Smithson Investment Trust

Interim Report

for the six months ended 30 June 2022

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

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Financial Calendar

Financial Year End	31 December 2022
Final Results Announced	March 2023
Annual General Meeting	May 2023

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.

4. 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.

5. No hedging

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

6. 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 2022	At 30 June 2021	At 31 December 2021
Net assets	**£2,361,331,000**	**£2,796,700,000**	**£3,367,070,000**
Net asset value ("NAV") per ordinary share ("share")	**1,339.5p**	**1,746.6p**	**1,961.0p**
Share price	**1,185.0p**	**1,780.0p**	**2,020.0p**
Share price (discount)/premium to NAV[1]	**(11.5)%**	**1.9%**	**3.0%**

Performance Summary

	Six months ended 30 June 2022 % Change[2]	Six months ended 30 June 2021 % Change[2]	For the period from Company's listing on 19 October 2018 to 30 June 2022 % Change[2]
NAV total return per share[1]	**(31.7)%**	**+5.9%**	**+33.9%**
Share price total return[1]	**(41.3)%**	**+4.1%**	**+18.5%**
Benchmark total return	**(13.7)%**	**+12.4%**	**+27.6%**
Ongoing charges ratio[1]	**0.9%**	**1.0%**	**1.0%**

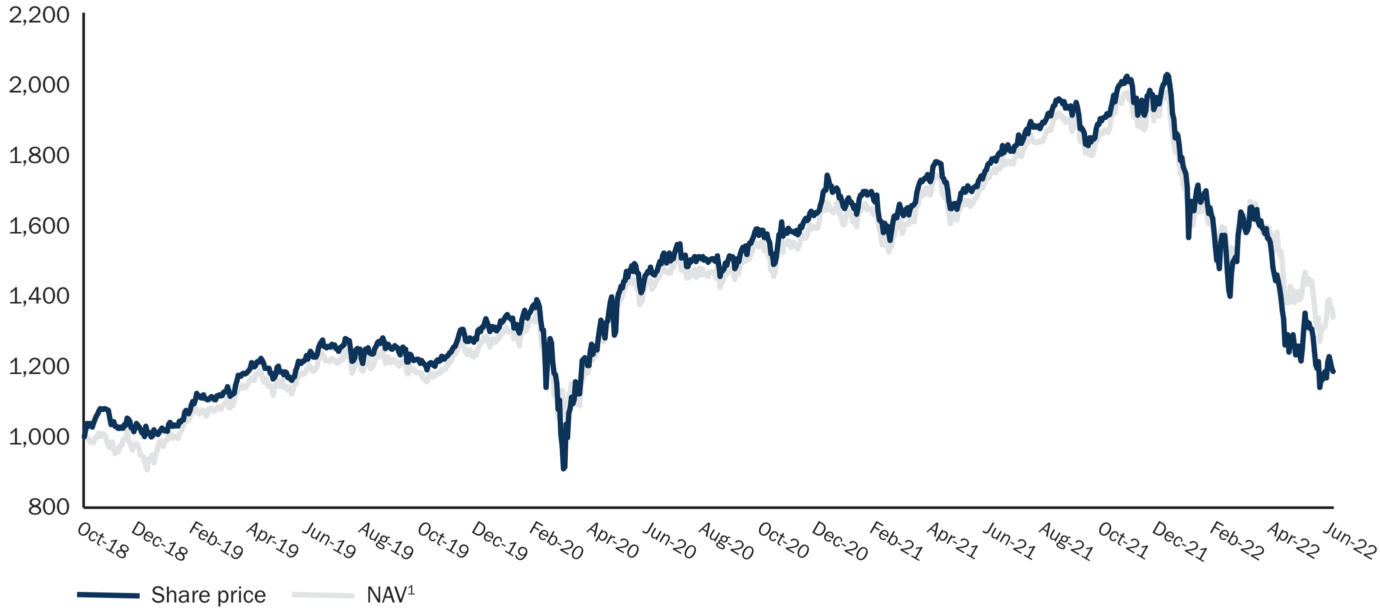
Source: Bloomberg.

