

Athelney

TRUST PLC



HALF YEARLY FINANCIAL REPORT

— 30 June 2024 —

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Interim Report for the period ended
30 June 2024
Company number 02933559
Athelney Trust
Waterside Court, Falmouth Road
Penryn, Cornwall TR10 8AW

Investment Objective

The investment objective of the Trust is to provide long-term growth in dividends and capital, with the risks inherent in small cap investment minimised through a spread of holdings in quality small cap companies that operate in various industries and sectors. The Fund Manager also considers that it is important to maintain a progressive dividend record.

Investment Policy

The assets of the Trust are allocated predominantly to companies with either a full listing on the London Stock Exchange or a trading facility on AIM or AQSE. The assets of the Trust have been allocated in two main ways: first, to the shares of those companies which have grown steadily over the years in terms of profits and dividends but, despite this progress are undervalued by the market when compared to future earnings and dividends; second, those companies whose shares are undervalued by the market when compared with the value of land, buildings, other assets or cash on their balance sheet.

Directors of the Company



Frank Ashton

Non-Executive Chair

Frank Ashton, aged 62, is a highly experienced senior manager and independent management consultant. After leaving Cambridge University with a Natural Sciences degree (Metallurgy & Materials Science), he spent much of his career providing independent management advice to companies in a wide variety of sectors. With 15 years spent at PricewaterhouseCoopers and KPMG (Operational Due Diligence) and 5 years working in Strategy and M&A for Cummins Inc, he has a proven track record in shareholder value creation and governance, in providing strategic and operational advice to both public and private companies in Europe and the USA, as well as working at a policy level for Government entities.



Dr Emmanuel Clive Pohl AM

Managing Director

Manny Pohl, aged 70, is the Chairman and CEO of investment house EC Pohl & Co which he founded in June 2012 and has led through its evolution into today's independent, highly acclaimed Australian fund manager. Manny holds engineering and MBA degrees from the University of Witwatersrand and a doctorate in Business Administration (Economics) from Potchefstroom University.

Manny has over 30 years of investment experience, initially as head of research for leading South African broking firm, Davis Borkum Hare, followed by Westpac Investment Management in Australia after he emigrated to Australia in 1994. Manny founded Hyperion Asset Management in 1996 and left in 2012. He has served on the Boards of several major corporations in his native South Africa, the UK and his adopted home Australia. In 2019 Manny was recognised in the Queen's Birthday honours list for significant service to the finance sector, and to the community.

Directors of the Company

Continued



Simon Moore

Non-executive Director

Simon Moore, aged 63, is a consultant Senior Investment Analyst. He has been an investment trust analyst since 1994 and has worked with several stockbrokers in the City of London including Williams de Broe, Teather & Greenwood and Collins Stewart. He was also Senior Investment Manager at Seven Investment Management and Head of Research at Tilney Bestinvest and Senior Investment Analyst at EQ Investors. Simon has been a long-standing member of two important committees at the Association of Investment Companies: the Statistics committee and the Property and Infrastructure Forum. In 2013 and 2014 Simon was chosen as one of the Citywire Wealth Manager Top 100 most influential people in UK private client fund selection. Simon is a scientist by training and has worked at two start up UK biotechnology companies, before passing on his knowledge and passion as a science tutor for the Open University. He has a Biochemistry BSc from Imperial College, and an MSc in Computer Modelling of molecules from Birkbeck College. He is a member of the UK Society of Investment Professionals and the CFA institute. During 2020 he was appointed as a Non-Executive Director of Home REIT Plc.



Jason Pohl

Alternate Director

Jason Pohl, aged 34, has ten years of professional experience in fundamental bottom-up investment research at ECP Asset Management Pty Ltd.

Originally pursuing a legal career, Jason spent his initial stages of his professional career working for Ashurst (previously Blake Dawson) before being admitted as a Legal Practitioner in the NSW Supreme Court. Jason has a B.Com, LLB, and an MBA from Bond University.

During 2023 he was appointed as a Director of Global Masters Fund Limited, a company listed on the Australian Securities Exchange.

Chair's Statement

Dear Shareholder

I am pleased to present the Interim Financial Report for your company Athelney Trust plc, for the half year to 30 June 2024.

Period Highlights

At 30 June 2024:

- Unaudited Net Asset Value (NAV) had declined to 188.1p, (minus 10%) over the six month period
- The share price was the same as at the start of the period, at a value of 185.0p
- The discount to NAV had decreased to 1.7% from 11.5% at 31 December 2023 compared to a sub sector average of 10% (for UK Smaller Companies sector of the AIC)
- The Company ranked fourth out of 25 investment trusts with a yield of 4.92% in the AIC's comparison for the UK Smaller Companies' segment
- Share price total return was minus 6.4% in the six month period (calculated as the change in net asset value during the half year, including dividend paid)
- Gross revenue decreased by 23% against the comparative period last year, to £94,816 (30 Jun 2023: £122,408)
- Revenue return per ordinary share was 3.0p (31 Dec 2023: 7.7p, 30 Jun 2023: 4.9p)
- A final dividend of 7.6p was paid in April 2024 (April 2023: 7.5p) and an interim dividend of 2.2p was paid in September 2023 (September 2022: 2.1p) making the total dividend paid for the financial year 9.7p (2022: 9.6p)
- The interim dividend will be 2.3p (2023: 2.2p).

