Strategic Equity Capital plc

A specialist alternative equity investment trust with a concentrated UK smaller companies portfolio

Report & Financial Statements

for the year ended 30 June 2024

Gresham House
Specialist investment

About Strategic Equity Capital (SEC: LN)

Strategic Equity Capital plc ("SEC" or the "Company") is a specialist alternative equity investment trust.

Actively managed, it maintains a highly-concentrated portfolio of 15-25 high-quality, dynamic, UK smaller companies, each operating in a niche market offering structural growth opportunities.

The Company's investment manager is Gresham House and the lead manager is Ken Wotton. The investment team has a long-term track record of strong returns in the UK smaller companies sector.

SEC listed on the London Stock Exchange on 19 July 2005, having raised funds from a range of investors including institutions, pension funds and private banks. The Board consists of five Non-Executive Directors, all independent of the Investment Manager.

Why Strategic Equity Capital?

Expertise and track record: fund manager Ken Wotton and his team are specialists in identifying great investment opportunities in UK smaller companies, and have a proven, long-term performance track record. The team focus on companies that operate in a sector or niche market that offers opportunities for structural growth or an environment with scope to take market share.

Distinctive: SEC's investment process employs a 'private-equity approach to public markets', a rigorous and repeatable methodology based on private equity investing techniques to deliver value and returns on investment.

A powerful network: the Investment Manager's network of advisers and connections provides challenge, validation and insight to the investment team, which in turn drives better decision-making, stock-selection and ultimately, value to shareholders. The network and advisers can also be connected to portfolio companies to support their growth.

Active and engaged: the team invest in a highly-concentrated portfolio of between 15–25 companies. The investment team is actively engaged with investee companies working closely to build superior shareholder value.

Focus within an investment trust structure: the structure of the investment vehicle allows the investment team to be truly long term and to run a more concentrated portfolio of stocks with a high degree of conviction.

Strong fundamentals: investment is made in companies that are able to demonstrate a fundamentally profitable business model, strong cash generation, attractive returns on capital and superior operating margins.

Investment Objective

The investment objective of Strategic Equity Capital plc is to achieve absolute returns (i.e. growth in the value of investments) rather than relative returns (i.e. attempting to outperform selected indices) over a medium-term period, principally through capital growth.

The Company's investment policy can be found on **page 20**.

Investment Manager

Gresham House is a specialist alternative asset management group, dedicated to sustainable investments across a range of strategies, with expertise across forestry, housing, infrastructure, renewable energy and battery storage, public and private equity.

Its origins stretch back to 1857, while its focus is on the future and the long term. Gresham House actively manages c.£8.8bn of assets on behalf of institutions, family offices, charities and endowments, private individuals and their advisers. It acts responsibly within a culture of empowerment that encourages individual flair and entrepreneurial thinking.

As a signatory to the UN-supported Principles for Responsible Investment (PRI), its vision is to always make a positive social or environmental impact, while delivering on its commitments to shareholders, employees and investors.

A more detailed explanation of the Investment Strategy can be found in the Investment Manager's Report on **pages 8** to **10.**

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Financial Summary

Measure	Value	Change	30 June 2023
Net Asset Value ("NAV") per ordinary Share	396.87 pence	+15.9%	342.47 pence
Ordinary Share Price	365.50 pence	+18.3%	309.00 pence
NAV Total Return[1]	+16.6%		+9.2%
Share Price Total Return[1]	+19.2%		+11.2%
Discount of Ordinary Share Price to NAV[1]	-7.9%		-9.8%
Proposed Final Dividend for the year	3.50 pence	+40%	2.50 pence

1. **Alternative Performance Measures.** Please refer to **pages 75** to **76** for definitions and reconciliations of the Alternative Performance Measures to the year-end results.

Information disclaimer

This report is produced for members of the Company with the purpose of providing them with information relating to the Company and its financial results for the period under review. If you are in any doubt as to the action you may need to take, please seek advice from your stockbroker, solicitor, accountant or other financial advisor authorised under the Financial Services and Markets Act 2020. This report contains subjective opinion, analysis and forward looking statements which, by their very nature involve uncertainty.

Past performance is no guarantee of future performance. Investments are not guaranteed and you may not get back the amount you originally invested. Neither the Directors nor the Company take responsibility for matters outside of their control. The Board and its advisers have endeavoured to produce these audited accounts in good faith and in accordance with legislation, regulations, reporting standards and to be useful to stakeholders in the Company, including its shareholders.

	At 30 June 2024	At 30 June 2023	% change
Capital return			
Net asset value ("NAV") per Ordinary share†	**396.87p**	342.47p	15.9%
Ordinary share price	**365.50p**	309.00p	18.3%
Comparative index‡	**5,687.19**	4,970.43	14.4%
Discount of Ordinary share price to NAV[1]	**(7.9)%**	(9.8)%	
Average discount of Ordinary share price to NAV for the year[1]	**(7.6)%**	(7.4)%	
Total assets (£'000)	**191,683**	170,784	12.2%
Equity shareholders' funds (£'000)	**189,965**	170,223	11.6%
Ordinary shares in issue with voting rights	**47,865,450**	49,704,711	

	Year ended 30 June 2024	Year ended 30 June 2023
Performance		
NAV total return for the year[1]	**16.6%**	9.2%
Share price total return for the year[1]	**19.2%**	11.2%
Comparative index‡ total return for the year	**18.5%**	(0.4)%
Ongoing charges[1]	**1.20%**	1.22%
Ongoing charges (including performance fee)[1]	**2.03%**	1.22%
Revenue return per Ordinary share	**4.15p**	3.53p
Dividend yield[1]	**0.96%**	0.81%
Proposed final dividend for the year	**3.50p**	2.50p

Year's Highs/Lows	**High**	**Low**
NAV per Ordinary share	396.98p	317.93p
Ordinary share price	370.00p	290.00p

† Net asset value or NAV, the value of total assets less current liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

‡ FTSE Small Cap (ex Investment Trusts) Index.

1. **Alternative Performance Measures.** Please refer to pages 75 and 76 for definitions and reconciliations of the Alternative Performance Measures to the year-end results.

Chairman's Statement

I am pleased to report that, despite challenging and volatile market conditions, the Company's NAV per share (on a total return basis) increased by **16.6%** during the 12 months to 30 June 2024. The FTSE Small Cap (ex Investment Trusts) Total Return Index ("FTSE Small Cap Index"), against which the Company's performance can be compared, rose by **18.5%**. Over the same period, the Company's share price delivered a total return of **19.2%**. The underperformance relative to the reference index was primarily due to the Company's decision to avoid investing in cyclical sectors within the index which performed well during the period.

Nevertheless, the NAV performance for the period was encouraging, with the majority of portfolio investments delivering positive returns. This reflects the Manager's continued focus on higher quality companies that are positioned in areas of structural growth and/or have self-help levers to drive value creation. The Board remains confident that prioritising companies with resilient business fundamentals and strong balance sheets will enable the Company to continue to outperform over the medium to long term.

The Company's NAV per share (on a total return basis) over the three years to 30 June 2024 was 15.6%, compared to just 0.8% for the FTSE Small Cap Index.

An overview of the reporting period, performance, and portfolio is discussed in detail in the Investment Manager's Report on pages 7 to 19.

As a direct result of our deliberate and distinctive investment process, the Company provides notable benefits for investors:

▪ Performance

SEC's performance has been strong relative to its peers and, this has been driven by the distinctive nature of the Company's returns. This success reflects the skills of our Investment Manager, Ken Wotton, and his team, as well as the advantages of applying a private equity approach to public markets. The portfolio has been carefully constructed with the objective of delivering real returns. There continues to be clear and significant M&A interest in UK equities due to attractive valuations, with several portfolio companies attracting takeover interest during the period. Most notably, the acquisitions of Ten Entertainment Group and Alpha Financial Markets Consulting by private equity bidders were completed and announced during this period. However, it is worth noting that none of the Company's top five performance contributors during the period were companies that received takeover bids. This highlights that, while takeover activity can enhance portfolio performance, significant organic shareholder returns can also be achieved through diligent stock selection and a focus on high-quality businesses.

▪ Performance Fee

The Company's performance is assessed over rolling three-year periods ending on 30 June each year, with the NAV total return per share compared to the total return performance of the FTSE SmallCap (ex Investment Companies) Index.

Given the strong three year performance, a capped performance fee of £1,409,000 has been earned by the Investment Manager in the period under review. Specifically, the NAV total return per share, prior to any performance fee accrual, surpassed both the Target NAV per share (which includes the FTSE SmallCap Index return plus an additional 2.0% per annum) and the high watermark – the highest NAV per Share for which a performance fee has previously been paid. As a result, the Investment Manager is entitled to 10% of the outperformance above the higher of these two benchmarks. Any performance fee is capped at 1.4% per annum of the Company's NAV at the end of the relevant financial period. Further details of the performance fee arrangements are detailed on page 33.

▪ Risk Management

For investors looking for high quality small cap UK equity exposure, SEC offers low correlations and a low beta to the broader market. When combined with valuation discipline and a fundamentals based approach to stock selection, this provides a strong margin of safety to underpin the long-term upside potential of the portfolio.

▪ Valuation

SEC currently offers investors an attractive discount at four different levels:

- UK equities stand at a substantial discount to global markets, currently at levels previously seen in the 1990s;
- Within the UK market, smaller capitalisation stocks trade at a notable discount to large caps;
- The SEC portfolio of companies are both lower valued and higher quality than UK small cap indices; and
- Investors are today able to purchase SEC shares at a discount to NAV.

Discount and Discount Management

The average discount to NAV of the Company's shares during the period was **7.6%**, compared to the equivalent **7.4%** figure from the prior year. The discount range was **2.9%** to **11.6%**.

Encouraging progress continues to be made to address the persistent share price discount to NAV experienced by the Company. Following on from the measures implemented in 2022 the discount has narrowed, in the current period from 9.8% at the beginning to 7.9% at the end. For comparison, over the same period the average UK Smaller Company Investment Trust discount decreased from 11.5% to 10.2%.

Some of these measures remain ongoing. These include: a buy back policy to return up to 50 per cent. of proceeds from profitable realisations, at greater than a 5 per cent. discount on an ongoing basis, in each financial year; an ongoing commitment by Gresham House Asset Management to reinvest 50 per cent. of its management fee per quarter in shares if the Company's shares trade at an average discount of greater than 5 per cent. for the quarter; and the deferral of an annual continuation resolution in favour of the implementation of a 100 per cent. realisation opportunity for shareholders in November 2025.

Marketing

The Board continues to oversee the implementation of the marketing plan and strategy to broaden the shareholder base by increasing awareness of the Company, and to ensure a clear investment proposition is presented to the market.

During the year the Board oversaw the sale by the Company's largest shareholder of 10% of the Company, which was placed with various UK wealth managers.

Increased diversification of the shareholder register should help to improve the liquidity of the Company in addition to reducing the discount over time.

Communicating differentiation through a range of marketing activities has included a retail-focused advertising campaign, an extensive PR campaign and content creation throughout the period. There have also been regular commentaries and webinars to keep shareholders and prospective investors up to date with portfolio developments and performance. The Investment Manager has also spoken at retail investor events to raise the profile of the Company.

All these activities have provided the opportunity to highlight the Investment Manager's distinctive and highly disciplined private equity approach to public markets, coupled with constructive, active corporate engagement.

This messaging is reflected in all communications including on the Company's webpage (**www.strategicequitycapital.com**).

The Board values the importance of Marketing and Distribution more broadly, to build the profile and positioning of the Company over time.

Gearing and Cash Management

The Company has maintained its policy of operating without a banking loan facility. This policy is periodically reviewed by the Board in conjunction with the Investment Manager and remains under review.

Dividend

For the year ended 30 June 2024 the basic revenue return per share was 4.15p (2023: 3.53p). Although the Company is predominantly focused on delivering long term capital growth, due to the strongly cash generative nature of the majority of the portfolio companies and low capital intensity, many pay an attractive dividend. Accordingly, the Board is proposing a final dividend of 3.50p per share for the year ending 30 June 2024 (2023: 2.50p per share), payable on 13 November 2024 to shareholders on the register as at 11 October 2024.

Realisation Opportunity

As announced by the Company on 9 February 2022 and reiterated in subsequent publications, shareholders will be provided with a 100% realisation opportunity in 2025 (the "2025 Realisation Opportunity"). The structure and timing of the 2025 Realisation Opportunity will be communicated by the Board in due course, having given careful consideration to the various options available to maximise shareholder value.

Board Composition

In addition, the timing of the 2025 Realisation Opportunity will take in to consideration the Board's long term succession planning, so as to allow shareholders to make an informed decision with certainty over the ongoing Board composition. In the first instance Richard Locke, Non-Executive Deputy Chairman, is expected to announce his retirement from the Board during 2025, having been appointed as a Non-Executive Director in February 2015. Similarly, I expect to announce my retirement from the Board during 2026, having been appointed as a Non-Executive Director in February 2016, and subsequently as Non-Executive Chairman in November 2022.

Outlook

The global macroeconomic and geopolitical environment continues to demonstrate volatility. Domestically, the UK economy has delivered a series of encouraging metrics in recent months, with inflation having returned towards the Bank of England's target range, real wage growth returning, and GDP growth recovering from what was feared early in 2024 to be the beginning of a prolonged recession.

Across the portfolio, the Investment Manager has been encouraged by the positive news flow, with the majority of the portfolio showing solid performance. Valuations remain attractive when compared to historical levels, large-cap UK equities, overseas equities, and recent M&A transaction multiples. The strong performance during the period was primarily driven by organic returns to equity, with additional upside from takeover premia. Furthermore, the Investment Manager is confident in the significant growth potential across the remaining portfolio, believing that the resilient positioning of the Company's holdings should enable it to outperform in the medium to long term.

In addition, the enhanced marketing programme and ongoing share buybacks are expected to support the Company's ability to maintain a structurally narrower share price discount to NAV over the coming year, building on the positive momentum since the appointment of the current Investment Manager in 2020.

With the Labour government now in office, the Investment Manager is mindful of the potential impact of their reforms. While these reforms may present both challenges and opportunities, particularly in sectors such as infrastructure, energy, and public services, the portfolio's focus on companies with strong fundamentals and exposure to structural growth themes positions it well to navigate these changes. The Investment Manager believes this adaptability will enable the Company to continue delivering value to shareholders in the evolving political and economic landscape.

The Board, once again, thanks you for your continued support.

William Barlow

Chairman

25 September 2024

Investment Manager's Report – Introduction

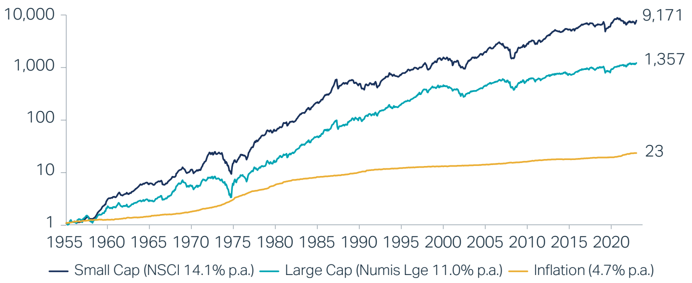
Why Strategic Equity Capital?

Expertise and Proven Track Record

Strategic Equity Capital benefits from the specialist expertise of fund manager Ken Wotton and his team, who excel in identifying compelling investment opportunities within UK smaller companies. With a demonstrable long-term track record, the team focuses on companies that operate in sectors or niche markets offering potential for structural growth or opportunities to gain market share.

Figure 1: Long-term performance

Cumulative Percentage Index Returns 1955-2022
(log scale, rebased to 100)



% returns are rebased to 100 at 1 January 1955

Source: Scott Evans, Paul Marsh, Numis Indices 2022 Annual Review, 16 January 2023.

A Distinctive Approach

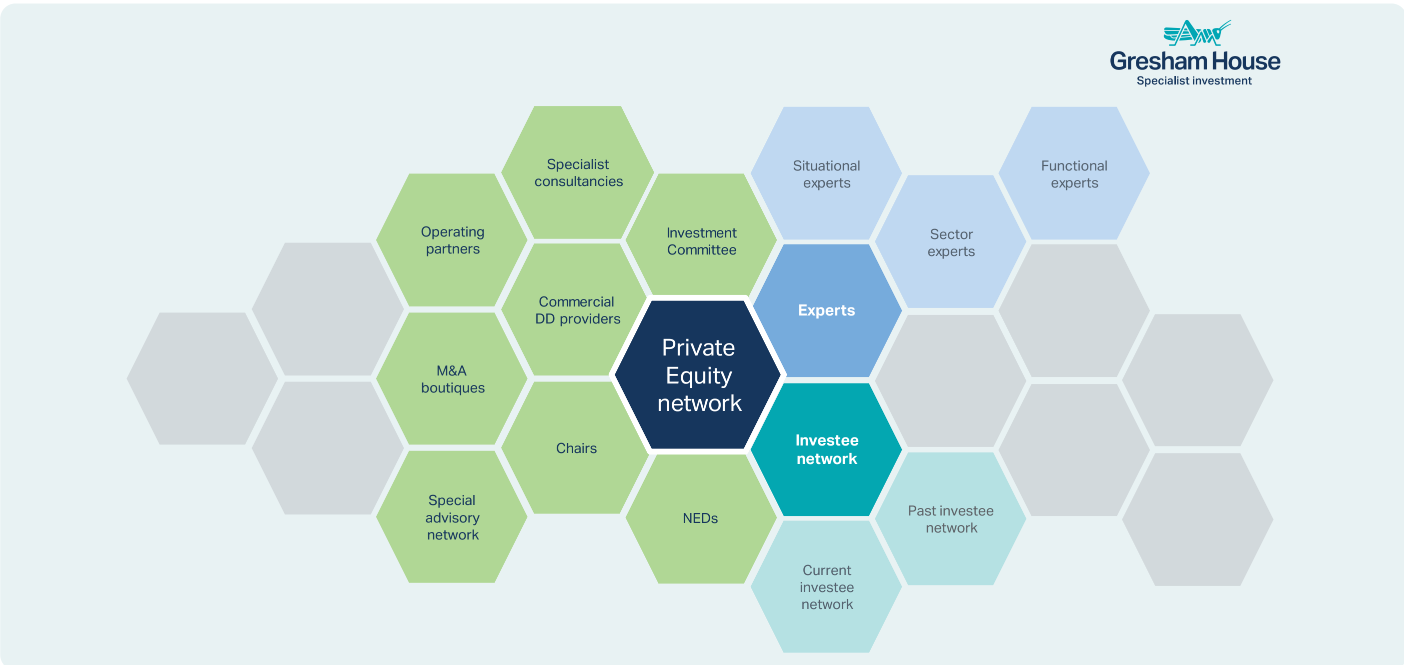
The SEC team applies Gresham House's highly disciplined private equity methodology in the public markets, combining constructive corporate engagement with rigorous due diligence. This approach has proven effective in generating strong returns. The team can invest strategically to support companies in various ways, including;

- providing primary capital,
- facilitating strategic shifts or operational improvements,
- pre-IPO funding,
- acting as a catalyst for mergers and acquisitions.

Powerful Network

The Investment Manager's network of advisers and connections provides challenge, validation and insight to the investment team, which in turn drives better decision-making, stock-selection and ultimately, value to shareholders. The network and advisers can also be connected to portfolio companies to support their growth.

Private equity network



For illustrative purposes only.

Active and engaged

SEC maintains a highly concentrated portfolio of 15–25 companies, allowing the investment team to engage actively with investee companies to build superior shareholder value. The investment trust structure further enables the team to take a long-term approach, focusing on high-conviction investments.

Strong fundamentals:

Investments are made in companies that demonstrate a profitable business model, strong cash generation, attractive returns on capital, and superior operating margins.

Disciplined and repeatable process

Gresham House
Specialist investment

Focus on fundamentals

- Quality of business
- Downside risk mitigation
- Long-term perspective

Targeted due diligence

- Focus on critical judgements
- Identify key risk areas
- Leverage our proprietary network

Investment process breakdown is shown for discussion purposes only and the details can be updated without prior notice.

Our Strategic Public Equity strategy

The appointment of Gresham House as Investment Manager in May 2020, and Ken Wotton as Lead Fund Manager in September 2020, marked a strategic refocus, ensuring the investment strategy is rigorously applied and effectively leverages the extensive resources of the Gresham House Strategic Equity team, the broader Group platform, and its network. This strategy, detailed in the Company's 2023 Annual Report, is summarised on **pages 8** to **10**.

Investment focus

Our investment focus is to invest into high quality, publicly listed companies which we believe can materially increase their value over the medium to long term through strategic, operational or management change. To select suitable investments and to assist in this process we apply our proprietary Strategic Public Equity ("SPE") investment strategy. This includes a much higher level of engagement with management than most investment managers adopt and is closer in this respect to a private equity approach to investing in public markets companies. Our path to achieving this involves constructing a high conviction, concentrated portfolio; focusing on quality business fundamentals; undertaking deep due diligence including engaging our proprietary network of experts and assessing ESG risks and opportunities through the completion of the ESG decision tool; and maintaining active stewardship of our investments.

Through constructive, active engagement with the management teams and boards of directors, we seek to ensure alignment with shareholder objectives and to provide support and access to other resource and expertise to augment a company's value creation strategy. We are long-term investors and typically aim to hold companies for three-to-five years to back a thesis that includes an entry and exit strategy and a clearly identified route to value creation. We have clear parameters for what we will invest in and areas which we will deliberately avoid.

Smaller company focus

We believe that UK Smaller Companies represent a structurally attractive part of the public markets. Academic research demonstrates that smaller companies in the UK have delivered substantial outperformance over the long term (see Figure 1 on page 7). This is partially because there are a large number of under-researched and under-owned businesses that typically trade at a valuation discount to larger companies (see Figure 3 below) and relative to their prospects. A highly selective investor with the resources and experience to navigate successfully this part of the market can find exceptional long-term investment opportunities.

The compelling UK small cap opportunitiy

Figure 2: UK 12-month forward P/E relative to global equities[1]

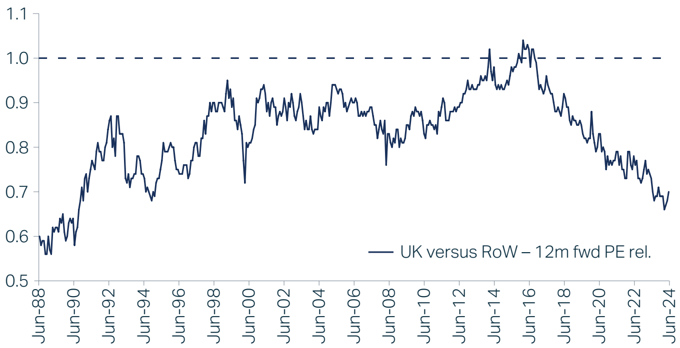
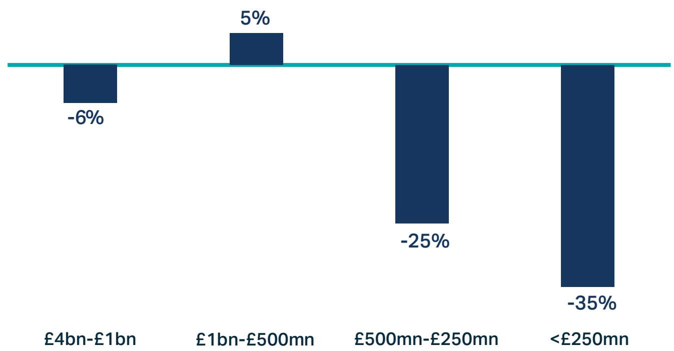


Figure 3: Median PE of small caps vs large caps[2,3]



Past performance is not necessarily a guide to future performance.

