



Alliance Witan (ALW)

ALW gives access to the top ideas of best-in-class manager.

Overview

Update
23 October 2025

Alliance Witan (ALW) aims to provide well-balanced core exposure to global equities through a sophisticated multi-manager strategy typically reserved for institutional investors. The trust has been managed by Willis Towers Watson (WTW) since 2017, with an investment committee comprising Craig Baker, Stuart Gray, and Mark Davis overseeing asset allocation and manager selection, and aiming to keep the portfolio as neutral as possible in terms of geography, sector, and factor.

That said, the **Portfolio** currently shows more notable divergences from the benchmark than in the past, including an underweight in the information technology sector. This reflects the fact that many stock pickers have trimmed or even entirely cut their exposure to US tech names since the start of the year, concerned about the elevated valuations these companies have reached. For example, GQG Partners has largely rotated out of the sector in favour of defensive growth names.

Craig, Stuart, and Mark added two new stock pickers to the portfolio — Brown Advisory and Artisan Partners — in September 2025. They have replaced Sustainable Growth Advisers (SGA) and ARGA, reflecting the investment committee's stronger conviction in the new managers. Brown Advisory invests in high-quality stocks, with a particular focus on whether their investee companies deliver strong outcomes for customers, viewing this as a key indicator of sustainable long-term growth. Meanwhile, Artisan Partners focusses on undervalued businesses that have the ability to grow earnings — a combination they believe can deliver superior risk-adjusted returns over time.

The board estimates that the full-year **Dividend** should be at least 28.32p, representing a c. 6% year-on-year increase and implying a prospective yield of around c. 2.2%. As such, ALW is on course to extend its 58-year track record of annual dividend increases.

Analyst's View

In our view, ALW is a compelling one-stop shop for global equities, offering a well-diversified portfolio. We like the trust's neutral stylistic approach, which focusses on stock selection based solely on fundamentals and avoids the risks associated with bets on specific countries, sectors, or factors. The trust also provides a unique opportunity to access rigorously selected best-in-class managers, some of whom are not available to UK retail investors.

In addition, ALW has consistently demonstrated stronger fundamentals than its benchmark since WTW was appointed as investment manager. As a result, the investment committee is confident that the trust is well positioned for future returns, as they believe fundamentals are the key driver of long-term performance. By contrast, they note that the broader market has been driven more by multiple expansion over that period, which could limit future upside. Moreover, while Craig, Stuart, and Mark see a range of supportive signals for equities, they have also identified potential risks — including elevated valuations, high government debt levels, and heightened geopolitical tensions — and believe that their stock pickers could add value in this challenging environment.

Finally, the trust is in a strong position to continue its track record of annual dividend increases, supported by a significant distributable reserve. While not an income-focussed strategy, the compounding effect of reinvesting a growing dividend could contribute to an attractive total return over the long term, while also providing a cushion during periods of lacklustre capital growth.

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BULL

Offers a well-diversified portfolio and exposure to best-in-class managers

Has consistently demonstrated stronger fundamentals than global equity indices

A reliable dividend, progressively growing for the past 58 years, supported by substantial distributable reserves

BEAR

Keeping the portfolio as neutral as possible may result in missing tactical opportunities

May underperform peers in highly stylistic markets

Gearing can enhance losses on the downside



Portfolio

Alliance Witan (ALW) aims to provide investors with a one-stop shop for global equities through a multi-manager strategy. The trust is effectively the continuation of Alliance Trust (ATST) following its combination with Witan (WTAN) in October 2024 and has been managed by Willis Towers Watson (WTW) since 2017, with an investment committee comprising Craig Baker, Stuart Gray, and Mark Davis overseeing asset allocation and fund manager selection.

The investment committee tasks each of its 11 stock pickers with selecting their 20 highest conviction ideas, ignoring short-term market trends or portfolio balancing, and focussing only on fundamentals. The allocation to each underlying manager is then weighted in a way to keep ALW's portfolio as neutral as possible versus the MSCI All Country World Index (ACWI) in terms of geographic, sector, or factor exposure. As such, stock picking is expected to drive returns, rather than large sector or country bets, with the portfolio's active share of 73% (as at 30/09/2025) underscoring the trust's highly active approach.

