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Schroder UK Mid Cap Fund PLC
28 November 2024

Thursday, 28 November 2024

**SCHRODER UK MID CAP FUND PLC**
**("the Company")**

**ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2024**

Schroder UK Mid Cap Fund plc announces its financial results for the year ended 30 September 2024.

- The NAV per share total return in the 12 months to 30 September 2024 was +17.3%. This compares to +21.4% from the FTSE Mid 250 ex Investment Trusts Index. The share price total return was +17.5%.
- Over the longer term, the Company's performance is ahead of its Benchmark (over five and ten years). There has been no change in the investment process which has delivered this successful investment performance.
- Consumer discretionary, financials and domestically focused industrial sub-sectors (construction, support services and transportation) were among the largest contributors to the performance of mid-caps over the year.
- The discount marginally widened, from 12.0% at the beginning of the year to 12.3% at the end. Gearing was a positive factor and at the year end, net gearing was 9.5% (2023: 6.8%) with £25 million of the Company's Revolving Credit Facility deployed.
- A final dividend of 15.5 pence per share has been declared for year the year ended 30 September 2024. The proposed final dividend, combined with the interim dividend of 6.0 pence per share already paid during the year, brings total dividends for the year to 21.5 pence per share.
- Harry Morley will be succeeding Robert Talbut as Chair following the AGM on 24 February 2025 after a nine-year tenure.

Investor Presentation

The Company's Investment Managers are hosting an annual results presentation for investors on Wednesday, 15 January 2025 at 2.00 p.m. Investors can register for the event at: https://www.schroders.events/SCP24.

**Robert Talbut, Chair of Schroder UK Mid Cap Fund plc commented:**
*"We continue to remain optimistic about the outlook for the UK mid-cap sector and the Company's portfolio holdings, which are largely focused upon longer term growth businesses. The Investment Manager has a proven ability to find attractive investment opportunities with the prospect of long-term returns for shareholders."*

The Company's Annual Report and Financial Statements for the year ended 30 September 2024 are also being published in hard copy format and an electronic copy will shortly be available to download from the Company's website www.schroders.com/ukmidcap.

Enquiries:

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## Annual Report and Financial Statements for the year ended 30 September 2024

**Chair's Statement**

**"We continue to remain optimistic about the outlook for UK mid-caps and the Company's portfolio holdings, which are largely focused upon longer term growth businesses."**

**Investment and share price performance**
The Company's net asset value ("NAV") total return for the year was 17.3%, which was less than the Company's Benchmark

(the FTSE 250 ex Investment Trusts Index), which produced a total return of 21.4% over the year. The share price total return over the same period increased by 17.5%. Whilst the absolute performance was attractive, relative return was affected by a rapid shift within the mid-cap sector over the year, moving away from long-term growth-oriented businesses and toward those more sensitive to interest rate fluctuations. These latter businesses typically feature weaker balance sheets and more problematic business models. Our Investment Manager's investment strategy has consistently emphasised the importance of long-term growth firms, whilst also recognising that there are shorter periods when the latter types may outperform. Therefore, despite beating the Benchmark comfortably over the last five years due to the emphasis upon higher quality businesses, the Company has faced a period of shorter-term underperformance during this sharp rotation.

**Revenue and dividends**

In June 2024, the Board was pleased to announce an increased interim dividend of 6.0 pence per share which represented a 9.1% increase on the interim dividend paid in 2023. We have declared a final dividend of 15.5 pence per share for the year ended 30 September 2024. The proposed final dividend, combined with the interim dividend of 6.0 pence per share already paid during the year, brings total dividends for the year to 21.5 pence per share, a level which is covered by current year earnings, and reflects an increase of 4.8% in dividends declared in respect of the previous financial year. At the current share price of 605.00 pence (as at 26 November 2024) this represents a dividend yield of 3.6%. Since 2004, the total dividends for the year have increased by 12.6% per annum.

A resolution to approve the payment of the final dividend for the year ended 30 September 2024 will be proposed at the forthcoming Annual General Meeting ("AGM"). If the resolution is passed, the dividend will be paid on 28 February 2025 to shareholders on the register on 31 January 2025.

**Gearing**

At the year end, net gearing was 9.5% (2023: 6.8%) with £25 million of the Company's Revolving Credit Facility deployed of the £30 million available. Having such gearing in place is an attractive feature of the investment trust structure. It is expected that the Investment Manager will continue to use this gearing to enhance shareholder returns by taking advantage of attractive new investment opportunities and participating in capital raisings by portfolio companies.

**Discount management**

During the year the Company's discount to NAV slightly widened from 12.0% (2023) to 12.3% at year-end as UK equities still remain an out-of-favour asset class. The Board continues to monitor the discount level carefully. In order to facilitate future buy-backs should the Board consider these to be appropriate and in shareholders long-term interests, we propose that the Company's share buyback authorities be renewed at the forthcoming AGM. Any shares so purchased will be cancelled, or held in treasury, for potential reissue at a premium to NAV. During the financial year, the Company did not buy-back any shares.

**Board changes**

In light of my nine year tenure, I will be retiring from the Board and will not be offering myself for re-election at the upcoming AGM on 24 February 2025. I am pleased to announce that Harry Morley will be succeeding me as Chair of the Company. The Board is confident that Harry, who was appointed as a Director in 2023, has the right attributes and experience to successfully lead the Board. The Board is currently undertaking a recruitment process for an additional non-executive Director and will announce the outcome of this in due course. It has been my honour to Chair your Company for almost four years and I extend my grateful thanks to shareholders for their support and to my colleagues for their diligence and hard work.

**Amendment to the Company's Investment Policy**

Whilst the Company predominantly invests in companies from the FTSE 250 ex Investment Trust sector, under its Investment Policy, the Company may hold up to 20% of its portfolio in equities and collective investment vehicles outside the benchmark index. Although widely drafted, the Board has made a minor amendment to the Investment Policy in order to clarify, for the benefit of shareholders, that this 20% carve out may from time to time be utilised to allow the Company to hold shares in companies listed outside of the UK. Such overseas holdings could, for example, arise following corporate actions such as mergers or spin outs from existing holdings. This change is not considered to be material and should not be seen as indicating any change to the Company's investment strategy or process. The revised Investment Policy is set out in full on page 16.

