Smithson
Investment Trust

Interim Report

for the six months ended 30 June 2021

Smithson Investment Trust plc

Small &
Mid Cap
Investments
That
Have
Superior
Operating
Numbers

Fundsmith
Buy good companies
Don’t overpay
Do nothing

Contents

Financial Calendar

Financial Year End	31 December 2021
Final Results Announced	March 2022
Annual General Meeting	April 2022

Net Asset Value

	As at 30 June 2021	As at 30 June 2020	As at 31 December 2020
Net assets	**£2,796,700,000**	**£1,786,712,000**	**£2,331,950,000**
Net asset value ("NAV") per ordinary share ("share")	**1,746.6p**	**1,447.6p**	**1,648.9p**
Share price	**1,780.0p**	**1,470.0p**	**1,710.0p**
Share price premium to NAV[1]	**1.9%**	**1.5%**	**3.7%**

Performance Summary

	Six months to 30 June 2021 % Change[2]	Six months to 30 June 2020 % Change[2]	For the period from Company's listing on 19 October 2018 to 30 June 2021 % Change[2]
NAV total return per share[1]	**+5.9%**	**+15.3%**	**+74.7%**
Share price total return[1]	**+4.1%**	**+13.3%**	**+78.0%**
Benchmark total return	**+12.4%**	**-4.7%**	**+41.0%**
Ongoing charges ratio[1]	**1.0%**	**1.0%**	**1.0%**

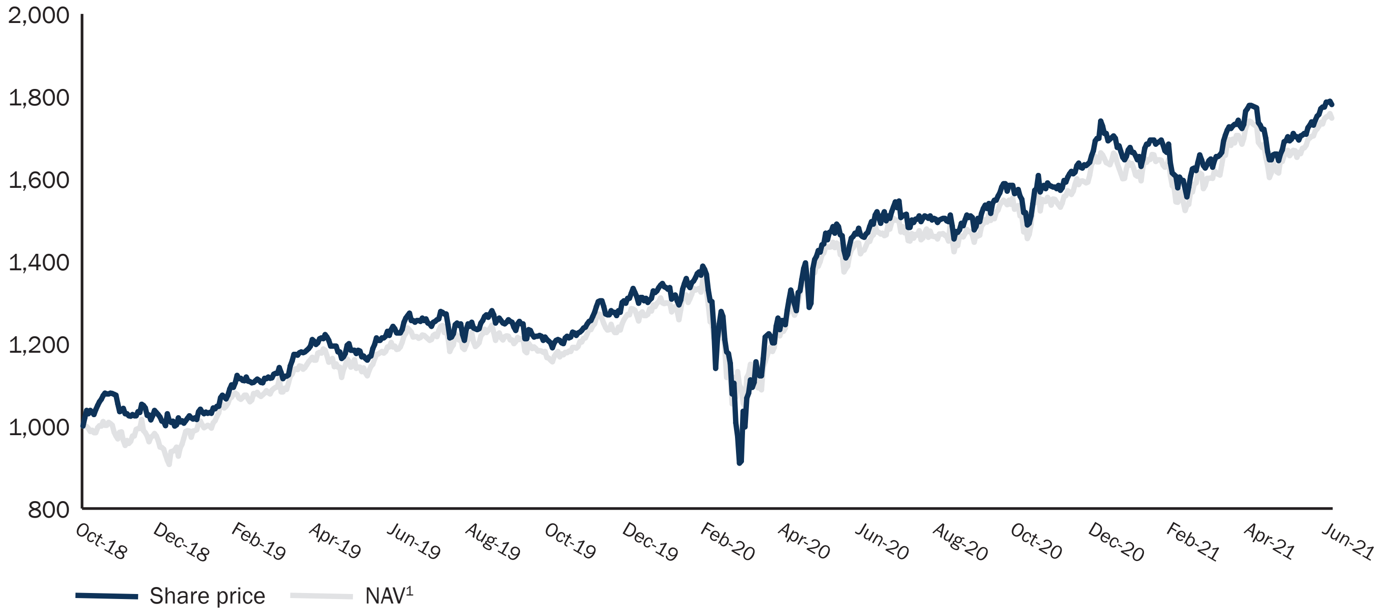
Source: Bloomberg.

This report contains terminology that may be unfamiliar to some readers. The Glossary on pages 21 to 23 gives definitions for frequently used terms.

