Premier Miton
INVESTORS

Miton UK MicroCap Trust plc

Report and Accounts for the year ended 30 April 2023

A Trust accessing the inherent vibrancy of the UK's quoted microcaps

Contents

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Report and Accounts for the year ended 30 April 2023

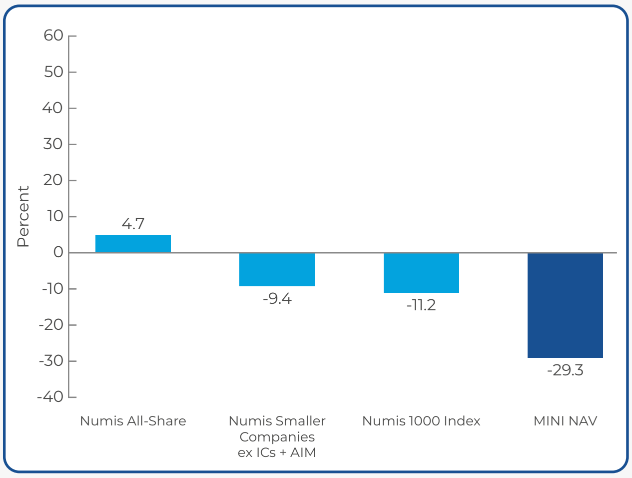
Miton UK MicroCap Trust plc is an investment trust listed on the London Stock Exchange under the ticker code MINI. The Board, which consists of four independent directors, appoints the Investment Manager and oversees all aspects of the Trust.

The Board sets the Trust's objective which is to deliver an attractive investment return for shareholders over the longer term. Miton UK Microcap Trust's portfolio is distinctive as it invests in UK-quoted microcap companies, which are defined as those with market capitalisations of less than £150m. It is envisaged that the strategy has the potential to deliver attractive longer term returns, even during inflationary periods, when the returns on the mainstream stock market may be less buoyant.

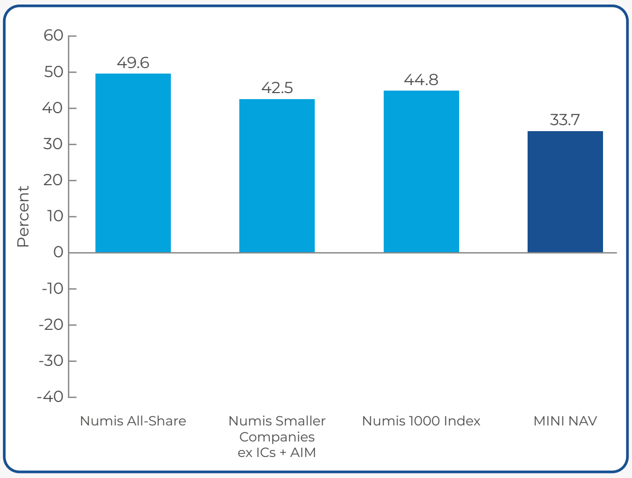
Over the year to April 2023, global stock markets fell back and then staged a modest recovery towards the end of the period. Specifically, the recovery was generally most apparent amongst the mainstream stocks, with the share prices of microcaps remaining at low levels. A time lag in the recovery of microcap share prices is not unusual.

Over the year, the Trust's NAV total return (including dividend income) fell by 29.3% which compares with a total return on the Numis 1000 Index (the aggregate return of the smallest 2% of the UK stock market) of minus 11.2%. Between April 2015 when the Trust was launched and April 2023, its NAV total return was 33.7% which compares with a Numis 1000 total return of 44.8%.

Total returns 12 months to 30 April 2023



Total returns since launch in April 2015



Source: Morningstar

Our objective

The Company invests principally in a portfolio of smaller UK quoted companies, generally with market capitalisations of less than £150m. The primary objective is to generate capital growth through selecting stocks that are expected to generate plentiful surplus cash in the short to medium-term. As this comes through and their share prices appreciate sharply, the Investment Manager tends to take profits, with the capital reinvested in other promising microcaps standing on overlooked valuations. Given that a major part of the Company's return is expected to comprise capital appreciation, the Trust's annual dividend (if any) will be a modest contributor to long-term returns.

Counterintuitively, UK quoted microcaps prospects often become stronger...

The mainstream UK stock market has started outperforming.

During globalisation, the best performing stocks are often those scaling up their growth rate by drawing upon the abundance of cash.

When interest rates increase, however, this suppresses demand and ushers in a scarcity of risk capital. UK majors have a real advantage when risk capital is scarce because they typically generate surplus cash. After a long period of underperformance during globalisation, the UK stock market has started outperforming other mainstream global indices over the last two and half years.

If UK microcaps start to outperform the UK major indices as they have in the past, then they may be set to outperform international stock markets in future.

When risk capital is scarce, quoted companies have the advantage.

Daily transactions on the stock exchange provide insight. The live interface between willing buyers and sellers helps management teams to keep aware of their cost of capital. When they are contemplating transactions, they can use this metric to determine those with the greatest commercial upside in the context of the cost of any additional capital.

When market conditions are benign, the returns on corporate transactions are hampered by wide-ranging competition. But when capital is restricted, ongoing access for quoted companies to institutional capital is particularly valuable. In short, when risk capital is scarce, quoted companies often get much higher returns from acquisitions because most private companies are unable to participate for lack of risk capital.

When acquisition costs are low, microcaps' prospects are enhanced compared with the mainstream stocks.

During economic recessions, the prospects for quoted companies can sometimes be further improved by acquiring overleveraged but otherwise viable businesses from the receiver debt-free at very low prices.

The scale of the improvement tends to be incremental when the acquiring business is large relative to the scale of the acquisition. If the acquirer is a quoted microcap, however, exactly the same acquisition offers much greater upside potential, as the upside is spread over a much smaller market capitalisation.

In short, during recessions, when access to additional debt and risk capital is scarce, the upside potential for quoted microcaps is often enhanced.

Note that UK microcaps have a long history of delivering premium returns.

Since 1955, UK-listed companies in the bottom two per cent by market capitalisation (typically known as microcaps) have generated much higher returns than those in all other size bands. Furthermore, if this factor is combined with those that stand on overlooked valuations (as in the Trust's strategy), then their returns have been even greater. If the returns on the mainstream indices become more limited when interest rates are elevated, the potential for ongoing microcap outperformance should become all the more distinctive.

In summary, the prospect for a strategy dedicated to UK quoted microcaps, such as that of the Miton UK MicroCap Trust, is often enhanced when access to debt and capital becomes scarcer.

...when access to debt and risk capital becomes scarcer.

Furthermore, when addressing the environmental, social and governance agenda…

Any organisation that knowingly operates contrary to the interests of the wider public would, in time, find that its social licence to operate suffered. Hence, well managed investment portfolios need to invest in companies with an authentic sense of purpose, as well as those employing a successful commercial strategy.

Mainstream stocks have vast numbers of shareholders, so typically their managers only meet a small proportion. Alongside, with their long list of shareholders, they are offered an extraordinarily wide range of advice regarding their stance on environmental, social and governance issues. The bottom line is that institutional investors have little opportunity to gauge the authenticity of the management team's sense of purpose or influence their corporate agenda significantly.

In contrast, there are fewer institutional microcap investors. So, most microcap management teams are keen to meet them, even if they are not shareholders. Microcap investors, therefore, have a much greater opportunity to gauge a Company's culture, even prior to investing.

In addition, institutional holdings typically account for a substantial proportion of their equity, so their views often have a meaningful impact on how the management teams address environmental, social and governance issues.

AIM-listed companies do issue formal reports covering non-financial metrics such as sustainability, although these are typically less comprehensive than the majors. Your Manager does not find this a major handicap as many microcaps operate across a relatively specialist business area. In addition, your Manager can compare the content of the sustainability reports with the detail of the senior management's actions. When variance is identified, it can imply potential problems.

For example, your Manager meets many mining management teams who say they start every meeting with safety.

And yet, in far too many cases, their safety data is not covered by the first slide in their corporate presentation, nor is safety the first matter of substance in their annual report.

Generally, microcap leadership teams are smaller, and often more agile than the majors. Typically, this is reflected in a somewhat stronger sense of corporate purpose and motivation than in some larger companies.

Overall, when addressing the environmental, social and governance agenda the Manager of a portfolio of microcaps stands at an advantage.

...a UK microcap portfolio has numerous advantages

Results for the Year

to 30 April 2023

- Over the year, the Ordinary Share NAV fell from 91.05p on 30 April 2022 to 64.20p on 30 April 2023, a negative total return, including dividends reinvested, of 29.3%.
- The Ordinary Share price fell from 86.50p at 30 April 2022 to 59.50p at 30 April 2023, a negative return of 31.1%. As at close of business on 7 July 2023, the closest date to this Report, the Ordinary Share NAV was 57.48p and the share price was 52.50p.
- The net Revenue return was a positive return of £32,000 this year, or 0.03p per share. This compares to a positive return of £159,000 last year, or 0.15p per share.
- The Company does not have a formal benchmark but, for comparison, it is intended that the return on the Numis 1000 Index and the Morningstar Investment Trust UK Smaller Companies sector will be published on the monthly factsheet and in the Company's annual and interim reports. Returns, however, may diverge from any of these indices for a significant period.

Summary of Results

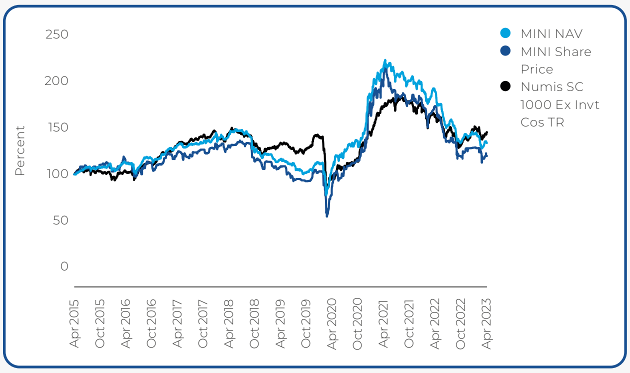
	Year to 30 April 2023	Year to 30 April 2022
Total net assets attributable to equity shareholders (£'000)	60,754	99,475
NAV per Ordinary Share*	64.20p	91.05p
Share price (last close)	59.50p	86.50p
Discount to NAV*	(7.32)%	(5.00)%
Investment income	£0.8m	£1.0m
Revenue return per Ordinary Share*	0.03p	0.15p
Total return per Ordinary Share	(28.93)p	(13.77)p
Ongoing charges#*	1.72%	1.41%
Ordinary Shares in issue	94,638,561	109,253,560

** Alternative Performance Measure ('APM'). Details provided in the Glossary on pages 96 to 98.*
 # The ongoing charges are calculated in accordance with AIC guidelines.

Financial Performance Indicators

Three charts that help set the full year returns in the context of the longer term returns of the Trust.

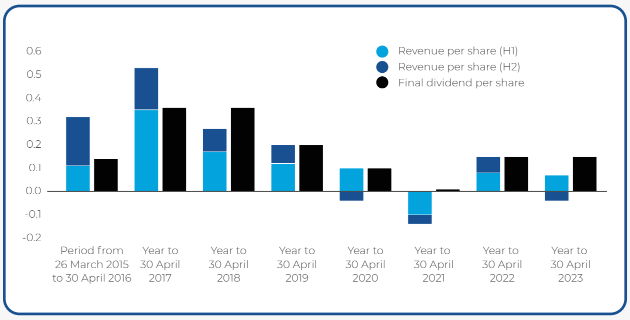
NAV v share price v Numis 1000 Index



This chart details the NAV and the daily closing share price of the Company. Prior to the Brexit referendum, the share prices of microcaps generally appreciated and the NAV of the Trust rose. During the Brexit negotiations, many asset allocators scaled back their UK weightings, given the uncertainties over the detail of the exit arrangements, and this led to fewer buyers of small cap stocks. This trend was often more pronounced amongst microcap stocks, although the prospects for quoted microcaps are often less dependent on global growth than larger quoted companies.

Source: Morningstar

Revenue and dividend per share

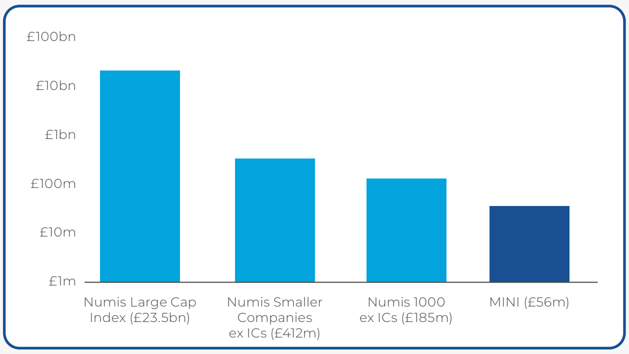


The revenue per share of the Trust was relatively strong in the early years due to some higher yielding holdings. After these companies were taken over, and reflecting portfolio changes, the underlying dividend income of the portfolio has been at a lower level and often similar to the revenue costs each year.

Overall, it has always been anticipated that the major part of the Trust's longer term returns would come via capital gain rather than through dividend income.

Source: Company from 30/04/2015 to 30/04/2023.

Average unweighted market capitalisation comparison: MINI v Numis Large Cap Index, Numis Smaller Companies ex Investment Companies Index and Numis 1000 ex Investment Companies Index



The Trust pursues a clearly differentiated strategy, illustrated by the fact that the average unweighted market capitalisation of the holdings within its portfolio is £56m, which compares to an average of £23.5bn for the Numis Large Cap index, £412m for the Numis Smaller Companies ex Investment Companies Index and £185m for the Numis 1000 Index ex Investment Companies. The Trust's portfolio may therefore produce different returns from those of the mainstream stock market indices.

Source: Premier Miton, Numis, based on a logarithmic scale.

Chairman's Statement

"At this stage most microcap share prices remain deeply depressed and almost wholly underappreciated."

Ashe Windham
Chairman

The report covers the full year to 30 April 2023, a period which has proved to be very testing for equities, and especially for the smallest UK quoted companies. The UK Bank rate moved from 0.75% in April to 5.0% in June 2023, a scenario which has seldom proved advantageous to small cap stock prices. In the aftermath of the ill-fated Liz Truss administration's Mini-Budget in September 2022, Sterling fell to a forty year low against the Dollar, hitting $1.07. Global equities had already suffered a significant decline since the unwarranted Russian invasion of Ukraine on 24 February 2022. This adverse trend persisted into the year under review, although stock markets generally staged a modest recovery in the second half of the year to April 2023.

Usually, during unsettled markets the most resilient equities are often equity income or 'value' stocks. Given the large weightings of these stocks in the main UK market, it was amongst the better performing indices globally, both during the period of market weakness up to September 2022, and subsequently. In total return terms the Numis Large Cap Index is up 8.3% (April 2022 to April 2023).

Over the past few years, investment managers have substantially reduced their holdings in UK equities. I was astonished to learn from New Financial, a think tank, that in 1997 53% of British pension funds' total assets were invested in UK stocks: the figure 25 years later is 6%. Looking at it another way, since 2000, the share of the UK stock market owned by UK pensions and insurance companies has fallen from 39% to just 4%. Against these headwinds it is unsurprising that many UK equities continue to languish on low valuations. In your Manager's view, the outperformance of the Numis Large Cap Index over the last two years highlights the scale of UK inflows from overseas investors as they start unwinding their underweight positions in low-beta equities.

In marked contrast to the UK mainstream stocks, whilst the share prices of AIM-listed small and microcaps had already declined severely in the first four months of 2022, they have fallen quite a lot further during the period. It is disappointing that they did not recover during the second half of the year. It appears that the ongoing OEIC redemptions from domestic investors have not yet been offset by inflows from global investors into UK small and microcaps. Over the year to April 2023, the Numis 1000 Index was down 11.2%.

The vast majority of UK microcaps were already standing on unusually low valuations even prior to their share price weakness over this past year. The low average price-to-book of holdings in the portfolio highlights the value to be found in owning the Trust.

Earnings and Dividends

Earnings for the year were 0.03p per share (2022: 0.15p per share) on the revenue account. Earnings on the capital account consisted of a loss of 28.96p per share (2022: a loss of 13.91p per share). Earnings on the revenue account reflect both portfolio changes and microcap companies seeking to retain cash to invest. As far as setting the dividend is concerned, the Directors have always given the Manager maximum flexibility to follow the course that will lead to the best results for shareholders. As Directors, we regard the dividend as a useful by-product of the investment process but not a target in itself. This year, your Board is recommending to maintain the prior year final dividend of 0.15p per ordinary share, subject to approval by shareholders at the AGM; this will be paid on 26 October 2023 to shareholders on the register on 29 September 2023.

Performance

With the dearth of buying interest in UK microcaps over the last two years, marginal sellers have dominated the direction of share prices. In light of current market trends, even microcaps which reported results better than expectations continue to languish in terms of share price appreciation.

The largest holding in the fund, Yu Group, was easily the best contributor over the year, adding 2.5% to returns.

Regrettably, there have been precious few other microcap winners this year. Your Manager invested in a secondary issue by Petro Matad mid-year, a Mongolian oil business with some high impact wells. If it performed strongly, the Manager anticipated not even having to wait for the drilling results, and so it has proved. To date it is the second-best contributor to returns and the Manager has been selling some shares at more than double the placing price.

Meanwhile, small and microcaps that have, even modestly, missed their targets have typically been subject to dramatic weakness in their share prices. For example, the share prices of HeiQ fell 74%, Aferian dropped 73%, and Saietta dived 71% over the year to April 2023, even though all three companies appear to retain strong balance sheets, attractive corporate prospects, and the potential to generate significant cash surpluses, albeit after slight delays. They were the second, third and fourth worst detractors during the year. Your Manager retains all three as they continue to have strong balance sheets, and anticipates that they will generate substantial cash surpluses.

Live Company Group was the biggest detractor during the year, given that its share price had risen well during March and April 2022, ahead of a K-POP concert it was organising. Although the Trust took some profits at 6.2p, and modestly supported a fund raising in July at 4p, Live Company has not ended up generating the paybacks that were anticipated. Hence, the Trust has subsequently sold down the holding later in the year at lower prices, at a cost to returns of 1.8%.

In addition, with the ongoing strength of large UK companies, the FTSE Put Option cost the Trust 0.9% over the year to April 2023. Unfortunately, there is no ‘over the counter’ Put Option which more closely correlates with our microcap universe.

Chairman's Statement continued

Overall, the Trust's NAV has fallen by 29.3%, from 91.05p at the end of the April 2022 to 64.20p as of 30 April 2023. Generally, the share prices of some small caps further up the market capitalisation range did pick up a little during the second half of the year, but at this stage most microcap share prices remain deeply depressed and almost wholly underappreciated.

Portfolio activity

Your Manager has become more cautious about UK-quoted microcaps operating in economies where there is an increasing risk of them running out of hard currency as the Federal Reserve and other central banks seek to control inflation.

Profits were taken in microcap holdings that had performed strongly to enable reinvestment in others that remain on unusually low valuations. Your Manager continues to avoid stocks that risk running out of cash, as distressed fund raisings by microcaps are not only destructively dilutive, but can suck capital from successful holdings to fund companies with more uncertain prospects.

Numerous portfolio holdings reported resilient trading despite their weak share prices. Some of these were added to using the capital released from sales. When global markets bottomed out during September and October last year, your Manager also reduced the portfolio's cash weighting.

Additionally, opportunities remain to invest in stocks that appear to have disproportionate upside potential. Your Manager is most interested in those companies with prospects that are not closely correlated with others in the portfolio. Improved diversification enhances portfolio returns, especially when unexpected geopolitical events occur.

Over the year, the largest new portfolio holding was Shield Therapeutics, a lowly valued FDA-approved iron-supplement pill business with rapidly growing sales. Shield's management plans to accelerate the Company's future cash surpluses greatly by sharing the upside with a business that has a much larger sales force. The Trust also invested in two maturing resource stocks: Cleantech Lithium, a company that can bring low-cost lithium-infused brine into production relatively quickly, and Petro Matad as noted earlier. Both share prices appreciated rapidly after the placings, and the Trust has already taken some profits.

Given the weak valuation comparatives, there were very few microcap IPOs. Only those that are really lowly valued, with prospects that are uncorrelated with the rest of the portfolio, have been considered. SmartTech247, a cybersecurity company that appears to be taking market share rapidly, has performed well since issue, although Lifesafe Holdings, a manufacturer of a universal fire suppressant that actively cools fires, has suffered share price weakness despite exceeding market forecasts since issue.

Finally, the Trust supported a number of secondary placings to fund acquisitions and growth. The most significant this year was Journeo, which provides train and bus information systems, and made an acquisition that it is anticipated will greatly enhance the Company's prospective surplus cash balances.

Prospects

Underlying stock market trends often persist for many years.

Over the decades of globalisation, large cap strategies with the prospect of enhanced capital appreciation outperformed. In your Manager's view, the Nifty Fifty of the 1960s have parallels to today's "FAANG" megacaps (Facebook, Amazon, Apple, Netflix and Google). The Nifty Fifty also had a very strong period of outperformance in the early 1970s when inflationary pressures first became an issue. Later in the decade, when central banks made combating inflation their highest priority, market valuations normalised, and later corporate profit margins collapsed, so the Nifty Fifty in the US underperformed badly for many years. If the FAANG megacaps were to mimic this outcome, there would be a degree of institutional urgency to identify asset classes that can generate attractive returns in a genuinely less correlated manner.

Your Manager believes that companies generating decent cash surpluses will become sought after. The returns of corporates generating a stream of good and growing cash surpluses should prove independent of the fluctuations of the market. Given that most institutional investors are heavily weighted in megacaps, we believe their most pressing issue in the future will be to identify different investment pools that can deliver attractive returns and that are less reliant on the appreciation of markets.