**Annual General Meeting and Results Webinar**

Our Investment Manager will be giving a presentation at an investor webinar on Wednesday, 15 January 2025 at 2.00 p.m. to discuss the Company's results which can be signed up to via the following link: https://www.schroders.events/SCP24.

The Company's AGM will be held at 1.00 p.m. on Monday, 24 February 2025. We encourage shareholders to attend in person and, if unable to, to cast their votes by proxy. The AGM will include a presentation by the Investment Manager on the prospects for the UK market and the Company's investment strategy and will provide an opportunity for shareholders to ask questions of the Board and the Investment Manager. The meeting will be held at the Manager's office at 1 London Wall Place, London, EC2Y 5AU.

Regular news about the Company can be found on the Company's website: http://www.schroders.com/trust-updates/.

**Outlook**

Both the Board and our Investment Manager remain positive about the outlook for the UK economy, given the combination of low unemployment, rising household disposable income, and increased business investment. The Bank of England's Monetary Policy Committee has recently made its second rate cut in four years, reducing the bank rate by 25 basis points to 4.75% and there should be further cuts over the next 12 months. In addition, inflation, which has been a concern over recent years, should remain at a moderate level going forward boosting disposable incomes and generally helping improve sentiment towards the UK.

It is encouraging to see that this supportive environment is now starting to be reflected in growing interest and future expectations for the UK equity market, as investors start to recognise the value on offer both relative to other regional equity markets but also compared to historical valuations. Within the wider UK market, the mid-cap sector is looking particularly attractive given earnings growth expectations and healthy dividend prospects. These factors help explain the increased merger and acquisition activity within the mid-cap sector from both domestic and international corporate buyers as well as private equity investors.

We continue to remain optimistic about the outlook for the UK mid-cap sector and the Company's portfolio holdings, which are largely focused upon longer term growth businesses. The Investment Manager has a proven ability to find attractive investment opportunities with the prospect of long-term returns for shareholders. The continued focus remains on looking for companies which can deliver high risk-adjusted returns with rising cash flows and earnings and with conservatively financed balance sheets. This should help to continue to deliver attractive and sustainable returns to our shareholders in the future.

**Robert Talbut**
Chair
27 November 2024

**Investment Manager's Review**

**"The FTSE 250 ex Investment Trusts Index is populated by multiple "unique" companies with strong growth prospects,**

**generating cash and delivering attractive returns on capital."**

The NAV per share total return in the 12 months to 30 September 2024 was +17.3%. This compares to +21.4% from the FTSE Mid 250 ex Investment Trusts Index. The share price total return was +17.5%.

**Market Background**

UK equities rose and mid-caps outperformed as they were spurred on by a pick-up in overseas inbound bids and the prospect of UK interest rate cuts. Consumer discretionary, financials and domestically focused industrial sub-sectors (construction, support services and transportation) were among the largest contributors to the performance of mid-caps over the year. This was in large part driven by the improved UK economic outlook as interest rate expectations moderated. Having experienced a shallow recession following the rapid rise in rates over 2022/23, the market began to discount recovery as rate cuts began to be priced in. Mortgage rates fell and house price growth had resumed by the end of the year. July's UK election result was a further catalyst for many mid-cap domestically focused equities to further rerate in anticipation of greater policy certainty.

In contrast to a UK economy, which appeared to be improving, the global macro-economic outlook became progressively more mixed. This deterioration weighed on the more non-UK focused industrial sub-sectors of industrial engineering and electronic and electrical equipment, in particular. Sharp period-end de-ratings of these sub-sectors meant that stocks in these categories were most likely to detract for the year overall. The aerospace and defence sub-sector was a positive outlier, however, as increasingly uncertain geopolitics drove a surge in orders.

**Portfolio Performance**

The portfolio NAV achieved a positive return of +17.3% during the year, though it underperformed the Benchmark by 4.1%. The share price returned +17.5% and the discount marginally widened, from 12.0% at the beginning of the year to 12.3% at the end. Gearing was a positive factor.

An underweight to the real estate sector and to more highly indebted companies in the Benchmark more generally, was the main reason for the portfolio's underperformance. Given a preference for stronger balance sheets, investors in the strategy should not find this surprising.

**Stocks held - significant positive and negative contributions versus the Benchmark**

| Positive contributor | Portfolio weight[1] (%) | Weight relative to index (%) | Relative perform-ance[2] (%) | Impact[3] (%) |
|---|---|---|---|---|
| Zegona Communications | 1.1 | +1.1 | 136.7 | +1.1 |
| Just Group | 2.2 | +1.8 | 75.7 | +1.1 |
| Paragon Banking | 2.8 | +2.2 | 45.7 | +0.9 |
| Keller Group | 1.2 | +0.8 | 101.2 | +0.6 |
| Britvic | 2.2 | +1.1 | 30.2 | +0.5 |
| **Negative contributor** | **Portfolio weight[1] (%)** | **Weight relative to index (%)** | **Relative perform-ance[2] (%)** | **Impact[3] (%)** |
| Victrex | 2.1 | +1.6 | -49.0 | -0.9 |
| Spectris | 3.4 | +1.9 | -39.1 | -0.8 |
| Indivior | 1.0 | +0.4 | -47.5 | -0.8 |
| Computacenter | 3.6 | +2.7 | -21.0 | -0.6 |
| Vistry | 0.3 | -0.9 | 8.5 | -0.6 |

Source: Schroders, Factset, close 30 September 2023 to close 30 September 2024.

[1]Weights are averages.

[2]Performance of the stock in the index relative to the FTSE 250 (ex. ITs) Index return.

[3]Impact is the contribution to performance relative to the FTSE 250 (ex. ITs) Index.

Turning to individual holdings, shares in both specialty chemicals company **Victrex** and scientific and industrial instrumentation company **Spectris** performed poorly. In the case of Victrex, a weak industrial backdrop and lower than expected demand in the higher margin medical division meant that earnings were lower than expected. However, the company is very well invested at this point, so any recovery in end markets should be seen quickly and, in the meantime, we expect to see a strong improvement in cash generated by the business.