Performance

The Company's investment performance was disappointing, taken over the first half of the year and by comparison with the UK Smaller Companies segment of Investment Trusts reported by the Association of Investment Companies.

As explained in the Managing Director's report below, this was mainly due to losses on exiting a holding in Close Brothers, and poorer than expected performance for investments in Impax Asset Management and YouGov.

Revenues have also been impacted, in particular as a result of Close Brothers decision in February not to pay dividends this financial year (Mar 2023 £22,500).

However, despite these hard-to-foresee events, the board continues to be pleased with our Managing Director and Fund Manager's results during a period where European economies have still been unwinding from high interest rates and inflation, and ongoing geopolitical uncertainty.

Government policies, including taxation and business regulation, have affected investor sentiment. The UK government's initiatives to support innovation and entrepreneurship through tax incentives and grants have been positive. Uncertainties surrounding Brexit's long-term impact on trade and regulatory frameworks continued to pose challenges, particularly for small businesses involved in import and export activities.

The ongoing conflict in Ukraine and tensions between major economies such as the US and China contributed to market volatility. This has translated to cautious investment, with many seeking stability amidst global uncertainties.

In addition, the UK has seen largely 'as expected' economic progression, with gentle growth overturning the negative second half of 2023. Much was made by Sunak's government of a return to target 2% inflation rate in May, and core inflation also eased to 3.5% (the lowest since October 2021). Smaller companies have suffered with high borrowing costs, but also with much reduced consumer spending – KPMG's April "Consumer Pulse" report found that 52% of consumers cut non-essential spending.

There have been a series of better-than-expected data points in the first half pointing to a slow but broad recovery. PMI data shows the UK as the only country in Europe with a positive outlook in services, manufacturing and construction.

The period ended with surprise announcements of elections in the UK and France, catching many out, and causing commentators to label both decisions as risky gambles.

Labour won the July general election by adopting a strategy of targeting marginal seats, and putting 'safe' seats at risk, which translated into a sweeping victory. It was remarkable, given the extent of the defeat at the last election in 2019, albeit with the lowest vote share (under 34%) for a majority winning party in electoral history. The "first past the post" system was gamed perfectly by Sir Keir Starmer and his team.

Many believe there should now be a good period of governmental stability with the new Starmer team holding a majority of 172 seats, and with many shadow cabinet ministers being appointed Secretary of State.

Chair's Statement

Continued

Given this background, I am pleased by the Company's share price performance which recovered recently to end the period at 185p per ordinary share, the same as it started the period.

The discount to NAV at 1.7% at the end of June, has reduced considerably and to more normal levels. As I write, the discount is 6.5%, compared to the AIC UK Smaller Companies investment trust sector discount average of just below 10%. We thank shareholders for their support and continued interest in the company.

Dividends

Our revenue income, as described above, has been impacted by Close Bros decision not to pay dividends, reducing by 23% for the six months to £94,816 (30 Jun 2023: £122,408).

Although unfortunate, we believe this is also against the trend, as small and mid-cap companies' dividend yields are set to outperform the FTSE 100 by 2025 (Octopus Investments Dividend Barometer, April 2024). We therefore have confidence that companies in the UK are currently well-placed to deliver better yields in 2024 than last year.

Against this background I am delighted to report your board has decided to pay an interim dividend of 2.3p per share on 27 September 2024 to all shareholders on the register of members at close of business on Friday 13 September 2024.

As usual, we will review the case for a final dividend in Q1 2025.

Shareholder Relations

The Board held an AGM on 21 March 2024 and was very pleased to take questions from attendees, as well as have some further conversations over refreshments and a light lunch.

There was ample opportunity to discuss the company's performance as well as the future.

We encourage more shareholders to take advantage of the time and access offered by attending the AGM for this financial year which will be held in London on 23 April 2025.

Outlook

Although we still have cases of COVID in the general population, it is now more an inconvenience than a threat. However, we must not underestimate the long-term impact to individuals, mental health, debt (at all levels) and the resulting challenges as we continue to recover.

We are returning to more normal bands for UK economic measures, including inflation and wage growth, and the welcome prospect of more stable government, good for decision-making and business investment.

Much still rests, medium- and long-term on the new government delivering good growth, and there is the prospect of unpopular measures to balance UK books in the future.

There is a real mountain to climb, given manifesto promises not to raise major taxes, current fiscal rules and UK public sector borrowing at £15bn (in May), £800m higher than a year ago. National debt is currently about £2.7 trillion, roughly the same as UK GDP, and more than double the usual level (between 1980 and 2008).

The Ukraine war continues, as does the war in Gaza, with the potential for drawing others into those conflicts still a risk.

Then there is also the uncertainty raised by the US Presidential election in November, now heightened by the Trump assassination attempt. The US will be forced to fund a massive increase in its budget deficit, according to analysts, likely to reach \$1.9 trillion (compared to a February prediction of \$1.5tn). How the US will deal with this reality, the wars it currently supports, the ongoing trade tensions with China, and closer to home, trade with the UK and Europe, is hard to predict.

Despite these uncertainties there are also positive developments, as the UK becomes a comparative haven, resulting in the GBP strengthening to levels not reached since a year ago. Deal flows have increased, and there is more foreign investment in the UK, lending support to the expectation that UK undervalued stocks will be increasingly attractive to buyers.

