



RIGHTS AND ISSUES INVESTMENT TRUST PLC

Annual Financial Report

for the year ended 31st December 2023



Front cover image
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Inside front cover image
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Investment Objective, Policy and Approach

The Company's objective is to exceed the benchmark index over the long term whilst managing risk.

The Company invests in equities with an emphasis on smaller companies. UK smaller companies will normally constitute at least 80% of the investment portfolio. UK smaller companies include both listed securities and those admitted to trading on the Alternative Investment Market ("AIM").

The investment portfolio will normally lie in the range of 80% to 100% of shareholders' funds with the remainder being held in cash.

In January 2021 the Board thoroughly reviewed the performance of the Company in the context of the investment objective, the investment policy and the continuation of the Company. The Directors unanimously supported the continuation for a minimum period of five years to 2026. The Directors continued to review the Company's performance against its Key Performance Indicators throughout the financial year.

Capital Structure

ISSUED SHARE CAPITAL

(at 31st December 2023)

5,620,684 Ordinary shares of 25p each.

INCOME ENTITLEMENT

Equal entitlement to dividends and other distributions.

CAPITAL ENTITLEMENT

Equal entitlement to the surplus assets.

VOTING

One vote per Ordinary share.

PRICE (mid-market)

(at 31st December 2023)

2,130.0p.

DIVIDEND YIELD

2.0%.

DISCOUNT MANAGEMENT POLICY

On 7th December 2016, the Company implemented share buy-back arrangements to encourage the level of discount to be not more than 10%.

SHARE BUY BACKS

During the year to 31st December 2023, the Company bought back 545,305 Ordinary shares for cancellation and accordingly paid £10.6 million consideration. In accordance with the Board's announcement in August 2023, the Company will continue to repurchase up to £1 million of the Company's shares each calendar month on a rolling basis until July 2024, subject to the renewal of the share buyback authority at the forthcoming Annual General Meeting ("AGM"). The Directors will keep the operation of the buyback programme under review in the context of the Discount Management Policy and share price performance.

DISCOUNT

(at 31st December 2023)

8.9%.

RIGHTS AND ISSUES INVESTMENT TRUST PLC ("THE COMPANY") MAY BE LIQUIDATED AT ANY TIME, BUT THE BOARD OF DIRECTORS HAS CONCLUDED THAT IT IS NOT ITS PRESENT INTENTION TO DO SO PRIOR TO 25TH JULY 2026.

Note: The above is a summary of rights. For full information shareholders should refer to the Articles of Association.

Historic Record

Year to 31st December	Net asset value per share	Net asset value per share (Index 1984 = 100)	Net dividend per share	FTSE All Share Index	FTSE All Share Index (Rebased 1984 = 100)
1984	29.0p	100	3.80p	592.94	100
1990	75.4p	260	7.50p	1032.60	174
1995	175.0p	602	10.50p	1802.56	304
2000	473.9p	1631	25.50p	2983.81	503
2005	732.0p	2520	40.50p	2847.00	480
2010	776.4p	2673	25.50p	3094.41	522
2011	751.2p	2586	25.50p	2857.88	482
2012	962.0p	3312	26.75p	3093.41	522
2013	1382.5p	4759	40.00p*	3609.63	609
2014	1297.1p	4465	36.00p	3532.74	596
2015†	1595.6p	5492	36.00p	3444.26	581
2016	2002.2p	6892	52.50p*	3873.22	653
2017	2372.3p	8166	30.75p	4221.82	712
2018	2118.1p	7291	31.50p	3675.27	620
2019	2275.2p	7832	32.25p	4196.47	709
2020	2258.9p	7776	32.25p	3673.63	619
2021	3036.6p	10471	34.75p	4208.02	710
2022	2283.2p	7873	40.00p	4075.13	688
2023	2337.1p	8059	43.00p	4232.01	714

* Includes Special Dividend

† From 2015 onwards the historic record is for the Company only and not the Group.

Note: Until 2016 the net asset value per share was based on the Capital shares adjusted for the reconstruction (four Ordinary shares for each Capital share). Thereafter, performance is based on the Ordinary shares, formerly named the Income shares (the only remaining share class).

Company Information

DIRECTORS

Dr A. J. HOSTY (Chairman)
 S. J. B. KNOTT
 J. B. ROPER
 M. H. VAUGHAN
 D. M. BEST (Retired 31st August 2023)

REGISTERED OFFICE

Hamilton Centre
 Rodney Way
 Chelmsford CMI 3BY

WEBSITE

www.jupiteram.com/rightsandissues

INVESTMENT MANAGER/ALTERNATIVE INVESTMENT FUND MANAGER

JUPITER UNIT TRUST MANAGERS LIMITED
 The Zig Zag Building
 70 Victoria Street
 London SW1E 6SQ
investmentcompanies@jupiteram.com

SECRETARY/ADMINISTRATOR

APEX FUND ADMINISTRATION SERVICES (UK) LIMITED
 (FORMERLY MAITLAND ADMINISTRATION SERVICES LTD)
 Hamilton Centre
 Rodney Way
 Chelmsford CMI 3BY

SOLICITORS

EVERSHEDS SUTHERLAND
 1 Wood Street
 London EC2V 7WS

AUDITOR

BEGBIES
 9 Bonhill Street
 London EC2A 4DJ

REGISTRARS

LINK GROUP
 Central Square
 29 Wellington Street
 Leeds LS1 4DL

BROKERS

CAVENDISH CAPITAL MARKETS LIMITED
 One Bartholomew Close
 London EC1A 7BL

CUSTODIAN/DEPOSITORY

NORTHERN TRUST COMPANY
 50 Bank Street
 Canary Wharf
 London E14 5NT

Registration Details

Company Registration Number:	00736898 (Registered in England)
SEDOL number:	0739207
ISIN number:	GB0007392078
London Stock Exchange (EPIC) Code:	RIII
Global Intermediary Identification Number (GIIN):	I2ZVNY.99999.SL.826
Legal Entity Identifier (LEI):	2138002AWAM93Z6BP574

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of Rights and Issues Investment Trust Public Limited Company will be held at the **Zig Zag Building, 70 Victoria Street, London SW1E 6SQ** on 27th March 2024, at 12 noon, for the following purposes:

Ordinary Business

1. To receive the audited financial statements and Reports of the Directors and Auditor for the year ended 31st December 2023.
2. To approve the Annual Report on Directors' Remuneration, set out on pages 38 to 40 in the Annual Report and Financial Statements 2023 (excluding the Remuneration Policy on pages 41 and 42), for the financial year ended 31st December 2023.
3. To approve the payment of a final dividend of 31.25 pence per Ordinary share for the financial year ended 31st December 2023 to holders of shares at the close of business on 8th March 2024.
4. To re-elect Dr A. J. Hosty as a Director.
5. To re-elect Mr S. J. B. Knott as a Director.
6. To re-elect Mr J. B. Roper as a Director.
7. To re-elect Ms M. H. Vaughan as a Director.
8. To appoint Ernst & Young LLP as Auditor to the Company, to hold office until the end of the next general meeting at which accounts are laid before the Company.
9. To authorise the Directors of the Company to determine the Auditor's remuneration.

Special Business

To consider and, if thought fit, pass resolution 10 as a Special Resolution, as follows:

10. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of Ordinary shares, provided that:
 - 10.1 the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be 824,245 (representing approximately 14.99% of the Ordinary shares in issue on 16th February 2024);
 - 10.2 the minimum price (exclusive of expenses) which may be paid for an Ordinary share is its nominal value;
 - 10.3 the maximum price (exclusive of expenses) which may be paid for an Ordinary share is not more than the higher of (i) an amount equal to 105% of the average market value of the Ordinary shares for the five business days immediately preceding the day on which the Ordinary share is purchased; and (ii) the higher of the last independent bid and the highest current independent bid on the London Stock Exchange when the purchase is carried out, or such other amount as may be specified by the FCA from time to time;
 - 10.4 the authority hereby conferred will expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time; and
 - 10.5 the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract; provided that all Ordinary shares purchased pursuant to this authority shall be cancelled or transferred into treasury immediately upon completion of the purchases.

By Order of the Board,
 APEX FUND ADMINISTRATION SERVICES (UK) LIMITED
 Secretary, 20th February 2024

Notice of Annual General Meeting (*continued*)

Notes:

1. Any member entitled to vote at the meeting is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to vote on behalf of that member. Shareholders are nevertheless encouraged by the Board to appoint the Chairman of the meeting as their proxy to vote on their behalf. Members can also send any questions that they might like answered by the Board to the Company Secretary, Apex Fund Administration Services (UK) Limited at cosec@maitlandgroup.com by 13th March 2024.
2. The right to appoint a proxy does not apply to persons whose Ordinary shares in the Company (the "Shares") are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the Shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the Shares as to the exercise of voting rights.
3. In order to be valid, a form of proxy, which is provided with this notice, and a power of attorney or other authority under which it is signed, or certified by a notary or office copy of such power or authority, must reach the Company's registrars, Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL not less than 48 hours (excluding any part of a day which is a non-working day) before the time of the meeting or of any adjournment of the meeting. As previously communicated to all shareholders paper proxy forms will not be sent to shareholders. Shareholders may instead lodge their proxy via the registrar's website www.signalshares.com. If not already registered, shareholders will need their investor code (IVC) which can be located on their share certificate. If a paper proxy is required please contact Link Group by calling them on 0371 664 0300 or, if calling from overseas, on +44 (0) 371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Link Group (whose CREST ID is RA10) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.
6. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. A register showing the interests of each Director and their connected persons, so far as they are aware, in the Ordinary shares will be available for inspection at the offices of the Company Secretary, Apex Fund Administration Services (UK) Limited, Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY, during normal business hours every weekday except Saturdays, from the above date to the day preceding that of the general meeting. It will also be available for inspection at the place of the meeting for 15 minutes prior to the general meeting and during the meeting.
7. Unless otherwise indicated on the Form of Proxy, CREST or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
8. From the date of this notice and for the following two years the following information will be available on the Company's website and can be accessed at www.jupiteram.com/rightsandissues:
 - i. the matters set out in this notice of general meeting;
 - ii. the total numbers of Shares in respect of which shareholders are entitled to exercise voting rights at the meeting; and
 - iii. the totals of the voting rights that shareholders are entitled to exercise at the meeting in respect of the Shares.
9. Any shareholders' statements, shareholders' resolutions and shareholders' matters of business received by the Company after the date of this notice will be added to the information already available on the website as soon as reasonably practicable and will also be made available for the following two years.
10. Where a poll is taken at the general meeting, from the date of this notice and for the following two years the following information will be available on the Company's website and can be accessed at www.jupiteram.com/rightsandissues:
 - i. the date of the general meeting;
 - ii. the text of the resolution or, as the case may be, a description of the subject matter of the poll;
 - iii. the number of votes validly cast;
 - iv. the proportion of the Company's issued share capital represented by those votes;
 - v. the number of votes cast in favour;
 - vi. the number of votes cast against; and
 - vii. the number of abstentions (if counted).

11. In order to vote at this meeting you must comply with the procedures set out in notes 1 to 3 by the time specified in note 3.
12. The right of shareholders to vote at the meeting by appointing the Chairman as their proxy is determined by reference to the register of shareholders. As permitted by section 360B(3) of the Companies Act 2006 and Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders (including those who hold Shares in uncertificated form) must be entered on the Company's share register at close of business on 25th March 2024 in order to be entitled to vote at the meeting. Such shareholders may only cast votes in respect of Shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
13. The total number of Ordinary shares of 25p in issue as at 16th February 2024, the last practicable day before printing this document, was 5,498,638 Shares and the total number of voting rights was therefore also 5,498,638.

Chairman's Statement



Market backdrop

Market conditions throughout 2023 proved to be very challenging. We saw significant changes in sentiment over the course of the year and this was combined with a sustained lack of appetite for investing in smaller industrial companies and trusts. From time to time, when confidence did return to the market this proved to be short-lived. This led to substantial changes in valuations throughout the year. Policy response to energy price-led inflation was to increase bank base interest rates to fifteen-year highs. Towards the end of the calendar year these inflationary factors seemed to be easing and the markets finished the year in positive territory. These macro-economic factors as well as the global political environment have tested our investee companies' market positioning and can be measured by their success in passing on prices to their customers and their ability to maintain market share and margins.

Company performance

The Company's overall performance should be seen against this backdrop. The Company's investments generated a positive return in 2023. Although behind our chosen benchmark, the FTSE All-Share index, the share price improved over the year from 1890.0p to 2130.0p and the discount to net asset value per share reduced from 17.2% to 8.9%. Overall shareholders achieved a return of 2.4% compared to 3.8% for our chosen benchmark.

Jupiter

Our Portfolio Managers at Jupiter, Dan Nickols and Matt Cable, have been in place for just over twelve months. The Board carried out its first review of the Investment Manager following our meeting in November. We noted the continuity of investment style, the changes that had been made to reduce the concentration of the portfolio and the interesting new positions that have been taken. These are more fully described in the Investment Manager's Report. We will continue to keep these under regular review. The Board was encouraged to note the increase in marketing activities for the Company. These were carried out to raise awareness to a much wider audience of potential investors. Over the course of the year events were held that included wealth managers, professional fund managers and private individuals via a number of traditional and digital marketing tools.

Discount

At December 2023 the discount stood at 8.9%. During the year the Company bought back 545,305 shares in the market at a total cost of £10.6m. The share buyback programme is an important tool that the Board uses to try to narrow the discount between the Company's share price and net asset value per share or reduce its volatility. Buybacks at the margin provide an increase in liquidity for those shareholders seeking to realise their investment and at the same time deliver an economic uplift for those shareholders wishing to remain invested in the Company. The Company's current buyback programme runs until July 2024.

Shareholder consultations

Over the course of 2023 the Board consulted with a number of major shareholders to hear their views on a potential share split. Whilst there was some support for this initiative as it was thought it might help increase liquidity, the clear and significant majority thought that at this stage of the Company's life the costs of such an exercise far outweighed any potential benefits to shareholders. Consequently, the Board has decided to call an indefinite pause on these plans.

Board Changes

In August of 2023 David Best retired from the Board after over 13 years of service. I would like to take this opportunity to thank him for his sage advice and guidance over the years. We wish him a long and enjoyable retirement.

Dividends

The Directors are aware of the appetite our shareholders have for income and are proposing a final dividend of 31.25p per Ordinary share which, if approved at the upcoming AGM, would result in total dividend payments of 43.00p per Ordinary share in respect of the year ended 31st December 2023, an increase of 7.5% over the prior year's dividend. Subject to shareholder approval at the AGM the dividend will be paid on 5th April 2024 to shareholders on the register at 8th March 2024. The ex-dividend date will be 7th March 2024.

Chairman's Statement *(continued)*

Outlook

As we look forwards into 2024 it is fair to say that we expect to see continued volatility in the markets. Noting that it is an election year in the UK and USA, that potentially causes greater short-term volatility in share prices. That said, there are some signs that energy prices, inflation and interest rates may have peaked. Whilst we are mindful of these factors, we will continue to encourage our Investment Manager to seek opportunities to invest in differentiated companies operated by good managers that they believe to be fundamentally underpriced. As noted above, there may also be conditions in place for a reassessment of the pricing of the smaller companies sector. The Board believes that our team at Jupiter has the skills and knowledge to identify these and so continue to be well placed to deliver for your Company into the future.

Dr Andrew J Hosty

Chairman

20th February 2024

You can view or download copies of the Half Yearly and the Annual Reports from the Company's website at www.jupiteram.com/rightsandissues



Investment Manager's Review

Introduction

We are pleased to present our investment report to shareholders of Rights and Issues following our first full year as managers of the Company. As we said in our interim report, it has been a year of significant uncertainty and volatility in markets. In that context we are pleased to report a modest positive investment return from the portfolio, alongside a significantly stronger share price performance.