In this regard, I remain reassured that the Trust has a greater investment universe and opportunity to add value through stock selection than mainstream funds as the number of companies with a market capitalisation of less than £150m remains greater than those that are larger. Furthermore, the upside potential for microcaps should be greater than that of the largest UK stocks, for as the old Stock Exchange maxim goes: 'Elephants don't gallop!'. After all, the Numis Small Cap Plus AIM Index has underperformed the Numis Large Cap Index by 36.1% over the last two years. It is not just that AIM-listed valuations are starting from much lower levels than those of larger company equivalents, but also that the large UK company valuations themselves are also cheap relative to international comparatives.

In short, your Directors believe that Miton UK MicroCap Trust has the potential to have bursts of strong returns (as it did between March 2000 and May 2021). And when quoted microcaps start at what we consider to be extraordinarily low valuations, combined with such modest institutional allocations, favourable trends such as these can easily be sustained over the coming decade or two.

As I wrote in my last report, the Directors are grateful for your forbearance in holding the Trust's shares over what has been a dismal period and we are hopeful that your patience will be rewarded in the not-too-distant future.

Share Issuance

As the shares did not trade at a sufficient premium to the prevailing Net Asset Value (NAV) during the year under report, there were no opportunities to issue shares. We will be seeking approval at the AGM in September 2023 to renew this useful facility. Issuing shares at a premium to NAV is to the benefit of all shareholders as it dilutes the fixed charges which the company bears.

Share Redemption

Each year your Directors offer the facility for shareholders to redeem their holdings, in part or whole, at or close to the prevailing net asset value. The Directors are offering this facility again this year and the timetable is laid out on page 84 of this report. Should the redemption be substantial then the Directors may take the decision to form a separate redemption pool and it may take a number of weeks/months to liquidate the pool appropriately. As has previously been reported, the Directors moved the 2023 redemption point from 30 June 2023 to 2 November 2023, to align with the interim report.

Chairman's Statement continued

Board Refreshment

I am delighted to report that, following the engagement of a full service executive search consultant, Mrs Louise Bonham joined the Board on 15 December 2022. Louise replaces Ms Jan Etherden, who stepped down on the same date. We will miss Jan's wise counsel, her legendary ability to put her finger on any emerging problems and we wish her well. Louise, whose background is mostly in property, is a chartered accountant by training and is a Fellow of the Institute of Chartered Accountants of England and Wales. Louise cut her teeth with Deloitte and Deutsche Bank and has held a wide range of senior appointments, including at CBRE and Cushman & Wakefield. Louise will take over from Peter Dicks by the end of 2024 as Chair of the Audit Committee.

Directors' Remuneration

The Directors are entitled to an increase in their fees by the percentage uplift in CPI each Spring, in line with the Directors' Remuneration Policy. The figure which applies to fees from 1 May 2023 is just over 10%. Cognisant of the disappointing performance of the Company's net asset value and share price, the Directors have unanimously agreed not to take any increase in their fees this year.

Environmental, Social and Governance (ESG) issues

Your Company's Manager follows Premier Miton's responsible investing policy, which is to integrate responsibility for ESG into the investment process. It also actively engages with investee companies in order to deliver improved outcomes for all stakeholders whilst taking an active approach to voting on company resolutions at annual general meetings of investee companies. Premier Miton has been a signatory of the UN Principles for Responsible Investment since January 2020, an organisation which encourages and supports its signatories to incorporate ESG factors into investment and ownership decisions. Premier Miton has adopted a banned weapons exclusion policy and utilises third party data to maintain a list of such companies.

Whilst Premier Miton does not exclude any other companies or sectors for ESG reasons, its active investment approach ensures that exposure to so called 'controversial companies' is generally low.

Annual General Meeting

The Annual General Meeting of the company will be held at 11.00 am on Tuesday 26 September 2023 at the offices of Stephenson Harwood, 1 Finsbury Circus, London EC2M 7SH. Your Directors look forward to this opportunity to meet shareholders and especially retail investors, as there are few other opportunities to engage with the latter. Aside from the formal business of the AGM, Gervais Williams and Martin Turner will give a presentation on the Company's prospects and at the end of proceedings we will be offering a sandwich lunch. We hope that a number of shareholders will be able to attend, and would encourage those wishing to do so to register their interest via a link that will be available on the Company website, www.mitonukmicrocaptrust.com, in the preceding six weeks. There you will also find an option to sign up to receive details of future investment trust events organised by Premier Miton.

Ashe Windham
Chairman
10 July 2023

Investment Manager's Report

Which fund managers have day-to-day responsibility for the make up of the Trust's portfolio?

Since the launch of the Trust in April 2015, the day-to-day management of the Trust's portfolio has consistently been carried out by Gervais Williams and Martin Turner.

Gervais Williams

Gervais joined Miton in March 2011 and is Head of Equities at Premier Miton. He has been an equity fund manager since 1985, including 17 years at Gartmore. He was named Fund Manager of the Year by What Investment? in 2014. Gervais is also a board member of the Quoted Companies Alliance and a member of the AIM Advisory Council.

Martin Turner

Martin joined Miton in May 2011. He and Gervais have had a close working relationship since 2004, with complementary expertise that led them to back a series of successful companies. Martin qualified as a Chartered Accountant with Arthur Anderson and had senior roles and extensive experience at Merrill Lynch and Collins Stewart.

What were the principal stock contributors and detractors in the portfolio over the year to April 2023?

In general, the Trust's portfolio is invested in stocks that have relatively strong balance sheets, and hence, even if there is a delay in meeting their current targets, they are unlikely to carry the risk of requiring additional risk capital when their share prices are weak. Over the year to April 2023 however, sellers of microcap shares were persistent and tended to outnumber microcap buyers, so the share prices of most microcap stocks fell, even if their prospects remained unchanged. This is the principal reason why the NAV of the Trust fell 29.3% this year.

Given the unfavourable background, when the prospects of portfolio holdings did deteriorate somewhat, their share prices often fell precipitously. For example, the share prices of Saietta, HeiQ and Aferian all fell by between 70% and 75% because they announced certain contracts were delayed in the current year. These holdings have been retained in the portfolio because we believe their very substantial longer term upside potential remains in place. They collectively reduced the Trust's return by 4.1% over the year under review. Interestingly, Accrol which was the most adverse detractor to the Trust's return last year, was retained in the portfolio for the same reasons and became one of the best contributors to the Trust's return this year adding 0.5%.

As is usual even in a year when the Trust's return is strong, there are some stocks where prospects deteriorated, and the upside originally envisaged now appears to be compromised. These stocks have been sold, and this year included Pressure Technology, IOG and Lamprell. Collectively they reduced the Trust's return in the year by 2.9%.

Even when stocks exceeded forecasts the unfavourable background meant that their share prices did not necessarily rise as much as might have been expected. There were a few exceptions – a new holding in Zoo Digital, purchased early in the year, appreciated significantly and given that the capital could be reinvested in other portfolio holdings at even lower valuations, it was sold for a profit later. The share price of a new holding in Petro Matad, also appreciated so rapidly that a portion was sold later in the year. Yu Group, a utility that supplies energy to corporates, was the most significant contributor to return as its share price appreciated by 176% after a series of above expectation statements. Yu Group alone added 2.5% to the Trust's return in the year, and yet, given its prospects it is still standing on a very overlooked valuation in our view even after its appreciation. Overall, this example underlines why a microcap portfolio can deliver such strong returns over the longer term. The Trust's individual holdings have the potential to appreciate by a multiple of their initial purchase price. There were a few examples this year, but in a normal year these would be more numerous.

In the light of the substantial decline in the Trust's NAV over the last two years, to what degree have its longer-term prospects deteriorated?

After the global pandemic, and the giant financial stimulus, global assets valuations rose to very elevated levels in early 2021. Subsequently, over the two years to April 2023, global asset valuations have retreated somewhat, back towards prior norms, due to inflationary pressures and interest rate rises.

Interestingly, although the UK stock market underperformed most international exchanges during the globalisation decades, over the last two years it has now started outperforming all the international major indices. Specifically, the recent outperformance is all the more impressive given that UK open ended investment companies ("OEICs") have been redeemed at a near-record pace for several quarters. In our view, this underlines just how undervalued the UK stock market had become over the globalisation decades when assets paying good and growing dividends were outpaced by those with ambitious growth targets.

During the globalisation decades, UK-quoted microcaps were also overlooked. Whilst they did outperform during the year to April 2021, as few pay significant dividends, their share prices have been vulnerable to the global decline in asset valuations and the ongoing selling of UK equities over the last two years. The share prices of quoted microcaps have underperformed those of the UK majors by a very wide margin. Since many were undervalued relative to the UK majors even prior this underperformance, microcaps are in many cases now standing on low valuations in our view.

Clearly, the rise in interest rates and the economic slowdown will have reduced the longer-term prospects for some. But when their prospects are considered in absolute terms, it should be remembered that corporate sales tend to rise with inflation. In addition, those with strong balance sheets stand at an advantage compared to those which are capital constrained. Furthermore, if there is a major rise in corporate insolvencies, then those that are well financed can expand into the vacated markets, or acquire the overindebted but otherwise viable businesses, debt-free from the receiver at very low prices.

The bottom line is that despite the current economic slowdown and weak microcap share prices, we believe the prospects for most of the Trust's holdings are actively improving. Their relatively unleveraged balance sheets, and ongoing access to external risk capital (albeit at weak share prices) become all the more valuable when most private competitors are facing increasingly binding debt and capital constraints.

What are the main factors that have driven the Trust's returns since it first listed in April 2015?

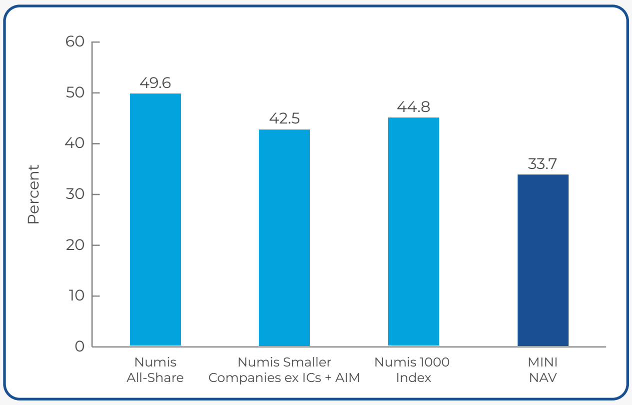
As noted earlier in the report, the best performing group of stocks in the UK stock market since 1955 (the start of the data series) have been quoted microcaps. When the investment universe is narrowed further, to include solely microcaps standing on undemanding valuations (this is typically determined by a low Price/Book ratio), the scale of microcap outperformance is even more marked. With this background in mind, the Trust's portfolio is principally invested in UK quoted microcaps standing on what we consider to be cheap valuations at the time of purchase. When these microcaps succeed, their share prices can rise by a multiple of the purchase price whereas this is less usual amongst the mainstream stocks.

After the Trust was set up in April 2015, initially globalisation continued to enhance the returns of global stock markets, with the UK stock market being outpaced by other international exchanges. With the global pandemic and Ukrainian war, the vulnerabilities of globalisation were highlighted, and inflationary pressures returned. Interestingly, whilst most global stock markets have declined over the last two years, the largest UK stocks have outperformed.

This change of pattern is all the more remarkable, as over the period of Brexit negotiations, most UK institutional investors have become more cautious about investing in the UK stock market. Alongside, UK institutions have further redeemed UK equities to increase weightings in other assets over the last two years. Crucially, in our view, international investors have become more interested in dividend income strategies over recent years, and hence the UK mainstream stocks have outperformed, even through a period of heavy OEIC redemptions. In contrast, UK microcaps missed out on international interest, so for them the local selling of UK equities have further depressed their share prices.

The net effect is that microcap share prices that had already fallen to unusually low valuations a couple of years ago, have suffered additional share price weakness. If anything, these adverse effects have been particularly concentrated at the bottom end of the market capitalisation range where the Trust invests, and hence the Trust's returns are lower than the comparative indices at present.

Total returns since launch in April 2015



Source: Morningstar

As outlined elsewhere in this report, we are greatly encouraged to see the UK stock market outperforming most international peers again. In time, we anticipate the new pattern will spread down the market capitalisation bands, enhancing the returns of the Trust's strategy. In our view, we saw a glimpse of the Trust's potential between March 2020 and April 2021 when its NAV rose by over 150%.

Will institutional investors ever return to the UK quoted microcap investment universe?

Typically, over multi-decade periods, the returns on global stock markets are principally driven by the initial dividend yield at the time of purchase and how much it grows over time. In contrast, during globalisation periods, stock market returns are typically less closely correlated to dividend yields. Specifically, during globalisation, the deflation on imported goods offsets local inflation so inflationary pressures become subnormal. During these periods, asset valuations and corporate profit margins both rise to exceptional levels. Typically, stock exchanges related to growth companies are the best performers.

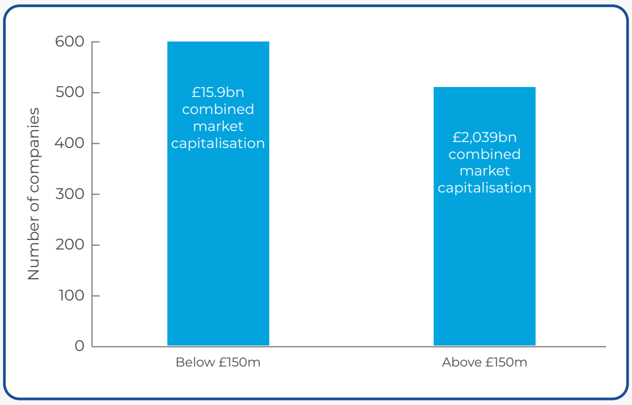
Investment Manager's Report continued

The bottom line is that substantial capital gains have been abundant during globalisation. Stock markets with returns principally related to compounding good and growing dividends, such as the UK, have been outpaced. Over three decades, institutional interest in the UK stock market has deteriorated, so it has become undervalued and underrepresented compared with others. More recently, Brexit and the ongoing OEIC liquidations have led to UK microcaps falling to valuations that are even more overlooked than the majors, coupled with little institutional participation at present.

We believe the new pattern will also be associated with an ongoing depreciation of asset valuations and corporate profit margins that will generally undermine the returns for international stock markets. In contrast to the period of globalisation, the net effect could be that most international stock markets deliver disappointing returns. Meanwhile, we anticipate that the UK stock market will continue to outperform, as it did between 1965 and 1985, with UK microcaps being the best element, like a rich seam within a world of relatively disappointing returns.

In time, as UK institutions skew their portfolios back into cash compounding dividend stocks, we expect them to rebuild their UK holdings. As the best UK returns are likely to be found within microcaps, we anticipate that institutional capital will start to waterfall down the market capitalisation range. It is important to note that more than half of all quoted companies listed in London are microcaps with market capitalisations of below £150m!

Number of quoted companies in the UK below and above £150m market capitalisation



Source: Premier Miton

Overall, as the recent lag in microcap performance begins to unwind, we believe there are excellent opportunities for a specialist trust like Miton UK Microcap Trust to gather very significant institutional interest.

What are the prospects for the Trust?

As noted above, we believe that the Miton UK MicroCap Trust strategy differs from most others, in having the potential to deliver an attractive return even at times when the mainstream stock market indices may not be rising. Given that it has underperformed so considerably over recent years, why do we retain such strong confidence in its prospects?

1. Specifically, UK quoted microcaps tend to operate in industry sectors where demand is often growing on a structural basis, rather than in line with the cyclical fluctuations of the global economy. Whilst this feature was easy to ignore when the global economy was growing rapidly, it becomes more obvious when global demand is constrained by interest rate rises. Clearly, as globalisation fades, this feature is a major advantage for the Trust's quoted microcap investment universe. Alongside it was worth noting that the historic data is reassuring, as when global growth was challenged in the past, UK quoted microcaps tended to outperform.

2. When the cost of labour is rising and corporate profit margins are under pressure, it is not uncommon for numerous businesses to run out of cash. Over-indebted businesses in particular often find they are obliged to sell parts of their company, even at disappointing valuations, to repay debt. Others end up in insolvency. At these times, quoted companies specifically have the advantage, as they can raise additional capital to acquire these operations at low valuations, with the prospect of rapid cash paybacks. Whilst such transactions enhance the returns of large mainstream quoted companies, the same deal for a quoted microcap has proportionally a much greater impact. Hence during periods when mainstream stock market indices might be unsettled, quoted microcaps sometimes have the potential to step up their returns.

To summarise, whilst global share prices have steadily appreciated during globalisation, institutions have been disinterested in UK microcaps because they were withdrawing capital from the UK. In contrast, now that the UK stock market is starting to outperform again, we anticipate that UK institutional capital will also return. Hence, whilst Miton UK MicroCap Trust may have delivered modest returns since issue, we believe its strategy is ready to deliver premium returns in the post globalisation era.

The distinctive features of the Miton UK MicroCap Trust strategy are, in our view, superbly crafted for the changing global dynamics. Importantly, since the scale of the UK quoted microcap investment universe is, by definition, tiny even marginal changes in institutional interest can quickly become self-reinforcing, further enhancing their prospective returns, justifying even greater allocations. Prospects for quoted microcaps are the best they have been for thirty years.

Gervais Williams and Martin Turner
10 July 2023

Business Model

Business and status the Company

MINI was incorporated on 26 March 2015 and its Ordinary Shares were listed at 50p on the London Stock Exchange on 30 April 2015. It is registered in England as a public limited company and is an investment company in accordance with the provisions of Sections 832 and 833 of the Companies Act 2006.

The principal activity of the Company is to carry on business as an investment trust. The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of Sections 1158/1159 of the Corporation Tax Act 2010 ("S1158/1159"). The Directors do not envisage any change in this activity for the foreseeable future.

The Company has been granted approval from HM Revenue & Customs ("HMRC") as an investment trust under S1158/1159 and will continue to be treated as an investment trust company, subject to there being no serious breaches of the conditions for approval.

The principal conditions that must be met for continuing approval by HMRC as an investment trust are that the Company's business should consist of "investing in shares, land or other assets with the aim of spreading investment risk and giving members of the company the benefit of the results" and the Company may only retain 15% of its investment income. The Company must also not be a close company. The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 April 2023 so as to be able to continue to qualify as an investment trust.

The Company's status as an investment trust allows it to obtain an exemption from paying taxes on the profits made from the sale of its investments and all other net capital gains. Investment trusts offer a number of advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at lower cost, and the ability to hold illiquid positions in uncertain market conditions.

Investment Policy

The Company's full investment policy is set out on page 85 and contains information on the policies which the Company follows relating to asset allocation, risk diversification and gearing, and includes maximum exposures, where relevant.

The Company invests in a portfolio of UK quoted companies with the objective of achieving capital growth by investing in a portfolio of stocks that are well placed to generate an attractive cash payback from productivity improvements.

A Summary of the Total Costs Involved in Managing the Trust

Investment trusts differ from some other forms of collective funds in that they are set up as independent corporations with their operations overseen by the Board which is separate from and independent of the fund management group that manages the capital. In addition, they are listed, with their shares traded on regulated exchanges – which, in our case, is the London Stock Exchange including the Alternative Investment Market.

The Company is a closed-ended company with no day-to-day redemptions impacting the size of the fund (excluding the annual redemption). Shareholders are able to invest or exit the Company through their broker/platform provider.

Running costs are deducted from the total assets of the Company on a pro-forma basis so the NAV published each day is expressed after costs. The figures below are the costs paid by the Company over the year under review and are expressed as a percentage of the average asset value of the Company over the year to 30 April 2023 of £69,083,000 (2022: £104,901.000).

	2023 %	2022 %
Fund management fees[1]	0.86	0.85
Administration costs, including Company Secretarial fees	0.30	0.17
Directors/Auditor/Depositary/Registrar/Custodian and Stockbroker fees	0.38	0.26
All other direct costs, including VAT on the fees above, plus marketing, legal	0.18	0.13
Ongoing charges	1.72	1.41

In addition, the Company also pays transaction charges[2] that are levied when shares are bought or sold in the portfolio. These are dealing commissions paid to stockbrokers and stamp duty, a Government tax paid on transactions (which is zero when dealing on the AIM/Aquis exchanges).

	2023 %	2022 %
Costs paid in dealing commissions	0.05	0.03
Stamp duty, a Government tax on transactions	0.01	0.01
Overall costs including transaction charges	1.78	1.45

The overall costs of the Company for the period were 1.78%. This compares with the Company's average NAV total return since issue of 33.7% (after deduction of costs).

[1] The basic management fee payable to the AIFM is calculated at the rate of one-twelfth of 0.9% (1% prior to 1 September 2020) of the average market capitalisation of the Company up to £100m, 0.8% per annum on the average market capitalisation above £100m, on the last business day of each calendar month. The basic management fee accrues daily and is payable in arrears in respect of each calendar month. For the purpose of calculating the basic fee, the 'adjusted market capitalisation' of the Company is defined as the average daily mid-market price for an Ordinary Share and C share (when in issue), multiplied by the number of relevant shares in issue, excluding those held by the Company in treasury, on the last business day of the relevant month. In addition to the basic management fee, and when the Redemption Pool is in existence, the AIFM is entitled to receive from the Company a fee calculated at the rate of 0.9% (1% prior to 1 September 2020) of the NAV of the Redemption Pool on the last business day of the relevant calendar month.

[2] Transactions conducted by the Company also involve some loss of value due to the dealing spread in stock exchange prices. Spreads range from less than 1% in the most actively traded large cap stocks to more than 10% in the smallest, most infrequently traded stocks. The exact loss of value is difficult to determine precisely, but is normally less than half of the dealing spread at the time of the transaction. In a large percentage of the transactions, especially in the smallest stocks, the stock is passed through from sizeable seller to sizeable buyer on a 'put through' basis with potentially no loss of value through the spread. During the year under review, this cost is believed to be very modest in comparison to the NAV.

