRUMENTS – 4.66%		
11,600	Fukuda Denshi	409	0.96
192,400	Panasonic	1,571	3.70
	TOTAL ELECTRIC APPLIANCES & PRECISION INSTRUMENTS	1,980	4.66
	IT & SERVICES, OTHERS – 3.12%		
162,800	Fuji Media	1,325	3.12
	TRANSPORTATION & LOGISTICS – 1.82%		
89,800	Alps Logistics	771	1.82
	COMMERCIAL & WHOLESALE TRADE – 25.83%		
41,300	Bewith	498	1.17
43,500	Canon Marketing Japan	865	2.04
56,700	Dai Nippon Printing	1,258	2.96
18,800	Nisshinbo Industries	109	0.26
74,400	Nohmi Bosai	747	1.76
112,000	Pasona	1,403	3.30
22,500	Secom	1,236	2.91
74,800	Sekisui Jushi	1,000	2.36
114,700	Toyo Seikan Kaisha	1,404	3.31
59,800	Transcosmos	989	2.33
352,400	TSI	1,456	3.43
	TOTAL COMMERCIAL & WHOLESALE TRADE	10,965	25.83
	BANKS – 9.65%		
73,200	Bank of Iwate	964	2.27
28,500	Kyoto Financial	1,347	3.17
60,200	Sumitomo Mitsui Trust	1,786	4.21
	TOTAL BANKS	4,097	9.65

## WS ZENNOR JAPAN EQUITY INCOME FUND

### ACD'S REPORT continued

### PORTFOLIO STATEMENT continued

as at 30 November 2023

Holding	Portfolio of Investments	Value £'000	30.11.23 %
	FINANCIALS (EX BANKS) – 6.63%		
219,500	Japan Post	1,526	3.59
43,700	MS&AD Insurance	1,292	3.04
	TOTAL FINANCIALS (EX BANKS)	2,818	6.63
	PHARMACEUTICALS – 1.75%		
38,000	Torii Pharmaceutical	741	1.75
	REAL ESTATE – 2.06%		
57,000	Arealink	873	2.06
	Portfolio of investments	41,740	98.32
	Net other assets	715	1.68
	Net assets	42,455	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on regulated market.

No comparative figures are presented for the Portfolio Statement as this is the Fund's first annual reporting period; the Fund launched on 24 April 2023.

## WS ZENNOR JAPAN EQUITY INCOME FUND

### ACD'S REPORT continued

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the period from 24 April 2023 to 30 November 2023

Total purchases for the period £'000 (note 16)		49,195	Total sales for the period £'000 (note 16)		8,243
		Cost			Proceeds
Major purchases		£'000	Major sales		£'000
Sintokogio		2,062	Nisshinbo Industries		1,051
Sumitomo Mitsui Trust		1,781	Seino		954
Panasonic		1,704	Kyocera		945
Toyota Industries		1,635	Nok		938
Japan Post		1,559	Medipal		828
TSI		1,434	Nikkon		741
Toyo Seikan Kaisha		1,401	Nippon		738
Bank of Kyoto		1,385	Alfresa		738
Fuji Media		1,314	Toyo Construction		584
Dai Nippon Printing		1,300	Kyoto Financial		286

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

# WS ZENNOR JAPAN EQUITY INCOME FUND

## FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the period from 24 April 2023 to 30 November 2023

	Notes	£'000	24.04.23 to 30.11.23 <sup>1</sup> £'000
Income:			
Net capital gains	3		704
Revenue	4	495	
Expenses	5	(100)	
Interest payable and similar charges	7	(2)	
Net revenue before taxation		393	
Taxation	6	(49)	
Net revenue after taxation			344
<b>Total return before distributions</b>			1,048
Distributions	8		(444)
<b>Change in net assets attributable to shareholders from investment activities</b>			604

<sup>1</sup> No comparative figures are presented for the Statement of Total Return as this is the Fund's first annual reporting period; the Fund launched on 24 April 2023.