In the following paragraphs we discuss the current market backdrop, update shareholders on performance and changes to the portfolio over the year and provide an outlook for the year ahead.

Market backdrop

The Russian invasion of Ukraine in early 2022 sparked a surge in inflation around the world that has dominated markets ever since. As the direct effects of energy prices fed through into goods, services and wages, central banks reacted by sharply tightening monetary policy. This resulted in interest rates that have not been seen since before the financial crisis a decade and a half ago.

At the macro level this led to the market questioning whether monetary policy could tame inflation without causing a painful recession. For individual companies it was a test of both pricing power (the ability to pass on inflation to customers) and balance sheet strength (through the cost of debt finance). Meanwhile the implied market 'discount rate', or cost of equity, caused valuations to decline, especially in the case of higher-growth companies whose cash-flows are assumed to be higher further into the future. The combination of these factors has resulted in both weak returns and heightened volatility in markets around the world.

The UK has been no exception, with the FTSE All-Share index experiencing a series of dramatic swings throughout the year as market sentiment shifted from relative optimism to doom and gloom and back again. While it is clearly too early to definitively say that this phase is over, it is reassuring to note that global inflationary indicators were starting to look more benign towards the end of the year. As a result, the outlook for interest rates has started to come down while economic activity seems to be holding up. This combination suggests an increasing chance that inflation can be brought under control without the need for a damaging recession.

Under these circumstances it is no surprise that equity markets performed well into the end of the year, with the FTSE All-share index ultimately posting a positive return for 2023 as a whole.

Performance

The Company's portfolio of investments delivered a positive return for the year, which was pleasing in the context of the volatility noted above. This return was, however, modestly lower than that of the Company's benchmark, the FTSE All-Share index. Pleasingly the Company's shares performed significantly better than this as the discount to NAV declined over the year. Ultimately shareholders experienced a total share price return (including dividends) of 15.0% compared to 7.9% for the Company's benchmark. *(Source: Morningstar)*

Given the concentrated nature of the portfolio, relative performance is largely a result of individual stock returns. Some of the most significant contributors and detractors to performance for the year included:

Renold (+64%)

Manufacturer of industrial chains and transmissions Renold has continued to see positive trading through the year, issuing a series of upgrades to profit expectations. The increase in interest rates has helped to reduce the company's pension deficit to a level which should be seen as largely immaterial by the stock market. We view the stock's valuation as depressed and are therefore pleased to see strong operating performance translating into excellent stock returns.

Hill & Smith (+67%)

As a provider of infrastructure-related products and services, Hill & Smith has begun to see the benefit of both increased government spending and a trend to 'onshoring' of manufacturing, especially in the USA. With upgraded profit expectations through the year and some modestly-sized but attractive acquisitions, the market has taken a positive view of the shares.

Macfarlane Group (+16%)

As the market leading distributor of value-added packaging in the UK, as well as a packaging manufacturer in its own right, Macfarlane has delivered a resilient operating performance in 2023 against soft end markets. We believe that the business is well placed to benefit from improving economic conditions and that this is still not reflected in the shares' modest valuation.

Videndum (-66%)

As we reported at the half-year, Videndum has endured an extremely challenging period. As a manufacturer of products used in content creation, they have been hit especially hard by the writers' and actors' strikes in the USA, as well as weak demand from consumers. Given relative high levels of debt coming into the year, the company ultimately needed to raise funding from the equity market in the second half of the year, significantly diluting existing shareholders. With that process now complete, the company is in a significantly better positioned to benefit from a recovery in demand.

Treant (-18%)

After a difficult prior year it was pleasing to see flavour specialist Treant deliver a resilient operating performance in its financial year to September 2023. It did, however, experience some weaker demand later in that period and this probably accounts for the weak share price performance. Although the loss of the company's long-standing and highly regarded CEO may be seen as a negative, we continue to view the business as well positioned for the future given recent investments in state-of-the-art facilities in the USA and UK.

Telecom Plus (-23%)

Multi-utility provider Telecom Plus (which trades as Utility Warehouse) delivered a robust operating performance over the year but the shares underperformed as the market appeared to fret over future growth prospects. We think this may reflect a misunderstanding: the company's growth rate has accelerated recently due to the removal from the market of weak, undercapitalised competitors, rather than high energy prices per se. As such we think prospects from here look attractive, while valuation now looks depressed.

Portfolio changes

As we said in our last annual and interim reports, we have been working to reduce the level of concentration in the portfolio by bringing down some of the largest position sizes. We also set out to dispose some of the very smallest companies in the portfolio and introduce some new positions based on our team's well established investment process.

At the start of the year the Company held positions in 22 stocks with the top five positions accounting for 50% of NAV and the top ten for 76%. As at the end of December 2023, the Company had investments in 22 stocks, but the top five positions accounted for 43% of NAV and the top ten for 68%. While portfolio construction is always a dynamic process and further changes are likely, we are now broadly happy with the shape of the portfolio.

Over the course of the year we sold five stocks and added five new investments. Sales included Titon Holdings (£8m market cap) and Coral Products (£14m market cap) on the grounds of size. We also sold the Company's tiny residual holding in Costain and some preference shares issued by Santander which we felt did not fit the fund's stated objectives. Finally, we disposed of the holding in Castings which we felt offered limited valuation upside.

The five new holdings are:

OSB Group (£1.7bn market cap¹)

OSB is the UK's largest specialist buy-to-let mortgage lender. It benefits from a state of the art lending platform, strong deposit base and a balance sheet free of legacy pre-financial crisis loans. OSB is very well capitalised and has consistently generated excellent returns, allowing the company to return capital to shareholders through ordinary and special dividends as well as a share buyback. As well as a compelling growth and valuation case, OSB brings exposure to financial services and UK consumer cyclicality, which was previously a significant underweight in the portfolio.

Spirent (£682m market cap¹)

Spirent is a global provider of testing equipment and software for the telecommunications industry. Its structural growth drivers include the expansion of 5G technology and the ever-higher demands for speed in networks and data centres. Some short-term disruption to the 5G market, especially in the US, has resulted in a moderation to immediate growth expectations, but we see the long-term drivers as fully intact. Spirent is very well capitalised, with over \$200m of net cash on its balance sheet².

Investment Manager's Review (*continued*)

Gresham Technologies (£97m market cap¹)

Gresham is a software business tightly focused on the market for advanced data reconciliation. Selling primarily into the financial services sector, Gresham addresses the ever-increasing need to fully reconcile large, complex data-sets, often across multiple systems and in real time. This has allowed them to consistently take share with their long-term subscription-based products around the world. We see the growth and valuation case as highly attractive, and along with Spirent (above) an important source of exposure to technology for the portfolio.

Marshalls (£659m market cap¹)

Marshalls is one of the UK's leading providers of heavy building materials such as blocks, stone and concrete roofing tiles. It sells into the new-build housing, commercial, infrastructure and repair and maintenance markets. The well publicised challenges in some of these markets in recent months have led to a significant decline in Marshalls's share price which we believe now represents a significant opportunity for long-term investors to invest in an excellent business at a very attractive valuation. The inherent uncertainty in timing the bottom of the cycle means we have started the holding at a modest position size, with a view to building it as the path of recovery becomes clearer.

Oxford Instruments (£1.3bn market cap¹)

Oxford Instruments is a global leader in the design and manufacture of highly specialist electronic equipment used in research and advanced manufacturing. It benefits from decades of experience in niche areas such as microscopy, cryogenics and chemical deposition. An updated strategy of taking a more commercial approach to its markets is starting bear fruit, which we think will afford the company opportunities to grow rapidly for many years to come. Oxford Instruments adds exposure to long term structural growth to the portfolio.

Summary and Outlook

It has been a busy year for the Company and we are pleased that the investment portfolio is now broadly in the shape we intended. We believe we have added some attractive long-term investments which will complement the existing collection of quality businesses the Company owns and add thematic balance. We continue to look for potential new holdings and will add to the portfolio as appropriate and according to the team's established investment process.

While it is too early to say for certain that inflation is under control, there have been encouraging recent signs of a return towards central bank targets. This in turn should allow interest rates to moderate towards long-term norms and hence remove a source of significant uncertainty for companies and markets alike. While we are more confident in this outlook than we were six months ago, we do not expect a straight-line recovery and recognise the scope for significant bumps along the road. As such we continue to feel that a degree of balance is appropriate in portfolios and will continue to reflect this in the Company's holdings.

Looking further ahead, we believe that the UK mid- and small-cap equity market is attractively valued and hence offers an exciting opportunity for long-term investors as it emerges from this period of volatility.

Dan Nickols

Lead Manager

Matt Cable

Fund Manager

20th February 2024

¹ Market cap as at 10/1/24

² As at the end of 2022

Portfolio Statement

Details of the investments held within the portfolio as at 31st December 2023 are given below by the market value:

	31st December 2023			31st December 2022		
	Holdings	Market Value £000's	% of Net Assets	Holdings	Market Value £000's	% of Net Assets
UK Investments						
Vp	2,404,250	14,906	11.35	2,450,000	16,170	11.49
Macfarlane	11,680,653	13,666	10.40	17,250,000	17,509	12.44
Hill & Smith	522,465	9,969	7.59	1,246,286	14,606	10.37
Renold	28,745,000	9,802	7.46	30,000,000	6,240	4.43
Telecom Plus	459,113	7,401	5.63	263,070	5,774	4.10
Colefax	1,055,952	7,286	5.55	1,606,500	9,639	6.85
Gamma Communications	640,919	7,204	5.48	640,919	6,935	4.93
OSB	1,401,694	6,501	4.95	–	–	–
Treatt	1,281,009	6,444	4.91	2,012,000	12,535	8.90
Spirax-Sarco Engineering	59,668	6,268	4.77	94,415	10,022	7.12
Alpha Group International	336,513	5,721	4.36	98,611	1,824	1.30
IMI	292,263	4,922	3.75	292,263	3,764	2.67
Carr's	4,750,000	4,617	3.51	4,750,000	5,629	4.00
Marshalls	1,545,642	4,319	3.29	–	–	–
Morgan Advanced Materials	1,500,000	4,245	3.23	1,500,000	4,718	3.35
RS	464,401	3,806	2.90	838,870	7,512	5.34
Eleco	4,520,781	3,617	2.75	4,520,781	3,029	2.15
Videndum	959,582	3,339	2.54	500,000	5,370	3.81
Gresham Technologies	2,360,303	2,714	2.07	–	–	–
Spirent Communications	1,516,091	1,869	1.42	–	–	–
Oxford Instruments	58,268	1,337	1.02	–	–	–
Dyson	1,000,000	41	0.03	1,000,000	41	0.03
Castings*	–	–	–	400,000	1,384	0.98
Titon*	–	–	–	1,265,000	886	0.63
Santander UK 10.375% Non Cumulative Preferred*	–	–	–	400,000	540	0.38
Coral Products*	–	–	–	2,000,000	320	0.23
Costain*	–	–	–	41	–	–
Total Investments		129,994	98.96		134,447	95.50
Net current assets		1,365	1.04		6,336	4.50
Net Assets		131,359	100.00		140,783	100.00

Unless otherwise specified, the actual holdings are, in each case, of ordinary shares or stock units and of the nominal value for which listing has been granted.

*Sold during the year to 31st December 2023.

Strategic Report

The Strategic Report is designed to provide information primarily about the Company's business and results for the year ended 31st December 2023 and should be read in conjunction with the Chairman's Statement and the Investment Manager's Review on pages 8 and 9 and 10 to 12 respectively.

Performance Statistics

	31st December 2023	31st December 2022	% change
NAV per Ordinary Share	2,337.1p	2,283.2p	2.4%
Discount to NAV	(8.9%)	(17.2%)	8.3%
Closing mid-market price per Ordinary Share	2,130.0p	1,890.0p	12.7%
Dividends per Ordinary Share ¹	43.00p	40.00p	
Dividend yield*	2.0%	2.1%	
Ongoing Charges*	0.9%	0.5%	
Earnings per Ordinary Share – basic			
Revenue	50.4p	38.9p	
Capital	11.0p	-818.2p	
NAV return*	2.4%	-24.8%	
FTSE All-Share Index	3.8%	-3.2%	

*These are Alternative Performance Measures.

¹Assumes shareholder approval of the proposed final dividend of 31.25p per Ordinary share at the forthcoming AGM.

Explanation of Alternative Performance Measures (“APM”)

An alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flow that is not prescribed by the relevant accounting standards. The APMs are the dividend yield, ongoing charges and NAV return as defined below.

Dividend Yield

The dividend yield is a financial ratio which indicates how much the Company pays out in dividends each year relative to its share price. The figure is calculated by dividing the aggregate value of dividends per share in a given year by the closing share price as at 31st December each year and is represented as a percentage.

The dividend yield is calculated as follows:

	2023	2022
Total Dividends paid per Ordinary Share ¹ (a)	43.00p	40.00p
Closing mid-market price Ordinary Share (b)	2,130.0p	1,890.0p
Dividend Yield (a)/(b)*100	2.0%	2.1%

¹Assumes shareholder approval of the proposed final dividend of 31.25p per Ordinary share at the forthcoming AGM.

Ongoing Charges

Ongoing charges are expenses charged to revenue or capital that relate to the operation of the Company as an investment trust and are deemed likely to recur in the foreseeable future. They do not include the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. Ongoing charges are calculated on the basis of the annualised ongoing charge as a percentage of the average net asset value in the period.

Strategic Report (continued)

The calculation methodology for ongoing charges is set out by the Association of Investment Companies (“AIC”) and is calculated as follows:

	2023 £'000	2022 £'000
Investment management fee [†]	670	175
Other expenses	470	767
Total Expenses (a)	1,140	942
Average NAV (b)	133,930	174,479
Ongoing Charge (a)/(b)*100	0.9%	0.5%

[†]Following the appointment of Jupiter Unit Trust Managers as Investment Manager on 3rd October 2022, a management fee is payable quarterly to the Investment Manager. For more information see Note 3 on page 55.

NAV Return

The NAV return is the percentage change in closing NAV per share compared with opening NAV per share.

The NAV return is calculated as follows:

NAV per Ordinary Share 31st December 2023 (a)	2,337.1p
NAV per Ordinary Share 31st December 2022 (b)	2,283.2p
NAV return (a/b-1)*100	2.4%

Status

The Company is registered as an investment company as defined in section 833 of the Companies Act 2006 and operates as such. The Company is not a close company within the meaning of the provisions of the Corporation Tax Act 2010.

The Company is an “alternative investment fund” (“AIF”) for the purposes of the EU Alternative Investment Fund Managers (“AIFM”) Directive, as adopted in the UK. In the opinion of the Directors the Company has conducted its affairs during the year under review so as to qualify as an investment trust for the purposes of Chapter 4 of Part 24 of the Corporation Tax Act 2010 and continues to meet the eligibility conditions set out in section 1158 of the Corporation Tax Act 2010.

The Board is directly accountable to shareholders. The Company is listed on the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority (“FCA”). The Company is governed by its articles of association, amendments to which must be approved by shareholders by special resolution. The Company is a member of the Association of Investment Companies (“AIC”).

The FCA rules in relation to non-mainstream pooled investments do not apply to the Company.

Strategy for Meeting the Objectives

The Company’s objective is to exceed the benchmark index over the long-term whilst managing risk.

To achieve this objective, the Board appointed Jupiter on 3rd October 2022 to continue the Company’s long-term strategy of seeking out undervalued investments. This is supported by the five-yearly review that addresses the above objective. The most recent review was conducted in January 2021, at which the Board concluded that the continuation of the Company for the period until July 2026 was in the best interests of shareholders.

Strategic Report *(continued)*

The Company fulfils its investment objective and policy by operating as an investment company. The Board delegates operational matters to specialist third-party service providers. The closed-ended nature of the Company allows a longer-term view on investments because liquidity issues as a result of redemptions are less likely to arise. The Board has closely monitored performance in 2023 to ensure the Company's strategic objectives are continuing to be met.