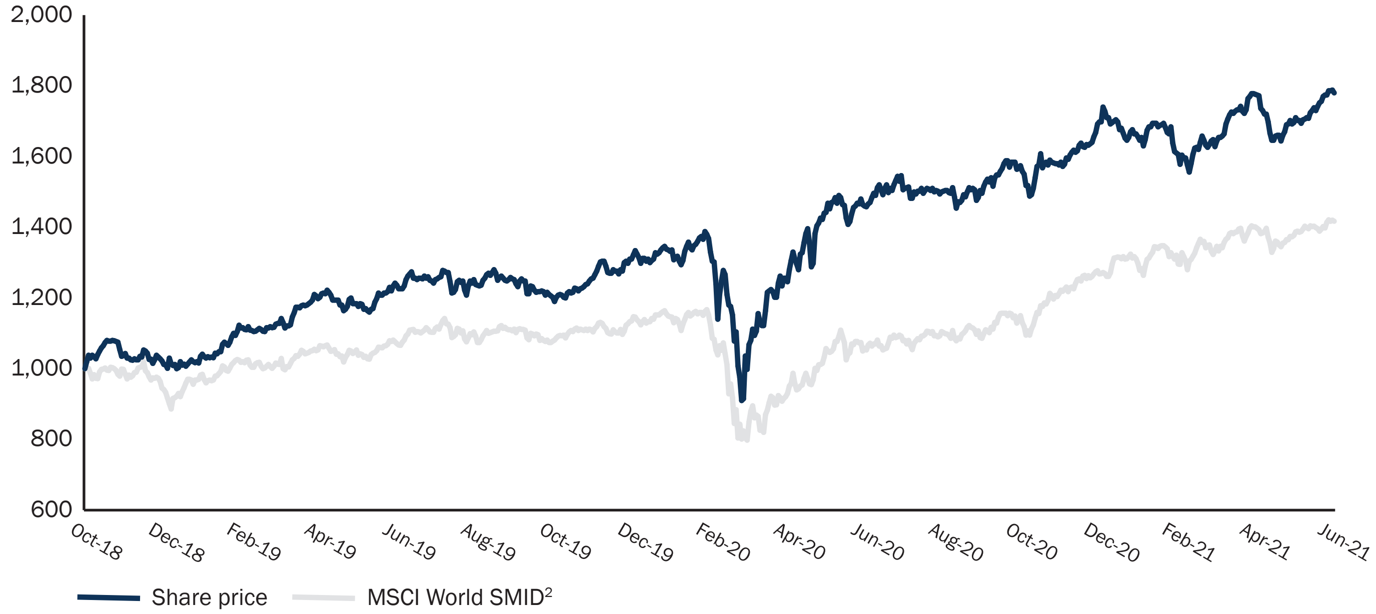
[1] These are Alternative Performance Measures ("APMs"). Definitions of these and other APMs used in this Interim Report, together with how these measures have been calculated, are disclosed on pages 24 to 25.

[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 2021



Total return performance against MSCI World SMID Index for the period from the Company's listing on 19 October 2018 to 30 June 2021



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 2021 (the "Period"). I am also pleased to report that the Company has continued to perform well in what have been challenging market conditions during this first six month period of 2021.

Performance

For the six months to 30 June 2021, the net asset value ("NAV") per share total return was 5.9% compared with our benchmark MSCI World Small and Mid Cap Index ("MSCI World SMID") which returned 12.4%. The share price total return for the Period was 4.1%. Performance has lagged that of the benchmark over this six month period. Whilst we would like to beat our benchmark over every short-term period, it should be noted that the Smithson portfolio has been constructed for long-term 'growth' rather than short-term 'value'. These dynamics are discussed further in the Investment Manager's Review. It should be noted that, since the original IPO in October 2018, the Company has recorded a very impressive NAV per share total return of 74.7% compared with the MSCI World SMID Index which recorded 41.0% over the same period. This represents an annualised growth rate of 23.0% compared with the benchmark increase of 13.6%.

The Company now holds 32 investments. During the Period two new investments were made with one outright divestment. This accords with the Investment Manager's stated mantra of buying good companies, not overpaying and then doing nothing. Simon Barnard, the portfolio manager, has reported on the performance in detail in the Investment Manager's Review and he also describes the two portfolio additions of Rollins and Wingstop.

During the Period, the Company's dividend income was again lower than its operating expenditure resulting in a revenue loss, which was netted against the capital gains reported in the total returns above. As we have reported previously, a revenue loss will often arise because 100% of the Company's management fees and other operating expenses are charged to revenue, rather than a percentage being allocated to the capital reserve. This accords with the Company's objective of focusing on capital growth which means that its accounting policy is not designed to facilitate maximisation of revenue reserves and dividend payments. There is no current intention to change this policy, even if losses continue to be reported in revenue reserves.

Share issuance and premium to NAV

The Company has consistently traded at a premium to NAV and closed the Period at a premium of 1.9% with an average premium over the Period of 2.3%.

At the Company's Annual General Meeting ("AGM") on 28 April 2021, shareholders approved resolutions granting the Board authority to issue on a non pre-emptive basis up to 30.1 million new ordinary shares, being 20% of the issued share capital.

During the Period, and in response to strong continuing demand for the Company's shares (as evidenced by the premium to NAV), the Company has used its authorities granted under the Placing Programme (which expired 31 March 2021) and at the AGMs in 2020 and 2021, to raise £311.2 million net of costs through the issue of 18.7 million new ordinary shares. Shares are only issued at a premium to net asset value which creates additional value for shareholders net of all issue costs. The average premium to the prevailing net asset value at which new shares were issued during the Period was 2.7% and the estimated premium net of costs on share issues amounted to £4.2 million.

Since the Period end and up to 5 August 2021, a further 2.6 million shares have been issued, raising £47 million net of costs.

As explained in greater detail in the Investment Manager's Review, the new share proceeds have been predominantly invested in the same securities as were held at the start of the Period.