In selecting stock pickers, Craig, Stuart, and Mark draw on WTW's extensive network of investment professionals, who help them to identify best-in-class managers, focussing on those who diverge from the index, as they believe this increases the potential to outperform. They also ensure that the managers they pick follow different investment approaches, as this can help reduce performance fluctuations, giving investors a smoother investment journey. Changes to the line-up are relatively rare; however, the investment committee regularly stress-tests the portfolio and is prepared to make adjustments if necessary. For instance, the investment committee introduced Brown Advisory and Artisan Partners into the portfolio in September 2025, replacing Sustainable Growth Advisers (SGA) and ARGA, respectively. Like SGA, Brown Advisory focusses on high-quality companies, whereas Artisan Partners invests in undervalued businesses, as ARGA did. Although the committee continues to hold SGA and ARGA in high regard, they have a stronger conviction in Brown Advisory and Artisan Partners to deliver on these respective strategies at this juncture.

Brown Advisory's managers, Mick Dillon and Bertie Thomson, select stocks that can generate a high return on capital. Turnover is typically low, as they take a long-term view with their investee companies, allowing them to compound over time. What sets Mick and Bertie apart from other quality growth managers is their focus on whether a company delivers strong outcomes for its clients, and on understanding why customers might repeatedly choose its products or services, underpinned by the belief that these factors indicate a company's ability to sustain long-term growth. They also employ behavioural coaches to analyse their capital allocation and investment decisions, helping

them to improve the investment process incrementally. By contrast, Artisan Partners focusses on undervalued companies, providing diversification at a time when the market is dominated by large-cap growth stocks. However, unlike many value-oriented strategies, Dan O'Keefe and his team place great emphasis on the quality of their investee companies, as they believe cheap valuations alone often reflect problems in the underlying businesses. As such, their approach is to invest in companies trading at attractive valuations that also have the ability to grow earnings — a combination they believe can deliver superior risk-adjusted returns over time.

Apart from the introductions of these two new stock pickers, changes in allocations to the already existing stock pickers have been minimal since the beginning of the year, consisting of only small adjustments to keep the portfolio balanced. As a result, GQG Partners, which manages both a global and an emerging market portfolio for ALW, remains the stock picker with the largest allocation. The line-up also includes two regional specialists, Lyrical for the US and Dalton Investments for Japan, with all other stock pickers investing globally.

Stock Pickers

Manager	Style	Allocation (%)
GQG Partners	Quality growth at a reasonable price	17
Veritas	Thematic and quality	12
Metropolis	Quality and value	11
Brown Advisory	Companies with high and sustainable returns on invested capital	10
Artisan Partners	Undervalued high-quality businesses	8
EdgePoint	All-cap quality and value	8
Vulcan	Capital-preservation quality and value	8
Lyrical	US value with quality tilt	7
Jennison Associates	Seeking exceptional growth	7
Dalton Investments	Japan all-cap value and engagement	6
Sands	High-quality long-term structural growth	6

Source: WTW, as of 30/09/2025

While the investment committee aims to keep the portfolio as neutral as possible, ALW currently exhibits more pronounced divergences from the benchmark than in the past, with notable underweights in the information technology sector and North American equities. This is because some stock pickers have underweighted, or even avoided entirely, US technology mega caps, which have



dominated market returns since 2023. For example, GQG Partners — a stock picker following a quality growth-at-a-reasonable-price approach — has rotated out of the technology sector and into defensive growth names. The team is concerned about the valuations commanded by US tech mega caps, noting parallels with late 2021 and early 2022, just before interest rates rose and technology stocks subsequently sold off. Other stock pickers also reduced their exposure to technology names following the launch of DeepSeek’s cost-efficient AI chatbot in January 2025, which raised questions about the substantial capital expenditure by US tech firms on AI infrastructure.

Fig.1: Sector Allocation



Source: WTW, MSCI

Nonetheless, the stock to which the stock pickers collectively added the most in the first half of the year comes from the information technology sector: Taiwan Semiconductor (TSMC). The company holds a near-monopoly in the manufacturing of advanced semiconductors, with clients including Apple and NVIDIA. As such, TSMC provides exposure to developments in AI while trading on more attractive multiples than many US technology mega caps.