Your board continues to actively assess opportunities and threats, in order to provide stability and benefit for shareholders. We remain confident the Company remains well-positioned to meet its objectives, and to take advantage of opportunities to capture value.



Frank Ashton
Chair
24 July 2024

Other Matters

The Interim Financial Report for the six months ended 30 June 2024 comprises an Interim Management Report, in the form of the Chair's Statement and Other Matters, the Managing Director's Report, Portfolio Information and a set of Financial Statements which have not been reviewed or audited by the Company's Auditor.

The important events that have occurred during the period under review and their impact on the performance of the Company as shown in the Financial Statements is given in the Chair's Statement, the Managing Director's Report and the Notes to the Financial Statements.

Directors' Responsibility Statement

The Directors are responsible for preparing the Interim Financial Report in accordance with applicable laws and regulations. The Directors confirm that to the best of their knowledge:

- The condensed set of Financial Statements for the six months to 30 June 2024 have been prepared in accordance with FRS 104 "Interim Financial Reporting", and gives a fair view of the assets, liabilities, financial position and profit of the Company.
- The Interim Financial Report includes a fair review of the information required by:
 - a) rule 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

- b) rule 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual report that could do so.

Principal Risks and Uncertainties

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board considers that the principal risks and uncertainties facing the Company, other than as set out below, remain the same as those disclosed in the Annual Report for the year ended 31 December 2023 on pages 14 and 15 and page 39. These risks include, but are not limited to, market risk, investment and strategic risk, regulatory risk, operational risk, financial risk and liquidity risk.

Global Issues

The ongoing war in Ukraine and other conflicts around the world have emerged as significant risks which have impacted global commercial activities. The board have been monitoring the development of these risks and have considered the impact they have had to date and assessed the impact they may have in the future. The Chair's Statement and Managing Director's Report cover these in more detail.

On behalf of the Board



Frank Ashton
Chair
24 July 2024

Managing Director's Report

Portfolio Commentary

The UK stock market performed positively over the past six months as shown in the table below, marked by ongoing macro-economic themes and improving economic fundamentals. While inflation has declined in response to higher interest rates, central banks are leaning towards

easing them over the coming months. In spite of these higher interest rates, the stock market has improved by 3.03% during the period under review and coincidentally, peaked the day before the Prime Minister announced the election and has declined by 3% since then

Month	NAV Pence per Share	Month on Month Movement	Three-month movement	Six-month movement	FTSE250 Month on Month Movement	Three-month movement	Six-month movement
Dec 2023	209.1						
Jan 2023	204.7	-2.10%			-1.68%		
Feb 2023	192.7	-5.86%			-1.57%		
Mar 2024	190.6	-1.09%	-8.85%		4.36%	0.99%	
Apr 2024	189.8	3.57%			-0.41%		
May 2024	195.1	2.79%			3.83%		
Jun 2024	188.1	-3.59%	-1.31%	-10.0%	-2.14%	2.02%	3.03%

As shown in the above table, our portfolio materially under-performed the broader market as represented by the FTSE 250 Index. However, the under-performance was for the most part caused by the following three stocks in the portfolio:

Close Brothers (CBG)

There was a substantial decline in the share price following an announcement by the FCA of a review of historical motor finance commission arrangements. The financial impact of this on the group is difficult to determine and when the CBG board decided to not pay any dividends on its ordinary shares for the current financial year and indicated that the reinstatement of dividends will only be reviewed once the FCA has concluded its review, we sold our entire holding.

Impax Asset Management (IPX)

Impax is one of our largest positions and declined by 14.7% on the day when the company announced that there had been a material outflow from the BNP Paribas mandate. This decision by BNP Paribas to withdraw the funds reflects a decision made by them to meet their own business requirements, asset allocation targets or outflows from their distribution network and is in no way a reflection on the Impax business. In fact, Impax AUM was up by £2.2bn or 6% during the past six months, reaching £39.6bn on 31 Mar 24 (30 Sep 23: £37.4bn) and exceeding that of two thirds of the London-listed peer

group and we have maintained our position in the stock.

YouGov (YOU)

YouGov declined by 46% when the company announced a poor result in its data products division, despite increased demand for its customised research. While this is indicative of a downgrading of the growth potential by the market, we are not of the same persuasion given the reliance this business has on data, its analysis and interpretation.

Moreover, the valuations of small and mid-sized companies where we concentrate our investments and effort have underperformed larger companies. This is clearly evident in the US, where a handful of big tech stocks involved in the development of AI/Large Language Models have been the major driver of investment returns over the past six months. They have fuelled the S&P 500's rally so far this year with the shares of Nvidia Corp. (NVDA) surging around 150% in 2024 alone.

This was highlighted in a recent Forbes article on the S&P performance over the past two years which showed that while the S&P 500 Growth Index returned 6.9%, the average stock had a negative return of 1.6%. Analysing the index performance in terms of market capitalisation by decile, the group comprising the largest 10%, with an average market capitalization of more than \$1 trillion, drove all the returns of the Index.

Managing Director's Report

Continued

Artificial Intelligence has been around for a while. OpenAI released ChatGPT and it showcased how disruptive this technology could be for nearly every industry globally. This set off an AI Arms race, with all the major players in the tech world releasing their versions of ChatGPT this year. While it is still early days with respect to the technology, what is clear is that it will touch nearly all the aspects of an organisation's operations.