Spectris also saw a slowdown in demand in some of its end markets from electric vehicles to pharmaceuticals and disruption from the implementation of a new enterprise resource planning system which should over time be earnings accretive. As well as its ongoing share buyback, the company has made three interesting earnings enhancing acquisitions this year. Two of these complement its existing Spectris Scientific division, by adding a hand-held instrument offer. Both Spectris and Victrex are more than 40% below their five-year share price high, and, given the cyclical aspects of both, it is logical to expect a turning point before too long, in our view.

Specialty pharmaceuticals business **Indivior** also detracted. A competitor is making more ground than expected in the opioid use disorder treatment market, which meant that top line growth was less than expected. In addition, re-enrolments into Medicare/Medicaid have proven to be an obstacle. However, the market remains vast and, unfortunately for those needing the drugs, growing. Indivior's share price is underpinned by rolling buy-backs. We continue to see Indivior as another example of a unique investment opportunity in the UK market.

IT services business **Computacenter** disappointed as profit from certain US contracts moved into the second half of its financial year and expected acquisitions did not materialise. The company maintains a strong balance sheet, supporting an ongoing share buy-back, and good visibility over its H2. It is exposed to structural growth, for example, in data centres and the Cloud, has solid enterprise customers, and management are proven as excellent allocators of capital (the shares have beaten the total return of the S&P 500 over both 10 and 20 years for example), and we have retained the bulk of our holding.

An underweight holding in UK housebuilder **Vistry** was also unhelpful for performance over the period. The position was sold too soon, only halfway into what turned out to be an energetic rally, though some of the proceeds were reinvested into increasing the holding size in house builder Redrow. Vistry has since had a substantial profit warning and 20% downgrade to this year's profit expectations, as such the shares have fallen considerably and the Company was right to sell the holding. Redrow then became the subject of an offer from larger housebuilder Barratt Developments at a 27.2% premium to the undisturbed price.

Our top performer was a new holding, **Zegona Communications**, which outperformed the Benchmark by 137%. The Company participated in fundraising by the Zegona management team, which has previous successes in the telecoms sector. The business model is one of buying telecoms assets, restructuring them, and then selling them. Management has been active as anticipated: during the year, Zegona acquired the Spanish assets of Vodafone. The company is now in negotiations for two potential fibre broadband joint ventures with competitors Telefonica and MasOrange (which could help to free up a possible c. €2 billion of cash), has received an investment grade credit rating and has agreed a positive new fibre wholesale agreement with Telefonica.

Other top performing holdings included bulk annuities insurer **Just Group**. The shares performed well after management revealed the company would "substantially exceed" its previous goal set in 2021 of doubling profits over five years, by achieving this and more in 2024. UK specialist lender **Paragon Banking Group** announced better-than-expected final results and a new £50 million share buy-back to follow on from the £100 million announced in the 2023 financial year.

Shares in another one of our long-term holdings, specialty groundworks contractor **Keller**, outpaced the benchmark return by more than 100%, thanks mostly to strength in the US market. Finally, drinks company **Britvic**, a company in which we had recently increased our stake, was in receipt of a bid during the period from Danish drinks company Carlsberg, at a 35.6% premium to the undisturbed price.

**Stocks not held - significant positive and negative contributions versus the Benchmark**

| **Positive contributor** | **Portfolio weight[1] (%)** | **Weight relative to index (%)** | **Relative performance[2] (%)** | **Impact[3] (%)** |
|---|---|---|---|---|
| Dowlais | 0 | -0.5 | -63.9 | +0.4 |
| Close Brothers | 0 | -0.4 | -72.3 | +0.4 |
| Wizz Air | 0 | -0.7 | -45.9 | +0.3 |
| Dr Martens | 0 | -0.2 | -80.3 | +0.3 |
| Aston Martin | 0 | -0.2 | -79.3 | +0.3 |

| **Negative contributor** | **Portfolio weight[1] (%)** | **Weight relative to index (%)** | **Relative performance[2] (%)** | **Impact[3] (%)** |
|---|---|---|---|---|
| Persimmon | 0 | -0.5 | 15.8 | -0.6 |
| St James's Place | 0 | -0.4 | 13.7 | -0.5 |
| Ascential | 0 | -0.5 | 143.8 | -0.4 |
| Plus500 | 0 | -0.7 | 73.8 | -0.4 |
| British Land Co | 0 | -1.6 | 24.4 | -0.3 |

Source: Schroders, Factset, close 30 September 2023 to close 30 September 2024.

[1]Weights are averages.

[2]Performance of the stock in the index relative to the FTSE 250 (ex. ITs) Index return.

[3]Impact is the contribution to performance relative to the FTSE 250 (ex. ITs) Index

Not holding shares in Dowlais, an automotive engineering group, was positive for performance, as they underperformed the benchmark by 63.9% over the period. The company suffered a significant write-down in its powder metallurgy division as well as softer than expected trading.

Not holding UK merchant bank Close Brothers also aided returns over the period, as the shares tumbled following the FCA's announcement of a review into the motor finance market, a factor outside the company's control. Of the UK banks, Close Brothers has the biggest relative exposure to car finance loans and the news led the company to cancel any 2024 dividend "given the significant uncertainty regarding the outcome of the FCA's review of historical motor finance commissions arrangements and any potential financial impact as a result". (Source: Dividends/Close Brothers Group.)

Other stocks which it was right to avoid during the period included Wizz Air, Dr Martens, and Aston Martin, which have all serially disappointed the market.

The Company did not own shares in housebuilder Persimmon. This was the main single stock detractor in this category. More positive sentiment towards the housebuilders, as expectations of rate cuts took hold, most notably in early November 2023, drove the shares up. This assisted its promotion back into the FTSE 100 following the delisting of Dechra (which, as a reminder, was acquired by private equity). Shares in Ascential, which we had sold during the previous year, performed well as a complex break up was executed during the year. Not owning St. James's Place detracted, although our financial sector exposure overall was a strong contributor. Having been relegated from the FTSE 100 in the previous quarter, the wealth manager enjoyed something of a share price recovery. A change of finance director in a time of regulatory change was another factor in our decision not to hold St James's Place. Not holding shares in trading platform provider Plus500 also detracted. Our preferred long-term exposure to financials, however, includes companies such as **Just Group**, retail CFD and derivatives broker **IG** and other specialists including emerging market fund manager **Ashmore** (see below).