Over the same period, stock pickers Veritas and Metropolis added to Diageo, taking advantage of share price weakness. The beverage company has faced a range of headwinds, including weak financial results and concerns about the potential impact of tariffs. Metropolis notes, however, that the trade agreement between the US, Mexico, and Canada exempts alcoholic beverages, while Scotch whisky remains subject to a 10% tariff on UK imports. Therefore, Metropolis estimates that only a 5% increase in retail prices would be required to maintain US dollar margins.

Veritas also increased its holdings in health insurer UnitedHealth (UNH), which has faced several challenges, including the assassination of its CEO in December 2024, a US Department of Justice investigation into aspects of its Medicare participation, and disappointing results in the first two quarters of this year. The stock picker views the share price as an overreaction by investors and an underestimation of the company’s long-term prospects. Similarly, Vulcan saw the share price weakness as an attractive entry point, adding UNH among its top ideas.

Top Ten Holdings

HOLDING	SECTOR	COUNTRY	WEIGHT (%)
Microsoft	Information technology	United States	4.5
Amazon	Consumer cyclical	United States	2.1
Alphabet	Communication services	United States	1.9
Taiwan Semiconductor	Information technology	Taiwan	1.9
Visa	Financial services	United States	1.8
Mastercard	Financial services	United States	1.7
Unilever	Consumer defensive	United Kingdom	1.5
UnitedHealth Group	Healthcare	United States	1.4
Meta Platforms	Communication services	United States	1.4
Diageo	Consumer defensive	United Kingdom	1.4
Total			19.6

Source: WTW, Morningstar, as of 30/09/2025

As discussed in the performance section, global equity markets have been volatile since the beginning of the year, notably due to rising trade tensions between the US and the rest of the world, and the investment committee expects this to continue over the remainder of the year. While Craig, Stuart, and Mark are seeing signals that could support share price gains, such as a still healthy economic backdrop, strong earnings, and interest rate cuts, they have also identified a number of potential risks. These include elevated market valuations, slowing growth in the US, heightened geopolitical tensions, high levels of government debt, and higher tariffs than at the start of the year. In their view, such an environment could prove rewarding for active managers.

Gearing

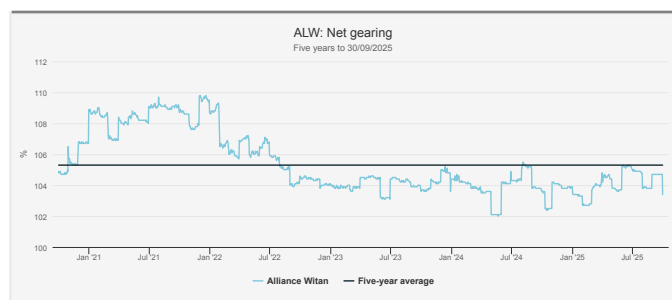
The investment committee has the flexibility to adjust gearing in its day-to-day management, with gross gearing typically ranging between 7.5% and 12.5%. However, any adjustment outside of this range requires approval from the board.

At the end of September, ALW’s net gearing stood at 3.4%, below its five-year average of 5.3%. The investment committee remains cautious and believes now is not a suitable time to increase gearing, having identified several potential risks, including slowing growth in the US, higher



inflation fuelled by tariffs, and further policy surprises from the US administration.

Fig.2: Gearing



Source: Morningstar

As of 30/06/2025, ALW had £306.9 million in fixed-rate loan notes, maturing between 2029 and 2054, with interest rates ranging from 2.39% to 4.28%. Some of these loan notes were brought over from WTAN following the combination in October 2024. They were novated with a blended interest rate of 3% and maturities between 2035 and 2054, allowing ALW to secure long-term funding at rates lower than those available in the market, with the Bank of England base rate standing at 4% at the time of writing.

ALW also had £180m available in borrowing facilities, including a £140m facility, which will expire on 16/12/2025 and a £40m facility expiring on 16/12/2026. Of these, £61.2m had been drawn down as of 30/06/2025, including £15m through a three-year loan and the remainder through a revolving credit facility.