Early use cases have included customer service chatbots and co-pilot productivity tools. Models that leverage corporate data to drive insights and strategic decisions will probably take longer to come through given corporate inertia and risk aversion, particularly with respect to privacy and data. While AI offers tremendous benefits, it's crucial to address ethical concerns and ensure responsible development and deployment.

AI is undoubtedly the defining technology of our time, and its impact on companies is only going to accelerate in the years to come. By embracing AI and harnessing its power responsibly, companies can unlock significant competitive advantages and drive sustainable growth in the ever-evolving marketplace. Our current position is that those companies with dominant market positions and more data on their customers are much better positioned than their competitors to capitalise on these technologies, which should widen the gap between them and their competitors.

How companies respond positively to this paradigm shift and how easily they adapt to the changing environment around them - we refer to as a company's Dynamic Capability. In an ever-volatile financial landscape, investments anchored in solid fundamentals and proven execution have historically been the most resilient. Quality stocks, characterized by robust individual performance, strong fundamentals, and the ability to withstand macroeconomic fluctuations, remain pillars in challenging times.

As businesses grow, they encounter more complexities and vulnerabilities due to environmental and societal disruptions. To this end, sustainability is critical for long-term competitiveness, shifting focus from solely financial growth to enhanced operational sustainability.

In this unpredictable environment, investors are increasingly turning to ESG (Environmental, Social, Governance) factors for sustainable returns. ESG has evolved from an ethical consideration to a crucial risk management tool, aiding investors in safeguarding their portfolios against significant risks and adapting to future opportunities and challenges. Quality stocks have proven to be resilient and exhibit strong growth,

especially during inflationary periods over recent decades. They have consistently outperformed other investment styles by showing superior earnings growth. Characterised by high return on equity, stable earnings, and low leverage, Quality stocks effectively shield against inflation and rising interest rates.

In the face of slowing global growth, persistent inflation, and the uncertainty of earnings forecasts, Quality and low-risk companies appear to be the likely beneficiaries. Since the global financial crisis inception in 2007, Quality has outperformed the broader index for 11 of the last 15 years. This consistent performance, coupled with its attractive valuation, solidifies the case for a larger allocation to Quality stocks in investment portfolios.

We recognize that these fundamentals of the economics of businesses drive long-term investment returns. We focus on high-quality, growing companies capable of generating predictable, superior economic returns. Sustainability is integral to our investment philosophy, as we view ourselves as business owners rather than mere share traders, prioritizing sustainability and competitiveness in our investment analyses.

In these uncertain times, investors must anticipate and prepare for unpredictable changes, including black swan events, by structuring equity portfolios that are resilient to such disruptions. Aligning portfolios with quality characteristics offers a robust defense against inflation and other macroeconomic challenges.

As this market uncertainty continues, it is more important than ever that one has a strict investment process. It is vital not to get caught up in the hype and noise of the daily market movements, and instead invest with a long-term approach. A sound investment philosophy sets out a number of 'rules' or 'procedures' that we fall back on when the market noise gets too loud. Companies that have a sustainable competitive advantage will always be well-placed to withstand short-term headwinds, regardless of market conditions, maintain market share and ultimately find new ways to grow.

It can be challenging to recognise the potential in companies, particularly those that are in the growth stage of their life cycle. It can also be difficult to evaluate the 'narratives' that some companies are telling about themselves. To invest in a company in the growth stage of their life cycle it is important to balance the company's narrative alongside its numbers.

Managing Director's Report

Continued

By drilling down into a company's financials and growth plans in a careful, considered and committed way, it is possible to identify the quality growth stocks that will prosper over the long-term. Their ability to be flexible, to move quickly to take advantage of opportunities as they arise, and to capitalise on market trends and demand, will continue to support the ongoing success of such businesses, and provide significant long-term opportunities for their investors. Consistent with this approach we introduced three new investments to the portfolio in the period under review.

Wise (WISE)

Wise is a high-growth, high-margin, founder-led technology company focused on reducing the cost of cross-border money movement within an inefficient legacy banking network. Specializing in international money transfer services, Wise offers low-cost, cross-border financial transactions at real exchange rates with minimal fees. The company operates across various segments, including Personal and Business Transfers, Wise Platform, and Borderless Accounts. By building an alternative infrastructure and network for cross-border transactions, Wise is fundamentally changing the way money is moved around the world, making it faster, easier, and more transparent. With a commitment to long-term growth and creating meaningful value for customers and shareholders, Wise has established world-class business fundamentals and is poised to capture a significant portion of the large market opportunity ahead. Founded in 2011, Wise is headquartered in London, United Kingdom.

RELX Plc (REL)

RELX is a global provider of information-based analytics and decision tools for professional and business customers, enabling them to make better decisions, achieve better results, and increase productivity. Serving customers in more than 180 countries, RELX operates offices in about 40 countries and employs over 36,000 people, with more than 40% based in North America.

The company's products, generally sold through dedicated sales teams and priced on a subscription or transactional basis, are predominantly delivered in electronic format under multi-year contracts. RELX's products often account for less than 1% of their customers' total cost base but can have a significant and positive impact on the economics of the remaining 99%. RELX aims to enhance the value delivered to customers while maintaining its own cost base growth below its revenue growth rate.