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

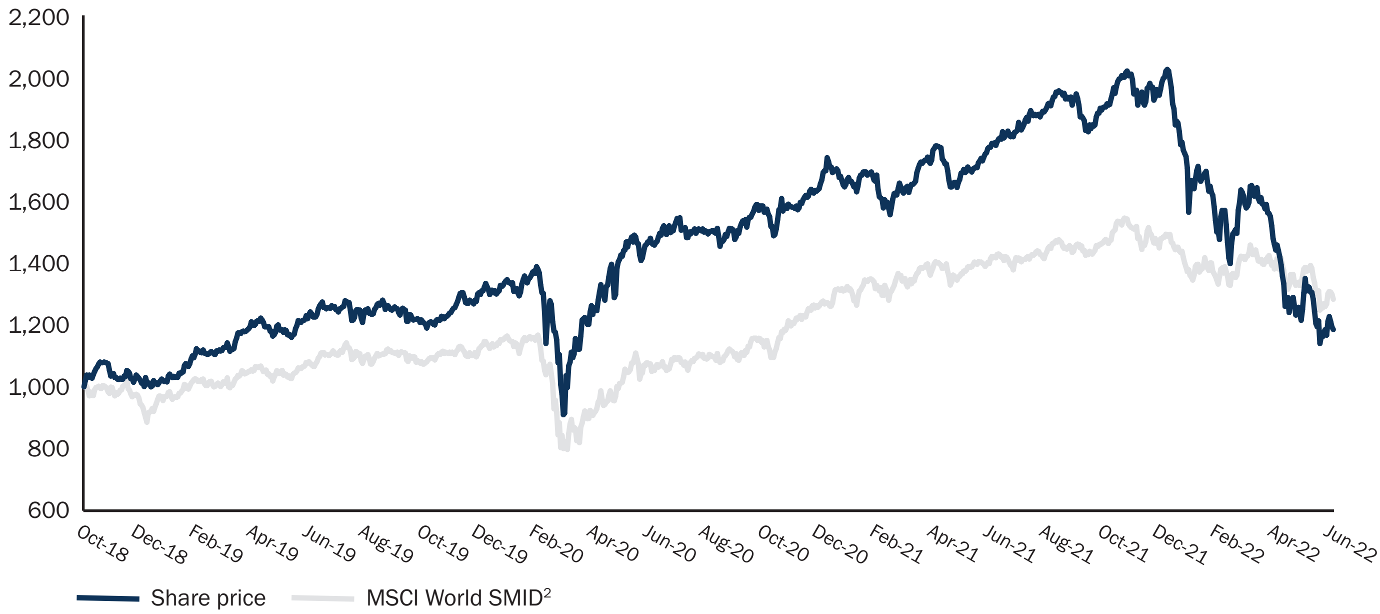
[1] These are Alternative Performance Measures ("APMs"). Definitions of these and other APMs used in this Interim Report, together with how these measures have been calculated, are disclosed on pages 23 and 24.

[2] Total returns are stated in GBP sterling.

Total return performance against NAV for the period from the Company's listing on 19 October 2018 to 30 June 2022



Total return performance against MSCI World SMID Index for the period from the Company's listing on 19 October 2018 to 30 June 2022



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 to 30 June 2022.

This is the first reporting period since 2018 for which the Company has reported a fall in its net asset value. While this decline is disappointing, it comes against the backdrop of a steep decline in markets across the globe. In addition, the Company's shares have started to trade at a discount to net asset value. The Company's performance and the Board's efforts to address the discount are summarised below and the Investment Manager's Review explains the Company's performance in greater detail.

Performance

The decline in the Company's net asset value (NAV) per share for the period was 31.7%, underperforming the MSCI World SMID Index by 18 percentage points. Despite this recent underperformance the Company's annualised NAV per share total return since inception is +8.2% compared with the +6.8% return from the index with dividends reinvested.

The Company's shares, which have traded at a premium to its NAV for the vast majority of the period from launch through to the end of 2021, have now been trading at a discount for the last four months. The discount at the end of the period was 11.5%, compared with the premium of 3.0% at the end of December last year. With the negative total return on the Company's NAV, the move from a modest premium to a discount has resulted in the share price total return for the period of -41.3%. The annualised share price total return since inception to 30 June 2022 is +4.7%.

Premium/discount control

The Company was floated on the premium list of the London Stock Exchange ("LSE") on 19 October 2018, breaking the record for the largest IPO of an investment trust in the history of the LSE with funds raised exceeding £822 million. From inception until March 2022 the Company continuously issued new shares at a premium to NAV (net of all costs). The Company's shares began the year trading at a 3% premium to NAV but in the second quarter the shares started trading at a discount, which widened to over 11% at the end of June. The average discount across the first half of the year was 3.5%, the first period of a sustained discount since the launch of the Trust.

In response to the emergence of the discount, the Board, in consultation with its advisers and the investment manager, has sought to address the situation through the use of share buybacks. The Company started to buy back shares at the end of April, and by the end of June had acquired just under 0.5% of the total shares in issue. A further 0.5% has since been bought back and at the end of July, the discount was 6.3%.

The Company intends to continue with its current programme of regular market purchases whilst the shares trade at a material discount. All shares purchased are held in Treasury and will only be reissued at a premium, net of all costs.

Dividends

The Company generated a revenue return in the first half of £7 million, thanks to an unusually high level of non-regular dividends from its investments; this is not expected to be repeated at the same level in the remainder of the year.

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. In accordance with the Company's policy, an interim dividend is not proposed by the Board.

Whilst the position will be kept under review, there is no current intention to change the dividend policy. 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, but the Board intends to declare such annual dividends as are necessary to maintain the Company's UK investment trust status.

Investment approach

In common with all funds managed by Fundsmith, the Company has a focused strategy of investing in high-quality, listed company shares, seeking not to overpay for those shares and then holding them as long-term investments; the Company does not use derivatives and has no borrowings. The Investment Manager also considers Environmental, Social and Governance ("ESG") and other sustainability issues when implementing the Company's investment strategy.

The composition of the portfolio at 30 June 2022 is shown below, and the Investment Manager's Review explains the investment performance and the evolution of the portfolio during the first half of 2022 in detail.

Investment policy

At the Company's AGM in April, shareholders approved a revision to the investment policy, which clarifies that the investment restriction as to market capitalisation range applies at the time of initial investment in a company and removed the expectation of the average market capitalisation of investee companies. This change, which came into effect on 3 May 2022, has had no effect, in any way, on how the Company's investments are managed.