Dividends

As reported previously, the Company's principal objective is to provide shareholder returns through long-term capital appreciation rather than income. In accordance with the Company's policy, an interim dividend has not been declared by the Board.

This position will be kept under review. 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. The Company has not declared any dividends to date.

Environmental, social and governance ("ESG") matters

The Company recognises the increased interest in reporting on ESG matters and supports the Association of Investment Companies ("AIC") initiative to provide information on investment companies' ESG practices in a centralised database. We have submitted our own commentary in that regard and shareholders can access the statement on the Company's information page of the AIC website (www.theaic.co.uk) and on the Company's website (www.smithson.co.uk).

Operations

Despite the operational challenges which continue to be posed by COVID-19, including the current issues around self isolation, all our outsourced service providers continue to manage these challenges and deliver a resilient service.

The Management Engagement Committee continues to seek opportunities for cost reductions and during the Period secured a reduction in the brokerage charges relating to new issues of shares. This will increase the net premium arising on all new share issues.

Outlook

The Board remains positive on the outlook for global small and mid-cap equities despite the impact on the global economy and financial markets from the COVID-19 pandemic. Whilst good progress is being made on the rollout of vaccinations globally, across many countries rates of infection remain high and vaccination levels low. New variants of the virus continue to emerge, and the pandemic may continue to have social and economic impacts for some time to come.

The Board intends to continue to issue new shares so as to generate additional value for shareholders net of all issue costs and to enable the Investment Manager to continue to seek attractive investment opportunities for any further capital raised.

Since the Period end, we have continued to see further gains across our portfolio and as at 5 August 2021, the Company NAV had risen a further 6.2% to £18.55 whilst our share price had risen a further 6.3% to £18.92 and the market capitalisation of your Company now exceeds £3 billion, another great milestone achieved.

Finally, I wish all of our shareholders good health and prosperity as we gradually emerge from the current phase of the pandemic.

Mark Pacitti
Chairman

6 August 2021

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 investment) of between £500 million to £15 billion (although the Company expects that the average market capitalisation of the companies in which it invests to be approximately £7 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.

Dear Fellow Shareholders,

The performance of Smithson, along with comparators, is laid out below. For the first half of 2021 the Net Asset Value per share (NAV) of the Company increased by 5.9% and the share price increased by 4.1%. Over the same period, the MSCI World SMID Index, our reference index, increased by 12.4%. This is the first period since the inception of the Investment Trust that we have underperformed the reference index and I will go into some detail regarding this below. We also provide the performance of UK bonds and cash for comparison.

	Total Return 01.01.21 to 30.06.21 %	Launch to 30.06.2021 Cumulative %	Annualised %
Smithson NAV[1]	+5.9	+74.7	+23.0
Smithson Share Price	+4.1	+78.0	+23.8
Small and Mid-cap Equities[2]	+12.4	+41.0	+13.6
UK Bonds[3]	-3.2	+7.3	+2.7
Cash[4]	+0.0	+1.4	+0.5

[1] Source: Bloomberg, starting NAV 1,000p

[2] MSCI World SMID Index, Sterling Adjusted Net source: www.msci.com

[3] Bloomberg/Barclays Bond Indices UK Govt 5-10 year source: Bloomberg

[4] Interest Rate source: Bloomberg

Smithson shares traded at an average premium of 2.3% in the first half of the year. During the period, a total of 18.7m new shares in the Company were issued, for net proceeds of £311.2 million, which were invested both in existing holdings and two new positions. New shares were only issued at a premium to NAV, so that the process remained accretive to existing shareholders on a per share basis.

As markets were much calmer in the first half of 2021 compared to the tumultuous period last year, trading activity fell sharply, which meant that discretionary portfolio turnover, excluding the investment of proceeds from new shares issued, was just 2.3% for the period, compared to 20% last year. Costs were also lower, with an Ongoing Charge Figure of 1.0% (including the annualised Management Fee of 0.9%) compared to 1.01% last year. Costs of dealing, including taxes, amounted to 0.02% of NAV in the period.

The MSCI World SMID Index rose steadily throughout the period but the companies we own did not keep pace. We believe this is for a couple of reasons. Primarily, the combination of a resurgence in economic growth combined with very loose fiscal and monetary policy led many market participants to expect a sharp acceleration in inflation, perhaps even to uncontrollable levels. This would, should it occur, lead to a meaningful increase in the level of interest rates set by central banks, and indeed, led to a sharp rise in US 10 year treasury yields from 0.9% in January to a peak of 1.7% in March. This, in theory, reduces the value of higher rated growth companies, such as those owned in the portfolio, because the future earnings of these companies would have a lower perceived value today, once discounted back at the higher interest rates. More lowly rated companies, that don't grow as fast, have less of their earnings in the future to discount, and so are less affected by this phenomenon.

It is worth noting that inflation itself would likely not cause a significant problem for our companies. The companies we own tend to have low input costs, and subsequently high gross margins, as well as low capital requirements, allowing them to generate high returns on capital. As inflation will affect both the cost of raw materials and the cost of plant and equipment, those that spend less as a proportion of revenue on these items will be less impacted. On top of this, the market structure and competitive positioning for many of our companies mean that they would also be in a position to raise prices charged to their customers should the costs of the business increase. We therefore believe that a period of higher inflation is not a situation to be feared in terms of business fundamentals.