## WS ZENNOR JAPAN EQUITY INCOME FUND

FINANCIAL STATEMENTS continued

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the period from 24 April 2023 to 30 November 2023

	£'000	24.04.23 to 30.11.23 <sup>1</sup> £'000
Opening net assets attributable to shareholders		–
Amounts receivable on issue of shares	42,680	
Amounts payable on redemption of shares	<u>(1,209)</u>	
		41,471
Change in net assets attributable to shareholders from investment activities		604
Retained distributions on Accumulation shares		<u>380</u>
Closing net assets attributable to shareholders		<u>42,455</u>

<sup>1</sup> No comparative figures are presented for the Statement of Change in Net Assets Attributable to Shareholders as this is the Fund's first annual reporting period; the Fund launched on 24 April 2023.

**WS ZENNOR JAPAN EQUITY INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**BALANCE SHEET**  
as at 30 November 2023

	Notes	30.11.23 <sup>1</sup> £'000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments		41,740
<b>Current assets</b>		
Debtors	9	1,099
Cash and bank balances	10	262
<b>Total assets</b>		<u>43,101</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distribution payable	11	(100)
Other creditors	11	(546)
<b>Total liabilities</b>		<u>(646)</u>
<b>Net assets attributable to shareholders</b>		<u>42,455</u>

<sup>1</sup> No comparative figures are presented for the Balance Sheet as this is the Fund's first annual reporting period; the Fund launched on 24 April 2023.

## WS ZENNOR JAPAN EQUITY INCOME FUND

### FINANCIAL STATEMENTS continued

### NOTES TO THE FINANCIAL STATEMENTS

for the period from 24 April 2023 to 30 November 2023

#### 1. Accounting Policies

The principal accounting policies, which have been applied in the current period, are set out below.

##### (A) BASIS OF ACCOUNTING

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

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

##### (B) RECOGNITION OF REVENUE

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

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

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

##### (C) TREATMENT OF EXPENSES

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

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

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

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

## WS ZENNOR JAPAN EQUITY INCOME FUND

### FINANCIAL STATEMENTS continued

### NOTES TO THE FINANCIAL STATEMENTS continued

for the period from 24 April 2023 to 30 November 2023

#### (E) TAXATION

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

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

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

#### (F) BASIS OF VALUATION OF INVESTMENTS

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

Quoted investments are valued at fair value which generally is the bid price.

#### (G) EXCHANGE RATES

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

#### (H) DILUTION LEVY

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

#### (I) DIRECT TRANSACTION COSTS

Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Direct transaction costs do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. The average portfolio dealing spread disclosed is the difference between the bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange, expressed as a percentage of the value determined by reference to the offer price.

## WS ZENNOR JAPAN EQUITY INCOME FUND

### FINANCIAL STATEMENTS continued

### NOTES TO THE FINANCIAL STATEMENTS continued

for the period from 24 April 2023 to 30 November 2023

#### 2. Distribution Policies

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

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

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

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

#### 3. Net Capital Gains

The net capital gains during the period comprise:

	For the period from 24.04.23 to 30.11.23 £'000
Non-derivative securities	789
Transaction charges	(5)
Currency losses	(80)
Net capital gains	<u>704</u>

#### 4. Revenue

	For the period from 24.04.23 to 30.11.23 £'000
Non-taxable dividends	493
Bank interest	<u>2</u>
Total revenue	<u>495</u>

## WS ZENNOR JAPAN EQUITY INCOME FUND

### FINANCIAL STATEMENTS continued

### NOTES TO THE FINANCIAL STATEMENTS continued

for the period from 24 April 2023 to 30 November 2023

#### 5. Expenses

For the period  
from 24.04.23  
to 30.11.23  
£'000

Payable to the ACD, associates of the ACD and agents of either of them:	
Annual Management Charge	56
Accounting fees	12
Legal and professional fees	5
Typesetting costs	3
Registration fees	9
Refund of expenses	(3)
	82
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	7
Safe custody and other bank charges	1
	8
Other expenses:	
Audit fees	10
Total expenses	100

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

**WS ZENNOR JAPAN EQUITY INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the period from 24 April 2023 to 30 November 2023

## 6. Taxation

For the period  
from 24.04.23  
to 30.11.23  
£'000

### a) Analysis of charge for the period

Corporation tax at 20%

Overseas tax

Current tax charge

Deferred tax – origination and reversal of timing differences (note 6c)