In pursuing its strategy, close attention is also paid to the control of costs. Further information on this is contained in the Key Performance Indicators on page 21.

Investment Selection

There is a rigorous process of risk analysis at the level of the individual investment, based on the characteristics of the investee company. This controls the overall risk profile of the investment portfolio.

Since its appointment the Investment Manager has taken steps to balance risk and improve performance by reducing the Company's largest holdings and investing in additional holdings at similar weights. The Investment Manager also plans to invest in companies from a broader range of industries and sectors over time.

The investment portfolio is managed on a medium-term basis with a low level of investment turnover. This minimises transaction costs and ensures medium-term consistency of the investment approach.

The Company's investment activities are subject to the following limitations and restrictions:

The policy does not envisage hedging either against price or currency fluctuations. Whilst performance is compared against major UK indices, the composition of indices has no influence on investment decisions or the construction of the portfolio. As a result, it is expected that the Company's investment portfolio and performance will deviate from comparator indices.

Full details of the Company's portfolio are set out on page 13 and further information is set out in Notes 9 to 11 inclusive.

Sustainability of Business Model and promoting the success of the Company

The Board is responsible for the overall strategy of the Company and decisions regarding corporate governance, asset allocation, risk and control. The day-to-day management of the investments is delegated to the Investment Manager and the management of the operations to specialist third-party suppliers.

The Directors are conscious of their duties under section 172 of the Companies Act 2006 and, in particular, the overarching duty to promote the success of the Company for the benefit of the shareholders, with careful attention paid to wider stakeholders' interests. The Board is aware of the importance of ensuring that the Company has a sustainable, well-governed business model to achieve its strategy and objectives.

As part of discharging its section 172 duties, the Company, through the Investment Manager, uses its influence, where possible, as a shareholder to encourage the companies in which it invests to adopt best practice on environmental, social and corporate governance ("ESG") matters. Further related information can be found on pages 18 to 20.

The third-party service providers are a key element of ensuring the success of the business model. The Board monitors the chosen service providers closely to ensure that they continue to deliver the expected level of service. The Board also receives regular reporting from them, evaluates the control environment and governing contract in place at each service provider and formally assesses their appointment annually.

Culture & Values

All the Directors seek to discharge their responsibilities and meet shareholder expectations in an open and transparent manner. The Board seeks to recruit Directors who have diverse business experience including managing the types of companies in which the Company invests. The industry experience on the Board ensures that there is detailed knowledge and constructive challenge in the decision-making process. This helps the Company achieve its overarching aim of enhancing shareholder value. The Directors are mindful of costs and seek to ensure that the best value is achieved in managing the Company.

The Company's values of skill, knowledge and integrity are aligned to the delivery of its investment objective and are monitored closely by the Board.

The Board seeks to employ third party providers who share the Company's values and, importantly, will work with the Directors openly and transparently to achieve the Company's aims. As detailed in the Business Ethics section below, the Board expects and seeks assurance that the companies with which it works adopt working practices that are of a very high standard.

The Responsibilities as an Institutional Shareholder section below describes the Company's approach to managing its investments, including ESG matters.

Business Ethics

The Company maintains a zero-tolerance policy towards the provision of illegal services, bribery and corruption in its business activities, including the facilitation of tax evasion. As the Company has no employees and the Company's operations are delegated to third-party service providers, the Board seeks assurances from those providers that they comply with the provisions of the Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not within the scope of the Modern Slavery Act 2015.

Board Diversity

Mr D Best retired as a Director of the Company on 31st August 2023. Upon Mr Best's retirement Dr A Hosty became Chairman of the Company. The Company's affairs are overseen by a Board comprising four non-executive Directors, one of whom is female, three of whom are male. None of the Directors is from an ethnic minority background. The FCA Listing Rules on board diversity targets are as follows: at least 40% of board members should be women, at least one board member should be from an ethnic minority background and at least one of the senior positions on the board should be held by a woman. The role of Audit, Risk and Compliance Committee Chair is held by a woman, however, the first two of these targets are currently not met by the Company. In terms of progress in achieving diversity, the Board is committed to ensuring that vacancies arising are filled by the best qualified candidates, whilst recognising the benefits of diversity in the composition of the Board. Improving the Board's gender and ethnic diversity will be a key focus when the Board undertakes any further recruitment. Further details on the gender and ethnic background of the Directors are included in the Corporate Governance Statement on page 31.

The Directors have broad experience, bringing knowledge of investment markets, business, financial services, accounting and regulatory expertise to discussions on the Company's business. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's investment objective. Whilst appointments are based on skills and experience, the Board is mindful of the importance of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths and experience. All appointments are based on objective criteria and merit and are made following a formal, rigorous and transparent process.

Responsibilities as an Institutional Shareholder

The Board has delegated authority to the Investment Manager for monitoring the corporate governance of investee companies. The Board has delegated to the Investment Manager responsibility for selecting the portfolio of investments within investment guidelines established by the Board and for monitoring the performance and activities of investee companies. On behalf of the Company the Investment Manager carries out detailed research on investee companies and possible future investee companies through internally generated research. The research includes an evaluation of fundamental details such as financial strength, quality of management, market position and product differentiation. Other aspects of research include an appraisal of social, ethical and environmentally responsible investment policies.

The Board has delegated authority to the Investment Manager to vote on behalf of the Company in accordance with the Company's best interests. The primary aim of the use of voting rights is to address any issues which might impinge on the creation of a satisfactory return from investments. The Company's policy is, where appropriate, to enter into engagement with an investee company in order to communicate its views and allow the investee company an opportunity to respond.

Strategic Report (*continued*)

In such circumstances the Investment Manager would not normally vote against investee company management but would seek, through engagement, to achieve its aim. The Investment Manager would, however, vote against resolutions it considers would damage the Company's shareholder rights or economic interests.

The Company has a procedure in place such that where the Investment Manager, on behalf of the Company, has voted against an investee company resolution, it is reported to the Board.

The Board considers that it is not appropriate for the Company to formally adopt the UK Stewardship Code. However, many of the UK Stewardship Code's principles on good practice on engagement with investee companies are used by the Company, as described above.

Corporate and Social Responsibility

When investments are made, the primary objective is to achieve the best investment return while allowing for an acceptable degree of risk. In pursuing this objective, various factors that may impact on the performance are considered and these may include socially responsible investment issues.

As an investment trust, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 for the year to 31st December 2023 (2022: same). The Directors receive and use electronic meeting packs only. The Company provides electronic copies of the annual and half-yearly reports and other shareholder information on its website. All printed material, wherever possible, is on recycled material. The Investment Manager attempts to minimise the Company's carbon footprint. The Company's indirect impact occurs through the investments it makes.

The Company does not purchase electricity, heat, steam or cooling for its own use nor does it have responsibility for any other emissions producing sources.

Environmental, Social & Governance ("ESG") Reporting

Overview

As a high-conviction active asset manager, the Investment Manager recognises that it has an important role to play in the allocation of capital, both as active owners and long-term stewards of the assets in which it invests on behalf of clients. The investment team has a defined investment process, and consideration of material ESG issues is integrated into both investment analysis and decision-making, influencing asset allocation, portfolio construction, security selection, position sizing, stewardship, engagement and subsequent decisions on whether to remain invested or exit.

The Investment Manager's Responsible Investment Policy and Stewardship Report, available on its website (<https://www.jupiteram.com/board-and-governance/#our-approach-to-stewardship>), describes how it supports the Company's integration of environmental, social and governance (ESG) responsibilities, setting out its sustainability governance and oversight, its approach to ESG integration and materiality and core material ESG issues.

ESG in a UK small and mid-cap context

The Company's investment universe comprises small and mid-size companies which may be exposed to important sustainability risks and opportunities that can have material impacts on value. As an active investment manager, the Investment Manager believes that effective ESG integration cannot be outsourced to third parties, but must be incorporated into the fundamental analysis conducted by the investment team.

In particular, smaller companies remain under-researched by ESG rating agencies relative to their larger listed peers. Where they are covered at all, smaller companies are often penalised by rating agencies, either due to their corporate governance arrangements or a relative lack of detailed corporate disclosure about ESG issues. These factors present challenges but also, in the Investment Manager's view, opportunities to identify ESG risks or opportunities affecting companies which are not priced efficiently by financial markets.

Corporate Governance

To grow successfully, the leadership of smaller companies must not only execute strategically, they must also lay the foundations for future growth by creating appropriate corporate governance structures. The Investment Manager believes that as corporate culture is set at an early stage, the relationships formed with key stakeholders such as customers, the workforce and suppliers at this point in a company's development can be fundamental to long-term success. The Investment Manager fully endorses the principles of the UK Corporate Governance Code and, while it acknowledges the need for pragmatism with smaller companies, it still expects high standards of governance at investee companies to support their growth in a sustainable manner.

The Investment Manager assesses company governance on a range of issues. These issues may include but are not limited to:

- **Boards and executive leadership:** The Investment Manager builds an understanding of the quality of leadership teams and boards through assessment of i) board and committee composition and independence, ii) board and executive tenure and succession planning, iii) Diversity, Equity and Inclusion ("DE&I") oversight and actions at board level and throughout an enterprise, iv) oversight and management of corporate culture.
- **Remuneration:** Management incentivisation structures should be aligned with shareholder interests. The Investment Manager considers KPIs governing short and long-term incentivisation, as well as the overall quantum, when assessing remuneration packages. It seeks to understand how remuneration structures encourage correct behaviours and how management compensation decisions are linked to the wider employee and sustainability agenda.
- **Protection of minority rights and related party transactions:** The Investment Manager will escalate engagement where it believes that minority rights have been compromised.
- **Systemic risks:** The environment in which companies operate continues to change rapidly and the Investment Manager considers where businesses are exposed to wider systemic risks, including through the assessment of global standards, such as the UN Global Compact.
- **Conduct, litigation and relations with policy makers and regulators:** Poor relations with regulators can severely hamper corporate success and result in value destruction for investors. The Investment Manager seeks to understand board oversight of regulatory matters and how a company guards against malpractice.
- **Corporate culture:** The Investment Manager may engage with boards to understand how corporate culture is being led, developed, and monitored and to highlight strengths and areas for development. Where relevant, it seeks to understand how management is advancing culture and where and how culture challenges emerge.
- **Audit and control environment:** The Investment Manager considers quality and independence of auditors. It may escalate engagement with Audit Committee chairs where it believes that audit standards are not in line with its expectations.

Environmental

Climate

Limiting global temperature rises to 1.5 degrees above preindustrial levels, in line with the Paris Agreement, is an urgent challenge facing the global economy. The Investment Manager uses its influence as an investor through stewardship and active ownership to encourage companies to identify, manage and mitigate climate change risks or opportunities. It believes that the scale of climate change will impact all sectors, industries and asset classes and it acknowledges the positive role that investors can play in tackling it through its investment decisions and capital allocation.

Biodiversity

The Investment Manager considers biodiversity impacts in its ESG analysis of companies, in line with its approach and commitments. It engages with investee companies where it believes their practices are unsustainable, with the goal of achieving change, reversing biodiversity loss, while preserving and enhancing the value of the Company's assets.

Strategic Report *(continued)*

Social

Human Rights

Companies with poor management of human rights can face a range of issues including fines, workforce issues and supply chain challenges which may affect their licence to operate. The Investment Manager monitors and assesses human rights policies and procedures for its investee companies to ensure that they are promoting good governance and management of human rights issues. It expects companies to comply with internationally-recognised human rights codes and standards.

Human Capital

Good human capital management supports both value creation and business resilience, and the Investment Manager believes that investing in human capital correlates with longer-term business success. Promoting Diversity, Equity and Inclusion (DE&I) enables companies to attract talent from a wider talent pool. It also contributes to better decision-making, performance, innovation and employee satisfaction and retention. The Investment Manager understands that approaches to human capital management, including DE&I, will differ and, as an active owner, it seeks to understand an investee company's operating model and engage to advise on best practice and potential improvements.

Health and safety

Where a company fails to meet health and safety standards, the Investment Manager will engage and encourage the company to improve its practices and to disclose health and safety indicators. Good health and safety should be embedded in a business and the Investment Manager promotes a zero-harm ethos.

Engagement

Engagement is central to the Investment Manager's active ownership approach. The investment team maintains a dialogue with companies to inform its investment decisions and carry out strategic engagement, based on ESG materiality. The Investment Manager regularly engages with companies to monitor material ESG issues that will impact the long-term success of an investment. The Investment Manager is committed to long-term engagement goals; however, to protect shareholders' interests it reserves the right to exit an investment if the investment team concludes that progress is insufficient or does not meet the Company's strategic objectives. The Investment Manager also engages in collective engagement where such action aligns with its own objectives.

Proxy Voting

Exercising its shareholder voice through active proxy voting is central to the Investment Manager's stewardship approach to represent the Company's interests, hold boards to account and support investee companies. Its investment managers are accountable for the exercise of their shareholder votes supported by the Stewardship team, which is responsible for proxy voting operations, the monitoring of meeting ballots and providing an initial assessment of each meeting's agenda, including an assessment of independent proxy advisory research.

Data Science and third-party data resource

The Investment Manager's in-house data science team has built a proprietary desktop tool, known as ESG Hub, which allows the investment teams to apply multi-factor ESG screening to their investment universe and to build custom reports. The data science team also works with third-party ESG data providers to challenge and provide constructive feedback to enhance the quality and integrity of the ESG data sets it uses.

Screening

The Investment Manager does not exclude, except i) where required by law, ii) in line with the specifications of the Company's mandate, or iii) if a company is involved in banned activities under the following international conventions:

- The 1997 Ottawa Convention (Anti-Personnel Mine Ban Treaty)
- The 2008 Convention on Cluster Munitions (CCM)

It uses third party vendors to screen for involvement in controversial and banned weaponry.

Streamlined Energy and Carbon Reporting

The Company is categorised as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The Company's energy and carbon information is therefore not disclosed in this Report.

Review of the Business

A review of the year and commentary on the future outlook is provided in the Chairman's Statement on pages 8 and 9.

During the year under review, the assets of the Company were invested in accordance with the Company's investment policy.

During the year the Company's net assets have decreased from £140.8m to £131.4m, largely as a result of the ongoing share buyback programme, offset by a modest increase in the value of investments. At 31st December 2023 the net asset value per Ordinary share was 2,337.1p (2022: 2,283.2p).

Key Performance Indicators

The Board is provided with detailed information on the Company's performance at every Board meeting. Key Performance Indicators are:

- Shareholders' funds equity return compared to the FTSE All-Share Index (the Company's benchmark index).
- Dividends per Ordinary share.
- Ongoing Charges ratio (formerly titled the Total Expense Ratio).

Shareholders' funds equity return

In reviewing the performance of the Company, the Board monitors shareholders' funds in relation to the FTSE All-Share Index. During the year shareholders' funds increased by 2.4% compared to an increase of 3.8% in the FTSE All-Share Index. Over the five years ended 31st December 2023 shareholders' funds increased by 10.3% compared with an increase of 15.1% in the FTSE All-Share Index.

Dividends per Ordinary share

The total dividend per Ordinary share paid and proposed is 43.0p (2022: 40.0p).

Ongoing Charges

Ongoing charges are expenses charged to revenue or capital that relate to the operation of the Company as an investment trust and are deemed likely to recur in the foreseeable future. They include the investment management fee but do not include the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. Ongoing charges are calculated on the basis of the annualised ongoing charges as a percentage of the average net asset value in the period. The Ongoing Charges for the year ended 31st December 2023 were 0.9% (2022: 0.5%). Under the terms of the Investment Management Agreement, an operating expenses cap will be applied to the Company's annual ordinary operating expenses at 0.8 per cent. of the Company's average daily NAV during each financial year for a period of five years with effect from 3rd October 2022. Further details are given on page 29.

Principal Risks

The Board of Directors has a process for identifying, evaluating and managing the key risks of the Company. This process operated during the year and has continued to the date of this report. The Directors confirm that during the year they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Company's principal risks and how they are being managed or mitigated are described below.