Interestingly, the underperformance pertaining to this increased inflation expectation by market participants seemed to reverse in June once the Governor of the Federal Reserve made comments indicating that they were aware of the current increase in inflation (so no one need be concerned it will be ignored and allowed to get out of control), they believe it to be transitory, and so won't be raising interest rate targets any time soon.

The second issue, somewhat linked, is that in a world with resurgent growth, investors are less willing to pay high valuations for companies that can grow consistently through good times and bad, such as those in our portfolio. Instead, they buy 'cheap' or 'value' companies, because they will also grow in this improving environment – as the saying goes, a rising tide lifts all boats. This meant that such 'value' companies did relatively better in the first half than the types of companies we own.

Despite the underperformance relative to the index, the absolute performance of the portfolio in the first half, up 5.9%, was adequate compared to our own expectations, being an annualised gain of 12.3%. It is also the case that the underperformance was predominantly due to the macroeconomic factors discussed above and there were no serious underlying issues with any of the companies we own. In fact, we were very satisfied with the earnings reported by the vast majority of the portfolio companies during the period, given the obvious difficulties faced by many.

We added two new companies to the portfolio in the first half, namely Rollins and Wingstop. Rollins is a US based pest control business with strong margins and returns on capital. The organic growth of the business, whilst low at around 3%, is supplemented by acquisitions of other small pest control businesses, such that the overall revenue growth of the company has averaged 9% over the last few years. The company has had significant family ownership since its foundation 73 years ago and, given the repeatable nature of the business and consistent management, we expect little to change for the next several decades.

Wingstop is somewhat different. This is a fast-growing franchised chicken wing restaurant and delivery business. It was founded in Texas, in 1994, with the intention to make chicken wings the main event of a meal, rather than just a starter or side dish. Aside from the food (I recommend the Louisiana Rub wings), the key to the continued growth of this business is the excellent returns of 70% that franchisees are able to generate on their investment in new restaurants after three years. This means there is still an enormous pipeline of new units waiting to be built, which should underpin strong double digit growth for years to come.

We also sold one company during the period, a biotechnology business based in the UK, called Abcam. This is a company that has been undergoing a change in strategy over the last couple of years, which is set to continue for some time. Abcam has identified several markets with high growth potential which are, some closely and some loosely, related to its core business of producing and distributing antibodies for medical research. While we do not disagree with the strategy to enter new markets, it brings elevated risk given the large amount of spending required to conduct research and acquire companies in these new areas, and the very uncertain paybacks on those investments. It is this uncertainty, combined with a high valuation at the time of our sale, that led us to divest the company. It remains one that we will continue to watch with interest as it progresses through its transformation.

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

Top 5 Contributors Security	Country	Contribution%
Fortinet	United States	+1.9
Domino's Pizza Enterprises	Australia	+1.3
Domino's Pizza Group	United Kingdom	+0.9
AO Smith	United States	+0.9
Equifax	United States	+0.8

Fortinet was the highest contributing position in the portfolio which is pleasing, if not a little fortunate, given it was only purchased in September last year. The cybersecurity company benefitted from the expected increase in cybersecurity spending by corporates after the well-publicised Solarwinds hack discovered in December 2020. Indeed, the latest earnings release showed revenue growth of 23%, the fastest rate since 2016.

Both of the Domino's Pizza master franchise operators that we own benefitted from continued strong trading during the first half of the year as new COVID-19 variants caused successive lockdowns in the UK and other countries, forcing more people to eat at home.

AO Smith is a US-based water heater manufacturer, which means that revenue tends to grow faster when there is more construction activity. The company therefore benefitted from the improved construction outlook in the US and China as those economies began to recover.

Equifax, the US credit bureau, experienced extremely strong trading over the last few months as mortgage lenders and employers increased the use of its credit and employment data to profile individuals as the US economy opened up.

Top 5 Detractors Security	Country	Contribution%
Paycom Software	United States	-0.6
Verisk Analytics	United States	-0.6
Qualys	United States	-0.6
Simcorp	Denmark	-0.5
Masimo	United States	-0.4

Paycom, a US provider of payroll software, was weaker after a strong end to last year, as US job growth was lower than initially hoped for in the first half. This has subsequently been put down to a lack of willing workers, rather than a lack of job availability, and appears to be changing now stimulus cheques and additional unemployment benefits have been exhausted.

Verisk, the US data company, suffered from poor trading in its Energy and Financials divisions due to a weak demand environment, which it expects to improve towards the end of the year.