Governance

I took over as Chair of the Board at the end of February 2022 and Lord St John of Bletso replaced me as Chair of the Audit Committee. Jeremy Attard-Manche joined the Board on 1 March and is Chair of the Management Engagement Committee. As part of our succession planning and to broaden the experience and diversity of the Board, Denise Hadgill was appointed as a Director of the Company with effect from 1 June 2022.

Outlook

Since the start of this year the world's stock markets have experienced significant falls and this period has clearly been a very challenging one for investors. Higher interest rates, the spectre of inflation and recession as well as the continuing war in Ukraine continue to weigh on investor sentiment, particularly in respect of growth companies. This does, however, also provide opportunities for investment and shareholders will note that both the investment manager and I have bought more shares in the Company in the last few months.

Our investment manager focuses on investing in companies which it believes can compound in value over many years. Owning high quality companies capable of sustainable growth is a strategy that has been shown to work well over the long term, through many economic cycles, and the Board has confidence that the investment manager can execute the strategy successfully.

The Company continues to offer investors exposure to some of the best companies available in the global small and mid-cap sector and the Board believes that the long-term investor will be well rewarded.

Diana Dyer Bartlett
Chairman

1 August 2022

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 2022 the Net Asset Value per share (NAV) of the Company decreased by 31.7% and the share price declined by 41.3%. Over the same period, the MSCI World Small and Mid Cap Index ('MSCI World SMID'), our reference index, declined by 13.7%. We also provide the performance of UK bonds and cash for comparison.

	Total Return[5] 01.01.22 to 30.06.22 %	Launch to 30.06.2022 Cumulative %	Launch to 30.06.2022 Annualised %
Smithson NAV[1]	-31.7	+33.9	+8.2
Smithson Share Price	-41.3	+18.5	+4.7
Small and Midcap Equities[2]	-13.7	+27.6	+6.8
UK Bonds[3]	-7.1	-1.6	-0.4
Cash[4]	+0.3	+1.7	+0.5

[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.

This is by far the worst period of performance since the inception of the Trust and I will therefore discuss it in some detail. There appear to have been three key factors building upon each other to cause the poor performance: First came inflation, then rising interest rate expectations and most latterly, fears of recession.

Although inflation started to accelerate from a very low level at the start of 2021, the market was relatively sanguine about this for some time, owing to commentary from central banks depicting these initial price rises as 'transitory', brought about by short term shortages in component, freight and labour supply due to the effects of the pandemic. Meaningful concerns regarding inflation didn't start to surface until late last year, when these same central banks publicly concluded that perhaps inflation might be more persistent than they initially believed, and will only be quelled with aggressive monetary tightening. This problem was then exacerbated by higher energy and food costs; a consequence of the war in Ukraine.

Around the same time, and for obvious reasons, the market started to become transfixed on a future economic environment weighed down by higher interest rates. For illustration, back in December 2021, the market appeared to be pricing in just two interest rate increases of 0.25% by the US Federal Reserve in 2022. By June 2022, not only had we already had the equivalent of six 0.25% raises, but the market was now expecting a further 1.75% increase before the end of the year. This was a very sharp adjustment, and it is likely that this movement in future interest rate expectations did the most damage to market values.

Fears of recession are a natural extension of increasing interest rate expectations and these concerns have intensified as the year has gone on. There is now discussion of recession in many countries including the US, UK, The Eurozone, Japan, Australia and Canada. The trend of falling long bond yields over the last few weeks is a likely consequence of this, as is the inversion of the yield curve, where 2 year bond yields become higher than 10 year yields, a phenomenon occurring prior to recessions in the past.

These three issues have affected both the market and the portfolio, but have done so in different ways and to varying degrees. To our minds, it has been the second point, interest rate expectations, that has affected the performance of the fund the most. This is because the high quality, growing companies that we invest in typically have higher ratings than the rest of the market, and by the end of 2021, this was particularly true.

As the central banks began discussing rate hikes more vociferously from the start of this year, and the interest rate expectations of the market moved rapidly, the value of the future earnings of our companies, a substantial component of their overall valuation, became more heavily discounted by the market. Indeed, it is the change in expectations, rather than official interest rate hikes, that have done the damage to valuations, the market being a forward-looking discounting machine.

It therefore stands to reason that the pressure on the ratings of our companies will be relieved once interest rate expectations stabilise. This, in turn, likely requires us to observe the peak in inflation, because once that stops increasing, we can get a sense for the size and shape of the interest rate cycle that will be required to tame it. While the actual peak will be determined after the fact, by a few months of declining inflation data to prove the case, we can still hope that we are living through the peak of inflation now.

The reason we are less concerned about the impact of inflation on the companies in the portfolio is because, as often described, our companies tend to have high gross margins and low capital requirements, which mean that they are less susceptible to cost increases than other companies. They are also in strong competitive positions, which typically allows them to increase prices to offset the higher costs, should they choose to do so.

High quality companies should also fare reasonably well during a recession, particularly if it is mild as is currently being forecast. In general, our companies are not particularly cyclical and have strong balance sheets, which means that if anything, they will appear more attractive during a recession compared to others in the market.

