RNS Number : 7820L
Schroder Income Growth Fund PLC
12 November 2024

LONDON STOCK EXCHANGE ANNOUNCEMENT

SCHRODER INCOME GROWTH FUND PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2024

Schroder Income Growth Fund plc ("the Company") hereby submits its annual report and financial statements for the year ended 31 August 2024 as required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rule 4.1.

Ewen Cameron Watt, Chairman of the Company, commented:

"Your Company has now raised its dividend for an unbroken 29 years, throughout multiple market cycles. It has been able to do this through stock selection and careful management of its reserves."

Key highlights

- The NAV total return in the 12 months to 31 August 2024 was 19%. This compares to 17% from the FTSE All-Share Total Return Index. The share price return was 17.7%.
- Since the current investment team took the helm on 1 July 2011, share price total return has risen by 166.5% and the NAV total return by 174.1%. Both are well ahead of the FTSE All-Share Index Total Return of 138.1%.
- Dividends per share for the year of 14.20p represent a 2.9% increase on the previous year. This is the 29th year running that dividends have increased and the Company continues to enjoy AIC "Dividend Hero" status.
- Outperformance was the result of stock selection in the financials and consumer staples sectors, as well as favourable stock selection and positioning in the energy sector.
- Total income for the Company fell by 7.2% compared to the same period last year. Despite this, the Company has continued to fulfil its primary goal of "real growth of income" above the levels of inflation over the longer term.
- The Company's share price discount to NAV averaged 9.6% during the year and ended the financial year at 10.4%. As at the year end, and for the first time since 2008, the Company repurchased 38,000 ordinary shares to be held in treasury.

The Company's annual report and financial statements for the year ended 31 August 2024 is being published in hard copy format and an electronic copy will shortly be available to download from the Company's web pages www.schroders.com/incomegrowth

The Company's annual report and financial statements, including the Notice of Annual General Meeting, will shortly be uploaded to the Financial Conduct Authority's National Storage Mechanism and will be available for inspection at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism. A separate announcement will be released once this has taken place.

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Chairman's Statement

"Your Company has now raised its dividend for an unbroken 29 years, throughout multiple market cycles. It has been able to do this through stock selection and careful management of its reserves."

I am pleased to present the annual results of Schroder Income Growth Fund plc for the year ended 31 August 2024. Despite significant volatility, UK equities rose over the period. An improving inflationary outlook, positive corporate earnings and a more favourable interest rate environment lay behind this outcome. It is a particular pleasure to note that the NAV and share price exceeded the FTSE All-Share Index over the period. Your Company's NAV rose by 19%, the share price by 17.7% and the FTSE All-Share Index by 17% over the period.

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Revenue and dividends

Your Company was able to increase its dividend for the 29th year running and continues to enjoy AIC "Dividend Hero" status. Dividends per share for the year of 14.20p represent a 2.9% increase on the previous year, in accordance with your Company's aim to increase the payment in line with inflation over the longer term. In this respect, we define the medium term as five years and the longer term as ten years.

Earnings per share fell by 11.5% to 11.64p. The dividend of 14.20p was 82% covered by earnings. After payment of the fourth interim dividend on 31 October 2024, the revenue reserve will be £5.7 million, representing 8.25p per ordinary share or seven months of the annual dividend. Investment trusts hold an advantage over open-ended funds in their ability to smooth dividend payments through careful management of reserves.

Income earned by the Company came under pressure during the year for two main reasons. Firstly, the mining sector's contribution to income has continued to decline, with profits and dividends significantly lower than in previous years. Secondly, and more importantly, companies are increasingly allocating capital towards share buy backs instead of dividend distributions. This shift is seen across a broader range of companies and sectors compared to the prior year, which was dominated by mining, banking, and oil companies. Last year, 17 of the portfolio's holdings (approx. 38% of the Company) undertook share buy backs, that number rose to 29 holdings (approx. 60% of the Company) this year. While this has reduced the portfolio's income, the decision to prioritise share buy backs over dividends is a reflection of favourable stock valuations and the potential to enhance future per share returns.

Your Company was able to increase the dividend in real terms this year by drawing on revenue reserves. While this is the second year in a row where your Company has experienced lower earnings, such outcomes have arisen from time to time in the last 29 years of your Company's history. Your Company has continued to fulfil its primary goal of "real growth of income" above the levels of inflation over the longer term.

Your Board remains committed to raising the level of dividends you receive at a rate that exceeds inflation. We also want to provide you with a total return, defined as capital plus income, which is competitive when compared to the FTSE All-Share Index. This cannot be achieved by simply buying the highest yielding stocks in the market since history proves such investments are generally disappointing, not least because they often take unsustainable risks simply to maintain dividend levels. Your Investment Manager feels very strongly that this would not be in shareholders' interests and your Board wholeheartedly agrees with this view.

The obvious consequences of these dividend ambitions are that revenue reserves are likely to be further drawn down. This should not be of particular concern to shareholders as there are ample capital reserves to support dividend growth over the longer term. It also seems logical if companies choose to focus on total returns, that is capital plus dividends, that we take a similar approach. In adopting a total return mentality, we are simply aligning with what pension funds, insurers and charities have done for decades. Your Board would stress that this does not amount to any dilution of its primary aim, which is increasing dividends paid to shareholders above the rate of inflation over the longer term.

Performance

During the year under review, your Company returned 19% in NAV total returns. Share price total returns over the period were 17.7% which compares to 17% for the FTSE All-Share Total Return Index. The bias towards mid and small-sized companies has proved beneficial, as their returns have surpassed those of the FTSE 100 Index. The outperformance during the period was a result of stock selection in two sectors, namely financials and consumer staples.

The current investment team took the helm on 1 July 2011, since then the share price has risen by 166.5% and NAV by 174.1%, both well ahead of the FTSE All-Share Index total return of 138.1%.

For more details on the drivers of performance please refer to the Investment Manager's Review.

Discount management

Your Company's share price discount to NAV averaged 9.6% during the year and ended the financial year at 10.4%. Your Board continues to monitor the discount of the share price to NAV and when appropriate buys back shares. During the year under review, and for the first time since 2008, your Company repurchased 38,000 ordinary shares to be held in treasury. Since the year end, your Company repurchased a further 8,000 ordinary shares to be held in treasury. We will continue to buy back shares where such action materially enhances asset value per share.

For some time now, the investment trust industry has suffered from an inability on behalf of regulators to address the contradictions arising from the application of packaged retail and insurance-based investment products ("PRIIPs") and Consumer Duty regulation. The UK adopted a seemingly unique application of European-wide regulation in counting investment trusts as PRIIPs. In practice this means that the costs of listed companies should be accounted in the total costs disclosed by your Company. Yet such costs are obviously incorporated into the price at which the shares in your portfolio are bought and sold, in other words there is clear double counting involved. In turn, and via cost disclosure, investment trusts appear to be very expensive vehicles (open-ended funds do not adopt the same practice). This may be reasonable in dealing with unlisted companies where valuations are smoothed over time but is clearly wrong for regularly priced assets.

Your Board is therefore pleased to see the post-election introduction of an interim exemption from the PRIIPs cost disclosure regime. We look forward to working with stakeholders to help design a more relevant disclosure regime.

Gearing

Your Company has put in place a £30 million revolving credit facility with The Bank of Nova Scotia, London Branch for a year, effective from 20 September 2024. The average gearing level over the year was 13.5% and at the end of your Company's financial year the level of gearing was 12.2%. Even during a period of higher interest rates in 2023/4, gearing has enhanced returns by 2.6%.

Continuation vote in 2025

Shareholders will have the opportunity to vote on the continuation of the Company at the Annual General Meeting ("AGM") in 2025 and every five years thereafter.

AGM

Your Company's 2024 AGM will be held at 12.30pm on Wednesday, 11 December 2024 at Schroders' office at 1 London Wall Place, London, EC2Y 5AU. Your Board strongly encourages shareholders to attend and participate in the meeting. Shareholders will also have the opportunity to listen to a presentation from the Investment Manager and light refreshments will be served.