Investment in an individual smaller company inherently carries a higher risk than investment in an individual large company. In a diversified portfolio, the portfolio risk of a smaller company portfolio is only slightly greater than the portfolio risk of a large company portfolio. The Company's portfolio is diversified. Additionally, the Company invests overwhelmingly in smaller UK listed and AIM traded companies and has no exposure to derivatives. The principal risks are therefore market price risk and liquidity risk. Further details on these risks and how they are managed may be found in Note 18 to the financial statements on pages 63 and 64.

Strategic Report *(continued)*

Additional key risks identified by the Company, together with the Board's approach to dealing with them are as follows:

Investment performance – The performance of the investment portfolio will deviate from the performance of the benchmark index. The Board's objective is to exceed the benchmark index over the long-term whilst managing risk. The Board ensures that the Investment Manager is managing the portfolio within the scope of the investment policy; the Board monitors the Company's performance against the benchmark; and the Board also receives detailed portfolio attribution analyses. The Board has a clearly defined investment philosophy which requires the Investment Manager to operate a diversified portfolio.

Share price discount – Investment trust shares often trade at a discount to their underlying net asset values. A disproportionate widening of the discount comparative to peers could lead to a decrease in value for shareholders. The Board continually monitors the level of the discount and discusses its discount management policy with the Investment Manager. On 7th December 2016, the Company implemented share buy-back arrangements to mitigate the risk of the discount increasing. In August 2023, the Board announced a further extension to the share buy-back programme. The Board has authorised the repurchase of shares up to a rolling £1 million per month until July 2024 (subject to the renewal of the buy-back authority at the forthcoming AGM).

Loss of key personnel – The Investment Manager is crucial to performance and the loss of key personnel could adversely affect performance in the medium term. The Board reviews its strategy for this risk annually. The Board has decreased the risk of having no key personnel available by appointing Jupiter Unit Trust Managers Limited (JUTM) as Investment Manager, in place of a sole Investment Director. Jupiter provides two dedicated fund managers to the Company as part of the Investment Management Agreement. Jupiter also regularly considers its remuneration packages in order to retain staff and routinely reviews succession planning.

Regulatory risk – The Company must comply with the requirements of section 1158 of the Corporation Tax Act 2010 to maintain its investment trust status. This is achieved by the consistent investment policy and is monitored by the Board. The Board seeks assurance from the Administrator that the investment trust status is being maintained. The Board reviews a schedule of regulatory risk items at its Board meetings and takes action to address any regulatory changes.

Protection of assets – The Company's assets are protected by the use of an independent custodian, Northern Trust Company. The Board monitors the custodian to ensure assets remain protected. The Company operates internal controls to safeguard assets held by the custodian, for example, through the Administrator which reconciles the Company's cash and stock positions to the custodian's records on a daily basis.

Political risk – Changes in the political landscape could substantially affect the Company's prospects and the value of its investment portfolio. Political risks are discussed at Board meetings. The risks to market stability as a result of international conflicts are discussed between the Investment Manager and the Board, including the impact of the ongoing war between Russia and Ukraine and the escalating hostilities in the Middle East. The Company has no exposure to Russian stocks within its portfolio and therefore there has been no need to amend the Company's investment approach.

Climate change risk – Climate change will bring fundamental shifts to economic activity and human behaviour across the planet. The Board and Investment Manager regularly consider how climate change could affect the Company's investment portfolio and shareholder returns.

Pandemic Risk – The COVID-19 pandemic highlighted the speed at and extent to which a pandemic or health emergency can exert strain on both global and localised economies and infrastructure. The structural changes that have been accelerated by the pandemic continue to present risks and opportunities for different sectors and their products, markets and supply chains. The Investment Manager mitigates exposure to these risks by carefully monitoring performance and adaptability of portfolio companies, diversifying investments and seeking to learn lessons from the COVID-19 pandemic which may be of use in the event of future pandemics or health crises.

Economic conditions – Changes in economic conditions including, but not limited to, interest rates, rates of inflation, competition and tax legislation, could have a significant effect on the Company's prospects and the value of its investment portfolio. The Board reviews the investment strategy and the portfolio at each Board meeting, taking into account economic conditions in the market sectors in which the Company invests. The Board continually considers economic conditions whilst seeking to meet the Company's investment objective.

These and other risks facing the Company are reviewed regularly by the Audit, Risk and Compliance Committee and the Board.

Section 172 Statement

The Board seeks to promote the success of the Company for the benefit of its shareholders. In doing so it gives consideration to the likely long-term consequences of any decision with regard to the interests of its business relationships and the environment in which it operates. As at 31st December 2023, the Company had no employees.

Stakeholder Group	Engagement in the year and their material issues
Investors	<p>Shareholders play an important role in monitoring and safeguarding the governance of the Company. They have access to the Board via the Company Secretary throughout the year. The Board welcomes the opportunity to engage with shareholders at its Annual General Meeting. The Company continues to communicate with shareholders via the Company Secretary, its website and the publication of its financial reports throughout the year.</p> <p>The Board encourages shareholders to ask questions of the Chairman of the Board and all other Directors via the Company Secretary and to ask questions of the Investment Manager. Shareholders may submit questions to cosec@maitlandgroup.com or investmentcompanies@jupiteram.com. Communication with shareholders enables the Board to make informed decisions when considering how to promote the success of the Company over the long term.</p>
Suppliers	<p>The Board relies on a number of advisors for support in the successful operation of the Company and in meeting its obligations. The Board therefore considers the Investment Manager, Secretary/Administrator, Broker, Registrar, Custodian and Depository to be stakeholders.</p> <p>Key suppliers are required to report to the Board on a regular basis and, as detailed on page 16, there is a robust framework in place to evaluate their performance annually. The Company employs a collaborative approach and looks to build long-term partnerships based on open terms of business and fair payment terms.</p> <p>The Secretary engages with key suppliers to ensure that services provided are satisfactory.</p>
Investee Companies	<p>The Board recognises the benefits of good communication with and stewardship of investee companies and the importance of such in meeting the Company's investment objective.</p> <p>The Investment Manager meets with the management of companies in which the Company has a significant interest and reports on findings to the Board regularly.</p>
Regulators	<p>As a company listed on the London Stock Exchange, the Board ensures compliance with the necessary rules and regulations relevant to the Company in order to build trust and maintain its reputation in the market.</p>
Community and environment	<p>As discussed in more detail on pages 21 to 23 and throughout this report, in pursuing the Company's objectives, various factors that may impact on performance are considered. These may include environmental, social and governance ('ESG') issues. The Board believes that poor practices can have an impact on the value of investments and potential investments and consideration of ESG factors as part of the investment process is therefore key.</p>

Strategic Report *(continued)*

Factoring Stakeholders into Principal Decisions

The Board defines principal decisions as not only those that are material to the Company but also those that are significant to any of the Company's key stakeholders as identified above. In making the following principal decisions, the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly as between the members of the Company.

Principal Decision 1	<i>Audit Tender</i>	The Company conducted a competitive tender of its audit services during the year under review led by the Audit, Risk and Compliance Committee. The result of the tender process, described more fully on page 36, is that the Board proposes the appointment of Ernst & Young LLP ('EY') as auditor for the financial year ending 31st December 2024. The appointment is subject to shareholder approval at the Annual General Meeting to be held on 27th March 2024. Resolutions concerning EY's appointment and remuneration will be submitted to that meeting.
Principal Decision 2	<i>Board Composition</i>	On 31st August 2023 Mr D Best retired from the Board. Following his retirement the Board undertook a detailed review of its own composition, including the knowledge and experience therein. As a result of this review the Board concluded that it was not necessary to increase the current number of directors at present. The Board will continue to review its composition annually or in the event of any further changes.
Principal Decision 3	<i>Share buy-back programme</i>	In August 2023 the Company announced a further extension of the share buyback programme. The Board has authorised repurchases of shares up to a rolling £1 million per month until July 2024. The continuation of the programme is designed to address the share price discount.
Principal Decision 4	<i>Dividend Policy</i>	The Board continues to operate a progressive dividend policy. Despite the political and economic outlook, the Board has increased the annual dividend, having paid and recommended dividends totalling 43.00p per share to shareholders for the financial year ended 31st December 2023 (2022: 40.0p).
Principal Decision 5	<i>Remuneration</i>	During the year the Nominations and Remuneration Committee undertook a review of the level of non-executive Directors' fees. The Committee considered the level of fees relative to various benchmarks, together with the Company's performance and the need to attract and retain directors of a high calibre. The Committee concluded that Directors' fees should be increased by £1,250 for the Chair of the Audit, Risk and Compliance Committee, by £2,000 for the Chairman and by £1,500 for each of the other non-executive directors with effect from 1st January 2024 and that the fees should continue to be reviewed annually to ensure that the levels of remuneration remain attractive to current and prospective directors. On the recommendation of the Nominations and Remuneration Committee the Board considered and approved the proposed increase in Directors' fees.
Principal Decision 6	<i>Management Engagement Committee</i>	The Board monitors the Investment Manager's performance against the Company's investment objective at each Board meeting. In addition, the Board took the decision to establish a Management Engagement Committee in early 2023. The Committee meets annually to review the contractual terms of the Investment Management Agreement and the performance of the Investment Manager.

Factoring Stakeholders into Principal Decisions (continued)

Principal Decision 7 *Withdrawal of Share Split Resolution*

The 2023 notice of Annual General Meeting ('AGM') contained a resolution proposing that the Company's existing Ordinary shares of 25p each be sub-divided into 10 new Ordinary shares of 2.5p each. The Directors believed that the sub-division may improve the liquidity in and marketability of the Company's shares for the benefit of all shareholders.

Following shareholder consultation subsequent to the AGM notice being circulated to shareholders, the resolution to sub-divide the shares was withdrawn from the business of the 2023 AGM. Having completed this further consultation, the Board concluded that the benefits of the share split would not be as far-reaching as originally anticipated. Consequently, there is no intention to propose a sub-division of the shares in the foreseeable future.

Viability Statement

The Board reviews the performance and progress of the Company over five-year periods and uses these assessments, regular investment performance updates from the Investment Manager and a continuing programme of risk monitoring to assess the future viability of the Company. The Directors consider that a period of five years is a reasonable time horizon to consider the viability of the Company. The Company also uses this period for its strategic planning. The following facts support the Directors' view of the viability of the Company:

- The Company's portfolio comprises marketable smaller UK-listed and AIM traded securities and has short term cash on deposit.
- The Company does not use gearing.
- The expenses of the Company were covered 3.5 times by investment income in 2023.

In order to maintain viability, the Company has a robust risk control framework for the identification and mitigation of risk which is reviewed regularly by Board. Consideration was also given to the principal risks and uncertainties faced by the Company, as detailed on pages 21 to 23. The Directors seek assurances from suppliers that their operations are well managed and that they are taking appropriate action to monitor and mitigate risk. The Board also considered the political and economic environment in relation to the Company's investment positions, its future income streams and its ability to continue trading.

Based on the above, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Shareholder Communication

The Board is committed to maintaining open channels of communication with shareholders. It is the Chairman's role to ensure effective communication with the Company's shareholders and it is the responsibility of the Board to ensure that satisfactory dialogue takes place, based on the mutual understanding of objectives. The Board remains cognisant of the importance of clear communications with shareholders and will respond to all reasonable requests for information or meetings.

The Investment Manager maintains a regular dialogue with major shareholders and reports to the Board. In the event that shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time via the Company Secretary at cosec@maitlandgroup.com. The Annual Report and half-year results are circulated to shareholders wishing to receive them and are available on the Company's website. These provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by the daily calculation and publication of the NAV per share. Shareholders are encouraged to ask questions either at the Annual General Meeting or via the Company Secretary.

Strategic Report *(continued)*

Company's Directors and Employees

The number of directors at 31st December 2023 was four (2022: five).

	2023		2022	
	Male	Female	Male	Female
Directors (non-executive)	3	1	5	0
Other Employees	0	0	0	0

The Directors have considered the Strategic Report and believe that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance and strategy.

The Strategic Report was approved by the Board and signed on its behalf by:

Dr Andrew J. Hosty

Chairman

20th February 2024

Report of the Directors

The Directors have pleasure in submitting their Report, together with the audited financial statements in respect of the year ended 31st December 2023.

Directors

The Directors who served during the year were as follows:

Dr Andrew Hosty (Chairman of the Board and of the Management Engagement Committee)

Andrew is a Chartered Engineer and Fellow of the Royal Academy of Engineers. He is an international business leader with over 20 years of non-executive board experience and 30 years of executive and management experience, spanning private equity, UK Plc and global blue-chip corporates. From 2016 to 2018 Andrew was the CEO of the Sir Henry Royce Institute, the UK's home of advanced materials research and innovation. Andrew was Chief Operating Officer of Morgan Advanced Materials and served on the Plc Board as an Executive Director from 2010 to 2016. These experiences and his current work with other operating companies mean that Andrew can contribute to a range of business matters over a wide spectrum of end markets.

Jonathan Roper (Senior Independent Director)

Jonathan is a solicitor and until his retirement from practice was a partner in Eversheds Sutherland (formerly Eversheds LLP.) He has more than 35 years' experience of commercial practice in the City, advising primarily on public and private company mergers and acquisitions, joint ventures and equity and other financing arrangements for UK and overseas clients, including many in the financial services sector, and often at a strategic board level. Until recently, was a member of the Council of the London School of Hygiene & Tropical Medicine and chair of its Audit & Risk Committee.

Simon Knott

Simon served as Investment Director of the Company from 1983 focusing on UK smaller companies. Following the appointment of Jupiter as Investment Manager on 3rd October 2022 Simon retired as Investment Director but remains a non-executive director of the Company.

Helen Vaughan (Chair of the Audit, Risk and Compliance Committee)

Helen is a Chartered Accountant and a certified independent fund director. She has over 30 years of investment management experience. As the Chief Operating Officer for the J O Hambro Capital Management Group, Helen oversaw the transformation of the Group's operating model to one which supported rapid growth and also significantly reduced operational risk to the business. She retired from this company in September 2019. Prior to this, Helen was Director of Business Development at Credit Suisse Asset Management and before that Head of Investment Operations at SLC Asset Management and Head of Client Accounting at Framlington Group Limited.

David Best (Retired 31st August 2023)

David is a Chartered Accountant and has been a director of a number of private companies. He was previously Group Finance Director of Peterhouse Group PLC and a Managing Director of YFM Group, a private equity business. He has over 35 years of investment experience across a number of businesses; since 2011 he has been involved with Mercia Asset Management PLC and its predecessor operations as its board representative advising on a number of portfolio companies. His involvement in operating companies allows him to share insights with the Board on the issues businesses face across a number of varied sectors.

Report of the Directors (continued)

Dividends

The Board is recommending a final dividend of 31.25p per Ordinary share (2022: 29.25p). If approved, taken with the interim dividend of 11.75p per Ordinary share (2022: 10.75p), this will result in a total dividend to the holders of Ordinary shares for the year of 43.00p per Ordinary share (2022: 40.00p).

Substantial Shareholdings

As at 16th February 2024 the Company had received notification in accordance with Chapter 5 of the Disclosure and Transparency Rules of the following voting rights:

	Ordinary shares	% of voting rights*
Dartmoor Investment Trust	609,258	11.00
S. J. B. Knott	488,111	8.02
J. Knott	471,074	7.74
Rathbones Investment Management International Ltd	284,109	4.94

* The percentage of voting rights is as at the time of the notification.

Section 414C(11) Companies Act 2006 Information

The Company has chosen to set out in the Strategic Report all information relating to the above.

Section 992 Companies Act 2006 Disclosures

Details of the Company's capital structure and voting rights are given on page 2 of this document and in Note 14 on page 61 of the financial statements.

Corporate Governance

Full details are given in the Corporate Governance Statement on pages 30 to 33. The Corporate Governance Statement forms part of this Directors' Report.