Finally, not owning enough highly interest rate sensitive stocks in the real estate sector, such as British Land, also detracted from performance.

**Portfolio activity**

Attractively priced structural growth opportunities in market niches continue to influence our new additions to the portfolio.

The Company bought back into **Harbour Energy** following its transformational acquisition of BASF's oil and gas portfolio, a deal which also strengthens **Harbour Energy's** balance sheet and lengthens the life of its assets. Encouraged by signs of a bottoming out of the machine tooling cycle, the Company also bought back into specialist engineer **Renishaw**. This has been a top performer for the Company over the years and we last sold out of it on its promotion into the FTSE 100. This is a unique company exposed to a number of secular growth trends such as AI and quantum computing and, crucially, is underpinned by a net cash balance sheet.

The Company initiated new positions in UK listed Spanish telecoms group **Zegona Communications**, and in specialty pharmaceuticals business **Indivior**, as discussed above.

Price comparison website group **Mony Group** (formerly known as Moneysupermarket.com plc) promises to achieve greater efficiencies and was another new portfolio addition. Its SuperSaveClub attracted over 750,000 members in its first nine months offering lead-generation cost savings and scope to further enhance already attractive operating margins at a business generating dependable mid-single digit top line growth.

We initiated a new holding in biotechnology company **PureTech Health** which has 400 million in net cash relative to a market cap of c. 470 million at the time of our initial investment. The U.S. Food and Drug Administration recently approved the company's schizophrenia medication which is a huge step forward for treatment in this area and the first new drug to be approved in more than 50 years. Not only does this trigger a milestone payment for **PureTech**, it also shows the potential of the company's drug development team and process.

We established a position in electricals retailer **Currys**. With an improved balance sheet, we anticipate that a stronger UK consumer, driving better trading, and a recovery in margins in its Scandinavian markets as stock overhangs in that market are cleared, will be further key catalysts. We also anticipate a boost to growth in the sector thanks to a hardware refresh tailwind four years after the pandemic and as consumers' tech appetite is being whetted by new AI-enabled equipment. We also initiated a new position in emerging markets fund manager **Ashmore**, which has £505 million cash and £257 million in seed capital versus a market cap, at our entry price, of £1.2 billion. Another new entrant to the portfolio is specialist insurer, **Lancashire Holdings**, which has delivered superior returns on capital from both insurance and reinsurance.
We initiated a new position in best-in-class facilities management business **Mitie**, which is set to benefit from strong topline growth and a margin improvement programme. We initiated a holding in travel food and beverage group **SSP** given its recovery potential driven by growth in airline travel.

Bid activity has remained buoyant over the 12-month period, with mid-caps continuing to command a significant premium. Bid activity was the driver behind our disposals of our holdings in Virgin Money following a bid approach from Nationwide, and Tyman, which was bid for by US peer Quanex. We exited a relatively new holding in Hargreaves Lansdown as it went back into the FTSE 100 due to bid interest.

We sold Redrow following a bid, reinvesting the proceeds in peer housebuilder **Crest Nicholson**. Although the bid approach for Crest from peer Bellway which temporarily lifted the shares has since fallen away, the supply/demand equation for the sector, alongside self-help potential, underpins our investment thesis. Crest also has a new CEO on board (from peer Persimmon), so we see in this a catalyst for change.
We sold shares in power supply solution provider, XP Power, as the shares rose following a bid approach, subsequently rejected, and in manufacturing components company Essentra, because we saw more upside in other industrial companies.
The announcement of the retirement of the long-tenured CEO of soft drinks business A.G. Barr prompted us to sell the shares, and we used the proceeds to increase our holding in peer **Britvic**, which was then also bid for, as mentioned above.
We sold residual stakes in marine services specialist James Fisher, special interest online media group Future, buy-to-let lending specialist OSB (increasing our position in higher quality peer **Paragon Banking Group**), private equity and credit fund manager Bridgepoint, and defence contractor Senior (using the proceeds to top up our holdings in **Babcock**, **QinetiQ**, and **Chemring**).

**Outlook**
**On performance**: Although it is disappointing to report a year where performance, significantly positive in absolute terms, has fallen behind the Benchmark, a year is a brief period in investment, and over the longer term, the Company's performance is ahead of its Benchmark (over five and ten years). There has been no change in the investment process which has delivered this successful investment performance.

**On the backdrop in the UK**: Following the shallowest UK recession on record, a decisive +0.7% growth in Q1 2024 followed by +0.5% in Q2 2024, together with an expectation of continued falling inflation and monetary easing, has led the International Monetary Fund, for example, to upgrade its estimate of UK gross domestic product growth to 1.1% for 2024 as a whole. They are one of a number of forecasters who have needed to do this during 2024. This is evidence that the UK economy can grow even at more "normal" (i.e. well above 0%) interest rate levels, and counters some of the more bearish structural arguments against UK equities, in addition to short term UK budget noise.
Whilst the economic backdrop is becoming more helpful, what matters most for investors is how individual companies capture growth opportunities and turn them into profit streams. The FTSE 250 continues to trade on a marginally higher prospective dividend yield to the FTSE 100, for a far superior earnings growth outlook, which demonstrates the highly cash generative and profitable nature of many UK mid-cap stocks, which are therefore undervalued in our view.
We think that this valuation gap will close over time. Heightened levels of incoming M&A at above average premia of 45% plus should help; we note that almost a third of the companies in the Benchmark are trading at levels 50% or more below share price highs reached in the last five years. Some UK management teams are feeling more confident in rebutting offerors' lowly proposals, which is an interesting new development and may indicate that these companies' intrinsic values could be realised without succumbing to a bid.
The Investment Manager would therefore like to remind readers that we are fishing in an attractive pond. In terms of the long-term potential of UK equities, we suggest that investors willing to look beyond the persistent negative media coverage will find that the UK punches above its weight. This can be seen in terms of multi-baggers relative to the US. See our 2023 article on "**"30-baggers" why the UK has more than its fair share**", and our podcast on the topic, available on the Company's web pages:
https://www.schroders.com/en/global/individual/insights/30-baggers-why-the-uk-has-more-than-its-fair-share/.