Portfolio investments in smaller companies typically involve a higher degree of risk. Capital at risk.

1. Source: Berenberg, as at 30 June 2024
2. Source: Bloomberg as at 30 June 2024
3. Median PE companies in £4bn – £10bn range

Key Attractions of Smaller Companies:

Inefficient Markets: Smaller companies are often under-researched, presenting opportunities for those willing to devote time and resources.

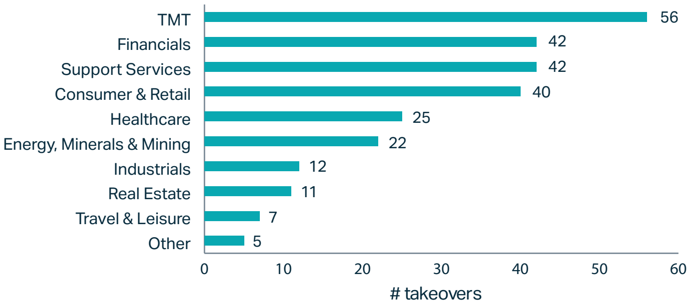
Large Universe: Most UK-listed companies fall into the smaller companies category, with two-thirds having a market capitalisation below £500m, offering a wide array of opportunities.

Valuation Discounts: These discounts present attractive entry points where the intrinsic value of a company's long-term prospects is undervalued.

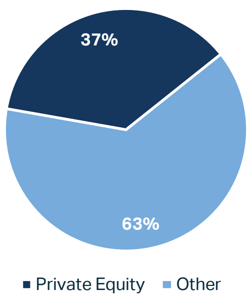
M&A Activity: Smaller companies often offer strategic opportunities within their niche markets and can become attractive acquisition targets for both trade and private equity buyers.

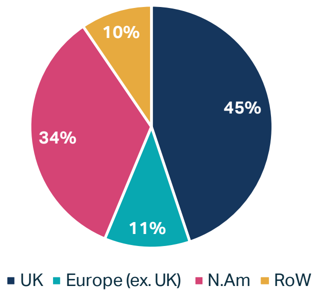
UK takeovers in past five years

Sector characteristics



Acquirer characteristics





Key statistics

Total # takeovers	262
Avg. transaction value	£1,108m
Avg. premium to 30-day VWAP[1]	44.0%
Avg. takeout multiple EV[2]/EBITDA[3]	14.5x

Past takeover activity is not necessarily a guide to future takeover activity.

Source: FactSet, Bloomberg as at 30 June 2024

1. Volume Weighted Average Price
2. Enterprise Value
3. Earnings Before Interest, Tax, Depreciation and Amortisation

Portfolio Construction

We maintain a concentrated portfolio of 15-25 high conviction holdings with prospects for attractive absolute returns over our investment holding period. The majority of portfolio value is likely to be concentrated in the top 10 holdings, with other positions representing smaller initial "toehold" investments where we are awaiting a catalyst to increase our stake to an influential, strategic level. Bottom-up stock picking determines SEC's sector weightings, which are not explicitly managed relative to a target benchmark weighting. The absence of certain sectors such as oil & gas, mining, and banks, as well as limited exposure to overtly cyclical parts of the market, typically result in a portfolio weighted towards businesses with sustainable profit and cash generation characteristics. This is further reinforced by the absence of early stage or pre-profit businesses from the portfolio.

As a result, whilst the portfolio's sector composition may vary between reporting periods, over the long term it is expected to comprise primarily technology, healthcare, business services, financials and industrials businesses.

The underlying value drivers are typically company specific and they exhibit limited correlation even within the same broad sectors. The pie-chart on page 19 sets out the sector exposure of the Company as at 30 June 2024. Our smaller company focus and specialist expertise leads us to prioritise companies with a market capitalisation between £100m and £300m at the point of investment. This focus, in combination with the size of the Company and its concentrated portfolio approach, provides the potential to build a strategic and influential stake in the highest conviction holdings. In turn this provides a platform to maximise the likelihood that our constructive active engagement approach will be effective and ultimately successfully contribute to shareholder value creation. Once purchased there is no upper limit restriction on the market capitalisation of an individual investment. We will run active positions regardless of market capitalisation provided they continue to deliver the expected contribution to overall portfolio returns and subject to exposure limits and portfolio construction considerations.

Constructive Active Engagement Approach

SEC strives to build consensus with stakeholders, aiming to unlock shareholder value and create stronger businesses in the long term. Our objective is to foster a constructive dialogue with management, positioning the Gresham House Asset Management ('GHAM') team and its network as trusted advisers. With a highly focused portfolio, SEC's management team can develop a deep understanding of its portfolio companies and their potential.

Where appropriate the GHAM team is able to leverage its combined interest in an SEC portfolio company, where additional shareholdings are held within other GHAM-managed investment vehicles, in order to maximise its engagement efficacy with the portfolio company. For example, with reference to the two SEC portfolio companies, Iomart on **page 15** and XPS Pensions Group on **page 28**, SEC's engagement ability was enhanced by virtue of the enlarged share ownership when aggregated with other GHAM-managed investment vehicles.

The team engages with company management and boards in several areas, including:

Strategy: Ensuring that business strategy and operations align with long-term value creation and focus on building strategic value within a company's market.

Corporate Activity: Supporting acquisition and divestment activities through advice, network introductions, and cornerstone capital.

Capital Allocation: Optimising capital allocation by prioritising the highest return and value-added projects.

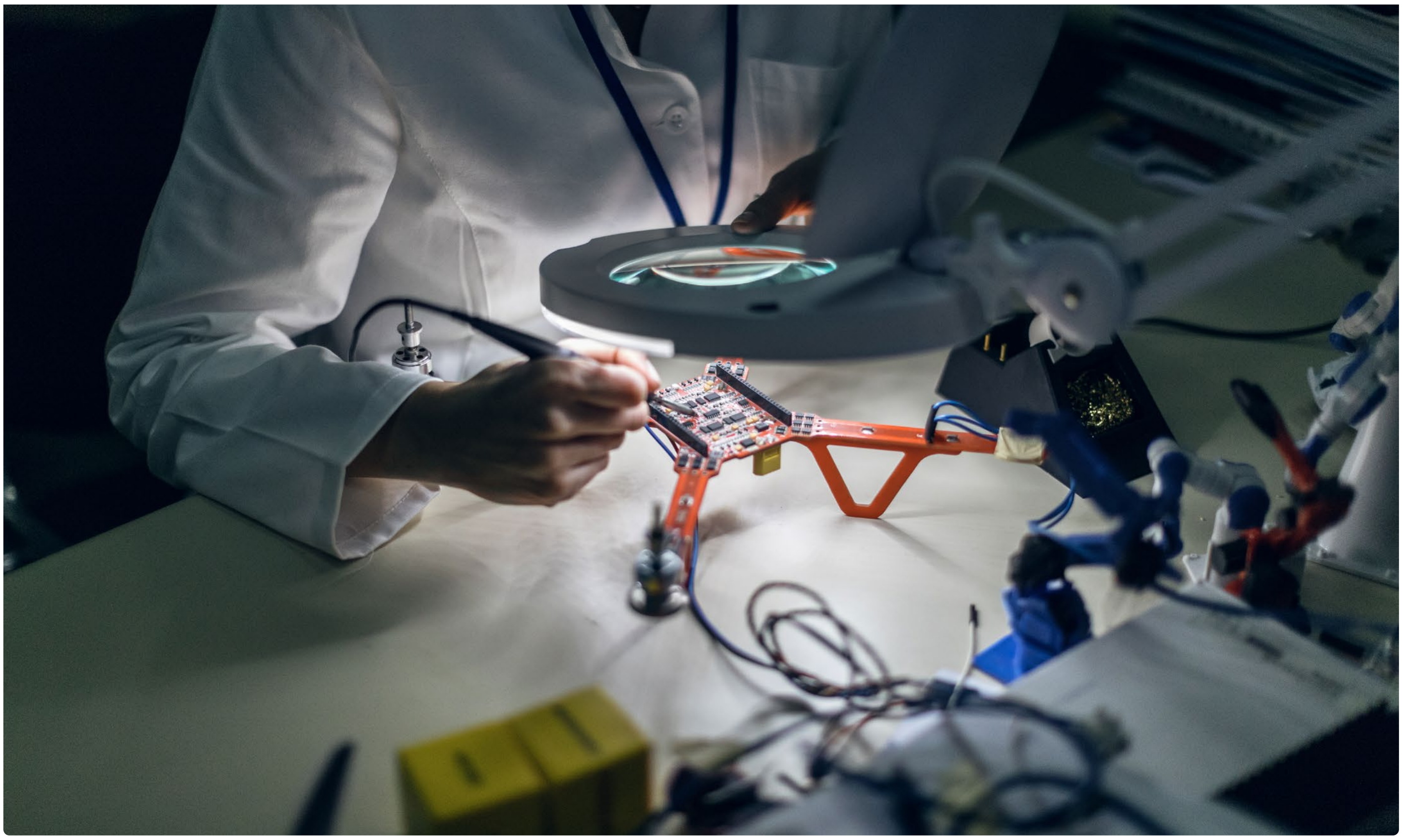
Board Composition: Ensuring boards are appropriately balanced and introducing high-quality candidates as needed.

Management Incentivisation: Aligning management incentives with long-term shareholder value.

ESG: Leveraging Gresham House's sustainable investing framework to identify, understand, and monitor key ESG risks and opportunities, with a particular focus on corporate governance.

Investor Relations: Assisting management teams in refining their equity story and targeting investor relations activities to ensure market understanding and value creation.

Engagement is undertaken privately, leveraging the resources of the Gresham House group. We also seek to introduce portfolio companies to our network, supporting initiatives to create shareholder value. In summary, we follow a practice of constructive corporate engagement, working collaboratively with management teams and like-minded co-investors to enhance shareholder value.



Investment Manager's Report for the year ended 30 June 2024

1) Overview

The period from 1 July 2023 to 30 June 2024 has been characterised by notable volatility and evolving macroeconomic conditions both domestically and internationally.

In the UK steady progress was made on taming inflation, with the headline CPI falling from 7.9% in June 2023 to 2.0% in June 2024, which culminated in a 25bps Base Rate cut post-period end (returning to the 5% level that marked the start of the period). The first six months of the period saw the UK slip into technical recession, the first time since 2020, but it quickly recovered to deliver promising GDP growth particularly in the final quarter of the period.

Internationally, newsflow has been dominated by escalating geopolitical tensions, fears over US inflation persistence and implications for yields, and continued weakness in European industrial activity. Alongside this, political volatility has been a recurring theme following a number of major election cycles.

Despite this volatility, our portfolio has continued to demonstrate considerable resilience, anchored by strong fundamental characteristics that we seek in our bottom-up investment approach. Many of our holdings are strategically positioned within structural growth trends or have significant self-help opportunities, enabling them to perform robustly despite broader economic uncertainties. We have deliberately avoided sectors more sensitive to economic cycles and exogenous variables, such as banks, oil & gas, and mining companies.

News flow over the period from our portfolio companies has been largely positive, with a number of companies delivering one or more earnings upgrades versus market expectations, reinforcing our confidence in the quality and growth potential of the portfolio. Despite this strong fundamental performance, UK equities, particularly in the small-cap segment, have continued to trade at discounted valuations relative to international peers and to private M&A transactions for comparable businesses. Continued net outflows from UK equities have placed relentless selling pressure on the sector, with June 2024 marking the 37th consecutive month of net outflows[1].

Attractive valuations of UK equities have prompted a significant acceleration in takeover activity. After a robust calendar year in 2023, which witnessed 39 bids, H1 2024 has already seen 32 bids announced, with an overwhelming bias towards smaller cap companies. Interestingly, whilst private equity bidders accounted for the majority of transactions in 2023, corporate bidders have been disproportionately active in the first six months of 2024, accounting for 72% of offers announced [2].

We continue to focus on bottom-up stock selection and on opportunities where structural growth themes and/or self-help levers dilute the impact of broader economic and market fluctuations. Our consistent investment philosophy, strong relationships with company management teams, and extensive specialist network continue to underpin our confidence in the portfolio. We remain committed to high-quality businesses with clear value creation strategies, long-term demand drivers, and durable competitive advantages.

2) Detailed Performance Overview

The net asset value ("NAV") increased 16.6%, on a total return basis, over the twelve months to the end of June, closing at 396.87p per share. This increase in NAV reflected the positive returns delivered by the majority of portfolio companies throughout the period, despite volatile equity market conditions as geopolitical and macroeconomic concerns weighed on investor sentiment.

Despite a strong absolute performance the Company underperformed its comparator during the period, as the FTSE Smaller Companies (ex Investment Trusts) Index grew by 18.5%. The underperformance against the index was primarily due to the decision to avoid investing in cyclical sectors within the index.

Despite the market volatility experienced over the year, we remain confident about the resilient underlying fundamentals of the portfolio companies and their ability to withstand the macroeconomic headwinds that look set to persist through the current financial year.

1. Source: Calastone

2. Peel Hunt, "UK M&A – Further acceleration", 2 July 2024

Top Five Absolute Contributors to Performance

Security	Valuation 30 June 2024 £'000	Period Contribution to return (basis points)
XPS Pensions Group	43,477	1,251
Fintel	17,373	541
The Property Franchise Group	12,481	175[3]
Wilmington	-	171
Tribal Group	9,026	158

XPS Pensions Group, a pensions consulting, advisory and administration services provider, which delivered results in excess of market expectations, saw successive analyst upgrades throughout the period, and which divested a non-core business at a significantly accretive valuation multiple to the wider group. XPS Pensions Group accounted for 22.9% of the Company's Net Asset Value at the end of the year. Following the period end this was reduced by an amount equivalent to 11.1% of Net Asset Value; **Fintel**, a provider of tech-enabled regulatory services, following a number of strategic acquisitions which will significantly increase the capabilities, scale and IP of the organisation; **The Property Franchise Group**, a lettings-focussed franchised estate agency business, which completed two transformational acquisitions in the period augmented by strong organic growth; **Wilmington**, a professional media provider, which demonstrated strong operating fundamentals and forecast upgrades whilst successfully refocussing the business on a digital first strategy in the governance, risk and compliance market exited in full during the year; **Tribal Group**, a provider of technology products and services to the education, learning and training markets, following strong full year results, the amicable settlement of an ongoing contractual dispute (at a significant discount to the counterparty's claimed damages), and the announcement (albeit the transaction eventually lapsed post-shareholder vote) of a Recommended Cash Offer in early October at a 42% spot premium.

Bottom Five Absolute Contributors to Performance

Security	Valuation 30 June 2024 £'000	Period Contribution to return (basis points)
R&Q Insurance Holdings	5	(505)
Iomart Group	18,246	(240)
Inspired	7,420	(192)
Ricardo	14,584	(111)
Carr's Group	-	(38)

3. All-share merger with Belvoir Group plc during the period; Belvoir pre-merged contributed 40bps of performance to the Company such that the aggregate contribution with The Property Franchise Group plc was 215bps

The largest performance detractor in the period was **R&Q Insurance Holdings**, a global non-life specialty insurance company, following a prolonged process to separate its two businesses ("Accredited" and "Legacy"), a convertible equity raise (to bolster capital adequacy), and weaker than expected trading.

Our investment thesis was predicated on the significant latent value potential in R&Q, particularly on a sum of the parts basis, as the business transformed from a capital intensive specialist insurance business to a faster growth and more cash generative services business model. This value potential was corroborated somewhat by the all-cash takeover approach received (but later withdrawn) in 2022 that valued the company at £482m. Whilst the company made positive steps to realise this value by separating its two businesses and announcing the sale of its Accredited division to Onex Partners, the Legacy division began to experience unforeseen balance sheet stress. Due to a prolonged transaction timetable for the Accredited sale, combined with lower than expected net cash proceeds (which were expected to alleviate the Legacy division's balance sheet challenges), the company unfortunately entered into a provisional liquidation process which led to no recovery for equity holders.

Whilst the Investment Manager was able to mitigate some downside through selling shares ahead of this process, having exhausted attempts to rectify the situation in collaboration with other shareholders and the Board, the conclusion has been a loss of principal for the remaining holding following the liquidation process, and a 505bps negative performance contribution in the 12 months to 30 June 2024.

The Investment Manager acknowledges that, notwithstanding the portfolio's strong aggregate performance over the period, this investment led to a deeply disappointing outcome for the Company. Whilst the Investment Manager follows a bottom-up investment approach that places great focus on business fundamentals and downside protection, in this instance we underestimated the extent to which balance sheet complexity in this business could have led to financial stress in a downside scenario. Going forwards, even greater scrutiny on balance sheet simplicity will be adopted by the Investment Manager.

The next three largest detractors, by contrast, suffered from share price weakness in response to short term developments that, we believe, do not fundamentally change the long term values of the holdings.

These detractors included **Iomart Group**, a hybrid cloud managed services provider, which despite delivering in-line full year results experienced some small consensus downgrades reflecting organic growth expectations and the ability to pass-through cost increases from VMWare. The Investment Manager is encouraged by the orderly change of leadership that took place in the period, with the appointments of a high quality CEO and experienced plc chair with a track record of value creation in the IT services space; **Inspired**, despite positive newsflow throughout the period. Inspired's FY23 results came in ahead of expectations, with 20% EBITDA growth at a group level, double digit revenue growth in two divisions and >100% growth in its ESG division. In addition the group disclosed a series of new KPIs evidencing the good progress made in its cross-selling strategy; and **Ricardo**, a global strategic, environmental, and engineering consultancy, which reported encouraging half-year results with particularly strong growth in its Energy and Environment and Rail divisions, mitigated by some softness in its non-core businesses as customers delayed orders.

Finally the fifth largest detractor, **Carr's Group**, was an investment that was fully exited during the period. Carr's Group was a new investment for the Company in the latter half of the prior reporting period, which shortly following our investment experienced a significant share price rally up to 30 June 2023 (the end of the previous reporting period). Following a subsequent deterioration in performance and unexpected change of management announced in August 2023, the shares retreated from their previous gains and we took the opportunity to exit our position in full following a re-assessment of the risk/reward potential. Despite the -38bps performance contribution in the year ended 30 June 2024 the Company made a positive total return on its investment in Carr's Group, which equated to 16.8% IRR on an annualised basis.

3) Portfolio Overview

The portfolio remained highly focused with a total of 16 holdings and the top 10 accounted for around 84% of the NAV at the end of the period, with c.5% of NAV held in cash at the period end.

The Investment Manager made a number of new investments during the period, including into **Alpha Financial Markets Consulting**, a financial services-focussed consultancy which received a Recommended Cash Offer from Bridgepoint shortly after our investment, at a 50% premium to the undisturbed share price; **Costain Group**, a leading UK infrastructure engineering and consultancy services provider which is positioned to benefit from UK infrastructure expenditure and which the Investment Manager believes trades at a significant discount to intrinsic value; **Halfords Group**, the provider of B2C automotive and cycling parts and services, and B2B fleet management services. Halfords has faced some recent headwinds in its B2C offering as bicycle sales mean-revert from an elevated COVID comparator period (exacerbated by sector-discounting as a large cycling competitor entered into Administration) and as some consumers delayed car tyre replacement. However, the Investment Manager believes that these transitory issues have weighed disproportionately on Halfords' valuation, and Halfords' B2B business continues to trade strongly, following good progress by the management team in repositioning the group towards B2B services; **Team 17 Group**, an independent video game developer and publisher which is well known to the Investment Manager. Following an unexpected profit warning in November 2023 and subsequent review, the Investment Manager believes that the long-term fundamentals of the business remain strong and that the reduced share price offered an attractive opportunity to establish a position in the Company; **The Property Franchise Group and Belvoir Group**, two leading UK residential franchised estate agencies which completed an all-share merger post-investment by the Company. The combined businesses are capital light, highly cash generative and predominantly exposed to the resilient and structurally growing UK residential lettings market, and are well known to the Investment Manager; **Trufin**, a provider of financing and payment services as well as working capital finance and technology solutions to SMEs, which the Investment Manager believes to be significantly undervalued on a sum of the parts basis; and **Pinewood Technologies**, a critical SaaS provider to the automotive dealership sector, which was formerly part of Pendragon Group. The Investment Manager was attracted to significant recurring revenue (90%) and margin profile (c.25% EBIT margin and double digit expected growth). Following a rapid value uplift the Company profitably exited its investment in Pinewood Technologies in full during the period after concluding there was insufficient value opportunity available from building a larger equity stake in order to build a proactive engagement strategy for the holding.

In addition to new investments, the Company also made a number of follow-on investments into existing holdings where the Investment Manager sought to capitalise on attractive valuation opportunities and/or greater levels of conviction in the returns potential. These included **Brooks Macdonald**, **Fintel**, **Iomart**, **Netcall** and **Ricardo**.

Over the period, positions in **Pinewood Technologies** (IRR of 98%[4]), **Belvoir Group** (IRR of 73%[4,5]), **Ten Entertainment** (IRR of 25%), **Carr's Group** (IRR of 17%[4]), **Medica Group** (IRR of 25%[6]), **Hostelworld Group** (IRR of 35%[7]), **Wilmington** (IRR of 43%[8]) and **LSL Property Services** (IRR of -13%) were exited in full.

The Company currently has a number of key holdings that the Investment Manager believes trade at material valuation discounts to comparable private market transaction values, which provides a strong margin of safety underpinning the long term upside potential of the portfolio.

Changes in sector weightings have seen exposure to Healthcare decrease from 21.6% to 0%, which reflects the exit of Medica Group (the Company's sole Healthcare investment in the prior period) pursuant to its Recommended Cash Offer from IK Partners. The next largest change in sector weighting was the exposure to Business Services rising from 27.1% to 44.5%, which was driven by a combination of strong stock-specific performance (including the Company's three strongest performers by attribution) and new investment activity. Whilst the Business Services sector is broad and diversified with a range of stock-specific qualities and nuances, the Investment Manager is attracted to the types of capital light, operationally geared and cash generative B2B services businesses that can occasionally be found in the sector. Similarly, the Company's exposure to Technology companies has increased from 15.6% to 25.1% during the period as the Investment Manager has sought to capitalise on depressed valuations to invest in businesses with attractive financial characteristics, through a combination of new investments (e.g. Trufin) and follow-on investments into existing holdings (e.g. Iomart, Netcall).

4. Annualised IRR based on a <12 month holding period

5. "Exited" in an all-share merger with The Property Franchise Group plc ("TPFG"), another holding of the Company, such that the Company's shares in Belvoir Group were exchanged for additional shares in TPFG

6. 12% reflects the IRR from the Company's initial investment in Medica Group in 2017. 25% reflects the IRR since Ken Wotton became Investment Manager of the Company in September 2020, and actively decided to upweight the Company's holding in Medica Group

7. 9% reflects the IRR from the Company's initial investment in Hostelworld in 2019. 35% reflects the IRR since Ken Wotton became Investment Manager of the Company in September 2020

8. 8% reflects the IRR from the Company's initial investment in Hostelworld in 2019. 43% reflects the IRR since Ken Wotton became Investment Manager of the Company in September 2020

4) Where We Engaged

Iomart

Engagement case study: Governance / Chair Recruitment

Engagement focus: Governance / Chair Recruitment

How we engaged: Meetings with executive management and significant shareholder, introduction to potential chair candidate

Who we collaborated with: Significant shareholder

One of our investee companies required a new chair following a change in board roles. Based on our knowledge of the sector and our network we identified a credible chair candidate with a blend of sector, plc and value creation experience.