Whilst the Company has no employees or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders including, but not limited to, its shareholders and service providers. The effect of this consideration upon the principal decisions taken by the Company during the year to 31st December 2023 is set out in further detail in the Strategic Report on pages 14 to 26.

Stakeholder Considerations

The Notice of the Annual General Meeting to be held on 27th March 2024 is set out on pages 5 to 7.

Share Buyback Authority (resolution 10): The Board is seeking to renew the authority granted at the Annual General Meeting held on 23rd March 2023 that authorises the Company to make market purchases of Ordinary shares for cancellation. At the forthcoming Annual General Meeting the Directors will seek to renew this authority to buy back for cancellation up to 14.99% of Ordinary shares in issue, representing 824,245 Ordinary shares as at 16th February 2024. The authority will expire at the conclusion of the Annual General Meeting of the Company in 2025 unless the authority is renewed. The share buyback programme was extended for a further 12 months in August 2023. Cavendish Capital Markets, the Company's broker, continues to facilitate these buybacks on the Company's behalf and in accordance with the relevant provisions of the Companies Act 2006 and Listing Rules.

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

Directors' Remuneration Report

The Directors' Annual Remuneration Report on pages 38 to 40 provides information on the Directors' remuneration and their interests in the share capital of the Company, together with details of their letters of appointment and memoranda of service.

Investment Management Agreement

JUTM provides discretionary investment management services to the Company under an Investment Management Agreement ('IMA') dated 30th August 2022. The IMA provides for an investment management fee equal to 0.6 per cent per annum on the Company's NAV up to and including £200 million and 0.5 per cent per annum on the Company's NAV in excess of £200 million.

An operating expenses cap will be applied in respect of each financial year by means of a balancing charge which will reduce the management fee payable to the Investment Manager with respect to the quarter ending 31st March of the following financial year. Under the terms of the IMA the Manager has agreed to cap the Company's annual ordinary operating expenses incurred and calculated in accordance with the Company's usual procedures at 0.8 per cent. of the Company's average daily NAV during each financial year. The operating expenses cap will not apply to the extent that the management fee would be less than 0.5 per cent of the Company's average daily NAV during any financial year. The operating expenses cap will apply for a period of 5 years with effect from 3rd October 2022. The Manager and the Board will review the operating expenses cap at least annually to determine whether the level of the cap remains appropriate.

The IMA may be terminated by either the Company or JUTM on not less than six months' notice to the other party or earlier in the event of default. There is no compensation payable on termination.

The Board has reviewed the performance of the Investment Manager and believes that its continuing appointment is in the best interests of the Company and its shareholders.

Administration & Secretarial Agreement

The accounting, company secretarial and administrative services are provided by Apex Fund Administration Services (UK) Limited under an agreement terminable by either party on not less than six months' notice or earlier in the event of default. There is no compensation payable on termination.

Disclosure of Information to Auditor

So far as each Director at the date of approval of this report is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Going Concern

The Company's assets comprise mainly readily realisable equity securities and cash and the value of its assets is significantly greater than its liabilities. Additionally, after reviewing the Company's budget, including the current financial resources and projected expenses for the next 12 months and its medium-term plans, the Directors believe that the Company's resources are adequate for it to continue in operational existence for the foreseeable future. The Directors have considered the impact of the increased market volatility since the outbreak of COVID-19, the risks arising from the ongoing conflict between Russia and Ukraine and in the Middle East, as well as the political and economic uncertainty in relation to both the Company's operations and performance, and have concluded that the Company will continue to be able to meet its financial obligations and that these factors do not affect the going concern status. Accordingly, the Directors consider that it is appropriate to continue to prepare the financial statements on a going concern basis.

General

The Company purchases liability insurance covering the Directors and Officers of the Company.

The Directors' Report was approved by the Board and signed on its behalf by:

Dr Andrew J. Hosty

Chairman

20th February 2024

Corporate Governance Statement

AIC Code

The Board has considered the AIC Code of Corporate Governance, published in February 2019 (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional provisions on issues that are of specific relevance to investment companies.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The Board confirms that the Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Operation of the Board of Directors

The Directors of the Company, as shown on page 3, are Dr A. J. Hosty, Mr S. J. B. Knott, Mr J. B. Roper and Ms M. H. Vaughan. Mr D. Best served as a Director until his retirement on 31st August 2023. The Directors' biographical details, set out on page 27, demonstrate a breadth of investment, commercial and professional experience.

The Board is collectively responsible for promoting the success of the Company. It deals with the important aspects of the Company's affairs, including the setting of parameters for and the monitoring of investment strategy, as well as the review of investment performance. It reviews the share price and the discount or premium to net asset value. The Board sets limits on the size and concentration of new investments. The application of these and other restrictions, including those which govern the Company's tax status as an investment trust, are reviewed regularly at meetings of the Board and have been subject to close monitoring during the financial year.

The Board delegates all investment matters to the Investment Manager but retains all decisions concerning unquoted investments. The Investment Manager takes decisions as to the purchase and sale of individual investments and is responsible for effecting those decisions on the best available terms in accordance with the investment policy as stated on page 2.

The Chairman leads the Board and ensures that it deals effectively with all the aspects of its role. In particular, he ensures that the Administrator provides the Directors, in a timely manner, with management, regulatory and financial information that is clear, accurate and relevant. Representatives of the Administrator attend each Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern. There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.

The Directors, their roles and attendance records are as follows:

Directors	Role	Audit, Risk and Compliance Committee	Nominations and Remuneration Committee	Management Engagement Committee	Board meetings attended	Committee meetings attended
Mr S. J. B. Knott	Non-executive	Yes	Yes	Yes	6 (7)	6 (6)
Mr D. M. Best*	Non-executive	No	Yes	Yes	5 (5)	–
Dr A. J. Hosty	Non-executive	No	Yes	Chairman	7 (7)	5 (5)
Mr J. B. Roper	Non-executive	Yes	Chairman	Yes	7 (7)	6 (6)
Ms M. H. Vaughan	Non-executive	Chairman	Yes	Yes	7 (7)	6 (6)

*Mr D. Best retired from the Board on 31st August 2023.

Seven board and six board committee meetings were held during the year. In addition, two ad-hoc Board Committee meetings were held to approve the Annual Report and the Half Year Report. With effect from 31st August 2023 Dr A. J. Hosty ceased to be a member of the Audit, Risk and Compliance Committee but may attend meetings by standing invitation.

Independence of the Directors

The Board of Directors, which comprises four non-executive Directors, three of whom are considered to be independent, normally meets six times a year to review the affairs of the Company. The Directors have reviewed their independence by reference to the AIC Code. Mr S. J. B. Knott is not deemed independent by virtue of his previous position as Investment Director. All other Directors have had no material connection other than as Directors of the Company. The Board is of the opinion that each of the three non-executive Directors is independent in character and judgment and that there are no relationships or circumstances that are likely to affect their judgment. Mr. J. B. Roper has now served on the Board for more than nine years and (along with the other Directors) will stand for re-election by the shareholders each year. The Board is firmly of the view, however, that length of service does not of itself impair a Director's ability to act independently. As such, the Board considers Mr. J. B. Roper to be independent but, in accordance with the Code, his role and contribution will be subject to particularly rigorous review.

Board Diversity – Gender and Ethnic Background

In accordance with Listing Rule 9.8.6 R(9) and (11), the Company is required to include a statement in the Annual Report setting out whether it has met the following targets on board diversity. The reference date for this statement is 31st December 2023, the Company's year end:

- 1) At least 40% of individuals on its board are women;
- 2) At least one of the senior board positions is held by a woman; and
- 3) At least one individual on its board is from a minority ethnic background.

The following tables set out the prescribed format for information in accordance with the requirements of LR 9 Annex 2.

(a) Table for reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	75%	2
Women	1	25%	1
Not specified/prefer not to say	-	-	-

(b) Table for reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	4	100%	3
Mixed Multiple Ethnic Groups	-	-	-
Asian/Asian British	-	-	-
Black/African/Caribbean/Black British	-	-	-
Other ethnic group, including Arab	-	-	-
Not specified/prefer not to say	-	-	-

The Listing Rules only recognise the roles of Chairman, Chief Executive (CEO), Senior Independent Director and Chief Financial Officer (CFO) as senior board positions. As an externally managed investment company with no executive management the Board considers that the CEO and CFO positions are not relevant to the Company. The Board does, however, consider the Chair of the Audit, Risk and Compliance Committee to be a senior board position and the above disclosure is made on this basis.

The Listing Rules require disclosure of an explanation of the Company's approach to collecting the data used for the purposes of making the disclosures. The data was collated in consultation with the Directors.

Further details on Board diversity and the Board's approach to meeting the diversity targets are set out in the Strategic Report on page 17.

There have been no changes to the Board since 31st December 2023 and the date of approval of this report.

Corporate Governance Statement *(continued)*

Conflicts of Interest

The Articles of Association reflect the codification of certain Directors' duties arising from the Companies Act 2006 and in particular the duty for Directors to avoid conflicts of interest. The Board has put in place a framework in order for Directors to report conflicts of interest or potential conflicts of interest.

All Directors are required to notify the Company Secretary of any situations, or potential situations, where they consider that they have or may have a direct or indirect interest or duty that conflicts or may possibly conflict with the interests of the Company. The Board considers that the framework has worked effectively throughout the period since its adoption. Directors are also made aware that there remains a continuing obligation to notify the Company Secretary of any new situation that may arise, or any change to a situation previously notified. It is the Board's intention to continue to review all notified situations on a regular basis. This process was maintained throughout the year.

Nominations and Remuneration Committee

The Committee oversees a formal review procedure and evaluates the overall composition of the Board from time to time, taking into account the existing balance of skills and knowledge. Its chairman is an independent non-executive Director. There are procedures for new Directors to receive relevant information on the Company together with appropriate induction. The Committee is satisfied that the Board and its Committees function effectively, both collectively and individually, and that they contain the appropriate balance of skills and experience to provide effective management. The Board uses a skills matrix in order to identify any gaps in the current Board's knowledge and experience which will be used to support future evaluations and succession planning. The Committee also reviews the composition of the Board and manages the recruitment process for new Directors.

Further details of the work of the Committee are given on page 38.

Board and Director Evaluation

The Board formally reviews its performance and the performance of its committees on an annual basis. The annual evaluation took place following the end of the financial year and questionnaires were used to facilitate the assessment of the performance of the Board, individual directors and the Chairman and to make recommendations as to how the effectiveness of the Board might be improved. The results of the performance evaluation were discussed by the Directors and it was agreed that the composition of the Board and its committees reflected a suitable mix of skills and experience and that the Board and its committees were functioning effectively. The evaluation further confirmed that all Directors continue to be effective on behalf of the Company and committed to the role.

In order to prevent "over boarding" and possible conflict, any significant external commitments require the prior consent of the Board.

Tenure of Directors

As in previous years, all incumbent Directors retire at each Annual General Meeting and, if appropriate, seek re-election. Being eligible, Dr A. J. Hosty, Mr J. B. Roper, and Mr S. J. B. Knott and Ms M. H. Vaughan offer themselves for re-election. The Board considers that the Directors should be re-elected because they bring broad, current and relevant business experience that allows them to contribute effectively to the leadership of the Company. The Board evaluation confirmed that the performance of all directors continues to be effective and that all Directors are committed to their roles.

Each non-executive Director has signed a letter of appointment to formalise the terms of their engagement as a Director of the Company (or there is a memorandum of such terms), copies of which are available on request and at the Company's Annual General Meeting. No Director is or was materially interested in any contract subsisting during or at the end of the year that was significant in relation to the Company's business.

No Director has, or during the financial year had, a contract of service with the Company.

The Company is committed to ensuring that vacancies arising are filled by the best qualified candidates and recognises the value of diversity in the composition of the Board.

Risk Management and Internal Control

The Board is fully aware of its duty to present a balanced and understandable assessment of the Company's position. It acknowledges its responsibility for the Company's system of internal financial controls and their effectiveness. The Board meets regularly and reviews performance against approved plans and forecasts. In addition, the day-to-day administration and accounting functions are carried out by the Administrator and reports are submitted regularly to the Board.

As part of the system of internal control, there is a process to identify, evaluate and manage the significant risks faced by the Company, which has been in place during the year under review and up to the date of approval of these financial statements. This has been reviewed by the Board, is in accordance with the guidelines in the AIC Code and is considered by the Board to be effective and fit for purpose. The system of risk analysis adopted by the Board is designed to manage rather than eliminate the risk of failure to achieve the investment objectives of the Company. It must be stressed that undertaking an acceptable degree of controlled risk is always necessary in the management of any investment trust if above average performance is to be achieved. For this reason, the process can only provide reasonable and not absolute assurance against loss.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is a formally constituted committee of the Board with defined terms of reference, which include its role and the authority delegated to it by the Board, and which are available at the Company's registered office and on the Company's website. Its specific responsibilities include reviewing the Company's annual and half yearly results, together with the supporting documentation.

This Committee also reviews the performance of key suppliers; however, the performance of the Investment Manager is reviewed by the newly established Management Engagement Committee.

Further details are given in the Report of the Audit, Risk and Compliance Committee on pages 34 to 37.

Management Engagement Committee

Following the appointment of JUTM as Investment Manager the Board established a Management Engagement Committee. The Committee comprises all Directors and is chaired by Dr A. J. Hosty. The Committee meets at least annually to conduct a formal evaluation of the Investment Manager. The evaluation includes the consideration of the investment strategy and the processes of the Investment Manager, as well as its overall service to the Company and shareholders. As a result of this process, the Board, having been advised by the Management Engagement Committee, is satisfied that the continuing appointment of the Investment Manager is in the interests of shareholders as a whole.

Independent Auditor

The Company conducted a tender of its audit services during the year under review led by the Audit, Risk and Compliance Committee. The result of the tender process, described more fully on page 36, was that the Board proposes the appointment of Ernst & Young LLP ('EY') as auditor for the financial year ending 31st December 2024. EY has expressed its willingness to be appointed auditor to the Company. The appointment is subject to shareholder approval at the Annual General Meeting to be held on 27th March 2024 and resolutions concerning EY's appointment and remuneration will be submitted to that meeting.

Statement of Compliance

The Directors consider that during the year ended 31st December 2023 the Company complied with all the relevant provisions set out in the AIC Code.

This Corporate Governance Statement was approved by the Board and signed on its behalf:

Dr Andrew J. Hosty

Chairman

20th February 2024

Report of the Audit, Risk and Compliance Committee

Role of the Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee's main functions are as follows:

- To monitor the internal financial control and risk management systems on which the Company is reliant.
- To monitor the integrity of the half-year and annual financial statements of the Company by reviewing and challenging, where necessary, the actions and judgments of the Investment Manager.
- To meet the Auditor to review its proposed audit programme and the subsequent Audit Report, to review the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work.
- To make recommendations to the Board in relation to the appointment, reappointment or removal of the Auditor and to negotiate its remuneration and terms of engagement on audit and non-audit work.
- To monitor and review annually the Auditor's independence, objectivity, effectiveness, resources and qualification.
- To monitor the performance of key suppliers.

The Audit, Risk and Compliance Committee meets at least twice each year and operates within defined terms of reference which are available at the Company's registered office and on the Company's website.

Composition of the Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee comprises three non-executive Directors, at least one of whom has recent and relevant financial experience.

Significant Issues and Risks

In planning its own work and reviewing the audit plan of the Auditor, the Audit, Risk and Compliance Committee takes account of the most significant issues and risks, both operational and financial, likely to impact upon the Company's financial statements.

The valuation of the investment portfolio is a significant risk factor; however, the values of all investments can be verified against daily market prices.

A further significant risk control issue is to ensure that the investment portfolio reported upon in the financial statements is supported by evidence of physical ownership of the relevant securities. The Company uses the services of an independent custodian, Northern Trust Company, to hold the assets of the Company. The investment portfolio is regularly reconciled to the custodian's records and that reconciliation is also reviewed by the Auditor. Northern Trust Company also acts as the Company's Depository.

