Smithson Investment Trust

Interim Report

for the six months ended 30 June 2023

Smithson Investment Trust plc

Small &
Mid Cap
Investments
That
Have
Superior
Operating
Numbers

Fundsmith
Buy good companies
Don't overpay
Do nothing

Smithson Investment Trust

Contents

Financial Calendar

Financial Year End	31 December 2023
Final Results Announced	February 2024
Annual General Meeting	April 2024

Investment objective

Smithson Investment Trust plc (the "Company") aims to provide shareholders with long term growth in value through exposure to a diversified portfolio of shares issued by listed or traded companies.

The Company's investment policy is to invest in shares issued by small and mid ("SMID") sized companies with a market capitalisation (at the time of initial investment) of between £500 million to £15 billion on a long-term, global basis. The Company's approach is to be a long-term investor in its chosen stocks. It will not adopt short-term trading strategies. Accordingly, it will pursue its investment policy by investing in approximately 25 to 40 companies.

Investment Approach

1. Buy good companies

The Investment Manager focuses on investing in those companies it believes can compound in value over many years. It seeks to achieve this by selecting companies that have an established track record of success, such as having already established a dominant market share in their niche product or service or having brands or patents which others would find difficult, if not impossible, to replicate. The Investment Manager believes such SMID sized companies tend to out-perform large companies and that there is also an investment opportunity to take advantage of greater discrepancies between the share price and valuation of SMID sized companies, in part due to lighter research coverage and less information being available on them. SMID sized companies tend to have higher expected returns but also higher expected risk, defined as price volatility (a measure of how much its price moves over time), when compared to larger companies. However, adding a small and mid cap portfolio to a large cap portfolio can raise expected returns without increasing risk, due to the different risk and return characteristics that SMID sized companies provide.

2. Don't overpay

The Investment Manager seeks to invest in SMID sized companies that exhibit strong profitability that is sustainable over time and generate substantial cash flow that can be reinvested back into the business. Its strategy is not to overpay when buying the shares of such companies and then do as little dealing as possible in order to minimise the expenses of the Company, allowing the investee companies' returns to compound for shareholders with minimum interference.

3. Do nothing

The Investment Manager looks to avoid companies that are heavily leveraged or forced to rely upon debt in order to provide an adequate return, as well as sectors and industries that innovate very quickly and are rapidly changing. It instead focuses on companies that have exhibited an ability to continue outperforming competitors and will look for companies that rely heavily on intangible assets in industries such as information technology, health care and consumer goods. The Company's investments will be long-term and the Investment Manager will not be forced to act when market prices are unattractive.

Company Policies

- **Long term capital growth.**

The Company is focused on long term capital growth and overall return rather than seeking any particular level of dividend. The Company will only declare dividends to the extent required to maintain the Company's tax status as an investment trust.

- **No hedging**

The Company will not use derivatives for currency hedging or for any other purpose.

- **No gearing**

The Company will not employ leverage save that it is permitted to use short term banking facilities to raise funds for liquidity purposes or for discount management purposes including the purchase of its own shares. Any such borrowing will be limited to 15 per cent. of the Company's net asset value.

Net Asset Value

	At 30 June 2023	At 30 June 2022	At 31 December 2022
Net assets	**£2,622,930,000**	**£2,361,331,000**	**£2,417,967,000**
Net asset value ("NAV") per ordinary share ("share")	**1,575.4p**	**1,339.5p**	**1,410.7p**
Share price	**1,400.0p**	**1,185.0p**	**1,308.0p**
Share price discount to NAV[1]	**(11.1)%**	**(11.5)%**	**(7.3)%**

	Six months ended 30 June 2023 % Change[2]	Six months ended 30 June 2022 % Change[2]	For the period from Company's listing on 19 October 2018 to 30 June 2023 % Change[2]
NAV total return per share[1]	**+11.7%**	**-31.7%**	**+57.5%**
Share price total return[1]	**+7.0%**	**-41.3%**	**+40.0%**
Benchmark total return[3]	**+1.9%**	**-13.7%**	**+37.5%**
Ongoing charges ratio[1]	**0.9%**	**0.9%**	**0.9%**

Source: Bloomberg.

This report contains terminology that may be unfamiliar to some readers. The Glossary section gives definitions for frequently used terms.

[1] These are Alternative Performance Measures ("APMs"). Definitions of these, together with how these measures have been calculated, are disclosed on pages 23 and 24 where it is made clear how these APMs relate to figures disclosed and calculated under IFRS.

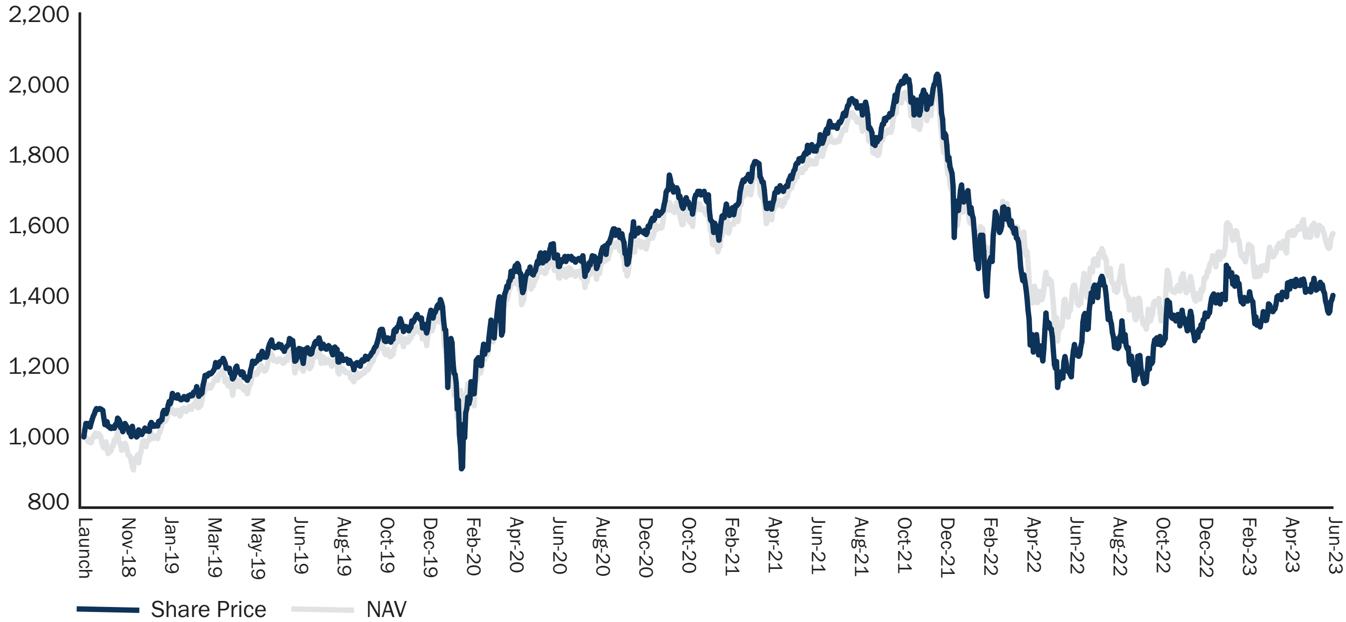
[2] Total returns are stated in GBP sterling.