Please note that all voting will be by poll, and we encourage all shareholders to exercise their votes by means of registering them with the Company's registrar ahead of the meeting, online or by completing paper proxy forms, and to appoint the Chairman of the meeting as their proxy. Information on voting can be found in the Notice of Meeting in the full annual report and financial statements. In the event that shareholders have a question for their Board, please email amcompanysecretary@schroders.com in advance of the AGM.

For regular news about your Company, shareholders are also encouraged to sign up to the Manager's investment trusts update, which can be found at http://www.schroders.com/trust-updates/.

Results webinar

Please join the Investment Manager for a webinar in which they will report on the year ended 31 August 2024 and outline their thoughts on the future direction of your Company's portfolio. The presentation will be followed by a live Q&A session. The webinar will take place on Wednesday, 27 November 2024 at 2.00pm. Register for the event at https://www.schroders.events/SCF24

Outlook

Global equity markets have been performing well, with indices reaching all-time highs. There is an increasing belief in a soft economic landing, as consumer demand remains resilient, inflation has fallen, and central banks have started to implement rate cuts. However, challenges persist, such as geopolitical events in the Middle East and Ukraine, as well as the highly divisive US election campaign.

The outlook for the UK equity market is cautiously optimistic despite ongoing challenges. Interest rates are expected to fall further. However, inflation remains a concern, though there is an expectation that it will moderate, especially if energy prices remain stable. It is early days to assess the full impact of the recent UK Budget. Whilst projections from the Office of Budget Responsibility and Institute of Fiscal Studies do not suggest a step change in UK growth, such growth has limited relationship to share price performance for a globally diversified corporate sector. Corporate responses and the cost of capital in general tend to be more important in determining share prices. Your Investment Manager believes more than ever that resilient business models and strong balance sheets selling at attractive values are the best routes to inflation beating share price returns. As a Board we agree.

The UK equity market continues to offer attractive value to investors, particularly given its lower valuations compared to global peers. The market's dividend yield, currently around 3.5%, and many companies with geographically diversified revenues make it appealing for investors. This is reflected in bid activity which has reached its highest level since 2018, indicating increased interest and investment. Furthermore, a broader range of UK companies are also engaging in share buy backs and there have been successful capital raisings, signalling confidence and potential growth. With inflation moderating from the peak of a few years ago, small and mid-sized companies ("SMEs") are expected to benefit. There has been a deliberate increase in exposure to SMEs in your portfolio, and we expect their improved performance in recent quarters has further to go.

The US Presidential Election and its aftermath are much in mind as I write this statement. US stock market returns and a strong dollar have dominated the portfolio investment landscape since inflation peaked in late 2021. Any prolonged threat to the apparent attractiveness of the US and stability of her institutional framework could clearly dent confidence. I can only repeat that the choices made by corporations, their balance sheet strength, and the cost of capital are central to your Investment Manager's choice of investments.

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It is against this backdrop that your Company seeks to continue to deliver its investment objective of growing dividends and providing capital growth. While delivering real dividend growth to you purely from income received over the year will be challenging, both your Investment Manager and your Board are keenly focused on positioning the portfolio to optimise total returns. Your Investment Manager has made significant changes to the portfolio in response to the evolving environment and the ongoing oversight and experience of the team should give investors some comfort.

Your Company has now raised its dividend for an unbroken 29 years, throughout multiple market cycles. It has been able to do this through stock selection and careful management of its reserves. This has enabled the delivery of increases in income regardless of the economic backdrop. While there may still be some challenges that lie ahead, your Company's total reserves remain healthy. Your Board will not hesitate to use these reserves if necessary to continue to deliver on your Company's investment mandate of raising dividends, even if such increases lag the growth rate of inflation in the short-term.

Ewen Cameron Watt
Chairman

11 November 2024

Investment Manager's Review

"We see decisions by Boards to favour share buy backs over dividends as a general acknowledgment of the favourable valuations at which their shares trade. All other things being equal, a share buy back enhances a company's future earnings and dividends per share as profits and income are spread over a reduced number of shares."

The NAV total return in the 12 months to 31 August 2024 was 19%. This compares to 17% from the FTSE All-Share Total Return Index. The share price return was 17.7%. Total income for the Company fell by 7.2% compared to the same period last year. Gearing was a positive contributor, net of costs, over the 12-month period[1].

Revenue after tax for your Company decreased by 11.5% versus the same period last year. Investment income declined by 7.7% compared to the same period last year. There are two material factors behind the fall.

Firstly, there was a decline in income received from the mining sector. The portfolio had lower aggregate exposure to this area in the current year compared to the prior one. However, the ongoing unwind in commodity prices, from the peak levels experienced in the Company's 2022 year, has led to reduced profits and dividends, both ordinary and special, from mining companies. Portfolio income from this sector fell by two thirds this year compared to the prior year, and in absolute terms, income from this sector is only one eighth of the peak 2022 level. Increased allocations to financial companies, including banks, made up for some, but not all, of the shortfall from the mining sector.

Secondly, there has been a further shift in capital allocation by companies to reward shareholders through share buy backs rather than dividend distributions. This year some 29 of the Company's holdings, representing over 60% of the portfolio constituents, conducted share buy backs. This compares with 17 of the portfolio's holdings in the prior year. This is a significant, 70% increase, and encompasses a broader range of companies across a wide range of sectors and all sizes, compared to the prior year which was dominated by mining, banks and oil companies. From one perspective it could be considered disappointing that this shift of capital allocation by corporates has reduced the portfolio's income from what it might otherwise have been. However, your Investment Manager takes the view that the companies held in the portfolio have the resources, strong profitability and balance sheets, and the inclination, to reward shareholders. Your Investment Manager views decisions by boards to favour share buy backs over dividends as a general acknowledgment of the favourable valuations at which their shares trade. All other things being equal, a share buy back enhances a company's future earnings and dividends per share as profits and income are spread over a reduced number of shares. Share buy backs offer attractive returns when benchmarked against other uses of capital, such as investment in projects, research and development, staff, facilities or acquisitions. A share buy back also offers an enhancement to capital returns for shareholders.

Holdings with the strongest dividend growth, of 15% or more, include oil company, **Shell**, investment company, 3i, financial services infrastructure business, **TP ICAP**, financial services provider, **XPS Pensions**, banks including **Standard Chartered** and **Lloyds**, insurance company, **Prudential**, and budget hotels group, **Whitbread**. Holdings delivering high single digit dividend growth include construction and infrastructure company **Balfour Beatty**, distributor **Bunzl**, healthcare company **GSK**, Asian focused bank **HSBC**, defence services business **QinetiQ** and data and information services business **RELX**. Several, but not all, of these holdings combined strong dividend growth with a share buy back; a greater number of holdings than in the past.

A wider selection of sectors grew their dividends by low single digits or maintained their dividends. Some companies are in a growth phase, including healthcare providers **AstraZeneca**, and **Convatec**, or have embarked on capital expansion or development programmes such as telecoms company **BT**, and property company **Assura**. However, several others opted to combine modest or no dividend growth with a share buy back programme. These included private assets investor

Intermediate Capital Group (now called **ICG**), media company **ITV**, speciality chemicals company **Johnson Matthey**, insurance providers **Legal and General**, retailer and veterinary practice group **Pets at Home**, and consumer products company **Unilever**.

Holdings which experienced weaker trading maintained their dividends, luxury goods company **Burberry**, and specialty chemical business **Victrex**. **SSE**, a power utility company, reduced its dividend by over one third as it seeks to balance income to shareholders with the capital required to take advantage of the many investment opportunities afforded by the energy transition whilst maintaining a strong balance sheet.

[1]For more information on gearing please refer to the Alternative Performance Measures section of the accounts.

Any reference to regions/countries/sectors/stocks/securities is for illustrative purposes only and not a recommendation to buy or sell any financial instruments or adopt a specific investment strategy.

Market background

Global economic activity generally surprised to the upside in 2024 despite central banks maintaining tight monetary policy over most of the period. Across most developed markets inflation pressures moderated sufficiently for central banks to pause their interest rate tightening cycle which had started in late 2021 and early 2022. Bond and equity markets have throughout the year looked for signs that inflation is under sufficient control for central banks to move to cutting interest rates. Whilst markets got ahead of themselves on that score, as central banks only began to cut interest rates in June for Europe, August for the UK, and September for the USA, the growth and inflation trade-off for much of the period proved conducive to a favourable economic environment - where growth slows but there is no recession. This has enabled most equity markets to make a series of new highs, and bond yields to decline. Some market volatility over the summer months in response to data from the US indicating a sharper than expected slowdown in the labour market and forward indicators of demand, caused bond yields to fall sharply and a rotation within equity markets globally favouring defensive sectors, such as consumer staples and utilities, rather than cyclical sectors such as industrials and commodities.