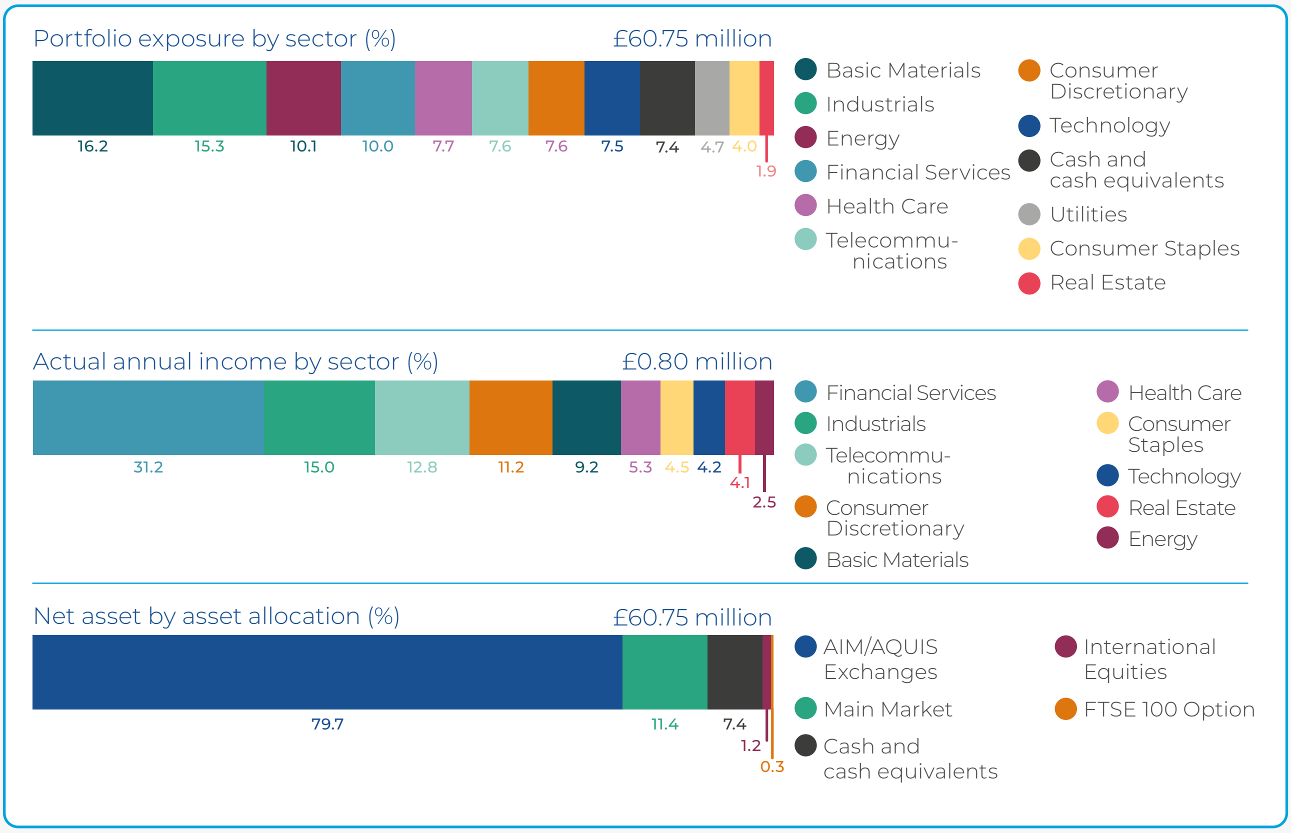
Portfolio Information

as at 30 April 2023

Rank	Company	Sector & main activity	Valuation £000	% of net assets	Dividend Yield* %
1	Yu Group	Utilities	2,830	4.6	0.5
2	MTI Wireless Edge	Telecommunications	1,938	3.2	4.7
3	Cyanconnode Holdings	Telecommunications	1,721	2.8	–
4	Andrada Mining	Basic Materials	1,580	2.6	–
5	Frontier IP Group	Industrials	1,438	2.4	–
6	TruFin	Financials	1,400	2.3	–
7	Accrol Group	Consumer Staples	1,226	2.0	–
8	Shield Therapeutics	Health Care	1,026	1.7	–
9	Braemar	Industrials	973	1.6	3.9
10	Petro Matad	Energy	945	1.6	–
Top 10 investments			15,077	24.8	
11	Eneraqua Technologies	Industrials	929	1.5	0.4
12	Kistos	Energy	928	1.5	–
13	Feedback	Health Care	909	1.5	–
14	Sureserve Group	Industrials	891	1.5	–
15	Van Elle Holdings	Industrials	863	1.4	3.3
16	Totally	Health Care	860	1.4	4.7
17	Kinovo	Industrials	840	1.4	–
18	Supreme	Consumer Staples	805	1.3	4.5
19	SmartTech247	Technology	785	1.3	–
20	Elemental Altus Royalties	Basic Materials	727	1.3	–
Top 20 investments			23,614	38.9	
21	UP Global Sourcing Holdings	Consumer Discretionary	715	1.2	5.2
22	Kefi Gold and Copper	Basic Materials	708	1.1	–
23	Savannah Resources	Basic Materials	698	1.1	–
24	Zinc Media Group	Consumer Discretionary	686	1.1	–
25	Marwyn Value Investors	Financials	675	1.1	10.1
26	Conygar Investment Company	Real Estate	668	1.1	–
27	Atlantic Lithium	Basic Materials	664	1.1	–
28	Tirupati Graphite	Basic Materials	656	1.1	–
29	CML Microsystems	Technology	649	1.1	2.0
30	Journeo	Industrials	647	1.1	–
Top 30 investments			30,380	50.0	
Balance held in equity instruments			25,688	42.3	
Total equity investments			56,068	92.3	
Listed Put Option					
	FTSE 100 – December 2023		169	0.3	
Other net current assets			4,517	7.4	
Net assets			60,754	100.0	

** Source: Refinitiv. Based on historical yields and therefore not representative of future yields. Includes special dividends where known.*

Portfolio as at 30 April 2023



Source: Refinitiv.

The tables above set out how the portfolio's capital was deployed as at 30 April 2023. The data is shown in terms of the classifications or the stock markets on which the holdings are listed. UK smaller quoted companies that are not listed on the Main Market of the London Stock Exchange are normally quoted on AIM. The AIM market is set up to meet the requirements of smaller listed companies providing the ability to raise funds. This also provides liquidity in acquisition and disposal of shares. The Company additionally holds certain shares on the Aquis Exchange, a regulated exchange.

The cash position and the available revolving credit facility (which may be drawn upon demand) together provide the Company with £9.6m of cash resources. This enables the Company to take advantage of investments at opportune times.

The warrants give the right, but not the obligation, to buy or sell a security at a certain price before expiration. The current value of the holdings above are valued at the exercise price where these are 'in the money'. The investment income above comprises the income from the portfolio as included in the Income Statement for the year ended 30 April 2023 attributable to the various sectors. The returns of the Company are from Capital and Revenue. Investments for the Company's portfolio are principally selected on their individual merits. As the portfolio evolves, the Manager continuously reviews the portfolio's overall sector and index balance to ensure that it remains in line with the underlying conviction of the Investment Manager. The Investment Policy is set out on page 85, and details regarding risk factors and diversification and other policies are set out each year in the Annual Report.

Performance and Risks

Key Performance Indicators

The Board reviews the Company's performance by reference to a number of key performance indicators ("KPIs") and considers that the most relevant KPIs are those that communicate the financial performance and strength of the Company as a whole. The Board and the Investment Manager monitor the following KPIs:

- **NAV performance**
  Whilst the Trust does not have a formal benchmark, its returns are routinely compared with the performance of the peer group and the Numis 1000 Index to provide context. Over the year, the NAV total return of the Trust was -29.3%, which compares to -7.2% for the peer group and -11.2% for the Numis 1000 Index. Since the Company's listing in April 2015, the NAV total return was 33.7%, which compares to 68.6% for the peer group and 44.9% for the Numis 1000 Index. The Board believes that a UK investment strategy that delivers returns that are not especially closely correlated with the mainstream UK indices offers diversification benefits to shareholders.
- **Daily stock market trading volumes of the Trust**
  Over the year, the average daily volume of the Company's shares traded each day was approximately 94,000 and, since IPO, an average of approximately 234,000 shares have been traded daily. This indicator tends to be elevated when the Trust is outperforming, although it may be assisted by clearing all the overhanging sellers in the Trust each year at the time of the redemption. Generally, new buyers like to know there aren't any major sellers that are potentially overhanging, waiting to exit.
- **The discount/premium of the share price in relation to the NAV**
  At times, the number of shareholders looking to transact in the Company's shares exceeds the market's daily liquidity. Imbalances like this are normally cleared through stock market transactions over a few weeks, but on occasion these imbalances can become persistent and the Company's share price diverges from the daily NAV. The Company has an objective to keep this divergence to a minimum. Over the year under review, the Company's share price has traded on average 6.97% below its daily NAV.
- **Ongoing charges**
  The ongoing charges on the Ordinary Shares for the year to 30 April 2023 amounted to 1.72% (30 April 2022: 1.41%) of total assets. Further details are set out on page 97.

Principal Risks and Uncertainties

The Company is exposed to a variety of risks and uncertainties that could cause its asset price or the income from the investment portfolio to reduce, possibly by a sizeable percentage in the most adverse circumstances. The principal financial risks and the Company's policies for managing these risks and the policy and practice with regard to the portfolio are summarised in note 18 to the financial statements.

The Board, through delegation to the Audit and Management Engagement Committee, undertakes a robust annual assessment and review of the principal risks facing the Company, together with a review of any new and emerging risks which may have arisen during the year, including those that would threaten its business model, future performance, solvency or liquidity. These risks are formalised within the Company's risk matrix. Information regarding the Company's internal control and risk management procedures can be found in the Corporate Governance Statement on pages 37 and 43.

Listed below is a summary of the principal and emerging risks identified by the Board and actions taken to mitigate those risks.

Risk	Mitigation
Investment and strategy	
There can be no guarantee that the investment objective of the Company will be achieved. The Company will invest primarily in small UK quoted or traded companies by market capitalisation. Smaller companies can be expected, in comparison to larger companies, to have less mature businesses, a more restricted depth of management and a higher risk profile. These companies are normally traded less frequently on the stock exchanges and, when aggregated with holdings in other client funds of the Investment Manager, the combined funds may have a significant percentage ownership of investee companies. Many businesses are facing additional financial challenges due to demand fluctuations, and/ or additional cost of supply currently, due to the effects of the Ukrainian war.	The Investment Manager has long experience of managing portfolios of this nature, including dealing in smaller capitalisation companies, and deploying an approach that is designed to maximise the chances of the investment objective being achieved over longer-term time horizons. The Company is reliant on its Investment Manager's investment process. The Board reviews and discusses the investment approach at each Board meeting, and if it isn't satisfied, in extremis, it can appoint another Investment Manager. The Board looks to mitigate the higher risk profile of individual quoted smaller companies by ensuring that the Company holds a well-diversified portfolio, both by number of companies and areas of operation. The Company's diversified portfolio holds some stocks where prospects have improved that offset some others where they have deteriorated. The Company is structured as a closed-ended fund, which means that it is not subject to daily inflows and outflows of capital.

Performance and Risks continued

Risk	Mitigation
Reliance on third parties	
The Company has no employees and is reliant on the performance of third-party service providers. Failure by the Investment Manager or any other third-party service provider to perform in accordance with the terms of their appointment could have a material detrimental impact on the operation of the Company. This could include failure of a counterparty on whom the Company is reliant.	The Board monitors and receives reports on the performance of its key service providers. In relation to the risk of counterparty failure, the Board reviews the controls report of the Depositary. The Board may, in any event, terminate all key contracts on normal commercial terms.
Loss of key personnel/fund managers	
The Company depends on the diligence, skill, judgement and business contacts of the Investment Manager's investment professionals and its future success could depend on the continued service of these individuals, particularly Gervais Williams and Martin Turner.	The Company may decide to terminate the Management Agreement should both Gervais Williams and Martin Turner cease to be employees of the Management group and if they are not replaced by a person/s who the Company considers to be of equal or satisfactory standing within three months of one or both of their departures.
Share price volatility and liquidity/marketability risk	
The market price of the Ordinary Shares, as with shares in all investment trusts, may fluctuate independently of their underlying NAV and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary Shares, market conditions and general investor sentiment. The Company may become too small to be attractive to a wide audience, with lesser stock market liquidity and a wider share price discount. The UK's vote to leave the EU and its implementation introduced new uncertainties and instability into the financial markets; likewise COVID-19 and the Russia-Ukraine war have also had an impact, which is ongoing.	The Company has in place an annual redemption facility whereby shareholders can voluntarily tender their shares. The Board monitors the relationship between the share price and the NAV. The Company has powers to repurchase shares should there be an imbalance in the supply and demand leading to a persistent and excessive discount. The Investment Manager and, on occasion, the Directors maintain dialogue with shareholders through regular face-to-face meetings.

Risk	Mitigation
Costs of operation	
As stated, the Company relies on external service providers. Many of these are paid on a basis where their fees are related to the size of the Company (an "ad valorem" basis). Others are for fixed monetary amounts. Therefore, if the Company were to shrink, through redemptions, buybacks or asset performance, the cost per share of running the Company would increase. This could make it harder to achieve the investment objective.	The Board monitors the costs of all service providers. The Board is also committed to the controlled growth of the Company which would spread the fixed costs over a larger asset base. In the event that the Company were to decrease in size from its current level, the Board has capped the total costs at no more than 2% of the aggregate market capitalisation. The ongoing charges for the year to 30 April 2023 amounted to 1.72% (30 April 2022: 1.41%).
Regulatory risk/change in tax status	
The Company is subject to laws and regulations enacted by national and local governments. Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy.	The Board receives regular updates from its Secretary, Broker, industry representatives and its Investment Manager on significant regulatory changes that may impact the Company. The Company's ability to determine the shape of regulatory or tax changes is limited and therefore the Board aims to ensure that it is well informed and prepared to respond to changes as they emerge.
Cyber Risk/IT Security	
Errors, fraud or control failures by the Company's key service providers or loss of data through increasing cyber threats or business continuity failure could damage the Company's reputation or investors' interests or result in losses.	The Board receives regular control reports and cyber/IT policies from all material service providers to ensure that controls are in place including business continuity and disaster recovery arrangements.

Performance and Risks continued

Risk	Mitigation
The Trust may be subject to legal action by others	
The investment portfolio comprises the principal assets of the Trust, and is valued on their market bid price along with its cash balances. One way to realise a return for investors is to accept a takeover offer, often at a premium to the market price. When these transactions occur, the Trust may be in receipt of cash proceeds, that are then reinvested in other equities. When the acquirers are US companies, the Trust is at risk that an acquirer subsequently discovers that the commercial value of the business acquired is not as anticipated, and may try to reclaim some or all of the proceeds paid for the acquisition from the vendors – which in our case is the Trust.	The Trust would normally expect acquirers to carry out their own due diligence on the assets being acquired, and if there is subsequent disappointment then to seek redress from their advisers.
Major market event, climate change or geo-political risk	
The Company is exposed to stock market volatility or illiquidity as a result of a major market shock due to a national or global crisis, geo-political developments or the effects of climate change. The impact of such risks, associated with the portfolio or the Company itself, could result in disruption to the operations of the Company and losses.	External risks over which the Company has no control are always a risk. The Board is cognisant of its reliance on the operations of the third-party suppliers, including the Manager, to mitigate risks arising from market events, climate change and geo-political developments, such as a global pandemic and Russia's invasion of Ukraine. The impact of climate change is not considered to be material to the financial statements as the entire investment portfolio consists of listed equities and the quoted market price is expected to reflect market participants' view of climate change risk.

Share Capital

Share Issues

At the Annual General Meeting held on 27 September 2022, the Directors were granted the authority to allot up to 9,464,000 Ordinary Shares (up to an aggregate nominal amount of £9,464) on a non pre-emptive basis. The Company put a new blocklisting facility into place towards the end of the financial year ended 30 April 2020 and, during the year, issued no Ordinary Shares under this blocklisting facility.

The Directors' current authority to allot Ordinary Shares is due to expire at the Company's Annual General Meeting to be held on 26 September 2023. Proposals for the renewal of the authority are included within the Notice of AGM on page 89. Any Ordinary Shares allotted under this authority will not be issued at less than NAV.

Share Redemptions

Valid redemption requests were received under the Company's redemption facility for the 30 June 2022 Redemption Point in relation to 14,614,999 Ordinary Shares, representing 13.38% of the Company's issued share capital.

Purchase of Own Shares

At the Annual General Meeting of the Company held on 27 September 2022, the Directors were granted the authority to buy back up to 14,186,320 Ordinary Shares. No Ordinary Shares have been bought back under this authority during the year under report. The authority will expire at the forthcoming Annual General Meeting, when a resolution for its renewal will be proposed.

Treasury Shares

Shares bought back by the Company may, at the Board's discretion, be held in treasury, from where they could be re-issued at a premium to NAV quickly and cost effectively. This provides the Company with additional flexibility in the management of its capital base. No shares were purchased for, or held in, treasury during the year or since the year end.

Issued Share Capital

As at the year end, there were 94,638,561 Ordinary Shares and 50,000 Management shares (see note 4 to the financial statements) in issue. Further details of the Company's share capital are set out in note 4 to the financial statements on page 69.

The rights attached to each share class are set out on page 85.

There are no restrictions concerning the transfer of securities in the Company or on voting rights; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

S.172(1) Statement

Background

Directors have a duty (under section 172 of the Companies Act 2006) to promote the success of a company for the benefit of shareholders as a whole. In doing so, a company must have regard to other broader matters including the likely long term consequences of any decision, and the need to foster a company's relationships with its employees, suppliers, customers and others and to have regard to their interests, the impact of a company on the community and the environment, and the desirability of maintaining a reputation for high standards of business conduct.

Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all its discussions and as part of its decision-making. In considering the Company's stakeholders, the Board has concluded that, as the Company is an externally managed investment trust and does not have any employees or customers in the traditional sense, its key stakeholders comprise its shareholders, suppliers (comprising mainly its Investment Manager, third party service providers and advisers), but they also take account of the Company's responsibilities to regulators and to the environment and the wider community. The section below discusses the actions taken by the Company to ensure that the interests of stakeholders are taken into account.

Shareholders

The Board is committed to maintaining open channels of communication and to engage with shareholders in a manner which they find most meaningful, in order to gain an understanding of the views of shareholders. These include:

Annual General Meeting – The Company encourages the attendance of shareholders at the Annual General Meeting. Shareholders have the opportunity to meet the Directors and the Investment Manager and to address questions to them directly. There is typically a presentation on the Company's performance and on the future outlook by the Investment Manager.

Publications – The Annual Report and Half-Year results are made available on the Company's website and are circulated to those shareholders requesting hard copies. These reports provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by a monthly factsheet which is available on the website. Feedback and/or questions which the Company receives from shareholders help the Company evolve its reporting, aiming to render the reports and updates transparent and understandable.

Shareholder concerns – In the event that shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by writing to the Chairman at the registered office or by emailing at mitonukmicrocap@linkgroup.co.uk. The Senior Independent Director and other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels.

Investor relations updates – At every Board meeting, the Directors receive updates from the Broker, Peel Hunt LLP, and from the Company Secretary on the share trading activity, share price performance, the Company's share register and investor relations.

Other stakeholders

Investment Manager
Maintaining a close and constructive working relationship with the Investment Manager (Premier Miton) is crucial to the Board. The Investment Manager's performance is critical for the Company to successfully achieve consistent, long-term returns in line with its investment objective. The Board meets with the Investment Manager on a regular basis, both within and outside formal Board meetings, and receives and discusses monthly reports and updates with the Investment Manager when appropriate.

Further details on the relationship with the Investment Manager can be found on page 38.

Suppliers
The Company relies on a diverse range of reputable advisors for support in meeting its obligations. The Board maintains regular contact with its key external providers, namely the Administrator, the Company Secretary, the Registrar, the Custodian and the Broker, and receives regular reporting from them, both through the Board and committee meetings, as well as outside the regular meeting cycle. Their advice, as well as their needs and views, are regularly taken into account. The Management Engagement Committee formally assesses the performance of third party suppliers, their fees and continuing appointment on an annual basis to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Management Engagement Committee also receives reports on the financial reporting control environments in place at each service provider.

Regulators
The Company can only operate with the approval of its regulators, who have a legitimate interest in how the Company operates in the market and treats its investors and shareholders. The Company regularly considers the control environment in place to ensure that it meets various regulatory and statutory obligations.

Environment and Community
In light of the out-sourced nature of the Company's operations, the Company has very little direct impact on the community or the environment. However, the Investment Manager recognises that it can influence an investee company's approach to Environmental, Social and Governance ("ESG") matters and discusses ESG matters with investee companies on a regular basis. Further information about the Company's approach to environmental, human rights, social and community issues are set out on page 32.

The above mechanisms for engaging with stakeholders are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective. Should shareholders or other stakeholders of the Company wish to contact the Chairman, they can do so by contacting the registered office of the Company or by sending an email for the attention of the Chairman at mitonukmicrocap@linkgroup.co.uk.

Decision-making
The Board considers the impact that any material decision will have on all relevant stakeholders to ensure that it is making a decision that promotes the long-term success of the Company. By way of illustration, decisions taken during the course of the financial year related to the recommendation of payment of a final dividend, the renewal of the annual redemption facility and the recruitment of an additional Non-executive Director.