Raspberry Pi (RPI)

In June we introduced Raspberry Pi to the portfolio, reducing our cash on hand to 1.9%. Raspberry Pi specialises in the design, manufacture, and distribution of affordable single-board computers (SBCs) and related products. The company's flagship product, the Raspberry Pi, is widely used for educational purposes, hobbyist projects, and professional applications. Raspberry Pi operates through two primary segments: Hardware Sales and Software & Services. The Hardware Sales segment includes the sale of Raspberry Pi computers and accessories. The Software & Services segment provides educational software, online training, and consulting services to support the use of Raspberry Pi products in various fields. Founded in 2009, the company is headquartered in Cambridge, United Kingdom.

The company has a full-stack engineering organisation with research and development capabilities spanning the entire value chain, from semiconductor intellectual property development to the design of finished semiconductor and electronic products, software engineering, and regulatory compliance. Raspberry Pi maintains close working relationships with world-class technology partners, including strategic shareholders Sony and Arm, leveraging their complementary capabilities in semiconductor intellectual property development, semiconductor and electronic product manufacturing, chip design on advanced process nodes, and radio frequency and power engineering.

Sustainable Investing

Athelney Trust Plc is committed to responsible investment and we believe that Environmental, Social and Governance (ESG) factors have a material impact on long-term investment outcomes. The consideration of ESG factors is an integral part of our decision-making process and is fully integrated through asset selection and portfolio management procedures. ESG issues are central to understanding and framing the contextual, systematic and idiosyncratic elements of the business and to this end we have adopted a Quality Franchise framework comprising six distinct pillars into our research process. This framework ensures that companies are analysed in a systematic way to ensure they are sustainable over the long-terms as well as able to improve shareholder returns. Furthermore, through the application of this six-pillar framework, our investment process aims to mitigate our portfolio against ESG and sustainability risks through placing a material emphasis on Sustainability and Management being two of the six distinct pillars:

Managing Director's Report

Continued

- The sustainability pillar focuses on areas of a business where there may be risk to the predictability of business operations through time. This assists our mitigation of default risk and uncertainty of business expansion.
- The management pillar focuses on the trustworthiness of management. This assists our mitigation of uncertainty by reducing the risk of managerial conduct or failure of business strategy execution.

The other pillars are the Industry, the Business, the Competition and the Financials.

Our investment philosophy and corporate values steer us away from companies that have the potential to harm society, and moreover, help us avoid companies where there is a risk to the sustainability of their business operations. It is also important to note that we also exclude a number of industries including weapons, tobacco, gambling, thermal coal, petroleum, old-forest logging, palm oil, and pesticides – a list that is reviewed annually.

Investment Philosophy

As far as portfolio investments are concerned, our investment philosophy is clear:

- I. The economics of a business drives long-term investment returns; and
- II. Investing in high quality, growth businesses' that have the ability to generate predictable, above-average economic returns will produce superior investment performance over the long-term.

In essence, this means that in assessing potential investments we:

- a) Value long-term potential, not just performance
- b) Choose sustainable, growing businesses; and
- c) Ignore temporary market turbulence.

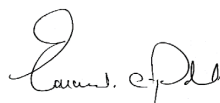
The key attributes that will define our investments are:

- (1) Organic Sales Growth: Quality franchises organically growing sales above GDP growth that can do so (sustainably) because they have a large, growing market opportunity and compelling competitive advantage which will drive ongoing market share gains are attractive.

(2) A Proven Track Record: This encompasses both the management's capability and the strength of the business' model. Generally, a firm that consistently delivers a Return on Equity of greater than 15% indicates a Quality Franchise for us. Our investment philosophy is built on the belief that a stock's long-term return to shareholders is driven by the return on capital of the underlying business.

(3) Company's future profits: In essence we are backing a proven management team and a successful business model. Management are the key decision makers regarding the company's strategy and its competitive position in the marketplace and it is critical that we have confidence in the company's ability to sustainably execute its strategy and grow their earnings.

(4) Low Leverage: We require investments to operate with low levels of debt, which ensure that they have sufficient resources to execute on their strategy. An Interest Coverage above 4x provides sufficient bandwidth in times of economic trouble. As a long-term investor, capital preservation is the highest priority. There is nothing that changes a management team's focus toward the short term quicker than impending debt refinancing when market conditions suddenly change for the worse. We need to be comfortable that this will not happen and that the company has a strong enough balance sheet so that it will retain optionality and can quickly and efficiently execute its strategy over the long-term.



Dr Manny Pohl AM
Managing Director
24 July 2024

Investment Portfolio at 30 June 2024

	Stock	Holding	Value (£)	SECTOR £	%
Chemicals	Treatt	35,000	150,325	150,325	3.8
Electronic & electrical equipment	XP Power Ltd	6,600	97,416	97,416	2.5
Food & beverages	Fevertree Drinks	17,000	184,110	184,110	4.6
General financial	Alpha Group International	4,000	90,000	657,240	16.6
	Impax Asset Management	66,000	250,140		
	Liontrust Asset Management	30,000	205,500		
	S & U	6,000	111,600		
Leisure goods	Games Workshop	3,000	320,100	320,100	8.1
Media	4Imprint	3,500	204,750	416,560	10.5
	Relx	1,300	47,294		
	Rightmove	23,000	123,510		
	YouGov	10,100	41,006		
Mobile communications	Gamma Communications	15,000	211,500	211,500	5.3
Multiutilities	National Grid	18,083	159,564	159,564	4.0
Property, commercial & residential	AEW UK REIT	580,000	494,740	920,720	23.1
	LondonMetric Property	60,000	115,980		
	Tritax Big Box	200,000	310,000		
Support services	Begbies Traynor	140,000	142,100	457,250	11.5
	NWF Group	30,000	52,500		
	Paypoint	36,000	228,600		
	Wise	5,000	34,050		
Technology software services	Cerillion	10,000	157,000	185,000	4.7
	Raspberry Pi Holdings	7,000	28,000		
Travel and leisure	Cake Box Holdings	120,000	210,000	210,000	5.3