To illustrate the impact of the issues above, it is useful to look more closely at how the market has performed year-to-date, as the recent turmoil has led to wide differences in the performance of sectors within the market. The table below shows the sector performance for our reference index, alongside the exposure of the portfolio to each sector.

Six months to 30 June 2022 Sector Performance		
Sectors	**MSCI W SMID (%)**	**SMITHSON WEIGHT (%)**
Energy	+41%	–
Utilities	+11%	–
Consumer Staples	-1%	4%
Financials	-8%	3%
Materials	-9%	–
Real Estate	-11%	–
Communication Services	-15%	4%
Industrials	-15%	19%
Health Care	-16%	14%
Consumer Discretionary	-24%	13%
Information Technology	-24%	44%

As becomes clear from the table, those sectors which have been the worst performing in the index, namely Information Technology, Consumer Discretionary, Health Care and Industrials, happen to be those to which Smithson is most exposed.

We did not set out to engineer this particular exposure, it is simply a natural consequence of our strategy, seeking high quality growing companies which generate strong shareholder returns over the long term, most of which are to be found in these sectors. On top of this, the only sectors to increase in price during the first half are Energy and Utilities; commodity and regulated industries which have little control over their own destiny, and therefore areas in which we will never invest.

We hope this brings some further explanation, although likely little comfort, as to why the portfolio is down to the extent that it is.

What might bring more comfort, is that we remain confident in the fundamentals of the companies owned in the portfolio. Indeed, the results they reported in the first quarter were on the whole strong, with several companies producing revenue growth well above 20%, although of course this is now ancient history. We wait to see how they will perform in the next recessionary environment, should it transpire, but we are optimistic that their low cyclicality, high margins and strong competitive positions will stand them in good stead.

On top of this, valuations are now more attractive. The free cash flow yield (the cash generated divided by the market value) of the portfolio is at 3.3%, having been as low as 2.0% at the end of 2021. To put this into historical perspective, the fund was trading at a similar level at the end of 2018.

Given the turbulent markets since the start of the year, trading activity increased significantly, which meant that discretionary portfolio turnover, excluding the investment of proceeds from new shares issued, was 28.1% for the period, compared to just 2.3% this time last year. While we aim to 'do nothing' with our holdings, we still try to take advantage of low share prices when the market deigns to offer them.

Annualised costs in the first half were slightly lower, with an Ongoing Charges Figure of 0.9% compared to 1.0% in the first half of last year. This reduction arises because the Investment Manager's fee is based on the Company's market capitalisation rather than its NAV, and the charge will therefore be lower for a period during which the Company's shares have traded at a discount. Costs of dealing, including taxes, amounted to 0.02% of NAV in the period, close to that incurred last year. This may seem odd given the elevated discretionary turnover, but the reason for this is that the overall turnover of the fund, including the investment of the proceeds from share issuance, was actually similar to last year.

We bought two new companies in the first half after the decline in their share prices brought their valuations into attractive territory. Moncler is an Italian clothing company which designs and produces high-end branded apparel. It traces its roots back to 1952 and its invention of down filled mountaineering coats, but fell on harder times in the 1990s before being rejuvenated in the 2000's. It now produces luxury items across most categories in clothing and accessories. The company has until recently been expanding by opening new Moncler branded stores but this changed when it acquired the Stone Island brand in 2020. Stone Island is another Italian luxury clothing company which today has a similar profile to Moncler's in 2000 and why management believe they can greatly improve and grow the Stone Island brand, much as they have done over the last 20 years with Moncler.

The second new position is in a Swedish industrial company called Addtech. Since the inception of the fund, we have experienced success in owning decentralised industrial conglomerates such as Halma and Diploma. While the organic growth of these businesses is acceptable, around the mid-single digit percent level, it is the consistent, disciplined acquisition of small, high quality 'bolt-on' companies that allow the groups to create substantial shareholder value over time. Addtech is another example of these types of businesses, with a very small head office directing the allocation of the cash flow that is generated by its independently managed businesses. Addtech itself has 140 subsidiaries and 3,000 employees grouped into five industrial business areas including Industrial Process, Energy, Automation, Components and Power Solutions. Its origins date back to 1906 and it has had the same business concept for over 100 years. At the very least, this is one where we can be confident in its direction over the next decade and beyond.

We also sold one company in the period, a US based boiler and heater manufacturer called AO Smith. While the company has a very attractive US business operating in a tight oligopoly, its future growth opportunities lie in areas with much more aggressive competition, such as water heaters in China and water purification in the US and abroad. For this reason, we became less optimistic on its ability to sustain profitable growth over time and decided to sell.

To discuss other specific events which affected the portfolio during the period, we have set out the top five contributors and five largest detractors of performance below:

	Country	Contribution%
Fevertree Drinks	United Kingdom	-2.8%
Ambu	Denmark	-2.0%
Nemetschek	Germany	-1.7%
Domino's Pizza Group	United Kingdom	-1.6%
Rightmove	United Kingdom	-1.5%

It seems appropriate to begin with the detractors and Fevertree was our worst performing position for a couple of reasons. First, the inflation they have suffered in logistics (until recently much of their product was shipped around the world from bottling plants in the UK and Europe) and packaging including glass and tin, has compressed the gross margin from over 50% in 2019 to under 40% by the end of this year. This decline in margin has taken place because the management decided not to put up prices in the face of increasing costs, as they wanted to maintain the strong sales momentum that they are enjoying in markets such as the US. This leads us to the second issue: the growth the company has seen over the last two years meant that the company was being rated highly by the market in relation to the cash flow that was produced last year. Despite a recent update from the company confirming weaker margins for this year due to higher costs, we remain holders as we believe that over time the company can improve the margin and with continued growth in revenue alongside this, the potential for future cash generation is substantial.