Whilst US stock market returns have continued to be strongest globally, powered by a heady cocktail of fiscal stimulus supporting economic growth and investor enthusiasm for technology and Artificial Intelligence ("AI"), UK equities have over this 12-month period broadly kept pace with the returns from other global equity markets. Sterling has strengthened against both the US dollar and the Euro over the period. In sterling terms US Equities (S&P500) have delivered total returns of 22.1% over the period, the world equity index (FTSE All World), which has a large weight in US equities, returned 19.5% and UK Equities (FTSE All-Share Index) returned 17%.

Within the UK market, small and mid-sized companies delivered improved relative performance to larger companies, outperforming by 1.7%, over the 12 months. This contrasts with the prior three years where mid-sized companies had lagged the returns from larger companies by a cumulative 19%. This improved performance is the result of increased levels of bid interest across this area of the market from private equity, overseas and domestic companies looking to acquire attractively priced, unique, or complementary, assets at discount prices. The levels of activity in this area of the market have increased to historically high levels[2].

The narrow leadership of US large cap and technology driven parts of the market dominated for much of the period, but there has been a broadening out towards the end of the year. Despite ongoing enthusiasm for AI and Magnificent Seven[3] technology stocks. The Magnificent Seven peaked in July 2024 and since then it has underperformed the broader Russell 2000 index by 12%.

The exception on economic momentum has been China, with widespread weakness and deflation stemming from problems in the property sector, demographic headwinds and high youth unemployment. Stimulus measures had been lacking until the most recent package announced in September.

Almost half of the world's population will have had the chance to vote in national elections during 2024. The backdrop of inflation and cost of living pressures has not favoured incumbents and led to a swing to the right across many European countries with a knock-on effect of rolling back on green policies and immigration. An earlier than had been expected election in the UK returned a large majority for the central left Labour Party, whilst at the same time seeing a rise in votes from the nationalist Reform Party. Continuing conflict between Russia and Ukraine and an escalation of tensions in the Middle East have not to date dented investors' risk appetite for financial assets.

Portfolio performance

Pleasingly, the NAV total return outperformed the FTSE All-Share Index, with gearing being the main driver of positive relative returns. The Company generated a total return of 19% over the 12-month period against 17% for the FTSE All-Share Index. Stock and sector selection was a modest positive to relative returns. A bias towards mid and small sized companies was a positive tailwind as their returns exceeded the returns on the main FTSE 100 Index of 16.9% with returns of 19.6% for the FTSE mid 250 Index (ex-investment trusts) and 24.1% for the FTSE Smaller Companies (ex-investment trusts) Index.

Outperformance was the result of stock selection in the financials and consumer staples sectors, as well as favourable stock selection and positioning in the energy sector. Stock selection in the utilities, industrials and telecoms sectors also contributed positively. Collectively this was able to more than offset the negative contribution from disappointing stock selection principally in the consumer discretionary sector.

The combination of your Company's underweight positioning and stock selection in the consumer staples area was positive for portfolio performance. Companies in these areas continued to experience issues associated with an unwind from the pandemic boost to volumes of household goods and alcohol. Not owning Reckitt Benckiser, and being underweight in **Diageo**, was positive for relative performance. Both companies underperformed in an environment of higher interest rates, and each experienced operational issues. Diageo had weaker trading in Latin America as consumers down traded and distributors cut back on ordering. Reckitt Benckiser was hit with management change and issues with its infant formula business which is expected to result in a large litigation settlement in the USA.

Stock selection was also positive in the financial sector, particularly asset managers. Longstanding positions in **ICG** and **3i Group** continued to deliver encouraging operational results and strong share price performance. ICG, a private assets business, traded strongly, particularly in its debt funds, while returns on the investment company improved. 3i Group, another private asset company, performed well. 3i Group's largest asset is European discount retailer Action, which continued to benefit from consumers choosing cheaper options to offset cost of living pressures and higher mortgage rates. Action has an attractive pipeline of store roll outs which should further enhance growth.

Your Company's holding in defence services business, **QinetiQ**, was a top performer in the period. The company has reoriented its capital allocation policy towards organic growth opportunities, away from acquisitions. It has also allocated capital to share buy backs which are accretive to dividend growth and earnings per share at the current low share price. Your Investment Manager is pleased with these moves having engaged extensively with the company over these issues.

At a sector level the main negative was stock selection in the consumer discretionary area. Two holdings suffered setbacks, a tougher backdrop in luxury goods for **Burberry** and regulatory scrutiny of the veterinary market for pet care provider **Pets at Home**. Stock selection was also negative in the basic materials and real estate sectors.

Burberry was the single biggest detractor to performance. Global luxury sales weakened after a strong period over the pandemic and initial re-opening. Additionally, a change in chief designer unsettled customers while strategy missteps included the pursuit of a brand elevation into a weaker market and a store refurbishment program. Profits remain under considerable pressure in the short-term and mean that the dividend is suspended. However, the CEO has been replaced and your Investment Manager believes the brand is more valuable than the market is currently implying. Your Investment Manager continues to hold a position in the shares for the longer term.

[2]Source: Bloomberg, August 2024. There have been 31 proposed, pending, or completed transactions in the FTSE 250 this year. This represents a 10-year peak and almost 4x compared to last year, and 29% more than 2019.

[3]The Magnificent Seven stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

Also in the retail sector, Pets at Home, the UK's leading pet care business was the second largest detractor. The shares fell on news of the Competition and Markets Authority ("CMA") announcing an initial review of the veterinary sector in September 2023 which focused on transparency of ownership and pricing dynamics in the veterinary market. In March 2024, the CMA announced that it will be consulting with a view to launching a full investigation into the UK veterinary sector noting five areas of potential concern, which could take 18 months. Your Investment Manager has not seen evidence of abusive charging practices within the business and do not expect any substantive adverse outcomes for the group's business from the review.

Your Company did not own the strongest performing company in the industrial sector, Rolls-Royce, whose share price rose as orderbooks strengthened with a strong post-Covid recovery in civil and defence aerospace end markets. Prudential was affected by the same China macroeconomic concerns that caused your Company's holding in Burberry to underperform, together with investor disappointment in the company's organic investment in growth which is capital consumptive compared to allocating capital to shareholders through more in dividends and share buy backs. This year, Whitbread has lagged the rise in the market and is one of the portfolio's top detractors to performance in the period. Last year it was a top contributor. The company has struggled to better last year's strong trading which was boosted by pent up post-Covid leisure travel. Whitbread is the market leading budget hotels operator in the UK with a dominant brand and footprint, and a strong balance sheet which enables a continued roll out of new sites in the UK and drives the less mature German business to profitability.

Portfolio activity

During the period your Investment Manager sold out of four positions and added six new holdings

Exited and trimmed positions

Your Company exited its longstanding holding in **Tesco**. The shares had performed strongly during Covid and the subsequent inflationary period, as well as benefitting from consolidation within the supermarket sector. Whilst retaining a significant investment in **Shell**, your Investment Manager reduced the portfolio's exposure to the oil sector through the significant investment in **Shell**, your Investment Manager reduced the portfolio's exposure to the oil sector through the complete sale of its holding in **BP**. The reduction in oil sector exposure follows share price strength over the past four years. Proceeds were reallocated to other areas of the market.

Elsewhere, **Paypoint's** acquisition of Love2Shop aims to diversify the business away from the group's slower growing legacy businesses, but your Investment Manager's view is that this brings greater regulatory scrutiny and risks. As a result, your Company exited the position. Your Investment Manager also sold your Company's holding in mid-cap precision instrumentation and controls company Spectris where conviction in its strategy has waned.