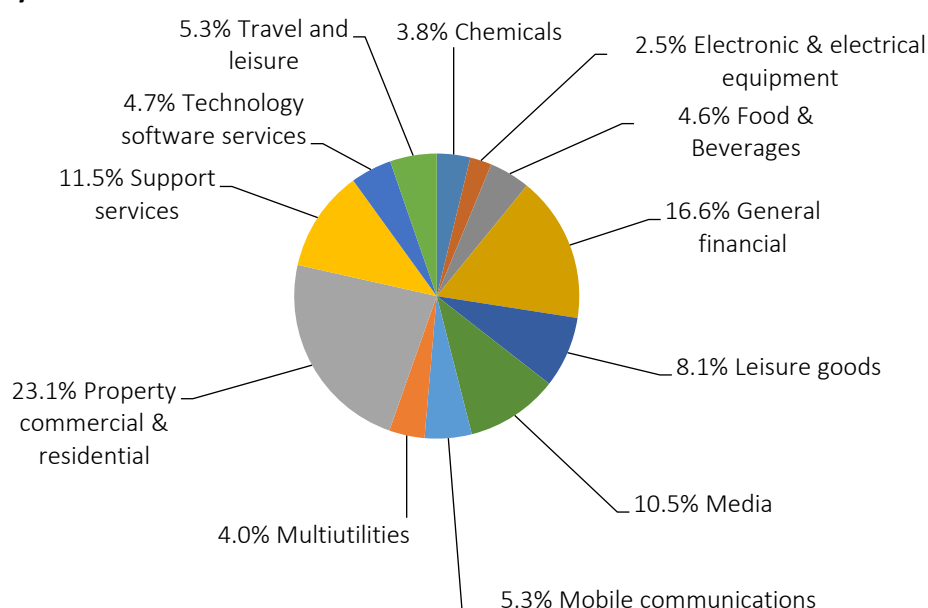
Investment Portfolio at 30 June 2024

Top 20 Holdings

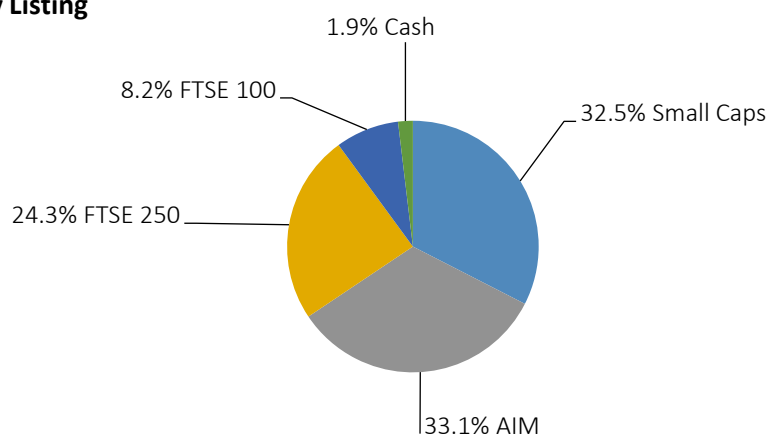
	Holding	Value £	% of portfolio
AEW UK	580,000	494,740	12.5
Games Workshop	30,000	320,100	8.1
Tritax Big Box	200,000	310,000	7.8
Impax Asset Management	66,000	250,140	6.3
Paypoint	36,000	228,600	5.8
Gamma Communications	15,000	211,500	5.3
Cake Box Holdings	120,000	210,000	5.3
Liontrust Asset Management	30,000	205,500	5.2
4Imprint	3,500	204,750	5.2
Fevertree Drinks	17,000	184,110	4.6
National Grid	18,083	159,564	4.0
Cerillion	10,000	157,000	4.0
Treatt	35,000	150,325	3.8
Begbies Traynor	140,000	142,100	3.6
Rightmove	23,000	123,510	3.1
LondonMetric Property	60,000	115,980	2.9
S & U	6,000	111,600	2.8
XP Power	6,600	97,416	2.5
Alpha Group International	4,000	90,000	2.3
NWF	30,000	52,500	1.3
Total of Top 20 Holdings		3,819,435	96.4
Other holdings		150,350	3.6
Portfolio Value		3,969,785	
Net Current Assets		88,284	
TOTAL VALUE		4,058,069	
Shares in issue		2,157,881	
NAV		188.1p	