Total taxation (note 6b)

–

49

49

–

49

### b) Factors affecting the tax charge for the period

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

For the period  
from 24.04.23  
to 30.11.23  
£'000

Net revenue before taxation

Corporation tax at 20%

Effects of:

Non-taxable dividends

Unutilised excess management expenses

Corporation tax charge

393

79

(99)

20

–

Overseas tax

Total tax charge (note 6a)

49

49

### c) Deferred tax

At the period end there is a potential deferred tax asset of £20,000 in relation to surplus management expenses of £100,000. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

**WS ZENNOR JAPAN EQUITY INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the period from 24 April 2023 to 30 November 2023

## 7. Interest Payable and Similar Charges

For the period  
from 24.04.23  
to 30.11.23  
£'000

Interest payable	2
Total interest payable and similar charges	2

## 8. Distributions

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

For the period  
from 24.04.23  
to 30.11.23  
£'000

Final	480
Add: Revenue deducted on redemption of shares	5
Deduct: Revenue received on issue of shares	(41)
Net distributions for the period	444

Details of the distributions per share are set out in the table on pages 45 and 46.

For the period  
from 24.04.23  
to 30.11.23  
£'000

Distributions represented by:	
Net revenue after taxation	344
Allocations to capital:	
Expenses	100
Net distributions for the period	444



**WS ZENNOR JAPAN EQUITY INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the period from 24 April 2023 to 30 November 2023

**9. Debtors**

	30.11.23 £'000
Amounts receivable for issue of shares	12
Sales awaiting settlement	715
Accrued revenue:	
Non-taxable dividends	372
Total debtors	1,099

**10. Cash and Bank Balances**

	30.11.23 £'000
Bank balances	262
Total cash and bank balances	262

**11. Creditors**

	30.11.23 £'000
Distribution payable	100
<b>Other Creditors</b>	
Amounts payable for redemption of shares	2
Purchases awaiting settlement	513

**WS ZENNOR JAPAN EQUITY INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the period from 24 April 2023 to 30 November 2023

	30.11.23 £'000
Accrued expenses:	
Amounts payable to the ACD, associates of the ACD and agents of either of them:	
Annual Management Charge	10
Typesetting costs	2
Registration fees	3
	15
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	1
Transaction charges	2
	3
Other expenses	13
Total other creditors	546

**12. Related Party Transactions**

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

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 31 and amounts due at the period end are disclosed in notes 9 and 11.

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

State Street Nominees	53.28%
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**13. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments.

## WS ZENNOR JAPAN EQUITY INCOME FUND

### FINANCIAL STATEMENTS continued

### NOTES TO THE FINANCIAL STATEMENTS continued

for the period from 24 April 2023 to 30 November 2023

#### 14. Shares in Issue

	A Accumulation	A Income	B Accumulation
Annual Management Charge	0.25%	0.25%	0.75%
Opening shares in issue	–	–	–
Issues	31,478,492	7,028,271	1,670,633
Redemptions	(978,705)	(86,296)	(73,950)
Conversions	(2,512)	–	2,519
Closing shares in issue	<u>30,497,275</u>	<u>6,941,975</u>	<u>1,599,202</u>

	B Income	C Accumulation	C Income
Annual Management Charge	0.75%	0.65%	0.65%
Opening shares in issue	–	–	–
Issues	1,414,871	63,299	76,899
Redemptions	(3,317)	(251)	(251)
Conversions	–	–	–
Closing shares in issue	<u>1,411,554</u>	<u>63,048</u>	<u>76,648</u>

#### 15. Risk Management Policies

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

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

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

WS ZENNOR JAPAN EQUITY INCOME FUND  
FINANCIAL STATEMENTS continued  
NOTES TO THE FINANCIAL STATEMENTS continued  
for the period from 24 April 2023 to 30 November 2023

(A) CREDIT RISK

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

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

(B) INTEREST RATE RISK

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

As the Fund seeks to obtain its return from investing in equities and has no material exposure to interest rate risk, no interest rate risk table or sensitivity analysis has been presented.

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value.