Unusually, your Company bought, then exited, a position in **Diageo**, a multinational beverage company, during the period. Over the past three years, Diageo shares have underperformed due to higher inflation and interest rates which created headwinds to sales growth and valuation. Your Investment manager viewed the de-rating of the shares as an opportunity to initiate a modest position. However, having monitored our investment thesis since buying it has become clearer that the spirits industry faces greater headwinds to near term growth from destocking than your Investment Manager had expected. Your Investment Manager saw better opportunities to deploy capital elsewhere in the market so exited, although we will continue to review the investment case for the stock.

Your Investment Manager reduced the portfolio's position size in the longstanding holding in data and information services business RELX. The shares had been unsettled early in 2023 from fears that the impact from AI would be negative on their business and growth, but the market reassessed the view later in the year to become increasingly convinced that it would be a positive for its growth. Similarly, the market had re-rated education and workplace skills company Pearson as new management had sought to reinvigorate the company with strategic initiatives to spur growth. Your Investment Manager remains positive for the prospects of both companies for the longer term, but have allocated some proceeds to other parts of the portfolio. Positions in leisure operator Hollywood Bowl were trimmed back early in the period after strong trading and share price performance.

New holdings and additions

Of the six new additions, two are in the domestically focused areas of commercial property and housebuilding. A new position was added in property business **British Land** whose shares trade at a material discount to net asset value. The company has a well invested portfolio in diverse high quality business segments including retail and office space that are well located, and your Investment Manager views good prospects for occupancy and rental growth. Your Investment Manager expects the shares to benefit as interest rates fall later in 2024. Your Investment Manager added a position in national housebuilder, **Taylor Wimpey**. Recent data suggests that the housing market appears to have bottomed ahead of expected interest rate cuts which will make mortgages more affordable. Valuations of housebuilding stocks are low, and a Labour government offers prospects of an easing in planning which should support volumes.

Two further new holdings are in the healthcare space, **Haleon** and **Smith & Nephew**, whilst your Investment Manager also added to the longstanding position in biopharma company **GlaxoSmithKline** ("GSK") on weakness.

Your Investment Manager took advantage of a placing of part of Pfizer's holding in Haleon to establish a position in this consumer healthcare business. The group has been trading strongly since it was spun off from GlaxoSmithKline and your Investment Manager believes it has good long-term prospects. The independent business has established its growth credentials to a greater degree, the balance sheet has strengthened, the shares had cheapened due to a combination of better growth and weaker share price from the overhang of the stock held by GSK and Pfizer who wish to exit their positions. Additionally, your Investment Manager has wanted to add to more defensive earnings in the portfolio. Also new to the portfolio is international med-tech business Smith and Nephew. The valuation has compressed, relative to the company's own history and to international peers, while the outlook has improved. Sales growth has recently accelerated, positive operational leverage and cost benefits from restructuring programmes should boost margins and profitability and lead to an improved valuation.

Your Investment Manager initiated a new position in global automotive distributor **Inchcape**, which is taking share in the automotive market from independents who are struggling with debt and increasingly onerous demands from automotive manufacturers. Inchcape is the leader in their markets, generates attractive returns on capital, has a long growth runway and your Investment Manager believes the shares are mispriced because the market underappreciates the resilience and quality of this business.

A new position was added in **Computacenter**, a provider of IT 'value added reseller' services to help large corporates manage their technology infrastructure. Increasing complexity of technology requirements of businesses driven by new advances in areas such as AI makes the services of companies such as Computacenter increasingly valuable to corporates. Your Investment Manager views attractive organic growth opportunities in the future into new markets such as the US, which is likely to be supplemented by bolt-on acquisitions. Your Investment Manager initiated the position following a de-rating of the shares, which lead us to believe that the long-term growth prospects are not reflected in today's valuation.

Further portfolio activity saw us adding to existing holdings in Asian and Emerging Markets focused bank **Standard Chartered**, power generation company **Drax** and defence services business **QinetiQ** on share price weakness.

The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

Outlook

In financial markets the mood is buoyant with stocks in the US, Eurozone, Japan and the UK at record highs. Market optimism is based on an expectation of a soft economic landing together with monetary easing by central banks as the perceived risks from inflationary pressures continue to ease. There are of course risks around this scenario. Markets currently see limited risk of a resurgence in inflationary pressures and are pricing in significant further monetary easing over the next 12 to 18 months. Any shortfall to these market expectations in magnitude or timing could cause disappointment.

Market valuations of UK equities in our view have more cushion to absorb disappointment than the more highly valued US equity market. Your Investment Manager does however acknowledge that the US markets set the tone globally. UK economic data on growth and inflation are no longer outliers. The OECD recently upgraded UK GDP growth expectations for 2024 to 1.1%, ranking joint second in the G7. UK CPI inflation in August 2024 was 2.2%, down from 6.7% in August 2023 and 9.9% in August 2022.

Your Investment Manager acknowledges the role of the large fiscal stimulus that has aided the US economy to grow more robustly than other developed economies in recent years as well as the role that the US dollar plays in terms of the world's reserve currency to enable such stimulus at a time that the fiscal deficit continues to increase. All politicians, in all countries, face tough choices given the extent of budget deficits and debt near or at record levels post the huge pandemic surplus stimulus packages. Budget watchdogs, and the currency markets, have noted countries where spending pledges are or have been either unfunded or unrealistically costed. The rise of the price of gold and the decline in the US dollar is a part reflection of the vulnerability of the global economy to financial shocks given the level of debt. Additionally, the ongoing conflicts in the Middle East and between Russia and Ukraine mean that defence and security spending is likely to remain in focus.

There has been significant attention paid recently to structural reforms that could revitalise the prospects for the UK equity market. This has concerned changes to listing rules to create a more attractive environment to be a UK PLC. There is also focus on whether more UK pension fund capital could be allocated to UK assets. If implemented effectively both of these policy initiatives should be positive for the prospect for UK equities. Some of this improving narrative may be behind the moderation of UK equity outflows and the improved performance of UK equities over the last 12 months. Despite the recent uptick, there is still a significant valuation disconnect between UK equities and other global markets. Your Investment Manager continues to see incoming M&A interest exploit these valuation inefficiencies. As active investors, this external interest validates our view that there are a significant number of mispriced assets on the UK equity market and your Investment Manager will continue to try and exploit these in the portfolio.

From a shareholder return perspective, your Investment Manager continues to see the trend of corporates returning surplus cash to shareholders through share buy backs rather than via faster growth of ordinary dividends or special dividends. Despite resulting in a more muted outlook for income generation, this behaviour should be viewed positively as it is an indication that boardrooms see their own shares as presenting an attractive investment opportunity. This further underpins our confidence that the future return prospects for the UK equity market and the portfolio are strong.

During the summer months, UK takeover activity softened from the April peak when almost 40 UK listed companies were under offer, as strategic acquirers re-entered the market following a period where private equity had been dominant. A combination of multiple key economies undergoing elections and broader ongoing geopolitical uncertainty has contributed to elevated caution among potential acquirers.

Comments on capital allocation shift

Your Investment Manager observes a capital allocation shift away from dividends, both ordinary and special, towards a combination of ordinary dividends and share buy backs which has been steadily increasing over the past three years. Your Investment Manager views this as more likely a secular rather than a cyclical trend. UK public companies are in aggregate in reasonably robust financial health with strong balance sheets combined with decent levels of profitability and cash generation. Your Investment Manager notes that aggregate levels of dividend cover have been rebuilt post the Covid pandemic stresses to levels in excess of that seen in the years following the global financial crisis.

This capital allocation shift now more closely aligns the UK equity market with international markets and enables companies to pursue growth projects or value accretive share buy backs to a greater extent than previously. Across the whole market, the FTSE All Share, dividend payments are covered more than twice over by profits, the same level as European markets, albeit behind the three times dividend cover of the US market, which has favoured share buy backs over dividend distribution. A shift by the UK equity market to embrace share buy backs to a similar extent as is prevalent in the US stock market may prove to be more supportive of future relative capital returns for UK Equities than for future dividend growth. From an income perspective, UK equities continue to offer the highest yield of major international equity markets (3.6% at the end of August 2024), twice covered by profits, and supplemented by significant share buy backs which take the total shareholder distribution yield close to 6%, double that of the USA and ahead of that of Europe.