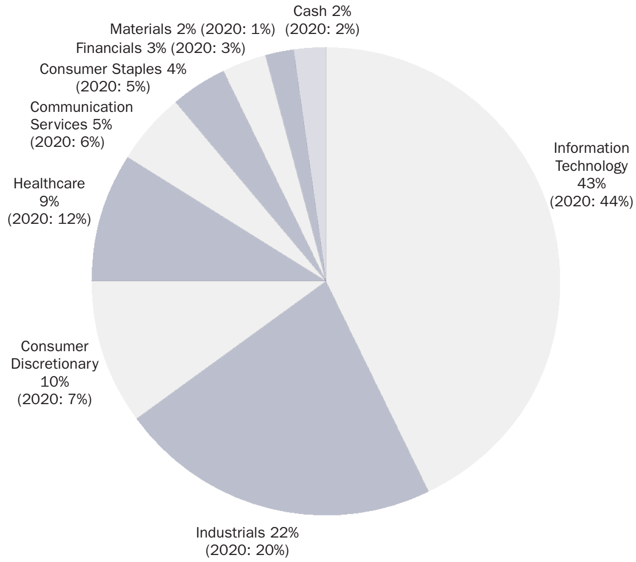
Qualys, a cybersecurity software company, saw its shares underperform during the period after it was announced in February that Philippe Courtot, the CEO for the past 20 years, was to retire due to ill health. Mr Courtot has sadly since passed away. The Chief Product Officer, who has also been with the company for 20 years, has taken over as CEO. Having already met with him, we are confident that the strategy of the company will continue as before, but we will continue to monitor progress closely.

Simcorp, a Danish software provider, had very little news of concern during the first half, the share price likely suffering from the macro developments described earlier.

Masimo, a US medical technology manufacturer, saw a drop in demand for its hospital patient monitoring products compared to the same period last year, which was at the height of the first wave of the pandemic.

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

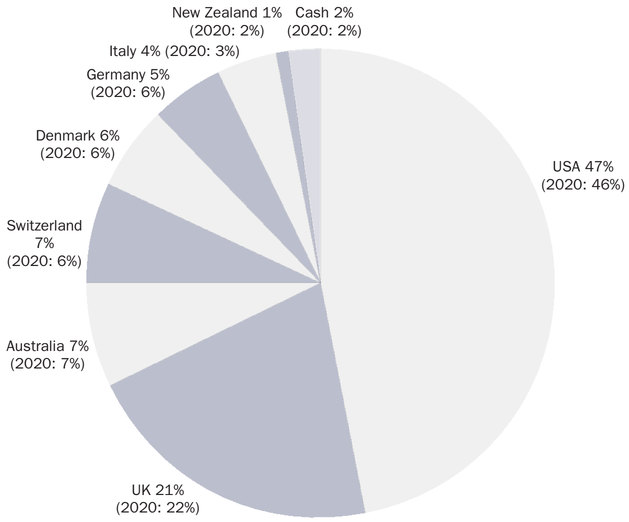
Sector



Source: Fundsmith. Portfolio weightings as of 30 June 2021 (31 December 2020)

A few of these sector weightings have changed slightly because of the trading described earlier, as well as some of the effects from the macro economic environment. The main sector to lose out in this regard is Information Technology, which underperformed the rest of the portfolio and the broader market, causing the weight to fall from 44.5% at the end of last year to 42.8% in June. Other notable movements include Consumer Discretionary, which, due to the addition of Wingstop, increased from 7.5% at the end of the year, and Healthcare, which had a 2.5% lower weight in June, not only because Abcam was sold, but also because of the underperformance of other companies in the sector once the impact of the pandemic began to recede.

Country of Listing

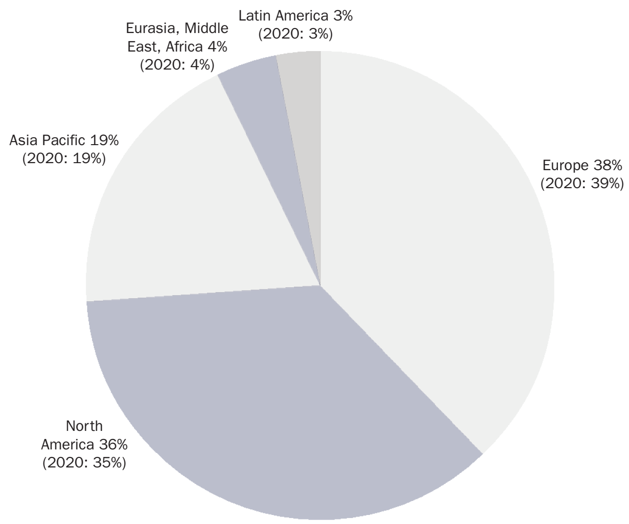


Source: Fundsmith. Portfolio weightings as of 30 June 2021 (31 December 2020)

The geographic split also changed slightly through the half year, with the US being slightly higher, after adding two new US companies, while the UK is lower because of the Abcam sale. We have often stated that the UK is a higher weight in the portfolio than we would expect to have over the long term, primarily because of the good companies currently trading at attractive valuations in that market, and this might change as the environment changes. This was therefore a notable decline in that weighting.

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

Source of Revenue



Source: Fundsmith. Portfolio weightings as of 30 June 2021 (31 December 2020)

Europe, although still the region generating the most sales, has come down by 1% since year end while the US has increased by the same amount. This is again due to the trading activity during the period. The overall split demonstrates that, in terms of economic exposure, the portfolio is more broadly diversified than the country of listing might indicate. This is particularly the case when considering the fact that we only own companies listed in developed markets, as some of these generate sales in emerging markets as well.