[3] MSCI World SMID Cap Index, £Net Source: www.msci.com.

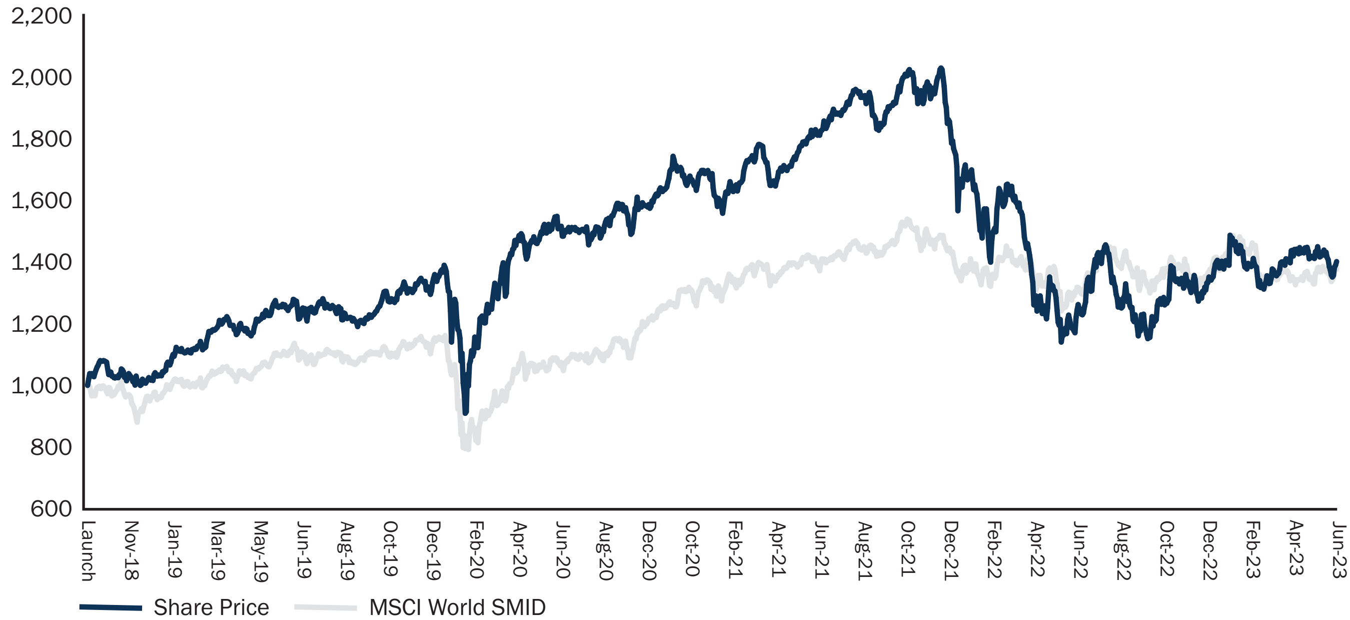
Smithson Investment Trust

Performance Highlights

Total return performance against NAV for the period from the Company's listing on 19 October 2018 to 30 June 2023[1]



Total return performance against MSCI World SMID Index for the period from the Company's listing on 19 October 2018 to 30 June 2023[2]



1 Source: Bloomberg

2 Figures rebased to 1000 as at date of Company's listing

Introduction

I am pleased to present this Interim Report of Smithson Investment Trust plc (the "Company") for the six months ended 30 June 2023.

Performance

The Company's net asset value ("NAV") per share total return for the period was +11.7%, outperforming the MSCI World SMID Index by 9.8 percentage points. Since inception on 19 October 2018, the Company's NAV per share total return is 57.5%, an annualised increase of 10.2% pa compared with the annualised index return of 7.0%. Since inception the NAV per share total return is 20 percentage points higher than the Index. It is pleasing to note that both the first half results and our returns since inception represent good absolute performance as well as a healthy outperformance of our comparator index.

As our Investment Manager reports, the improvement since this time last year is significant. The Company's investment policy is to invest in quality growth companies capable of compounding returns over the long term. Short term performance from this strategy will be affected by numerous factors including market sentiment and changes in interest rates, and whilst volatility in the Company's performance over short time periods is uncomfortable, the focus is always on longer term performance.

Despite our good NAV performance, the share price of the Company has continued to trade at a discount to NAV, and this discount widened during the first half of 2023; at 30 June 2023 the discount was 11.1%. The issue of discounts is common across the investment trust sector and at 30 June 2023 the Association of Investment Companies reported discounts of some 14% across global investment trusts and 16% across global smaller company strategies. The Board's approach to the management of the discount is set out below.

Capital and Share Buy Backs

The Company was floated on the Premium Segment of the London Stock Exchange on 19 October 2018. The Company's shares traded at a premium for almost all of the period from inception through to the end of the first quarter of 2022. Since that time the Company's shares have traded at a discount to net asset value.

Although the Board commenced a programme of regular market purchases in April 2022, this has not as yet had any sustained impact on reducing the discount. This is perhaps not altogether surprising, as there has long been debate as to whether and to what extent buyback programmes are capable of shifting the demand/supply balance decisively; as ever, the most important factor in reducing a discount over the longer term will be a sustained period of good investment performance. However, share buybacks undoubtedly provide NAV accretion and can have a positive effect upon share price volatility and market spreads, factors which are significant for shareholders and potential investors. The Board will therefore continue to make regular market purchases while the shares trade at a significant discount. All shares purchased are held in Treasury and will only be reissued at a premium.

Over the period since this programme commenced up until 21 July 2023 being the latest practicable time before the publication of this Interim Report, we have bought back 11,310,000 shares, representing 6.4% of the issued share capital before the buy-back programme commenced, at a total cost including expenses of approximately £152.4 million. The average discount to NAV on the buy-backs was approximately 9.0%.

Results and Dividends

The Company's total return after tax for the half year of £274 million comprised a capital gain of £269 million and a revenue return of £5 million. The income the Company receives from its investments tends to be higher in the first half of the year than in the second half, whereas its expenses are more evenly split between the half years, and it is expected that the full year revenue return will be lower than in the first half and may even be negative.

The Company's objective is to focus on capital growth and its accounting policies are not designed to facilitate maximisation of revenue reserves and dividend payments. Consistent with previous interim periods a dividend is not proposed by the Board.

There is no current intention to change the Company's approach. It should not be expected that the Company will pay a significant annual dividend, and it is likely that no interim dividends will be declared. The Board intends to declare such annual dividends as are necessary to maintain the Company's UK investment trust status.