Ambu's extremely strong growth in medical device sales recorded during the initial stages of Covid has gradually petered out as the pandemic subsided. This slowdown coincided with a period of heavy investment by the company to grow its sales and research teams, suppressing margins and cash flow, in advance of several product launches that it is expecting to make in 2022 and beyond. The final straw as far as the market was concerned came when the Board fired the CEO for not taking a more gradual path to the corporate transformation. We have yet to hear from the new CEO, who was immediately appointed, but have been assured by the Chair of the supervisory board that the current strategy, which we continue to support, will remain in place but may be executed less aggressively.

Change in management was also an issue at Domino's Pizza Group and Rightmove where the CEOs of both companies resigned during the period to pursue other opportunities. Having looked very carefully into both cases, including speaking to the Chairs of the respective supervisory boards, we are satisfied that there was nothing untoward about the departures, and that both had personal reasons for leaving.

Nemetschek is a German technology company selling design software to architects and construction firms as well as for media special effects. Despite the company reporting strong results during the period, the shares likely underperformed due to the high rating they had attained last year, attributed to the track record of significant growth over the last few years, and so the valuation was susceptible to the change in interest rate expectations already discussed.

	Country	Contribution%
Rollins	United States	0.2%
Qualys	United States	0.1%
Addtech	Sweden	-0.4%
Technology One	Australia	-0.4%
Fortinet	United States	-0.4%

Surprisingly perhaps, there were a couple of positions that contributed positive performance to the fund. One of these was Rollins, a US pest control company. This is a business with highly repeatable earnings, given that in some parts of the US where it operates it is necessary to have frequent visits from pest control to keep buildings habitable. This leads to much of its revenue being paid on subscription and thus fairly dependable, which is almost certainly why the shares performed well in a period of concerns regarding inflation and recession.

Qualys, the US software company, also managed to eke out a gain, with further free cash flow growth disclosed in the first quarter results pleasing the market, as well as operating in an industry – cyber security – that should still be in high demand whatever occurs in the economy. Fortinet is in a similar position, as a US based cyber security provider, allowing it to also make it into the top five performers of the portfolio.

The position in Addtech benefited relative to the rest of the portfolio from the fact that we bought it after declines in its share price at the start of the year. It has also continued making small acquisitions as the year has progressed, suggesting that the growth of the company continues unabated, despite the tougher markets.

Finally, Technology One is a software company based in Australia that sells management software systems to institutions such as schools and governments. As these customers tend to be more insulated from recession, the shares have held up well amid the growing market concerns.

We have provided a breakdown of the portfolio in terms of sector and geography at the end of June 2021 and June 2022 for comparison below. The median year of foundation of the companies in the portfolio at the period end was 1972.

Sector

Sector	30 June 2022 (%)	30 June 2021 (%)
Information Technology	44%	43%
Industrials	19%	22%
Healthcare	13%	9%
Consumer Discretionary	13%	10%
Consumer Staples	4%	4%
Communication Services	3%	5%
Financials	3%	3%
Materials	–	2%
Cash – Uninvested	1%	2%

Source: Fundsmith

The weighting of Information Technology is one percentage point higher than a year ago which can largely be put down to the outperformance of the cyber security companies mentioned above, making up for the relative weakness of the rest of the technology sector. The Industrials sector was three percentage points lower, despite the new position in Addtech, as AO Smith was sold from the portfolio along with trims of other industrial positions. Healthcare increased meaningfully, by over four percentage points, as we added to healthcare names such as Recordati, Ambu and Masimo. Consumer Discretionary decreased, despite adding Moncler as a new position, partly due to underperformance and partly because we trimmed companies such as Domino's Pizza Enterprises. The absence of a position in the Materials sector in 2022 was due to the sale of Chr. Hansen last year.

Country of Listing	30 June 2022 (%)	30 June 2021 (%)
USA	44%	47%
UK	17%	21%
Italy	9%	4%
Switzerland	7%	7%
Denmark	7%	6%
Australia	6%	7%
Germany	5%	5%
New Zealand	2%	1%
Sweden	2%	–
Cash	1%	2%

Source: Fundsmith

Looking at the geographical split of the portfolio, notable changes included the US weighting, which decreased due to the sale of AO Smith and other reductions in position sizes. The UK also declined in weight as we trimmed positions whilst the boost to Italy and Sweden was from the purchase of Moncler and Addtech.

The geographic exposure that matters the most, however, is where the sales of our companies actually come from, as shown below.

Source of Revenue	30 June 2022 (%)	30 June 2021 (%)
Europe	38%	38%
North America	37%	36%
Asia Pacific	19%	19%
Eurasia, Middle East, Africa	4%	4%
Latin America	2%	3%

Source: Fundsmith. Portfolio weightings as of 30 June 2022 and 30 June 2021

This demonstrates that the geographical weighting of revenue is relatively balanced, with similar exposure to North America and Europe, and with meaningful exposure to Asia Pacific. While Smithson only invests in companies listed in developed markets, some of those companies do have revenue coming from emerging markets, as represented by the 4% from Eurasia, Middle East and Africa and 2% from Latin America as well as a portion of the Asia Pacific revenue. As is apparent from the tables, despite the trading activity and relative performance, very little has changed in terms of overall geographical exposure.