We introduced the candidate to the board and to the company's significant shareholder, and that candidate was put forward for consideration as part of the board's formal search programme.

Outcome: Following the Board's search programme our preferred candidate was selected to be appointed as chair

5) Outlook – Year Ahead

We saw green shoots of economic improvement towards the end of the period and are cautiously optimistic that positive trends can continue into the next period. UK CPI is now tracking the target inflation level, the Bank of England has (post-period) delivered one interest rate cut with markets pricing in further rate cuts over the next twelve months, which should be supportive of demand for our investee companies' services. Similarly, UK consumer confidence is at its highest level in almost three years, albeit consumption remains subdued as shown by recent household saving data. However, with real wages growing, the short-term prospect of unwinding mortgage costs, and the relatively 'de-leveraged' UK household compared to 2008/09, the economic environment looks more supportive of rising consumption than at any point over the last couple of years.

However, the Investment Manager is mindful of the recent change in UK Government and the potential economic ramifications thereof. Whilst material further clarity is unlikely to be received until the publication of the Autumn Budget in October 2024, the Investment Manager acknowledges the possibility of more cautious fiscal policy and/or changes in public spending priorities in the short to medium term. In addition to the potential impact on the investment portfolio in aggregate, it is possible that different investee companies will face their own combinations of opportunities and challenges under the new economic regime, with portfolio construction implications thereafter.

Turning to UK equity markets and interest rates, the prospect of falling bond yields and price appreciation going forwards may create a favourable 'denominator effect' for UK equity fund flows, whereby asset allocators re-weight portfolios towards equities to meet their target asset class exposures. The ensuing liquidity injection into UK funds, and UK smaller companies, could alleviate the downward share price pressure of the last two years caused by 'forced selling'. UK smaller company valuations may then bridge the wide arbitrage versus their larger UK and international peers, as well as precedent M&A transactions. We see these conditions as supportive of a re-rating of UK smaller companies.

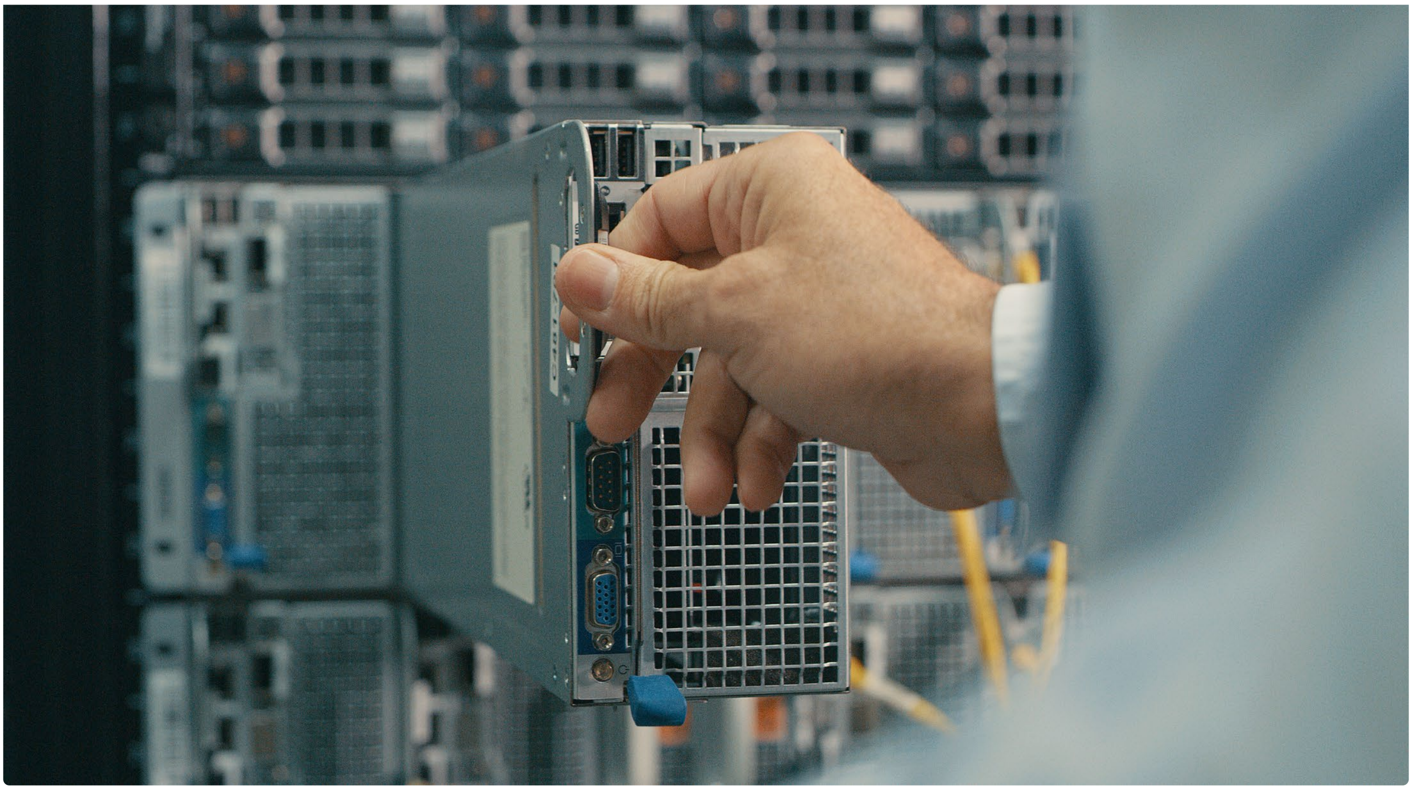
On a similarly positive note, the Investment Manager has seen a growing number of 'early look' and formal pre-IPO meetings during the last calendar quarter, which marks a welcome change from the previous theme of de-equitisation and lack of investor appetite for quoted equity issuance. While equity capital market activity during 2024 has primarily focused on existing listed businesses, notable larger UK IPOs of Raspberry Pi and Aoti took place during Q2, along with a smaller IPO of AI-focused IntelliAM in early July. Together with the prospect of improving economic conditions and the possibility of rising UK stock-market valuations, investor and corporate confidence will have grown by observing strengthening post-deal share prices in each instance. We therefore expect further IPO activity to present new opportunities into H2 2024.

6) Final Thoughts

Despite positive recent macroeconomic green shoots, the Investment Manager's core planning assumption is that continued geopolitical and macroeconomic uncertainty will drive market volatility in the next year. It is likely that increasing focus on company fundamentals and valuation discipline will be required to outperform in this environment, which plays to the strengths of the Company's investment strategy and the Investment Manager's approach.

Elevated levels of takeover activity within the UK equity market are likely to continue if current trends prevail, with a number of further bids announced post-period end following an active last twelve months. The Investment Manager's investment process and private equity lens across public markets enables the identification of investment opportunities with potential strategic value that could be attractive acquisitions for both corporate and financial buyers, which is reflected in the frequency of portfolio exits as part of takeover processes (including in this period).

We continue to believe that our fundamentals-focused investment style has the potential to continue outperforming over the long term. We see significant opportunities for long-term investors to back quality growth companies at attractive valuations in an environment where agile smaller businesses with strong management teams can take market share and build strong long-term franchises. We will maintain our focus on building a high-conviction portfolio of less cyclical, high-quality, strategically valuable businesses, which we believe can deliver strong returns through the market cycle regardless of the performance of the wider economy.



Top 10 Investee Company Review

(as at 30 June 2024)

Company	% of NAV[1]	Description	GHAM stake[2]	Company	% of NAV[1]	Description	GHAM stake[2]
XPS Pensions	22.9% Business Services	A leading pensions consulting and administration services provider	16.1%	The Property Franchise Group PLC	6.6% Business Services	The UK's largest multi-brand lettings and estate agency franchising group	18.6%
Brooks Macdonald	9.9% Financial Services	A UK national wealth manager and investment advisor	12.7%	team17 Group plc	5.7% Technology	An independent video game developer and publisher	4.2%
iomart	9.6% Technology	An integrated telecommunications and internet company, which supplies web hosting and internet security messaging services	18.5%	Tribal	4.8% Technology	Education software and services provider	9.9%
Fintel	9.1% Business Services	A provider of tech-enabled regulatory services to IFAs, financial institutions and other intermediaries	10.8%	Alpha Financial Markets Consulting	4.1% Financial Services	A specialist consultancy and related services to the financial services industry	8.3%
Ricardo	7.8% Industrial Goods & Services	An engineering, environmental and strategic consultancy, operating across a range of market sectors	19.1%	Inspired PLC	3.9% Business Services	An energy procurement and optimisation consultancy	28.5%

Case studies selected for illustrative purposes only to demonstrate investment strategy and are not investment recommendations.

Past performance is not necessarily a guide to future performance. Portfolio investments in smaller companies typically involve a higher degree of risk.

Gresham House, as at 30 June 2024

1. Top ten holdings representing 84.4% of NAV
2. Aggregate Gresham House Asset Management equity stake.

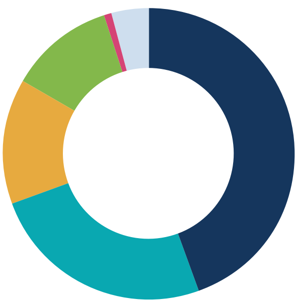
Company	Investment Thesis	Developments
XPS Pensions Group	▪ Highly defensive – high degree of revenue visibility and largely non-discretionary, regulation driven client activity ▪ Significant inflation pass-through ability ▪ Highly fragmented sector with recent M&A activity, providing opportunity to XPS as a consolidator and potential target	▪ Delivered FY24 results ahead of market expectations with >20% revenue, EBITDA and EPS growth and further forecast upgrades, in addition to gaining FTSE 250 inclusion from 24 June 2024 ▪ An amount equivalent to 11.1% of SEC's year-end Net Asset Value was divested post period-end generating a positive return of 268.3%, relative to cost and an IRR of 29.9%
Brooks Macdonald	▪ Opportunity to leverage operational investments to grow margin and continue strong cash flow generation ▪ A consolidating market; opportunity for Brooks as both consolidator and potential target with recent takeover interest for sector peers	▪ Reported Q4 2023 fund flows which comprised a sequential increase in gross inflows and decrease in gross outflows, such that year-end funds under management had increased 7% year-on-year despite the challenging macro environment ▪ Also announced the retirement of CEO Andrew Shepherd to be replaced by current CFO (and former CRO of Aviva) Andrea Montague, effective October 2024 following an orderly handover

Company	Investment Thesis	Developments
Iomart Group	▪ Provides both self-managed infrastructure and cloud-managed services, with the latter being a key strategic focus area ▪ Highly cash generative with significant recurring revenue ▪ Structural growth opportunity from hybrid cloud adoption	▪ Delivered in-line results but experienced some small consensus downgrades reflecting organic growth expectations and the ability to pass-through cost increases from VMWare
Fintel	▪ Strategically valuable technology platform with opportunity to drive material growth in revenues and margins through supporting customers' digitisation journeys	▪ Reported strong full year results which demonstrated 240bps of margin expansion, and announced two further strategic bolt-ons that broaden the capabilities that Fintel can provide to intermediaries
Ricardo	▪ Ongoing strategic transformation to refocus and prioritise the business towards higher growth, higher margin and less capital intensive activities ▪ Strong market position underpinned by significant sector expertise	▪ Announced a full year trading update which illustrated strong H2 2023 performance following some weakness earlier in the year, with particularly encouraging performance in its strategically core divisions (Energy & Environment, and Rail)
The Property Franchise Group	▪ Structurally growing UK residential lettings market ▪ Exceptional quality of earnings due to franchisees' bias towards lettings revenues, and TPFG's franchise fee revenue model ▪ Capital light and cash generative	▪ Announced a strategic acquisition (The Guild of Property Professionals and Fine & Country) in addition to providing a trading update with lettings revenues up 9% YTD and sales revenues up 20% YTD
Team 17 Group	▪ Leading independent video game publisher and developer ▪ Earnings significantly underpinned by back-book franchises ▪ Significant founder ownership and experienced management team	▪ Announced H1'24 trading in line with expectations, with good progress being made on previously announced cost actions following the temporary deterioration in trading in the prior period. Positive new release performance from H1'24 launches, with a number of releases planned for H2
Tribal Group	▪ Strong defensive characteristics with high visibility of earnings ▪ Transition to cloud-based platform has potential to drive growth, margins and rating ▪ Low valuation relative to software sector averages and sector transaction multiples	▪ Announced a Recommended Cash Offer from Ellucian (strategic bidder backed by Blackstone and Vista Equity Partners) at a 41% spot premium, which did not receive sufficient shareholder support ▪ Later announced the successful settlement of an outstanding customer dispute which had previously been provided for
Alpha Financial Markets Consultancy	▪ N/A – exited post-period via takeover	▪ Announced a Recommended Cash Offer from Bridgepoint private equity at a 50% premium to the undisturbed share price
Inspired	▪ Leading player in a fragmented industry; significant opportunity to gain market share through client wins, proposition extension and M&A ▪ Valued at a substantial discount to comparable private market transaction multiples	▪ Reported full year results which demonstrated 20% EBITDA growth, with revenue growth across all divisions. Subsequently announced that all deferred consideration will be cash settled in 2024

Portfolio as at 30 June 2024

Company	Sector Classification	Date of first Investment	Cost £'000	Valuation £'000	% of invested portfolio at 30 June 2024	% of invested portfolio at 30 June 2023	% of net assets
XPS Pensions Group	Business Services	Jul 2019	16,851	43,477	23.8%	15.0%	22.9%
Brooks Macdonald	Financial Services	Jun 2016	18,115	18,796	10.3%	7.0%	9.9%
Iomart Group	Technology	Mar 2022	21,941	18,246	10.0%	5.4%	9.6%
Fintel	Business Services	Oct 2020	10,400	17,373	9.5%	6.4%	9.1%
Ricardo	Industrial Goods & Services	Sep 2021	14,585	14,864	8.2%	6.8%	7.8%
The Property Franchise Group	Business Services	Oct 2023	9,125	12,481	6.8%	-	6.6%
Team 17 Group	Technology	Dec 2023	8,648	10,879	6.0%	-	5.7%
Tribal Group	Technology	Dec 2014	11,742	9,026	4.9%	3.9%	4.8%
Alpha FMC	Financial Services	Mar 2024	5,471	7,846	4.3%	-	4.1%
Inspired	Business Services	Jul 2020	13,754	7,420	4.1%	6.1%	3.9%
Benchmark	Industrial Goods & Services	Jun 2019	6,734	6,893	3.8%	3.6%	3.6%
Trufin	Technology	Jul 2023	4,111	5,422	3.0%	-	2.9%
Netcall	Technology	Mar 2023	4,367	3,979	2.2%	1.8%	2.1%
Costain Group	Business Services	Jun 2024	3,846	3,834	2.1%	-	2.0%
Halfords Group	Consumer	Jun 2024	1,899	1,823	1.0%	-	1.0%
R&Q Insurance Holdings	Financial Services	Jun 2022	6,817	5	0.0%	4.3%	0.0%
Total investments				**182,364**			**96.0%**
Cash				9,153			4.8%
Net current liabilities				(1,552)			(0.8%)
Total shareholders' funds				**189,965**			**100.0%**

Sector exposure by value



●	Business Services	44.5%
●	Techology	25.1%
●	Financial Services	14.0%
●	Industrial Goods & Services	11.4%
●	Consumer	1.0%
●	Net cash	4.0%

Value by market cap band

●	Micro Cap (<£250m)	25.2%
●	Small Cap (£250m - £1.5bn)	70.8%
●	Net cash	4.0%

Ken Wotton
Gresham House Asset Management

25 September 2024

Other Information

Business and Status of the Company

The Company is quoted on the London Stock Exchange and is a member of the Association of Investment Companies.

The principal activity of the Company is to conduct business as an investment trust. The Company is currently an investment company in accordance with the provisions of Section 833 of the Companies Act 2006. The Directors do not envisage any change in the Company's activity in the future.

The Company is registered in England and Wales with number 05448627.

The Company has received written approval from HM Revenue and Customs as an authorised investment trust under Section 1158 of the Corporation Tax 2010 ("CTA") and the ongoing requirements for approved companies in Chapter 3 Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instruments 2011/2999). The Company will continue to be treated as an investment trust company subject to the Company continuing to meet the eligibility conditions for approval. In the opinion of the Directors, the Company's affairs have been conducted in a manner to satisfy these conditions to enable it to continue to qualify as an investment trust company for the year ended 30 June 2024.

Investment Objective

The investment objective of the Company is to achieve absolute returns (i.e. growth in the value of investments) rather than relative returns (i.e. attempting to outperform selected indices) over a medium-term period, principally through capital growth.

Investment Policy

The Company invests primarily in equities quoted on markets operated by the London Stock Exchange where the Investment Manager believes the securities are undervalued and could benefit from strategic, operational or management initiatives. The Company also has the flexibility to invest up to 20% of the Company's gross assets at the time of investment in securities quoted on other recognised exchanges.

The Company may invest up to 20% of its gross assets at the time of investment in unquoted securities, provided that, for the purpose of calculating this limit, any undrawn commitments which may still be called shall be deemed to be an unquoted security.

The maximum investment in any single investee company will be no more than 15% of the Company's investments at the time of investment.

The Company will not invest more than 10%, in aggregate, of the value of its total assets at the time the investment is made in other listed closed-end investment funds.

Other than as set out above, there are no specific restrictions on concentration and diversification. The Board does expect the portfolio to be relatively concentrated, with the majority of the value of investments typically in the securities of 10 to 15 issuers across a range of industries. There is also no specific restriction on the market capitalisation of securities into which the Company will invest, although it is expected that the majority of the investments by value will be invested in companies too small to be considered for inclusion in the FTSE 250 Index.

The Company's Articles of Association permit the Board to take on borrowings of up to 25% of the NAV at the time the borrowings are incurred for investment purposes.

Performance Analysis Using KPIs

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Investment Manager, the Directors take into account the following key performance indicators ("KPIs"):

NAV per Ordinary share

The NAV per Ordinary share, including revenue reserves, as at 30 June 2024 was 396.87p, representing a rise of 15.9% from the 30 June 2023 NAV of 342.47p (year to 30 June 2023: rise of 8.3% from 316.21p to 342.47p).

Movement in the Company's share price

In the year to 30 June 2024, the Company's share price rose by 18.3% from 309.00p to 365.50p (year to 30 June 2023: rise of 10.4% from 280.00p to 309.00p). The share price total return[1], taking account of the 2.50p dividend paid in the year, was positive 19.2% (year to 30 June 2023: positive 11.2%).

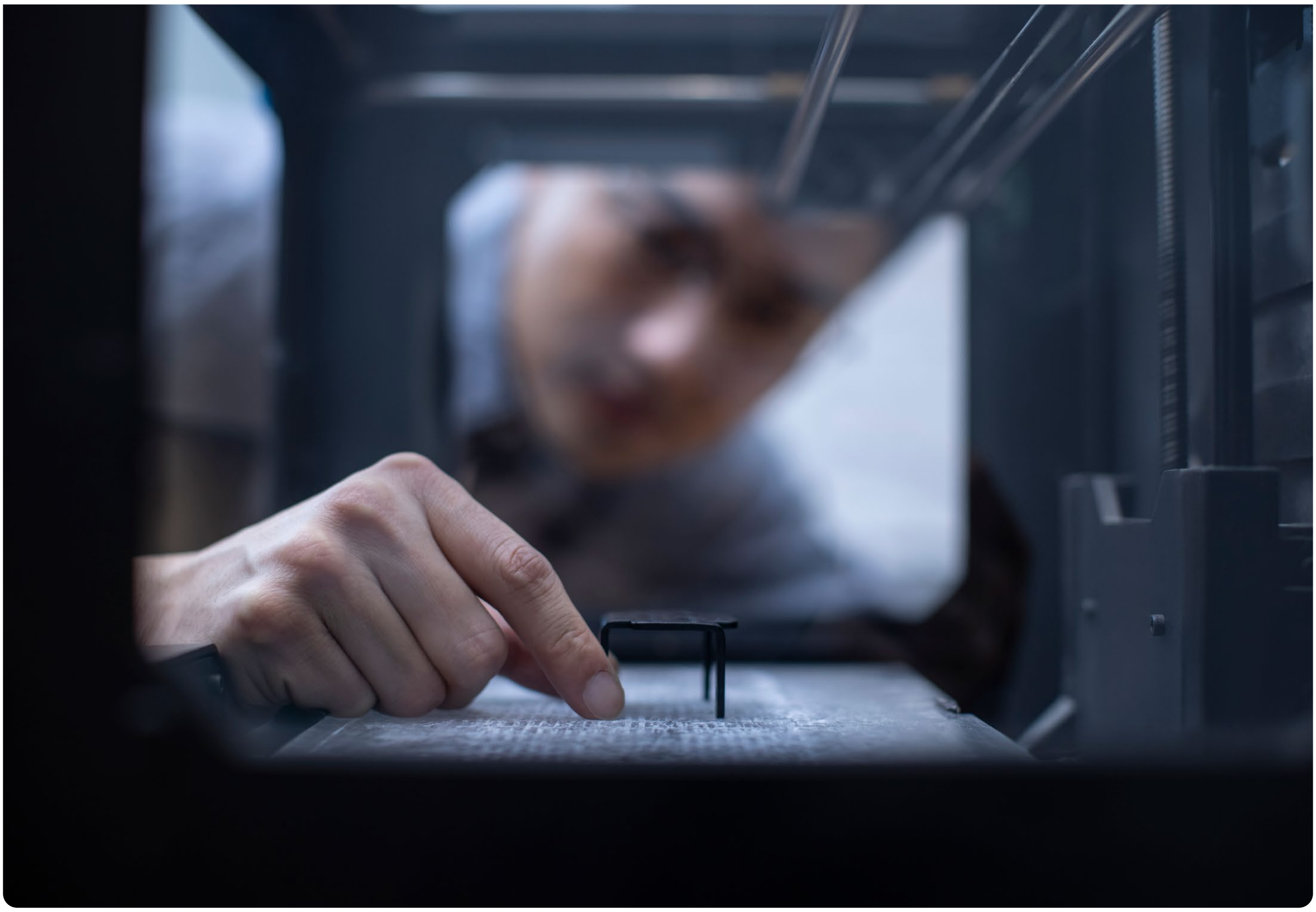
Discount of the share price in relation to the NAV[1]

Over the year, the discount of the Ordinary share price in relation to the NAV ranged from 2.9% to 11.6% with the average being 7.6%. As at 30 June 2024, the Company's shares traded at a discount of 7.9% (30 June 2023: discount of 9.8%).

Ongoing charges[1]

The ongoing charges ratio was 1.20% in the year to 30 June 2024 (30 June 2023: 1.22%). The ongoing charges ratio (including the performance fee) was 2.03% in the year to 30 June 2024 (30 June 2023: 1.22%).

1. **Alternative Performance Measures.** Please refer to pages 75 and 76 for definitions and reconciliations of the Alternative Performance Measures to the year-end results.