S.172(1) Statement continued

Culture

The Company's defined purpose is relatively simple: it is to deliver our investment objective. The culture of the Board promotes a desire for strong governance and long-term investment, mindful of the interests of all stakeholders. The Board believes that, as an investment company with no employees, this is best achieved by working in partnership with its appointed Investment Manager.

The Directors agree that establishing and maintaining a healthy corporate culture among the Board and in its interaction with the Investment Manager, shareholders and other stakeholders will support the delivery of its purpose, values and strategy. The Board seeks to promote a culture of openness, debate and integrity through on-going dialogue and engagement with its service providers, principally the Investment Manager.

The Board strives to ensure that its culture is in line with the Company's purpose, values and strategy. The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to Diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board through Board meetings and in particular during the annual evaluation process which is undertaken by each Director (for more information see the performance evaluation section on page 40).

The Board seeks to appoint the appropriate service providers and evaluates their remit, performance and cost effectiveness on a regular basis as described on page 29. The Board considers the culture of the Investment Manager and other service providers, including their policies, practices and behaviour, through regular reporting from these stakeholders and in particular during the annual review of performance and the continuing appointment of all service providers.

Management, Social, Environmental and Diversity Matters

Management Arrangements

The Company's investment manager is Premier Portfolio Managers Limited (the "Investment Manager"). The Investment Manager is responsible for the management of the Company's portfolio in accordance with the Company's investment policy and the terms of the Management Agreement dated 8 April 2015 and restated 20 October 2020..

The Board has appointed Premier Portfolio Managers Limited as the alternative investment fund manager ("AIFM") of the Company.

Under the terms of the Management Agreement, the Investment Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable monthly in arrears and is at the rate of 0.9% per annum where the market capitalisation is at or below £100,000,000 and 0.8% thereafter, calculated in respect of each calendar month, of the market capitalisation at the relevant calculation date. In addition to the basic management fee, and for so long as a Redemption Pool (see page 84 for details) is in existence, the Investment Manager is entitled to receive from the Company a fee calculated at the rate of 0.9% per annum of the net asset value of the Redemption Pool on the last Business Day of the relevant calendar month.

The Investment Manager has agreed that, for so long as it remains the Company's investment manager, it will rebate such part of any management fee payable to it so as to help the Company maintain an ongoing charges ratio of 2% or lower.

In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 75% of the management fee payable is expected to be charged to capital and the remaining 25% to income.

The Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 12 months' written notice. The Management Agreement may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including insolvency or in the event of a material breach by the Investment Manager of the Management Agreement which is not remedied within thirty days of the receipt of notice. The Company has given certain market standard indemnities in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Management Agreement.

The Board appointed Bank of New York Mellon (International) Limited ("Bank of New York Mellon") as its Depositary and Custodian under an agreement dated 8 April 2015. The annual fee for depositary services due to Bank of New York Mellon is 0.025% per annum of gross assets, subject to a minimum fee of £15,000.

Administrative Services are provided by Link Alternative Fund Administrators Limited under an agreement dated 8 April 2015. The Administration Agreement may be terminated by either party on at least six months' prior written notice.

Management, Social, Environmental and Diversity Matters continued

Continuing Appointment of the Investment Manager

The Board, through the Management Engagement Committee, keeps the performance of the Investment Manager under continual review and the Management Engagement Committee conducts an annual appraisal of the Investment Manager's performance, and makes a recommendation to the Board about the continuing appointment of the Investment Manager. It is the opinion of the Board that the continuing appointment of the Investment Manager is in the interests of shareholders as a whole. The Board believes that the Investment Manager has executed the investment strategy in line with the Prospectus. The Directors also believe that by paying the management fee calculated on a market capitalisation basis, rather than a percentage of assets basis, the interests of the Investment Manager are more closely aligned with those of shareholders.

Environmental, Human Rights, Employee, Social and Community Issues

The Company does not have any employees and the Board consists entirely of non-executive Directors. The day-to-day management of the business is delegated to the Investment Manager. As an investment trust, the Company has no direct impact on the community or the environment, and as such has no environmental, human rights, social or community policies. In carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly and ethically. The Company has a zero tolerance policy towards bribery and corruption and as such is committed to carrying out its business fairly, honestly and openly. Further information about the Company's relationships with its stakeholders is set out in the s.172 Statement on pages 28 to 30.

Diversity

The Board of Directors of the Company comprises two female and two male Directors. The Company's Diversity Policy acknowledges the benefits of all aspects of increased diversity, including gender and ethnic diversity, as well as diversity of thought and perspective. The Board remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience and backgrounds. The Board will always appoint the best person for the job and will not discriminate on any grounds including gender, race, ethnicity, religion, sexual orientation, age or physical ability.

Approval

The Strategic Report has been approved by the Board of Directors.

On behalf of the Board

Ashe Windham
Chairman
10 July 2023

Directors

All the Directors are non-executive and are independent of the Investment Manager.

Ashe Windham, CVO – Chairman *appointed 31 March 2015*

Following 11 years' service in the British Army, Ashe joined Barclays de Zoete Wedd ("BZW") in 1987 as an institutional equities salesman and was appointed a Director of BZW's Equities Division in 1991. He joined Credit Suisse First Boston in 1997 when they acquired BZW's equities business. In 2004, he joined Man Investments as Head of Internal Communications and in 2007 became Man Group's Global Head of Internal Communications. In June 2009 he resigned from Man Group plc to set up a private family office, which he continues to run. Ashe is the chairman of the Cancer & Pisces Trust and of The Kyle of Sutherland Fisheries Trust, whilst he is also a non-executive director of EFG Asset Management (UK) Limited and Chair of the Remuneration Committee.

Peter Dicks – Chairman of the Audit Committee

appointed 26 March 2015

Peter was a founder director of Abingworth plc in 1973, a venture capital investment company, mainly investing in the USA but also in the UK, where he worked from 1973 to 1991. Since then he has been a non-executive director or chairman of a number of companies. He is on the Board of Mercia Fund 1 General Partnership Limited and Averon Park Limited and currently the chairman of SVM Emerging Fund.

Louise Bonham – Chairman of the Management Engagement Committee

appointed 15 December 2022

Louise has considerable experience in the property, banking and professional services industries. Louise has held a wide range of senior appointments including at CBRE and Cushman & Wakefield where she was a member of the UK & Ireland Executive Committee and co-headed the EMEA Asset Services business. Previously, Louise held positions at Deloitte and as an equities analyst at Deutsche Bank. Louise is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants in England and Wales.

Davina Walter

appointed 10 August 2021

Davina Walter is an experienced investment professional. She started her career at Cazenove & Co where she spent more than 11 years, ending up as the Head of US equity research. She then spent over 16 years as an investment manager of both large and small cap US equities, most recently as a Managing Director at Deutsche Asset Management. She has been actively involved with investment trusts since 1985 and is Chairman of abrdn Diversified Income and Growth plc and CT Property Trust Limited.

Report of the Directors

The Directors present their report and the financial statements for the year ended 30 April 2023.

Directors

The Directors in office at the date of this Report and the dates of their appointment are shown on page 33.

In accordance with the policy adopted by the Board, all the Directors will retire and stand for re-election at the Company's forthcoming Annual General Meeting ("AGM"). Jan Etherden resigned as a Director on 15 December 2022 and Louise Bonham was appointed by the Board in her place on 15 December 2022. Louise Bonham will seek election at the forthcoming AGM.

Following consideration of the results of the performance evaluation, the Board was assured that the performance of all Directors continues to be effective, that they bring extensive knowledge and commercial experience to the Board, demonstrate a range of valuable business, financial and investment trust skills, that they continue to be effective and their contribution supports the long-term sustainable success of the company and that they remain wholly independent. The Board therefore recommends that shareholders vote in favour of each Director's proposed election.

None of the Directors or any persons connected with them had a material interest in the transactions and arrangements of, or the agreement with, the Investment Manager during the year.

Substantial Shareholdings

So far as is known to the Company by virtue of notifications made to it pursuant to the Disclosure Guidance and Transparency Rules, the following persons held notifiable interests in the Company's voting rights as at 30 April 2023:

	Number of Ordinary Shares	% of voting rights
Rathbone Investment Management Limited	12,844,409	13.57
Investec Wealth & Investment Limited	10,221,244	10.80
Charles Stanley Group Plc	4,727,450	4.99
Premier Miton Group plc	4,715,000	4.98
Almitas Capital LLC	3,094,345	3.27

The Company has been informed of the following notifiable interests between 30 April 2023 and the date of this report.

	Number of Ordinary Shares	% of voting rights
Rathbone investment Management Limited	9,772,409	10.33
Investec Wealth & Investment Limited	9,380,474	9.91
Almitas Capital LLC	4,846,826	5.12

It should be noted that these holdings may have changed since notified to the Company and may not therefore be wholly accurate statements of actual holdings as at 30 April 2023. However, notification of any change is not required until the next applicable threshold is crossed.

Dividends

The Directors have recommended the payment of a final dividend in respect of the year of 0.15 pence per Ordinary Share, payable on 26 October 2023 to shareholders who appear on the register on 29 September 2023. The ex-dividend date will be 28 September 2023.

Future Developments

A review of the year and the outlook for the next year are set out in the Investment Manager's Report on pages 13 to 17.

Financial Risk Management

The principal financial risks and the Company's policies for managing these risks are set out in note 18 to the financial statements.

Revolving Credit Facility

The Company has a revolving credit facility (the "facility") of £5m with Royal Bank of Scotland International. As at the year end, no amounts have been drawn down under the facility.

Corporate Governance

The Corporate Governance Statement on pages 37 to 43 forms part of the Report of the Directors. It includes details of the qualifying third party indemnity provisions and Directors' and Officers' liability insurance on page 39.

Post Balance Sheet Events

Disclosures relating to post balance sheet events can be found in the notes on page 83.

Going Concern

The Directors consider that it is appropriate to adopt the going concern basis. Cashflow projections have been reviewed and show that the Company has sufficient funds to meet its contracted expenditure. On the basis of the review and, as the majority of net assets are securities which are traded on recognised stock exchanges, after making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Directors have carried out a robust assessment of the principal and emerging risks set out on pages 22 to 26 of this report, including the risks arising from market volatility and the Russia-Ukraine war and their impact on the liquidity of the portfolio and resultant cashflow, along with the Company's ability to meet obligations as they fall due, its ability to raise finance in the short and longer term and future prospects and results. The Company has a revolving credit facility of £5m, which remains undrawn at the date of signing these financial statements (2022: £5m). In addition, the Directors will assess the impact of the Company's annual redemption facility on its cash reserves. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date that these financial statements were approved.

Viability Statement

In accordance with the AIC Code of Corporate Governance, the Board has considered the prospects for the Company.

The period assessed is the three years to April 2026. The Company is intended to be a long-term investment vehicle. It was launched in 2015, and due to the limitations and uncertainties inherent in predicting market and political conditions, the Directors have determined that three years is the appropriate period over which to make this assessment.

As part of its assessment of the viability of the Company, the Board has considered the principal risks and uncertainties and the impact on the Company's portfolio of a significant fall in UK markets.

To provide this assessment, the Board has considered the Company's financial position and its ability to liquidate its portfolio to meet its expenses or other liabilities as they fall due:

- The Company invests largely in companies listed and traded on stock exchanges. These are actively traded and, whilst perhaps less liquid than larger quoted companies, the portfolio is well diversified by both number of holdings and industry sector;
- The expenses of the Company are predictable and modest in comparison with the assets in the portfolio. There are no commitments that would change that position;
- The Company has no employees; and
- the Company has an annual redemption facility whereby shareholders may request that their shares are redeemed at NAV. The Board has considered the possibility that shareholders holding a significant percentage of the Company's shares request redemption. Firstly, the Board has flexibility over the method and date of redemption so can avoid disruption to the overall operation of the Company in this situation. Secondly, the Company has an arrangement with the Investment Manager to rebate fees should total costs exceed 2% of aggregate market capitalisation, such that were there to be significant redemption, or a significant fall in the value of the portfolio, the expenses of operation would be manageable. In addition, some of the expenses vary in line with the size of the Company.

In addition to considering the principal risks on pages 22 to 26 and the financial position of the Company as described above, the Board has also considered the following further factors:

- the continuing relevance of the Company's investment objective in the current environment and the continued satisfactory performance of the Company;
- the level of demand for the Company's shares and that since launch the Company has been able to issue further shares;
- the gearing policy of the Company; and
- that regulation will not increase to such an extent that the costs of running the Company become uneconomic.

Accordingly, the Directors have formed the reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years, from the balance sheet date.

Greenhouse Gas Emissions and Task Force on Climate-related Financial Disclosures (TCFD)

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying investment portfolio. There is no requirement for disclosures under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the UK government's policy on Streamlined Energy and Carbon Reporting. Under Listing Rule 15.4.29(R), the Company, as a closed-ended investment fund, is currently exempt from complying with the TCFD.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. There are no disclosures required in relation to Listing Rule 9.8.4.

Audit Information

Each of the Directors who held office at the date of approval of the Report of the Directors confirms that, so far as he/she is aware, there is no relevant audit information of which the Company's Auditor is unaware; and that he/she has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

The Company's auditor is BDO LLP. BDO LLP has confirmed its willingness to continue to act as the Company's Auditor and resolutions for its re-appointment and for the Audit Committee to determine its remuneration will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Company's Annual General Meeting will be held on 26 September 2023 and the formal Notice of the AGM can be found on page 89.

Assessment and Approval

The Board is of the opinion that this Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Report of the Directors has been approved by the Board.

By order of the Board.

Link Company Matters Limited
Secretary
10 July 2023

Corporate Governance Statement

This Corporate Governance Statement forms part of the Report of the Directors.

Statement of Compliance

The Company is committed to maintaining high standards of corporate governance. The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance for Investment Companies ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"), both as published in February 2019. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for the UK Code, has endorsed the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide meet fully their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules.

The Company complies with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to: the role of the chief executive; executive directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Guide and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company does not therefore comply with these provisions and has not reported further in respect of them.

A copy of the AIC Code and the AIC Guide can be obtained via the AIC website, www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

The Board of Directors

The Board consists entirely of non-executive Directors, who are independent of the Investment Manager. The Board has no employees. No one individual has unfettered powers of decisions made by the Board.

The Board is accountable to shareholders for the direction and control of all aspects of the Company's affairs, notwithstanding any delegation of responsibilities to third parties. A detailed description of the role of the Board and its relationship with the Investment Manager are set out further below.

The names and responsibilities of the Directors, together with their biographies and details of their significant commitments, are set out on page 33. The Directors possess a wide range of business and financial expertise relevant to the leadership of the Company, including the ability and willingness to provide robust and objective challenge to the views and assumptions of the Investment Manager and other Directors. All of the Directors consider that they have sufficient time to devote to the Company's affairs and that they carry out their duties effectively.

No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors have chosen to follow the practice of annual re-election by shareholders at the AGM. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors' letters of appointment are available for inspection at the Company's registered office and will be available at the Annual General Meeting.

Corporate Governance Statement continued

The appointment of any new Director will be made on the basis of assessing the candidate's merits, measuring his or her skills and experience against the criteria identified by the Board as being desirable to complement the composition and qualification of the Board. In accordance with the Board's Diversity Policy, the Board will consider all elements of diversity when evaluating the skills, knowledge and experience necessary to fill any Board vacancy. The Board has established the following measurable objectives for achieving diversity on the Board:

- all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective;
- long lists of potential non-executive directors should include diverse candidates of appropriate merit; and
- only executive search firms who have signed up to the voluntary Code of Conduct on gender diversity and best practice will be engaged.

The policy is reviewed on an annual basis.

The Board, or the Investment Manager upon request of the Board, shall offer induction training to new Directors about the Company, its key service providers, the Director's duties and obligations and other matters as may be relevant from time to time.

Board Responsibilities and Relationship with the Investment Manager

The main roles of the Board are to create value for shareholders, provide leadership to the Company and approve the Company's strategic objectives. Specific responsibilities in relation to investments and the Investment Manager include:

Determining the Company's investment policy and strategy, promoting the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society; determining the Company's gearing policy; monitoring the controls of the Investment Manager, and reviewing the investment activity, performance and contractual arrangements with the Investment Manager. The Board is also responsible for maintaining proper internal controls and monitoring shareholders' opinions and engaging with them effectively. The Board has adopted a schedule of matters reserved for decision by the Board reflecting the above responsibilities and reviews this schedule regularly.

The Company's day-to-day functions have been sub-contracted to a number of service providers, each engaged under a separate legal agreement. The management of the Company's assets has been delegated to the Investment Manager, Premier Portfolio Managers Limited. The Investment Manager has discretion to manage the Company's assets in accordance with the Company's investment policy, subject to the overall control and supervision of the Directors.

Premier Portfolio Managers Limited is appointed as the Company's AIFM for the purposes of the Alternative Investment Fund Manager Directive ("AIFMD").

Chairman and Senior Independent Director

The Chairman, Ashe Windham, is responsible for leadership of the Board and ensuring its effectiveness. The Chairman sets the Board's agenda, ensuring a particular focus on the overall strategy of the Company, and allows adequate time for discussion of all agenda items. Ashe Windham was considered to be independent on appointment and is deemed by his fellow Board members (all who are independent themselves) to continue to be independent and to have no conflicting relationships, in accordance with the criteria set out in the AIC Code.

Peter Dicks, Chairman of the Audit Committee, acts as the Senior Independent Director of the Company. He provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the independent Directors.

The full responsibility of the Chairman and Senior Independent Director as agreed by the Board is set out on the Company's website.

Board Operation

The Board holds regular Board meetings at least four times a year, with additional meetings arranged as necessary. The table below sets out the attendance record of individual Directors at the scheduled Board and Committee meetings held during the year ended 30 April 2023.

	Scheduled Board meetings		Scheduled Audit and Management Engagement Committee meetings	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Peter Dicks	4	4	2	2
Louise Bonham*	1	1	–	–
Jan Etherden#	3	3	2	2
Davina Walter	4	4	2	2
Ashe Windham	4	4	2	2

* *appointed 15 December 2022*
\# *resigned 15 December 2022*

This table provides details of scheduled meetings held in the financial year and the attendance at each meeting of each Director. From time to time, the Board is required to hold meetings outside of its planned schedule to consider topics that require immediate attention or to approve ad-hoc matters and transactions. There were a number of additional ad-hoc Board meetings held during the financial year, and these were related to Louise Bonham's appointment and approval of the half year report and accounts.

At each scheduled Board meeting, the Chairman follows a formal agenda, circulated to the Directors in advance by the Secretary. The Secretary and Investment Manager regularly provide the Board with relevant financial information, briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice. At each Board meeting, one or more representatives from the Investment Manager are in attendance to present verbal and written reports covering the Company's activity, portfolio and investment performance over the preceding period. Communication between the Board and the Investment Manager and other service providers is maintained between formal meetings.

The Board endeavours to provide support, robust and objective challenge and a different perspective to the Investment Manager, to help optimise the performance of the Company. The Board and the Investment Manager operate in a fully co-operative and open environment. The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

As permitted by its Articles of Association and subject to the provisions of UK legislation, the Company has granted a third-party indemnity to each Director in respect of liabilities which they may sustain or incur in connection with the discharge of their duties as a Director. The indemnity also covers reasonable legal and other defence expenses, although these would have to be repaid in the event of a conviction. Deeds of indemnity in favour of each of the Directors were executed on behalf of the Company on their appointment and remain in force as at the date of signing of this Report. There are no other qualifying third party indemnity provisions in place. In addition, Directors are covered by Directors and Officers' liability insurance.

Board Committees

The Board reviewed its committee structure during the financial year. The Board concluded that the tasks delegated by the Board to the Audit and Management Engagement Committee would be better managed by two separate committees, an Audit Committee chaired by Peter Dicks and a Management Engagement Committee chaired by Louise Bonham.

A combined Nomination and Remuneration Committee chaired by the Chairman, Ashe Windham, was also established during the year. Given the size of the Board, the Directors do not consider it appropriate to establish a separate nomination committee.

The Terms of Reference of each committee are available on the Company's website at www.mitonukmicrocaptrust.com/documents/.

Further details on the composition and role of the Audit Committee and its activities during the financial year can be found on pages 44 to 46.

Board Evaluation

The Directors recognise the value of continually monitoring and enhancing the performance of the Board and view the regular evaluation of the Board, its Committees and individual Directors as a means of obtaining valuable feedback on areas for development.

In the year ended 30 April 2023, the Board opted to undertake an internal performance evaluation by way of questionnaires, which addressed the areas indicated by the AIC Code. In particular, the questionnaires were designed to assess the qualifications, independence, composition, diversity, and performance of the Board, and the performance of the Board's Committee, the Chairman and individual Directors. The questionnaires were also intended to assess whether the focus of Board meetings and the information provided were appropriate and to identify any training and development needs for individual Directors.

The evaluation process and analysis of the results were carried out post year end and conducted by the Chairman. Peter Dicks, as the Senior Independent Director, led the appraisal of the Chairman. The results of the exercise revealed no significant concerns amongst the Directors about the effectiveness of the Board.

Independence of Directors

In accordance with the AIC Code, the Board evaluation included a review of the independence of each individual Director and the Board as a whole.

Mr Dicks holds less than 0.5% of the issued share capital of Premier Miton Group Plc, the parent company of the Investment Manager. The Board considers the holding to be immaterial and of no impact to his independence.

None of the Directors have any significant shareholdings in companies where the Company has a notifiable stake or a holding which amounts to more than 1% of the Company's portfolio.

The Board is of the view that, having reviewed all required factors, all Directors met, and continue to meet, the independence criteria set out in the AIC Code.

The Board's policy on diversity is to ensure that the Directors on the Board have a broad range of experience, skills and knowledge, with diversity of thinking, background and perspective. Appointments to the Board are made on merit against objective criteria, having regard to the benefits of diversity and the current and future needs of the business and the other factors set out in the AIC Code.