Finally, we would like to thank all shareholders for their support of Smithson Investment Trust during this difficult period. We don't know how long this may last, but we continue undeterred in investing in high quality, growing businesses, and remain confident in the fundamentals of the companies in the portfolio. We look forward to enjoying a better performance when the market once again appreciates these attractive assets.

Simon Barnard
Fundsmith LLP
Investment Manager

1 August 2022

Investment Portfolio

Investments held as at 30 June 2022

Security	Country of incorporation	Fair value £'000	% of investments
Recordati	Italy	116,446	5.0
Moncler	Italy	109,869	4.7
Temenos	Switzerland	108,100	4.6
Sabre	USA	102,853	4.4
Fortinet	USA	102,074	4.3
Simcorp	Denmark	94,993	4.0
Qualys	USA	92,421	3.9
Fevertree Drinks	UK	90,929	3.9
Verisign	USA	88,026	3.7
Rightmove	UK	87,931	3.7
Top 10 Investments		**993,642**	**42.2**
Technology One	Australia	77,920	3.3
Masimo	USA	77,861	3.3
Domino's Pizza Group	UK	77,152	3.3
Verisk Analytics	USA	71,530	3.0
ANSYS	USA	71,409	3.0
Equifax	USA	70,577	3.0
Cognex	USA	68,262	2.9
MSCI	USA	67,910	2.9
Domino's Pizza Enterprises	Australia	67,186	2.9
Ambu	Denmark	64,861	2.8
Top 20 Investments		**1,708,310**	**72.6**
Nemetschek	Germany	63,507	2.7
IPG Photonics	USA	62,688	2.7
Diploma	UK	59,709	2.5
Fisher & Paykel Healthcare	New Zealand	59,274	2.5
Paycom Software	USA	56,462	2.4
Rational	Germany	56,252	2.4
Geberit	Switzerland	52,734	2.2
Rollins	USA	51,681	2.2
Wingstop	USA	48,632	2.1
Halma	UK	46,631	2.0
Addtech	Sweden	46,546	2.0
Spirax-Sarco Engineering	UK	37,648	1.7
Total Investments		**2,350,074**	**100.0**

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 11 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 2022 to 30 June 2022.

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 21 to 23 of the Company's most recent Report and Accounts for the year ended 31 December 2021. This also includes details of the market and outsourcing risks and economic impact associated with the COVID-19 pandemic and the war in Ukraine. The Board continues to monitor the potential risks to the Company and its portfolio posed by these issues and received regular updates and assurance from the Investment Manager and other key service providers on operational resilience and portfolio exposure and impact from the Ukraine conflict.

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 2021 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 Report 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

1 August 2022

Condensed Statement of Comprehensive Income (Unaudited)

		Unaudited Six months ended 30 June 2022			Unaudited Six months ended 30 June 2021			Audited Year ended 31 December 2021		
	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	22,285	–	22,285	12,841	–	12,841	21,638	–	21,638
(Losses)/gains on investments held at fair value through profit or loss	3	–	(1,093,717)	(1,093,717)	–	155,125	155,125	–	513,312	513,312
Foreign exchange gains/(losses)		76	(940)	(864)	(36)	(264)	(300)	(25)	(565)	(590)
Investment management fees		(11,808)	–	(11,808)	(11,682)	–	(11,682)	(25,884)	–	(25,884)
Other expenses and transaction costs		(847)	(553)	(1,400)	(842)	(390)	(1,232)	(1,583)	(639)	(2,222)
Profit/(loss) before tax		**9,706**	**(1,095,210)**	**(1,085,504)**	**281**	**154,471**	**154,752**	**(5,854)**	**512,108**	**506,254**
Tax		(2,312)	–	(2,312)	(1,246)	–	(1,246)	(2,540)	–	(2,540)
Profit/(loss) for the period	**5**	**7,394**	**(1,095,210)**	**(1,087,816)**	**(965)**	**154,471**	**153,506**	**(8,394)**	**512,108**	**503,714**
Return/(loss) per share (basic and diluted) (p)	**5**	**4.20**	**(621.79)**	**(617.59)**	**(0.63)**	**101.32**	**100.69**	**(5.27)**	**321.50**	**316.23**

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 19 to 22 are an integral part of these financial statements.

Condensed Statement of Financial Position (Unaudited)

	Notes	Unaudited As at 30 June 2022 £'000	Unaudited As at 30 June 2021 £'000	Audited As at 31 December 2021 £'000
Non-current assets				
Investments held at fair value through profit or loss	3	2,350,074	2,752,110	3,339,150
Current assets				
Receivables		2,562	3,296	1,203
Cash and cash equivalents		17,750	45,342	32,081
		20,312	48,638	33,284
Total assets		**2,370,386**	**2,800,748**	**3,372,434**
Current liabilities				
Trade and other payables		(9,055)	(4,048)	(5,364)
Total assets less current liabilities		**2,361,331**	**2,796,700**	**3,367,070**
Equity attributable to equity shareholders				
Share capital	7	1,771	1,601	1,717
Share premium		2,219,487	1,906,951	2,126,997
Capital reserve		143,685	891,725	1,249,362
Revenue reserve		(3,612)	(3,577)	(11,006)
Total equity		**2,361,331**	**2,796,700**	**3,367,070**
Net asset value per share (p)	6	**1,339.5**	**1,746.6**	**1,961.0**

The accompanying notes on pages 19 to 22 are an integral part of these financial statements.