Principal and Emerging Risks

The Board believes that the overriding risks to shareholders are events and developments which can affect the general level of share prices, including, for instance, inflation or deflation, economic recessions and movements in interest rates and currencies which are outside of the control of the Board.

The Board believes that there is an emerging risk faced by the Company in relation to the conflicts in the Middle East and Ukraine which continue to bring risk to economic growth and investors' risk appetites and consequently can impact the valuation of companies in the portfolio.

The principal ongoing risks and uncertainties currently faced by the Company, which may vary in significance from time to time, are outlined below, together with the controls and actions taken to mitigate those risks.

The Directors continue to work with the agents and advisers to the Company to try and manage the risks, including emerging risks. The central aims remain to preserve value in the Company's portfolio and liquidity in the Company's shares. The Directors aim to ensure that the Company maintains its investment strategy, has operational resilience, meets its regulatory requirements as an investment trust (and in particular in the provision of regular information to the market) and tries to navigate the financial and economic circumstances in these very uncertain times.

Principal Risk	Mitigation	Action taken in the year
Investment Performance		
The unconstrained long-term philosophy and concentrated portfolio resulting from the investment strategy can lead to periods of significant short-term variation in performance. The underlying investments are in companies which, due to their smaller size, may have limited product lines, limited financial resources with dependence on a few key individuals and less liquid shares. These risks are more significant than in larger companies. ➔ Risk remains relatively unchanged	The Board maintains a close review of how the Investment Manager invests to implement the investment strategy and regularly reviews adherence to the investment policy. The Board maintains a longer-term perspective in relation to monitoring performance of the Investment Manager in achieving the investment objective. The Board relies on the Investment Manager to engage actively with the investee companies in order to support long-term value enhancement and the actions taken are reported and reviewed regularly by the Board.	The Board, through its review process, did not identify any specific new action required either with the portfolio as a whole or with any one specific investment to mitigate performance risk over and above that already taken by the Investment Manager. The Board also recognises the significant contribution made by the Investment Manager in maximising engagement opportunities with investee companies. This was achieved with the Company's focus on investments with a market value in the region of £100 million and £300 million at the point of entry.
Operational Risk		
The Company appoints and relies on a number of third parties, to provide it with the necessary services. These include the Investment Manager, registrar, depositary, custodian, administrator, company secretary, lawyer, external auditor and broker. ➔ Risk remains relatively unchanged	The Board has a detailed risk matrix which is reviewed by the Audit Committee and the Board twice yearly and is used as a tool to consider the principal risks of the Company and the controls that are in place in relation to those risks where appropriate. Key appointments of third party service providers are taken after a formal process ensuring the required skills and experience are satisfied. An annual review of service providers is carried out by the Management Engagement Committee. Internal control reports, where available, on the systems and processes of the Company's service providers are reviewed by the Board at least annually and any findings are discussed where appropriate.	The Management Engagement Committee performed a review of all service providers in May 2024. All were assessed to provide a satisfactory service to the Company. The acquisition of Gresham House by Searchlight Capital Partners completed in December 2023. The Board has discussed the acquisition and has sought and received a number of assurances from its Investment Manager including the continuity of resource and ongoing commitment to the Company's mandate. Internal controls reports were reviewed where available and no significant controls weaknesses were identified.

Principal Risk	Mitigation	Action taken in the year
Regulatory Compliance and Legislation Breach of regulatory rules could lead to the suspension of the Company's Stock Exchange listing, financial penalties, or a qualified audit report. Breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on realised capital gains. Risk remains relatively unchanged	Compliance with the Company's regulatory obligations is monitored on an ongoing basis by the Company Secretary, the Investment Manager and other professional advisers as required who report to the Board regularly. Further the Board is comprised of individuals whose background, qualifications and experience ensure that the increasing volume and complexity of relevant regulatory and legislative requirements are understood. Where appropriate, advice and training are sought from service providers. Board selection and performance review processes support this approach.	At its quarterly meetings, the Board reviewed regulatory and technical updates. No significant actions were required in the year. The Board reviews the Section 1158 compliance schedule, prepared by the Company Secretary, at each quarterly Board Meeting.
Discount/Premium A significant share price discount or premium to the Company's NAV per share, or related volatility, could lead to high levels of uncertainty or speculation and the potential to reduce investor confidence. Risk remains relatively unchanged	The Board has established share issuance and share buy-back processes to assist in the moderation of share price premium and discount to NAV. Shareholders are kept informed of developments as far as practicable and are encouraged to attend briefings, such as the Company's Annual General Meeting, to understand the implementation of the investment strategy to achieve the Company's objectives.	During the year under review, the Company's shares traded at a discount to NAV of between 2.9% and 11.6%. During the year 1,839,261 shares were bought back to be held in Treasury.
Economic, Political and External Factors The Company invests predominantly in UK shares and therefore performance may be impacted by economic, political and other factors which affect either the operation of the markets that portfolio companies trade in, the UK stock market or currency movements. In particular small changes can have a larger impact on small companies. Risk remains relatively unchanged	The exposure to these external factors is considered largely outside of the Company's control so regular monitoring is carried out with regards to the likely effects should any potential mitigation be possible. Limits are set for investment in overseas based investments.	The Board monitors and reviews the position of the Company, ensuring that adequate liquidity exists to allow flexibility. Investment performance and the portfolio composition has been monitored specifically in the light of the emerging risks discussed on the previous page. The Board continues to closely monitor the Environmental, Social and Governance ("ESG") risk to the Company.

Principal Risk	Mitigation	Action taken in the year
Investment Manager The loss of key individuals at the Investment Manager could have, or be perceived to have, a material effect on the Company's performance. Risk remains relatively unchanged	In order to reduce this risk the Investment Manager operates a team based approach to fund management. The team consists of a number of investment professionals who combine a number of complementary skill sets, including corporate finance, traditional fund management, research and private equity disciplines. The team is also supported by its Investment Committee which is comprised of a number of experienced internal and external members.	The Board keeps the performance of the key personnel at the Investment Manager under frequent review. Since the acquisition of Gresham House by Searchlight Capital Partners completed in December 2023, the Board has sought and received a number of assurances from its Investment Manager including the continuity of resource and ongoing commitment to the Company's mandate.

Viability Statement

The Board has assessed the prospects of the Company over the three financial years to 30 June 2027. This assessment period has been chosen as the Board believes it represents an appropriate period given the long-term investment objectives of the Company, the low working capital and the simplicity of the business model.

In making this three year assessment, the Board has taken the following factors into account:

- The nature of the Company's portfolio
- The Company's investment strategy
- The potential impact of the Principal Risks and Uncertainties
- 2025 100% realisation opportunity (please refer to page 5 for further details)
- Share buy-backs
- The liquidity of the Company's portfolio
- Potential downside scenarios including stress testing the Company's portfolio for a 25% fall in the value of the investment portfolio; a 50% fall in dividend income and a buy back of 2% of the Company's ordinary share capital, the impact of which would leave the Company with a positive cash position
- Market falls and gains
- The level of existing and potential long-term liabilities

The Company's portfolio includes cash or liquid money market funds. Over the last five years, cash and liquid money market funds have averaged c.5.5% of the NAV. Cash balances can be varied due to changes in market conditions, but positive cash levels are expected to be maintained over the period.

The Directors have also carried out a robust assessment of the principal and emerging risks, as noted on pages 22 to 24, that are facing the Company over the period of the review, including those that would threaten its business model, future performance, solvency or liquidity.

Based on this assessment, the Directors are confident that the Company's investment approach, portfolio management and balance sheet approach will ensure that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 June 2027.

Going Concern

In assessing the Company's ability to continue as a going concern the Directors have also considered the Company's investment objective, detailed on the inside front cover, risk management policies, detailed on pages 22 to 24, capital management (see note 17 to the financial statements), the nature of its portfolio and expenditure projections and believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and for at least 12 months from the date of this Report. In addition, the Board has had regard to the Company's investment performance (see page 3) and the price at which the Company's shares trade relative to their NAV (see page 3).

The Directors performed an assessment of the Company's ability to meet its liabilities as they fall due. In performing this assessment, the Directors took into consideration:

- cash and cash equivalents balances and, from a liquidity perspective, the portfolio of readily realisable securities which can be used to meet short-term funding commitments;
- the ability of the Company to meet all of its liabilities and ongoing expenses from its assets;
- revenue and operating cost forecasts for the forthcoming year;
- the ability of third-party service providers to continue to provide services;

- potential downside scenarios including stress testing the Company's portfolio for a 25% fall in the value of the investment portfolio; a 50% fall in dividend income and a buy back of 5% of the Company's ordinary share capital, the impact of which would leave the Company with a positive cash position; and
- the 2025 100% realisation opportunity.

Based on this assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Environmental, Social and Governance Issues

Commitment to Sustainable Investment

The Board is comprised entirely of non-executive Directors and the day-to-day management of the Company's business is delegated to the Investment Manager (details of the Investment Management Agreement are set out on pages 32 and 33). Therefore, the Directors do not consider it necessary for the Company to have environmental, human rights or community policies in place.

However, in carrying out its activities and in its relationships with service providers, the Company aims to conduct itself responsibly, ethically and fairly. The Investment Manager has a clear commitment to sustainable investment as an integral part of its business strategy. The firm recognises that the integration of sustainable investment considerations, including environmental, social and governance (ESG) factors into its business processes can protect financial performance and consistency of returns. Investment teams across the Investment Manager proactively manage ESG factors across investment strategies and the underlying holdings to help both build and protect value in the stocks invested in.

The Investment Manager's sustainable investment policies and beliefs can be found on its **website** and in its **Sustainable Investment Report**.

The Investment Manager believes in playing an industry leadership role in supporting and promoting sustainable investment. The Investment Manager is a signatory to the UN-supported Principles of Responsible Investment and was awarded four or five stars, out of a maximum of five stars, for all modules submitted in its **PRI Report 2021**. It is also a signatory of the **UK Stewardship Code** and aims to comply with its recommendations. In September 2023, it was announced that Gresham House had met the expected standard of reporting for 2022 and remained a signatory to the UK Stewardship Code for the third year in a row. As of the publication date, the Investment Manager has submitted a 2024 PRI Report to the PRI. Results for this report are expected in Q4 2024.

Public Equity Sustainable Investment Policy and Processes

The Investment Manager has a Sustainable Investment Policy specific to public equity investments. The **Public Equity Sustainable Investment Policy** details the commitments of the Investment Manager with regards to sustainable investment, as applied by the Company's Investment Management Team. The Policy includes:

- The Investment Manager's sustainable investment commitments;
- How its public equity investment approach meets these commitments; and
- The application of our Sustainable Investment Framework to public equities.

Sustainable Investment Approach

The 'G' (Governance) of ESG is a significant factor in the investment processes for UK public equity. Board composition, governance, control, company culture, alignment of interests, shareholder ownership structure, remuneration policy etc. are important elements that will feed into the Investment Manager's analysis and company valuation.

E and S (Environmental and Social) factors are assessed as risk factors during due diligence to eliminate companies that face environmental and social risks that cannot be mitigated through engagement and governance changes.

ESG considerations are integrated into the lifecycle of each investment as follows:

01 Initial appraisal

Identify material ESG matters requiring further investigation during the due diligence stage. If certain risks are unlikely to be sufficiently managed or mitigated, then the Investment Manager may choose not to proceed at this stage.

02 Due diligence

The ESG Decision Tool and, where possible, meetings with management are used to assess material ESG risks that need to be mitigated and ESG opportunities that could drive value. Specialised consultants may be used to provide additional information.

03 Investment appraisal

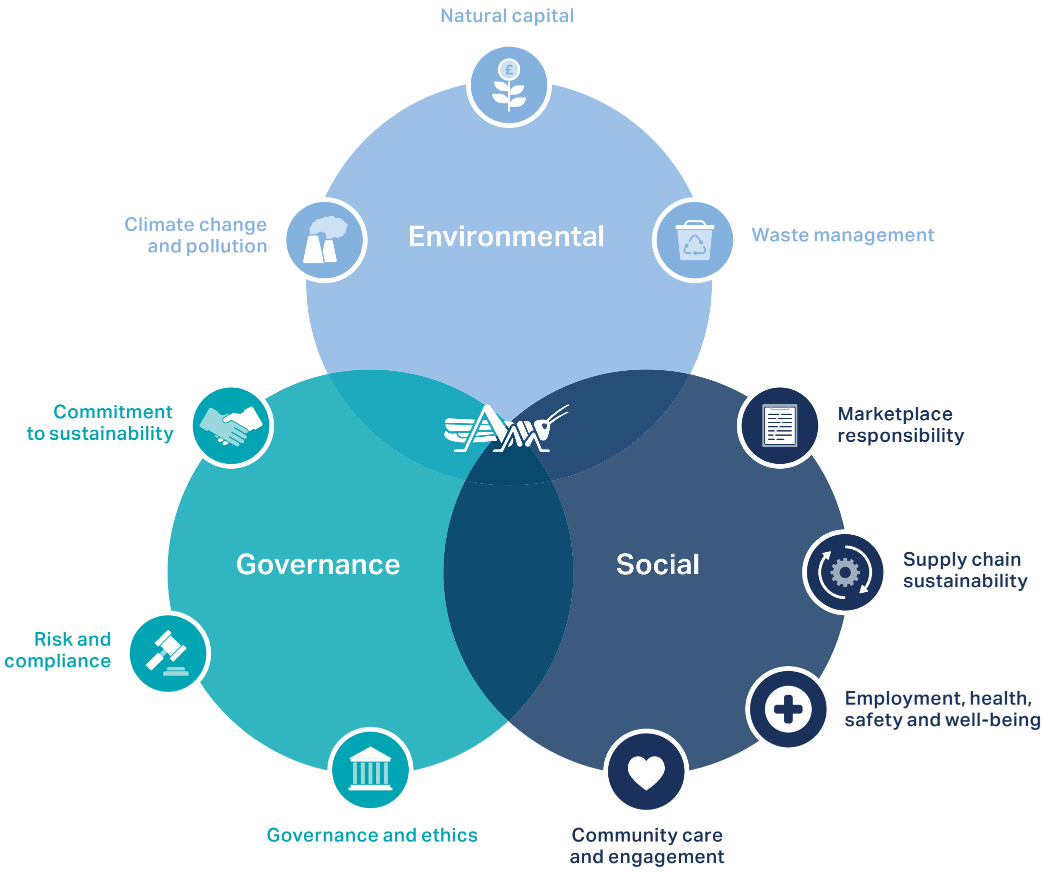
A summary of the ESG analysis is included in final Investment Committee submissions. Appropriate risk mitigation approaches will be referenced and assurance that the business is open to making improvements is sought.

04 Holding period

The Investment Management Team engage regularly with boards and management teams, focusing on strategic, financial and operational matters, including ESG factors, and consistently use voting rights.

Sustainable Investment Framework

Across Gresham House investment teams, an active focus is given to environmental, social and governance (ESG) factors, as shown in the figure below. These factors are used by the Investment Management Team to identify a broad range of ESG risks which may materially impact proposed transactions.



The themes shown in the figure above are used as the basis for the Investment Management Team's application of sustainable investment during the Research stage.

ESG Decision Tool

The Investment Management Team is responsible for implementing the commitments made in the Public Equity Sustainable Investment Policy. The themes from the Sustainable Investment Framework are used as the basis for the Investment Management Team's ESG Decision Tool and several sub-factors are considered under each broader theme.

The purpose of the Tool is to support the Investment Management Team in identifying potential, material ESG risks that need to be managed and mitigated, and to help shape the due diligence process for individual companies prior to investment. The Tool also provides a way of summarising material ESG issues, which can then be tracked and monitored over time, and include actions that can be taken to mitigate those risks throughout the holding period.

The most important ESG factors the Investment Management Team will use to assess an investment before purchase are set out in the table below.

Environmental

Climate change and pollution	Natural Capital	Waste management
GHG emissions and climate change impacts, energy management, pollution prevention and control, air quality management	Water use, biodiversity and natural resources management	Waste reduction; sustainable management of waste

Social

Employment, health, safety and well-being	Marketplace responsibility	Supply chain sustainability	Community care and engagement
Employee H&S and wellbeing, sustainable employment practice, engagement, diversity and inclusion	Product impacts, safety and labelling in use and disposal, quality and value, customer care, data protection	Managing environmental, social and economic impacts of sourcing	Understanding and managing impacts on communities, including human rights; community investment

Governance

Governance and ethics	Risk and compliance	Commitment to sustainability
Governance good practice; sound business ethics management and culture	Robust risk and compliance management	Awareness, capability and commitment to run a resilient sustainable business

Where material ESG risks are identified, these are reviewed by the Investment Management Team and a decision on how to proceed is documented. In the majority of cases, we would proactively follow up with the investee company management team and ensure appropriate corrective and preventative action is taken and any material issues or incidents are recorded by the Investment Management Team.

ESG Data

The Investment Management Team incorporates ESG data from an ESG data provider to support the assessment of ESG risks at investee company level. Since 2023, the Investment Management Team has received ESG data for all holdings and is working to fully integrate this data into the investment process. Currently, ESG data is reviewed prior to meetings with investee companies and is reviewed as part of ongoing engagement identification and prioritisation.

Stewardship Responsibilities

As an active investor, the Investment Manager is committed to acting as a long-term steward of the assets invested in on behalf of clients. The Investment Management Team use active ownership responsibilities, including engagement and voting, to protect and create value. The Investment Manager's **Engagement and Voting Policy** sets out the approach and explains how integrated these activities are to business practices and investment processes. Both activities are viewed as a key part of the investment approach and not considered stand-alone objectives.

Engagement

The Company's investment philosophy means that it aims to act, by default, as an actively engaged shareholder. The Investment Management Team's assessment of management, board and governance forms a critical part of the investment case, which necessitates that Management work with companies on matters such as strategy, M&A and remuneration, both from the outset of our holding period and on an on-going basis. The Investment Management Team encourages an open and honest dialogue with the companies which we believe is an essential part of being an effective steward of our clients' assets.

The Investment Management Team will aim to meet face-to-face with the management team of an investee company at least twice a year, and up to quarterly for this strategy. These meetings form the basis for the ongoing monitoring of a company strategy, financial performance and ESG considerations.

Case study: selecting public equity data providers

For the last couple of years we have used an ESG data provider for our UK Public Equity company to provide ESG-related information on our portfolio holdings. Following a review of our engagement process it was determined that the quality and quantity of ESG related information needed to be improved to aid ESG related decision making and engagement quality. In 2023 we explored the ways in which other providers could enhance the quality and quantity of ESG-related data that could be used by our investment teams. The team met with three potential providers to assess their service proposition and cost.

The team is in the final stage of selection but will ensure the selection of the most appropriate provider to enhance its sustainable investment processes. Above all, the data should enhance the team's ESG risk and opportunity assessment as part of investment analysis.

Engagement case study:

XPS Pensions Group

Engagement case study: voting against AGM resolutions

Engagement focus: Board composition, management incentivisation

How we engaged: numerous meetings with Chair, Non-Executive Directors (including the Senior Independent Director ("SID")) and the Nomination Committee

How we voted: against the re-appointment of Chair and Senior Independent Director, and the remuneration policy

We had a number of concerns regarding this investee company relating primarily to Non-Executive Board composition, and remuneration policy. We believed that these concerns were contributing to the company trading at a discount to intrinsic value, despite strong financial and operational performance.

Following a number of escalation steps last year and dissatisfaction with the progress being made to reach an agreeable solution, we voted against the re-election of the Chair and SID, and against the remuneration policy.

Outcome: A significant minority of shareholders (including but not limited to the Trust) voted against these resolutions but ultimately, they were passed with a majority vote. However, the level of opposition prompted the Board to re-engage with dissenting shareholders, which remains an ongoing process. We continue to engage constructively with the Board on these matters.

Defining engagement objectives

Dependent upon factors such as materiality to the Company, level of control (shareholding) and materiality of the topic, the Investment Management Team may identify and agree engagement objectives that they expect a company to deliver on over the holding period.

Engagement objectives will typically be bespoke to the organisation and important to the development of the business, aiming to keep the directors focused and ensure continued progress.

Objectives may change over time depending on several factors, including business priorities, market forces and stakeholder considerations. Examples of engagement objectives include:

- Improvements to reporting, including ESG factors
- Board composition
- Improvements to governance arrangements
- Product or geographic expansion or variance, including due to ESG related market forces
- Staff retention and reduction of absence rates
- Implementing compliance programmes with forthcoming ESG legislation

The identified objectives form the basis of discussions with companies during regular scheduled engagements. Engagement progress is recorded by the Investment Management Team and monitored on a regular basis. The Investment Management Team will also consider whether the outcomes of the engagement activity impact upon the investment position or require escalation should an investee company not respond to or implement the stated objective.

The engagement process followed by the Investment Manager is shown below.

Identify: Identify potential engagement targets and specific topics for engagement

Prioritise: Determine the most material engagement targets and create a list of priorities

Plan: Create an engagement plan

Engage: Engage with the company to drive change. Log the objective and timeline

Monitor & respond: Monitor progress of engagement activities. Amend investment position or escalate if required

Report: Report progress of engagements and outcomes to stakeholders on an annual basis

Voting

Voting is an important part of the investment strategy. The Investment Management Team devotes the necessary research, management time and resources to ensuring we make good voting decisions.

Voting decisions are based on views of which course of action will be in the best interests of the Company's investors. Votes are informed by various sources including: research, engagement with the company, discussions with other stakeholders and advisers, internal discussions and consultations, and other relevant information.

Voting decisions

The Investment Manager does not have a set policy defining how voting decisions should be made on specific items, but it has defined the following requirements:

1. Authority to allot shares – it is our policy to vote against anything over 33%.
2. Disapplication of pre-emption rights – it is our policy to vote against anything over 10%.
3. Authorise Company to purchase own shares – it is our policy to vote against anything over 10%.
4. Political donations – it is our policy to vote against all political donations.

Proxy voting providers

The Investment Management Team does not use any proxy voting advisory services, but uses proxy voting services to deliver voting decisions to the companies invested in.

Voting against management

If the Investment Manager plans to vote against the company decision, it will engage with the company in advance, explain why it plans to vote against the decision and look for ways to avoid that if possible. If a satisfactory outcome is not reached through this active dialogue with the company, the Investment Manager will typically tell the company in advance of its intention to abstain or vote against management and clarify the reasons grounding such intention.

UK Public Equity voting in 2023

Climate-related Financial Disclosures

As an investment trust, the Company has no employees, property or activities other than investment. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emission-producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Streamlined Energy and Carbon Reporting also applies to all large companies. However, as the Company did not consume more than 40,000 kWh of energy during the past year, it qualifies as a low energy user and is exempt from reporting under these regulations.

This year the Investment Manager reported against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This report includes information on how climate-related risks and opportunities are addressed and managed by Public Equity investments. The report can be found on the Investment Manager's website: **https://greshamhouse.com/tcfd/** .

The Investment Management Team monitors and considers carbon emissions associated with its investments over time and may use this data to drive ESG-focused engagement activities. The Company has no requirements or targets relating to carbon emissions of its portfolio or investee companies.

Duty to promote the success of the Company

The Directors are required to include a report explaining how they have discharged their duty to promote the success of the Company under Section 172(1) of the Companies Act 2006 and how they have considered the views of the Company's key stakeholders in regard to any key decisions taken.