We have had the great pleasure of interviewing for our podcast a number of mid-cap CEOs, from >200 "bagger" Cranswick CEO Adam Couch to the CEO of the UK's number one pet care company Pets at Home, and the link to these can be found here:
https://www.schroders.com/en-gb/uk/individual/funds-and-strategies/investment-trusts/schroder-uk-mid-cap-fund-plc/.
Capital allocators such as these are why the Benchmark has beaten the S&P 500 return over the 25 years to 30 September 2024 , when measured in local currency. In US dollar terms, it has very nearly matched the popular US index.
The FTSE 250 ex Investment Trusts Index is populated by multiple "unique" companies with strong growth prospects, generating cash and delivering attractive returns on capital. As stock pickers, we are confident that the collective strength of our holdings' balance sheets will continue to provide resilience in all manner of economic environments.

**Schroder Investment Management Limited**
27 November 2024
*Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.*
*This information is not an offer, solicitation or recommendation to buy or sell any financial instrument or to adopt any investment strategy.*
*For help in understanding any terms used, please visit https://www.schroders.com/en/insights/invest-iq/investiq/education-hub/glossary/*

**Principal and emerging risks**
Principal and emerging risks and uncertainties

The Board, itself and through its delegation to its 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 | Mitigation and management | Change |
|---|---|---|
| **Strategy** | | |

| | | |
|---|---|---|
| **Strategy** | | |
| **Strategic**<br>The requirements of investors change or diverge in such a way as to diverge from the Company's investment objectives, resulting in a wide discount of the share price to underlying NAV per share. | The appropriateness of the Company's investment remit is periodically reviewed and the success of the Company in meeting its stated objectives is monitored.<br>The share price relative to NAV per share is monitored and the use of buy back authorities is considered on a regular basis.<br>Marketing and distribution activity is actively reviewed.<br>The Company engages proactively with investors. | Unchanged |
| **Cost base**<br>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 their competitors.<br>Annual consideration of management fee levels is undertaken. | Unchanged |
| **Investment** | | |
| **Investment management**<br>The 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 Manager's compliance with its agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in markets. The Manager also reports on the Company's portfolio, and the market generally.<br>Annual review of the ongoing suitability of the Manager, including resources and key personnel risk. | Unchanged |
| **Financial and market risk**<br>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 | 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. See note 20 of the notes to the financial statements. | Unchanged |
| **Custody**<br>Safe custody of the Company's assets may be compromised through control failures by the depositary, including cyber hacking. | The depositary reports on the safe custody of the Company's assets, including cash and portfolio holdings which are independently reconciled with the Manager's records.<br>The review of audited internal controls reports covering custodial arrangements is undertaken.<br>An annual report from the depositary on its activities, including matters arising from custody operations is received. | Unchanged |
| **Gearing and leverage**<br>The Company utilises credit facilities. These arrangements increase 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 total assets.<br>The Manager is currently in discussion with several providers to secure new borrowing facilities upon expiry of the Company's current facilities in February 2025. If a new loan cannot be arranged with acceptable terms, the Board is satisfied that this does not represent a significant risk to the Company since it has sufficient readily realisable assets to repay the loan.<br>The Board also reviews the cost of gearing. | Unchanged |
| **Compliance** | | |
| **Accounting, legal and regulatory**<br>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.<br>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 is reviewed.<br>Shareholder documents and announcements, including the Company's published annual report are subject to stringent review processes.<br>Procedures are established to safeguard against the disclosure of inside information. | Unchanged |
| **Operational** | | |
| **Service provider**<br>The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls, including as a result of cyber hacking, 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.<br>Regular reports are provided by key service providers and the quality of their services is monitored.<br>Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls is undertaken. | Unchanged |
| **Cyber**<br>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. | Unchanged |
| **Political risk**<br>Political risk includes the potential for political, socio-economic and regional tensions such as diplomatic conflicts, trade wars and military actions, globally as well as in the UK specifically. | The Board continues to monitor relevant political and geopolitical events to the extent that they apply to the Company.<br>The Board continues to receive regular updates on the current issues and potential risks from the | Unchanged |

| | | |
|---|---|---|
| | Manager for discussion.<br>The Board routinely evaluates thematic and factor risks, stock selection, and the use of leverage. The Board have established investment restrictions and guidelines, which are monitored and reported by the Manager.<br>The Board is mindful that changes to public policy in the UK, could impact the company's investment strategy, objectives, and performance in the future.<br>The Board is mindful that recent political changes in the United States of America ("USA") could lead to an increase in trade frictions which could cause disruptions. | |
| **Climate change risk**<br>A failure to understand the pricing of assets affected by climate change or a lower demand for impacted assets could lead to poor investment decisions or more volatile pricing as asset prices adjust to reflect the increasing regulation of carbon emissions. | The Manager has developed a range of proprietary tools to better understand the impacts of climate change on the portfolio. The investment process applied by the portfolio managers is ESG "integrated". The Manager monitors the emissions of investee companies and can engage with companies to reduce their emissions or aim to invest in companies committed to reaching net zero carbon emissions. The Board receives updates from the Manager at Board meetings and continues to engage with the Manager and the Schroders sustainability team to discuss ESG matters, including climate change. The Board has challenged the Manager regarding the need to carefully consider and monitor sustainability and environmental and societal impacts when assessing investment opportunities, in addition to the well founded attention to good corporate governance principles, which have been in place for many years. | Unchanged |
| **Inflation and Global supply chain risk**<br>Rising supplier costs and availability of supply. | The Board has, in conjunction with the Manager, considered the risks relating to elevated levels of price inflation, generally, together with the evolution in the way that supply chains are operating and the concomitant risks of rising supplier costs and availability of supply. It is the Board's view that these considerations should be assessed as a principal risk as although the previously elevated levels of inflation have now decreased, there is still scope for them to increase again in the near term. The key mitigation to these risks comes from diligent appraisal and monitoring of investments by the Manager, including engagement with the management of investee companies, together with a critical assessment of investee companies' ability to pass on rising costs to customers as a result of their pricing power and strong market positions alongside their ability to control costs. | Unchanged |

| |
|---|
| **Emerging risks** |
| **Artificial Intelligence ("AI")**<br>The development of AI presents potential risks and opportunities to businesses in almost every sector. The extent of the risk presented by AI is extremely hard to assess at this point but the Board considers that it is an emerging risk and together with the Manager will monitor developments in this area. |
| **Regulatory Divergence**<br>Given recent political changes in the USA, there is risk of regulatory divergence between the UK and Europe, and the USA, with the USA more likely to favour a de-regulated approach. This might make the UK market less attractive in comparison, creating a competitive threat and potentially having implications for UK companies. |