Diversity, including, but not limited to, gender, social background, ethnicity, age, sexual orientation, disability and professional and industry specific knowledge, is an important consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The Board notes the new FCA rules on diversity and inclusion on company boards, namely, that from accounting periods starting on or after 1 April 2022:

a) At least 40% of individuals on the Board to be women;

b) At least one senior Board position to be held by a woman; and

c) At least one individual on the Board to be from a minority ethnic background.

In accordance with Listing Rule 9 Annex 2.1, the below tables, in prescribed format, show the gender and ethnic background of the Directors at the date of this Report.

Diversity Table	Number Board members	Percentage on the Board	Number senior positions on the Board
Men	2	50%	100%
Women	2	50%	–
Not specified/prefer not to say	–	–	–

Ethnic background	Number Board members	Percentage on the Board	Number senior positions on the Board
White British or other White (including minority white groups)	4	100%	50%
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/ Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The data in the above tables was collected through self-reporting by the Directors.

As at 30 April 2023 the Board comprised of four members. The gender breakdown is as follows: 2 (50% female); 2 (50% male). The ethnic diversity target (that at least one individual on the Board is from a minority ethnic background) has not been met. Whilst the Board does not feel that it would be appropriate to set targets as all appointments must be made on merit, the Board supports the recommendations for senior positions to be held by female directors and ethnic representation on the Board, and both of these factors are key considerations in succession planning.

Election/Re-election of Directors

Under the Company's Articles of Association, Directors are required to retire at the first Annual General Meeting following their appointment and offer themselves for election.

Thereafter, Directors are required to retire from office and stand for re-election at intervals of not more than three years. The AIC Code and UK Code recommend that all Directors should be subject to annual re-election by shareholders. The Company recognises this to be good corporate governance and has therefore chosen to follow this practice. The maximum length of service for any Director, excluding the Chairman, will be nine years from first election. Exceptions could be made in unusual circumstances, for example if the Company were in the middle of a corporate action.

Conflicts of Interest

Under the Articles of Association of the Company, the Board must consider and, if it sees fit, may authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company.

In line with the AIC code 2019, the Board has established a formal system to consider authorising such conflicts, whereby the Directors who have no interest in the matter decide whether to authorise the conflict and any conditions to be attached to such authorisations.

Stewardship Responsibilities and the use of Voting Rights

As an externally-managed investment company, the majority of the responsibilities of the Board in relation to engagement with investee companies are delegated to the Investment Manager.
The Board retains oversight of the investor stewardship exercised on its behalf by reviewing the Investment Manager's stewardship and voting policies, considering the regular updates on engagement provided by the Investment

Manager and holding the Investment Manager to account. The Investment Manager has published a statement of compliance with the UK Stewardship Code, which is available on its website at www.premiermiton.com. The Board reviews this statement of compliance annually.

Company Secretary

The Board has direct access to the advice and services of the Secretary, Link Company Matters Limited. The Secretary is responsible for ensuring that Board and Committee procedures are followed and that information and reports are delivered to the Board on a timely basis. The Secretary is also responsible for ensuring that applicable regulations are complied with and the statutory obligations of the Company are met.

Internal Controls and Risk Management Systems

The Board has overall responsibility for establishing and maintaining the Company's systems of internal controls and risk management and the reliability of the financial reporting process and for reviewing their effectiveness.

The Directors have reviewed and considered the guidance supplied by the FRC on Risk Management, Internal Control, and Related Finance and Business Reporting and an ongoing process has been established for identifying, evaluating and managing the risks faced by the Company. The Board maintains a risk matrix, which consists of a detailed risk and internal control assessment and provides the basis for the Committee and the Board to regularly monitor the effective operation of the controls and to update the risk matrix when new risks are identified. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and was in place at the date of the signing of this Report. The risk management process and Company's systems of internal control are designed to assist the Board in making better, more informed decisions with a view to creating and protecting shareholder value.

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Company are safeguarded. The purpose of risk management is to manage rather than eliminate the risk of failure in achieving the Company's objectives and involves Directors exercising judgement. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Internal Controls Assessment

Regular risk assessments and reviews of internal controls will be undertaken in the context of the Company's overall investment objective. The Board, through the Committee, has identified risk management controls in four key areas: corporate strategy; compliance with laws and regulations and disclosure; relationships with service providers; and investment and business activities. In arriving at its judgment of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

The risk matrix, established and maintained by the Company, is structured so as to allow the Board to assess the risks against how those risks are managed. The risks are assessed on the basis of the likelihood of occurrence, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. The risk register is reviewed at meetings of the Audit Committee and at other times as necessary.

The Board also reviews information provided by the Investment Manager and the Secretary on a regular basis.

Most functions for the day-to-day management of the Company are sub-contracted to appropriately qualified third parties, and the Board therefore obtains regular assurances and information from key third party suppliers, including the Investment Manager, the Administrator and the Depositary, regarding the internal systems and controls operated in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, which is reviewed by the Management Engagement Committee.

The Board has carried out a review of the effectiveness of the risk management and systems of internal control as they have operated over the year under review and up to the date of approval of this Report. No significant failings or weaknesses were identified from that review and there were no matters arising which required further investigation.

Shareholder Relations

The Board is committed to ensuring there is open and effective communication with the Company's shareholders and in order that the Directors understand the views of major shareholders on matters such as governance, strategy and performance. Accordingly, both the Board and the Investment Manager give a high priority to shareholder engagement and the Chairman and other Directors are available to enter into dialogue with shareholders. The Investment Manager and the Company's Stockbroker, Peel Hunt LLP, maintain a regular dialogue with major investors and provide the Board with regular reports on feedback from shareholders.

All shareholders are encouraged to attend, ask questions and vote at the Company's AGM to be held on 26 September 2023. A presentation by the fund managers of the Trust will be delivered following the formal business of the AGM and will also be available on the Company's website following the meeting.

The Annual and Half-Yearly Reports of the Company are prepared by the Board and its advisers to present a full and readily understandable review of the Company's performance. Copies are released to the London Stock Exchange, and the Annual Report is dispatched to shareholders by mail. They are also available from the Secretary or on the Company's website, www.mitonukmicrocaptrust.com/documents/.

Audit Committee Report

I am pleased to present the Audit Committee (the 'Committee') Report for the financial year ended 30 April 2023.

Composition and Operation of the Committee

Given the small size of the Board, it is deemed both proportionate and practical for all Directors to be on the Committee, including the Chairman of the Company. The Board considers that the members of the Committee have the requisite skills and experience, relevant to the sector, as a result of their involvement in financial services, to fulfil the responsibilities of the Committee.

Under its terms of reference, the Committee is required to meet twice a year to discuss the publication of the Company's financial statements. Additional meetings are convened as necessary, however no additional meetings of the Committee were required during the year.

Role of the Committee

The primary responsibilities of the Committee are:

- to monitor the integrity of the financial statements of the Company and review the content of the Company's half-year and annual reports and any formal announcements regarding its financial reporting issues and areas of judgement contained within them;
- to advise the Board on whether the content of the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- to monitor and keep under review the adequacy and effectiveness of the Company's internal financial controls and risk management and internal control systems;
- to make recommendations to the Board in relation to the selection, appointment, re-appointment or removal of the external auditor, following a review of their independence, objectivity, qualifications, expertise and resources;
- to approve the remuneration and terms of engagement of the external auditor for audit and non-audit services; and
- to review the scope, findings and effectiveness of the external audit process.

The Committee has direct access to the Company's external auditor, BDO LLP, and provides a forum through which the external auditor reports to the Board. Representatives of the external auditor attend meetings of the Committee at least annually.

Principal Activities of the Committee during the Year

The Committee met twice during the year under review and during those meetings it has:

- reviewed the Company's Annual Report for the financial year ended 30 April 2022 and the related results announcements and the Half-Yearly Report to 31 October 2022;
- received and discussed with the Auditor their findings from the audit of the financial year ended 30 April 2022 and the effectiveness of the external audit process;
- reviewed the effectiveness of the risk management systems and internal controls of the Company and related reports from the Investment Manager and other third party providers;
- agreed the Auditor's fees; and
- undertook an annual assessment of the requirement for an internal audit function for the Company and concluded that no changes were required.

The Committee also met once post the year end to review the Company's Annual Report for the year ended 30 April 2023.

Other matters reviewed by the Committees include:

- The Committee's terms of reference;
- The Company's risk matrix;
- The Company's policy on the supply of non-audit services by external auditor; and
- The whistleblowing policy of Premier Portfolio Managers Limited.

The Committee receives a report on internal control and compliance from the Investment Manager's Compliance officer on a six-monthly basis and discusses this with the Investment Manager. The Investment Manager has in place a compliance monitoring plan for testing of controls as an alternative to establishing a separate internal audit function.

The Committee monitors and reviews the effectiveness of the external audit process for the Annual Report, including a detailed review of the audit plan and the audit results report, and makes recommendations to the Board on the re-appointment, remuneration and terms of engagement of the Auditor. Any concerns with the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of the year ended 30 April 2023.

Audit Fees and Non-Audit Services

An audit fee of £53,500 (exclusive of VAT) has been agreed in respect of the audit for the financial year ended 30 April 2023 (2022: £45,000 exclusive of VAT). No non-audit services were provided in the financial year ended 30 April 2023 (2022: £nil). The Committee has a policy on the engagement of the Auditor to supply non-audit services. All requests for services to be provided by the external auditor are submitted to the Committee in order to ensure that the scope and nature of the proposed work does not affect the Auditor's independence or objectivity.

Independence and Objectivity of the Auditor

Following its review of the independence and objectivity of the Auditor, the Committee has been reassured that no conflicts have arisen during the year. The Committee will, however, continue to monitor the position.

Re-appointment of the Auditor

BDO LLP was appointed as Auditor in April 2020. Following consideration of the performance of BDO LLP, the service provided during the year and a review of their value for money, the Committee has recommended to the Board their re-appointment as Auditor to the Company at the Company's forthcoming AGM.

BDO LLP has been Auditor to the Company since April 2020 and Vanessa-Jayne Bradley has been the audit partner since that time. Rotation of the audit partner will take place every five years in accordance with the FRC revised Ethical Standard 2016. Under the FRC transitional arrangements, the Company is required to re-tender, at the latest, by 2030. The Company intends to re-tender within the timeframe set by the FRC. Due to the short period of time since the Auditor was appointed, it is not considered appropriate to review the Auditor's succession at this point in time. The Committee will regularly consider the level of fees and the independence and objectivity of the Auditor.

Audit Committee Report continued

Significant Audit Issues considered by the Committee

Following discussion with the Investment Manager and Auditor, the Committee determined that the key risks in relation to the Company's financial statements and how they were addressed were:

Risk	Mitigation
Incomplete or inaccurate revenue recognition	
The recognition of income is undertaken in accordance with the stated accounting policies of the Company.	The Directors review the Company's income, revenue forecasts and the sensitivity of the revenue account to falls in income. Particular attention is paid to any special dividends that the Company may receive.
The valuation and ownership of the investment portfolio	
The Company's investments have been valued in accordance with the accounting policies, as disclosed in note 11 to the financial statements. The great majority of investments are in quoted securities in active markets, are considered to be liquid and have been categorised as Level 1 and 2 within the IFRS 13 fair value hierarchy. These are disclosed in note 12 to the financial statements.	The portfolio holdings and their pricing is reviewed and verified by the Investment Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Company uses the services of an independent Depositary (The Bank of New York Mellon (International) Limited) to hold the assets of the Company. The Depositary checks the consistency of its records with those of the Investment Manager on a monthly basis and reports to the Board on an annual basis.
Maintenance of investment trust status	
There is a risk of failure to maintain investment trust status in accordance with s1158/1159 which would have a significant impact on the Company as a result of the potential capital gains tax payable.	The Investment Manager and Administrator have reported to the Audit Committee to confirm continuing compliance with the requirements for maintaining investment trust status.

Peter Dicks
Audit Committee Chairman
10 July 2023

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution for the approval of the Directors' Remuneration Report will be put to shareholders at the forthcoming AGM. The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 52 to 58.

Statement from the Chairman

Given the size of the Board, it is not considered appropriate for the Company to have a separate remuneration committee and the functions of this committee are therefore delegated to a newly established Nomination and Remuneration Committee which combines the functions of a Nomination Committee with a Remuneration Committee. All Directors are members of this Committee which is chaired by the Chairman, Ashe Windham. The Board consists entirely of independent non-executive Directors and the Company has no employees. We have not, therefore, reported on those aspects of remuneration that relate to executive Directors.

Directors' fees for the year ended 30 April 2023 are set out on page 48.

Directors' Remuneration Policy

This Remuneration policy was last approved by shareholders at the Company's AGM held in September 2022. As a binding vote on the policy is necessary every three years, an ordinary resolution to approve the policy will be put to shareholders at the AGM in 2025. The Remuneration policy is set out below.

The level of remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

The fees for the Directors are determined within the limits (not to exceed £500,000 per year in aggregate) set out in the Company's Articles of Association, or any greater sum that may be determined by an ordinary resolution of the Company. The Chairman does not participate in any discussions relating to his own fee, which is determined by the independent Directors. Directors are not eligible for bonuses, share options or long-term incentive schemes or other performance related benefits as the Board does not believe that this is appropriate for non-executive Directors.

The fees for the Directors will be increased annually, effective from the first day of the Company's financial year, by the rate of the Consumer Price Index prevailing at that time.* Under the Company's Articles of Association, if any Director is called upon to perform extra or special services of any kind, he/she shall be entitled to receive such sum as the Board may think fit for expenses, and also such remuneration as the Board may think fit, either as a fixed sum or as a percentage of profits or otherwise, and such remuneration may, as the Board shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive.

Directors are entitled to be paid all reasonable expenses properly incurred in attending Board, Committee or shareholder meetings or otherwise in or with a view to the performance of their duties. There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.

** The Board has determined that Directors' fees should be maintained at their current level for this financial year.*

Directors' Remuneration Report continued

Component	Director	Rate as at 1 May 2023[5]	Rate as at 1 May 2022[5]	Purpose of Remuneration
Annual Fee	Chairman	£38,400	£38,400	Commitment as Chairman[1]
Annual Fee	Non-executive Directors	£27,500	£27,500	Commitment as a non-executive Director[2]
Additional Fee	Senior Independent Director and Audit Committee Chairman	£5,500	£5,500	For additional responsibilities and time commitment[3]
Additional Fee	All Directors	N/A	N/A	For extra or special services performed in their role as a Director[4]
Expenses	All Directors	N/A	N/A	No fixed rate. Reimbursement of expenses incurred in the performance of duties as a Director

[1] The Company's policy is for the Chairman of the Board to be paid a higher fee than the other Directors to reflect the more onerous role
[2] The Company's Articles of Association limit the total aggregate annual fees that can be paid to £500,000
[3] The Company's policy is for the Senior Independent Director and Chairman of the Audit Committee to be paid a higher fee than other Directors to reflect the more onerous role
[4] Additional fees would only be paid in exceptional circumstances in relation to the performance of extra or special services
[5] Fees were due to be increased by the rate of the Consumer Price Index prevailing 1 May 2023, being 10%, however recognising the need to show restraint, and in recognition of very disappointing NAV performance the Directors elected to forgo the CPI increase for this financial year

Fees for any new Director appointed will be on the above basis. Fees payable in respect of subsequent periods will be determined following an annual review. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board.

It is the Board's policy that Directors do not have service contracts, but Directors are provided with a letter of appointment as a non-executive Director. The terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment. Compensation will not be made upon early termination of appointment.

Directors' Fees for the Year (audited)

The remuneration paid to the Directors for the years ending 30 April 2023 and 30 April 2022 is set out in the single total figure table below:

	Year ended 30 April 2023			Year ended 30 April 2022		
	Fixed fees £	Expenses £	Total £	Fixed fees £	Expenses £	Total £
Louise Bonham[1]	10,436	–	10,436	–	–	–
Peter Dicks	33,000	–	33,000	31,485	–	31,485
Jan Etherden[2]	17,205	–	17,205	26,240	–	26,240
Bridget Guerin[3]	–	–	–	6,560	–	6,560
Andrew Pomfret[4]	–	–	–	24,493	–	24,493
Davina Walter[5]	27,500	–	27,500	19,108	–	19,108
Ashe Windham[6]	38,400	–	38,400	29,740	–	29,740
	126,541	–	126,541	137,626	–	137,626

[1] Appointed on 15 December 2022
[2] Resigned on 15 December 2022
[3] Resigned on 31 July 2021
[4] Resigned as Chairman on 31 December 2021
[5] Appointed on 10 August 2021
[6] Appointed as Chairman from 1 January 2022

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the previous three years to 30 April 2023.

	Percentage change from 2022 to 2023	Percentage change from 2021 to 2022	Percentage change from 2020 to 2021
Louise Bonham[1]	n/a	n/a	n/a
Peter Dicks	4.6%	1.5%	1.5%
Jan Etherden[2]	(75.9%)	1.5%	1.5%
Bridget Guerin[3]	n/a	(64.3%)	n/a
Andrew Pomfret[4]	n/a	(48.4%)	1.5%
Davina Walter[5]	30.5%	100%	n/a
Ashe Windham[6]	22.6%	13.1%	1.5%

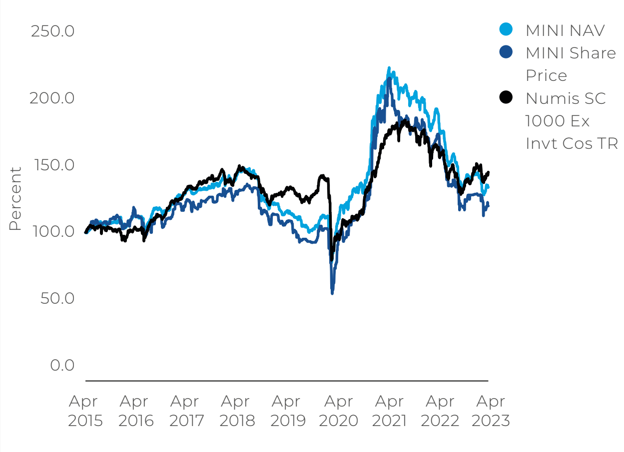
[1] Appointed on 15 December 2022
[2] Resigned on 15 December 2022
[3] Appointed 1 December 2020, resigned 31 July 2021
[4] Resigned as Chairman on 31 December 2021
[5] Appointed on 10 August 2021
[6] Appointed as Chairman from 1 January 2022

Company Performance

The Company does not have a specific benchmark against which performance is measured. The graph opposite compares the total return (assuming all dividends are reinvested) to holders of Ordinary Shares since they were first admitted to the Official List of the Financial Conduct Authority, compared to the total shareholder return of the Numis Smaller Companies 1000 (excluding Investment Companies) Index, which is the closest broad index against which to measure the Company's performance.

It is noteworthy that some of the best performing stocks on AIM have been growth stocks, often with market capitalisations much larger than the investment universe of this Company. This trend may continue, but in the distant past it has been the smallest stocks that have outperformed, especially those with undemanding valuations at purchase. Further explanation of the recent market trends is outlined in the Investment Manager's section of this Report on pages 13 to 17.

NAV v share price v Numis 1000 Index



Directors' Remuneration Report continued

Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on pay.

	30 April 2023 £000	30 April 2022 £000	Change %
Total remuneration paid to Directors	127	138	(8.0)
Investment Management fee	597	892	(33.1)
Distribution to shareholders:			
– dividends	142	11	1190.9
– share buyback/ redemption	10,507	2,735	284.2

Note: the items listed in the table above are as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2073 ss.20 with the exception of the investment management fee, which has been included because the Directors believe it will help shareholders' understanding of the relative importance of the spend on pay The figures for this measure are the same as those shown in note 6 to the financial statements. The amounts spent on the redemption of shares are included in line with the GC700 and Investor Group guidance, as this is considered a significant payment. The figures for this measure are the same as those shown in the Statement of Changes in Equity and Cash Flow Statement.

Directors' Beneficial and Family Interests (audited)

There is no requirement under the Company's Articles of Association or the terms of their appointment for Directors to hold shares in the Company. The interests of the Directors and their families in the Ordinary Shares of the Company as at 30 April 2023 are set out below:

	Number of Ordinary shares as at 30 April 2023	Number of Ordinary shares as at 30 April 2022
Peter Dicks	468,150	368,150
Louise Bonham	48,800	–
Jan Etherden	146,300	146,300
Ashe Windham	225,000	225,000
Davina Walter	33,228	33,228

On 30 May 2023, Peter Dicks acquired 100,000 shares in the Company. There have been no further changes to the Directors' share interests between 30 April 2023 and the date of this Report.

Voting at the Annual General Meeting

The Directors' Remuneration Report for the year ended 30 April 2022 and the Directors' Remuneration Policy were approved by shareholders at the AGM held on 27 September 2022. The votes cast were as follows:

	Directors' Remuneration Report (2022 AGM results)		Directors' Remuneration Policy (2022 AGM results)	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	38,324,504	99.61	38,324,504	99.61
Against	150,778	0.39	150,778	0.39
Total votes cast	38,475,282		38,475,282	
Number of votes withheld	78,354		78,354	

Approval

The Directors' Remuneration Report was approved by the Board on 10 July 2023.