Being an investment trust, the Company's key stakeholders comprise its shareholders, the Investment Manager and its third-party service providers (including the Company Secretary and Administrator, the Registrar, the Depositary and the Custodian). The Investment Manager also engages extensively with the investee companies, particularly on performance and corporate governance issues.

The Board welcomes the views of shareholders and places considerable importance on communications with them. The Investment Manager reports back to the Board on meetings with shareholders and the Chairman and other Directors are available to meet shareholders if required.

The Annual General Meeting of the Company and presentations held in London provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Board. The importance of stakeholder considerations in particular in the context of decision making is taken into account at every Board meeting. 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.

Examples of the principal decisions taken by the Board during the year under review (and post year-end) are shown in the table below:

Principal Decision	Stakeholder Considerations and Engagement
Debt facility	During the year under review, no borrowing was undertaken but this is under review.
Discount Management	The Board has continued to monitor the Company's share price discount to net asset value. The management of the Company's share price discount has a twofold effect; the supply of the Company's shares reduce whilst demand remains constant, and the Company's net asset value per share increases as shares are bought back at a discount. During the year under review the Company repurchased 1,839,261 shares to be held in Treasury and the discount narrowed from 9.8% to 7.9%.
Auditor	Following consideration of the Company's commercial arrangements, the Board decided that it would be appropriate to consider alternative audit firms during the financial year. After undertaking a tender process involving five audit firms, Johnston Carmichael LLP were appointed as the Company's auditor at the Company's AGM on 8 November 2023.
Marketing	During the year under review, the Board approved an updated marketing proposal put forward by the Company's Investment Manager to continue to raise the level of marketing and awareness of the Company across the investor community. The Board anticipates that this will generate additional demand for the Company's shares and further contribute to a narrowing of the share price discount to NAV.

The Company's primary business relationships are with its Investment Manager and AIFM, Gresham House Asset Management ("GHAM"), and its Company Secretary and Administrator, Juniper Partners Limited. The Board has been mindful of the challenges that active asset managers, and boutique UK asset managers in particular, have faced in recent years and the resource required to implement effectively the Company's particular investment strategy. Furthermore, the Board recognises the importance of a strong sales and marketing capability to attract new investors. GHAM has a strong and well-developed platform with a strong net cash balance sheet and well-developed operational resources. It has an established pedigree of investing on a strategic public equity basis in UK equity markets. The Board will work closely with GHAM to achieve long-term success for the Company and its stakeholders.

Juniper Partners Limited provides company secretarial and administration services to the Company. Juniper Partners Limited also seeks to maintain constructive relationships with the Company's other third-party suppliers, for example the Registrar, the Depositary and the Custodian, on behalf of the Board typically through regular communication and provision of information.

On behalf of the Board

William Barlow
Chairman

25 September 2024

Directors

The Directors in office at the date of this report, all of whom are non-executive, were as follows:

Sir William Barlow Bt. (Chairman)

Independent Director

William is currently a non-executive director of Majedie Investments PLC where he had previously served as Chief Executive Officer. Prior to Majedie has was at Newedge Group (part of the Societe Generale Group). He joined Skandia Asset Management Limited as an equity portfolio manager in 1991 and was managing director of DnB Asset Management (UK) Limited from 2002 until 2004. He is also a trustee of Racing Homes. William was appointed to the Board on 1 February 2016 and also chairs the Company's Management Engagement and Disclosure Committees.

Annie Coleman

Independent Director

Annie's early career included British Petroleum, Head of the London Stock Exchange Press Office; press officer roles in the Prime Minister's Press Office and the Ministry of Defence. In 1999 she moved to Goldman Sachs in London and then GAM Investments in 2006. Annie became Global Head of Organisational Culture and Client Marketing at UBS Investment Bank in 2011, before moving to Unicredit as Group People and Culture Office. She now runs her own organisation culture and leadership consultancy firm Cerebellum Partners Ltd. Annie was appointed to the Board on 14 February 2022.

Richard Locke (Deputy Chairman)

Independent Director

Richard is Vice Chairman of Fenchurch Advisory Partners LLP, an independent corporate finance advisory firm that specialises in the financial services sector. Previously he was a partner of Cazenove & Co. and then a director at its successor firm, JPMorgan Cazenove. Richard was appointed to the Board on 10 February 2015.

Brigid Sutcliffe (Audit Committee Chair)

Independent Director

Brigid qualified as a Chartered Accountant in 1983 and gained an MBA in 1987. She spent thirty years working in investment banking and as a strategic change management consultant, advising companies across a wide range of sectors. She has been a non-executive director for a variety of organisations in the public, private and third sectors over the past nineteen years, including science and technology research, technical business services, higher education and social housing. Brigid is also a non-executive director and chairs the Audit Committee of both STS Global Income & Growth Trust PLC, and Northern Ventures Trust PLC. Brigid was appointed to the Board on 8 February 2023.

Howard Williams

Independent Director

Howard has forty years of fund management experience and was, until October 2017, Chief Investment Officer and Head of the Global Equity Team at JPMorgan Asset Management. Prior to joining JPMorgan Asset Management in 1994, he held a number of senior positions at Shell Pensions and Kleinwort Benson Asset Management. He started his career at James Capel & Co. He is also a non-executive director and chair of Schroders Unit Trust Limited, a non-executive director of Dunedin Income Growth Investment Trust PLC and of LifeSight Limited. Howard was appointed to the Board on 8 February 2023.

Report of the Directors

Directors

The Directors in office at the date of this report and their biographical details are shown on page 31.

Corporate governance

The Company's corporate governance statement is set out on pages 36 to 41 and forms part of the Report of the Directors.

Performance and Dividend

Over the year to 30 June 2024, net assets have risen by £19.7 million representing a increase of 11.6%. On a per share basis net assets have risen by 54.40p which represents a increase of 15.9%. Further information on the performance of the Company's portfolio is contained in the Investment Manager's Report and Top 10 Investee Company Review on pages 17 to 18.

The Company's investment objective is one of capital growth and it is anticipated that returns for shareholders will derive primarily from capital gains. The Board is governed by the rules for investment trusts that require that the Company must not retain more than 15% of its income from any one year. The Board recommends a final dividend of 3.50p (2023: 2.50p) per Ordinary share, amounting to £1,657,387 (2023: £1,231,000) based on the Ordinary share capital at the date of this report. The Company's dividend policy remains unchanged, and it may be that next year, the dividend will be lower.

Share Capital and Voting Rights

The Company's issued share capital at 30 June 2024 consisted of 47,865,450 Ordinary shares of 10p each and there were 15,663,756 Ordinary shares held in Treasury. At 24 September 2024 (being the latest practicable date prior to the publication of this document) the issued share capital consisted of 47,353,912 Ordinary shares of 10p each and 16,175,294 Ordinary shares were held in Treasury. Shares held in Treasury do not have voting rights. The maximum number of Ordinary shares in issue during the year was 49,704,711.

The Company bought back 1,839,261 Ordinary shares to be held in Treasury during the year.

Substantial shareholdings

At 30 June 2024 the Board is aware of the following holdings representing (directly or indirectly) three per cent. or more of the voting rights attaching to the issued share capital of the Company:

	Number of shares held	% of total voting rights
City of London Investment Management	9,034,673	18.9
1607 Capital Partners	7,806,819	16.3
Gresham House Asset Management	5,515,183	11.5
Hargreaves Lansdown	2,264,019	4.7
Sir Clive Thompson	2,141,844	4.5
Cazenove Capital	2,053,620	4.3
Raymond James Investment Services	1,562,955	3.3
Interactive Investor	1,536,321	3.2
Close Brothers Asset Management	1,504,886	3.1

On 22 July 2024, City of London Investment Management notified the Company their shareholding had fallen to 15.0% of the Company's total voting rights.

On 23 July 2024, City of London Investment Management notified the Company their shareholding had fallen to 14.5% of the Company's total voting rights.

On 29 August 2024, Gresham House Asset Management notified the Company their shareholding had fallen to 9.9% of the Company's total voting rights.

There have been no other changes notified in respect of the above holdings, and no new holdings notified, since the end of the year.

Investment Management Agreement

The Company's investments are managed by GHAM under an agreement dated 14 May 2020. The Investment Manager's appointment is subject to termination on 6 months' notice given at any time by either party.

There are no specific provisions contained within the Investment Management Agreement relating to compensation payable in the event of termination of the agreement other than entitlement to fees, including performance fees, which would be payable within any notice period. However, in the event that a continuation resolution proposed at any Annual General Meeting is not passed, the Investment Management Agreement expressly permits the Company to give notice terminating the Investment Manager's appointment without any compensation being payable to the Investment Manager in lieu of any period of notice otherwise required under the Investment Management Agreement.

The Board keeps the performance of the Investment Manager under continual review, and the Management Engagement Committee, comprising all Directors, 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. During the year the Board reviewed the continuing appointment of the Investment Manager and agreed that the Investment Manager had executed the Investment Strategy according to the Board's expectations. Therefore, it is the opinion of the Directors that the continuing appointment of GHAM is in the interests of shareholders as a whole.

Investment Manager's Fees

The Investment Manager is entitled to receive from the Company a basic fee together with, where applicable, a performance fee.

Basic Fee

A basic management fee is payable to the Investment Manager at the annual rate of 0.75% of the NAV of the Company. The basic management fee accrues daily and is payable quarterly in arrears.

Performance Fee Arrangements

The Company's performance is measured over rolling three-year periods ending on 30 June each year, by comparing the NAV total return per share over a performance period against the total return performance of the FTSE Small Cap (ex Investment Trusts) Index. A performance fee is payable if the NAV total return per share (calculated before any accrual for any performance fee to be paid in respect of the relevant performance period) at the end of the relevant performance period exceeds both:

(i) the NAV per share at the beginning of the relevant performance period as adjusted by the aggregate amount of (a) the total return on the FTSE Small Cap (ex Investment Trusts) Index (expressed as a percentage) and (b) 2.0% per annum over the relevant performance period ("Benchmark NAV"); and

(ii) the high watermark (which is the highest NAV per share by reference to which a performance fee was previously paid).

The Investment Manager is entitled to 10% of any excess of the NAV total return over the higher of the Benchmark NAV per share and the high watermark. The aggregate amount of the Management Fee and the Performance Fee in respect of each financial year of the Company shall not exceed an amount equal to 1.4% per annum of the NAV of the Company as at the end of the relevant financial period.

A performance fee of £1,409,000 is payable in respect of the rolling three-year period ended 30 June 2024 (2023: £nil).

Information About Securities Carrying Voting Rights

The following information is disclosed in accordance with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the FCA's Disclosure Guidance and Transparency Rules:

- The Company's capital structure and voting rights are summarised above.
- Details of the substantial shareholders in the Company are listed above.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 37.
- Details of the powers of the Directors to issue or buy-back the Company's shares are disclosed on pages 34 and 35.
- There are no restrictions concerning the transfer of securities in the Company; 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 takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office; the Company does not have an employees' Share Scheme, there are no restrictions on voting rights; and the Company does not have any rules about amendment of the Company's articles of association beyond the requirements of the Act.

Accountability and Audit

The responsibilities of the Directors and the Auditor in connection with the financial statements is included on page 52.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director 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.

Financial Risk Management

Information about the Company's financial risk management objectives and policies is set out in note 17 of the financial statements on pages 69 to 72.

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. The Directors confirm that no disclosures are required in relation to Listing Rule 9.8.4.

Modern Slavery

The Company is not within the scope of the Modern Slavery Act 2015 because it has insufficient turnover and is therefore not obliged to make a human trafficking statement. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers, which are listed on page 77, comply with the provisions of the UK Modern Slavery Act 2015. These are principally professional advisers and service providers in the financial services industry, consequently the Board considers the Company to be low risk in relation to this matter.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Annual General Meeting

The Notice of the Annual General Meeting to be held on Thursday 14 November 2024, is set out on pages 78 to 80. Full details of all resolutions can be found in the Notice. The resolutions to be proposed as items of special business are set out below.

To authorise the allotment of shares (Resolution 12)

Section 551 of the Companies Act 2006 provides that the Directors may not allot new shares without shareholder approval. The purpose of Resolution 12, which is proposed as an ordinary resolution, is to empower the Directors to allot shares with an aggregate nominal value of up to £473,539, being approximately 10% of the Company's issued Ordinary share capital (excluding Treasury shares) as at the latest practicable date prior to the publication of this document. The authority granted to the Directors if this Resolution 12 is passed would last until the earlier of the Annual General Meeting in 2025 or 14 February 2026.

The number of Treasury shares held as at 24 September 2024 (being the latest practicable date prior to the publication of this document) is 16,175,294 10p shares which represents 34.2% of the Company's issued Ordinary share capital of 47,353,912 10p shares at that date.

The Directors intend to use the authority to issue Ordinary shares only if and when they believe it to be advantageous to the Company's existing shareholders to do so. In no circumstances would such issue of new shares or re-issue of shares from Treasury result in a dilution of net asset value per share.

To disapply Section 561 of the Companies Act 2006 (Resolution 13)

Under Section 561 of the Companies Act 2006, if the Directors wish to allot any equity securities, or sell any Treasury shares (should they elect to hold any), for cash, they must first offer them to existing shareholders in proportion to their shareholdings. The purpose of Resolution 13, which is proposed as a special resolution, is to allow the Directors to allot shares, or sell any Treasury shares, for cash other than in accordance with Section 561 up to a maximum aggregate nominal amount of £473,539, representing approximately 10% of the Company's issued Ordinary share capital of 47,353,912 10p shares as at 24 September 2024 (being the latest practicable date prior to publication of this document).

Shares issued pursuant to this authority will be issued at a price of not less than the prevailing NAV per share, including current period revenue.

This authority will last until the earlier of the Annual General Meeting in 2025 or 14 February 2026.

To authorise the Company to purchase its own Ordinary shares (Resolution 14)

The purpose of Resolution 14, which is proposed as a special resolution, is to renew the authority of the Company to purchase its own shares. The Company may purchase shares in the market in order to address any imbalance between the supply of and demand for shares and to increase the net asset value per share. The Company will make such purchases pursuant to this authority only where the Directors believe that to do so will result in an increase in the NAV per share for remaining shareholders and is in the best interests of shareholders generally.

The authority is limited to 7,098,351 Ordinary shares, representing approximately 14.99% of the Company's shares in issue as at 24 September 2024 (being the latest practicable date prior to publication of this document).

The Company will only purchase Ordinary shares at prices which are below the last published NAV per Ordinary share. The maximum price (exclusive of expenses) payable per Ordinary share under this authority is the higher of (a) 5% over the average of the middle market prices of the Ordinary shares according to the Daily Official List of the London Stock Exchange for the five business days immediately before the date on which the Company buys the shares and (b) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. The minimum price payable per Ordinary share under this authority is the nominal value of that Ordinary share. Any purchases of Ordinary shares made pursuant to this authority will be market purchases.

Any such purchases will be made during the period commencing at the close of the Annual General Meeting and ending on the earlier of the date of the Company's Annual General Meeting in 2025 or 14 February 2026.

At the Annual General Meeting held on 8 November 2023 the Company was authorised to purchase approximately 14.99% of its own shares for cancellation or to be held in Treasury. The number of Ordinary shares remaining under that authority as at 24 September 2024 (being the latest practicable date prior to publication of this document) was 5,657,144 Ordinary shares.

The Company may purchase its own shares either for holding in Treasury, or for subsequent cancellation. Shares held in Treasury will have no voting, dividend or other rights. The Directors consider that the purchase of shares into Treasury could be beneficial to shareholders in the long-term, in that, subject to the authority granted by Resolution 12, they may be re-sold at NAV or above to further the investment objectives of the Company.

The Company has purchased 511,538 Ordinary shares since 30 June 2024. As at 24 September 2024 (being the latest practicable date prior to publication of this document), the Company held 16,175,294 Ordinary shares in Treasury.

Directors' Recommendation

The Directors consider that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

On behalf of the Board

William Barlow
Chairman

25 September 2024

Statement on Corporate Governance

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

Statement of Compliance with the AIC Code of Corporate Governance

The Board has considered the principles and provisions of the Association of Investment Companies' Code of Corporate Governance ("AIC Code"). The AIC Code is endorsed by the Financial Reporting Council and adapts the principles and provisions set out in the UK Corporate Governance Code to make them relevant to investment companies as well as incorporating the relevant provisions of the UK Corporate Governance Code.

The Board believes that the AIC Code provides the most appropriate governance framework for the Company. Accordingly, the Company reports against the principles and provisions of the AIC Code. The February 2019 edition of the AIC Code is applicable to the year under review and can be found at **www.theaic.co.uk**.

By reporting against the AIC Code, the Board is meeting its obligations in relation to the UK Corporate Governance Code.

The Board confirms that, during the year, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code (the "UK Code"), except as set out below:

- Provision 17 and 32 of the UK Code (Provision 22 and 37 of the AIC Code): the requirements to have a Nomination Committee and Remuneration Committee – owing to the nature of the Company, the activities of these committees are undertaken by the Board.
- Provision 24 of the UK Code: the requirement for the Chairman to not sit on the Audit Committee – the Board believes that all Directors, including the Chairman, should sit on all the Committees.
- Provision 12 of the UK Code (Provision 14 of the AIC Code): the requirement to appoint a senior independent director – although the Board has not appointed a senior independent director, the Deputy Chairman undertakes all responsibilities normally attributed to this role.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

Board of Directors

Under the leadership of the Chairman, the Board is responsible for all matters of control and direction of the Company, including its investment policy.

As at the date of this Report, the Board consists of five non-executive Directors. Biographical details of the Directors in office at the year end can be found on **page 31**.

The terms and conditions of the appointment of the non-executive Directors are formalised in letters of appointment, copies of which are available for inspection from the registered office of the Company and will be available at the Annual General Meeting.

The Board has agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties and the Company has Directors' and Officers' Liability Insurance to cover legal defence costs. Under the Company's Articles of Association, the Directors are provided, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Apart from this, there are no third party indemnity provisions in place.

Board Operation

At the Board meetings, the Directors follow a formal agenda to review the Company's investments and all other important issues to ensure that control is maintained over the Company's affairs.

The Board is responsible for adherence to the investment policy and strategic and operational decisions of the Company. The Company's main functions are delegated to a number of service providers, each engaged under separate legal contracts. The management of the Company's portfolio is delegated to the Investment Manager, which has discretion to manage the assets in accordance with the Company's objectives and policies. A representative of the Investment Manager attends each Board meeting to present written and verbal reports on its activities and portfolio performance. At each Board meeting, the Directors review the Company's investments and all other important issues to ensure that control is maintained over the Company's affairs. The Board has adopted a formal schedule of matters specifically reserved for approval. These reserved matters include the following:

- Investment and business strategy of the Company.
- Annual and interim reports and accounts and accounting policies, prospectuses, circulars and other shareholder communications.

- Acquisitions and disposals of interests of more than 29.9% in the voting shares of any investee company.
- Dividend policy.
- Board appointments and removals.
- Appointment and removal of the Company's service providers including the Investment Manager/AIFM, Depositary and Auditor.

Board Balance and Independence

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

The Directors possess a wide range of financial, business and legal expertise relevant to the direction of the Company and consider that they commit sufficient time to the Company's affairs.

Chairman

The Chairman, William Barlow, is deemed by his fellow independent Board members to be independent and to have no conflicting relationships. He considers himself to have sufficient time to commit to the Company's affairs.

Re-election and Retirement of Directors

In accordance with the AIC Code all Directors are subject to annual re-election. Board support for re-election is based on the outcome of an annual performance evaluation. The Chair also speaks with each Director individually. The performance of each Director and nominations for re-election are then discussed by the Board as a whole.

The Board's normal policy on tenure is that the maximum period that any Director serve as a Director of the Company shall be limited and no Director shall be eligible to serve beyond the ninth Annual General Meeting following his or her appointment. In the event that a Director is appointed at an Annual General Meeting, for these purposes that Annual General Meeting will not count towards the nine.

The Board have agreed that, for continuity reasons, Richard Locke should remain a Director of the Company until the 2025 AGM. William Barlow will retire from the Board at the 2026 AGM.

Directors' Induction, Training and Development

Upon appointment to the Board, a new Director is provided with a detailed induction pack containing relevant information about the Company and their duties and responsibilities as a Director.

Directors' training and development needs are reviewed by the Board on an annual basis as part of the performance evaluation process. The Board is committed to keeping up to date on matters which are directly relevant to their duties and responsibilities to the Company. The Directors receive regular briefings and updates from the Company's Investment Manager and other advisers on regulatory matters that may affect the Company.

Diversity

The Board is focused on having an effective Board which consists of experienced non-executive Directors who can function well together and have a good operational knowledge of the Company and the closed ended investment company sector more generally. Accordingly, the Board consists of five independent Directors in William Barlow, Annie Coleman, Richard Locke, Brigid Sutcliffe and Howard Williams. The Board supports the principle of boardroom diversity in its broadest sense, in terms of gender, expertise, geographic background, age and race. The Company is specialised and the Board's priority is to have a relatively small and effective independent Board of non-executive Directors with the requisite abilities and experience to oversee the Company, its investments and its corporate structure, including its third-party advisers. Any new appointee would make an appropriate contribution to those skills. It is the Board's policy to review its composition regularly and, when appropriate, to refresh the Board through recruitment, with the aim of having the blend of skills and attributes that will best serve shareholders in the future.

The FCA Listing Rules now include a requirement for companies to report against diversity and inclusion targets on a comply or explain basis. Outlined below is an overview of the targets and the Company's compliance or otherwise at its chosen reference date of 30 June 2024, in accordance with Listing Rule 9.8.6R(9):

- 40% of the Board represented by women: the Company meets this target with its Board composition being 40% female.
- One woman in a senior position: although the Company does not meet this target based on those roles defined as senior by the FCA, in the absence of the Company having Executive roles, the Board considers the chair roles of its permanent sub-committees to be senior roles. As at 30 June 2024, the role of Audit Committee Chair was held by Brigid Sutcliffe. The roles of Chairman and chair of the other permanent sub-committees were held by men. As explained on page 36, the Company has not appointed a senior independent director although the Deputy Chairman undertakes all responsibilities normally attributable to this role.

- One individual from a minority ethnic background: the Company does not meet this target. In view of its small size, which it considers appropriate, and the infrequency with which Board appointments are made, the Board is aware that achieving this target is more challenging. It will however be mindful of this target when making future appointments.

The following tables set out the data on the diversity of the Directors of the Company as at 30 June 2024 and in accordance with Listing Rule 9.8.6R(10). The data has been obtained through direct consultation with the Board.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	60%	1[1]
Women	2	40%	0
Not specified/ prefer not to say	N/A	N/A	N/A

1. The Company only has one of the senior roles specified by the Listing Rules, that is the position of Chair of the Board, which is held by William Barlow. The Company does however consider that the chairs of its permanent sub-committees are all senior positions. The role of Audit Committee Chair is held by a woman, with all other senior roles being held by a man.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White	5	100%	1
Mixed/Multiple ethnic groups	0	0%	0
Asian/Asian British	0	0%	0
Black/African/ Caribbean/Black British	0	0%	0
Other ethnic group, including Arab	0	0%	0
Not specified/prefer not to say	N/A	N/A	N/A

Meetings

The Directors meet at regular Board meetings, at least once every quarter, with additional meetings arranged as necessary. The number of scheduled Board, Audit and Management Engagement Committee meetings held during the year ended 30 June 2024 and the attendance of the individual Directors is shown below:

	Quarterly Board meetings		Audit Committee meetings		Management Engagement Committee meetings	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
William Barlow	4	4	2	2	1	1
Annie Coleman	4	4	2	2	1	1
Josephine Dixon[1]	2	2	1	1	N/A	N/A
Richard Locke	4	4	2	2	1	1
Brigid Sutcliffe	4	4	2	2	1	1
Howard Williams	4	4	2	2	1	1

1. Retired on 8 November 2023

Members of the Board also meet with representatives of the Investment Manager on an informal and regular basis.