**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.

Although the Board believes that it has a robust framework of internal controls 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 uncertainties and the monitoring system are also subject to robust review at least annually. The last assessment took place in June 2024.
During the year, the Board discussed and monitored a number of risks that could potentially impact the Company's ability to meet its strategic objectives. The Board receives 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 evolving global environment during the year; and the risks posed by volatile markets; geopolitical uncertainty; and inflation and corresponding interest levels which could affect the asset class. However, these are not factors which explicitly impacted the Company's performance. These risks are seen as exacerbating existing risks and have been incorporated in the macro factors, including the geopolitical/economic environment and climate change risk section in the table below.
The Board considered in detail whether there were any material emerging risks and has included the development of artificial intelligence and regulatory divergence as emerging risks 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 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.
A full analysis of the financial risks facing the Company is set out in note 20 to the financial statements on pages 60 to 62.

**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 regulations.
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, comprising Financial Reporting Standard ("FRS") 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions in FRS 102, used in the preparation of the financial statements; and
- prepare the financial statements on a 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The Manager is responsible for the maintenance and integrity of the web pages dedicated to the Company. 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 on pages 28 and 29, 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 and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report contained in the 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
**Robert Talbut**
Chair
27 November 2024

**Statement of Comprehensive Income**
for the year ended 30 September 2024

| | Note | 2024 Revenue £'000 | Capital £'000 | Total £'000 | 2023 Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Gains on investments held at fair value through profit or loss | 2 | - | 31,395 | 31,395 | - | 26,716 | 26,716 |
| Income from investments | 3 | 8,614 | - | 8,614 | 9,024 | 298 | 9,322 |
| Other interest receivable and similar income | 3 | 123 | - | 123 | 140 | - | 140 |
| **Gross return** | | **8,737** | **31,395** | **40,132** | **9,164** | **27,014** | **36,178** |
| Investment management fee | 4 | (495) | (1,155) | (1,650) | (451) | (1,053) | (1,504) |
| Administrative expenses | 5 | (738) | -- | (738) | (601) | - | (601) |
| **Net return before finance costs and taxation** | | **7,504** | **30,240** | **37,744** | **8,112** | **25,961** | **34,073** |
| Finance costs | 6 | (402) | (937) | (1,339) | (270) | (630) | (900) |
| **Net return before taxation** | | **7,102** | **29,303** | **36,405** | **7,842** | **25,331** | **33,173** |
| Taxation | 7 | - | - | - | - | - | - |
| **Net return after taxation** | | **7,102** | **29,303** | **36,405** | **7,842** | **25,331** | **33,173** |
| **Return per share (pence)** | **9** | **20.54** | **84.74** | **105.28** | **22.68** | **73.25** | **95.93** |

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 on pages 53 to 62 form an integral part of these financial statements.

**Statement of Changes in Equity**
for the year ended 30 September 2024

| | **Called-up share capital** | **Share premium** | **Capital redemption reserve** | **Merger reserve** | **Share purchase reserve** | **Capital reserves** | **Revenue reserve** | **Total** |
|---|---|---|---|---|---|---|---|---|

| | Note | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
|---|---|---|---|---|---|---|---|---|---|
| At 30 September 2022 | | 9,036 | 13,971 | 220 | 2,184 | 7,233 | 145,629 | 9,120 | 187,393 |
| Net return after taxation | | - | - | - | - | - | 25,331 | 7,842 | 33,173 |
| Dividends paid in the year | 8 | - | - | - | - | - | - | (6,743) | (6,743) |
| At 30 September 2023 | | 9,036 | 13,971 | 220 | 2,184 | 7,233 | 170,960 | 10,219 | 213,823 |
| Net return after taxation | | - | - | - | - | - | 29,303 | 7,102 | 36,405 |
| Dividends paid in the year | 8 | - | - | - | - | - | - | (7,262) | (7,262) |
| **At 30 September 2024** | | **9,036** | **13,971** | **220** | **2,184** | **7,233** | **200,263** | **10,059** | **242,966** |

The notes on pages 53 to 62 form an integral part of these financial statements.

**Statement of Financial Position**
at 30 September 2024

| | Note | 2024 £'000 | Restated 2023 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments held at fair value through profit or loss | 10 | 261,421 | 227,950 |
| **Current assets** | | | |
| Debtors | 11 | 7,469 | 2,515 |
| Current asset investments* | 12 | 116 | 4,438 |
| Cash at bank and in hand* | | 1,845 | 934 |
| | | **9,430** | **7,887** |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 13 | (27,885) | (22,014) |
| **Net current liabilities** | | **(18,455)** | **(14,127)** |
| **Total assets less current liabilities** | | **242,966** | **213,823** |
| **Net assets** | | **242,966** | **213,823** |
| **Capital and reserves** | | | |
| Called-up share capital | 14 | 9,036 | 9,036 |
| Share premium | 15 | 13,971 | 13,971 |
| Capital redemption reserve | 15 | 220 | 220 |
| Merger reserve | 15 | 2,184 | 2,184 |
| Share purchase reserve | 15 | 7,233 | 7,233 |
| Capital reserves | 15 | 200,263 | 170,960 |
| Revenue reserve | 15 | 10,059 | 10,219 |
| **Total equity shareholders' funds** | | **242,966** | **213,823** |
| **Net asset value per share (pence)** | **16** | **702.60** | **618.32** |

*For details of the prior period restatement, please refer to note 1(l).
These financial statements were approved and authorised for issue by the board of directors on 27 November 2024 and signed on its behalf by:

**Robert Talbut**
Chair
The notes on pages 53 to 62 form an integral part of these financial statements.
Registered in England and Wales as a public company limited by shares
**Company registration number: SC082551**