On behalf of the Board

Ashe Windham
Chairman
10 July 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law and UK adopted international accounting standards require the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company's financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss for the company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- Prepare a Director's report, a Strategic report and a Director's remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on its website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Ashe Windham
Chairman
10 July 2023

Independent Auditor's Report to the members of Miton UK Microcap Trust plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Miton UK MicroCap Trust plc (the 'Company') for the year ended 30 April 2023 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 22 September 2020 to audit the financial statements for the year ending 30 April 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ending 30 April 2020 to 30 April 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of market volatility and the present uncertainties by reviewing the information used by the Directors in completing their assessment;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash resources relative to forecast expenditure and commitments and the sufficiency of the liquidity of the portfolio;
- Checking the accuracy of historical forecasting by agreeing to actual results; and
- Reviewing the loan agreements to identify the covenants and assessing the likelihood of them being breached based on the Directors' forecasts and our sensitivity analyses.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		2023	2022
	Valuation and ownership of investments	✓	✓
Materiality	Company financial statements as a whole £0.6m (2022: £1m) based on 1% (2022: 1%) of net assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the members of Miton UK Microcap Trust plc continued

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (Notes 1, 11 and 12) The investment portfolio comprises quoted investments and a small number of unquoted investments (warrants). The valuation of the unquoted investments (warrants) includes an element of subjectivity. There is also a risk that the prices used for the listed investments held by the Company are not reflective of fair value and the risk that errors made in the recording of investment holdings result in the incorrect reflection of investments owned by the Company. Therefore, we considered the valuation and ownership of investments to be the most significant audit area as the investments also represent the most significant balance in the financial statements and underpin the principal activity of the entity. For these reasons and the materiality of the balance in relation to the financial statements as a whole, we considered this to be a key audit matter.	We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures: • Confirmed the year-end bid price was used by agreeing to externally quoted prices and assessed if there were contra indicators, such as liquidity considerations, to suggest a bid price is not the most appropriate indication of fair value. • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. For all warrants held at the year end, we performed the following procedures: • Considered the appropriateness of the valuation methodology against the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines and applicable accounting standards. • Re-performed the calculation of the investment valuation using a valuation model and compared to the Investment Managers and valuation. • Where appropriate, performed sensitivity analysis where reasonable alternative assumptions could exist. • Obtained direct confirmation of the number of warrants held from the custodian. Key observations: Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of the investments was not appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2023 £'000	2022 £'000
Materiality	607	1,000
Basis for determining materiality		1% of net assets
Rationale for the benchmark applied		As an investment trust, the net asset value is the key measure of performance for users of the financial statements.
Performance materiality	455	750
Basis for determining performance materiality		75% of materiality
Rationale for the percentage applied for performance materiality		The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

Lower testing threshold

We have set a lower testing threshold for those items impacting revenue return at £108,000 which is based on 10% of total expenditure (2022: £129,000 which is based on 10% of total expenditure).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £30,000 (2022: £50,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the members of Miton UK Microcap Trust plc continued

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the Audit Committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and the Company's qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period to identify any instance of non-compliance with laws and regulations;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain its Investment Trust Status.

Independent Auditor's Report to the members of Miton UK Microcap Trust plc continued

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to be management override of controls.

Our procedures in respect of the above included:

- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Vanessa-Jayne Bradley
Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
London, UK

10 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

of the Company for the year ended 30 April 2023

		Year ended 30 April 2023			Year ended 30 April 2022		
	Notes	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Losses on investments held at fair value through profit or loss	11	–	(26,765)	(26,765)	–	(13,284)	(13,284)
Losses on derivatives held at fair value through profit or loss	13	–	(852)	(852)	–	(1,268)	(1,268)
Income	2	875	–	875	983	–	983
Management fee	6	(149)	(448)	(597)	(223)	(669)	(892)
Other expenses	7	(676)	–	(676)	(587)	–	(587)
Return/(loss) on ordinary activities before finance costs and taxation		50	(28,065)	(28,015)	173	(15,221)	(15,048)
Finance costs	8	–	(39)	(39)	–	(39)	(39)
Return/(loss) on ordinary activities before taxation		50	(28,104)	(28,054)	173	(15,260)	(15,087)
Taxation	9	(18)	–	(18)	(14)	–	(14)
Return/(loss) on ordinary activities after taxation		32	(28,104)	(28,072)	159	(15,260)	(15,101)
Return per Ordinary Share – basic and diluted (pence)	3	0.03	(28.96)	(28.93)	0.15	(13.91)	(13.76)

The total column of this statement is the Income Statement of the Company prepared in accordance with UK International Accounting Standards in conformity with the requirements of UK IFRS. The supplementary revenue return and capital return columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC SORP").

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

There is no other comprehensive income and, therefore, the return on ordinary activities after taxation is both the profit and the total comprehensive income.

The notes on pages 63 to 83 form part of these financial statements.

Statement of Changes in Equity

of the Company for the year ended 30 April 2023

For the year ended 30 April 2023	Notes	Share capital £000	Capital redemption reserve £000	Share premium account £000	Special reserve £000	Capital reserve £000	Revenue reserve £000	Total £000
As at 30 April 2022		160	64	672	61,546	36,801	232	99,475
Total comprehensive income:								
Return on ordinary activities after taxation		–	–	–	–	(28,104)	32	(28,072)
Transactions with shareholders recorded directly to equity:								
Redemption of Ordinary Shares		–	–	–	(10,507)	–	–	(10,507)
Cancellation of shares	4	(15)	15	–	–	–	–	–
Equity dividends paid	10	–	–	–	–	–	(142)	(142)
As at 30 April 2023		145	79	672	51,039	8,697	122	60,754

For the year ended 30 April 2022	Notes	Share capital £000	Capital redemption reserve £000	Share premium account £000	Special reserve £000	Capital reserve £000	Revenue reserve £000	Total £000
As at 30 April 2021		162	61	–	64,283	52,061	84	116,651
Total comprehensive income:								
Return on ordinary activities after taxation		–	–	–	–	(15,260)	159	(15,101)
Transactions with shareholders recorded directly to equity:								
Redemption of Ordinary Shares		–	–	–	(2,737)	–	–	(2,737)
Shares issued		1	–	672	–	–	–	673
Cancellation of shares	4	(3)	3	–	–	–	–	–
Equity dividends paid	10	–	–	–	–	–	(11)	(11)
As at 30 April 2022		160	64	672	61,546	36,801	232	99,475

The notes on pages 63 to 83 form part of these financial statements.

Balance Sheet

of the Company as at 30 April 2023

	Notes	30 April 2023 £000	30 April 2022 £000
Non-current assets:			
Investments held at fair value through profit or loss	12	56,068	94,822
Current assets:			
Derivative instruments	13	169	802
Trade and other receivables	14	217	232
Cash at bank and cash equivalents		4,590	3,794
		4,976	4,828
Liabilities:			
Trade and other payables	15	290	175
Net current assets		4,686	4,653
Net assets		60,754	99,475
Capital and reserves			
Share capital	4	145	160
Capital redemption reserve		79	64
Share premium account		672	672
Special reserve		51,039	61,546
Capital reserve		8,697	36,801
Revenue reserve		122	232
Shareholders' funds		60,754	99,475

		pence	pence
Net asset value per Ordinary Share – basic and diluted	5	64.20	91.05

These financial statements were approved and authorised for issue by the Board of Miton UK MicroCap Trust plc on 10 July 2023 and were signed on its behalf by:

Ashe Windham
Chairman
10 July 2023

Company No: 09511015

The notes on pages 63 to 83 form part of these financial statements.

Statement of Cash Flows

for the Company for the year ended 30 April 2023

	30 April 2023 £000	30 April 2022 £000
Operating activities:		
Net loss before taxation	(28,054)	(15,087)
Loss on investments and derivatives held at fair value through profit or loss	27,617	14,552
Decrease in trade and other receivables	39	12
Decrease in trade and other payables	(13)	(18)
Exchange gains on capital items	–	1
Amortisation of finance costs	33	39
Withholding tax paid	(18)	(14)
Net cash outflow from operating activities	(396)	(515)
Investing activities:		
Purchase of investments	(15,404)	(26,813)
Purchase of derivative investments	(911)	(2,070)
Sale of investments	27,498	29,012
Sale of derivative instruments	691	–
Net cash inflow from investing activities	11,874	129
Financing activities:		
Proceeds of Ordinary Share issue	–	688
Redemption/repurchase of Ordinary Shares	(10,507)	(2,737)
Equity dividends paid	(142)	(11)
Finance costs paid	(33)	(32)
Net cash outflow from financing activities	(10,682)	(2,092)
Increase/(Decrease) in cash and cash equivalents	796	(2,478)
Reconciliation of net cash flow movement in funds:		
Cash and cash equivalents at the start of the year	3,794	6,272
Net cash inflow/(outflow) from cash and cash equivalents	796	(2,478)
Cash at the end of the year	4,590	3,794
Cash and cash equivalents		
Comprise the following:		
Cash at bank	4,590	3,794
	4,590	3,794

The notes on pages 63 to 83 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

Miton UK MicroCap Trust plc is a company incorporated and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

The financial statements of the Company have been prepared in accordance with UK International Accounting Standards. The financial statements have also been prepared in accordance with the AIC SORP for the financial statements of investment trust companies and venture capital trusts.

Basis of Preparation

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been prepared alongside the Income Statement.

The financial statements are presented in Sterling, which is the Company's functional currency as the UK is the primary environment in which it operates, rounded to the nearest £1,000, except where otherwise indicated.

Going Concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met. The Directors have made an assessment of the Company's ability to continue as a going concern based on detailed profit & loss and cash flow forecasts. These forecasts have been 'stressed' for inflation, as well as a severe but plausible and sudden downturn in market conditions under which it is assumed that the investment portfolio will lose 50% of its value. Even under this extreme 'stress' scenario, the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved. The Directors also regularly assess the resilience of key third-party service providers, most notably the Investment Manager and Fund Administrator. The Directors do not have any concerns about the financial viability of the Company's third-party service providers. In making their assessment, the Directors have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, another global event similar to the COVID-19 pandemic, the war in Ukraine, political and economic instability in the UK, supply shortages and inflationary pressures. The Directors noted that the Company, with the current cash balance and holding a portfolio of liquid listed investments, is able to meet the obligations of the Company as they fall due.

The Investment Manager assesses the exposure to risk when making each investment decision and the performance of the portfolio on a daily basis.

The current cash balance plus available additional borrowing, through the revolving credit facility, enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in companies listed in the UK.

Notes to the Financial Statements continued

Accounting Developments

In the year under review, the Company has applied amendments to IFRS issued by the IASB adopted in conformity with UK IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. This incorporated:

- Onerous contracts — Cost of Fulfilling a Contract (Amendments to IAS 37);
- Reference to the Conceptual Framework (Amendments to IFRS 3); and
- Annual improvements to IFRS Standards.

The adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements. There are amendments to IAS/IFRS that will apply from 1 May 2023 as follows:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Initial application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.

Amendments to IAS/IFRS applicable from 1 May 2024 are:

- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- Non-current liabilities with Covenants (Amendments to IAS 1).

The Directors do not anticipate the adoption of these will have a material impact on the financial statements in current or future years.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with UK International Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts in the Balance Sheet, the Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas requiring judgement and estimation in the preparation of the financial statements are: recognising and classifying unusual or special dividends received as either revenue or capital in nature; the valuation of warrants; and allocation of expenses between capital and income and setting of the level of dividends paid and proposed.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

Investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of investments is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors.

Upon initial recognition the Company designates the investments 'at fair value through profit or loss'. They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Income Statement, and allocated to 'capital' at the time of acquisition). When a purchase or sale is made under a contract, the terms of which require delivery within the time-frame of the relevant market, the investments concerned are recognised or derecognised on the trade date. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed and quoted investments this is deemed to be bid market prices or closing prices for Stock Exchange Electronic Trading Service – quotes and crosses ("SETSqx"). Changes in fair value of investments are recognised in the income Statement as a capital item. On disposal, realised gains and losses are also recognised in the income Statement as capital items.

Warrants give the Company the right, but not the obligation, to buy common ordinary shares in an investee company at a fixed price for a pre-defined time period. The fair value is determined by the Manager through use of models including Black and Scholes and discounted cashflows, using available observable inputs of the warrant: the exercise share price of the investee company, the expiration period plus other factors including the prevailing interest rate and associated risks.

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 12.

Foreign Currency

Transactions denominated in foreign currencies are converted to Sterling at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities and assets carried at fair value denominated in foreign currencies at the year end are reported at the rate of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is of a capital or revenue nature.

Derivatives

Derivatives, including Index Put Options, which are listed investments, are classified as financial instruments at fair value through profit or loss. Derivatives are initially recorded at cost (being premium paid to purchase the option) and subsequently valued at fair value and included in current assets/liabilities. Derivatives are derecognised when the contract expires or on the trade date when the contract is sold.

Changes in the fair value of derivative instruments are recognised as they arise in the capital column of the Income Statement. The fair value is calculated by a broker using models with inputs from market prices. On disposal or expiration, realised gains and losses are also recognised in the income statement as capital items.

Cash and Cash Equivalents

For the purposes of the Balance Sheet, cash comprises cash in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and Other Receivables
Trade and other receivables are measured, where applicable, at amortised cost and as reduced by appropriate allowance for expected irrecoverable amounts.

Trade Payables and Short-term Borrowings
Trade payables and short-term borrowings are measured at amortised costs.

Income
Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time-apportioned basis.

Dividends from overseas companies are shown gross of any non-recoverable withholding taxes, which are presented separately in the Income Statement.

Special dividends are taken to revenue or capital account depending on their nature.

When the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend forgone is recognised as income. Any excess in the value of the cash dividend is recognised in the capital column.

All other income is allocated on a time-apportioned accruals basis.

Expenses and Finance Costs
All expenses and finance costs are accounted for on an accruals basis. On the basis of the Board's expected long-term split of total returns the Company charges 75% (2022: 75%) of its management fee and 100% (2022: 100%) of finance costs to capital.

Expenses incurred directly in relation to arranging debt finance are amortised over the term of the finance. Finance charges incurred and amortised are charged to capital (2022: 100%) and included in the capital column of the Income Statement.

Expenses incurred directly in relation to issue of shares are charged to share premium.

Expenses incurred in the maintenance of capital, redemption and cancellation of shares are charged to the special reserve through the Statement of Changes in Equity.

Taxation
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date based on tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of temporary differences can be deducted. In line with the recommendations of the AIC SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

The charge for taxation is based on the net revenue for the year and takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes. The actual charge for taxation in the Income Statement relates to irrecoverable withholding tax on overseas dividends received during the year.

Dividends Payable to Shareholders

Dividends to shareholders are recognised as a liability in the period in which they are paid or approved in general meetings and are taken to the Statement of Changes in Equity. Dividends declared and approved by the Company after the Balance Sheet date have not been recognised as a liability of the Company at the Balance Sheet date.

Share Capital

The Company is a closed-ended investment company with an unlimited life. As defined in the Articles of Association, redemption of Ordinary Shares is at the sole discretion of the Directors, therefore the Ordinary Shares have been classified as equity.

The issuance, acquisition and resale of Ordinary Shares are accounted for as equity transactions and no gain or loss is recognised in the Income Statement.

This is a reserve forming part of the non-distributable reserves.

Share Premium

The share premium account represents the accumulated premium paid for shares issued in previous periods above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- Costs associated with the issue of shares; and
- Premium on the issue of shares.

Special reserve

The special reserve was created by the cancellation of the share premium account and is distributable. This reserve may be used for:

- Redemption of shares by way of the annual redemption facility;
- Costs relating to the capital structure of the company;
- Cancellation of shares;
- Share buy backs and dividends.

Capital Reserve

The following are taken to the capital reserve through the capital column in the statement of comprehensive income:

- Gains and losses on the disposal of investments and derivatives;
- Increase and decrease in the valuation of investments held at the year end;
- Exchange differences of a capital nature; and
- Expenses, together with the related taxation effect, allocated to this reserve in accordance with the above accounting policies.

Capital Redemption Reserve

The capital redemption reserve represents non distributable reserves that arise from the purchase and cancellation of shares.

Revenue Reserve

The revenue reserve represents the surplus of accumulated profits and is distributable by the way of dividends.

Notes to the Financial Statements continued

2. Income

	Year ended 30 April 2023 £000	Year ended 30 April 2022 £000
Income from investments:		
UK Dividends	490	604
Non-UK dividend income	281	348
UK REIT dividends	33	31
	804	983
Other income:		
Bank deposit interest	66	–
Exchange gains	2	–
Other income	3	–
Total	875	–

3. Return per Ordinary Share

Returns per Ordinary Share are based on the weighted average number of shares in issue during the year. Basic and diluted return per share are the same as there are no dilutive elements on share capital.

		Year ended 30 April 2023			Year ended 30 April 2022	
Net profit (£000)	Revenue	Capital	Total	Revenue	Capital	Total
Continuation shareholders (£'000)	54	(27,365)	(27,311)	159	(15,260)	(15,101)
Redemption shareholders (£'000)	(22)	(739)	(761)	–	–	–
	32	(28,104)	(28,072)	159	(15,260)	(15,101)
Weighted average number of shares in issue			97,041,026			109,671,976
Return per share (pence)	0.03	(28.96)	(28.93)	0.15	(13.91)	(13.76)

During the prior year the allocation of the return per Ordinary Share is allocated as follows:

		Return per Ordinary Share		Weighted average
	pence	pence	pence	
Continuation shareholders	0.09	(27.22)	(27.13)	97,041,026
Redemption shareholders	(0.06)	(1.74)	(1.80)	14,614,999

The 50,000 Management shares do not participate in the returns of the Company.

4. Share Capital

	Year ended 30 April 2023 Number	Year ended 30 April 2023 £000	Year ended 30 April 2022 Number	Year ended 30 April 2022 £000
Ordinary Shares of £0.001 each				
Opening balance	109,253,560	110	111,274,758	112
Shares issued	–	–	650,000	1
Redemptions	(14,614,999)	(15)	(2,671,198)	(3)
	94,638,561	95	109,253,560	110

	Year ended 30 April 2023 Number	Year ended 30 April 2023 £000	Year ended 30 April 2022 Number	Year ended 30 April 2022 £000
Management shares of £1 each	50,000	50	50,000	50

The rights attaching to each share class are set out on page 85 of this report.

Shares Issued

There were no shares issued during the year (2022: 650,000 Ordinary Shares were issued at an average price per share of 106.6p raising £673,000 (Gross consideration £688,000)).

Redemption of Ordinary Shares

The Company has a redemption facility through which shareholders are entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. As set out in the Articles of Association, the Board may, at its absolute discretion, elect not to operate the annual redemption facility in whole or in part. It is anticipated that the next redemption point for shareholders will be in November 2023. The Board retains the discretion to further amend this timetable. Accordingly, the Ordinary Shares have been classified as equity.

2022 Redemption

The total number of Ordinary Shares in respect of which valid redemption requests were received for the 30 June 2022 Redemption Point was 14,614,999 Ordinary Shares (representing 13.3771% of the issued share capital (the “Redemption”)). The Board resolved to effect the Redemption using the redemption pool method set out in the Company’s Articles, pursuant to which the Company notionally divided its assets and liabilities into two pools, the Redemption Pool and the Continuing Pool, with the returns attributable to the respective Redemption and Continuing shareholders. The 14,614,999 Ordinary Shares over which valid redemption requests were made have been cancelled with effect from 30 June 2022; former holders of the Redemption Shares are now creditors of the Company.

The assets of the Redemption Pool have been realised. The Redemption Price per Ordinary Share equals the aggregate cash received by the Company upon the realisation of the Redemption Pool, after deducting the costs of the redemption, and a pro-rata share of the costs and expenses of the Company not attributable to a particular pool, divided by the number of Redemption Shares. On that basis, the Redemption Price for the 30 June 2022 Redemption Point is 71.89 pence per redeemed Ordinary Share with a total payment of £10,507,000. The capital losses and expenses associated with the operation of the Redemption Pool (the “redemption loss”) are a component of the Return of the Company as stated in the Income Statement. The Redemption shareholders received the value of the Redemption Pool upon liquidation. The redemption loss to Redemption shareholders from the performance of the Redemption Pool amounted to £761,000.

Notes to the Financial Statements continued

Management Shares

50,000 Management shares with a nominal value of £1 each were allotted to Miton Trust Managers Limited on the date of incorporation. These shares have been fully paid up. The Management shares are non-voting and non-redeemable and, upon a winding-up or on a return of capital of the Company, shall only receive the fixed amount of capital paid up on such shares and shall confer no right to any surplus capital or assets of the Company.

5. Net Asset Values

The NAVs per Ordinary Share and the net assets attributable at the year end were as follows:

	30 April 2023 Ordinary Share		30 April 2022 Ordinary Share	
	NAV per share pence	Net assets attributable £'000	NAV per share pence	Net assets attributable £'000
Basic and diluted	64.20	60,754	91.05	99,475

NAV per Ordinary Share is based on net assets at the year end and 94,638,561 Ordinary Shares (2022: 109,253,560), being the number of Ordinary Shares in issue at the year end.

NAV of £1.00 per Management share is based on net assets at the year end of £50,000 (2022: £50,000) and attributable to 50,000 Management shares at the year end. The shareholders have no right to any surplus capital or assets of the Company.

6. Management Fee

The basic management fee payable to the AIFM is calculated at the rate of one-twelfth of 0.9% (2022: 0.9%) of the average market capitalisation of the Company up to £100m, 0.8% per annum on the average market capitalisation above £100m (2022: 0.8%), on the last business day of each calendar month. The basic management fee accrues daily and is payable in arrears in respect of each calendar month. For the purpose of calculating the basic fee, the 'adjusted market capitalisation' of the Company is defined as the average daily midmarket price for an Ordinary Share and C share (when in issue), multiplied by the number of relevant shares in issue, excluding those held by the Company in treasury, on the last business day of the relevant month.

In addition to the basic management fee, and when the Redemption Pool is in existence, the AIFM is entitled to receive from the Company a fee calculated at the rate of 0.9% (1% prior to 1 September 2020) of the net asset value of the Redemption Pool on the last Business Day of the relevant calendar month.