Finally, we would like to thank all shareholders for their continued support of Smithson Investment Trust plc. We hope that you remain in good health and are looking forward to a brighter future, as we are.

Simon Barnard
Fundsmith LLP
Investment Manager

6 August 2021

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 4 to 5 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 2021 to 30 June 2021.

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) inadequate investment analysis risk, (v) key individuals' risk and (vi) regulatory risks. A detailed explanation of risks and uncertainties and the way in which they are managed, can be found on pages 20 to 22 of the Company's most recent Annual Report for the year ended 31 December 2020. This also includes details of the market and outsourcing risks associated with the COVID-19 pandemic, and the ongoing economic impact of measures introduced to combat its spread. The Board continues to monitor the risks posed by the COVID-19 pandemic.

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 Annual Report for the period ended 31 December 2020 was 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 condensed set of financial statements contained within the Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting;

- 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

Mark Pacitti
Chairman

6 August 2021

Smithson
Investment Trust

Investment Portfolio

Investments held as at 30 June 2021

Security	Country of incorporation	Fair value £'000	% of investments
Rightmove	UK	136,208	4.9
Sabre	USA	134,368	4.9
Fevertree Drinks	UK	132,205	4.8
Fortinet	USA	123,627	4.5
Domino's Pizza Enterprises	Australia	123,158	4.5
Temenos	Switzerland	114,798	4.2
Equifax	USA	112,311	4.1
Domino's Pizza Group	UK	110,658	4.0
Recordati	Italy	110,424	4.0
ANSYS	USA	96,792	3.5
Top 10 Investments		**1,194,549**	**43.4**
Verisk Analytics	USA	95,193	3.5
Cognex	USA	94,017	3.4
Verisign	USA	92,493	3.4
IPG Photonics	USA	92,081	3.3
Halma	UK	90,304	3.3
AO Smith	USA	87,944	3.2
Technology One	Australia	82,838	3.0
Rational	Germany	77,629	2.8
MSCI	USA	77,204	2.8
Simcorp	Denmark	75,193	2.7
Top 20 Investments		**2,059,445**	**74.8**
Qualys	USA	74,155	2.7
Geberit	Switzerland	72,628	2.6
Masimo	USA	72,486	2.6
Nemetschek	Germany	70,655	2.6
Wingstop	USA	61,049	2.2
Diploma	UK	59,059	2.1
Paycom Software	USA	54,451	2.0
Rollins	USA	52,888	1.9
Spirax-Sarco Engineering	UK	51,886	1.9
Chr. Hansen Holding	Denmark	48,537	1.8
Fisher & Paykel Healthcare	New Zealand	38,171	1.5
Ambu	Denmark	36,700	1.3
Total Investments		**2,752,110**	**100.0**

Condensed Statement of Comprehensive Income (Unaudited)

		Unaudited Six months ended 30 June 2021			Unaudited Six months ended 30 June 2020			Audited Year ended 31 December 2020		
	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	12,841	–	12,841	7,067	–	7,067	16,054	–	16,054
Gains on investments held at fair value through profit or loss	3	–	155,125	155,125	–	232,169	232,169	–	500,734	500,734
Foreign exchange (losses)/gains		(36)	(264)	(300)	9	(233)	(224)	15	(785)	(770)
Investment management fees		(11,682)	–	(11,682)	(6,962)	–	(6,962)	(16,148)	–	(16,148)
Other expenses and transaction costs		(842)	(390)	(1,232)	(737)	(240)	(977)	(1,402)	(584)	(1,986)
Profit/(loss) before tax		**281**	**154,471**	**154,752**	**(623)**	**231,696**	**231,073**	**(1,481)**	**499,365**	**497,884**
Tax		(1,246)	–	(1,246)	(666)	–	(666)	(1,388)	–	(1,388)
Profit/(loss) for the period	5	**(965)**	**154,471**	**153,506**	**(1,289)**	**231,696**	**230,407**	**(2,869)**	**499,365**	**496,496**
Return/(loss) per share (basic and diluted) (p)	5	**(0.63)**	**101.32**	**100.69**	**(1.08)**	**194.55**	**193.47**	**(2.29)**	**399.28**	**396.99**

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 17 to 20 are an integral part of these financial statements.

Condensed Statement of Financial Position (Unaudited)

	Notes	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Audited As at 31 December 2020 £'000
Non-current assets				
Investments held at fair value through profit or loss	3	2,752,110	1,753,229	2,279,938
Current assets				
Receivables		3,296	7,328	6,432
Cash and cash equivalents		45,342	33,433	50,046
		48,638	40,761	56,478
Total assets		**2,800,748**	**1,793,990**	**2,336,416**
Current liabilities				
Trade and other payables		(4,048)	(7,278)	(4,466)
Total assets less current liabilities		**2,796,700**	**1,786,712**	**2,331,950**
Equity attributable to equity shareholders				
Share capital	7	1,601	1,234	1,414
Share premium		1,906,951	1,316,925	1,595,894
Capital reserve		891,725	469,585	737,254
Revenue reserve		(3,577)	(1,032)	(2,612)
Total equity		**2,796,700**	**1,786,712**	**2,331,950**
Net asset value per share (p)	6	**1,746.6**	**1,447.6**	**1,648.9**

The accompanying notes on pages 17 to 20 are an integral part of these financial statements.