Investment Portfolio Analysis at 30 June 2024

Portfolio By Sectors



Portfolio By Listing



Income Statement

For the Six Months Ended 30 June 2024

		Unaudited 6 months ended 30 June 2024			Unaudited 6 months ended 30 June 2023			Audited Year ended 31 December 2023
	Notes	Revenue	Capital	Total	Revenue	Capital	Total	Total
		£	£	£	£	£	£	£
Gains on investments held at fair value		-	(111,919)	(111,919)	-	12,885	12,885	(57,725)
Income from investments		94,816	-	94,816	122,634	-	122,634	219,366
Investment Management expenses		(1,594)	(14,469)	(16,063)	(1,781)	(16,141)	(17,922)	(34,438)
Other expenses		(27,520)	(51,031)	(78,551)	(15,728)	(38,500)	(54,228)	(139,858)
Net return on ordinary activities before taxation		65,702	(177,419)	(111,717)	105,125	(41,756)	63,369	(12,655)
Taxation	2	(317)	-	(317)	-	-	-	(623)
Net return on ordinary activities after taxation		65,385	(177,419)	(112,034)	105,125	(41,756)	63,369	(13,278)
Dividends Paid:								
Dividend		(163,999)	-	(163,999)	(161,841)	-	(161,841)	(209,314)
Transferred to reserves		(98,614)	(177,419)	(276,033)	(56,716)	(41,756)	(98,472)	(222,592)
Return per ordinary share	3	3.0p	(8.2)p	(5.2)p	4.9p	(1.9)p	3.0p	(0.6)p

The total column of this statement is the statement of comprehensive income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in July 2022 by the Association of Investment Companies ("AIC SORP").

All revenue and capital items in the above statement derive from continuing operations.

The revenue column of the Income statement includes all income and expenses. The capital column includes the realised and unrealised profit or loss on investments

Statement of Changes in Equity

For the Six Months Ended 30 June 2024

	For the Six Months Ended 30 June 2024 (Unaudited)					
	Called-up Share Capital	Share Premium	Capital Reserve Realised	Capital Reserve Unrealised	Retained Earnings	Total Shareholders' Funds
	£	£	£	£	£	£
Balance at 1 January 2024	539,470	881,087	2,467,624	453,206	170,583	4,511,970
Net losses on realisation of investments	-	-	(111,919)	-	-	(111,919)
Decrease in unrealised appreciation	-	-	-	(177,868)	-	(177,868)
Expenses allocated to capital	-	-	(65,500)	-	-	(65,500)
Profit for the period	-	-	-	-	65,385	65,385
Dividend paid in period	-	-	-	-	(163,999)	(163,999)
Shareholders' Funds at 30 June 2024	539,470	881,087	2,290,205	275,338	71,969	4,058,069

	For the Six Months Ended 30 June 2023 (Unaudited)					
	Called-up Share Capital	Share Premium	Capital Reserve Realised	Capital Reserve Unrealised	Retained Earnings	Total Shareholders' Funds
	£	£	£	£	£	£
Balance at 1 January 2023	539,470	881,087	2,539,394	561,784	212,827	4,734,562
Net profits on realisation of investments	-	-	12,885	-	-	12,885
Decrease in unrealised appreciation	-	-	-	(130,651)	-	(130,651)
Expenses allocated to capital	-	-	(54,641)	-	-	(54,641)
Profit for the period	-	-	-	-	105,125	105,125
Dividend paid in period	-	-	-	-	(161,841)	(161,841)
Shareholders' Funds at 30 June 2023	539,470	881,087	2,497,638	431,133	156,111	4,505,439

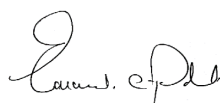
	For the Year Ended 31 December 2023 (Audited)					
	Called-up Share Capital	Share Premium	Capital Reserve Realised	Capital Reserve Unrealised	Retained Earnings	Total Shareholders' Funds
	£	£	£	£	£	£
Balance at 1 January 2023	539,470	881,087	2,539,394	561,784	212,827	4,734,562
Net profits on realisation of investments	-	-	50,853	-	-	50,853
Decrease in unrealised appreciation	-	-	-	(108,578)	-	(108,578)
Expenses allocated to Capital	-	-	(122,623)	-	-	(122,623)
Profit for the year	-	-	-	-	167,070	167,070
Dividend paid in year	-	-	-	-	(209,314)	(209,314)
Shareholders' Funds at 31 December 2023	539,470	881,087	2,467,624	453,206	170,583	4,511,970

Statement of Financial Position

As at 30 June 2024

	Notes	Unaudited 30 June 2024	Unaudited 30 June 2023	Audited 31 December 2023
		£	£	£
Fixed assets				
Investments held at fair value through profit and loss		3,969,785	4,318,342	4,374,302
Current assets				
Trade receivables		105,297	135,114	137,709
Cash at bank and in hand		14,721	74,366	40,347
		120,018	209,480	178,056
Creditors: amounts falling due within one year		(31,734)	(22,383)	(40,388)
Net current assets		88,284	187,097	137,668
Total assets less current liabilities		4,058,069	4,505,439	4,511,970
Provisions for liabilities and charges		-	-	-
Net assets		4,058,069	4,505,439	4,511,970
Capital and reserves				
Called up share capital		539,470	539,470	539,470
Share premium account		881,087	881,087	881,087
Other reserves (non distributable)				
Capital reserve - realised		2,290,205	2,497,638	2,467,624
Capital reserve - unrealised		275,338	431,133	453,206
Revenue reserves (distributable)		71,969	156,111	170,583
Shareholders' funds - all equity		4,058,069	4,505,439	4,511,970
Net Asset Value per share	4	188.1p	208.8p	209.1p
Number of shares in issue		2,157,881	2,157,881	2,157,881

Approved and authorised for issue by the Board of Directors on 24 July 2024.