Your Investment Manager is excited about the future total returns, from capital and dividends, that the portfolio has the potential to offer.

Investment policy

Regardless of external conditions, your Investment Manager's investment approach remains constant: to construct a diversified portfolio of mispriced opportunities capable of delivering both real growth of income and attractive capital returns. The market volatility during the last 12 months has been yet another reminder of the importance of diversification when constructing portfolios. Your Investment Manager remains a bottom-up stock picker looking for idiosyncratic investment opportunities in individual companies. It continues to see an attractive opportunity set of mispriced assets in the UK equity market as the market has been, and continues to be, out of favour with international investors. Subsequently, your Investment Manager will continue to utilise its ability to use gearing to potentially enhance returns.

Schroder Investment Management Limited

11 November 2024

Principal and emerging risks and uncertainties

The Board, through its delegation to the Audit and Risk Committee, is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit and Risk Committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives.

Risk assessment and internal controls review by the Board

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit and Risk Committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition. The internal control environment of the Manager, the depositary, and the registrar are tested annually by independent external auditors. The full reports are provided to the Audit and Risk Committee alongside abridged summaries.

Although the Board believes that it has a robust framework of internal control in place, this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk. Both the principal risks and the monitoring system are also subject to robust assessment at least annually. The last assessment took place in November 2024.

During the year, the Board discussed and monitored a number of risks which could potentially impact the Company's ability to meet its strategic objectives. The Board received updates from the Investment Manager, Company Secretary, and other service providers on emerging risks that could affect the Company. The Board was mindful of the risks posed by volatile markets, inflation and corresponding interest rate levels which could affect the asset class. However, these are not factors which explicitly impacted the Company's performance. These risks are seen as those that exacerbate existing risks and have been incorporated in the market risks section in the table below.

No significant control failings or weaknesses were identified from the Audit and Risk Committee's ongoing risk assessment throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company and that the internal control environment continues to operate effectively.

Actions taken by the Board and, where appropriate, its Committees, to manage and mitigate the Company's principal and emerging risks and uncertainties are set out in the table below. The "Change" column on the right highlights at a glance the Board's assessment of any increases or decreases in risk during the year after mitigation and management. The arrows show the risks as increased, decreased, or unchanged.

Risk	Mitigation and management	Change
Strategy		
Strategic The Company's investment objectives may become out of line with the requirements of investors, resulting in a wide discount of the share price to underlying NAV per share.	The Board holds a separate annual strategy meeting to consider the Company's strategy and performance, the appropriateness of the Company's investment remit together with	Unchanged

	opportunities and threats to its business. Share price relative to NAV per share is monitored at quarterly board meetings and the use of buy back authorities is considered on a regular basis. The marketing and distribution activity is actively reviewed and there is proactive engagement with shareholders. The Company holds a continuation vote every five years on whether the Company should continue in its current form. Shareholders will have the opportunity to vote on the continuation of the Company at its AGM in 2025.	
Cost base The Company's cost base could become uncompetitive, particularly in light of open-ended alternatives.	The ongoing competitiveness of all service provider fees is subject to periodic benchmarking against its competitors. Annual consideration of management fee levels.	Unchanged
Investment		
Investment management The Investment Manager's investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies, leading to the Company and its objectives becoming unattractive to investors.	Review of the Investment Manager's compliance with the agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and appropriate strategies employed to mitigate any negative impact of substantial changes in markets. Annual review of the ongoing suitability of the Manager, including resources and key personnel risk.	Unchanged
Economic and market The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in equity markets could have an adverse impact on the market value of the Company's underlying investments. The portfolio will normally be fairly fully invested and as such will therefore inevitably be exposed to economic and market risk. Changes in general economic and market conditions, such as currency exchange rates, interest rates, inflation rates, industry conditions, tax laws, political events and trends can substantially and adversely affect the value of investments. Market risk includes the potential impact of events which are outside the Company's control, such as pandemics, civil unrest and wars.	The risk profile of the portfolio is considered and appropriate strategies to mitigate any negative impact of substantial changes in markets are discussed with the Manager. There are inherent risks involved in stock selection. The Investment Manager is experienced and has a long track record in successfully investing in public equity holdings. The Investment Manager monitors the impact of foreign currency movements on the portfolio and is able to rebalance the portfolio towards stocks which are less impacted by changes in foreign currency exchange rates if required.	Unchanged
ESG and climate change Failure by the Investment Manager to identify potential ESG issues, including the impact of climate change, could impact shareholder returns due to valuation issues in investee companies and the Company's shares becoming less attractive to investors.	The Investment Manager's ESG policies, including those relating to climate change, which have been adopted by the Company, are fully integrated into the investment process, as set out in the Strategic Report. Investments are valued at fair value and reflect market participants' views of ESG and climate change risk on the Company's portfolio investments. The Investment Manager regularly reports to the Board on ESG and climate change matters, including engagement with investee companies. Any investor feedback is also taken into consideration by the Board.	Unchanged
Gearing The Company utilises a credit facility. This arrangement increases the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.	Gearing is monitored and strict restrictions on borrowings are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 25% of shareholders' funds.	Unchanged
Custody Safe custody of the Company's assets may be compromised through control failures by the	The depositary reports on the safe custody of the Company's assets, including cash and	Unchanged

depositary.	portfolio holdings, which are independently reconciled with the Manager's records. The review of audited internal controls reports covering custodial arrangements is undertaken. An annual report from the depositary on its activities, including matters arising from custody operations is reviewed.	
Compliance		
Accounting, legal and regulatory In order to continue to qualify as an investment trust, the Company must comply with the requirements of section 1158 of the Corporation Tax Act 2010. Breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes.	The confirmation of compliance with relevant laws and regulations by key service providers. Shareholder documents and announcements, including the Company's published annual report are subject to stringent review processes. Procedures have been established to safeguard against disclosure of inside information.	Unchanged
Operational		
Service provider The Company has no employees and has delegated certain functions to a number of service providers, principally the Manager, depositary and registrar. Failure of controls and poor performance of any service provider could lead to disruption, reputational damage or loss.	Service providers are appointed subject to due diligence processes and with clearly-documented contractual arrangements detailing service expectations. Regular reports are provided by key service providers and the quality of services provided are monitored. Audited internal controls reports from key service providers, including confirmation of business continuity arrangements, are reviewed annually.	Unchanged
Cyber The Company's service providers are all exposed to the risk of cyber attacks. Cyber attacks could lead to loss of personal or confidential information or disrupt operations.	Service providers report on cyber risk mitigation and management at least annually, which includes confirmation of business continuity capability in the event of a cyber attack. In addition, the Board received presentations from the Manager, the registrar and the safekeeping agent and custodian on cyber risk.	Unchanged

Statement of Directors' Responsibilities

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors 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.

The Manager is responsible for the maintenance and integrity of the Company's web pages. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement

Each of the Directors, whose names and functions are listed in the full annual report and financial statements, confirm that to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the annual report and financial statements 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 and emerging risks and uncertainties that it faces; and
- the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Ewen Cameron Watt
Chairman

11 November 2024

Statement of Comprehensive Income

for the year ended 31 August 2024

			2024			2023	
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	2	-	30,756	30,756	-	326	326
Net foreign currency gains		-	23	23	-	-	-
Income from investments	3	9,742	275	10,017	10,560	-	10,560
Other interest receivable and similar income	3	142	-	142	90	-	90
Gross return		**9,884**	**31,054**	**40,938**	**10,650**	**326**	**10,976**
Management fee	4	(436)	(654)	(1,090)	(422)	(633)	(1,055)
Administrative expenses	5	(585)	-	(585)	(552)	-	(552)
Net return/(loss) before finance costs and taxation		**8,863**	**30,400**	**39,263**	**9,676**	**(307)**	**9,369**
Finance costs	6	(779)	(1,168)	(1,947)	(546)	(821)	(1,367)
Net return/(loss) before taxation		**8,084**	**29,232**	**37,316**	**9,130**	**(1,128)**	**8,002**
Taxation	7	-	-	-	-	-	-
Net return/(loss) after taxation		**8,084**	**29,232**	**37,316**	**9,130**	**(1,128)**	**8,002**
Return/(loss) per share (pence)	**9**	**11.64**	**42.09**	**53.73**	**13.14**	**(1.62)**	**11.52**

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net return after taxation is also the total comprehensive income for the year.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The notes in the full annual report and financial statements form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 August 2024

	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2022		6,946	9,449	2,011	1,596	34,936	138,240	11,922	205,100
Net (loss)/return after taxation		-	-	-	-	-	(1,128)	9,130	8,002

Dividends paid in the year	8	-	-	-	-	-	-	(9,170)	(9,170)
At 31 August 2023		6,946	9,449	2,011	1,596	34,936	137,112	11,882	203,932
Repurchase of ordinary shares into treasury		-	-	-	-	(102)	-	-	(102)
Net return after taxation		-	-	-	-	-	29,232	8,084	37,316
Dividends paid in the year	8	-	-	-	-	-	-	(9,585)	(9,585)
At 31 August 2024		**6,946**	**9,449**	**2,011**	**1,596**	**34,834**	**166,344**	**10,381**	**231,561**

The notes in the full annual report and financial statements form an integral part of these financial statements.