The Board normally meets on four occasions during the year. Two Committee meetings were also held during the year to consider the approval of the Company's Annual and Interim Reports.

Performance Evaluation

The Board's decision to recommend the re-election of each of the Directors is informed by a formal assessment of each Director's independence and contribution, and the balance of skills, experience, length of service and knowledge of the Company across the Board as a whole. This assessment is made annually as part of the Board's appraisal of its collective performance and that of the Chairman, the Directors and the Committees, and the independent status of each individual Director and the Board as a whole. The evaluation of the Chairman is led by the Deputy Chairman.

In 2024, the evaluation of the Board was carried out by way of a questionnaire. Having considered and discussed the points raised by the Directors in response to the questionnaire, the Board has concluded that it has an appropriate balance of skills, experience and length of service and that each Director demonstrates effectiveness, a high level of commitment to the Company, and considerable experience, expertise and knowledge. In addition, the Board believes that each Director is independent of judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director.

Accordingly, the Board recommends the re-election of each Director.

Committees of the Board

The Board has appointed three committees, to assist its operations. Each committee's delegated responsibilities are clearly defined in formal terms of reference. These are reviewed and assessed annually for adequecy and copies are available on the Company's webpage and from the Company's Registered Office. Brigid Sutcliffe chairs the Audit Committee and William Barlow chairs the Management Engagement Committee and the Disclosure Committee. Each committee comprises all Directors of the Company.

Audit Committee

The main responsibilities of the Audit Committee and the matters addressed by the Committee during the year under review are detailed in the Audit Committee Report on pages 42 and 43.

The Chairman of the Board is a member of the Committee to enable him to be kept fully informed of any issues which may arise.

The Chair of the Audit Committee is a Chartered Accountant and the other Committee members have a combination of financial, investment and other relevant experience. The Board is therefore satisfied that the Audit Committee has adequate skills to perform its role.

Management Engagement Committee

The Management Engagement Committee is responsible for reviewing the performance of the Investment Manager and making recommendations to the Board about the continuing appointment of the Investment Manager on an annual basis. The Committee also reviews the Company's other service providers and meets periodically.

The Management Engagement Committee met once over the course of the year.

Disclosure Committee

Following the implementation of the Market Abuse Regulation ("MAR") in July 2016 (which now forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time), the Board agreed to form a Disclosure Committee, comprising all Directors and chaired by William Barlow, to ensure the identification of inside information and the Company's ongoing compliance with MAR. The Committee meets on an ad hoc basis.

Remuneration Matters

The Board has resolved that, in view of the size of the Board, it is most appropriate for matters of remuneration to be dealt with by the Board as a whole.

Full details of the remuneration arrangements for Directors can be found in the Directors' Remuneration Report on pages 44 to 46.

Nomination Matters

The Board as a whole undertakes the role of the Nomination Committee and oversees the annual appraisal of the Board members, including the Chairman, to assess whether individual Board members should be nominated for re-election each year, evaluates the overall composition of the Board from time to time, taking into account the existing balance of skills and knowledge on the Board and considers succession planning accordingly. This process is led by William Barlow.

The Board, when assessing the performance of Directors and making recommendations as to whether they should remain in office and be put forward for election or re-election at the AGM, uses extensive questionnaires and reviews by the Chairman. The Deputy Chairman is responsible for the appraisal of the Chairman. The 2024 review did not identify any causes for concern.

The Board may seek assistance in identifying suitable candidates by appointing an external recruitment firm.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of financial and other relevant information and reports and that statutory obligations of the Company are met.

Dialogue with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager. Shareholders can communicate with the Board by writing to the Company Secretary at the address disclosed on page 77. Major shareholders of the Company are offered the opportunity to meet with the Investment Manager and the Directors in order to ensure that their views are understood. During the year under review, the Chairman communicated with a number of major shareholders. All shareholders are encouraged to attend and vote at the Annual General Meeting, during which the Board and the Investment Manager are available to discuss issues affecting the Company and shareholders have the opportunity to address questions to the Investment Manager, the Board and the Chairman.

The half-yearly and annual reports are designed to present a full and readily understandable review of the Company's activities and performance. Copies are available from **www.greshamhouse.com**.

Directors' indemnity

The Company maintains Directors' and officers' liability insurance which provides against costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the courts. The qualifying third-party indemnity provision was in force throughout the financial year and at the date of approval of the Annual Report. No claims have been brought against the Company or the Directors. The insurance is reviewed annually.

Conflicts of Interest

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. He or she must request authorisation from the Board as soon as he or she becomes aware of the possibility of an interest that conflicts or might possibly conflict with the interests of the Company (a "situational conflict"). The Company's Articles of Association authorise the Board to approve such situations, where deemed appropriate.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include: whether the situational conflict could prevent the Director from properly performing his or her duties; whether it has, or could have, any impact on the Company; and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Company Secretary and is reviewed at every Board meeting to ensure that it is kept up to date and the Board, on an individual basis, confirmed there were no conflicts of interest during the year ended 30 June 2024.

Internal Control Review

The Directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their effectiveness. An ongoing process, in accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, has been established for identifying, evaluating and managing the risks faced by the Company. This process is regularly reviewed by the Board. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can provide only reasonable, not absolute, assurance against material misstatement or loss.

Internal control assessment process

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review process, which has been in place for the year ended 30 June 2024 and up to the date of this report, covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board considers the Company's objectives in 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 of operating the relevant controls.

Against this backdrop, the Board has split the review into four sections reflecting the nature of the risks being addressed. The sections are as follows:

- corporate strategy;
- investment and business activities;
- published information and compliance with laws and regulations; and
- relationship with service providers.

Given the nature of the Company's activities and the fact that most functions are subcontracted, the Board has concluded that there is no need for the Company to have an internal audit function. Instead, the Directors obtain information from key third party suppliers regarding the controls operated by them. To enable the Board to make an appropriate risk and control assessment, the information and assurances sought from third parties include the following:

- details of the control environment;
- identification and evaluation of risks and control objectives;
- assessment of the communication procedures; and
- assessment of the control procedures.

The key procedures which have been established to provide effective internal controls are as follows:

- investment management is provided by Gresham House Asset Management. The Board is responsible for the implementation of the overall investment policy and monitors the actions of the Investment Manager at regular meetings. The Audit Committee reviews compliance reports from the Investment Manager on a twice-yearly basis, and the Investment Manager's compliance officer is available to attend the meeting if required. The Audit Committee also reviews the report on Controls by Gresham House Asset Management on an annual basis;
- the provision of administration, accounting and company secretarial duties are the responsibility of Juniper Partners Limited. The Audit Committee reviews the report on controls from Juniper Partners Limited on an annual basis;
- J.P. Morgan Europe Limited act as depositary and J.P. Morgan Chase Bank N.A. act as custodian to the Company. The Audit Committee reviews J.P. Morgan's internal controls report on an annual basis;
- the duties of investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- the Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual agreements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews detailed financial information produced by the Investment Manager and the Company Secretary on a regular basis.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the period and up to the date of approval of the report and financial statements. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

Audit Committee Report

I am pleased to present the Committee's report to shareholders for the year ended 30 June 2024. The Committee comprises all Directors of the Company, including the Chairman of the Company to enable him to remain fully informed of any issues that may arise. The Committee met twice during the year. Attendance by each Director is shown in the table on page 38.

The Committee's main responsibilities are:

1. To review the half year and annual financial statements

The Committee considers whether the financial statements are fair, balanced and understandable.

In addition, consistency of accounting policies, key areas of judgement, the clarity of disclosure and compliance with accounting and listing requirements, the going concern assumption, the viability statement, and the results of the audit are all covered in the work of the Committee.

2. To review the risk management and effectiveness of internal control policies and procedures of the Company and its service providers

The Committee reviews and considers the Company's statement on risk management and internal control systems included in the financial statements prior to endorsement by the Board.

3. In relation to the external auditor

The Committee's responsibilities in this area are as follows:

- review and approve terms of the external auditor;
- meet with the external auditor to discuss the outcomes of their audit work;
- liaise with the external auditor in respect of their planning of their work and engagement terms, including fees;
- review the independence of the external auditor;
- assess the effectiveness of the external auditor and the audit process;
- consider appropriateness and terms of any auditor appointment in respect of any non-audit work;
- monitor the requirements for rotation of the external auditor; and
- make recommendations to the Board relating to appointment and re-appointment.

The Company's current auditor, Johnston Carmichael LLP, were appointed on 8 November 2023 after a tender process.

4. Consider the need for an internal audit function

The Board has concluded that there is no need for an internal audit function owing to the nature of the Company's activities and the fact that most functions are subcontracted.

The following matters were addressed by the Committee during the period under review.

Risk Management and Effectiveness of Internal Controls

The Committee conducted a robust review of the effectiveness of the Company's risk management and internal control systems in February 2024, as part of its consideration of the Annual Report and Financial Statements for the year ended 30 June 2024. The review included considering those risks that might threaten the Company's business model, future performance, solvency or liquidity.

During the year the Committee has considered the following:

- the appropriateness of the risk matrix of the Company;
- the reports on the effectiveness of internal controls and risk management systems of the principal service providers to the Company; and
- the quarterly reports from the Depositary.

Following that process, the Committee then recommended to the Board the endorsement of the statement on internal control, as included in this Report on page 40.

Half Year and Annual Financial Statements

Both the Half-yearly Report for the period ended 31 December 2023 and the Annual Report for the year ended 30 June 2024 were reviewed in detail and in line with the Committee's responsibilities and formal recommendations were made to the Board for approval. The Committee considered the basis and reasonableness of the valuation of the Company's quoted investments, as a significant matter. The Committee also considered the following other matters:

- in discussion with the Investment Manager, the calculation of the investment management and performance fees payable to the Investment Manager;

- the prospects of the Company over the three year period agreed by the Board when assessing the long-term viability of the Company, and the appropriateness of the statement from the Directors, as included in this Annual Report; and
- the use of the going concern principle in the preparation of the financial statements for the year ended 30 June 2024. The Committee considered evidence supporting this principle and reviewed the statement on going concern for endorsement by the Board.

Independence, Objectivity and Effectiveness of the Auditor

Johnston Carmichael LLP were appointed as the Company's auditor on 8 November 2023 and the Audit Committee reviewed this appointment. As part of the review of auditor independence and effectiveness, Johnston Carmichael LLP has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating Johnston Carmichael LLP, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team.

The Audit Committee, from direct observation and enquiry of the Company Secretary, remains satisfied that Johnston Carmichael LLP provides effective independent challenge in carrying out its responsibilities.

Following professional guidelines, the audit partner rotates after five years. The year ended 30 June 2024 is Richard Sutherland's first year as audit partner.

On the basis of their assessment, the Audit Committee has recommended the re-appointment of Johnston Carmichael LLP to the Board. Johnston Carmichael LLP's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

Audit Fees

The Audit Committee reviewed the audit plan and fees presented by the Auditor and considered their report on the annual financial statements at a meeting of the Committee attended by the Auditor. The fee for the audit of the Annual Report and Financial Statements for the year ended 30 June 2024 of £47,000 (excluding VAT) was considered and approved by the Committee for recommendation to the Board.

Non-audit Services

Any proposed non-audit services must be approved in advance by the Audit Committee and will be reviewed in light of statutory requirements to maintain the Auditor's independence.

No non-audit services were provided to the Company in the year ended 30 June 2024. The only fees paid to Johnston Carmichael LLP were in relation to the statutory audit as referred to above.

Significant accounting matters

Existence and Valuation of Investments

The significant issue considered by the Audit Committee during the year in relation to the financial statements of the Company was the existence and valuation of investments. Juniper Partners Limited ("the Administrator") regularly reconciles the portfolio holdings to confirmations from the Company's Custodian and carries out testing of the prices obtained from the independent pricing source.

Based on confirmation from the Administrator that these procedures have operated correctly at 30 June 2024 and based on conversations with and written reporting from the Depositary, the Committee is satisfied that there is no material misstatement in the context of the Annual Report.

Income Recognition

The Company's principal income is dividend receipts from its investment holdings. As such inaccurate recognition of income, or incomplete controls in this area, could result in the Company mistating such receipts.

The Committee reviewed the Administrator's annual internal controls report which details the systems, processes and controls around the recording of investment income. It also compared the final level of income received for the year to the budget which was set at the start of the year and considered the accounting treatment of all special dividends received with the Manager.

Brigid Sutcliffe
Audit Committee Chair

25 September 2024

Directors' Remuneration Report

The Board has prepared this report in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

An Ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in its report on **pages 48** to **53**.

Directors' Remuneration Report

Statement from the Chairman

The Board presents the Directors' Remuneration Report for the year ended 30 June 2024, which has been prepared in accordance with the Companies Act 2006.

The Board has resolved that, in view of the size of the Board, it is most appropriate for matters of remuneration to be dealt with by the Board as a whole. The Remuneration Policy is set out on **page 46**.

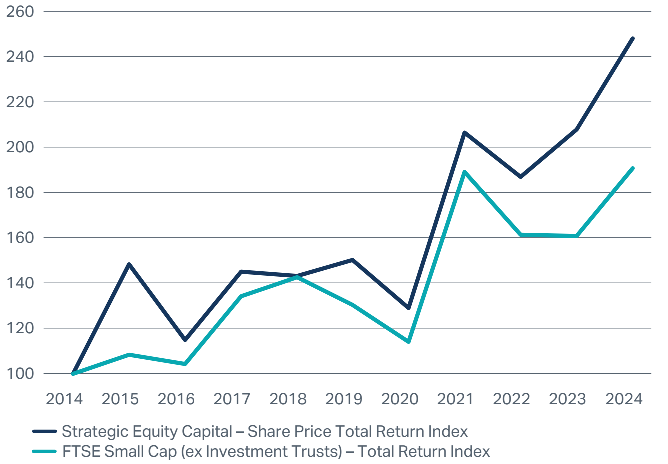
During the year ended 30 June 2024, Directors' annual fees were set at a rate of £42,000 for the Chairman, £33,075 for the Chairman of the Audit Committee and £28,875 for a non-executive Director of the Company. Richard Locke received an additional £3,000 for his work as the Company's Deputy Chairman. Following a review of the level of Directors' fees for the forthcoming year the Board concluded that the amounts should be increased. Therefore, with effect from 1 July 2024, the Chairman's fee was increased to £43,500 (previously £42,000), the Chair of the Audit Committee's fee was increased to £34,500 (previously £33,075) and non-executive Directors' fees were increased to £30,000 (previously £28,875). Richard Locke will continue to receive an additional £3,000 for his work as the Company's Deputy Chairman.

There will be no change to the way the current approved Remuneration Policy will be implemented in the course of the next financial year.

The annual limit on Directors' fees is set out in the Company's Articles of Association. The present limit is £200,000 in aggregate per annum and the approval of shareholders is required to change this limit. As noted on **page 78**, a resolution will be proposed at the Company's Annual General Meeting to increase this limit to £220,000.

Your Company's performance

The Company is required to include a performance graph in this report comparing the Company's total shareholder return performance against that of a broad equity market index. The Company is legally required to present a performance comparison. However, comparison against an index is not the objective of the Company. The following graph compares the total shareholder return to the total return on the FTSE Small Cap (ex investment Trusts) Total Return Index. This index has been selected for comparison of the Company's performance for its generic qualities as no listed index directly comparable to the Company's portfolio exists.



Source: Refinitiv Datastream

Directors' emoluments for the year ended 30 June 2024 (audited)

The Directors who served in the year were paid the following emoluments in the form of fees:

	Year ended 30 June 2024 £	Year ended 30 June 2023 £	% change
William Barlow	**42,000**	35,553	+18.1
Annie Coleman	**28,875**	27,500	+5.0
Josephine Dixon[1]	**11,803**	31,500	-62.5
Richard Hills[2]	**–**	14,375	N/A
Richard Locke	**31,875**	30,500	+4.5
Brigid Sutcliffe[3,4]	**31,554**	10,793	+192.4
Howard Williams[3]	**28,875**	10,793	+167.5
Total	**174,982**	161,014	+8.7

1. Retired from the Board on 8 November 2023
2. Retired from the Board on 9 November 2022
3. Appointed to the Board on 8 February 2023
4. Appointed as Audit Committee Chair on 8 November 2023

The above emoluments are of a fixed nature with no variable elements.

The table below contains the annual percentage change in remuneration in the three financial years prior to the current year in respect of each Director:

Fee Rates	Year to 30 June 2020	Year to 30 June 2021	Year to 30 June 2022	Year to 30 June 2023	**Year to 30 June 2024**
Chair	£36,800	£36,800	£40,000	£40,000	**£42,000**
	+3.1%	+0.0%	+8.7%	+0.0%	**+5.0%**
Audit Chair	£29,000	£29,000	£31,500	£31,500	**£33,075**
	+3.2%	+0.0%	+8.6%	+0.0%	**+5.0%**
Deputy Chairman	–	–	£30,500	£30,500	**£31,875**
	–	–	–	+0.0%	**+4.5%**
Other Directors	£25,250	£25,250	£27,500	£27,500	**£28,875**
	+3.1%	+0.0%	+8.9%	+0.0%	**+5.0%**

Relative importance of spend on pay

The table below, which is a statutory requirement, sets out, in respect of the financial year ended 30 June 2024 and the preceding year:

a) the remuneration paid to Directors; and

b) the cash returned to shareholders by way of dividend.

	Year ended 30 June 2024 £	Year ended 30 June 2023 £	Change
Total remuneration	**174,982**	161,014	+8.7%
Dividend paid	**1,231,000**	1,061,000	+16.0%

Directors' interests (audited)

There is no requirement under the Company's Articles of Association, or their terms of appointment, for Directors to hold shares in the Company.

The interests of the Directors and any connected persons in the Ordinary shares of the Company are set out below:

	30 June 2024	30 June 2023
William Barlow	**10,000**	10,000
Annie Coleman	**5,462**	5,462
Richard Locke*	**30,000**	30,000
Brigid Sutcliffe	**12,448**	6,500
Howard Williams	**10,000**	–

* This interest is held jointly by Richard Locke and Mrs Mary Locke.

There have been no changes to any of the above holdings between 30 June 2024 and the date of this report.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

Directors' service contracts

None of the Directors has a contract of service with the Company, nor has there been any contract or arrangement between the Company and any Director at any time during the year. The terms of their appointment provide that a Director shall retire and be subject to election at the first Annual General Meeting after their appointment, and every year thereafter. Directors are not entitled to any termination payments in relation to their appointment. The Directors have committed to standing for annual re-election in the interests of good corporate governance.

Directors' Remuneration Policy

An ordinary resolution to approve this Remuneration Policy is put to a shareholders' vote at least once every three years and in any year if there is to be a change in the Directors' Remuneration Policy.

The Company follows the recommendation of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent on the Company's affairs. The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Directors' Remuneration Policy and in the annual review of Directors' fees.

The fees of the non-executive Directors are determined within the limits set out in the Company's Articles of Association. Approval by shareholders would be required to increase that limit. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits as the Board does not consider it to be appropriate at this time. There are no performance conditions attached to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive directors.

It is intended that the Company's policy when determining the duration of notice periods and termination payments under the Directors' letters of appointment will be based on prevailing best practice guidelines. Under the Directors' letters of appointment, there is no notice period and no compensation is payable to a Director on leaving office.

Statement of voting at the last Annual General Meeting

The Directors' Remuneration Report for the year ended 30 June 2023 was approved by shareholders at the Annual General Meeting held on 8 November 2023. The votes cast by proxy were as follows:

Directors' Remuneration Report	Number of votes	% of votes cast
For	31,976,944	99.95
Against	14,858	0.05
At Chairman's discretion	–	–
Total votes cast	**31,991,802**	**100.00**
Number of votes withheld	5,322	

The Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting held on 10 November 2021, and will be put to shareholders at this years Annual General Meeting. The votes cast by proxy on 10 November 2021 were as follows:

Directors' Remuneration Policy	Number of votes	% of votes cast
For	41,815,276	99.97
Against	12,032	0.03
At Chairman's discretion	–	–
Total votes cast	**41,807,308**	**100.00**
Number of votes withheld	33,191	

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 25 September 2024 and signed on its behalf by the Chairman.

William Barlow

Chairman

25 September 2024

Statement of Directors' Responsibilities in respect of the Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

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 Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that it faces.

We consider 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 position and performance, business model and strategy.

For and on behalf of the Board

William Barlow

Chairman

25 September 2024

Independent Auditor's Report

to the members of Strategic Equity Capital plc

Opinion

We have audited the financial statements of Strategic Equity Capital plc ("the Company"), for the year ended 30 June 2024, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, Balance Sheet and Statement of Cash Flows and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted International Accounting Standards ("UK-adopted international accounting standards").

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its return 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.

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 responsibilities for the audit of the financial statements section of our report. We are 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

We planned our audit by first obtaining an understanding of the Company and its environment, including its key activities delegated by the Board to relevant approved third-party service providers and the controls over provision of those services.

We conducted our audit using information maintained and provided by the current service providers; Gresham House Asset Management Limited (the "Investment Manager"), Juniper Partners Limited (the "Company Secretary", and "Administrator"), J.P. Morgan Chase Bank N.A (the "Custodian") and J.P Morgan Chase Europe Limited (the "Depositary") to whom the Company has delegated the provision of services.

We tailored the scope of our audit to reflect our risk assessment, taking into account such factors as the types of investments within the Company, the involvement of the Administrator, the accounting processes and controls, and the industry in which the Company operates.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in the evaluation of the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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. These matters included 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, we do not provide a separate opinion on these matters.

We summarise below the key audit matters in arriving at our audit opinion above, together with how our audit addressed these matters and the results of our audit work in relation to these matters.