AGM and Shareholder Engagement

The Company held its Annual General Meeting on 27 April 2023. It was good to see so many shareholders attend in person and to hear directly from Simon Barnard, our portfolio manager, and his team. Simon's presentation is available on the Company's website.

The resolution proposing my re-election as a director of the Company received 76% of the votes cast in favour, with all the other resolutions receiving over 90% of the votes cast in favour. As announced with the AGM results, the lower level of voting in favour of my re-appointment was due to one large shareholder's concerns about the Company's diversity policy and we accordingly announced that we intended to consult shareholders on this subject.

As Listing Rule requirements on Board diversity disclosures in annual reports concerning ethnic minority director appointments had not yet come into effect, in common with many companies, our diversity policy set out in our 2022 Annual Report was not explicit on the subject. To address this issue and to provide comfort that the Board takes its diversity targets seriously, I met with the dissenting shareholder as well as offering meetings to some of our other larger shareholders to explain our approach. I believe that the shareholders consulted now have a better understanding and acceptance of the Board's diversity policy.

The Board recognises the benefit of having diverse representation reflecting wider society, including ethnic minority representation. Whilst further diversity may be achievable in future board appointments, it is pleasing that there is already gender balance, with the Board currently comprising two women and two men.

Outlook

Economic factors such as inflation, interest rates and growth are hard to predict accurately. Our Investment Manager does not attempt to forecast future macro-economic conditions and focuses instead on identifying good companies with robust business models that will be able to thrive throughout market cycles. The Board believes that the patient investor will be well rewarded.

Diana Dyer Bartlett
Chairman

28 July 2023

Investment Manager's Review

Dear Fellow Shareholder,

The performance of Smithson Investment Trust ("Smithson"), along with comparators, is laid out below. For the first half of 2023 the Net Asset Value per share ("NAV") of the Company increased by 11.7% and the share price was up 7%. Over the same period, the MSCI World Small and Mid Cap Index ("MSCI World SMID"), our reference index, increased by 1.9%. We also provide the performance of UK bonds and cash for comparison.

	Total Return[5] 01.01.23 to 30.06.23 %	Launch to 30.06.23 Cumulative %	Launch to 30.06.23 Annualised %
Smithson NAV[1]	+11.7	+57.5	+10.2
Smithson Share Price	+7.0	+40.0	+7.4
Small and Midcap Equities[2]	+1.9	+37.5	+7.0
UK Bonds[3]	-3.4	-13.0	-2.9
Cash[4]	+2.0	+4.8	+1.0

[1] Source: Bloomberg, starting NAV 1000.

[2] MSCI World SMID Cap Index, £ Net source: www.msci.com.

[3] Bloomberg/Barclays Bond Indices UK Govt 5-10 yr, source: Bloomberg.

[4] Month £ LIBOR Interest Rate source: Bloomberg.

[5] Alternative Performance Measure (see pages 23 to 24).

The performance during this half year is more satisfactory than last year, being 9.8% ahead of the reference index. In fact, from the lows of June 2022, the overall performance of the fund is much improved over the last 12 months, with the NAV increasing by 24% and the share price by 22% since that point.

To provide some context to this performance, and as detailed at some length in the last two management reports, the primary macroeconomic pressures on fund performance from early 2022 were the market's increasing interest rate expectations and fears of recession.

Clearly, a lot happened over the following 18 months, with persistent core inflation (which excludes more volatile elements such as food and energy prices) prompting the Fed to increase US interest rates from 25bps at the start of 2022 to 5.25% at the time of writing, the fastest rate of increases for over 40 years. The Bank of England has raised rates at a similar pace, from 25bps at the end of 2021 to 5% currently, while the European Central Bank is only lagging a little behind, with a 4% interest rate presently. However, what is much more important to us as investors is where rates are going next, and it is very likely that we are much nearer the end of the rate hiking cycle than the beginning.

This matters, because the downward pressure being applied to the valuation multiples of our faster growing, high quality companies due to the market's expectation of rising interest rates, has started to ease over the last few months. This is helped by the possibility that we can even, dare we say, look ahead to interest rate cuts next year. The share prices of many of our companies have begun to recover, with some of the best performing shares this year being those which were the worst affected last year.

The subject of recession is a slightly different story. As labour market, services and consumer data has remained robust in several regions, particularly the US, market expectations regarding recession have waxed and waned. People have tended to become more fearful as inflation appeared more stubborn than expected, causing central banks to further increase interest rates and leading many to the conclusion that this will continue until the economy falls into recession. This was also in combination with the short-lived regional banking crisis in the US which simply served to cause greater market anxiety.

But then, as data on consumer spending and employment showed the ongoing ability and willingness for people to keep spending, potentially thanks to pandemic era savings (which will eventually run out), the market periodically became less concerned about an imminent, or at least a deep, recession. I would characterise the market sell-offs during last October and March as the result of growing recessionary fears, while rallies in November, January and June indicated the market was becoming more sanguine on the issue.

While a recession does appear likely in our view because most interest rate increases already enacted have yet to impact the economy (they tend to operate with an 18 month lag), we don't know for sure, and it could well be of the short and shallow variety. But in any case, our high-quality companies should fare reasonably well because they are not particularly cyclical and have strong balance sheets and competitive positions. This also means that there is the potential for them to actually appear more attractive during a recession compared to other companies in the index.

To summarise, I would be very surprised if I had suggested to you a year ago that over the next 12 months inflation would prove so stubborn that central bank interest rate rises would be the fastest in decades, that recession would be continually on the horizon and that we'd live through another banking crisis, and you guessed that our portfolio would be up 24% during the course of these events. Because I wouldn't have guessed that either.

All of which serves to illustrate the futility in predicting macroeconomic events and the market reactions to them. Therefore, all we will do is continue looking for fantastic small companies that are trading at attractive valuations and hold on to them as the macroeconomic entropy swirls around us, eventually assigning higher valuations to our great businesses as they grow and develop over time.

The current free cash flow yield of the portfolio is 2.3% and you would be forgiven for thinking it looks expensive, especially compared to last year's figure of 3.3%. However, I would caution that there have been a lot of working capital shifts over the last 12 months, as last year companies built up inventory to protect against unreliable supply chains, while more recently this is starting to unwind as lead times return to pre-pandemic norms. This is illustrated by the fact that last year the average revenue and earnings for our companies increased while the free cash flow produced actually fell, although the good news is that cash flow in the most recent quarter was improving. Also, there are several companies which, for different reasons, produced little to no cash flow over the last 12 months due to restructuring or short-term operational pressures – Sabre, mentioned below, being a prime example. Adjusting for these handful of companies would take the free cash flow yield nearer to 3%.

Trading activity was reduced in this period compared to the changes that were made during the market turmoil last year. This meant that portfolio turnover adjusted for share buybacks was 13.1%, almost half the 28.1% this time last year. Annualised costs were also unchanged, with an Ongoing Charge Figure of 0.9% of NAV (including the annualised Management Fee of 0.9% of market capitalisation). Costs of dealing, including taxes, amounted to 0.01% of NAV in the period, half of that incurred last year, which meant that the Total Cost of Investment was 0.91%.