The AIFM has agreed that, for so long as it remains the Company's investment manager, it will not charge such part of any management fee payable to it so that the Company can maintain an ongoing charges ratio of 2% or lower. The ongoing charges ratio for the year is 1.72% (2022: 1.41%) for the Ordinary Shares, and as such is below 2%. In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 75% of the management fee payable is expected to be charged to capital and the remaining 25% to income.

	Year ended 30 April 2023			Year ended 30 April 2022		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Management fee	149	448	597	223	669	892

At 30 April 2023, an amount of £41,000 (30 April 2022: £68,000) was outstanding and due to Premier Portfolio Managers Limited in respect of management fees.

7. Other Expenses

	Year ended 30 April 2023 £000	Year ended 30 April 2022 £000
Directors' fees	127	138
Audit remuneration	56	45
Secretarial services	69	–
Administrator services	136	181
Registrar's fees	17	17
Custodian fees	19	13
Depository fees	18	27
Advisory and professional fees[1]	115	67
Printing and postage	10	7
Research fee[1]	11	11
Directors' insurance	15	15
Other expenses	14	9
Irrecoverable VAT	56	45
Miscellaneous	13	12
Total	676	587

[1] Contribution to Investment Manager's research budget

During the years ended 30 April 2023 and 30 April 2022, the Auditor's remuneration related to audit services only.

Notes to the Financial Statements continued

8. Finance Costs

	Year ended 30 April 2023			Year ended 30 April 2022		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Revolving credit facility						
£5m revolving loan facility arrangement fee	–	6	6	–	6	6
£5m revolving loan facility non-utilisation fee	–	33	33	–	33	33
	–	39	39	–	39	39

Revolving credit facility

The Company entered into a revolving credit facility (the "facility") on 25 February 2021 for £5m (together with an uncommitted accordion facility of up to £7.5m) with The Royal Bank of Scotland International Limited, London Branch. The terms consist of interest rate of 1.35% above SONIA on any drawn down balance and 0.65% on any undrawn balance where less than 25% of the facility is drawn down or 0.55% on any undrawn balance where more than 25% of the facility is drawn down. The term of the facility is for three years with any drawndown balances repayable at the discretion of the Company.

The arrangement fee of £18,000 was paid in 2021 and amortised over the 3-year period of the facility.

The Company did not draw on the facility during the year (2022: nil) and no amounts have been drawn down at the date of signing this report.

9. Taxation

a. Analysis of tax charge in the year:

	Year to 30 April 2023			Year to 30 April 2022		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
UK corporation tax	–	–	–	–	–	–
Overseas tax not recoverable*	18	–	18	14	–	14
	18	–	18	14	–	14

** Tax deducted on payment of overseas dividends by local tax authorities.*

b. The tax assessed for the year is the standard rate of corporation tax in the United Kingdom aggregated for the financial year of 19.5%. (2022: 19%). The differences are explained below:

	Year to 30 April 2023 Revenue £000	Capital £000	Total £000	Year to 30 April 2022 Revenue £000	Capital £000	Total £000
Net return before taxation	50	(28,104)	(28,054)	174	(15,262)	(15,088)
Theoretical tax at UK corporation tax rate of 19.5% (2022: 19%)	10	(5,480)	(5,470)	33	(2,900)	(2,867)
Effects of:						
UK dividends that are not taxable	(96)	–	(96)	(115)	–	(115)
Overseas dividends that are not taxable	(55)	–	(55)	(66)	–	(66)
Non-taxable investment losses	–	5,385	5,385	–	2,900	2,900
Overseas taxation suffered	18	–	18	14	–	14
Unrelieved excess expenses	141	95	236	148	–	148
Actual current tax charge	18	–	18	14	–	14

Factors that may affect future tax charges

As at 30 April 2023, based on current estimates and including the accumulation of net allowable losses, the Company had unrelieved losses of £10,648,712 (2022: £9,439,302) that are available to offset future taxable revenue. A deferred tax asset of £2,662,178 (2022: £2,359,826), based on the effective tax rate of 25%, has not been recognised because the Company is not expected to generate sufficient taxable income in future periods in excess of the available deductible expenses and accordingly, the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus losses.

10. Dividends

Amounts recognised as distributions to equity holders in the year.	30 April 2023 £000	pence	30 April 2022 £000	pence
In respect of the previous year:				
Final dividend	142	0.15	11	0.01
	142	0.15	11	0.01

The Directors have recommended a final dividend in respect of the year ended 30 April 2023 of 0.15p (2022: 0.15p) per Ordinary Share payable on 26 October 2023 to all shareholders on the register at close of business on 29 September 2023. The ex-dividend date will be 28 September 2023.

Notes to the Financial Statements continued

11. Investments

	30 April 2023 £000	30 April 2022 £000
Investment portfolio summary:		
Opening book cost	91,876	80,008
Opening unrealised gains	2,946	28,498
Analysis of transactions made in the year		
Opening fair value	94,822	108,506
Movements in the year:		
Purchases at cost	15,532	26,083
Sales – proceeds	(27,521)	(26,483)
Movement in investment holding losses	(26,765)	(13,284)
Closing fair value	56,068	94,822
Closing book cost	75,539	91,876
Closing unrealised (losses)/gains	(19,471)	2,946
Closing fair value	56,068	94,822
Transaction costs:		
Costs on acquisitions	10	18
Costs on disposals	30	22
	40	40

The Company received £27,521,000 (2022: £26,483,000) from investments sold in the year. The book cost of these investments when they were purchased was £31,869,000 (2022: £14,215,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

A list of the largest portfolio holdings by their fair value is shown on page 20.

12. Fair Value Hierarchy

Financial assets of the Company are carried in the Balance Sheet at their fair value or approximation of fair value. The fair value is the amount at which the asset could be sold in an ordinary transaction between market participants, at the measurement date, other than a forced or liquidation sale. The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices, unadjusted in active markets for identical assets and liabilities

Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. Financial assets are transferred at the point in which a change of circumstances occur.

The table below sets out the fair value measurement of financial assets and liabilities in accordance with the fair value hierarchy.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss at 30 April 2023				
Equity investments	55,801	128	139	56,068
Derivative contracts	–	169	–	169
	55,801	297	139	56,237

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss at 30 April 2022				
Equity investments	93,190	1,153	479	94,822
Derivative contracts	–	802	–	802
	93,190	1,955	479	95,624

The Level 2 investments are at values calculated using observable inputs. The fair value of warrants is determined by the Manager through use of models using available observable inputs of the warrant: the exercise share price of the investee company, the expiration period plus other factors including the prevailing interest rate and associated risks.

Notes to the Financial Statements continued

Fair value of level 3 movements – financial assets

	As at 30 April 2023 Level 3 £000	As at 30 April 2022 Level 3 £000
Opening fair value investments	479	64
Transfer from Level 1 to Level 3	58	479
Transfer from Level 2 to Level 3	86	–
Transfer from Level 3 to Level 1	(557)	–
Movement in unrealised	73	(64)
Closing fair value of Level 3 investments	139	479

Investments classified within Level 3 consist of equities, warrants and options. As observable prices are not available for these investments, the Manager has used valuation techniques to derive the fair value. The Level 3 valuations are reviewed on a regular basis by the Manager. The Manager considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard. In selecting the most appropriate valuation model the Manager performs back testing and considers which model's results have historically aligned most closely to actual market transactions. The fair value of level 3 investments are based on discounted anticipated future cash returns, taking account of available information, the consideration of liquidity, credit and market risk factors, and adjusts the valuation model as deemed necessary.

The transfers between Level 3 and Level 1 consist of equities that have been suspended and/or readmitted after suspension on the relevant stock exchange. Where the stock is re admitted, it is fair valued using quoted prices, unadjusted in an active market and transferred to Level 1. Where it is suspended, it is transferred to Level 3 with the appropriate valuation technique applied with consideration of the rationale for suspension and other relevant information.

Other Financial Assets and Liabilities

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including: trade and other receivables; cash and cash equivalents and trade and other payables.

13. Derivative Contracts

Listed Put Options at fair value through profit or loss at 30 April 2023	As at 30 April 2023 £000	As at 30 April 2022 £000
Opening book cost	2,070	–
Opening option holding losses	(1,269)	–
Total options designated at fair value	801	–

Listed Put Options at fair value through profit or loss at 30 April 2023	30 April 2023 £000	30 April 2022 £000
Analysis of option movements		
Opening fair value	801	–
Movements in the period:		
Purchases at cost	911	2,070
Sales – proceeds	(691)	–
Movement in holding losses	(852)	(1,269)
Closing fair value	169	801
Closing book cost	911	2,070
Closing unrealised losses	(742)	(1,269)
Closing fair value	169	801

	Year ended 30 April 2023 £000	Year ended 30 April 2022 £000
Transaction costs:		
Costs on acquisitions	1	1
Costs on disposals	2	–
	3	1

Derivative contracts serve as components of the Company's investment strategy and are utilised primarily to structure and hedge investments to enhance performance and reduce risk of the Company (the Company does not designate any derivative as hedging instrument for hedge accounting purposes). The derivative contracts that the Company may hold from time to time or issue include: index-linked notes, contracts for differences, covered options and other equity-related instruments.

The Company's investment objective set limits on investments in derivatives. The Investment Manager closely monitors the company's exposure under derivative contracts and any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments. The Company will not enter into uncovered short positions.

14. Trade and Other Receivables

	30 April 2023 £000	30 April 2022 £000
Amount due from brokers	117	93
Dividends receivable	48	84
Prepayment and other debtors	50	53
Taxation recoverable	2	2
	217	232

15. Trade and Other Payables

	30 April 2023 £000	30 April 2022 £000
Amount due to brokers	128	–
Other creditors	162	175
	290	175

16. Capital Management Policies

The Company's capital management objectives are:

- To ensure that it will be able to continue as a going concern; and
- To maximise the income and capital return over the long term to its equity shareholders though an appropriate balance of equity capital and debt

As stated in the investment policy, the Company has authority to borrow up to 15% of net asset value through a mixture of bank facilities and certain derivative instruments. There were no borrowings as at 30 April 2023 or throughout the year (2022: nil). Also, as a public company, the minimum share capital is £50,000.

The Company's capital at 30 April 2023 comprised:

	30 April 2023 £000	30 April 2022 £000
Current liabilities:		
Trade and other payables	290	175
Equity:		
Equity share capital	145	160
Retained earnings and other reserves	60,609	99,315
Total shareholders' funds	60,754	99,475
Debt as a % of net assets	0.00%	0.00%

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Investment Manager's view of the market;
- the buy back of shares for cancellations or treasury, which takes account of the difference between the NAV per share and the share price (i.e the level of share price discount or premium);
- new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital have remained unchanged since its launch.

17. Reserves

Ordinary Shares to 30 April 2023	Capital redemption reserve £000	Share premium account £000	Special reserve* £000	Capital reserve realised* £000	Capital reserve unrealised* £000	Revenue reserve* £000
Opening balance	64	672	61,546	35,121	1,680	232
Redemption of Ordinary Shares	–	–	(10,507)	–	–	–
Cancellation of shares	15	–	–	–	–	–
Net loss on realisation of investments and derivatives	–	–	–	(5,727)	–	–
Unrealised losses realised in the year	–	–	–	–	(21,890)	–
Management fee charged to capital	–	–	–	(448)	–	–
Finance costs charged to capital	–	–	–	(39)	–	–
Equity dividends paid	–	–	–	–	–	(142)
Revenue return on ordinary activities after tax	–	–	–	–	–	32
Closing balance	79	672	51,039	28.907	(20,210)	122

** At 30 April 2023, the distributable reserves of the Company comprised of £59,858,000 (2022: £96,899,000).*

Ordinary Shares to 30 April 2022	Capital redemption reserve £000	Share premium account £000	Special reserve* £000	Capital reserve realised* £000	Capital reserve unrealised £000	Revenue reserve* £000
Opening balance	61	–	64,283	23,562	28,499	84
Shares issued	–	688	–	–	–	–
Cost of share issues	–	(16)	–	–	–	–
Redemption of Ordinary Shares	–	–	(2,736)	–	–	–
Cost of redemption	–	–	(1)	–	–	–
Cancellation of shares	3	–	–	–	–	–
Net gain on realisation of investments and derivatives	–	–	–	12,268	–	–
Unrealised losses realised in the year	–	–	–	–	(26,819)	–
Exchange losses on foreign bank accounts	–	–	–	(1)	–	–
Management fee charged to capital	–	–	–	(669)	–	–
Finance costs charged to capital	–	–	–	(39)	–	–
Equity dividends paid	–	–	–	–	–	(11)
Revenue return on ordinary activities after tax	–	–	–	–	–	159
Closing balance	64	672	61,546	35,121	1,680	232

18. Analysis of Financial Assets and Liabilities

Investment Objective and Policy

The Company's investment objective and policy are detailed on pages 13 and 17.

The Company's financial instruments can comprise:

- Shares and debt securities held in accordance with the Company's investment objective and policies;
- Derivative instruments for efficient portfolio management, gearing and investment purposes; and
- Cash, liquid resources and short-term debtors and creditors that arise from its operations.

The risks identified arising from the Company's financial instruments are market risk (which comprises market price risk, interest rate risk and foreign currency exposure risk), liquidity risk and credit and counterparty risk. The Company may enter into derivative contracts to manage risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

These policies have remained unchanged since the beginning of the accounting period.

Market Risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions by way of price movements, interest rate movements and exchange rate movements. The Investment Manager assesses the exposure to market risk when making each investment decision and these risks are monitored by the Investment Manager on a regular basis and the Board at quarterly meetings with the Investment Manager.

Market price risk

Market price risk (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the Investment Manager. Investment performance and exposure are reviewed at each Board meeting.

The Company's exposure to changes in market prices as at 30 April 2023 on its equity and listed Put index option investments held at fair value through profit or loss was £ £56,237,000 (2022: £95,624,000).

The Company entered into a revolving credit facility (the "facility") on 25 February 2021 for £5m (together with an uncommitted accordion facility of up to £7.5m) with The Royal Bank of Scotland International Limited, London Branch. The terms consist of interest rate of 1.35% above SONIA on any drawn down balance and 0.65% on any undrawn balance where less than 25% of the facility is drawn down or 0.55% on any undrawn balance where more than 25% of the facility is drawn down.

The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to Shareholders. If the fair value of the Company's investments at the year end increased or decreased by 10%, then it would have had an impact on the Company's capital return through (losses)/gains on investments held at fair value, impacting profit/(loss) and the NAV, by £5,624,000 (2022: £956,000).

Notes to the Financial Statements continued

Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits. The Company's financial assets and liabilities, excluding short-term debtors and creditors, may include investment in fixed interest securities, such as UK corporate debt stock, whose fair value may be affected by movements in interest rates. The majority of the Company's financial assets and liabilities, however, are non-interest bearing. As a result, the Company's financial assets and liabilities are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. There was no exposure to interest bearing liabilities during the year ended 30 April 2023 (2022: nil).

The Company has a revolving credit facility at an interest rate of 1.35% above SONIA, on any drawn down balance. The Company, subject to the terms of the agreement is able to be drawdown and repay at the discretion of the Company. During the year and at the date of signing this report the facility has not been drawn down.

The possible effects on the fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions.

The interest rate profile of the Company (excluding short-term debtors and creditors) was as follows:

	30 April 2023 Floating rate £000	30 April 2022 Floating rate £000
Assets and liabilities:		
Cash and cash equivalents	4,590	3,794
	4,590	3,794

If the above level of cash was maintained for a year, a 1% increase in interest rates would increase the revenue return and net assets by £46,000 (2022: £38,000). If there was a fall of 1% in interest rates, it would potentially impact the Company by reduced interest and turning positive interest to negative interest. The total effect would be a revenue reduction/cost increase and decrease in net assets of £46,000 (2022: £38,000).

Foreign currency risk

Although the Company's performance is measured in Sterling, a proportion of the Company's assets may be either denominated in other currencies or in investments with currency exposure. Any income denominated in a foreign currency is converted into Sterling upon receipt. At the Balance Sheet date, all the Company's assets were denominated in Sterling and accordingly the only currency exposure the Company has is through the trading activities of its investee companies.

Liquidity Risk

Liquidity risk is not significant as the Company is a closed-ended investment trust and the majority of the Company's assets are investments in quoted equities and other quoted securities that are readily realisable.

The Company's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The Investment Manager reviews daily forward-looking cash reports which project cash obligations. These reports allow it to manage its obligations. A maturity analysis is not presented as the Investment Manager does not consider this to be a material risk.

Credit and Counterparty Risk

Credit risk is the risk of financial loss to the Company if the contractual party to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk as at 30 April 2023 was £4,976,000 (2022: £4,828,000). The calculation is based on the Company's credit risk exposure as at 30 April 2023 and this may not be representative for the whole year.

The Company's quoted investments are held on its behalf by The Bank of New York Mellon ("BNYM"), acting as the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal controls report.

Where the Investment Manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default.

The Company's cash balances are held on its behalf by BNYM. The Board monitor the credit worthiness of BNYM, currently rated at Aa1 (Moody's). The exposure of cash held at BNYM as at 30 April 2023 £4,590,000 (2022: £3,794,000). The cash balances will fluctuate throughout the year and the Board will monitor the exposure.

Investment transactions are carried out with a number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.

Cash is only held at banks that have been identified by the Board as reputable and of high credit quality.

None of the Company's assets are past due or impaired.

19. Related Parties

Fees paid to the Company's Directors are disclosed in the Report on Directors Remuneration on page 48. At the year end, £nil was outstanding due to Directors (2022: £nil).

Details of the Management fee payable to Premier Portfolio Managers Limited pursuant to the Investment Management Agreement are set out in the Strategic Report on page 70. Amounts paid and payable are set out in Note 6.

20. Post Balance Sheet Events

There were no Post Balance Sheet Events.

Redemption of Ordinary Shares

The Company has a voluntary redemption facility through which shareholders are entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. For the year ended 30 April 2023 the Redemption Point for Ordinary Shares will be in accordance with the timetable below.

Shareholders submitting valid requests for the redemption of Ordinary Shares will have their shares redeemed at the Redemption Price. The Directors may elect, at their absolute discretion, to calculate the Redemption Price applying on any redemption point by reference to the Dealing Value per Ordinary Share or by reference to a separate Redemption Pool*.

The Board may, at its absolute discretion, elect not to operate the annual redemption facility on any given Redemption Point, or to decline in whole or part any redemption request, although the Board does not generally expect to exercise this discretion, save in the interests of shareholders as a whole.

A redemption of Ordinary Shares may be subject to either income tax and/or capital gains tax. In particular, private shareholders that sell their shares via the redemption mechanism could find they are subject to income tax on the gains made on the redeemed shares rather than the more usual capital gains tax on the sale of their shares in the market. However, individual circumstances do vary, so shareholders who are in any doubt about the redemption or the action that should be taken should consult their stockbroker, accountant, tax adviser or other independent financial adviser.

The relevant dates for the November 2023 Redemption Point are:

3 October 2023	Latest date for receipt of redemption requests and certificates for certificated shares
3.00pm on 3 October 2023	Latest date and time for receipt of redemption requests and settled TFE (Transfer to Escrow) instructions for uncertificated shares via CREST
5.00pm on 2 November 2023	Redemption Point
By 16 November 2023	Company to notify Redemption Price and dispatch redemption monies; or If the redemption is funded by way of a Redemption Pool, the Company will notify the Redemption Price and dispatch of redemption monies as soon as practicable.

Full details of the redemption facility are set out in the Company's Articles of Association or are available from the Secretary.

** the pool of cash, assets and liabilities to be created by the Directors in respect of a particular redemption point and allocated to the Ordinary Shares which are the subject of redemption requests for that redemption point. The assets of the Redemption Pool will be liquidated and the Redemption Price per Ordinary Share will equal the aggregate cash received by the Company upon the realisation of the Redemption Pool, after deducting the costs of the redemption, which will be borne by the relevant pool, an adjustment for any attributable unsettled liabilities and a pro-rata share of the costs and expenses of the Company not attributable to a particular pool, divided by the number of Redemption Shares, as set out in the Articles.*

Shareholder Information

Miton UK MicroCap Trust plc was incorporated on 26 March 2015 and its Ordinary Shares were admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities on 30 April 2015.

Capital Structure

At the year end, the Company's share capital consisted of Ordinary Shares of £0.001 each ("Ordinary Shares") and non-voting management shares of £1 each ("Management shares"). From time to time, the Company may issue C shares of £0.01 each ("C shares").

The Company's shares have the following rights:

Voting: Ordinary Shares and C shares have equal voting rights. At shareholder meetings, members present in person or by proxy have one vote on a show of hands and on a poll have one vote for each share held.

Management shares are non-voting unless no other shares are in issue at that time.

Dividends: the assets of the Ordinary Shares and C shares are separate and each class is entitled to dividends declared on their respective asset pool. The management shares are entitled to receive, in priority to the holders of any other class of shares, a fixed cumulative dividend equal to 0.01% per annum on the nominal value.

Capital: if there are any C shares in issue, the surplus capital and assets of the Company shall on a winding-up or on a return of capital, be applied amongst the existing Ordinary Shareholders and the Management shareholders pro rata according to the nominal capital paid up on their holdings, having first deducted therefrom an amount equivalent to the assets and liabilities relating to the C shares, which amount shall be applied amongst the C shareholders pro rata according to the nominal capital paid up on their holdings of C shares.

When there are no C shares in issue, any surplus shall be divided amongst the Ordinary Shareholders and Management shareholders pro rata according to the nominal capital paid up on their holdings of Ordinary Shares and Management shares.

In each instance, the holders of the Management shares shall only receive an amount up to the capital paid up on such Management shares and the Management shares shall not confer the right to participate in any surplus remaining following payment of such amount.