The table below shows the direct foreign currency risk profile:

	30.11.23 £'000
Currency:	
Japanese yen	42,528
Pounds sterling	(73)
Net assets	42,455

## WS ZENNOR JAPAN EQUITY INCOME FUND

### FINANCIAL STATEMENTS continued

### NOTES TO THE FINANCIAL STATEMENTS continued

for the period from 24 April 2023 to 30 November 2023

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £2,126,000 on the net assets of the Fund.

#### (D) LEVERAGE

The Fund did not employ any significant leverage in the current period.

#### (E) LIQUIDITY RISK

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

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

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

Based on this analysis 84.84% of the portfolio can be liquidated within 5 days and 99.05% within 21 working days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £2,087,000. A 5% decrease would have an equal and opposite effect.

## WS ZENNOR JAPAN EQUITY INCOME FUND

### FINANCIAL STATEMENTS continued

### NOTES TO THE FINANCIAL STATEMENTS continued

for the period from 24 April 2023 to 30 November 2023

#### (G) DERIVATIVES

The Fund held no derivatives in the current period.

#### 16. Portfolio Transaction Costs

30.11.23	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	49,146	49	–	49,195
Purchases total	49,146	49	–	49,195
Transaction cost % of purchases total		0.10%	–	
Transaction cost % of average NAV		0.15%	–	
Ordinary shares	8,251	(8)	–	8,243
Sales total	8,251	(8)	–	8,243
Transaction cost % of sales total		0.10%	–	
Transaction cost % of average NAV		0.03%	–	

Average portfolio dealing spread at 30.11.23 is 0.39%.

#### 17. Fair Value Hierarchy

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

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

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

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

All of the Fund's investments in the current period are ordinary shares categorised as Level 1.

## WS ZENNOR JAPAN EQUITY INCOME FUND

### FINANCIAL STATEMENTS continued

#### DISTRIBUTION TABLE

for the period from 24 April 2023 to 30 November 2023 – in pence per share

#### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes. Where there is no distribution at interim, the final distribution is deemed to run for the whole period.

Group 2	Final
From	24.04.23
To	30.11.23

#### A ACCUMULATION SHARES

Final	Net Revenue	Equalisation	Allocation 31.01.24
Group 1	1.1829	–	1.1829
Group 2	1.0934	0.0895	1.1829

#### A INCOME SHARES

Final	Net Revenue	Equalisation	Payable 31.01.24
Group 1	1.1873	–	1.1873
Group 2	1.0315	0.1558	1.1873

#### B ACCUMULATION SHARES

Final	Net Revenue	Equalisation	Allocation 31.01.24
Group 1	1.1823	–	1.1823
Group 2	1.0844	0.0979	1.1823

#### B INCOME SHARES

Final	Net Revenue	Equalisation	Payable 31.01.24
Group 1	1.1815	–	1.1815
Group 2	0.6834	0.4981	1.1815

WS ZENNOR JAPAN EQUITY INCOME FUND  
FINANCIAL STATEMENTS continued  
DISTRIBUTION TABLE continued

C ACCUMULATION SHARES

Final	Net Revenue	Equalisation	Allocation 31.01.24
Group 1	1.1821	–	1.1821
Group 2	1.1821	0.0000	1.1821

C INCOME SHARES

Final	Net Revenue	Equalisation	Payable 31.01.24
Group 1	1.1851	–	1.1851
Group 2	1.1174	0.0677	1.1851

No comparative figures are presented as the Fund launched on 24 April 2023.



## GENERAL INFORMATION

### Share Capital

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

### Structure of the Company

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

The Company is a UK UCITS retail scheme for the purposes of the Regulations.

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

WS Zennor Japan Equity Income Fund

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

### Classes of Shares

The Instrument of Incorporation allows the Company to issue income and accumulation shares in respect of each sub-fund.

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

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

This is reflected in the price of an Accumulation share.

### Valuation Point

The current valuation point is 08:30 am (London time) on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

### Buying and Selling Shares

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

## GENERAL INFORMATION continued

### Prices

The prices of all shares are published on every dealing day on the ACD's website: [www.waystone.com](http://www.waystone.com) and by calling 0345 922 0044 during the ACD's normal business hours.

### Other Information

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

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

### Data Protection Act

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



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