Having added three new companies last year, two of which are pleasingly in our top six performance contributors this year, we only made two changes to the portfolio in the first half, and that was to purchase Graco and Exponent, both US based companies.

Graco – pronounced Gray-co after the founding Gray brothers – designs, manufactures and markets systems and equipment to move, control and dispense fluid and powdered materials. Founded in 1926, it is the market leader in technology for the management of fluids and coatings in both industrial and commercial applications. Its products can help customers solve manufacturing problems and increase productivity and quality, and range from basic paint sprayers for the DIY market to fully-automated precision fluid dispense systems used in consumer electronics component production. We were attracted to the long track record of consistent revenue growth and stable margins, its net cash balance sheet and very strong return on invested capital.

Founded in 1967, Exponent is a consulting business which focuses on highly technical areas across a broad range of disciplines, often in response to disasters or litigation. For example, they did investigative work for the Challenger shuttle explosion, the 9/11 World Trade Centre collapse analysis, the Exxon Valdez oil spill, Samsung's exploding tablets, and the preliminary fire investigation into the Grenfell tower disaster. It serves a huge array of end markets, the largest ones are Consumer Products, Energy & Utilities and Transportation with customers including corporations, law firms and government entities. Their professionals charge anywhere from $190 to $900 an hour and many have PhDs in their respective scientific fields and publish in academic journals. Around half the business is 'reactive', that is conducting investigations into historic issues or litigation and the other half is 'proactive', to help clients improve processes, risk management and research & development. The company has a long track record of success with 20 years of revenue growth in the high single digit percentage but operating profit has compounded at an annual growth rate of over 12%. It is an asset-light business, with returns on invested capital, excluding its large cash balance, in excess of 100%. Finally, we were able to acquire our position at a reasonable valuation, with the shares still trading 30% below their peak in 2021, possibly because it is still only researched by a couple of sell-side analysts.

To discuss specific events which affected the portfolio during the period, we have set out the top five contributors below:

	Country	Contribution%
Simcorp	Denmark	1.9%
Fortinet	United States	1.6%
Moncler	Italy	1.5%
Nemetschek	Germany	1.2%
Temenos	Switzerland	1.1%

Simcorp was our best performing share in the first half after it was bid for by Deutsch Börse in April, sending the share price up 38% in one day. While the price offered for the company is not spectacular, it is reasonably fair in the current environment, and as there are limited competition and regulatory concerns we suspect Deutsche Börse will achieve its ambition of a full takeover.

Fortinet performed well, up over 45% during the period, as corporate cyber security budgets remained healthy, allowing the company to grow revenue by 32%. This is the fourth time in the past five quarters in which Fortinet has delivered revenue growth of more than 30%. Last year it was feared by many that a recession might squeeze corporate IT budgets, and with it their cybersecurity budgets. So far however, our simple conclusion that corporate cyber-attacks will continue to be a persistent and growing threat (crime goes up during a recession, not down) means cybersecurity spending has had to continue increasing.

Moncler continued to outperform in the first half as consumer spending on luxury goods remained resilient in the face of recessionary fears. The resurgence of luxury demand in China after the post-Covid re-opening of the country benefited sales, as did ongoing consumer spending on high-end brands in the US.

Nemetschek is a fast-growing software company and is therefore one where the valuation fell during the interest rate increases last year. As the market has looked ahead to the peak of this interest rate cycle, the pressure on the valuation multiple has diminished and the share price performed far better this year.

Temenos is another software company which performed poorly last year, partly because the management team were mishandling the transition from perpetual software licences to a subscription-based Software as a Service ("SaaS") model. While we have little remaining patience regarding this situation, the CEO left the company at the start of 2023, and so it may be the case that a new management team could meaningfully improve its performance. We will be watching closely.

The five largest detractors of performance were:

	Country	Contribution%
Sabre	United States	-2.3%
Domino's Pizza Enterprises	Australia	-1.2%
IDEX	United States	-0.2%
MSCI	United States	-0.1%
Exponent	United States	-0.1%

Our worst performing company in the first half was Sabre, the travel technology provider. This is one of the more cyclical businesses we own, with fewer people tending to travel during recessions, and is the most likely reason for its underperformance year to date. It is also an outlier in the portfolio, having taken on a lot of debt during the pandemic when travel was all but stopped, increasing its financial gearing to an economic downturn. However, the travel market continues to improve, with the green shoots of business travel recovery now also appearing. Sabre also has a strong, and arguably improving, market position, with the potential free cash flow it can generate over the next three years possibly being in excess of its current market capitalisation. Needless to say, if this comes to pass, the share price will then be a multiple of where it is today.

The performance of Domino's Pizza Enterprises was also disappointing in the period. This was precipitated by the fiscal half year results, released in February, indicating weaker sales after prices and delivery charges had been increased to offset cost inflation, with consumer price sensitivity noted in Japan and Germany particularly. We continue to watch this situation closely in case we need to take action, but at this point we expect the issue to resolve itself once inflation abates.

IDEX and Exponent are both new additions to the portfolio and, as is often the case, underperformed the overall portfolio shortly after acquisition. This is because we tend to start buying the shares of new companies when the share price is low or falling due to certain factors, and so it is very likely that the share price will continue falling for a period after the buying has been completed. For IDEX this was concern regarding industrial cyclicality ahead of a recession, while for Exponent the market was worried about increasing employee costs.

MSCI, the index provider, declined after a lacklustre earnings update in April which showed the detrimental effect of poor markets last year on the fees they levy on overall client assets under management. As this is a natural effect of the market cycle it doesn't overly concern us with regards to the long term health of the company.

We have provided a breakdown of the portfolio in terms of sector and geography at the end of June 2022 and June 2023 for comparison below. The median year of foundation of the companies in the portfolio at the period end was 1971.

Sector	30 June 2023 (%)	30 June 2022 (%)
Industrials	33%	19%
Information Technology	32%	44%
Healthcare	14%	13%
Consumer Discretionary	10%	13%
Consumer Staples	4%	4%
Communication Services	3%	3%
Financials	3%	3%
Materials	–	–
Cash – Uninvested	1%	1%

Source: Fundsmith

This is a watershed moment in the history of the Smithson Investment Trust as for the first time, the largest sector weighting is in Industrials, rather than Information Technology. This has occurred for a couple of reasons, some down to our actions, and some not, but none were because of us designing the portfolio to look this way from the top down. We always construct the portfolio from the bottom up, acquiring the best companies that look most attractive at any given time. To start with our own actions, the sale of Ansys, a US based software company, reduced the weighting of Information Technology, while the addition of IDEX and Exponent increased the weighting of Industrials. After lamenting now for four years that the broad MSCI defined Information Technology 'bucket' was not representative of the businesses we own, some constituents were recently changed (although there had been no lobbying on our part, as we have far better things to do). As part of this rebalance, Sabre was moved to Consumer Discretionary while Paycom, the human resources software and payroll provider, was moved to Industrials.