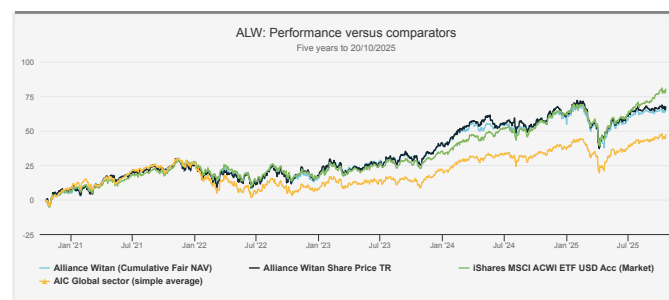
Performance

ALW seeks to deliver a core, factor-neutral strategy that can perform consistently across market cycles, with stock selection expected to be the primary driver of returns. This approach has worked well relative to peers in the AIC Global sector over the past five years (to 20/10/2025), as several constituents have a growth bias and suffered when this factor was not in favour. That includes notably 2021, when investors rotated towards cyclical and value stocks as economies reopened post-COVID and inflation surged, as well as 2022, when central banks hiked interest rates, causing growth stocks to derate while investors avoided higher-risk investments out of fear of a severe recession. By contrast, ALW's factor-neutral approach enabled the trust to adapt better to different environments, outperforming peers in 2021 and 2022, and also in 2023 when the growth factor returned to favour.

However, ALW's NAV and share price total returns (TRs) of 65.7% and 67.5%, respectively, over the period, lagged the 79.6% return of the MSCI ACWI. While ALW delivered

outperformance in 2022 and more notably in 2023, aided by strong stock picking despite an underweight to the 'Magnificent Seven', the trust suffered from particularly concentrated market returns in 2024, as well as from high market volatility this year.

Fig.3: Five-Year Performance



Source: Morningstar

Past performance is not a reliable indicator of future results.

Markets were notably affected by rising trade tensions between the US and the rest of the world, peaking on 'Liberation Day' (02/04/2025), before rebounding following the delay and reduction of tariffs, alongside the signing of a series of trade deals. In this context, ALW delivered NAV and share price TRs of 4.1% and 3.7% year to date (to 20/10/2025), compared with 11.8% for the MSCI ACWI.

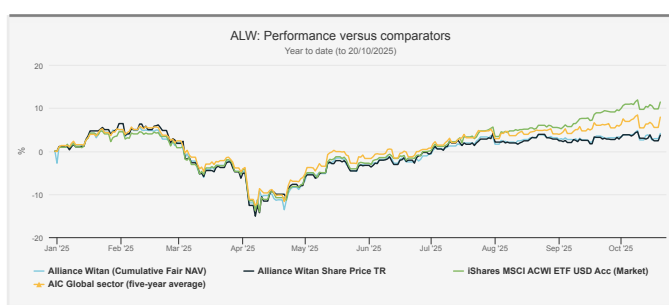
GQG, which applies a quality growth-at-a-reasonable price approach, was the largest detractor among ALW's stock pickers over the first half of the year, as it suffered from its shift into defensive growth names. GQG remains cautious on aggressive growth names, believing we are still in the early stages of potential negative economic effects from tariffs. Vulcan, which invests with a capital-preservation quality and value approach, also detracted from performance due to stock-specific issues, notably Salesforce and Skyworks Solutions. Salesforce reported revenue and uptake of its new AI-driven customer relationship management platform below expectations. That said, the company still delivered year-on-year growth in revenue and operating margin in the first two quarters of its current financial year, and it acquired cloud data management company Informatica in May, which could support its AI expansion. Semiconductor company Skyworks was hit by the resignation of its CEO and the loss of its sole-supplier contract with Apple for an iPhone component, prompting Vulcan to exit the position.