The incomplete or inaccurate recognition of income in the financial statements are risks. Internal control systems, including frequent reconciliations, are in place to ensure income is fully accounted for. The Board is provided with information on the Company's income account at each meeting.

Financial statements issued by the Company need to be fair, balanced and understandable. The Audit, Risk and Compliance Committee reviews the Annual Report as a whole and makes suitable recommendations to the Board.

The Company's half-yearly report is approved by the Audit, Risk and Compliance Committee prior to publication.

The Audit, Risk and Compliance Committee assesses whether it is appropriate to prepare the Company's financial statements on a going concern basis and makes recommendations to the Board. The Board's conclusions are set out in the Report of the Directors.

Internal Controls

The Audit, Risk and Compliance Committee is responsible for ensuring that suitable internal control systems to prevent and detect fraud and error are designed and implemented and is also responsible for reviewing the effectiveness of such controls. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Report and is regularly reviewed. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and the policies by which these are managed. The risks of failure of any such controls are identified in a risk assessment which identifies the likelihood and severity of the impact of such risks and the controls in place to minimise the probability of such risks occurring; the risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, but not absolute, assurance against material misstatement or loss. Equally, it must be stressed that undertaking an acceptable degree of controlled risk is always necessary in the management of any investment trust if above average performance is to be achieved.

The following are the key components which the Company has in place to provide effective internal control:

- The Board has agreed clearly defined investment criteria; reports on compliance therewith are regularly reviewed by the Board.
- The Board has a procedure to ensure that the Company can continue to be approved as an investment trust by complying with section 1158 of the Corporation Tax Act 2010.
- The Administrator prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance.
- The performance of the Investment Manager and any contractual agreements with other third party service providers, and adherence to them, are regularly reviewed.
- The Company does not itself have a whistleblowing policy in place. The Company delegates its administration to third party providers which have such policies in place.

The Audit, Risk and Compliance Committee has reviewed the need for an internal audit function, but has concluded that, given the size of the organisation and the clear segregation of investment management and control of the assets, there is no need for such a function at the current time. The Audit, Risk and Compliance Committee continues to keep such a requirement under review.

External Audit and Process

The Audit, Risk and Compliance Committee meets at least twice a year with the Auditor. The Auditor provides a planning report in advance of the annual audit and a report on the annual audit. The Committee has an opportunity to question and challenge the Auditor in respect of each of these reports; it also agrees the level and scope of materiality to be adopted in respect of the annual audit.

In addition, at least once a year, the Audit, Risk and Compliance Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Investment Manager and Administrator.

After each audit, the Audit, Risk and Compliance Committee will review the audit process and consider its effectiveness.

Report of the Audit, Risk and Compliance Committee *(continued)*

Auditor Assessment and Independence

The Company's Auditor is Begbies, which has been the Company's Auditor since 2006. Begbies will not be offering itself for re-appointment for the coming year. The Company has undertaken a tender process to appoint a new audit firm, further details of which are set out below.

Under normal circumstances rotation of the Audit Partner would take place in accordance with Ethical Standard 3; "Long Association with the Audit Engagement" of the Financial Reporting Council ("FRC"). Mr Jeremy Staines has been the engagement partner for five years and, as such, should cease to act as such for this sixth year; however, the FRC's Ethical Standard allows a degree of flexibility in this in order to safeguard the quality of the audit. Consequently, in order to provide continuity in its final year as Auditor to the Company, Begbies has proposed that Mr Staines should remain as engagement partner for this final audit. The FRC has been informed of this proposal and has not made any objections to it.

The Audit, Risk and Compliance Committee has considered Begbies' proposal and the safeguards to be implemented to ensure the firm's independence as a result of Mr Staines continuing appointment as engagement partner and is satisfied that these will be sufficient to mitigate any potential threats to Begbie's independence.

The fees for audit purposes were £19,500 (2022: £18,300).

The Audit, Risk and Compliance Committee has approved and implemented a policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the FRC, and does not believe there is any impediment to the Auditor's objectivity and independence. All non-audit work to be carried out by the Auditor must be approved by the Audit, Risk and Compliance Committee in advance. The cost of non-audit services provided by the Auditor for the financial year ended 31st December 2023 was £nil (2022: £4,500).

Independence

During the year the Committee reviewed the independence policies and procedures of the Auditor, including quality assurance procedures. It was considered that those policies and procedures remained fit for purpose.

Audit Tender

As noted on page 24, the Committee conducted a tender of the Company's audit services during the year under review. Invitations to tender were issued to six audit firms, resulting in two comprehensive proposals being submitted and four firms deciding that they were unable to participate in the process. The proposals from the two firms were discussed in detail by the Audit, Risk and Compliance Committee. In evaluating the proposals, the primary focus was on audit quality, with consideration of the proposed audit approach and service delivery. Other factors considered by the Committee were the quality and experience of the proposed audit team members, as well as the audit firms' knowledge and experience in the investment trust sector and the proposed level of fees.

Following a robust review process, the Board proposes a resolution at the forthcoming Annual General Meeting to appoint Ernst & Young LLP as the Company's auditor for the financial year ending 31st December 2024. The Committee is satisfied that Ernst & Young LLP is independent and that sufficient controls are in place to deal with any conflict of interest, should it arise.

The Board extends its appreciation to Begbies for its services as Auditor and confirms that there are no matters in connection with Begbies ceasing to hold office as Auditor following the 2023 audit which need to be brought to the attention of shareholders. A statutory statement from Begbies confirming the reasons connected with it ceasing to hold office as Auditor is included as a letter to shareholders.

Disclosure of Information to the Auditor

It is the Company's policy to allow the Auditor unlimited access to its records. The Directors confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's Auditor is unaware and that they have taken all the steps which they should have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Conclusion

The Audit, Risk and Compliance Committee has reviewed the matters within its terms of reference and reports as follows:

- it has approved the financial statements for the year ended 31st December 2023;
- it has reviewed the effectiveness of the Company's internal controls and risk management;
- it has reviewed the need for a separate internal audit function;
- it has satisfied itself as to the independence of the Auditor;
- it has satisfied itself that the contents of the Annual Report are consistent with the financial statements; and
- it has recommended to the Board that a resolution be proposed at the Annual General Meeting for the appointment of Ernst & Young LLP as Auditor and it has considered the proposed terms of its engagement.

Ms M. H. Vaughan

Director

Chair, Audit, Risk and Compliance Committee

20th February 2024

Directors' Annual Remuneration Report

Introduction

This Report is submitted in accordance with the requirements of sections 420 to 422 of the Companies Act 2006 in respect of the year ended 31st December 2023. An ordinary resolution to approve this Report will be put to members at the forthcoming Annual General Meeting; however, the Directors' remuneration is not conditional upon the resolution being passed.

The Company has established a Nominations and Remuneration Committee, the terms of reference of which include annually reviewing and recommending to the Board the level of Directors' fees and remuneration. The full terms of reference are available at the Company's registered office and on the Company's website. The Committee comprises all Board members and is chaired by Mr J. B. Roper. The Board being members of the Committee enables Directors to address any potential conflicts when assessing individual levels of remuneration.

Directors' remuneration as a single figure (audited)

Director	Salary and fees 2023 £	Additional payments 2023 £	Total for 2023 £	Salary and fees 2022 £	Additional payments 2022 £	Total for 2022 £
Mr D. M. Best ¹	24,000	–	24,000	24,000	11,000	35,000
Dr D. M. Bramwell ²	–	–	–	30,000	–	30,000
Dr A. J. Hosty (Chairman) ³	30,000	–	30,000	24,000	–	24,000
Mr S. J. B. Knott ⁴	27,000	–	27,000	197,250	–	197,250
Mr J. B. Roper	27,000	–	27,000	24,000	17,000	41,000
Ms M. H. Vaughan ⁵	31,000	–	31,000	–	–	–
Total	139,000	–	139,000	299,250	28,000	327,250

¹ Mr D. M. Best's role changed from non-executive Director to Chairman on 31st December 2022 and he retired on 31st August 2023.

² Dr D. M. Bramwell retired on 31st December 2022.

³ Dr A. J. Hosty's role changed from non-executive Director to Chairman on 31st August 2023.

⁴ Mr S. J. B. Knott's role changed from Investment Director to non-executive Director on 3rd October 2022. The table above reflects the salary he earned in total for his roles as Investment Director and then subsequently non-executive Director during 2022.

⁵ Ms M. H. Vaughan was appointed a Director on 1st January 2023.

Annual percentage change in Directors' remuneration

The annual percentage change in fees for each Director who served in the year under review is set out in the following table:

	Year to 31st December 2023 %	Year to 31st December 2022 %	Year to 31st December 2021 %
Mr D. M. Best ^{1*}	n/a	9	0
Dr A. J. Hosty (Chairman) ²	25	9	0
Mr S. J. B. Knott ³	–	n/a	n/a
Mr J. B. Roper*	12.5	9	0
Ms M. H. Vaughan	n/a	–	–

* The above table takes no account of the one-off additional payments to Mr Best and Mr Roper in 2022 referred to above.

¹ Mr D. M. Best retired on 31st August 2023

² Dr A. J. Hosty was appointed Chairman on 31st August 2023

³ Mr S. J. B. Knott's appointment as a non-executive Director commenced on 3rd October 2022.

No payments of other types prescribed in the relevant regulations such as Long-term Incentive Plans ("LTIPs") or pensions and pension-related benefits were made.

All Directors are entitled to the reimbursement of expenses incurred by them in order to perform their duties as Directors of the Company.

Dr D. M. Bramwell, a former Director of the Company, received a payment of £5,000 as an ex gratia recognition of his long service with the Company and his contribution as Chairman, upon which the Company paid tax of £3,333. No additional remuneration or compensation was paid or payable by the Company during the year to any other current or former Directors.

With effect from 1st January 2024 the fees payable to the Directors are as follows: Chairman £38,000, Chair of the Audit, Risk and Compliance Committee £32,750 and other non-executive Directors £28,500.

Statement of Directors' shareholdings and share interests (audited)

The Company has not set any requirements or guidelines for the Directors to own Ordinary shares in the Company. The beneficial interests of the Directors and their connected persons in the Ordinary shares of the Company are shown in the table below.

	Ordinary shares	
	31st December 2023	31st December 2022
Mr D. M. Best ¹	–	480
Dr D. M. Bramwell ²	–	22,625
Dr A. J. Hosty	–	–
Mr S. J. B. Knott	488,111	488,111
Mr J. B. Roper	–	–
Ms M. H. Vaughan ³	–	–

¹ Mr D. M. Best retired on 31st August 2023

² Dr D. M. Bramwell retired on 31st December 2022.

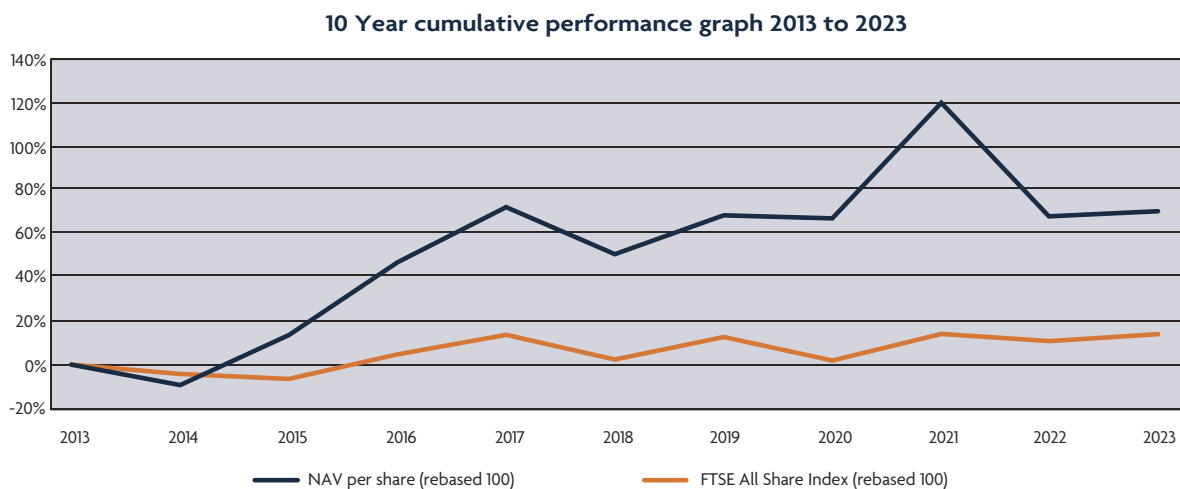
² Ms M. H. Vaughan was appointed on 1st January 2023.

No changes in the Directors' interests shown above have occurred since 31st December 2023.

Directors' Annual Remuneration Report (*continued*)

Performance graph

The graph below illustrates the total shareholder return for the Ordinary shares relative to the FTSE All-Share Index. This has been selected as the most appropriate index against which to compare performance as it is the Company's benchmark index.



Significance of spend on pay

	Directors' remuneration £	Shareholder distribution £
2023	139,000	2,443,000
2022*	299,250	2,513,000
Difference	-160,250	-70,000
% Change	-53.6	-2.8

*This figure includes Mr S. J. B Knott's remuneration for the period 1st January 2022 to 3rd October 2022 when he retired as Investment Director.

Service contracts and letters of appointment

Except as set out below, there are no written service contracts or contract for services in respect of any Director. There are no share options, LTIPs, pension or profit-related pay arrangements with any of the Directors.

There are letters of appointment for all four non-executive Directors:

<i>Director</i>	<i>Date</i>
Dr A. J. Hosty	1st July 2017
Mr S. J. B. Knott	3rd October 2022
Mr J. B. Roper	5th April 2016
Ms M. H. Vaughan	8th December 2022

No terms or notice periods are set out in any terms of appointment of any of the Directors. All Directors are subject to re-election at the Company's Annual General Meeting to be held on 27th March 2024.

There are no provisions for the payment of compensation for loss of office, early termination or wrongful termination by the Company. Any payment on termination of their appointments would be calculated in accordance with their strict legal entitlements.

The Company's Policy on Directors' Remuneration

The following is the Company's policy for Directors' remuneration which was last approved by shareholders at the Annual General Meeting held on 23rd March 2023. The shareholders will be asked to reconsider the Remuneration Policy at the Annual General Meeting to be held in 2026.

Introduction

The Company's policy as regards non-executive Directors is that fees payable to them should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents should be considered with regard being had to the overall activities and size of the Company.

The maximum aggregate level of fees payable to the Directors for acting as Directors of the Company is £250,000 per annum (or such higher amount as is decided by ordinary resolution). Directors may also be remunerated for providing special services or for performing any other office or employment by the Company (other than as auditor).

The Company does not confer any share options, long-term incentives or retirement benefits on any Director, nor does it make a contribution to any pension scheme on behalf of the Directors. The Company also puts Directors' liability insurance in place.

Future Policy Table

The tables below summarise the various elements of the remuneration packages of the Directors.

Chairman and non-executive Directors' fees

<i>Element</i>	<i>Purpose and link to strategy</i>
Chairman and non-executive Directors' fees	The fees paid to the Chairman and the other non-executive Directors aim to be competitive with other investment trusts of equivalent size and complexity. Fees are fixed annual sums and are reviewed periodically by the Board (for non-executive Directors) and the Nominations and Remuneration Committee (for the Chairman). Neither the Chairman nor the other non-executive Directors receive any incentive payment.

Notes:

No Director is entitled to receive any pension provision.

The Company has no employees.

Approach to Recruitment Remuneration

The principles the Company would apply in setting remuneration for new Board members would be in line with the Remuneration Policy. Fees and salary for new appointees would therefore be commensurate with that of the existing Board members and their relevant peer group.

Statement of Consideration of Employment Conditions elsewhere in the Company

As the Company has no employees there was no consultation when setting the Directors' Remuneration Policy and no remuneration comparison measurement with employees was used.