Condensed Statement of Changes in Equity (Unaudited)

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 six months ended 30 June 2020 (Unaudited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2020	1,145	1,198,014	237,889	257	1,437,305
Issue of new shares on secondary market	89	119,509	–	–	119,598
Costs on new share issues on secondary market	–	(598)	–	–	(598)
Profit/(loss) for the period	–	–	231,696	(1,289)	230,407
Balance at 30 June 2020	**1,234**	**1,316,925**	**469,585**	**(1,032)**	**1,786,712**

For the year ended 31 December 2020 (Audited)

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 January 2020	1,145	1,198,014	237,889	257	1,437,305
Issue of new shares on secondary market	269	399,880	–	–	400,149
Costs on new share issues on secondary market	–	(2,000)	–	–	(2,000)
Profit/(loss) for the year	–	–	499,365	(2,869)	496,496
Balance at 31 December 2020	**1,414**	**1,595,894**	**737,254**	**(2,612)**	**2,331,950**

The accompanying notes on pages 17 to 20 are an integral part of these financial statements.

Condensed Statement of Cash Flows (Unaudited)

	Notes	Unaudited Six months ended 30 June 2021 £'000	Unaudited Six months ended 30 June 2020 £'000	Audited Year ended 31 December 2020 £'000
Cash flows used in operating activities				
Profit before tax		154,752	231,073	497,884
Adjustments for:				
Gain on investments	3	(155,125)	(232,169)	(500,734)
Loss on foreign exchange		300	224	770
Decrease/(increase) in receivables		582	525	(345)
Increase in payables		540	341	791
Overseas taxation paid		(1,705)	(1,095)	(1,804)
Net cash flow used in operating activities		**(656)**	**(1,101)**	**(3,438)**
Cash flows from investing activities				
Purchase of investments	3	(345,359)	(265,122)	(575,004)
Sale of investments	3	27,354	155,093	203,569
Net cash flow used in investing activities		**(318,005)**	**(110,029)**	**(371,435)**
Cash flows used in financing activities				
Proceeds from issue of new shares		316,035	113,827	396,111
Issue costs relating to new shares		(1,778)	(598)	(1,980)
Net cash flow used in financing activities		**314,257**	**113,229**	**394,131**
Net (decrease)/increase in cash and cash equivalents		**(4,404)**	**2,099**	**19,258**
Effect of foreign exchange rates		(300)	(224)	(770)
Change in cash and cash equivalents		**(4,704)**	**1,875**	**18,488**
Cash and cash equivalents at start of the period/year		50,046	31,558	31,558
Cash and cash equivalents at end of the period/year		**45,342**	**33,433**	**50,046**
Comprised of:				
Cash at bank		**45,342**	**33,433**	**50,046**

The accompanying notes on pages 17 to 20 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 six months ended 30 June 2021. 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 the COVID-19 pandemic.

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:

(a) 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 2020 and have been disclosed consistently and in line with Companies Act 2006.

(b) 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 2021 £'000	Unaudited Six months ended 30 June 2020 £'000	Audited Year ended 31 December 2020 £'000
Opening book cost	1,581,420	1,158,602	1,158,602
Opening investment holding gains	698,518	247,069	247,069
Opening fair value at start of the period/year	2,279,938	1,405,671	1,405,671
Purchases at cost	344,401	270,482	577,102
Sales - proceeds	(27,354)	(155,093)	(203,569)
Gains on investments	155,125	232,169	500,734
Closing fair value at end of the period/year	2,752,110	1,753,229	2,279,938
Closing book cost at end of the period/year	1,905,385	1,320,034	1,581,420
Closing unrealised gain at end of the period/year	846,725	433,195	698,518
Valuation at end of the period/year	**2,752,110**	**1,753,229**	**2,279,938**

The Company received £27,354,000 excluding transaction costs from investments sold in the period (30 June 2020: £155,093,000, 31 December 2020: £203,569,000). The book cost of the investments when they were purchased was £20,826,000 (30 June 2020: £109,050,000, 31 December 2020: £154,868,000) excluding transaction costs. 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 2021 £'000	Unaudited Six months ended 30 June 2020 £'000	Audited Year ended 31 December 2020 £'000
UK dividends	4,564	864	3,544
Overseas dividends	8,277	6,203	12,510
Total	**12,841**	**7,067**	**16,054**

5. Return per share

	Unaudited Six months ended 30 June 2021			Unaudited Six months ended 30 June 2020			Audited Year ended 31 December 2020		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Profit/(loss) for the period/year (£'000)	(965)	154,471	153,506	(1,289)	231,696	230,407	(2,869)	499,365	496,496
Return/(loss) per ordinary share (p)	**(0.63)**	**101.32**	**100.69**	**(1.08)**	**194.55**	**193.47**	**(2.29)**	**399.28**	**396.99**

Return per share is calculated based on returns for the period and the weighted average number of 152,451,930 shares in issue in the six months ended 30 June 2021 (30 June 2020: 119,090,903, 31 December 2020: 125,066,574).