Country of Listing	30 June 2023 (%)	30 June 2022 (%)
USA	44%	44%
UK	15%	17%
Italy	10%	9%
Denmark	8%	7%
Switzerland	7%	7%
Germany	6%	5%
Australia	4%	6%
Sweden	3%	2%
New Zealand	2%	2%
Cash	1%	1%

Source: Fundsmith

The movement in geographical weighting over the course of 12 months has been very small, with the addition of Exponent and Graco offsetting the positions we exited in the US last year. The UK is down slightly as we have trimmed certain positions in that region but most of the other changes, such as in Denmark, have been due to market moves of the underlying share prices.

Source of Revenue	30 June 2023 (%)	30 June 2022 (%)
North America	39%	37%
Europe	37%	38%
Asia Pacific	18%	19%
Eurasia, Middle East, Africa	4%	4%
Latin America	2%	2%

Source: Fundsmith. Portfolio weightings as of 30 June 2023 and 30 June 2022

In terms of the location where our companies generate their sales and earnings, this too has changed little. North America has regained the number one position after the US acquisitions this year, with Europe still close behind, and our developed market-based companies are still generating a small amount of revenue from emerging markets.

Finally, we would like to thank all shareholders for their support of Smithson Investment Trust during what has been an eventful 18 months. While periods of underperformance such as last year are undesirable and always very uncomfortable, they do tend to have the silver lining of producing subsequent periods of improved prospects. We continue to search for exciting opportunities that this stage of the market cycle often provides, and hope that you will join us for the journey.

Simon Barnard
Fundsmith LLP
Investment Manager

28 July 2023

Investments held as at 30 June 2023

Security	Country of incorporation	Fair value £'000	% of investments
Fortinet	USA	130,220	5.0
Moncler	Italy	129,957	5.0
Simcorp	Denmark	126,990	4.9
Recordati	Italy	122,376	4.7
Verisign	USA	113,484	4.3
Fevertree Drinks	UK	102,823	3.9
Ambu	Denmark	98,799	3.8
Temenos	Switzerland	96,334	3.7
Masimo	USA	89,443	3.4
Verisk Analytics	USA	89,203	3.4
Top 10 Investments		**1,099,629**	**42.1**
Diploma	UK	86,892	3.3
Equifax	USA	86,761	3.3
Cognex	USA	85,931	3.3
Geberit	Switzerland	82,978	3.2
Rightmove	UK	80,939	3.1
Graco	USA	79,186	3.0
Exponent	USA	76,426	2.9
Nemetschek	Germany	76,390	2.9
Rational	Germany	74,182	2.8
Addtech	Sweden	74,001	2.8
Top 20 Investments		**1,903,315**	**72.7**
MSCI	USA	73,850	2.8
Fisher & Paykel Healthcare	New Zealand	67,988	2.6
Qualys	USA	63,334	2.4
IDEX	USA	62,810	2.4
IPG Photonics	USA	56,624	2.2
Domino's Pizza Enterprises	Australia	56,615	2.2
Rollins	USA	55,031	2.1
Sabre	USA	53,775	2.1
Spirax-Sarco Engineering	UK	53,249	2.0
Halma	UK	52,852	2.0
Technology One	Australia	49,879	2.0
Paycom Software	USA	38,512	1.6
Domino's Pizza Group	UK	21,022	0.9
Total Investments		**2,608,856**	**100.0**

Investment Objective and Policy

Investment Objective

The Company's investment objective is to provide shareholders with long term growth in value through exposure to a diversified portfolio of shares issued by listed or traded companies.

Investment Policy

The Company's investment policy is to invest in shares issued by small and mid-sized listed or traded companies globally with a market capitalisation (at the time of initial investment) of between £500 million to £15 billion. The Company's approach is to be a long-term investor in its chosen shares. It will not adopt short-term trading strategies. Accordingly, it will pursue its investment policy by investing in approximately 25 to 40 companies as follows:

(a) the Company can invest up to 10 per cent. in value of its gross assets (as at the time of investment) in shares issued by any single body;

(b) not more than 20 per cent. in value of its gross assets (as at the time of investment) can be in deposits held with a single body. This limit will apply to all uninvested cash (except cash representing distributable income or credited to a distribution account that the depositary holds);

(c) not more than 20 per cent. in value of its gross assets (as at the time of investment) can consist of shares issued by the same group. When applying the limit set out in (a) this provision would allow the Company to invest up to 10 per cent. in the shares of two group member companies (as at the time of investment);

(d) the Company's holdings in any combination of shares or deposits issued by a single body must not exceed 20 per cent. in value of its gross assets (as at the time of investment);

(e) the Company must not acquire shares issued by a body corporate and carrying rights to vote at a general meeting of that body corporate if the Company has the power to influence significantly the conduct of business of that body corporate (or would be able to do so after the acquisition of the shares). The Company is to be taken to have power to influence significantly if it exercises or controls the exercise of 20 per cent. or more of the voting rights of that body corporate; and

(f) the Company must not acquire shares which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them and represent more than 10 per cent. of the shares issued by that body corporate.

The Company may also invest cash held for working capital purposes and awaiting investment in cash deposits and money market funds.

For the purposes of the investment policy, certificates representing certain shares (for example, depositary interests) will be deemed to be shares.

Hedging policy

The Company will not use portfolio management techniques such as interest rate hedging and credit default swaps.

The Company will not use derivatives for purposes of currency hedging or for any other purpose.

Borrowing policy

The Company has the power to borrow using short-term banking facilities to raise funds for short-term liquidity purposes or for discount management purposes including the purchase of its own shares, provided that the maximum gearing represented by such borrowings shall be limited to 15 per cent. of the net asset value at the time of drawdown of such borrowings. The Company may not otherwise employ leverage.

Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the FCA's Disclosure Guidance and Transparency Rules. The Directors consider that the Chairman's Statement and the Investment Manager's Review on pages 5 to 6 and 7 to 10 respectively, provide details of the important events which have occurred during the period and their impact on the condensed set of financial statements. The following statements on principal risks and uncertainties, related party transactions and the Directors' responsibility statement below, together constitute the Interim Management Report for the Company for the period from 1 January 2023 to 30 June 2023.

Principal Risks and Uncertainties

The Board considers that the principal risks and uncertainties faced by the Company can be summarised as (i) investment objective and policy risk, (ii) market risks, (iii) outsourcing risks, (iv) key individuals' risk and (v) regulatory risks. A detailed explanation of risks and uncertainties can be found on pages 23 to 25 of the Company's most recent Report and Accounts for the year ended 31 December 2022. The Board also considers the risks associated with the macroeconomic backdrop such as uncertainty over inflation, higher interest rates, possibility of a recession, the continuing war in Ukraine and secondary impacts from the COVID pandemic. The Board monitors the potential risks to the Company and its portfolio and receives regular updates and assurance from the Investment Manager and other key service providers on operational resilience and portfolio exposure and impact.