It is intended that the Directors' Remuneration Policy will continue to apply until the Annual General Meeting in 2026.

Voting at Annual General Meeting

A binding ordinary resolution approving the Directors' Remuneration Policy was approved on 23rd March 2023. The votes cast were as follows:

Remuneration Policy

For – % of votes cast	99.85%
Against – % of votes cast	0.15%
Total votes cast	1,178,164
Number of votes withheld	6,896

The Company's Policy on Directors' Remuneration (*continued*)

A non-binding ordinary resolution adopting the Annual Report on Directors' Remuneration for the year ended 31st December 2022 was approved by shareholders at the Annual General Meeting held on 23rd March 2023. The votes cast by proxy were as follows:

Annual Report on Directors' Remuneration

For – % of votes cast	100%
Against – % of votes cast	0.0%
At Chairman's discretion – % of votes cast	0.0%
Total votes cast	1,182,487
Number of votes withheld	1,468

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report (which has been agreed by the Board) summarises, as applicable, for the year ended 31st December 2023:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and decisions that have been taken.

Mr J. B. Roper

Director

Chairman, Nominations and Remuneration Committee

20th February 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable United Kingdom law and UK adopted International Accounting Standards.

The Directors are required to prepare the financial statements for each financial year which present fairly the financial position, the financial performance and cash flows of the Company for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies in accordance with UK adopted International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of UK adopted International Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with UK adopted International Accounting Standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and financial statements taken as a whole are fair, balanced and understandable and provide shareholders with the information necessary to assess the Company's position and performance, business model and strategy.

The Directors confirm that to the best of their knowledge:

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

Dr A. J. Hosty

Chairman

20th February 2024

Independent Auditor's Report

To the Members of Rights and Issues Investment Trust PLC

Opinion

We have audited the financial statements of Rights and Issues Investment Trust PLC for the year ended 31st December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISA (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with our report to the Audit, Risk and Compliance Committee.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- confirmation of our understanding of the Company's going concern assessment process and reviewing the Directors' assessment of going concern including revenue forecasts and the ability of the Company to meet future expected operating expenses;
- reviewing the holdings in the investment portfolio and the Company's assessment of its liquidity and any potential impairment;
- reviewing the Directors' assessment of the increased market volatility since the outbreak of COVID-19, the risks arising from the ongoing conflict between Russia and the Ukraine and in the Middle East together with the political and economic uncertainty on the Company's operations and performance;
- the review of the Company's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with reporting standards

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors consider it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The purpose of the Company is to invest in equities with a view to achieving capital appreciation and a dividend income stream. Consequently we have identified the following risks of material misstatements that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

- the incorrect valuation of the investment portfolio held by the Company;
- the ownership of the investments and the risk of the misappropriation of those assets;
- the incomplete or inaccurate recognition of the Company's investment income.

The risks we have identified are consistent with those risks that were identified in the prior year.

Therefore particular emphasis was placed in examining and testing the processes of measuring and recognising investments including ownership of those investments together with the testing of its income. We obtained confirmation of investments held at the year end from the custodian, testing this to the records maintained by the Company. We tested a selection of investment additions and disposals shown in the Company's records to supporting documentation and agreed the valuation of quoted investments. We also tested dividends receivable and confirmed that the income was recorded in accordance with the Company's accounting policy.

Based on the work we performed, we had no matters to report to the Audit, Risk and Compliance Committee.

An overview of the scope of our Audit

Our assessment of audit risk and our evaluation of materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment, when assessing the level of work to be performed. There are no significant changes in our approach from the previous year.

Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the most significant impacts from climate change on its operations will be from how climate change could affect the Company's investments and overall investment process. This is explained on pages 21 to 23 in the Principal Risks section of the Strategic Report. This disclosure forms part of the "Other information" rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consist solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements set out in Note 1 -Basis of Accounting- that there was no material impact of climate change on the valuation of investments and the other assets and liabilities.

Our application of materiality

We determined our planning materiality to be £1.31 million which is 1% of net assets. Given the importance of the distinction between revenue and capital for the Company, we also decided on a separate testing materiality of £295,000 for the revenue column of the Income Statement which is 10% of the net return.

Independent Auditor's Report

To the Members of Rights and Issues Investment Trust PLC

Performance materiality is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Due to our past experience of the audit which indicates a lower risk of misstatements, both corrected and uncorrected, our performance materiality would be 75% of planning materiality.

The Audit, Risk and Compliance Committee requested our materiality to be set at the lower level of £860,000 for the financial statements as a whole. Due to the significance of the Company's net assets compared with the amounts in the revenue column of the Income Statement, they asked us to set a separate materiality level for the revenue column of £100,000.

We have also agreed with the Audit, Risk and Compliance Committee that we would report to them all audit differences in excess of £50,000 as well as any other differences below that threshold which in our view should be reported to them because of their nature, relevance and prominence in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report (including the Strategic Report and the Directors' Report), other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained during the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties set out on pages 29 and 53.

- The Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 25.
- The Directors' statement on fair, balanced and understandable set out page 43.
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 21.
- The section of the Annual Report that describes the review of the effectiveness of risk management and internal control on page 33.
- The section describing the work of the Audit, Risk and Compliance Committee set out on pages 34 to 37.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 43, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- assessing the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements;
- agreement of the financial statement disclosures to underlying supporting documentation to assess compliance with those laws and regulations having an impact on the financial statements;

Independent Auditor's Report

To the Members of Rights and Issues Investment Trust PLC

- enquiries and confirmation of management as to their identification of any non-compliance with laws or regulations, or any actual or potential claims;
- reading of minutes of meetings of those charged with governance;
- assessing the segregation of duties in place between the Directors, the Administrator and the Investment Manager; and
- undertaking procedures to review journal entries and evaluating whether there was evidence of bias that represented a risk of material misstatement due to fraud;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Other matters which we are required to address

We were appointed by the Board of Directors to audit the financial statements for the year ended 31st December 2006. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 18 years.

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

Jeremy Staines

(Senior Statutory Auditor)
For and on behalf of Begbies
Chartered Accountants and Statutory Auditor

9 Bonhill Street
London
20th February 2024

Statement of Comprehensive Income

for the year ended 31st December 2023

	Notes	Year ended 31st December 2023			Year ended 31st December 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	2	3,999	–	3,999	3,633	–	3,633
Other operating income	2	94	–	94	19	–	19
Total income		4,093	–	4,093	3,652	–	3,652
Gains/(losses) on fair value through profit or loss assets	10	–	797	797	–	(56,774)	(56,774)
		4,093	797	4,890	3,652	(56,774)	(53,122)
Expenses							
Investment management fee	3	670	–	670	175	–	175
Other expenses	4	470	156	626	767	181	948
		1,140	156	1,296	942	181	1,123
Profit/(losses) before finance costs and taxation		2,953	641	3,594	2,710	(56,955)	(54,245)
Finance costs		–	–	–	–	–	–
Profit/(losses) before taxation		2,953	641	3,594	2,710	(56,955)	(54,245)
Tax	6	–	–	–	–	–	–
Profit/(losses) after taxation		2,953	641	3,594	2,710	(56,955)	(54,245)
Return per Ordinary share	8	50.4p	11.0p	61.4p	38.9p	(818.2)p	(779.3)p

The total column represents the statement of comprehensive income of the Company.

The revenue and capital columns, including the revenue and capital earnings per Ordinary Share, are supplementary information prepared under guidance published by the AIC.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period. All income is attributable to the equity holders of the Company.

The Company does not have any other comprehensive income. Therefore no separate Statement of Comprehensive Income has been presented.

The notes on pages 53 to 64 form part of these financial statements.

Statement of Financial Position

as at 31st December 2023

	Notes	31st December 2023 £'000	31st December 2022 £'000
Non-current assets			
Investments – fair value through profit or loss	10	129,994	134,447
Current assets			
Other receivables	12	556	561
Cash and cash equivalents		1,051	6,039
		1,607	6,600
Total assets		131,601	141,047
Current liabilities			
Other payables	13	242	264
Total assets less current liabilities		131,359	140,783
Net assets		131,359	140,783
Equity attributable to equity holders			
Called up share capital	14	1,405	1,542
Capital redemption reserve	15	850	713
Retained reserves:			
Capital reserve	15	84,416	67,191
Revaluation reserve	15	41,873	69,032
Revenue reserve	15	2,815	2,305
Total equity shareholders' funds		131,359	140,783
Net asset value per share			
Ordinary shares	16	2,337.1p	2,283.2p

The notes on pages 53 to 64 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 20th February 2024. They were signed on its behalf by:

Dr A. J. Hosty
Chairman

Company Registration Number: 00736898

Statement of Changes in Equity

for the year ended 31st December 2023

	Share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31st December 2023						
Balance at 31st December 2022	1,542	713	67,191	69,032	2,305	140,783
Profit/(loss) for the year	–	–	27,800	(27,159)	2,953	3,594
Ordinary shares bought back and cancelled	(137)	137	(10,575)	–	–	(10,575)
Dividends (Note 7)	–	–	–	–	(2,443)	(2,443)
Balance at 31st December 2023	1,405	850	84,416	41,873	2,815	131,359

	Share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31st December 2022						
Balance at 31st December 2021	1,842	413	81,410	137,959	2,108	223,732
Profit/(loss) for the year	–	–	11,972	(68,927)	2,710	(54,245)
Ordinary shares bought back and cancelled	(300)	300	(10,838)	–	–	(10,838)
Tender offer	–	–	(15,111)	–	–	(15,111)
Tender offer costs	–	–	(242)	–	–	(242)
Dividends (Note 7)	–	–	–	–	(2,513)	(2,513)
Balance at 31st December 2022	1,542	713	67,191	69,032	2,305	140,783

The notes on pages 53 to 64 form part of these financial statements.

Dividends paid were paid from the revenue reserve.

Cash Flow Statement

for the year ended 31st December 2023

	Notes	31st December 2023 £'000	31st December 2022 £'000
Cashflows from operating activities			
Profit/(loss) before tax		3,594	(54,245)
Adjustments for:			
(Gains)/losses on investments		(797)	56,774
Purchases of investments	10	(30,042)	(24,439)
Proceeds on disposal of investments	10	35,292	29,615
Operating cash flows before movements in working capital		8,047	7,705
Decrease in receivables		5	80
(Decrease)/increase in payables		(22)	197
Net cash from operating activities before income taxes		8,030	7,982
Income taxes received		–	–
Net cash flows from operating activities		8,030	7,982
Cashflows from financing activities			
Ordinary shares bought back		(10,575)	(10,838)
Tender offer		–	(15,111)
Tender costs paid		–	(242)
Dividends paid	7	(2,443)	(2,513)
Net cash used in financing activities		(13,018)	(28,704)
Net decrease in cash and cash equivalents		(4,988)	(20,722)
Cash and cash equivalents at beginning of year		6,039	26,761
Cash and cash equivalents at end of year		1,051	6,039

The notes on pages 53 to 64 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31st December 2023

1. Reporting Entity

Rights and Issues Investment Trust PLC is a closed-ended investment company, registered in England and Wales on 2nd October 1962 with Company number 00736898. The Company's registered office is Hamilton Centre, Rodney Way, Chelmsford CMI 3BY. Business operations commenced on 28th July 1966 when the Company's shares were admitted to trading on the London Stock Exchange. The Company invests primarily in a portfolio of equity securities with an emphasis on smaller companies. UK smaller companies will normally constitute at least 80% of the investment portfolio. UK smaller companies include both listed securities and those admitted to trading on the Alternative Investment Market ("AIM").

Details of the Directors, Investment Manager and Advisors can be found on page 4.

The financial statements of the Company are presented for the year ended 31st December 2023 and were authorised for issue by the Board on 20th February 2024.

Basis of Accounting

The financial statements have been prepared in accordance with UK-adopted international standards and the applicable legal requirements of the Companies Act 2006.

In preparing these Financial Statements, the Directors have considered the impact of climate change risk and concluded there was no impact as the values of investments are based on market quoted prices. None of the Company's other assets and liabilities are considered to be potentially impacted by climate change.

Under UK-adopted International Accounting Standards, the AIC Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued in April 2021 has no formal status, but the Company adheres to the guidance of the SORP.

Going concern

The financial statements have been prepared on a going concern basis. In forming this opinion, the Directors have considered the general economic backdrop, the potential impact of the war in Ukraine and the escalating hostilities in the Middle East on the going concern and viability of the Company. In making their assessment, the Directors have reviewed income and expense projections and the liquidity of the investment portfolio, and considered the mitigation measures which key service providers, including the Investment Manager, have in place to maintain operational resilience.

The Directors have a reasonable expectation that the Company has adequate operational resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Further information on the Company's going concern can be found on page 29.

Significant accounting policies

a. Accounting convention

The accounts are prepared under the historical cost basis, except for the measurement of fair value of investments.

b. Adoption of new IFRS standards

In accordance with IFRS 10 (Investment Entities Amendments), the Company measured its subsidiary at fair value through profit and loss and did not consolidate it. The subsidiary was dissolved on 26th April 2022.

There have been minor amendments to IAS 1 and 8 and IFRS 4 and 17 which were effective for annual periods beginning on or after 1st January 2023 and have not had any material impact on the accounts. Amendments to IAS 1 (Non-current Liabilities with Covenants), IAS 7 and IFRS 7 (Supplier Finance Arrangements) and IFRS 16 (Lease Liability in a Sale and Leaseback) are effective for annual periods beginning on or after 1st January 2024 and are not anticipated to have any material impact on the accounts.

Notes to the Financial Statements (*continued*)

for the year ended 31st December 2023

c. Income

Dividend income is included in the financial statements on the ex-dividend date. All other income is included on an accruals basis.

d. Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- Expenses which are incidental to the acquisition of an investment are included within the cost of the investment.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

e. Taxation

The charge for taxation is based on the net revenue for the year. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Investment trusts which have approval under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

f. Dividends

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by the shareholders.

g. Cash and cash equivalents

Cash comprises cash in hand and deposits payable on demand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash.

h. Investments

Investments are classified as fair value through profit or loss as the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or capital growth.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "Gains or losses on investments held at fair value through profit or loss". Also included within this heading are transaction costs in relation to the purchase or sale of investments.

All investments, classified as fair value through profit or loss, are further categorised into the following fair value hierarchy:

Level 1 – Unadjusted prices quoted in active markets for identical assets and liabilities.

Level 2 – Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3 – Having inputs for the asset or liability that are not based on observable data.

Investments traded on active stock exchange markets are valued at their fair value, which is determined by the quoted market bid price at the close of business at the balance sheet date. Where trading in a security is suspended, the investment is valued at the Board's estimate of its fair value.

Unquoted investments are valued by the Board at fair value using the International Private Equity and Venture Capital Valuation Guidelines.

Judgments, estimates or assumptions

The Directors have reviewed matters requiring judgments, estimates or assumptions. The preparation of the financial statements require management to make judgments, estimates or assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenue and expenses during the year. However, the nature of the estimate means that actual outcomes could differ from those estimates. No significant judgments, estimates or assumptions have been made in the preparation of these financial statements.

Notes to the Financial Statements *(continued)*

for the year ended 31st December 2023

2. Income

	2023 £'000	2022 £'000
Income from investments		
Franked investment income	3,999	3,633
Other operating income		
Deposit interest	94	19
Total income	4,093	3,652
Income from investments		
UK	3,990	3,617
Unlisted stock	9	16
Total	3,999	3,633

3. Investment Management fee

	2023 £'000	2022 £'000
Investment management fee	804	210
Operating expenses rebate	(134)	(35)
Total	670	175

Following the appointment of Jupiter as Investment Manager on 3rd October 2022 a management fee is payable quarterly to the Investment Manager on the following basis:

0.60% per cent per annum on the Company's NAV up to and including £200 million.

0.50% per cent per annum on the Company's NAV in excess of £200 million.