As at the date of this Report, there are 94,638,561 Ordinary Shares in issue, none of which are held in treasury, and 50,000 Management shares.

The Company has a redemption facility through which shareholders are entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. The Board may, at its absolute discretion, elect not to operate the annual redemption facility in whole or in part, although it has indicated that it is minded to approve all requests.

Details of the redemption facility are set out on page 84.

Investment Objective

The investment objective of the Company is to provide shareholders with capital growth over the long-term.

Investment Policy

The Company invests primarily in the smallest companies, measured by their market capitalisation, quoted or traded on an exchange in the United Kingdom at the time of investment. It is likely that the majority of the microcap companies held in the Company's portfolio will be quoted on AIM and will typically have a market capitalisation of less than £150 million at the time of investment. The Company may also invest in debt, warrants or convertible instruments issued by such companies and may invest in, or underwrite, future equity issues by such companies.

The Company may utilise derivative instruments including index-linked notes, contracts for differences, covered options and other equity related derivative instruments for efficient portfolio management, gearing and investment purposes. Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described below. The Company will not enter into uncovered short positions.

If companies in the portfolio achieve organic growth or grow through corporate activity such as acquisitions, and consequently have a market capitalisation that would place them outside the investable universe, the Investment Manager will not be obliged to sell those holdings, but the proportion of the portfolio in such companies will be carefully monitored by the Investment Manager and the Board so that the overall investment policy to invest in the smallest quoted or traded companies is not materially altered.

The Company's portfolio is expected to be diversified by industry and market of activity. No single holding will represent more than 15% of Gross Assets at the time of investment and, when fully invested, the portfolio is expected to have over 120 holding although there is no guarantee that will be the case and it may contain a lesser number of holdings at any time.

The Company will have the flexibility to invest up to 10% of its Gross Assets at the time of investment in unquoted or untraded companies, or in any one unquoted or untraded company.

The Company will invest no more than 10% of Gross Assets at the time of investment in other investment funds.

Borrowing

The Company may deploy borrowing to enhance long-term capital growth. Gearing will be deployed flexibly up to 15% of the Net Asset Value, at the time of borrowing. In the event this limit is breached as a result of market movements, and the Board considers that borrowing should be reduced, the Investment Manager shall be permitted to realise investments in an orderly manner so as not to prejudice shareholders.

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

Share Dealing

Shares can be traded through a stockbroker or share trading platform.

Share Prices

The Company's shares are listed on the London Stock Exchange.

Share Register Enquiries

The register for the Ordinary Shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Email Link at enquiries@linkgroup.co.uk. Changes of name and/or address must be notified in writing to the Registrar: Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4D

Current Share Capital and Net Asset Value Information

Ordinary £0.001 shares: 94,638,561
SEDOL Number: BWFGQ08
ISIN Number: GB00BWFGQ085

The Company releases its net asset value per share to the London Stock Exchange daily.

Annual and Half-Yearly Reports

Copies of the Annual and Half-Yearly Reports are available from the Secretary on telephone number 01392 477 500 and are available on the Company's website, www.mitonukmicrocaptrust.com

Investment Manager: Premier Portfolio Managers Limited

The Company's Investment Manager is Premier Portfolio Managers Limited, a wholly-owned subsidiary of Premier Miton Group plc ("Premier Miton"). Premier Miton is quoted on the AIM market for smaller and growing companies.

As at 31 March 2023, Premier Miton had total funds under management of approximately £11.0 billion.

Members of the fund management team invest in their own funds and are significant shareholders in Premier Miton. Investor updates in the form of monthly factsheets are available from the Company's website, www.premiermiton.com/corporate/.

Association of Investment Companies

The Company is a member of the Association of Investment Companies.

Financial Calendar

July 2023	Announcement of 2023 annual results
26 September 2023	Annual General Meeting
31 October 2023	Half-year end
December 2023	Announcement of 2023 half-yearly results
30 April 2024	Year end

Retail Investors advised by IFAs

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Alternative Investment Fund Managers' Directive Disclosures

Alternative Investment Fund Managers' Directive Disclosures

The provisions of the Alternative Investment Fund Managers Directive ('AIFMD') took effect on 22 July 2014. That legislation requires the AIFM to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management.

Pre-Investment Disclosures

The AIFM is required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment can be found at www.mitonukmicrocaptrust.com/documents.

AIFMD Leverage Limits

The maximum level of leverage which the Investment Manager may employ on behalf of the Company and the levels as at 30 April 2023 are set out below. A figure of 100% means that the exposure is equal to the net asset value and the AIF has no leverage.

Leverage exposure	Maximum gross leverage	Maximum commitment
Maximum level	200%	200%
Actual level	100%	100%

Remuneration Disclosure

Premier Portfolio Managers Limited (the 'AIFM') is part of a larger group of companies within which remuneration policies are the responsibility of a Remuneration Committee comprised entirely of non-executive directors. That committee has established a remuneration policy which sets out a framework for determining the level of fixed and variable remuneration of staff, including maintaining an appropriate balance between the two.

Arrangements for variable remuneration within the group are calculated primarily by reference to the performance of each individual and the profitability of the relevant business unit. The policies are designed to reward long-term performance and long term profitability.

Within the group, all staff are employed by the parent company with none employed directly by the AIFM. The costs of a number of individuals are allocated between the entities within the group based on the expected amount of time devoted to each.

The total remuneration of those individuals who are fully or partly involved in the activities of the AIFM in relation to Alternative Investment Funds, including the Company ('AIFs'), including those whose time is allocated between group entities, for the financial year ending 30 September 2022, is analysed below:

Fixed Remuneration	£4,265,246
Variable Remuneration	£1,840,851
Total	**£6,106,097**
Weighted FTE Headcount	50

The table below provides an alternative analysis of the remuneration data.

Aggregate remuneration of:	
Significant Influence Functions	£1,767,151
Senior Management Functions	£83,970
Other staff	£4,254,976
Total	**£6,106,097**

The staff members included in the above analysis support all the funds managed by the AIFM. It is not considered feasible or useful to attempt to apportion these figures to individual AIFs.

The Nomination and Remuneration Committee has reviewed the general principles of the remuneration policy and its application in the last year and has amended and updated the policy in line with recent regulatory changes with effect from 1 October 2022.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eighth ANNUAL GENERAL MEETING of Miton UK MicroCap Trust plc (the "Company") will be held on 26 September 2023 at 11.00 am at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH to consider and vote on the Resolutions below.

Resolutions 1 to 10 (inclusive) will be proposed as Ordinary Resolutions and Resolutions 11 to 13 (inclusive) will be proposed as Special Resolutions.

Ordinary Resolutions

1. To receive and adopt the Strategic Report, Reports of the Directors and Auditor and the audited financial statements for the year ended 30 April 2023.

2. To receive and approve the Directors' Remuneration Report for the year ended 30 April 2023.

3. To elect Louise Bonham as a Director of the Company.

4. To re-elect Peter Dicks as a Director of the Company.

5. To re-elect Davina Walter as a Director of the Company.

6. To re-elect Ashe Windham as a Director of the Company.

7. To re-appoint BDO LLP as Auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next meeting at which financial statements are laid before the Company.

8. To authorise the Audit Committee to determine the remuneration of the Auditor of the Company.

9. To declare a final dividend of 0.15 pence per Ordinary Share for the year ended 30 April 2023.

10. THAT: The Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot Ordinary Shares in the capital of the Company up to an aggregate nominal value of £9,464 (being approximately 10% of the issued Ordinary Share capital of the Company at the date of this Notice), such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 (unless previously renewed, varied or revoked by the Company in general meeting) (the "Section 551 period"), but so that the Company may, at any time prior to the expiry of the Section 551 period, make offers or agreements which would or might require the allotment of shares in pursuance of such offers or agreements as if the authority had not expired.

Notice of Annual General Meeting continued

Special Resolutions

11. THAT: Subject to the passing of Resolution 10, the Directors be and they are hereby empowered, in accordance with Sections 570 and 573 of the Act, to allot Ordinary Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in Resolution 10 as if Section 561(1) of the Act did not apply to any such allotment or sale, such power to expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted or sold from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired.

12. THAT: The Company is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares of £0.001 each in the capital of the Company ("Ordinary Shares") provided that:

    (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 14,186,320 (representing 14.99% of the Ordinary Shares in issue at the date of this Notice);

    (ii) the minimum price which may be paid for each Ordinary Share is £0.001;

    (iii) the maximum price which may be paid for each Ordinary Share shall not be more than the higher of: (i) an amount equal to 105% of the average of the middle market quotations of Ordinary Shares taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the contract of purchase is made; and (ii) the higher of the price of the last independent trade in the Ordinary Shares and the highest then current independent bid for the Ordinary Shares on the London Stock Exchange;

    (iv) this authority will (unless previously renewed, varied or revoked by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 2024;

    (v) the Company may make a contract of purchase for Ordinary Shares under this authority before this authority expires which will or may be executed wholly or partly after its expiration; and

    (vi) any Ordinary Shares bought back under the authority hereby granted may, at the discretion of the Directors, be cancelled or held in treasury and if held in treasury may be resold from treasury or cancelled at the discretion of the Directors.

13. THAT: A general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

Link Company Matters Limited
Registered Office: 6th Floor, 65 Gresham Street, London EC2V 7NQ
10 July 2023

Administrative Notes in Connection with the Annual General Meeting

1. Attending the Annual General Meeting in person

If you wish to attend the Annual General Meeting in person, you should arrive at the venue for the Annual General Meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar, Link Group (the "Registrar"), prior to being admitted to the Annual General Meeting.

2. Appointment of proxies

Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent a member. To be validly appointed, a proxy must be appointed using the procedures set out in these notes. If members wish their proxy to speak on their behalf at the meeting, members will need to appoint their own choice of proxy (not the Chairman of the Annual General Meeting) and give their instructions directly to them.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should log on to www.signalshares.com or contact the Registrar by email at shareholderenquiries@linkgroup.co.uk or by telephone on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

A member may instruct their proxy to abstain from voting on any resolution to be considered at the Annual General Meeting by marking the 'Vote Withheld' option when appointing their proxy. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' or 'Against' the resolution.

The appointment of a proxy will not prevent a member from attending the Annual General Meeting and voting in person if they wish. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every share of which he/she is the holder.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 9 below.

3. Appointment of a proxy online

Members can appoint a proxy online at: www.signalshares.com. In order to appoint a proxy using this website, members will need their Investor Code, which they can find on their share certificate. If you need help with voting online, please contact our Registrar, Link Group, on 0371 664 0300, or email Link at shareholderenquiries@linkgroup.co.uk. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Members must appoint a proxy using the website no later than 48 hours before the time of the Annual General Meeting or any adjournment of that meeting.

4. Appointment of proxy using Proxymity

if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11:00am on 22 September 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

5. Appointment of a proxy using a Form of Proxy

You may request a hard copy form of proxy directly from the Registrar by emailing at shareholderenquiries@linkgroup.co.uk or by telephone on 0371 664 0300. To be valid, a Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL no later than 48 hours before the time of the Annual General Meeting or any adjournment of that meeting.

6. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar Link Group (ID RA10) no later than 48 hours before the time of the Annual General Meeting or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy instructions.

It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

7. Appointment of proxy by joint holders

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority shall be determined by the order in which the names of the joint holders stand in the Company's register of members in respect of the joint holding.

8. Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

9. Entitlement to attend and vote
To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at close of business on 22 September 2023 (or, if the Annual General Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

10. Nominated persons
Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

11. Website giving information regarding the Annual General Meeting
Information regarding the Annual General Meeting, including information required by section 311A of the Act, and a copy of this Notice of Annual General Meeting is available from the Company's website at www.mitonukmicrocaptrust.com/

12. Audit concerns
Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance connected with the auditors of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

13. Voting rights

As at 7 July 2023 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 94,638,561 Ordinary Shares, carrying one vote each, and 50,000 management shares of £1 each. The total number of voting rights in the Company is 94,638,561.

14. Notification of shareholdings

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the Annual General Meeting as their proxy will need to ensure that both they, and their proxy, comply with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

15. Members' right to require circulation of resolution

To be proposed at the Annual General Meeting Members meeting the threshold requirements set out in the Act have the right to: (a) require the Company to give notice of any resolution which can properly be, and is to be, moved at the Annual General Meeting pursuant to section 338 of the Act; and/or (b) include a matter in the business to be dealt with at the Annual General Meeting, pursuant to section 338A of the Act.

16. Further questions and communication

Under section 319A of the Act, the Company must cause to be answered any question relating to the business being dealt with at the Annual General Meeting put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members may not use any electronic address or fax number provided in this Notice or in any related documents to communicate with the Company for any purpose other than those expressly stated.

17. Documents available for inspection

Copies of the Letters of Appointment of the Non-Executive Directors of the Company will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this Notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the location of the meeting from 10:45am until the conclusion of the Annual General Meeting.

Glossary

Alternative Investment Market ("AIM")

MINI's shares are traded on the London Stock Exchange, although most the stocks held in the Company's portfolio are quoted on the AIM exchange. AIM is owned by the London Stock Exchange and was principally set up to meet the funding needs of smaller, growing companies.

Alternative Performance Measure ("APM")

An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework.

Annual General Meeting ("AGM")

All public companies have an AGM every year, and this is the opportunity for the shareholders to confirm their approval of the annual accounts, the annual dividend and the appointment of the Directors and Auditors. It is also a good time for shareholders to meet the non-executive directors. The Company's AGM is on 26 September 2023. The Notice of Meeting can be found on pages 89 to 95.

Discount/Premium

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Discount Calculation	Page	30 April 2023	30 April 2022	
Closing NAV per share (p)	6	64.20	91.05	(a)
Closing share price (p)	6	59.50	86.50	(b)
Discount (c=((a-b)/a)*100)		(7.32%)	(5.00%)	(c)

Dividend Yield

The annual dividend expressed as a percentage of the mid-market share price.

Financial Conduct Authority ("FCA")

This regulator oversees the fund management industry, including the operation of the Company.

Financial Reporting Council ("FRC")

The FRC regulates UK auditors and provides guidance to accountants with the aim of promoting better transparency and integrity in the annual reports of quoted businesses.

FTSE 100 Put Option

A FTSE 100 Put Option is a type of derivative contract in which the underlying value is based on the level of the FTSE 100 index.

Gearing

Gearing refers to the ratio of the Company's debt to its equity capital. The Company may borrow money to invest in additional investments for its portfolio. If the Company's assets grow, the shareholders' assets grow proportionately because the debt remains the same. If the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Growth Stock

A stock where the earnings are expected to grow at an above-average rate, leading to a faster than average growing share price. Growth stocks do not usually pay a significant dividend.

Key Performance Indicators ("KPIs")

KPIs are a short list of corporate attributes that are used to assess to general progress of the business and are outlined in this Report on page 22.

Investment Association ("IA")

The IA is the trade body that represents UK investment managers. Premier Miton Group plc is a member.

Link Company Matters Limited ("Link")

Link is the Company Secretary for the Company.

Net Asset Value per Ordinary Share ("NAV")

The NAV is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of all of the Company's assets, at their current market value, having deducted all liabilities and prior charges at their par value, or at their asset value as appropriate. The NAV per share is calculated by dividing the shareholders' funds by the number of Ordinary Shares in issue excluding treasury shares.

Ongoing Charges

As recommended by the AIC in its guidance, ongoing charges are the Company's annualised revenue and capital expenses (excluding finance costs and certain non-recurring items) expressed as a percentage of the average monthly net assets of the Company during the year.

Ongoing Charges Calculation	Page	30 April 2023	30 April 2022	
Management fee	68	597	892	
Other Administrative expenses	69	676	587	
Less non recurring fees		(86)	–	
Total management fee and other administrative expenses (annualised)		1,187	1,479	(a)
Average net assets in the year		69,083	104,901	(b)
Ongoing charges (c=a/b)*100		1.72%	1.41%	(c)

Peer Group

The Company is part of the AIC's UK Smaller Companies sector whose members invest at least 80% of their assets in UK Smaller Companies.

As at 30 June 2023, the following were constituents of this peer group:

- Aberforth Smaller Companies Ord
- Aberforth Split Level Income Ord
- abrdn Smaller Companies Inc Ord
- abrdn UK Smaller Companies Growth Ord
- Athelney Trust Ord
- BlackRock Smaller Companies Ord
- BlackRock Throgmorton Trust Ord
- Chelverton Growth Trust Ord
- Crystal Amber Ord
- Downing Strategic Micro-Cap Inv. Ord
- Henderson Smaller Companies Ord
- Invesco Perpetual UK Smaller Ord
- JPMorgan UK Smaller Companies Ord
- Marwyn Value Investors Ord
- Miton UK Microcap Ord
- Montanaro UK Smaller Companies Ord
- Odyssean Investment Trust Ord
- Onward Opportunities Ord
- Oryx International Growth Ord
- Rights & Issues Investment Trust Ord
- River and Mercantile UK Micro Cap Ord
- Rockwood Strategic Ord
- Strategic Equity Capital Ord
- SVM UK Emerging Ord
- Worsley Investors Ord

Glossary continued

Redemption Pool

In the event that the Board elects to calculate the Redemption Price through the use of a Redemption Pool, the pool of cash, assets and liabilities to be created by the Directors in respect of a particular Redemption Point and allocated to the Ordinary Shares which are the subject of Redemption Requests for that Redemption Point.

Senior Independent Director ("SID")

The SID is a non-executive director who can be contacted by investors to discuss a matter of governance when it concerns the Chairman and the normal practice cannot be followed. The Company's SID is Peter Dicks.

SONIA (Interest Rate)

Sterling Overnight Index Average

Tap Issue

A tap issue is a procedure that allows the Company to issue new shares at the current market value when the share price is at a premium to NAV. The Company is authorised to issue up to 10% of its share capital without the need for an open offer. This enables the Company to invest in attractive investment opportunities and to issue new shares on a flexible and cost-effective basis.

Total Assets

Total assets include investments, cash, current assets and all other assets. An asset is an economic resource, being anything tangible or intangible that can be owned or controlled to produce value and to produce positive economic value. Assets represent the value of ownership that can be converted into cash. The total assets less all liabilities will be equivalent to total shareholders' funds.

Total Return – NAV and Share Price Returns

Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The Total Return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV.

This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are re-invested in the Company at the prevailing NAV.

NAV Total Return	Page	30 April 2023	30 April 2022	
Closing NAV per share (p)	6	64.20	91.05	
Add back final dividend for the year ended 30 April 2022 (2021) (p)	71	0.15	0.01	
Adjusted closing NAV (p)		64.35	91.06	(a)
Opening NAV per share (p)	6	91.05	104.83	(b)
NAV total return (c = ((a-b)/b)) (%)		(29.3%)	(13.1%)	(c)

Share Price Total Return	Page	30 April 2023	30 April 2022	
Closing share price (p)	6	59.50	86.50	
Add back final dividend for the year ended 30 April 2022 (2021) (p)	71	0.15	0.01	
Adjusted closing share price (p)		59.65	86.51	(a)
Opening share price (p)	6	86.50	104.50	(b)
Share price total return unadjusted (c = (a(a-b)/b)) (%)		(31.0%)	(17.2)%	(c)
Share price total return adjusted (%)		(31.1%)*	(18.0%)*	

** Based on NAV/share price movements and dividends being reinvested at the relevant cum dividend NAV/share price during the period. Where the dividend is invested and the NAV/share price falls, this will further reduce the return or, if it rises, any increase will be greater. The source is Morningstar who have calculated the return on an industry comparative basis.*

Yield Stock

Yield stocks pay above-average dividends to shareholders. If the dividend grows, and the yield on the share remains constant, the share price will increase. Companies which grow their dividends faster than average are capable of delivering faster share price growth.

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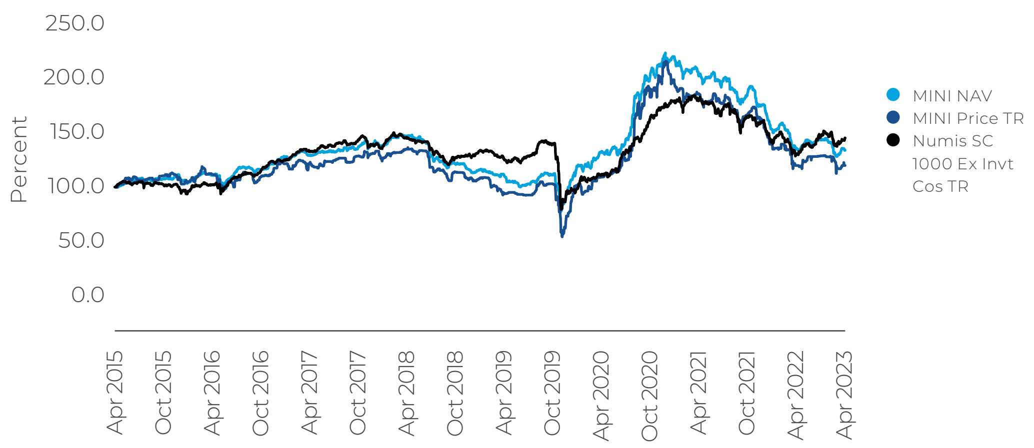
Shareholder warning
Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These calls typically come from fraudsters operating in ‘boiler rooms’ offering investors shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. While high profits are promised, those who buy or sell shares in this way usually lose their money. These fraudsters can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

It is very unlikely that either the Company or the Company’s Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment ‘advice’.

If you have been contacted by an unauthorised firm regarding your shares, you can report this using the FCA helpline on 0800 111 6768 or by using the share fraud reporting form at www.fca.org.uk/consumers/scams.

Notes

Company performance since launch on 30 April 2015



Source: Morningstar from 30/04/2015 to 30/04/2023.

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