6. Net asset value per share

	Unaudited 30 June 2021	Unaudited 30 June 2020	Audited 31 December 20209
Net asset value	£2,796,700,000	£1,786,712,000	£2,331,950,000
Shares in issue	160,117,958	123,425,958	141,420,958
Net asset value per share	**1,746.6p**	**1,447.6p**	**1,648.9p**

7. Share capital

	Unaudited 30 June 2021		Unaudited 30 June 2020		Audited 31 December 2020	
Issued, allotted and fully paid	**Number**	**£'000**	**Number**	**£'000**	**Number**	**£'000**
Ordinary Shares of £0.01 each	160,117,958	£1,601	123,425,958	£1,234	141,420,958	£1,414

During the six months ended 30 June 2021, the Company issued 18,697,000 (30 June 2020: 8,915,000, 31 December 2020: 26,910,000) shares of £0.01 each for a net consideration of £311,244,000 (30 June 2020: £119,000,000, 31 December 2020: £398,149,000). The average premium to the prevailing net asset value at which new shares were issued during the period was 2.7% (30 June 2020: 3.0%, 31 December 2020: 2.9%).

Since 30 June 2021 and up to 5 August 2021, a further 2.6 million ordinary shares have been issued raising aggregate net proceeds of £47 million.

8. Related party transactions

Fees payable to the Investment Manager are shown in the Condensed Statement of Comprehensive Income. As at 30 June 2021 the fee outstanding to the Investment Manager was £2,255,000 (30 June 2020: £1,331,000, 31 December 2020: £1,768,000).

Since 1 January 2021 fees have been 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 2021
Mark Pacitti	20,000
Lord St John of Bletso	10,000
Diana Dyer Bartlett	5,000

Directors' shareholdings were the same as at 30 June 2020 and 31 December 2020.

As at 30 June 2021, Terry Smith and other founder partners and key employees of the Investment Manager directly or indirectly and in aggregate, held 1.9% of the issued share capital of the Company (30 June 2020: 2.5%, 31 December 2020: 2.2%).

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, www.smithson.co.uk.

The financial information for the year ended 31 December 2020 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's 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 6 August 2021.

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 assets 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.

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

Shares in a company's own share capital which the company itself owns after a share buy back, that are held 'in treasury' instead of being cancelled. Treasury shares are then available to be sold at a later date by the company to raise new funds.

Volatility

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

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.

Premium

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

		As at 30 June 2021	As at 30 June 2020	As at 31 December 2020
NAV per ordinary share	a	1,746.6p	1,447.6p	1,648.9p
Share price	b	1,780.0p	1,470.0p	1,710.0p
Premium	**(b÷a)-1**	**1.9%**	**1.5%**	**3.7%**

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 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	1,746.6p
Total return	**(b÷a)-1**	**4.1%**	**5.9%**

Six months ended 30 June 2020		**Share price**	**NAV**
Opening at 1 January 2020	a	1,298.0p	1,255.2p
Closing at 30 June 2020	b	1,470.0p	1,447.6p
Total return	**(b÷a)-1**	**13.3%**	**15.3%**

Period from Company's listing on 19 October 2018 to 30 June 2021		**Share price**	**NAV**
Opening at 19 October 2018	a	1,000.0p	1,000.0p
Closing at 31 December 2021	b	1,780.0p	1,746.6p
Total return	**(b÷a)-1**	**78.0%**	**74.7%**
Annualised total return		**23.8%**	**23.0%**

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 2021 £'000	Six months ended 30 June 2020 £'000	Period from Company's listing on 19 October 2018 to 30 June 2021 £'000
Average NAV	a	2,515,761	1,531,545	1,613,089
Annualised expenses	b	25,048	15,398	16,294
Ongoing charges ratio	**(b÷a)**	**1.0%**	**1.0%**	**1.0%**

Company Information

Directors

Mark Pacitti *(Chairman)*
Diana Dyer Bartlett
Lord St John of Bletso

Registered Office and Directors' business address

1st Floor
Senator House
85 Queen Victoria Street
London EC4V 4AB

Registered in England no. 11517636
www.smithson.co.uk

Investment Manager

Fundsmith LLP
33 Cavendish Square
London W1G 0PW

Broker

Investec Bank plc
30 Gresham Street
London EC2V 7QP

Legal advisers

Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Statutory Auditor

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2DB

Company Secretary

PraxisIFM Fund Services (UK) Limited
1st Floor
Senator House
85 Queen Victoria Street
London EC4V 4AB

Administrator

Northern Trust Global Services Limited
50 Bank Street
Canary Wharf
London E14 5NT

Depositary

Northern Trust Global Services SE
50 Bank Street
Canary Wharf
London E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Registrar and Receiving Agent

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Smithson
Investment Trust

1st Floor
Senator House
85 Queen Victoria Street
London
EC4V 4AB
www.smithson.co.uk
smithson@fundsmith.co.uk

The Association of
Investment Companies

Perivan 261534