However, some stock pickers had a positive impact on ALW's NAV absolute returns over the period, including Japan specialist Dalton, which takes an activist strategy, looking to benefit from rapid corporate governance reform in Japan. Two of its holdings, video game developer Square Enix and broadcaster Fuji Media, delivered particularly strong returns. Square Enix's share price rose sharply after



a Singapore-based activist investor acquired a stake in the company, while Fuji Media benefited from a management overhaul and increased share buybacks. Quality growth stock picker, Sands, also had a positive impact on absolute returns, supported by positions in video streaming platform Netflix, internet infrastructure company Cloudflare, and Latin American e-commerce platform MercadoLibre. Value-oriented managers Metropolis and Lyrical also contributed to ALW's NAV absolute returns, as the value factor outperformed in the first half of the year. The trust also benefited from its underweight position in North America, as US equities underperformed their non-US peers, and from its underweight in Apple, which is viewed as vulnerable to tariffs.

Fig.4: Year-To-Date Performance

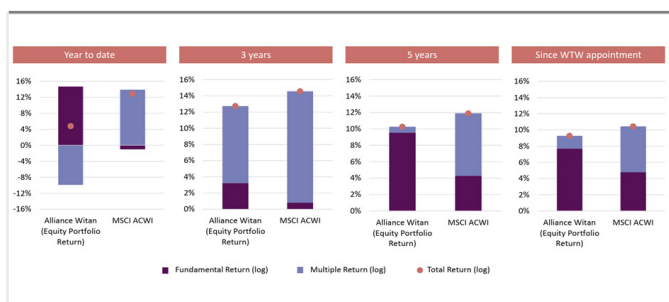


Source: Morningstar

Past performance is not a reliable indicator of future results.

While market returns were particularly concentrated in 2023 and 2024, making it difficult for active managers to outperform, the investment committee notes that such periods have occurred in the past and were followed by a broadening out of market returns. In fact, they were encouraged to see signs of this in the first quarter of 2025, with Europe and the UK outperforming the US, and industrials and financials being the best-performing sectors after two years of technology dominance. That said, they caution against following macroeconomic trends, which can shift or reverse quickly, and continue to emphasise the importance of high-conviction stock picking.

Fig.5: Components Of Gross Returns



Source: FactSet, MSCI, WTW, from 30/04/2017 to 30/09/2025

In addition, the investment committee highlights that fundamentals have played a greater role in ALW's returns since WTW's appointment in 2017, whereas the MSCI ACWI has benefited more from multiple expansion. As such, they believe ALW could be well positioned to deliver returns above its benchmark going forward, as they expect fundamentals to be the key driver of long-term performance.

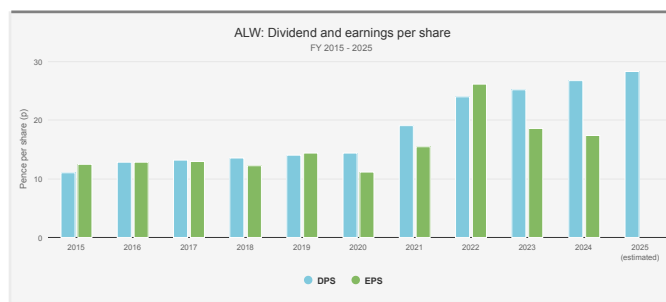
Dividend

As discussed in our **previous note**, ALW saw a significant boost to its dividend following the combination with Witan in October 2024, with the third and fourth interim payments of the trust's 2024 financial year being increased. In FY 2025 so far, two interim dividends of 7.08p each have been paid, and the board has indicated that the third and fourth interim dividends should be at least of equal value. This would result in a full-year dividend of 28.32p, representing a year-on-year increase of c. 6% and a prospective yield of c. 2.2%, ahead of the AIC Global sector's simple average of c. 1.7%.

As such, the trust is on course to extend its 58-year track record of annual dividend increases, placing the trust among the AIC's Dividend Heroes, a group of investment trusts that have raised dividends for at least 20 years in a row.

As the chart below shows, the dividend was uncovered in FY 2023 and 2024. However, ALW has substantial distributable reserves, which at the end of the trust's last financial year (31/12/2024) were enough to cover c. 45x the dividends paid to shareholders during that period. We therefore believe the board should be able to maintain its record of dividend increases.

Fig.6: Dividend And Earnings Per Share



Source: Willis Towers Watson, LSE

Past performance is not a reliable indicator of future results.

Management

WTW has managed ALW (or Alliance Trust prior to the combination with Witan on 10/10/2024) since 2017



through an investment committee consisting of Craig Baker, Stuart Gray, and Mark Davis, who all have decades of industry experience.