A review of the period and the outlook can be found in the Chairman's Statement and in the Investment Manager's Review.

Related Party Transactions

The Company's Investment Manager, Fundsmith LLP, is considered a related party in accordance with the Listing Rules. There have been no changes to the nature of the Company's related party transactions since the Company's most recent Report and Accounts for the period ended 31 December 2022 were released. Details of the amounts paid to the Company's Investment Manager and the Directors during the period are detailed in the notes to the financial statements.

Directors' Responsibility Statement

The Directors confirm to the best of their knowledge that:

- the Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months, 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
- the Interim Financial Statements includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board of Directors

Diana Dyer Bartlett
Chairman

28 July 2023

Condensed Statement of Comprehensive Income (Unaudited)

		Unaudited Six months ended 30 June 2023			Unaudited Six months ended 30 June 2022			Audited Year ended 31 December 2022		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments held at fair value through profit or loss	4	21,712	–	21,712	22,285	–	22,285	31,341	–	31,341
Gains/(losses) on investments held at fair value through profit or loss	3	–	269,112	269,112	–	(1,093,717)	(1,093,717)	–	(970,879)	(970,879)
Foreign exchange (losses)/gains		(136)	(227)	(363)	76	(940)	(864)	147	(399)	(252)
Investment management fees		(10,523)	–	(10,523)	(11,808)	–	(11,808)	(21,998)	–	(21,998)
Other expenses and transaction costs		(769)	(139)	(908)	(847)	(553)	(1,400)	(1,463)	(743)	(2,206)
Profit/(loss) before tax		**10,284**	**268,746**	**279,030**	**9,706**	**(1,095,210)**	**(1,085,504)**	**8,027**	**(972,021)**	**(963,994)**
Tax		(5,375)	–	(5,375)	(2,312)	–	(2,312)	(3,670)	–	(3,670)
Profit/(loss) for the period	6	**4,909**	**268,746**	**273,655**	**7,394**	**(1,095,210)**	**(1,087,816)**	**4,357**	**(972,021)**	**(967,664)**
Return/(loss) per share (basic and diluted) (p)	6	**2.91**	**159.09**	**162.00**	**4.20**	**(621.79)**	**(617.59)**	**2.49**	**(555.60)**	**(553.11)**

The Company does not have any income or expenses which are not included in the profit for the period.

All of the profit and total comprehensive income for the period is attributable to the owners of the Company.

The "Total" column of this statement represents the Company's Income Statement, prepared in accordance with International Financial Reporting Standards ("IFRS"). The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies ("AIC").

All items in the above statement derive from continuing operations.

The accompanying notes on pages 18 to 22 are an integral part of these financial statements.

Condensed Statement of Financial Position (Unaudited)

	Notes	Unaudited As at 30 June 2023 £'000	Unaudited As at 30 June 2022 £'000	Audited As at 31 December 2022 £'000
Non-current assets				
Investments held at fair value through profit or loss	3	2,608,856	2,350,074	2,393,848
Current assets				
Receivables		1,011	2,562	3,853
Cash and cash equivalents		21,057	17,750	24,589
		22,068	20,312	28,442
Total assets		**2,630,924**	**2,370,386**	**2,422,290**
Current liabilities				
Trade and other payables		(7,994)	(9,055)	(4,323)
Total assets less current liabilities		**2,622,930**	**2,361,331**	**2,417,967**
Equity attributable to equity shareholders				
Share capital	8	1,771	1,771	1,771
Share premium		1,719,487	2,219,487	2,219,487
Capital reserve		903,412	143,685	203,358
Revenue reserve		(1,740)	(3,612)	(6,649)
Total equity		**2,622,930**	**2,361,331**	**2,417,967**
Net asset value per share (p)	7	**1,575.4**	**1,339.5**	**1,410.7**

The accompanying notes on pages 18 to 22 are an integral part of these financial statements.

Condensed Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2023 (Unaudited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2023	1,771	2,219,487	203,358	(6,649)	2,417,967
Ordinary shares bought back and held in treasury	–	–	(68,318)	–	(68,318)
Costs on buybacks	–	–	(374)	–	(374)
Transfer of share premium	–	(500,000)	500,000	–	–
Profit for the period	–	–	268,746	4,909	273,655
Balance at 30 June 2023	**1,771**	**1,719,487**	**903,412**	**(1,740)**	**2,622,930**

For the six months ended 30 June 2022 (Unaudited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2022	1,717	2,126,997	1,249,362	(11,006)	3,367,070
Issue of new shares	54	93,050	–	–	93,104
Costs on new share issues	–	(560)	–	–	(560)
Ordinary shares bought back and held in treasury	–	–	(10,430)	–	(10,430)
Costs on buybacks	–	–	(37)	–	(37)
(Loss)/profit for the period	–	–	(1,095,210)	7,394	(1,087,816)
Balance at 30 June 2022	**1,771**	**2,219,487**	**143,685**	**(3,612)**	**2,361,331**

For the year ended 31 December 2022 (Audited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2022	1,717	2,126,997	1,249,362	(11,006)	3,367,070
Issue of new shares	54	93,050	–	–	93,104
Costs on new share issues	–	(560)	–	–	(560)
Ordinary shares bought back and held in treasury	–	–	(73,604)	–	(73,604)
Costs on buybacks	–	–	(379)	–	(379)
(Loss)/profit for the year	–	–	(972,021)	4,357	(967,664)
Balance at 31 December 2022	**1,771**	**2,219,487**	**203,358**	**(6,649)**	**2,417,967**

The accompanying notes on pages 18 to 22 are an integral part of these financial statements.

Condensed Statement of Cash Flows (Unaudited)

	Notes	Unaudited Six months ended 30 June 2023 £'000	Unaudited Six months ended 30 June 2022 £'000	Audited Year ended 31 December 2022 £'000
Operating activities				
Profit/(loss)before tax		279,030	(1,085,504)	(963,994)
Adjustments for:				
(Gain)/loss on investments held at fair value through profit or loss	3	(269,112)	1,093,717	970,879
(Increase)/decrease in receivables		(516)	(430)	25
Increase/(decrease) in payables		176	5,198	(1,175)
Overseas taxation paid		(3,564)	(3,240)	(4,584)
Net cash generated by operating activities		**6,014**	**9,471**	**1,151**
Investing activities				
Purchase of investments	3	(176,626)	(479,693)	(651,473)
Sale of investments	3	232,983	372,787	624,269
Net cash generated by/(used in) investing activities		**56,357**	**(106,906)**	**(27,204)**
Financing activities				
Proceeds from issue of new shares		–	93,104	93,104
Issue costs relating to new shares		–	(560)	(560)
Purchase of shares held in treasury		(65,531)	(9,673)	(73,604)
Costs relating to buy backs		(372)	(37)	(379)
Net cash (used in)/generated from financing activities		**(65,903)**	**82,834**	**18,561**
Net decrease in cash and cash equivalents		**(3,532)**	**(14,331)**	**(7,492)**
Cash and cash equivalents at start of the period/year		24,589	32,081	32,081
Cash and cash equivalents at end of the period/year		**21,057**	**17,750**	**24,589**
Comprised of:				
Cash at bank		**21,057**	**17,750**	**24,589**

The accompanying notes on pages 18 to 22 are an integral part of these financial statements.