An operating expenses cap (rebate) will be applied, in respect of each financial year by means of a balancing charge, which will reduce the management fee payable to the Investment Manager with respect to the quarter ending 31st March of the following financial year. It will apply for a period of 5 years with effect from 3rd October 2022. The operating expenses cap will not apply to the extent that the management fee would be less than 0.50% of the Company's average daily NAV during any financial year. The Manager and the Board will review the operating expenses cap at least annually to determine whether the level of the cap remains appropriate.

Notes to the Financial Statements (*continued*)

for the year ended 31st December 2023

4. Other Expenses

	2023 £'000	2022 £'000
Staff costs (note 5)	4	227
Non-executive Directors' fees	147	136
Administration fees	94	122
Auditor's remuneration		
– Audit	19	18
– Review of the half yearly report	–	5
Secretarial services	42	42
Other	164	217
	470	767
Capital expenses	156	181
Total	626	948

5. Staff Costs and Directors' Remuneration

	2023 £'000	2022 £'000
Wages and salaries	–	191
Social security costs	4	36
Total	4	227

	2023 number	2022 number
The average number of staff employed by the Company was	–	1

	2023 £'000	2022 £'000
Directors' emoluments	139	327
Payments to former directors	8	–
	147	327

The Company has not had any employees since the appointment of JUTM as Investment Manager on 3rd October 2022. Prior to this the highest paid Director, being the Investment Director, received total emoluments of £191,250 covering the period 1st January 2022 to 3rd October 2022.

Notes to the Financial Statements (continued)

for the year ended 31st December 2023

6. Taxation

	Revenue £'000	2023 Capital £'000	Total £'000	Revenue £'000	2022 Capital £'000	Total £'000
Corporation tax at 23.5% (2022: 19.0%)	–	–	–	–	–	–
Profit before tax	2,953	641	3,594	2,710	(56,955)	(54,245)
Tax on profit at effective rate 23.5% (2022: 19.0%)	694	151	845	515	(10,821)	(10,306)
Factors affecting the recovery/charge for the year:						
Income not taxable	(940)	–	(940)	(690)	–	(690)
Capital items not taxable	–	(187)	(187)	–	10,787	10,787
Unutilised losses	246	36	282	175	34	209
Current tax charge for the year	–	–	–	–	–	–

At the year end there is a potential deferred tax asset of £2,214,810 (2022: £1,953,135) in relation to surplus management expenses of £8,859,238 (2022: £7,812,538). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items because of its status as an investment trust company.

Factors that may affect future tax charges

The Company has not recognised any deferred tax asset arising as a result of having unutilised management expenses. These expenses will only be utilised if the tax treatment of the Company's income and capital gains changes or if the Company's investment profile changes.

7. Dividends

Amounts recognised as distributions to equity holders in the year:

	2023 £'000	2022 £'000
Paid		
Final dividend for the year ended 31st December 2022 of 29.25p per share (year ended 31st December 2021: 24.0p)	1,767	1,752
Interim dividend for the year ended 31 December 2023 of 11.75p per share (year ended 31st December 2022: 10.75p)	676	761
	2,443	2,513
Proposed		
Final dividend payable for the year ended 31st December 2023 of 31.25p per share (year ended 31st December 2022: 29.25p)	1,720	1,781

The final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Notes to the Financial Statements *(continued)*

for the year ended 31st December 2023

7. Dividends (continued)

Set out below is the total dividend paid and payable in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered.

	2023 £'000	2022 £'000
Revenue available for distribution by way of dividend for the year	2,953	2,710
Interim dividend for the year ended 31st December 2023 of 11.75p per share (year ended 31st December 2022: 10.75p)	(676)	(761)
Proposed final dividend for the year ended 31st December 2023 of 31.25p per share (year ended 31st December 2022: 29.25p)	(1,720)	(1,781)
Net addition to Revenue reserve	557	168

8. Return per Ordinary Share

	2023 Income £'000	2022 Income £'000
Return attributable to equity shareholders:		
Revenue return	2,953	2,710
Capital return	641	(56,955)
	3,594	(54,245)
	p	p
Revenue return per share	50.4	38.9
Capital return per share	11.0	(818.2)
	61.4	(779.3)

Return per Ordinary share is calculated using the weighted average number of shares in issue during the year of 5,854,307 (2022: 6,960,445).

Notes to the Financial Statements (continued)

for the year ended 31st December 2023

9. Investments

Analysis of the investments

The number of companies or institutions in which equities, convertibles or fixed interest securities were held was 22 (2022: 22).

	£'000	2023 %	£'000	2022 %
Equity Groups				
Basic Materials				
Chemicals	6,444	4.96	12,535	9.32
Industrial Metals and Mining	9,969	7.67	14,606	10.86
Consumer Staples				
Food Producers	4,617	3.55	5,629	4.19
Financials				
Finance and Credit Services	6,501	5.00	–	–
Industrials				
Construction and Materials	4,319	3.32	–	–
Electronic and Electrical Equipment	10,504	8.08	8,482	6.31
General Industrials	13,666	10.51	17,509	13.02
Industrial Engineering	9,607	7.39	16,776	12.48
Industrial Support Services	3,806	2.93	7,512	5.59
Industrial Transportation	14,906	11.47	16,170	12.03
Technology				
Software and Computer Services	2,714	2.09	–	–
Telecommunications				
Telecommunications Equipment	1,869	1.44	–	–
Telecommunications Service Providers	7,401	5.69	5,774	4.29
AIM Traded Stocks	33,630	25.87	28,873	21.48
Unlisted	41	0.03	41	0.03
Fixed Interest				
Preference	–	–	540	0.40
Total UK	129,994	100.00	134,447	100.00

The figures for 2022 have been reworked based on the latest categories as per the latest FTSE categorisation.

10. Investments held at fair value through profit or loss

	2023 £'000	2022 £'000
Investments listed on a recognised investment exchange		
UK equity listed investments at fair value	96,323	105,533
AIM traded stocks	33,630	28,873
Unlisted stock	41	41
	129,994	134,447

Notes to the Financial Statements *(continued)*

for the year ended 31st December 2023

10. Investments held at fair value through profit or loss (continued)

	Listed 2023 £'000	AIM traded/ Unlisted 2023 £'000	Total 2023 £'000
Opening book cost	42,717	22,698	65,415
Opening unrealised appreciation	62,816	6,216	69,032
Opening valuation	105,533	28,914	134,447
Purchases at cost	25,715	4,327	30,042
Sales - proceeds	(29,931)	(5,361)	(35,292)
Sales - realised gains on sales	25,411	2,545	27,956
(Decrease)/increase in unrealised appreciation	(30,405)	3,246	(27,159)
Market value of investments at end of year	96,323	33,671	129,994
Closing book cost	63,912	24,209	88,121
Closing unrealised appreciation	32,411	9,462	41,873
	96,323	33,671	129,994
Realised gains on sales	25,411	2,545	27,956
(Decrease)/increase in unrealised appreciation	(30,405)	3,246	(27,159)
Gains on investments	(4,994)	5,791	797

With the exception of the unlisted stock, the Company's investments are Level 1 assets under the definition of IFRS 13 and comprise equity listed and AIM traded investments classified as held at fair value through profit or loss.

Investments have been revalued over time and, until they are sold, any unrealised gains or losses are included in the fair value movement on investments.

During the year transaction costs of £133,196 were incurred on the acquisition of investments (2022: £118,699). Costs relating to disposals of investments during the year amounted to £14,624 (2022: £26,614). All transaction costs have been included within the capital column of the Income Statement.

11. Significant Interests

The Company has a holding of 3% or more that is material in the context of the financial statements in the following investments as at 31st December 2023:

Name	% holding
Colefax	16.97
Renold	12.75
Macfarlane	7.35
Vp	5.99
Eleco	5.43
Carr's	5.05

Notes to the Financial Statements (*continued*)

for the year ended 31st December 2023

12. Other Receivables

	2023 £'000	2022 £'000
Prepayments and accrued income	556	561

13. Other Payables

	2023 £'000	2022 £'000
Accruals	242	264

14. Share Capital

	2023 £'000	2022 £'000
Allotted, Called Up and Fully Paid		
5,620,684 Ordinary Shares of 25p each (2022: 6,165,989)	1,405	1,542

	Number of Ordinary shares 2023
Balance at beginning of year	6,165,989
Ordinary shares bought back and cancelled	(545,305)
	5,620,684

15. Reserves

	Capital redemption reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Revenue reserve £'000
Beginning of year	713	67,191	69,032	2,305
Ordinary shares bought back and cancelled	137	(10,575)	–	–
Decrease in unrealised appreciation	–	–	(27,159)	–
Net gains on realisation of investments	–	27,956	–	–
Expenses	–	(156)	–	–
Profit for year	–	–	–	2,953
Dividends	–	–	–	(2,443)
End of year	850	84,416	41,873	2,815

The capital reserve represents realised profits and losses arising on the disposal of investments. The revaluation reserve represents unrealised profits and losses arising on the revaluation of investments held. The revenue reserve represents accumulated revenue less the distributions paid. Both the capital reserve and revenue reserve together represent the total distributable reserves at the year end.

Notes to the Financial Statements (*continued*)

for the year ended 31st December 2023

16. Net Asset Value per share

The net asset value per Ordinary share calculated in accordance with the Articles of Association was as follows:

	Net asset value per Ordinary share attributable		Net asset value attributable	
	2023 p	2022 p	2023 £'000	2022 £'000
Ordinary shares	2337.1	2283.2	131,359	140,783

The movements during the year were as follows:

	Ordinary shares £'000
Total net assets attributable at beginning of year	140,783
Shares bought back and cancelled	(10,575)
Total recognised gains for the year	641
Transfer to reserves	510
Total net assets attributable at end of year	131,359
Number of shares in issue	5,620,684

The Company may repurchase its own shares and then cancel them, reducing the freely traded shares ranking for dividends and enhancing returns and earnings per Ordinary Share to the remaining Shareholders. When the Company repurchases its share, it does so at a total cost below the prevailing NAV per share.

The estimated percentage added to the NAV per share as a result of buybacks of 1.6% (2022: 0.9%) is derived from the repurchase of shares in the market at a discount to the prevailing NAV at the point of repurchase. The shares were bought back at a weighted average discount of 16.0% (2022: 12.9%).

	2023	2022	
Weighted average discount of buybacks	16.0%	12.9%	a
Percentage of shares bought back	8.8%	6.7%	b
NAV accretion from buyback	1.6%	0.9%	(a*b)/(100-b)

17. Related Party Transactions

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions. Details are disclosed within the Directors' Remuneration Report on pages 38 to 40. The balance of fees due to Directors at the year end was £nil (2022: £nil).

The Company has an agreement with Jupiter Unit Trust Managers Limited for the provision of Investment Management services. Details of fees earned during the year and balances outstanding at the year end are disclosed in note 3.

On 26th April 2022 the Company's only subsidiary, Discretionary Unit Fund Managers, was dissolved. There were no transactions during the year relating to the subsidiary.

Notes to the Financial Statements (*continued*)

for the year ended 31st December 2023

18. Financial assets and liabilities

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

The investment policy and objectives of the Company are stated on page 1.

As an investment trust, the Company invests in securities for the long term. Accordingly it is and has been throughout the year under review, the Company's policy that no short term trading in investments or other financial instruments should be undertaken.

The main risks arising from the Company's financial instruments are market price risk, liquidity risk and credit risk. The Board's policy for managing these risks is summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Market price risk

Market price risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Board meets at least quarterly to consider the asset allocation of the portfolio in order to minimise the risk associated with industry sectors. The Investment Manager has responsibility for monitoring the existing portfolio selected in accordance with the Company's investment objectives and seeks to ensure that individual stocks meet an acceptable risk-reward profile.

The Company's exposure to changes in market prices at 31st December 2023 on its quoted equity investments was £129,953,000 (2022: £134,406,000).

Liquidity risk

Liquidity risk is the possibility of the Company having difficulties in realising sufficient assets to meet its financial obligations. All investments are made in quoted securities, which are normally listed on the London Stock Exchange or AIM. Transactions in these securities may be subject to some short-term liquidity constraint, in common with other smaller and medium sized listed securities, but subject to that they are considered to be reasonably realisable.

Interest rate risk

The Company has limited exposure to Interest Rate risk on the underlying investments held. The only exposure to interest rate risk is from cash held at bank of £1,051,000 (2022: £6,039,000).

Credit risk

Credit risk is the failure of the counterparty to a transaction to discharge its obligations which could result in the Company suffering a loss. At the year end the Company's maximum exposure to credit risk was as follows:

	2023 £'000	2022 £'000
Receivables	556	561
Cash and cash equivalents	1,051	6,039
	1,607	6,600

The risk is managed by dealing only with brokers and banks which have satisfactory credit ratings and are approved by the Audit, Risk and Compliance Committee.

Financial assets and liabilities

All assets and liabilities are included at fair value.

Notes to the Financial Statements (continued)

for the year ended 31st December 2023

18. Financial assets and liabilities (continued)

Valuation of financial instruments

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 1h Investments.

The fair value hierarchy has the following levels:

Level 1 – Unadjusted prices quoted in active markets for identical assets and liabilities.

Level 2 – Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3 – Having inputs for the asset or liability that are not based on observable data.

31st December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
UK Equity Listed	96,323	–	–	96,323
AIM traded stocks	33,630	–	–	33,630
Unlisted stock	–	41	–	41
Net fair value	129,953	41	–	129,994

31st December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
UK Equity Listed	105,533	–	–	105,533
AIM traded stocks	28,873	–	–	28,873
Unlisted stock	–	41	–	41
Net fair value	134,406	41	–	134,447

There were no transfers between Level 1 and Level 2 during the period.

19. Post Balance Sheet events

Between the year end and 16th February 2024, the latest practicable date before the publication of the financial statements, the Company has bought back and cancelled 122,046 Ordinary shares for a cost of £2,547,000.

Glossary of Terms

Alternative performance measures

The European Securities and Markets Authority ('ESMA') published its guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.' The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following APMs (indicated by *) are used throughout the annual report, financial statements and notes to the financial statements.

Annualised dividend yield

The annualised dividend yield is the amount paid to shareholders in the form of dividends (pence per share) as a percentage of the share price as at 31st December each year. The calculation is shown on page 14.

Benchmark

The Company's benchmark is the FTSE All-Share Index.

Discount*

The amount, expressed as a percentage, by which the share price is less than the net asset value per share. As at 31st December 2023, the share price was 2,130.00p and the net asset value per share was 2,337.10p, the discount therefore being (8.9%). As at 31st December 2022, the share price was 1,890.00p and the net asset value per share was 2,283.20p, the discount therefore being (17.2%).

Discount management

Discount management is the process of the buyback and issue of Company shares by the Company with the intention of managing any imbalance between supply and demand for the Company's shares and thereby the market price. The aim is to ensure that, in normal market conditions, the market price of the Company's shares will not materially vary from its NAV per share. The authority to repurchase the Company's shares is voted upon by the shareholders at each annual general meeting.

Jupiter or JUTM

Jupiter Unit Trust Managers Limited, the Company's Investment Manager and Alternative Investment Fund Manager.

Mid market price

The mid-market price is the mid-point between the buy and the sell prices.

NAV per share

The net asset value ('NAV') is the value of the investment Company's assets less its liabilities. The NAV per share is the NAV divided by the number of shares in issue. The calculation is shown in Note 16 on page 62. The difference between the NAV per share and the share price may be referred to as the discount or premium, as defined within this glossary.

Ongoing charges*

Ongoing charges are the total expenses including both the investment management fee and other costs, as a percentage of average NAV. The calculation is shown on page 15.

Premium*

The amount, expressed as a percentage, by which the share price is more than the net asset value per share. The Company's shares were trading at a discount for both 2023 and 2022.

Smaller company

A smaller company is defined as a company which has a market capitalisation smaller than the market capitalisation of the 100th company of the FTSE 100.



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