They are supported by WTW's extensive resources, which include approximately 80 manager researchers, a portfolio management team of about 70 people, as well as operational due diligence and capital markets research teams.

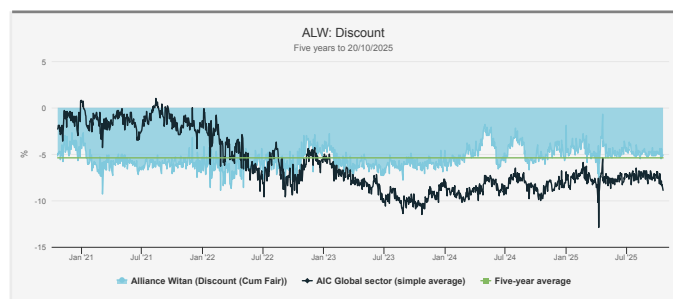
In our view, these substantial capacities are difficult to match, especially for an individual investor, and give WTW an advantage in researching funds, analysing data, gaining direct access to managers, and uncovering talented yet lesser-known managers.

WTW is a global investment group, providing investment management advice and services that are tailored to the specific needs of their clients. This is typically reserved for professional clients such as pension funds, insurance companies, sovereign wealth funds or wealth management companies. As of the end of 2023, WTW managed over \$162 billion of delegated assets.

Discount

ALW has consistently traded at single-digit discounts over the past five years, averaging c. 5.4% over that period. The board aims to maintain a stable discount to NAV, ideally as close to NAV as possible, and actively uses share buybacks to support this goal. For example, since the completion of the combination with WTAN in October 2024, around 3.3% of shares in issue have been repurchased (as of 20/10/2025). At the time of writing, ALW is trading at a c. 5.1% discount, which we believe provides investors with a cheap way to gain exposure to global equities, with the discount well supported by the board and the potential for it to narrow.

Fig.7: Discount



Source: Morningstar

Charges

ALW's latest ongoing charges ratio (OCR), equivalent to the ongoing charge figure (OCF), is 0.56%, as of 31/12/2024.

This represents a reduction from the 0.62% OCR of Alliance Trust (ATST) and the 0.76% OCF of Witan (WTAN) prior to the combination, although this includes a temporary fee waiver by WTW to cover the costs of the transaction. Without this waiver, the OCR would have been 0.61%. As the waiver is being spread over 12 months from the date of the merger (09/10/2024), it will also lower the OCR reported for the year ending 31/12/2025. Thereafter, the OCR should normalise.

This also compares with the AIC Global sector's simple average of 0.59%. We note the impact of the OCR is already in the NAV and not a cost deducted from the price paid for the shares.

ALW's OCR includes a tiered management fee structure: 0.52% charged on the first £2.5bn of market capitalisation, 0.49% on market capitalisation between £2.5bn and £5bn, and 0.46% on market capitalisation above £5bn. With a market capitalisation of approximately £4.9bn at the time of writing, this would equate to an ongoing management fee of c. 0.51%.

ESG

ALW is not an ESG-labelled investment trust. However, the underlying stock pickers are prohibited from investing in certain types of businesses, such as those involved in controversial weapons or those with significant revenue exposure to thermal coal and tar sands.

WTW believes that inadequate consideration of ESG and climate risk factors can negatively impact investment performance and reputation. As a result, WTW integrates these risk factors into its investment processes, including the monitoring of underlying stock pickers' ESG reporting.

Both the board and WTW aim to transition ALW's assets to achieve net zero by 2050, with an interim target of reducing portfolio emissions by approximately 50% by 2030, relative to 2019. The board favours stewardship and engagement over exclusion.

ALW employs EOS at Federated Hermes as its stewardship provider. In the first half of 2025, EOS engaged with 84 companies on 363 issues and objectives. The stock pickers also cast votes on 3,252 resolutions in the first six months of the year, voting against company management on 319 occasions and abstaining from voting 52 times.

Morningstar has rated ALW as three out of five globes on its sustainability rating. The trust has also received the low-carbon designation from Morningstar, which is based on the portfolio's asset-weighted carbon-risk score and percentage exposure to fossil fuels.



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