Condensed Statement of Changes in Equity (Unaudited)

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 on secondary market	54	93,050	–	–	93,104
Costs on new share issues on secondary market	–	(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 six months ended 30 June 2021 (Unaudited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2021	1,414	1,595,894	737,254	(2,612)	2,331,950
Issue of new shares on secondary market	187	312,818	–	–	313,005
Costs on new share issues on secondary market	–	(1,761)	–	–	(1,761)
Profit/(loss) for the period	–	–	154,471	(965)	153,506
Balance at 30 June 2021	**1,601**	**1,906,951**	**891,725**	**(3,577)**	**2,796,700**

For the year ended 31 December 2021 (Audited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2021	1,414	1,595,894	737,254	(2,612)	2,331,950
Issue of new shares on secondary market	303	533,918	–	–	534,221
Costs on new share issues on secondary market	–	(2,815)	–	–	(2,815)
Profit/(loss) for the year	–	–	512,108	(8,394)	503,714
Balance at 31 December 2021	**1,717**	**2,126,997**	**1,249,362**	**(11,006)**	**3,367,070**

The accompanying notes on pages 19 to 22 are an integral part of these financial statements.

Condensed Statement of Cash Flows (Unaudited)

	Notes	Unaudited Six months ended 30 June 2022 £'000	Unaudited Six months ended 30 June 2021 £'000	Audited Year ended 31 December 2021 £'000
Operating activities				
(Loss)/profit before tax		(1,085,504)	154,752	506,254
Adjustments for:				
Loss/(gain) on investments held at fair value through profit or loss	3	1,093,717	(155,125)	(513,312)
(Increase)/decrease in receivables		(430)	582	592
Increase in payables		5,198	540	751
Overseas taxation paid		(3,240)	(1,705)	(2,705)
Net cash generated by/(used in) operating activities		**9,471**	**(956)**	**(8,420)**
Investing activities				
Purchase of investments	3	(479,693)	(345,359)	(673,005)
Sale of investments	3	372,787	27,354	127,272
Net cash used in investing activities		**(106,906)**	**(318,005)**	**(545,733)**
Financing activities				
Proceeds from issue of new shares		93,104	316,035	539,023
Issue costs relating to new shares		(560)	(1,778)	(2,835)
Purchase of shares held in treasury		(9,673)	–	–
Costs relating to buy backs		(37)	–	–
Net cash generated by financing activities		**82,834**	**314,257**	**536,188**
Net decrease in cash and cash equivalents		**(14,331)**	**(4,704)**	**(17,965)**
Cash and cash equivalents at start of the period/year		32,081	50,046	50,046
Cash and cash equivalents at end of the period/year		**17,750**	**45,342**	**32,081**
Comprised of:				
Cash at bank		**17,750**	**45,342**	**32,081**

The accompanying notes on pages 19 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 2022. The following is a summary of the Directors' assessment of the going concern status of the Company, which included consideration of the risks and impact of COVID-19 and the ongoing 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.

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 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 April 2021). 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 2021 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 2022 £'000	Unaudited Six months ended 30 June 2021 £'000	Audited Year ended 31 December 2021 £'000
Opening book cost	2,162,638	1,581,420	1,581,420
Opening investment holding gains	1,176,512	698,518	698,518
Opening fair value at start of the period/year	3,339,150	2,279,938	2,279,938
Purchases at cost	477,428	344,401	673,172
Sales – proceeds	(372,787)	(27,354)	(127,272)
(Losses)/gains on investments	(1,093,717)	155,125	513,312
Closing fair value at end of the period/year	2,350,074	2,752,110	3,339,150
Closing book cost at end of the period/year	2,378,594	1,905,385	2,162,638
Closing unrealised (loss)/gain at end of the period/year	(28,520)	846,725	1,176,512
Valuation at end of the period/year	**2,350,074**	**2,752,110**	**3,339,150**

The Company received £372,787,000 excluding transaction costs from investments sold in the period (30 June 2021: £27,354,000, 31 December 2021: £127,272,000). The book cost of the investments when they were purchased was £262,025,000 (30 June 2021: £20,826,000, 31 December 2021: £92,593,000). 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 2022 £'000	Unaudited Six months ended 30 June 2021 £'000	Audited Year ended 31 December 2021 £'000
UK dividends	4,077	4,564	7,119
UK dividends – special	3,324	–	–
Overseas dividends	11,451	8,277	14,232
Overseas dividends – special	3,432	–	287
Bank interest	1	–	–
Total	**22,285**	**12,841**	**21,638**

5. Return per share

Return per ordinary share is as follows:

	Unaudited Six months ended 30 June 2022			Unaudited Six months ended 30 June 2021			Audited Year ended 31 December 2021		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Profit/(loss) for the period/year (£'000)	7,394	(1,095,210)	(1,087,816)	(965)	154,471	153,506	(8,394)	512,108	503,714
Return/(loss) per ordinary share (p)	**4.20**	**(621.79)**	**(617.59)**	**(0.63)**	**101.32**	**100.69**	**(5.27)**	**321.50**	**316.23**

Return per share is calculated based on returns for the period and the weighted average number of 176,138,114 shares in issue in the six months ended 30 June 2022 (30 June 2021: 152,451,930; 31 December 2021: 159,284,761).