Key audit matter	How our audit addressed the key audit matter and our conclusions
Valuation of level 1 and level 2 investments (as described on **page 43** in the Audit Committee Report and as per the accounting policy on **page 59** and Note 9). At 30 June 2024 the valuation of the investments portfolio was £182.4m. As this is the largest component of the Company's Balance Sheet, and a key driver of the Company's net assets and total return, this has been designated as a key audit matter, being one of the most significant assessed risks of material misstatement due to error. There is a further risk that the investments held at fair value may not be actively traded and the quoted prices may not therefore be reflective of their fair value.	We performed walkthroughs and obtained and assessed controls reports provided by Juniper Partners Limited (as administrator) to evaluate the design and implementation of key controls. We compared market prices and exchange rates applied to all level 1 and level 2 investments held at 30 June 2024 to an independent third-party source and recalculated the investment valuations. We obtained average trading volumes from an independent third-party source for all level 1 and level 2 investments held at year end as evidence of the existence of an active market and to assess the investments' liquidity. From our completion of these procedures, we identified no material misstatements in relation to the valuation of level 1 and level 2 investments.
Revenue recognition, including allocation of special dividends as revenue or capital returns (as described on **page 43** in the Audit Committee Report and as per the accounting policy on **page 59** and Note 2). Investment income recognised in the year to 30 June 2024 was £4.0m, consisting primarily of dividend income from level 1 investments. Revenue-based performance metrics are often one of the key performance indicators for stakeholders. The investment income received by the Company during the year directly impacts these metrics and the minimum dividend required to be paid by the Company under section 1158 of the Corporation Tax Act 2010 compliance. There is a risk that revenue is incomplete, did not occur or is inaccurate, through failure to recognise dividends or failure to appropriately account for their treatment. It has therefore been designated as a key audit matter being one of the most significant assessed risks of material misstatement due to fraud or error. Additionally, judgement is required in determining the allocation of special dividends as revenue or capital returns within the Statement of Comprehensive Income.	We performed a walkthrough of the revenue recognition process (including the process for allocating special dividends as revenue or capital returns) and obtained and assessed controls reports provided by Juniper Partners Limited (as administrator) to evaluate the design and implementation of key controls. We assessed whether income was recognised and disclosed in accordance with the financial reporting framework, including the AIC SORP and the Company's accounting policies. We recalculated 100% of dividends due to the Company based on investment holdings throughout the year and dividend announcements made by investee companies. We agreed a sample of dividends received to bank statements. We obtained management's list of all special dividends received by the Company and their allocation as revenue or capital returns, and used third-party independent data sources to assess the completeness of the special dividend population and evaluated management's conclusion as to whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payments. From our completion of these procedures, we identified no material misstatements with revenue recognition, including allocation of special dividends as revenue or capital returns.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature and extent of our work and in evaluating the results of that work.

Materiality measure	Value
Materiality for the financial statements as a whole – we have set materiality as 1% of net assets as we believe that net assets is the primary performance measure used by investors and is the key driver of shareholder value. It is also the standard industry benchmark for materiality for investment trusts and we determined the measurement percentage to be commensurate with the risk and complexity of the audit and the Company's listed status.	£1.90m
Performance materiality – performance materiality represents amounts set by the auditor at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In setting this we consider the Company's overall control environment and any experience of the audit that indicates a lower risk of material misstatements. Based on our judgements of these factors we have set performance materiality at 50% of our overall Financial Statement materiality as this is our first year as auditor.	£0.95m
Specific materiality – recognising that there are transactions and balances of a lesser amount which could influence the understanding of users of the financial statements we calculate a lower level of materiality for testing such areas. Specifically, given the importance of the distinction between revenue and capital for the Company, we applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income, set at the higher of 5% of the net revenue return on ordinary activities before taxation and our Audit Committee reporting threshold. We have also set a separate specific materiality of in respect of related party transactions and Directors' remuneration. We used our judgement in setting these thresholds and considered our experience and industry benchmarks for specific materiality.	£0.10m
Audit Committee reporting threshold – we agreed with the Audit Committee that we would report to them all differences in excess of 5% of overall materiality in addition to other identified misstatements that warranted reporting on qualitative grounds, in our view. For example, an immaterial misstatement as a result of fraud.	£0.10m

During the course of the audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year-end.

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 management's method of assessing going concern, including consideration of market conditions, uncertainties and the 100% realisation opportunity scheduled for 2025;
- Assessing and challenging the forecast cashflows and associated sensitivity modelling used by the Directors in support of their going concern assessment;
- Obtaining and recalculating management's assessment of the Company's ongoing maintenance of investment trust status;
- Evaluating management's assessment of the business continuity plans of the Company's main service providers; and
- Assessing the adequacy of the Company's going concern disclosures included in the Annual Report.

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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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.

Matters on which we are required to report by exception

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.

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 by the Company, 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; or
- A corporate governance statement has not been prepared by the Company.

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 entity'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:

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on **page 24**;
- The Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on **page 24**;
- The Directors' statement on fair, balanced and understandable set out on **page 47**;
- The Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on **page 24**;
- The Board has carried out a robust assessment of the emerging and principal risks set out on **page 24**;
- The section of the annual report that describes the review of the effectiveness of risk management and internal control systems set out on **pages 40** and **41**; and
- The section describing the work of the Audit Committee set out on **pages 42** to **43**.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on **page 47**, 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 responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered 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 assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- FCA listing and DTR rules;
- The principles of the UK Corporate Governance Code (February 2019 Edition) applied by the Association of Investment Trust Companies (the 'AIC') Code of Corporate Governance (the "AIC Code");

- Industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued by the AIC in July 2022;
- UK-adopted international accounting standards; and
- The Company's qualification as an investment Trust under section 1158 of the Corporation Tax Act 2010.

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to the completeness and allocation of special dividends and management override of controls. Audit procedures performed in response to the risks relating to special dividends are set out in the section on key audit matters above and the risk of management override of controls are included below.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, recalculating the investment management fee and performance fee, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006 and the Listing Rules; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements 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 intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures described above 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 would become aware of it.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board on 8 November 2023 to audit the financial statements for the year ended 30 June 2024 and subsequent financial periods. The period of our total uninterrupted engagement is one year, covering the year ended 30 June 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

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.

Richard Sutherland

(Senior Statutory Auditor)

For and on behalf of Johnston Carmichael LLP
Statutory Auditor
Edinburgh, United Kingdom

25 September 2024

Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	Year ended 30 June 2024 Revenue return £'000	Capital return £'000	Total £'000	Year ended 30 June 2023 Revenue return £'000	Capital return £'000	Total £'000
Investments							
Gains on investments held at fair value through profit or loss	9	–	24,099	24,099	–	10,602	10,602
		–	24,099	24,099	–	10,602	10,602
Income							
Dividends	2	3,997	2,111	6,108	3,782	–	3,782
Interest	2	55	–	55	78	–	78
Total income		4,052	2,111	6,163	3,860	–	3,860
Expenses							
Investment Manager's base fee	3	(1,270)	–	(1,270)	(1,228)	–	(1,228)
Investment Manager's performance fee	4	–	(1,409)	(1,409)	–	–	–
Other expenses	5	(756)	–	(756)	(803)	–	(803)
Total expenses		(2,026)	(1,409)	(3,435)	(2,031)	–	(2,031)
Net return before taxation		2,026	24,801	26,827	1,829	10,602	12,431
Taxation	6	–	–	–	–	–	–
Net return and total comprehensive income for the year		2,026	24,801	26,827	1,829	10,602	12,431
		pence	pence	pence	pence	pence	pence
Return per Ordinary share	8	4.15	50.84	54.99	3.53	20.44	23.97

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with IFRS. The supplementary revenue and capital return columns are both prepared under guidance published by the AIC. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

The notes on pages 58 to 72 form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 30 June 2024								
1 July 2023		**6,353**	**11,300**	**3,590**	**142,952**	**2,897**	**3,131**	**170,223**
Net return and total comprehensive income for the year		**–**	**–**	**–**	**24,801**	**–**	**2,026**	**26,827**
Dividends paid	7	**–**	**–**	**–**	**–**	**–**	**(1,231)**	**(1,231)**
Share buy-backs		**–**	**–**	**(3,590)**	**(2,264)**	**–**	**–**	**(5,854)**
30 June 2024		**6,353**	**11,300**	**–**	**165,489**	**2,897**	**3,926**	**189,965**
For the year ended 30 June 2023								
1 July 2022		6,353	11,300	19,767	132,350	2,897	2,363	175,030
Net return and total comprehensive income for the year		–	–	–	10,602	–	1,829	12,431
Dividends paid	7	–	–	–	–	–	(1,061)	(1,061)
Share buy-backs		–	–	(16,177)	–	–	–	(16,177)
30 June 2023		6,353	11,300	3,590	142,952	2,897	3,131	170,223

All profits are attributable to the equity owners of the Company and there are no minority interests.

The notes on pages 58 to 72 form part of these financial statements.

Balance Sheet

As at 30 June 2024

	Note	30 June 2024 £'000	30 June 2023 £'000
Non-current assets			
Investments held at fair value through profit or loss	9	**182,364**	169,274
Current assets			
Trade and other receivables	11	**166**	268
Cash and cash equivalents	15	**9,153**	1,242
		9,319	1,510
Total assets		**191,683**	170,784
Current liabilities			
Trade and other payables	12	**(1,718)**	(561)
Nets assets		**189,965**	170,223
Capital and reserves			
Share capital	13	**6,353**	6,353
Share premium account	14	**11,300**	11,300
Special reserve	14	**–**	3,590
Capital reserve	14	**165,489**	142,952
Capital redemption reserve	14	**2,897**	2,897
Revenue reserve	14	**3,926**	3,131
Total shareholders' equity		**189,965**	170,223
		pence	pence
Net asset value per share	16	**396.87**	342.47
		number	number
Ordinary shares in issue	13	**47,865,450**	49,704,711

The financial statements were approved by the Board of Directors of Strategic Equity Capital plc on 25 September 2024.

They were signed on its behalf by

William Barlow
Chairman

25 September 2024

Company Number: 05448627

The notes on pages 58 to 72 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2024

	Note	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Operating activities			
Net return before taxation		**26,827**	12,431
Adjustment for gains on investments		**(24,099)**	(10,602)
Operating cash flows before movements in working capital		**2,728**	1,829
Decrease in receivables		**102**	374
Increase in payables		**1,134**	22
Purchases of portfolio investments		**(67,433)**	(30,473)
Sales of portfolio investments		**78,465**	30,463
Net cash flow from operating activities		**14,996**	2,215
Financing activities			
Equity dividend paid	7	**(1,231)**	(1,061)
Shares bought back in the year		**(5,854)**	(16,275)
Net cash flow from financing activities		**(7,085)**	(17,336)
Increase/(decrease) in cash and cash equivalents for the year		**7,911**	(15,121)
Cash and cash equivalents at start of year		**1,242**	16,363
Cash and cash equivalents at 30 June	15	**9,153**	1,242

The notes on pages 58 to 72 form part of these financial statements.

Notes to the Financial Statements

1.1 Corporate information

Strategic Equity Capital plc is a public limited company incorporated and domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006 whose shares are publicly traded. The Company is an investment company as defined by Section 833 of the Companies Act 2006.

The Company carries on business as an investment trust within the meaning of Sections 1158/1159 of the UK Corporation Tax Act 2010.

The financial statements of Strategic Equity Capital plc for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors on 25 September 2024.

1.2 Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in accordance with International Accounting Standards in conformity with the requirements of UK-adopted international accounting standards and with the requirements of the Companies Act 2006, as applicable to companies reporting under those standards. Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the AIC in July 2022 is consistent with the requirements of IFRS, the Directors have sought to prepare financial statements on a basis compliant with the recommendations of the SORP.

The financial statements of the Company have been prepared on a going concern basis.

The Directors performed an assessment of the Company's ability to meet its liabilities as they fall due. In performing this assessment, the Directors took into consideration:

- cash and cash equivalents balances and the portfolio of readily realisable securities which can be used to meet short-term funding commitments;
- the ability of the Company to meet all of its liabilities and ongoing expenses from its assets;
- revenue and operating cost forecasts for the forthcoming year;
- the ability of third-party service providers to continue to provide services;
- potential downside scenarios including stress testing the Company's portfolio for a 25% fall in the value of the investment portfolio; a 50% fall in dividend income and a buy-back of 5% of the Company's Ordinary share capital, the impact of which would leave the Company with a positive cash position; and
- the realisation opportunity in 2025.

Based on this assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Convention

The financial statements are presented in Sterling, being the currency of the Primary Economic Environment in which the Company operates, rounded to the nearest thousand, unless otherwise stated to the nearest one pound.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

As such, no segmental reporting disclosure has been included in the financial statements.

1.3 Accounting policies

Investments

All investments held by the Company are classified as "fair value through profit or loss". As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increase in fair value, quoted equities, unquoted equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy. Investments are initially recognised at cost, being the fair value of the consideration.

After initial recognition, investments are measured at fair value, with movements in fair value of investments and impairment of investments recognised in the Statement of Comprehensive Income and allocated to the capital column.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the Balance Sheet date, without adjustment for transaction costs necessary to realise the asset.

Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the "trade date" i.e. the day that the Company commits to purchase or sell the asset. Regular way purchases, or sales, are purchases or sales of financial assets that require delivery of the asset within a time frame generally established by regulation or convention in the market place.

Income

Dividends receivable on quoted equity shares are taken into account on the ex-dividend date. Where no ex-dividend date is quoted, they are brought into account when the Company's right to receive payment is established. Other investment income and interest receivable are included in the financial statements on an accruals basis. Dividends receivable from UK and overseas registered companies are accounted for on a gross basis. Where withholding tax is paid, the amount will be recognised in the revenue column of the Statement of Comprehensive Income as part of the tax expense and deemed as irrecoverable. For dividends which are of a capital nature, they are recognised in the capital column of the Statement of Comprehensive Income. Income on fixed income securities is recognised on a time apportionment basis, using the effective interest rate method, from the date of purchase.

Expenses

All expenses are accounted for on an accruals basis. The Company's investment management, administration fees, and all other expenses are charged through the Statement of Comprehensive Income. These expenses are allocated 100% to the revenue column of the Statement of Comprehensive Income. The Investment Manager's performance fee is allocated 100% to the capital column of the Statement of Comprehensive Income. In the opinion of the Directors the fee is awarded entirely for the capital performance of the portfolio.

Cash and cash equivalents

Cash and cash equivalents which are held to maturity are carried at fair value. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years. The tax effect of different items of expenditure is allocated between the revenue and capital columns of the Statement of Comprehensive Income on the same basis as the particular item to which it relates, using the Company's effective rate of tax.

Deferred income tax is provided on all temporary differences at the Balance Sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deferred income tax liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the year when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Dividends payable to shareholders

Dividends to shareholders are recognised as a deduction from equity in the year in which they have been declared and approved by the shareholders. The final dividend is proposed by the Board and is not declared until approved by the shareholders at the Annual General Meeting following the year end. Dividends are charged to the Statement of Changes in Equity.

Share issues and related accounts

Incremental costs directly attributable to the issuance of shares are recognised as a deduction from share premium arising from the transactions.

Share buy-backs

Shares which are repurchased are recognised as a deduction from special reserve or capital reserve and are either classified as Treasury shares or are cancelled.

Foreign currency transactions

The currency of the Primary Economic Environment in which the Company operates is Sterling which is also the presentational currency. Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the transaction.

Investments and other monetary assets and liabilities are converted to Sterling at the rates of exchange ruling at the Balance Sheet date. Exchange gains and losses relating to investments and other monetary assets and liabilities are taken to the capital column of the Statement of Comprehensive Income.

Accounting estimates and judgements

The preparation of financial statements requires the Company to make estimates and judgements that affect items reported in the Balance Sheet and Statement of Comprehensive Income at the date of the financial statements. Although the estimates are based on best knowledge of current facts, circumstances, and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly significantly. The Directors do not believe that any accounting judgements or estimates have been applied to these financial statements that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

Reserves

Share premium account. The share premium represents the difference between the nominal value of new Ordinary shares issued and the consideration the Company receives for these shares.

Special reserve. Created from the Court cancellation of the share premium account which had arisen from premiums paid on the Ordinary shares. The reserve is distributable and its function is to fund any share buy-backs by the Company.

Capital reserve. Gains and losses on the realisation of investments, realised exchange differences of a capital nature, share buy backs and returns of capital are accounted for in this reserve. Increases and decreases in the valuation of investments held at the year end, and unrealised exchange differences of a capital nature are also accounted for in this reserve.

Capital redemption reserve. The nominal value of Ordinary shares bought back and cancelled are transferred to the capital redemption reserve.

Revenue reserve. Any surplus/deficit arising from the revenue profit/loss for the year is taken to/from this reserve.

The Special reserve, Capital Reserve and Revenue reserve represent the amount of the Company's distributable reserves.

1.4 Adoption of New and Revised accounting standards

The Directors confirm that none of the following newly effective standards have materially affected the Company's financial statements:-

Standard	Effective date
Amendments to IAS 1 – Classification of liabilities	1 January 2024
Amendments to IFRS 16 – Lease liability	1 January 2024
Amendments to IAS 7 & IFRS 7 – Supplier finance arrangements	1 January 2024

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Income

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Income from investments						
UK dividend income	**3,997**	**2,111**	**6,108**	3,782	–	3,782
	3,997	**2,111**	**6,108**	3,782	–	3,782
Other operating income						
Liquidity interest	**55**	**–**	**55**	78	–	78
	4,052	**2,111**	**6,163**	3,860	–	3,860

3. Investment Manager's base fee

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Management fee	**1,270**	**–**	**1,270**	1,228	–	1,228
	1,270	**–**	**1,270**	1,228	–	1,228

A basic management fee was payable to the Investment Manager at an annual rate of 0.75% of the NAV of the Company. The basic management fee accrues daily and is payable quarterly in arrears. The Investment Manager is also entitled to a performance fee, details of which are given in the Report of the Directors on page 33.

4. Investment Manager's performance fee

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Performance fee	**–**	**1,409**	**1,409**	–	–	–
	–	**1,409**	**1,409**	–	–	–

Details of the Performance fee calculation are noted in the Chairman's Statement on page 4 and in the Report of the Directors on page 33.

5. Other expenses

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Secretarial services	**181**	**–**	**181**	171	–	171
Auditors' remuneration for:						
Audit services*	**39**	**–**	**39**	65	–	65
Directors' remuneration	**175**	**–**	**175**	161	–	161
Other expenses	**361**	**–**	**361**	406	–	406
	756	**–**	**756**	803	–	803

All expenses include VAT where applicable, apart from audit services which is shown net.

* No non-audit fees were incurred during the year.

6. Taxation

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Corporation tax at 25.00% (2023: 20.50%)	–	–	–	–	–	–

As at 30 June 2024 the total taxation charge in the Company's revenue account is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net return on ordinary activities before taxation	2,026	24,801	26,827	1,829	10,602	12,431
Theoretical tax at UK corporation tax rate of 25.00% (2023: 20.50%)	507	6,200	6,707	375	2,173	2,548
Effects of:						
– UK dividends that are not taxable	(999)	–	(999)	(775)	–	(775)
– Unrelieved expenses	492	352	844	400	–	400
– Non-taxable investment gains		(6,552)	(6,552)	–	(2,173)	(2,173)
	–	–	–	–	–	–

Factors that may affect future tax charges

At 30 June 2024, the Company had no unprovided deferred tax liabilities (2023: £nil). At that date, based on current estimates and including the accumulation of net allowable losses, the Company had unrelieved losses of £35,348,000 (2023: £31,968,000) that are available to offset future taxable revenue. A deferred tax asset of £8,837,000 (2023: £7,992,000) 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. The potential deferred tax asset has been calculated using a corporation tax rate of 25% (2023: 25%).

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an Investment Trust company.

7. Dividends

Under the requirements of Sections 1158/1159 of the Corporation Tax Act 2010 no more than 15% of total income may be retained by the Company. These requirements are considered on the basis of dividends declared in respect of the financial year as shown below.

	30 June 2024 £'000	30 June 2023 £'000
Final dividend proposed of 3.50p (2023: 2.50p) per share	1,657	1,231

The following dividends were declared and paid by the Company in the financial year:

	30 June 2024 £'000	30 June 2023 £'000
Final dividend: 2.50p per share (2023: 2.00p)	1,231	1,061

Dividends have been solely paid out of the Revenue reserve.

8. Return per Ordinary share

	Year ended 30 June 2024			Year ended 30 June 2023		
	Net return £'000	Weighted average number of Ordinary shares	Per share pence	Net return £'000	Weighted average number of Ordinary shares	Per share pence
Total						
Return per share	26,827	48,778,400	54.99	12,431	51,853,838	23.97
Revenue						
Return per share	2,026	48,778,400	4.15	1,829	51,853,838	3.53
Capital						
Return per share	24,801	48,778,400	50.84	10,602	51,853,838	20.44

9. Investments

	30 June 2024 £'000	30 June 2023 £'000
Investment portfolio summary		
Quoted investments at fair value through profit or loss	182,364	169,274
	182,364	169,274

	30 June 2024 Total £'000
Analysis of investment portfolio movements	
Opening book cost	**153,500**
Opening investment holding gains	**15,774**
Opening valuation	**169,274**
Movements in the year:	
Purchases at cost	**67,456**
Sales – proceeds	**(78,465)**
– realised gains on sales	**15,915**
Increase in unrealised appreciation	**8,184**
Closing valuation	**182,364**
Closing book cost	**158,406**
Closing investment holding gains	**23,958**
	182,364

The Company received £78,465,000 (2023: £30,220,000) from investments sold in the year. The book cost of these investments when they were purchased was £62,550,000 (2023: £26,506,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of these investments.

A list of the portfolio holdings by their aggregate market values is given in the Investment Manager's report on page 19. Transaction costs incidental to the acquisitions of investments totalled £168,000 (2023: £88,000) and disposals of investments totalled £75,000 (2023: £21,000) respectively for the year.

	30 June 2024 £'000	30 June 2023 £'000
Analysis of capital gains		
Gains on sale of investments	**15,915**	3,694
Movement in investment holding gains	**8,184**	6,908
	24,099	10,602

Under IFRS 13, the Company is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in measuring the fair value of each asset. The fair value hierarchy has the following levels:

Investments whose values are based on quoted market prices in active markets are classified within level 1 and include active quoted equities.

The definition of level 1 inputs refers to 'active markets', which is a market in which transactions take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis. Due to the liquidity levels of the markets in which the Company trades, whether transactions take place with sufficient frequency and volume is a matter of judgement, and depends on the specific facts and circumstances. The Investment Manager has analysed trading volumes and frequency of the Company's portfolio and has determined these investments as level 1 of the hierarchy.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 3 instruments include private equity, as observable prices are not available for these securities the Company has used valuation techniques to derive the fair value. In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with IPEV Valuation Guidelines.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value of the investment.

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value at 30 June 2024.

Financial instruments at fair value through profit or loss

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2024				
Equity investments	**178,480**	**3,884**	**–**	**182,364**
Liquidity funds	**–**	**1**	**–**	**1**
Total	**178,480**	**3,885**	**–**	**182,365**
30 June 2023				
Equity investments	169,274	–	–	169,274
Liquidity funds	–	1	–	1
Total	169,274	1	–	169,275

Listed investments included in Level 2 are deemed to be illiquid. An investment is categorised as illiquid when historic trading data indicates it would take more than 250 days to liquidate. The fair value of these investments has been determined by reference to their quoted prices at the reporting date.