Statement of Financial Position

at 31 August 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	258,409	229,714
Current assets			
Debtors	11	1,909	2,557
Cash and cash equivalents	12	1,692	1,560
		3,601	4,117
Current liabilities			
Creditors: amounts falling due within one year	13	(30,449)	(29,899)
Net current liabilities		**(26,848)**	**(25,782)**
Total assets less current liabilities		**231,561**	**203,932**
Net assets		**231,561**	**203,932**
Capital and reserves			
Called-up share capital	14	6,946	6,946
Share premium	15	9,449	9,449
Capital redemption reserve	15	2,011	2,011
Warrant exercise reserve	15	1,596	1,596
Share purchase reserve	15	34,834	34,936
Capital reserves	15	166,344	137,112
Revenue reserve	15	10,381	11,882
Total equity shareholders' funds		**231,561**	**203,932**
Net asset value per share (pence)	**16**	**333.54**	**293.58**

These financial statements were approved and authorised for issue by the Board of Directors on 11 November 2024 and signed on its behalf by:

Ewen Cameron Watt

Chairman

The notes in the full annual report and financial statements form an integral part of these financial statements.

Registered in England and Wales as a public company limited by shares

Company registration number: 03008494

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of accounting

Schroder Income Growth Fund plc ("the Company") is registered in England and Wales as a public company limited by shares. The Company's registered office is 1 London Wall Place, London EC2Y 5AU.

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in July 2022. All of the Company's operations are of a continuing nature.

The financial statements have been prepared on a going concern basis under the historical cost convention, with the exception of investments which are measured at fair value through profit or loss. The Directors believe that the Company has adequate resources to continue operating until 30 November 2025, which is at least 12 months from the date of approval of these financial statements. In forming this opinion, the Directors have taken into consideration: the controls and monitoring processes in place; the Company's low level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; and that the Company's assets largely variable costs which would reduce pro rata in the event of a market downturn, and that the Company's assets comprise cash and readily realisable securities quoted in active markets. The Directors have considered the impact of climate change risk and emerging risk and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. Further details of Directors' considerations regarding this are given in the Chairman's Statement, Investment Manager's Review, Going Concern Statement, Viability Statement and under the Principal and Emerging Risks and Uncertainties in the Strategic Report.

The Company has not presented a statement of cash flows, as it is not required for an investment trust which meets certain conditions; in particular that substantially all of the Company's investments are highly liquid and carried at market value.

The financial statements are presented in sterling and amounts have been rounded to the nearest thousand.

The accounting policies applied to these financial statements are consistent with those applied in the financial statements for the year ended 31 August 2023.

Other than the Director's assessment of going concern, no significant judgements, estimates or assumptions have been required in the preparation of the financial statements for the current or preceding financial year.

(b) Valuation of investments

The Company's investments are classified as fair value through profit and loss in accordance with FRS 102. Upon initial recognition the investments are measured at the transaction price, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. Fair value gains or losses are recognised in the capital column of the Statement of Comprehensive Income.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments, and the management fee or finance costs allocated to capital, are included in the Statement of Comprehensive Income and dealt with in capital reserves within "Gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end, are included in the Statement of Comprehensive Income and dealt with in capital reserves within "Investment holding gains and losses".

Foreign exchange gains and losses on cash and deposit balances are included in the Statement of Comprehensive Income and in capital reserves.

(d) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Dividends from overseas companies are included gross of any withholding tax.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue with the following exceptions:

- The management fee is allocated 40% to revenue and 60% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase and sale of an investment are written off to capital at the time of acquisition or disposal. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 10 in the full annual report and financial statements.

(f) Finance costs

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method in accordance with FRS 102.

Finance costs are allocated 40% to revenue and 60% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

Cash at bank and in hand may comprise cash, cash equivalents and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Cash equivalents are short-term maturity of three months or less, highly liquid investments that are readily convertible to known amounts of cash. The Company's investment in HSBC's Sterling Liquidity Fund of £944,000 (2023: Nil) is managed as part of the Company's cash and cash equivalents as defined under FRS 102: 7.2.

Other debtors and creditors do not carry any interest, are short-term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Bank loans are classified as financial liabilities at amortised cost. They are initially measured at the proceeds received, net of direct issue costs, and subsequently measured at amortised cost using the effective interest method.

(h) Taxation

The tax charge for the year is based on amounts expected to be received or paid.

Deferred tax is accounted for in accordance with FRS 102.

Deferred tax is provided on all timing differences that have originated but not reversed by the accounting date.

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the accounting date and is measured on an undiscounted basis.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of the related irrecoverable VAT.

(j) Foreign currency

In accordance with FRS 102, the Company is required to determine a functional currency, being the currency in which the Company predominantly operates. The Board has determined that sterling is the Company's functional currency and the presentational currency of the financial statements.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and investments held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

(k) Dividends payable

Dividends on equity shares are recognised as a deduction of equity when the liability to pay the dividends arises. Consequently, interim dividends are recognised when paid and final dividends when approved in the general meeting.

2. Gains on investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Gains on sales of investments based on historic cost	3,099	1,242
Amounts recognised in investment holding gains and losses in the previous year in respect of investments		
sold in the year	(3,014)	(2,196)
Gains/(losses) on sales of investments based on the carrying value at the previous statement of financial position date	85	(954)
Unrealised gain recognised in respect of investments continuing to be held	30,671	1,280
Gains on investments held at fair value through profit or loss	**30,756**	**326**

3. Income

	2024 £'000	2023 £'000
Income from investments:		
UK dividends	8,736	8,763
UK special dividends	51	196
Overseas dividends	839	1,538
Scrip dividends	116	63
	9,742	**10,560**
Other interest receivable and similar income:		
Deposit interest	107	90
Other income	35	-
	142	**90**
Capital:		
Special dividends allocated to capital	275	-
Total income	**10,159**	**10,650**

4. Management fee

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	436	654	1,090	422	633	1,055

The basis for calculating the management fee is set out in the Directors' Report in the full annual report and financial statements..

5. Administrative expenses

	2024 £'000	2023 £'000
Administration expenses	399	374
Directors' fees	127	122
Auditor's remuneration for the audit of the Company's financial statements[1]	59	56
	585	**552**

[1] Includes £10,000 (2023: £9,000) irrecoverable VAT.

6. Finance costs

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	**779**	**1,168**	**1,947**	**546**	**821**	**1,367**

7. Taxation

(a) Analysis of charge in the year

	2024 £'000	2023 £'000
Irrecoverable overseas tax	-	-
Tax charge for the year	**-**	**-**

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2023: lower) than the Company's applicable rate of corporation tax for the year of 25% (2023: 21.5%).

The factors affecting the current tax charge for the year are as follows:

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gain/return on ordinary activities before taxation	8,084	29,232	37,316	9,130	(1,128)	8,002
Net gain/return on ordinary activities before taxation multiplied by						
the Company's applicable rate of corporation tax for the year						
of 25% (2023: 21.5%)	2,021	7,308	9,329	1,962	(243)	1,719
Effects of:						
Capital losses on investments	-	(7,695)	(7,695)	-	(70)	(70)
Income not chargeable to corporation tax	(2,339)	(69)	(2,408)	(2,181)	-	(2,181)
Unrelieved expenses	318	456	774	219	313	532
Tax charge for the year	**-**	**-**	**-**	**-**	**-**	**-**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £9,979,000 (2023: £9,207,000) based on a main rate of corporation tax of 25% (2023: 25%). The main rate of corporation tax increased to 25% for fiscal years beginning on or after 1 April 2023.