1. General information

Smithson Investment Trust plc is a company incorporated on 14 August 2018 in the United Kingdom under the Companies Act 2006.

The condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("DTRs") of the UK's Listing Authority.

Principal activity

The principal activity of the Company is that of an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company commenced activities on admission to the London Stock Exchange on 19 October 2018.

Going concern

The Directors have adopted the going concern basis in preparing the Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2023. The following is a summary of the Directors' assessment of the going concern status of the Company, which included consideration of macroeconomic conditions such as uncertainty over inflation, higher interest rates, a possible recession and the continuing war in Ukraine.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. At the date of approval of this report, the Company has substantial operating expenses cover and a suitably liquid portfolio with which to continue share buybacks.

2. Significant accounting policies

The Company's accounting policies are set out below:

Accounting convention

The financial statements have been prepared under the historical cost convention (modified to include investments at fair value through profit or loss) on a going concern basis and in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the International Accounting Standards Board ("IASB") and with the Statement of Recommended Practice ("SORP") 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies ("AIC") in November 2014 (and updated in July 2022). They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Directors believe that it is appropriate to continue to adopt the going concern basis for preparing the financial statements for the reasons stated above. The Company is a UK listed company with a predominantly UK shareholder base. The results and the financial position of the Company are expressed in sterling, which is the functional and presentational currency of the Company. The accounting policies in this Interim Report are consistent with those applied in the Annual Report for the year ended 31 December 2022 and have been disclosed consistently and in line with Companies Act 2006.

Critical accounting judgements and sources of estimation uncertainty

The Board confirms that no significant accounting judgements or estimates have been applied to the financial statements and therefore there is not a significant risk of a material adjustment to the carrying amounts of assets and liabilities.

3. Investments held at fair value through profit or loss

	Unaudited Six months ended 30 June 2023 £'000	Unaudited Six months ended 30 June 2022 £'000	Audited Year ended 31 December 2022 £'000
Opening book cost	2,353,438	2,162,638	2,162,638
Opening investment holding gains	40,410	1,176,512	1,176,512
Opening fair value at start of the period/year	2,393,848	3,339,150	3,339,150
Purchases at cost	177,331	477,428	651,607
Sales – proceeds	(231,435)	(372,787)	(626,030)
Gains/(losses) on investments	269,112	(1,093,717)	(970,879)
Closing fair value at end of the period/year	2,608,856	2,350,074	2,393,848
Closing book cost at end of the period/year	2,326,975	2,378,594	2,353,438
Closing unrealised gain/(loss) at end of the period/year	281,881	(28,520)	40,410
Valuation at end of the period/year	**2,608,856**	**2,350,074**	**2,393,848**

The Company received £231,435,000 excluding transaction costs from investments sold in the period (30 June 2022: £372,787,000, 31 December 2022: £626,030,000). The book cost of the investments when they were purchased was £203,933,000 (30 June 2022: £262,025,000, 31 December 2022: £461,550,000). These investments have been revalued over time until they were sold and unrealised gains/losses were included in the fair value of the investments.

All investments are listed.

4. Dividend income

	Unaudited Six months ended 30 June 2023 £'000	Unaudited Six months ended 30 June 2022 £'000	Audited Year ended 31 December 2022 £'000
UK dividends	4,106	4,077	6,603
UK dividends – special	–	3,324	3,324
Overseas dividends	15,785	11,451	16,921
Overseas dividends – special	1,529	3,432	4,437
Bank interest	292	1	56
Total	**21,712**	**22,285**	**31,341**

5. Return/(loss) per share

Return per ordinary share is as follows:

	Unaudited Six months ended 30 June 2023			Unaudited Six months ended 30 June 2022			Audited Year ended 31 December 2022		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Profit/(loss) for the period/year (£'000)	4,909	268,746	273,655	7,394	(1,095,210)	(1,087,816)	4,357	(972,021)	(967,664)
Return/(loss) per ordinary share (p)	**2.91**	**159.09**	**162.00**	**4.20**	**(621.79)**	**(617.59)**	**2.49**	**(555.60)**	**(553.11)**

Return per share is calculated based on returns for the period and the weighted average number of 168,930,514 shares in issue (excluding treasury shares) in the six months ended 30 June 2023 (30 June 2022: 176,138,114; 31 December 2022: 174,950,862).

6. Net asset value per share

	Unaudited 30 June 2023	Unaudited 30 June 2022	Audited 31 December 2022
Net asset value	£2,622,930,000	£2,361,331,000	£2,417,967,000
Shares in issue	166,497,958	176,289,958	171,407,958
Net asset value per share	**1,575.4p**	**1,339.5p**	**1,410.7**

7. Share capital

Issued, allotted and fully paid (ordinary)	Unaudited 30 June 2023 Ordinary Shares Number	Treasury Shares Number	Total Shares Number	Nominal Value £'000
Ordinary shares in issue at 1 January	171,407,958	5,700,000	177,107,958	1,771
Ordinary shares bought back and held in treasury	(4,910,000)	4,910,000	–	–
	166,497,958	**10,610,000**	**177,107,958**	**1,771**

Issued, allotted and fully paid (ordinary)	Unaudited 30 June 2022 Ordinary Shares Number	Treasury Shares Number	Total Shares Number	Nominal Value £'000
Ordinary shares in issue at 1 January	171,697,958	–	171,697,958	1,717
Ordinary shares issued	5,410,000	–	5,410,000	54
Ordinary shares bought back and held in treasury	(818,000)	818,000	–	–
	176,289,958	**818,000**	**177,107,958**	**1,771**

Issued, allotted and fully paid (ordinary)	Audited 31 December 2022 Ordinary Shares Number	Treasury Shares Number	Total Shares Number	Nominal Value £'000
Ordinary shares in issue at 1 January	171,697,958	–	171,697,958	1,717
Ordinary shares issued	5,410,000	–	5,410,000	54
Ordinary shares bought back and held in treasury	(5,700,000)	5,700,000	–	–
	171,407,958	**5,700,000**	**177,107,958**	**1,771**

During the six months ended 30 June 2023, the Company issued no ordinary shares of £0.01 each (30 June 2022: 5,410,000, 31 December 2022: 5,410,00) for a net consideration of £nil (30 June 2022: £92,544,000 31 December 2021: £92,544,000).