**Notes to the Accounts**

**1. Accounting policies**
**(a) Basis of accounting**
Schroder UK Mid Cap Fund plc ("the Company") is registered in Scotland as a public company limited by shares. The Company's registered office is 9 Haymarket Square, Edinburgh EH3 8FY.
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, as modified by the revaluation of investments held at fair value through profit or loss. The directors believe that the Company has adequate resources to continue operating for at least 12 months from the date of approval of these financial statements. In forming this opinion, the directors have taken into consideration: stress testing prepared by the Manager which modelled a 50% decline in valuation of investments and investment income and demonstrated the Company's ability to comply with the covenants of its borrowing agreements and pay its operating expenses; the controls and monitoring processes in place; the Company's 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 comprise cash and readily realisable securities quoted in active markets. In forming this opinion, the directors have also considered the loan currently in place which expires on 26 February 2025. Further details of directors' considerations regarding this are given in the Chair's Statement, Portfolio Managers' Review, Going Concern Statement, Viability Statement and under the Principal and emerging risks and uncertainties heading on page 22.
The Company has not presented a statement of cash flows, as it is not required for an investment fund whose investments are highly liquid, carried at market value and which presents a statement of changes in equity. 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 30 September 2023.
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 business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's board of directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". They are included initially at fair value which is taken to be their cost, 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.

Any investments that are unlisted or not actively traded would be valued using a variety of techniques to determine their fair value; any such valuations would be reviewed by both the AIFM's fair value pricing committee and by the directors.

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

**(c) Accounting for reserves**

Gains and losses on sales of investments and increases and decreases in the valuation of investments are included in the statement of comprehensive income and in capital reserves within "gains on investments held at fair value through profit or loss".

**(d) Income**

Dividends receivable 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.

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.

Dividends from UK REITs are split into PID (Property Income Distributions) and Non_PID components for tax purposes. Revenue arising from UK REITs tax exempt rental business is colloquially known as PID revenue and is taxable in the hands if the Trust. A UK REIT may also carry out activities that give rise to taxable profits and gains, it is from these that the REIT will make a Non_PID distribution, these are treated for tax purposes in the same way as dividends from UK companies.

**(e) Expenses**

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

- The management fee is allocated 30% to revenue and 70% 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 investments are written off to capital at the time of the transaction.

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 on page 56.

**(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 and in accordance with FRS 102.

Finance costs are allocated 30% to revenue and 70% 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 compromises cash held in the bank. Current asset investments comprise investments in money market funds and highly liquid investments which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

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 and overdrafts are initially measured at fair value and subsequently at amortised cost. They are recorded at the proceeds received net of direct issue costs.

**(h) Taxation**

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

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

Tax relief is allocated to expenses charged to the capital column of the Income Statement on the "marginal basis". On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column.

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) Dividends payable**

In accordance with FRS 102, the final dividend is included in the financial statements in the year in which it is approved by shareholders.

**(k) Repurchases of shares into treasury and subsequent reissues**

The cost of repurchasing shares into treasury, including the related stamp duty and transaction costs is dealt with in the Statement of Changes in Equity and charged to "Share purchase reserve". Share repurchase transactions are accounted for on a trade date basis.

The sales proceeds of treasury shares reissued are treated as a realised profit up to the amount of the purchase price of those shares and is transferred to capital reserves. The excess of the sales proceeds over the purchase price is transferred to "share premium".

**(l) Prior Period Adjustment**

Cash at bank and in hand in the Balance Sheet has been restated to exclude investments in money market funds of £4.4 million for the year ended 30 September 2023 and disclose them separately as current asset investments, to conform with those required by the Companies Act - Statutory format of the Balance Sheet. As such cash at bank and in hand for the year ended 30 September 2023 has decreased by £4.4 million, and current asset investments have increased by the same amount. There is no impact on other line items in the Balance Sheet nor on total current assets.

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

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Gains/(losses) on sales of investments based on historic cost | 4,542 | (1,032) |
| Amounts recognised as investment losses/(gains) in the previous year in respect of investments sold in the year | 5,878 | 9,922 |
| **Gains on sales of investments based on the carrying value at the previous balance sheet date** | **10,420** | **8,890** |
| Unrealised gain recognised in respect of investments continuing to be held | 20,975 | 17,826 |
| **Gains on investments held at fair value through profit or loss** | **31,395** | **26,716** |

**3. Income**

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|

| | | |
|---|---|---|
| **Revenue:** | | |
| **Income from investments:** | | |
| UK dividends | 8,247 | 8,606 |
| UK property income distributions | 359 | 418 |
| Other income | 8 | - |
| | **8,614** | **9,024** |
| **Other interest receivable and similar income:** | | |
| Deposit interest | 123 | 140 |
| | **8,737** | **9,164** |
| **Capital:** | | |
| Special dividends allocated to capital | - | 298 |

**4. Investment management fee**

| | 2024 Revenue £'000 | Capital £'000 | Total £'000 | 2023 Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| Management fee | **495** | **1,155** | **1,650** | **451** | **1,053** | **1,504** |

The bases for calculating the investment management fee and performance fee are set out in the Directors' Report on page 31 and details of all amounts payable to the Manager are given in note 17 on page 58.

**5. Administrative expenses**

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Other administrative expenses | 351 | 238 |
| Secretarial fee | 176 | 162 |
| Directors' fees | 145 | 129 |
| Auditor's remuneration for audit services[1] | 66 | 72 |
| | **738** | **601** |

[1]Includes £11,000 (2023: £12,000) irrecoverable VAT. No amounts are payable to the auditor for non-audit services.