The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

Given the Company's status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

(a) Dividends paid and declared

	2024 £'000	2023 £'000
2023 fourth interim dividend of 6.3p (2022: 5.7p)	4,376	3,959

First interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Second interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Third interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Total dividends paid in the year	**9,585**	**9,170**

	2024 £'000	**2023 £'000**
Fourth interim dividend declared of 6.7p (2023: 6.3p)	**4,651**	**4,376**

All dividends paid and declared to date have been paid, or will be paid, out of revenue profits.

(b) Dividends for the purposes of Section 1158 of the Corporation Tax Act 2010 ("Section 1158")

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £8,084,000 (2023: £9,130,000).

	2024 £'000	**2023 £'000**
First interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Second interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Third interim dividend of 2.5p (2023: 2.5p)	1,735	1,737
Fourth interim dividend of 6.7p (2023: 6.3p)	4,651	4,376
Total dividends of 14.2p (2023: 13.8p) per share	**9,860**	**9,587**

9. Return/(loss) per share

	2024 £'000	**2023 £'000**
Revenue return	8,084	9,130
Capital return/(loss)	29,232	(1,128)
Total return	**37,316**	**8,002**
Weighted average number of ordinary shares in issue during the year	69,449,119	69,463,343
Revenue return per share (pence)	11.64	13.14
Capital return/(loss) per share (pence)	42.09	(1.62)
Total return/gain per share (pence)	**53.73**	**11.52**

10. Investments held at fair value through profit or loss

	2024 £'000	**2023 £'000**
Opening book cost	207,268	207,135
Opening investment holding gains	22,446	23,362
Opening fair value	**229,714**	**230,497**
Analysis of transactions made during the year		
Purchases at cost	25,189	57,193
Sales proceeds	(27,250)	(58,302)
Gains on investments held at fair value	30,756	326
Closing fair value	**258,409**	**229,714**
Closing book cost	208,306	207,268
Closing investment holding gains	50,103	22,446
Closing fair value	**258,409**	**229,714**

All investments are listed on a recognised stock exchange.

Sales proceeds amounting to £27,250,000 (2023: £58,302,000) were receivable from disposal of investments in the year. The book cost of these investments when they were purchased was £24,151,000 (2023: £57,059,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The following transaction costs, comprising stamp duty and brokerage commission were incurred during the year:

	2024 £'000	**2023 £'000**
On acquisitions	130	236
On disposals	13	30
	143	**266**

11. Debtors

	2024 £'000	**2023 £'000**
Dividends and interest receivable	1,901	2,537
Taxation recoverable	-	5
Other debtors	8	15
	1,909	**2,557**

The Directors consider that the carrying amount of debtors approximates to their fair value.

The Directors consider that the carrying amount of debtors approximates to their fair value.

12. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank	748	1,560
Money market fund	944	-
	1,692	**1,560**

As at 31 August 2024, the Company held shares in the HSBC Sterling Liquidity fund with a market value of £944,000 (31 August 2023: Nil), which is managed as part of the Company's cash and cash equivalents as defined under FRS 102:7.2.

13. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Bank loan	30,000	29,500
Other creditors and accruals	449	399
	30,449	**29,899**

The bank loan comprises £30.0 million (2023: £29.5 million) drawn down on the Company's revolving credit facility with SMBC Bank International plc. The facility was not extended, and effective 20 September 2024, the Company entered into a new loan agreement with The Bank of Nova Scotia, London Branch.

The facility with SMBC Bank International plc was unsecured and subject to covenants and restrictions which were customary for a facility of this nature, all of which were complied with during the year. Further details of this facility are given in note 20(a)(i) in the full annual report and financial statements.

The new facility is secured and is subject to covenants and restrictions which are customary to a facility of this nature.

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

14. Called-up share capital

	2024 £'000	2023 £'000
Ordinary shares allotted, called-up and fully paid:		
Ordinary shares of 10p each		
Opening balance of 69,463,343 (2023: 69,463,343) shares	6,946	6,946
Repurchase of 38,000 (2023: nil) shares held in treasury	(4)	-
Subtotal of 69,425,343 (2023: 69,463,343) shares	**6,942**	**6,946**
38,000 (2023: nil) shares held in treasury	4	-
Total of 69,425,343 (2023: 69,463,343) shares	**6,946**	**6,946**

15. Reserves

					Capital reserves		
Year ended 31 August 2024	**Share premium[1] £'000**	**Capital redemption reserve[1] £'000**	**Warrant exercise reserve[1] £'000**	**Share purchase reserve[2] £'000**	**Gains and losses on sales of investments[2] £'000**	**Investment holding gains and losses[3] £'000**	**Revenue reserve[4] £'000**
Opening balance	9,449	2,011	1,596	34,936	114,666	22,446	11,882
Gains on sales of investments based on the carrying value at the previous statement of financial position date	-	-	-	-	85	-	-
Net movement in investment holding gains and losses	-	-	-	-	-	30,671	-
Transfer on disposal of investments	-	-	-	-	3,014	(3,014)	-
Realised exchange gains on currency balances	-	-	-	-	23	-	-
Management fee and finance costs allocated to capital	-	-	-	-	(1,822)	-	-
Share repurchase into treasury	-	-	-	(102)	-	-	-
Special dividends allocated to capital	-	-	-	-	275	-	-
Dividends paid	-	-	-	-	-	-	(9,585)
Retained revenue for the year	-	-	-	-	-	-	8,084
Closing balance	**9,449**	**2,011**	**1,596**	**34,834**	**116,241**	**50,103**	**10,381**

					Capital reserves		
Year ended 31 August 2023	**Share premium[1] £'000**	**Capital redemption reserve[1] £'000**	**Warrant exercise reserve[1] £'000**	**Share purchase reserve[2] £'000**	**Gains and losses on sales of investments[2] £'000**	**Investment holding gains and losses[3] £'000**	**Revenue reserve[4] £'000**
Opening balance	9,449	2,011	1,596	34,936	114,878	23,362	11,922
Losses on sales of investments based on the carrying value at the previous statement					(954)		

value at the previous statement of financial position date	-	-	-	-	(954)	-	-
Net movement in investment holding gains and losses	-	-	-	-	-	1,280	-
Transfer on disposal of investments	-	-	-	-	2,196	(2,196)	-
Management fee and finance costs allocated to capital	-	-	-	-	(1,454)	-	-
Dividends paid	-	-	-	-	-	-	(9,170)
Retained revenue for the year	-	-	-	-	-	-	9,130
Closing balance	**9,449**	**2,011**	**1,596**	**34,936**	**114,666**	**22,446**	**11,882**

The Company's Articles of Association permit dividend distributions out of realised capital profits.

[1]These reserves are not distributable.

[2]These are realised (distributable) capital reserves which may be used to repurchase the Company's own shares or distributed as dividends.

[3]This reserve comprises holding gains on liquid investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between those amounts that are realised (and may be distributed as dividends or used to repurchase the Company's own shares) and those that are unrealised.

[4]The revenue reserve may be distributed as dividends or used to repurchase the Company's own shares.

16. Net asset value per share

	2024	**2023**
Net assets attributable to shareholders (£'000)	231,561	203,932
Shares in issue at the year end	69,425,343	69,463,343
Net asset value per share (pence)	333.54	293.58

17. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee. Details of the basis of the calculation are given in the Directors' Report in the full annual report and financial statements.Any investments in funds managed or advised by the Manager or any of its associated companies are excluded from the assets used for the purpose of the calculation and therefore incur no fee.

The management fee payable in respect of the year ended 31 August 2024 amounted to £1,090,000 (2023: £1,055,000) of which £291,000 (2023: £259,000) was outstanding at the year end.

Effective from 1 March 2021, the Manager is entitled to receive a further fee to cover administration and company secretarial costs.