6. Net asset value per share

	Unaudited 30 June 2022	Unaudited 30 June 2021	Audited 31 December 2021
Net asset value	£2,361,331,000	£2,796,700,000	£3,367,070,000
Shares in issue	176,289,958	160,117,958	171,697,958
Net asset value per share	**1,339.5p**	**1,746.6p**	**1,961.0p**

7. Share capital

	Unaudited 30 June 2022		Unaudited 30 June 2021		Audited 31 December 2021	
Issued, allotted and fully paid	**Number**	**£'000**	**Number**	**£'000**	**Number**	**£'000**
Ordinary shares of £0.01 each	176,289,958	1,763	160,117,958	1,601	171,697,958	1,717
Shares held in treasury						
Ordinary shares of £0.01 each	818,000	8	–	–	–	–
Share capital	**177,107,958**	**1,771**	**160,177,958**	**1,601**	**171,697,958**	**1,717**

During the six months ended 30 June 2022, the Company issued 5,410,000 (30 June 2021: 18,697,000, 31 December 2021: 30,277,000) shares of £0.01 each for a net consideration of £92,732,000 (30 June 2021: £311,244,000, 31 December 2021: £531,406,000). The average premium to the prevailing net asset value at which new shares were issued during the period was 2.62% (30 June 2021: 2.7%, 31 December 2021: 2.65%).

During the six months ended 30 June 2022, the Company bought back to hold in treasury 818,000 shares (30 June 2021: nil, 31 December 2021: nil) at an aggregate cost of £10,467,000 (30 June 2021: nil, 31 December 2021: nil). At the period end, the Company held 818,000 (30 June 2021; nil, 31 December 2021: nil) shares in treasury.

Since 30 June 2022 and up to 31 July 2022, a further 800,000 ordinary shares have been bought back to hold in treasury at an aggregate cost of £10,215,000.

8. Related party transactions

Fees payable to the Investment Manager are shown in the Condensed Statement of Comprehensive Income. As at 30 June 2022 the fee outstanding to the Investment Manager was £7,487,000 (30 June 2021: £2,255,000, 31 December 2021: £2,576,000).

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 2022**
Diana Dyer Bartlett	8,886
Lord St John of Bletso	10,000
Jeremy Attard-Manche	–
Denise Hadgill	–

Directors' shareholdings for Mrs Dyer Bartlett as at 30 June 2021 and 31 December 2021 were 5,000. Directors' shareholdings for Lord St John of Bletso as at 30 June 2021 and 31 December 2021 were 10,000. Mr Attard-Manche and Mrs Hadgill were appointed as Directors of the Company 1 March 2022 and 1 June 2022 respectively.

As at 30 June 2022, Terry Smith and other founder partners and key employees of the Investment Manager directly or indirectly and in aggregate, held 1.7% of the issued share capital of the Company (30 June 2021: 1.9%, 31 December 2021: 1.7%).

9. Events after the reporting period

There were no post-period events other than as disclosed 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 2021 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 1 August 2022.

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 2022	As at 30 June 2021	As at 31 December 2021
NAV per ordinary share	a	1,339.5p	1,746.6p	1,961.0p
Share price	b	1,185.0p	1,780.0p	2,020.0p
(Discount)/premium	**(b-a)÷a**	**(11.5)%**	**1.9%**	**3.0%**

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 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)%**

Six months ended 30 June 2021		**Share price**	**NAV**
Opening at 1 January 2021	a	1,710.0p	1,648.9p
Closing at 30 June 2021	b	1,780.0p	1,746.8p
Total return	**(b÷a)-1**	**4.1%**	**5.9%**

Period from Company's listing on 19 October 2018 to 30 June 2022		**Share price**	**NAV**
Opening at 19 October 2018	a	1,000.0p	1,000.0p
Closing at 30 June 2022	b	1,185.0p	1,339.5p
Total return	**(b÷a)-1**	**18.5%**	**33.9%**
Annualised total return		**4.7%**	**8.2%**

Alternative Performance Measures

Ongoing charges ratio

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

		Six months ended 30 June 2022 £'000	Six months ended 30 June 2021 £'000	Period from Company's listing on 19 October 2018 to 30 June 2022 £'000
Average NAV	a	2,728,504	2,515,761	1,967,049
Annualised expenses	b	25,310	25,048	19,350
Ongoing charges ratio	**(b÷a)**	**0.9 %**	**1.0%**	**1.0 %**

Glossary of Terms

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.

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.

Glossary of Terms

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.

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.

Glossary of Terms

Premium to NAV

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

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

Registered Office and Directors' business address

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Statutory Auditor

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Company Secretary

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Administrator

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Depositary

Northern Trust Investor Services Limited
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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Registrar and Receiving Agent

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The Association of Investment Companies

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