During the six months ended 30 June 2023, the Company bought back to hold in treasury 4,910,000 shares (30 June 2022: 818,000, 31 December 2022: 5,700,000) at a total cost of £68,692,000 (30 June 2022: £10,467,000, 31 December 2022: £73,983,000). At the period end, the Company held 10,610,000 (30 June 2022; 818,000, 31 December 2021: 5,700,000) shares in treasury.

Since 30 June 2023 and up to 21 July 2023, a further 700,000 ordinary shares have been bought back to hold in treasury at a total cost of £9.7 million.

8. Related party transactions

Fees payable to the Investment Manager are shown in the Condensed Statement of Comprehensive Income. As at 30 June 2023 the fee outstanding to the Investment Manager was £1,673,000 (30 June 2022: £7,487,000, 31 December 2022: £1,659,000).

Fees are payable to the Directors at an annual rate of £30,000 for Board members, with an additional fee payable per annum of £15,000 to the Chair of the Board, £10,000 to the Chair of the Audit Committee and £5,000 to the Chair of the Management Engagement Committee.

The Directors had the following shareholdings in the Company.

Director	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
Diana Dyer Bartlett	8,886	8,886	8,886
Lord St John of Bletso	10,000	10,000	10,000
Jeremy Attard-Manche	–	–	–
Denise Hadgill	1,111	–	1,111

As at 30 June 2023, Terry Smith and other founder partners and key employees of the Investment Manager directly or indirectly and in aggregate, held 1.8% of the issued share capital of the Company (30 June 2022: 1.7%, 31 December 2022: 1.7%).

9. Events after the reporting period

There were no post-period events requiring disclosure other than those included in these interim financial statements.

10. Status of this report

These interim financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The unaudited Interim Report will be made available to the public at the registered office of the Company. The report will also be available in electronic format on the Company's website, http://www.smithson.co.uk.

The financial information for the year ended 31 December 2022 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

The Interim Report was approved by the Board of Directors on 28 July 2023.

Alternative Performance Measures ("APMs")

APMs are often used to describe the performance of investment companies although they are not specifically defined under IFRS. APM calculations for the Company are shown below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders in order to assess the Company's performance between reporting periods and against its peer group.

Premium/(discount)

The amount, expressed as a percentage, by which the share price is more than/(less than) the NAV per ordinary share.

		As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
NAV per ordinary share	a	1,575.4p	1,339.5p	1,410.7p
Share price	b	1,400.0p	1,185.0p	1,308.0p
Discount	**(b-a)÷a**	**(11.1)%**	**(11.5)%**	**(7.3)%**

Total return

A measure of performance that includes both income and capital returns. In the case of share price total return, this takes into account share price appreciation and dividends paid by the Company. In the case of NAV total return, this takes into account NAV appreciation (net of expenses) and dividends paid by the Company.

Six months ended 30 June 2023		**Share price**	**NAV**
Opening at 1 January 2023	a	1,308.0p	1,410.7p
Closing at 30 June 2023	b	1,400.0p	1,575.4p
Total return	**(b÷a)-1**	**7.0%**	**11.7%**

Six months ended 30 June 2022		**Share price**	**NAV**
Opening at 1 January 2022	a	2,020.0p	1,961.0p
Closing at 30 June 2022	b	1,185.0p	1,339.5p
Total return	**(b÷a)-1**	**(41.3)%**	**(31.7)%**

Period from Company's listing on 19 October 2018 to 30 June 2023		**Share price**	**NAV**
Opening at 19 October 2018	a	1,000.0p	1,000.0p
Closing at 30 June 2023	b	1,400.0p	1,575.4p
Total return	**(b÷a)-1**	**40.0%**	**57.5%**
Annualised total return		**7.4%**	**10.2%**

Annualised total return

The annualised total return for a period is the average return earned on an investment in the Company's shares for each year in that period, expressed by reference to either share price or NAV.

Ongoing charges ratio and total cost of investment

A measure, expressed as a percentage of average NAV, of the regular, recurring annual costs of running an investment company. The Total Cost of Investment measures cost to investors incurred through the Company's portfolio transaction costs and the recurring annual costs of running the Company.

		Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Period from Company's listing on 19 October 2018 to 30 June 2023 £'000
Average NAV	a	2,597,266	2,728,504	2,109,332
Annualised expenses	b	22,771	25,310	19,935
Ongoing charges ratio	**(b÷a)**	**0.9%**	**0.9 %**	**0.9 %**
Annualised investment transaction costs	c	281	1,116	752
Annualised investment transaction costs ratio	(c÷a)	0.01%	0.04%	0.03%
Total Cost of Investment		**0.91%**	**0.94%**	**1.03%**

AIC

Association of Investment Companies

Alternative Investment Fund or AIF

An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.

Alternative Investment Fund Managers Directive or AIFMD

A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.

Annual General Meeting or AGM

A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested.

Cash Conversion

Ratio of a company's cash flows to its net profit.

Custodian

An entity that is appointed to safeguard a company's assets.

Discount

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

Depositary

Certain AIFs must appoint depositaries under the requirements of AIFMD. A depositary's duties include, inter alia, safekeeping of the Company's assets and cash monitoring. Under AIFMD the depositary is appointed under a strict liability regime.

Dividend

Income receivable from an investment in shares.

Ex-dividend date

The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.

Financial Conduct Authority or FCA

The independent body that regulates the financial services industry in the UK.

Gearing

A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.

Gross assets

The Company's total assets before the deduction of any liabilities.

Gross margin

The amount of money a company has left after subtracting all direct costs of producing or purchasing the goods or services it sells.

Index

A basket of stocks which is considered to replicate a particular stock market or sector.

Investment company

A company formed to invest in a diversified portfolio of assets.

Investment trust

An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.

Leverage

An alternative word for "Gearing".

Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions.

Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Liquidity

The extent to which investments can be sold at short notice.

Net assets

An investment company's assets less its liabilities

Net asset value (NAV) per ordinary share

Net assets divided by the number of ordinary shares in issue (excluding any shares held in treasury)

Ongoing charges ratio

A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.

Operating profit margin

The ratio of operating income to net sales. It measures profitability on a per-pound basis, after accounting for the variable costs of production but does not include interest or tax expense.

Ordinary shares

The Company's ordinary shares of 1p each.

Portfolio

A collection of different investments held in order to deliver returns to shareholders and to spread risk.

Premium to NAV

The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

ROCE

Return On Capital Employed is a measure of the efficiency of a company at deploying capital to generate profits calculated as Earnings Before Interest and Tax / Capital Employed.

Share buyback

A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.

Share price

The price of a share as determined by a relevant stock market.

Total return

A measure of performance that takes into account both income and capital returns. This may take into account capital gains, dividends, interest and other realised variables over a given period of time.

Treasury shares

A company's own shares which are available to be sold by a company to raise funds.

Volatility

A measure of how much a share moves up and down in price over a period of time.

Company Information

Directors
Diana Dyer Bartlett (*Chairman*)
Lord St John of Bletso
Jeremy Attard-Manche
Denise Hadgill

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