The secretarial fee payable for the year amounted to £180,000 (2023: £180,000) including VAT, of which £45,000 (2023: £45,000) was outstanding at the year end.

No Director of the Company served as a director of any member of the Schroder Group at any time during the year.

18. Related party transactions

Details of the remuneration payable to Directors are given in the Directors' Remuneration Report in the full annual report and financial statements and details of Directors' shareholdings are given in the Directors' Remuneration Report in the full annual report and financial statements. . Details of transactions with the Manager are given in note 17 above. There have been no other transactions with related parties during the year (2023: nil).

19. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio.

FRS 102 requires financial instruments to be categorised into a hierarchy consisting of the three levels below.

Level 1 - valued using unadjusted quoted prices in active markets for identical assets.

Level 2 - valued using observable inputs other than quoted prices included within Level 1.

Level 3 - valued using inputs that are unobservable.

Details of the valuation techniques used by the Company are given in note 1(b).

At 31 August 2024, all investments in the Company's portfolio are categorised as Level 1 (2023: same).

20. Financial instruments' exposure to risk and risk management policies

The Company's objectives are set out on the inside front cover of this report. In pursuing these objectives, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy. The Company has no significant direct exposure to foreign exchange risk on monetary items. The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments may comprise the following:

- investments in equity shares which are held in accordance with the Company's investment objectives;
- short-term debtors, creditors and cash arising directly from its operations; and
- loans drawn on a facility, the purpose of which are to assist with financing the Company's operations.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements: interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these two elements of market risk is given in parts (i) and (ii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings when interest rates are re-set.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The board's policy is to permit gearing up to 25% where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets. Any amount drawn on the facility would normally be for a one month period, at the end of which the drawdown may be rolled over, adjusted or repaid, and the interest rate is re-set. These amounts have been included in the analysis below, although the exposure to interest rate changes is not significant as any drawings can be repaid at the end of the one month period under the terms of this flexible arrangement.

Interest rate exposure

The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2024 £'000	2023 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	1,692	1,560
Creditors falling due within one year: bank loan	(30,000)	(29,500)
Total exposure	**(28,308)**	**(27,940)**

Cash balances earn interest at a floating rate based on the Sterling Overnight Index Average (2023: Sterling Overnight Index Average).

The £30.0 million credit facility with SMBC Bank International plc was not extended, and effective 20 September 2024, the Company entered into a new loan agreement with The Bank of Nova Scotia, London Branch. Interest payable is calculated at the aggregate of the compounded daily Risk Free Rate ("RFR"), plus a margin. Amounts are normally drawn down on the facility for a one month period, at the end of which it may be rolled over or adjusted. At 31 August 2024, the Company had drawn down £30.0 million (2023: £29.5 million), for a one month period at an interest rate of 6.28% (2023: 5.91%) per annum.

The above year end amounts are not representative of the exposure to interest rates during the current or comparative year as the level of cash balances and drawings on the facility have fluctuated. The maximum and minimum exposure during the year was as follows:

	2024 £'000	2023 £'000
Minimum debit interest rate exposure during the year - net debt	(24,828)	(21,727)
Maximum debit interest rate exposure during the year - net debt	(29,635)	(27,940)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.0% (2023: 1.0%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the statement of financial position date which are exposed to interest rate movements, with all other variables held constant.

	2024		2023	
	1.0% increase in rate £'000	1.0% decrease in rate £'000	1.0% increase in rate £'000	1.0% decrease in rate £'000
Statement of comprehensive income - return after taxation				
Revenue return	(103)	103	(102)	102
Capital return	(180)	180	(177)	177
Total return after taxation	(283)	283	(279)	279
Net assets	**(283)**	**283**	**(279)**	**279**

Due to UK interest rates stabilising over the course of the year, the interest rate sensitivity has been updated back to 1.0%. The prior year disclosure has been updated to 1.0% to show a direct comparison in the sensitivity. As disclosed in the prior year annual report, an increase of 1.5% reduced total return after taxation by £420,000 (a decrease of 1.5% had an equal and opposite effect).

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes as the level of cash balances and drawings on the facility will fluctuate.

(ii) Other price risk

Market price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of investments.

Management of market price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Market price risk exposure

The Company's total exposure to changes in market prices at 31 August comprised the following:

	2024 £'000	2023 £'000
Investments held at fair value through profit or loss	**258,409**	**229,714**

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

An analysis of the Company's investments is given in the full annual report and financial statements. The portfolio principally comprises securities of companies listed on the London Stock Exchange and accordingly there is a concentration of exposure to economic conditions in the UK. However it should be noted that many of these companies conduct much of their business overseas. Furthermore, up to 20% of the portfolio may be listed on overseas stock exchanges.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2023: 20%) in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's exposure through equity investments and includes the impact on the management fee but assumes that all other variables are held constant.

	2024		2023	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Statement of comprehensive income - return after taxation				
Revenue return	(93)	93	(83)	83
Capital return	51,542	(51,542)	45,819	(45,819)
Total return after taxation and net assets	**51,449**	**(51,449)**	**45,736**	**(45,736)**
Change in net asset value	**22.2%**	**(22.2%)**	**22.4%**	**(22.4%)**

(b) Liquidity risk

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. The facility is also available to provide liquidity at short notice. The Board's policy is for the Company to remain fully invested in normal market conditions. The facility may be used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure

Contractual maturities of financial liabilities, based on the earliest date on which payment can be required are as follows:

	2024		2023	
	Three months or less £'000	**Total £'000**	**Three months or less £'000**	**Total £'000**
Creditors: amounts falling due within one year				
Other creditors and accruals	444	444	399	399
Bank loan - including interest	30,157	30,157	29,645	29,645
	30,601	**30,601**	**30,044**	**30,044**

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

The Company invests in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement. The Manager continuously monitors dealing activity to ensure best execution, which involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparties must be pre-approved by the Manager's credit committee.

Exposure to the custodian

The custodian of the Company's assets is HSBC Bank plc which has long-term Credit Ratings of AA- with Fitch and A3 with Moody's. The Company's investments are held in accounts which are segregated from the custodian's own trading assets. If the custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the custodian as banker and held on the custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the custodian in respect of cash balances.

Credit risk exposure

The following amounts shown in the Statement of Financial Position, represent the maximum exposure to credit risk at the current and comparative year end.

	2024		2023	
	Balance sheet £'000	**Maximum exposure £'000**	**Balance sheet £'000**	**Maximum exposure £'000**
Current assets				
Debtors - dividends and interest receivable and other debtors	1,909	1,909	2,557	2,557
Cash and cash equivalents	1,692	1,692	1,560	1,560
	3,601	**3,601**	**4,117**	**4,117**

No debtors are past their due date and none have been written down or deemed to be impaired.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried at fair value or the amount in the Statement of Financial Position is a reasonable approximation of fair value.

21. Capital management policies and procedures

The Company's objectives, policies and processes for managing capital are unchanged from the preceding year.

The Company's debt and capital structure comprises the following:

	2024 £'000	2023 £'000
Debt		
Bank loan	30,000	29,500
Equity		
Called-up share capital	6,946	6,946
Reserves	224,615	196,986
	231,561	**203,932**
Total debt and equity	**261,561**	**233,432**

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to permit gearing up to 25% where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

	2024 £'000	2023 £'000
Borrowings used for investment purposes, less cash	28,308	27,940
Net assets	231,561	203,932
Gearing	12.2%	13.7%

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back the Company's own shares for cancellation or to hold in treasury, which takes into account the share price discount;
- the opportunities for issues of new shares; and
- the amount of dividend to be paid, in excess of that which is required to be distributed.

Status of results announcement

2024 Financial Information

The figures and financial information for 2024 are extracted from the annual report and financial statements for the year ended 31 August 2024 and do not constitute the statutory accounts for that year. The annual report and financial statements include the Report of the Independent Auditors which is unqualified and does not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006. The annual report and financial statements will be delivered to the Registrar of Companies in due course.

2023 Financial Information

The figures and financial information for 2023 are extracted from the published annual report and financial statements for the year ended 31 August 2023 and do not constitute the statutory accounts for the year. The annual report and financial statements have been delivered to the Registrar of Companies and included the Report of the Independent Auditors which was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

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