Dr Manny Pohl AM
Managing Director

Statement of Cash Flows

For the Six Months Ended 30 June 2024

	Unaudited 6 months ended 30 June 2024 £	Unaudited 6 months ended 30 June 2023 £	Audited Year ended 31 December 2023 £
Cash flows from operating activities			
Net revenue return	65,385	105,125	167,070
Adjustments for:			
Expenses charged to capital	(65,500)	(54,641)	(122,623)
Increase/(decrease) in creditors	(8,654)	5,298	23,303
Decrease/(increase) in debtors	32,412	408,186	405,592
Cash from operations	23,643	463,968	473,342
Cash flows from investing activities			
Purchase of investments	(376,627)	(669,737)	(906,775)
Proceeds from sales of investments	491,357	414,615	655,733
Net cash from/(used) in investing activities	114,730	(255,122)	(251,042)
Equity dividends paid	(163,999)	(161,841)	(209,314)
Net (decrease)/increase	(25,626)	47,005	12,986
Cash at the beginning of the period	40,347	27,361	27,361
Cash at the end of the period	14,721	74,366	40,347

Notes to the Financial Statements

For the Six Months Ended 30 June 2024

1. Accounting Policies

a) Statement of Compliance

The Company's Financial Statements for the period ended 30 June 2024 have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in April 2023 ('the SORP') issued by the Association of Investment Companies.

The financial statements have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2023.

b) Financial information

The financial information contained in this report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the period ended 30 June 2024 and 30 June 2023 have not been audited or reviewed by the Company's Auditor pursuant to the Auditing Practices Board guidance on such reviews. The information for the year to 31 December 2023 has been extracted from the latest published Annual Report and Financial Statements, which have been lodged with the Registrar of Companies, contained an unqualified auditor's report and did not contain a statement required under Section 498(2) or (3) of the Companies Act 2006.

c) Going concern

The Company's assets consist mainly of equity shares in companies listed on a recognised stock exchange which, in most circumstances, are realisable within a short timescale under normal market conditions. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. In assessing the Company's ability to continue as a going concern, the Board has fully considered the impact of the ongoing war in Ukraine and other world conflicts in arriving at this decision.

2. Taxation

The tax charge for the six months to 30 June 2024 is £317 (year to 31 December 2023: £623; six months to 30 June 2023: nil).

The Company has an effective tax rate of 19% for the year ending 31 December 2023. The estimated effective tax rate is 19% as investment gains are exempt from tax owing to the Company's status as an Investment Trust and there is expected to be an excess of management expenses over taxable income. Tax is however payable on interest received.

3. The calculation of earnings per share for the six months ended 30 June 2024 is based on the attributable return on ordinary activities after taxation and on the weighted average number of shares in issue during the period.

6 months ended 30 June 2024			
	Revenue	Capital	Total
	£	£	£
Attributable return on ordinary activities after taxation	65,385	(177,419)	(111,717)
Weighted average number of shares	2,157,881		
Return per ordinary share	3.0p	(8.2)p	(5.2)p

6 months ended 30 June 2023			
	Revenue	Capital	Total
	£	£	£
Attributable return on ordinary activities after taxation	105,125	(41,756)	63,369
Weighted average number of shares	2,157,881		
Return per ordinary share	4.9p	(1.9p)	3.0p

12 months ended 31 December 2023			
	Revenue	Capital	Total
	£	£	£
Attributable return on ordinary activities after taxation	167,070	(180,348)	(13,278)
Weighted average number of shares	2,157,881		
Return per ordinary share	7.7p	(8.3p)	(0.6p)

Notes to the Financial Statements

For the Six Months Ended 30 June 2024
(continued)

4. Net Asset Value per share is calculated by dividing the net assets by the weighted average number of shares in issue 2,157,881.

5. Financial Instruments

Fair value hierarchy

The fair value hierarchy consists of the following three classifications:

Classification A – Quoted prices in active markets for identical assets or liabilities. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Classification B – The price of a recent transaction for an identical asset, where quoted prices are unavailable. The price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If it can be demonstrated that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

Classification C – Inputs for the asset or liability that are based on observable market data and unobservable market data, to estimate what the transaction price would have been on the measurement data in an arm's length exchange motivated by normal business considerations.

The Company only holds classification A investments (2023: classification A investments only).

6. Related Party Transactions

Dr. E. C. Pohl is the sole beneficial owner of E C Pohl & Co Pty Limited and a Director of Astuce Group. E C Pohl & Co Pty Limited held 86,000 (2023: 86,000) shares and Astuce Group held 550,000 (2023: 550,000) shares in the Company as at 30 June 2024.

Copies of the Interim Financial Statements for the six months ended 30 June 2024 will be available on the Company's website www.athelneytrust.co.uk as soon as practicable.

Officers and Financial Advisors

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	Dr E.C. Pohl AM (Managing Director)	Email: mannyphohl@athelneytrust.co.uk
	S. Moore (Non-executive Director)	Email: simonmoore@athelneytrust.co.uk
Secretary:	D. Warburton Waterside Court Falmouth Road Penryn Cornwall TR10 8AW	Email: secretary@athelneytrust.co.uk Tel: 01326 378 288
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