10. Significant interests

The Company had holdings of 3% or more in the following companies:

Name of investment	Class of Share	30 June 2024 Percentage held
Iomart Group	Ordinary	12.8%
Inspired	Ordinary	10.1%
The Property Franchise Group	Ordinary	8.9%
Tribal Group	Ordinary	7.9%
XPS Pensions Group	Ordinary	7.0%
Trufin	Ordinary	6.4%
Brooks Macdonald	Ordinary	5.9%
Fintel	Ordinary	5.4%
Ricardo	Ordinary	4.9%

11. Trade and other receivables

	30 June 2024 £'000	30 June 2023 £'000
UK dividends receivable	152	251
Other receivables and prepayments	14	17
	166	268

12. Trade and other payables

	30 June 2024 £'000	30 June 2023 £'000
Amounts due to brokers in relation to purchases of investments	56	33
Investment Manager's performance fee	1,409	–
Other payables and accruals	253	528
	1,718	561

13. Nominal share capital

	Number	£'000
Alloted, called up and fully paid Ordinary shares of 10p each:		
Ordinary shares in circulation at 30 June 2023	63,529,206	6,353
Shares held in Treasury at 30 June 2023	(13,824,495)	(1,382)
Ordinary shares in issue per Balance Sheet at 30 June 2023	49,704,711	4,971
Shares bought back to be held in Treasury	(1,839,261)	(184)
Ordinary shares in issue per Balance Sheet at 30 June 2024	47,865,450	4,787
Shares held in Treasury at 30 June 2024	15,663,756	1,566
Ordinary shares in circulation at 30 June 2024	63,529,206	6,353

14. Reserves

For the period ended 30 June 2024	Share premium account £'000	Special reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Capital redemption reserve £'000	Revenue reserve £'000
At the beginning of the year	**11,300**	**3,590**	**127,178**	**15,774**	**2,897**	**3,131**
Realised gains on investments	**–**	**–**	**18,026**	**–**	**–**	**–**
Unrealised gains on investments	**–**	**–**	**–**	**8,184**	**–**	**–**
Investment Manager's performance fee	**–**	**–**	**(1,409)**	**–**	**–**	**–**
Share buy-backs	**–**	**(3,590)**	**(2,264)**	**–**	**–**	**–**
Net return for the year	**–**	**–**	**–**	**–**	**–**	**2,026**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(1,231)**
As at 30 June 2024	**11,300**	**–**	**141,531**	**23,958**	**2,897**	**3,926**

The Special reserve, Capital Reserve and Revenue reserve represent the amount of the Company's distributable reserves.

For the period ended 30 June 2023	Share premium account £'000	Special reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Capital redemption reserve £'000	Revenue reserve £'000
At beginning of year	11,300	19,767	123,484	8,866	2,897	2,363
Realised gains on investments	–	–	3,694	–	–	–
Unrealised gains on investments	–	–	–	6,908	–	–
Share buy-backs	–	(16,177)	–	–	–	–
Net return for the year	–	–	–	–	–	1,829
Dividends paid	–	–	–	–	–	(1,061)
As at 30 June 2023	11,300	3,590	127,178	15,774	2,897	3,131

15. Reconciliation of net cash flow to net funds

	30 June 2024 £'000	30 June 2023 £'000
Opening net funds	**1,242**	16,363
Increase/(decrease) in cash and cash equivalents in year	**7,911**	(15,121)
Closing net funds	**9,153**	1,242

	At 30 June 2023 £'000	Net cash flow £'000	**At 30 June 2024 £'000**
Cash at bank	1,241	7,911	**9,152**
Liquidity funds	1	–	**1**
	1,242	7,911	**9,153**

16. Net asset value per Ordinary share

The net asset value per Ordinary share is based on net assets of £189,965,000 (2023: £170,223,000) and on 47,865,450 (2023: 49,704,711) Ordinary shares, being the number of shares in issue at the year end.

17. Analysis of financial assets and liabilities

The Company's financial instruments comprise securities, cash balances (including amounts held in liquidity funds) and debtors and creditors that arise from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income.

The Company has little exposure to credit and cash flow risk. Credit risk is due to uncertainty in a counterparty's ability to meet its obligations. The Company has no exposure to debt purchases and ensures that cash at bank is held only with reputable banks with high quality external credit ratings. All the assets of the Company which are traded on listed exchanges are held by J.P.Morgan Chase Bank N.A., 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 or limited. The Board reviews the Custodian's annual controls report and the Investment Manager's management of the relationship with the Custodian.

The Company invests in markets that operate DVP (Delivery versus Payment) settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Investment Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Due to timings of investment and distributions, at any one time the Company may hold significant amounts of surplus cash. Any funds in excess of those required to meet daily operational requirements are invested in Institutional Liquidity Funds. These are highly liquid assets that are redeemable on less than 24 hours notice. The Company only invests in funds that have an AAA rating and the funds' performance is monitored by the Investment Manager. The maximum exposure to credit risk is £9,305,000 (2023: £1,493,000). There are no assets past due or impaired (2023: none).

The Company finances its operations through its issued capital and existing reserves.

The principal risks the Company faces in its investment portfolio management activities are:

- market price risk, i.e. the movements in value of investment holdings caused by factors other than interest rate movement;
- interest rate risk;
- liquidity risk; and
- foreign currency risk.

The Investment Manager's policies for managing these risks are summarised below and have been applied throughout the year:

Policy

(i) Market price risk

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager.

Adherence to the investment objectives and the limits on investment set by the Company mitigates the risk of excessive exposure to any one particular type of security or issuer.

If the investment portfolio valuation fell by 30% from the 30 June 2024 valuation (2023: 30%), with all other variables held constant, there would have been a reduction of £54,709,000 (2023: £50,782,000) in the return after taxation and equity. An increase of 30% in the investment portfolio valuation would have had an equal and opposite effect on the return after taxation and equity. The calculations are based on the fair value of investments at 30 June 2024 and these may not be representative of the year as a whole.

(ii) Cash flow interest rate risk exposure

The Company's bank accounts earn interest at a variable rate which is subject to fluctuations in interest rates.

The Company holds cash in liquidity funds. Income from these funds is dependent on the performance of the funds, which is subject to fluctuations in interest rates (along with other factors).

If interest rates had reduced by 0.5% from those obtained at 30 June 2024 (2023: 0.5%), it would have the effect, with all other variables held constant, of reducing the net return after taxation and equity by £46,000 (2023: £6,000). If there had been an increase in interest rates of 0.5% there would have been an equal and opposite effect in the net return after taxation and equity. The calculations are based on the cash balances at 30 June 2024 and are not representative of the year as a whole.

Non-interest rate risk exposure

The remainder of the Company's portfolio and current assets and liabilities are not subject directly to interest rate risk (2023: same).

Details of the interest rate risk profile of the Company are shown in the following tables.

The interest rate risk profile of the Company's financial assets at 30 June 2024 was:

	Total £'000	No interest rate risk financial assets £'000	Cash flow interest rate risk financial assets £'000
Sterling			
Quoted investments	178,480	178,480	–
Liquidity funds	1	–	1
Cash	9,152	–	9,152
Receivables*	152	152	–
	187,785	178,632	9,153
Norwegian krone			
Quoted investments	3,884	3,884	–
	3,884	3,884	–
Total	191,669	182,516	9,153

* Receivables exclude prepayments which under IAS 32 are not classed as financial assets.

The interest rate risk profile of the Company's financial assets at 30 June 2023 was:

	Total £'000	No interest rate risk financial assets £'000	Cash flow interest rate risk financial assets £'000
Sterling			
Quoted investments	166,163	166,163	–
Liquidity funds	1	–	1
Cash	1,241	–	1,241
Receivables*	251	251	–
	167,656	166,414	1,242
Norwegian krone			
Quoted investments	3,111	3,111	–
	3,111	3,111	–
Total	170,767	169,525	1,242

* Receivables exclude prepayments which under IAS 32 are not classed as financial assets.

The interest rate risk profile of the Company's financial liabilities at 30 June 2024 was:

	Total £'000	**No interest rate risk financial assets £'000**
Sterling		
Creditors	**1,718**	**1,718**

All amounts were due in three months or less for a consideration equal to the carrying value of the creditors shown above.

The interest rate risk profile of the Company's financial liabilities at 30 June 2023 was:

	Total £'000	No interest rate risk financial assets £'000
Sterling		
Creditors	561	561

All amounts were due in three months or less for a consideration equal to the carrying value of the creditors shown above.

(iii) Liquidity risk

The Investment Manager may invest on behalf of the Company in securities which are not readily tradable, which can lead to volatile share price movements. It may be difficult for the Company to sell such investments. Although the Company's AIM quoted investments are less liquid than securities listed on the London Stock Exchange, the Board seeks to ensure that an appropriate proportion of the Company's investment portfolio is invested in cash and readily realisable investments, which are sufficient to meet any funding requirements that may arise.

(iv) Foreign currency risk

The Company's holding of Benchmark Holdings is dual-listed on the London and Oslo stock exchanges. The holding on the Oslo stock exchange is the Company's only non-sterling asset and the Company is, therefore, subject to foreign currency risk.

During the year the Sterling/Norwegian Krone exchange rate fluctuated 7.7% between a low of 12.88075 on 27 December 2023 and a high of 13.86645 on 30 May 2024, before closing at 13.48170 on 30 June 2024 (30 June 2023: 13.61815).

If the Sterling/Norwegian Krone exchange rate had weakened by 15% from that obtained at 30 June 2024 (2023: 15%), it would have the effect, with all other variables held constant, of increasing net profit and equity Shareholders' funds by £685,000 (2023: £549,000). A strengthening of 15% (2023: 15%) would have the effect, with all other variables held constant, of decreasing net profit and equity Shareholders' funds by £506,000 (2023: £406,000). The calculations are based on the value of the investment in Benchmark Holdings as at 30 June 2024 and this may not be representative of the year as a whole. The balance exposed to foreign currency risk is £3,884,000 (2023: £3,111,000).

Fair values of financial assets and financial liabilities

The carrying value of the financial assets and liabilities (receivables and payables) of the Company is equivalent to their fair value (2023: same).

Managing Capital

Capital structure

The Company is funded through shareholders' equity and cash reserves. The Company's Articles of Association permit the Board to borrow up to 25% of the Company's net asset value at the time of borrowing. Capital is managed so as to maximise the return to shareholders while maintaining an appropriate capital base to allow the Company to operate effectively in the marketplace and to sustain future development of the business. The Company pays such dividends as are required to maintain its investment trust status, and may also from time to time return capital to shareholders through the purchase of its own shares at a discount to net asset value.

Capital requirement

The Company operates so as to qualify as a UK investment trust for UK tax purposes. Although no longer a requirement for obtaining and retaining investment trust status, it remains the Company's investment policy that the maximum investment in any single investee company will be no more than 15% of the Company's investments at the time of investment.

The Company's capital requirement is reviewed regularly by the Board.

18. Related party transactions and transactions with the Investment Manager

Fees paid to Directors are disclosed in the Directors' Remuneration Report on page 45. Full details of Directors' interests are set out on page 45.

The amounts payable to the Investment Manager, which is not considered to be a related party, are disclosed in notes 3 and 4 on page 62. The amount due to the Investment Manager for management fees at 30 June 2024 was £116,000 (2023: £311,000). The amount due to the Investment Manager for performance fees at 30 June 2024 was £1,409,000 (2023: £nil).

The Investment Manager, directly and indirectly through its in-house funds, has continued to purchase shares in the Company.

Shareholder Information

Financial calendar

Company's year-end	30 June
Annual results announced	October
Annual General Meeting	November
Company's half-year	31 December
Half yearly results announced	February

Share price

The Company's Ordinary shares are premium listed on the main market of the London Stock Exchange plc (the "London Stock Exchange"). The share price is quoted daily in the Financial Times under 'Investment Companies'.

Share dealing

Shares can be traded through your usual stockbroker.

Share register enquiries

The register for the Ordinary shares is maintained by Computershare Investor Services plc ("Registrar"). In the event of queries regarding your holding, please contact the Registrar on 0370 707 1285. Changes of name and/or address must be notified in writing to the Registrar, whose address is shown on page 77.

Net Asset Value

The Company's net asset value is announced daily to the London Stock Exchange.

Alternative Investment Fund Managers Directive ("AIFMD") Disclosures

The Company's AIFM is GHAM.

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy and remuneration disclosures in respect of the year ended 31 December 2023 are available from GHAM on request.

Leverage, for the purposes of the AIFM Directive, is any method which increases the company's exposure to stockmarkets whether through borrowings, derivatives, or any other means. It is expressed as a ratio of the company's exposure to its NAV. In summary, the gross method measures the company's exposure before applying hedging or netting arrangements. The commitment method allows certain hedging or netting arrangements to be offset. As at 30 June 2024 and 2023, the Company had no hedging or netting arrangements. The Company's maximum and actual leverage levels at 30 June 2024 are shown below:

Leverage Exposure	Gross Method	Commitment Method
Maximum limit	125%	125%
Actual	96%	101%

The investor disclosure document and all additional periodic disclosures required in accordance with the requirements of the FCA Rules implementing the AIFMD in the UK are made available on the Company's website (**www.strategicequitycapital.com**).

Beware of Share Fraud

In recent years there has been an increase in the number of increasingly sophisticated but fraudulent financial scams. This is often by a phone call or email which can originate from outside UK. Shareholders may receive unsolicited phone calls or correspondence concerning investment matters that imply a connection to the Company. These are typically from overseas 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares.

Shareholders may also be advised that there is an imminent offer for the Company, and the caller may offer to buy shares at significantly above the market price if an administration fee is paid. This is known as 'boiler room fraud'.

If you are contacted, we recommend that you do not respond with any personal information, including access to financial information or bank accounts. If you are in any doubt you should seek financial advice before taking any action.

You can find more information about investment scams at the Financial Conduct Authority (FCA) website: **www.fca.org.uk/consumer/protect-yourself-scams**. You can also call the FCA Consumer Helpline on 0800 111 6768.

Non-Mainstream Pooled Investment Rules

The Company's shares are 'excluded securities' for the purposes of the rules relating to non-mainstream pooled investment products. This means they can be recommended by independent financial advisors to their ordinary retail clients, subject to normal suitability requirements.

Website

Further information on the Company can be accessed via the Manager's website www.greshamhouse.com.

Alternative Performance Measures

Alternative Performance Measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes UK-adopted IFRS and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. The Alternative Performance Measures chosen are widely used in the investment trust sector and thus provide information for users of the accounts to compare the results with other closed-end investment companies.

Discount

The amount by which the Ordinary share price is lower than the NAV per Ordinary share. The discount is normally expressed as a percentage of the NAV per share.

			2024	2023
NAV per Ordinary share	a		396.87p	342.47p
Share Price	b		365.50p	309.00p
Discount	c	c=(b—a)/a	7.9%	9.8%

Average discount

The average discount is calculated by taking the average of each day's share price discount to NAV over the course of the year. The discount range during the year was 2.9% to 11.6% (2023: 3.3% to 12.5%) and the average discount was 7.6% (2023: 7.4%).

NAV Total return

NAV Total return is the increase/(decrease) in NAV per Ordinary share plus dividends paid, which are assumed to be reinvested at the time the share price is quoted ex-dividend.

	2024	2023
Opening NAV	342.47p	316.21p
Increase in NAV per Ordinary share	54.40p	26.26p
Closing NAV	396.87p	342.47p
% Increase in NAV	15.9%	8.3%
Impact of dividends reinvested*	0.7%	0.9%
NAV total return	16.6%	9.2%

* The impact of dividends reinvested assumes that the dividend of 2.50p (2023: 2.00p) paid by the Company was reinvested into shares of the Company at the ex-dividend date.

Share price total return

Share price total return is the increase/(decrease) in share price plus dividends paid, which are assumed to be reinvested at the time the share price is quoted ex-dividend.

	2024	2023
Opening share price	309.00p	280.00p
Increase in share price	56.50p	29.00p
Closing share price	365.50p	309.00p
% Increase in share price	18.3%	10.4%
Impact of dividends reinvested*	0.9%	0.8%
Share price total return	19.2%	11.2%

* The impact of dividends reinvested assumes that the dividend of 2.50p (2023: 2.00p) paid by the Company was reinvested into shares of the Company at the ex-dividend date.

Ongoing charges

Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the Association of Investment Companies industry standard method.

			2024 £'000	2023 £'000
Investment management fee			1,270	1,228
Administrative expenses			756	803
Non recurring costs in relation to the recruitment of Directors			–	(48)
Ongoing charges	a		2,026	1,983
Average net assets	b		169,118	162,849
Ongoing charges ratio (%)	c	c=a/b	1.20%	1.22%

Ongoing charges (including perfomance fee)

As per above, with the addition of the performance fee.

			2024 £'000	2023 £'000
Investment management fee			**1,270**	1,228
Administrative expenses			**756**	803
Non recurring costs in relation to the recruitment of Directors			**–**	(48)
Performance fee			**1,409**	–
Ongoing charges (including performance fee)	a		**3,435**	1,983
Average net assets	b		**169,118**	162,849
Ongoing charges ratio (including performance fee) (%)	c	c=a/b	**2.03%**	1.22%

Dividend yield

The proposed annual dividend expressed as a percentage of the Ordinary share price.

			2024	2023
Proposed dividend	a		**3.50p**	2.50p
Ordinary share price	b		**365.50p**	309.00p
Dividend yield	c	c=a/b	**0.96%**	0.81%

Corporate Information

Auditor

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh EH3 7PE

Broker

Panmure Liberum Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Custodian

J.P. Morgan Chase Bank N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Depositary

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Investment Manager

Gresham House Asset Management Limited
80 Cheapside
London EC2V 6EE
Tel: 020 3837 6270

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZY
Tel: 0370 707 1285
Website: **www.computershare.com**

Solicitor

Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

Company Secretary and Administrator

Juniper Partners Limited
28 Walker Street
Edinburgh EH3 7HR
Tel: 0131 378 0500

Registered Office

c/o Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

An investment company as defined under Section 833 of the Companies Act 2006.

REGISTERED IN ENGLAND AND WALES No. 5448627

A member of the Association of Investment Companies

Notice of Annual General Meeting

This document is important and requires your immediate attention.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, another appropriately authorised independent professional adviser, without delay. If you have sold or transferred all of your Ordinary shares in the capital of the Company and, as a result, no longer hold any Ordinary shares in the Company, please send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold only part of your holding of Ordinary shares in the Company, you should retain the documents and consult the person through whom the sale was effected.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Strategic Equity Capital plc will be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London, EC2M 7SH on Thursday 14 November 2024 at 12 noon for the following purposes:

Ordinary Business

Ordinary Resolutions

1. To receive and adopt the audited Financial Statements for the year ended 30 June 2024, together with the Strategic Report and Reports of the Directors and Auditor thereon.
2. To approve a final dividend of 3.50p per Ordinary share.
3. To receive and approve the Directors' Remuneration Report.
4. To approve the Directors' Remuneration Policy.
5. To re-elect William Barlow as a Director.
6. To re-elect Annie Coleman as a Director.
7. To re-elect Richard Locke as a Director.
8. To re-elect Brigid Sutcliffe as a Director.
9. To re-elect Howard Williams as a Director.
10. To re-appoint Johnston Carmichael LLP as Auditor to the Company and to authorise the Directors to determine their remuneration.
11. To increase the aggregate limit on Directors' remuneration from £200,000 to £220,000.

Special Business

Ordinary Resolutions

12. THAT in substitution for any existing authority, the Board be and it is hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of Section 560 of the Companies Act 2006, (the "Act") up to an aggregate nominal amount of £473,539 (equivalent to 10% of the Company's issued Ordinary share capital of 47,353,912 Ordinary 10p shares at 24 September 2024), which authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company after the passing of this resolution and 14 February 2026 (unless previously revoked or varied by the Company in General Meeting) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

13. THAT, subject to the passing of resolution 12 above and in substitution for any existing authority, the Board be and it is hereby empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 12 above and/or to sell equity securities from Treasury for cash, as if Section 561 of the Act did not apply to any such allotment or sales, provided that this power shall be limited to the allotment of equity securities or sale of shares out of Treasury up to an aggregate nominal value of £473,539 (equivalent to 10% of the Company's issued Ordinary share capital of 47,353,912 Ordinary 10p shares at 24 September 2024), and shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company after the passing of this resolution and 14 February 2026, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Board may allot or sell equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

14. THAT the Company be and 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 its Ordinary shares provided that:

    (i) the maximum number of Ordinary shares hereby authorised to be purchased shall not exceed 7,098,351 Ordinary shares (being 14.99% of the Company's issued ordinary share capital as at 24 September 2024 (being the latest practicable date prior to the date of this notice) excluding any Ordinary shares held in Treasury);

    (ii) the minimum price which may be paid (exclusive of expenses) for an Ordinary share shall be not less than the nominal amount of such Ordinary share at the time of purchase; and

    (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of (a) 5% above the average of the middle market prices of the Ordinary shares according to the Daily Official List of the London Stock Exchange for the five business days immediately before the date on which the Company agrees to buy the Ordinary shares, and (b) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out.

    This authority shall continue for the period ending on the earlier of: (i) the date on which the maximum number of Ordinary shares authorised to be purchased pursuant to this resolution 14 have been purchased by the Company; (ii) the date of the next Annual General Meeting of the Company after the passing of this resolution; and (iii) 8 February 2025 provided that if the Company has agreed, before this authority expires, to purchase Ordinary shares where the purchase will or may be executed after this authority expires (whether wholly or in part), the Company may complete such purchase as if this authority has not expired.

Registered Office:

c/o Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

By Order of the Board

Juniper Partners Limited
Company Secretary

25 September 2024

Notes to the Notice of the Annual General Meeting:

1. Attending the Annual General Meeting in person

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote on their behalf. Such a proxy need not also be a member of the Company. Shareholders are encouraged to submit their votes by proxy in advance of the meeting in case it is not possible for shareholders to attend in person.

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 6pm on 12 November 2024 (or, if the Annual General Meeting is adjourned, 6pm on the day two days (excluding non working 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.

2. Appointment of Proxy

A Form of Proxy for use by shareholders is enclosed. Completion of the Form of Proxy will not prevent a Shareholder from attending the Annual General Meeting and voting in person.

You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, please contact the Registrars of the Company. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

To be valid the proxy form must be completed and lodged, together with the power of attorney or any authority under which it is signed, or a notarially certified copy of such power of authority, with the Registrars of the Company no later than 48 hours (excluding non-working days) before the time set for the Annual General Meeting, or any adjourned meeting.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 14 November 2024 and any adjournment(s) thereof by using the procedures described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, CREST Participant ID 3RA50, no later than 48 hours (excluding non working days) before the time appointed for the Annual General Meeting.

A corporation that is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that they do not do so in relation to the same shares.

3. Questions and Answers

The Board continues to welcome questions from shareholders at the Annual General Meeting. However, it asks shareholders to please submit any questions to the Board by email, to the following address: cosec@junipartners.com before 12 noon on 7 November 2024. In the event the Annual General Meeting proceeds in its usual format as currently anticipated, pursuant to section 319A of the Act, the Company must provide an answer to any question that is put by a member attending the Annual General Meeting relating to the business being considered, except if a response would not be in the interest of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information or if the answer has already been given on the Company's website. The Company may however elect to provide an answer to a question within a reasonable period of days after the conclusion of the Annual General Meeting.

4. Total Voting Rights

As at 24 September 2024 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 63,529,206 Ordinary shares carrying one vote each. After deducting 16,175,294 Ordinary shares held in treasury, which do not have voting rights, the total voting rights in the Company as at 24 September 2024 were 47,353,912.

5. Information on the manager's website

In accordance with section 311A of the Act, the contents of this notice of meeting, details of the total number of Shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Manager's website at www.greshamhouse.com.

6. Nominated Persons

Any person to whom this notice is sent who is a person nominated under Section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between such person and the Shareholder nominating such person, 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 such right, the Nominated Person may, under any such agreement, have a right to give instructions to the registered Shareholder as to the exercise of voting rights.

7. Audit concerns

In accordance with Section 527 of the Act, the members of the Company may require the Company (without payment) to publish, on its website, a statement (which is also to be passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold Shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing must identify the statement to which it relates, must be authenticated by the person(s) making it, and must be received by the Company at its registered office address at least one week before the Annual General Meeting.

8. Documents available for inspection

The Directors' letters of appointment and a copy of the Articles of Association of the Company will be available for inspection at the Company's registered office from the date of this notice until the conclusion of the Annual General Meeting.

Gresham House
Specialist investment