**6. Finance costs**

| | 2024 Revenue £'000 | Capital £'000 | Total £'000 | 2023 Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| Interest on bank loans and overdrafts | **402** | **937** | **1,339** | **270** | **630** | **900** |

**7. Taxation**

**(a) Analysis of tax charge for the year**

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Taxation 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 in for the year of 25% (2023: 22%) The factors affecting the current tax charge for the year are as follows:

| | 2024 Revenue £'000 | Capital £'000 | Total £'000 | 2023 Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| Net return/(loss) on ordinary activities before taxation | 7,102 | 29,303 | 36,405 | 7,842 | 25,331 | 33,173 |
| Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 25% (2023: 22%) | 1,775 | 7,326 | 9,101 | 1,725 | 5,573 | 7,298 |
| Effects of: | | | | | | |
| Capital returns on investments | - | (7,849) | (7,849) | - | (5,877) | (5,877) |
| Income not chargeable to corporation tax | (2,062) | - | (2,062) | (1,893) | (66) | (1,959) |
| Unrelieved expenses | 287 | 523 | 810 | 168 | 370 | 538 |
| **Taxation for the year** | - | - | - | - | - | - |

**(c) Deferred tax**

At 30 September 2024, the Company had surplus management expenses of £37,833,000 (2023: £35,832,000) and a non-trade loan relationship deficit of £5,278,000 (2023: £4,041,000). A deferred tax asset has not been recognised in respect of these losses because the investment portfolio of the Company is not expected to generate taxable income in future periods in excess of the deductible expenses of those future periods and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing tax losses.

Accordingly, the deferred tax asset has been calculated based on the corporation tax rate in effect from 1 April 2023 of 25%, as enacted by the Finance Act 2021.

Given the Company's intention to meet the conditions required to retain its 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 final dividend of 15.0p (2022: 14.0p) | 5,187 | 4,841 |
| Interim dividend of 6.0p (2023: 5.5) | 2,075 | 1,902 |
| **Total dividends paid in the year** | **7,262** | **6,743** |
| | 2024 £'000 | 2023 £'000 |
| 2024 final dividend declared of 15.5p (2023: 15.0p) | **5,360** | **5,187** |

**(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 £7,102,000 (2023: £7,842,000).

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Interim dividend of 6.0p (2023: 5.5p) | 2,075 | 1,902 |
| Final dividend of 15.5p (2023: 15.0p) | 5,360 | 5,187 |
| **Total dividends paid in the year** | **7,435** | **7,089** |

## 9. Return per share

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Revenue return | 7,102 | 7,842 |
| Capital return | 29,303 | 25,331 |
| **Total return** | **36,405** | **33,173** |
| Weighted average number of shares in issue during the year | 34,581,190 | 34,581,190 |
| Revenue return per share (pence) | 20.54 | 22.68 |
| Capital return per share (pence) | 84.74 | 73.25 |
| **Total return per share (pence)** | **105.28** | **95.93** |

## 10. Investments held at fair value through profit or loss

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Opening book cost | 215,960 | 223,047 |
| Opening investment holding gains/(losses) | 11,990 | (15,758) |
| **Opening fair value** | **227,950** | **207,289** |
| **Analysis of transactions made during the year** | | |
| Purchases at cost | 90,533 | 57,741 |
| Sales proceeds | (88,457) | (63,796) |
| Gains on investments held at fair value | 31,395 | 26,716 |
| **Closing fair value** | **261,421** | **227,950** |
| Closing book cost | 222,578 | 215,960 |
| Closing investment holding gains | 38,843 | 11,990 |
| **Closing fair value** | **261,421** | **227,950** |

Sales proceeds amounting to £88,457,000 (2023: £63,796,000) were received from disposals of investments in the year. The book cost of these investments when they were purchased was £83,914,000 (2023: £64,828,000). These investments have been revalued over time and until they were sold any unrealised gains and losses were included in the fair value of the investments.
All investments are listed on a recognised stock exchange.
The following transaction costs, comprising stamp duty and brokerage commission were incurred during the year:

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| On acquisitions | 409 | 305 |
| On disposals | 43 | 31 |
| | **452** | **336** |

## 11. Debtors

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Securities sold awaiting settlement | 6,907 | 1,688 |
| Dividends and interest receivable | 552 | 813 |
| Other debtors | 10 | 14 |
| | **7,469** | **2,515** |

## 12. Current asset investments

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Money market funds | 116 | 4,438 |
| | **116** | **4,438** |

As at 30 September 2024, the Company held HSBC Sterling Liquidity fund with a market value of £116,000 (30 September 2023: £4,438,000).

## 13. Creditors: amounts falling due within one year

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Bank loan | 25,000 | 20,000 |
| Securities purchased awaiting settlement | 1,815 | 1,465 |
| Other creditors and accruals | 1,070 | 549 |
| | **27,885** | **22,014** |

The bank loan comprises a £30 million revolving credit facility agreement with Bank of Nova Scotia, London Branch expiring on 26 February 2025, of which, £25 million has been drawn down. This revolving credit facility was amended to £30 million on the 27 February 2024, and replaced the £10 million one-year term loan from Bank of Nova Scotia, London Branch which expired on 27 February 2024.
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<br>£'000 | 2023<br>£'000 |
|---|---|---|
| **Allotted, called-up and fully paid:** | | |
| Ordinary shares of 25p each: | | |
| Opening balance of 34,581,190 (2023: 34,581,190) shares, excluding shares held in treasury | 8,645 | 8,645 |

| | | |
|---|---|---|
| **Subtotal of 34,581,190 (2023: same) shares** | **8,645** | **8,645** |
| 1,562,500 (2023: same) shares held in treasury | 391 | 391 |
| **Closing balance[1]** | **9,036** | **9,036** |

[1]Represents 36,143,690 (2023: same) shares of 25p each, including 1,562,500 (2023: same) shares held in treasury.

**15. Reserves**

| Year ended 30 September 2024 | Share premium[1] £'000 | Capital redemption reserve[1] £'000 | Merger reserve[1] £'000 | Share purchase reserve[2] £'000 | Capital reserves Gains and losses on sales of investments[2] £'000 | Investment holding gains and losses[3] £'000 | Revenue reserve[4] £'000 |
|---|---|---|---|---|---|---|---|
| Opening balance at 30 September 2023 | 13,971 | 220 | 2,184 | 7,233 | 158,970 | 11,990 | 10,219 |
| Gains on sales of investments based on the carrying | | | | | | | |
| value at the previous balance sheet date | - | - | - | - | 10,420 | - | - |
| Net movement in investment holding gains and losses | - | - | - | - | - | 20,975 | - |
| Transfer on disposal of investments | - | - | - | - | (5,878) | 5,878 | - |
| Management fee allocated to capital | - | - | - | - | (1,155) | - | - |
| Finance costs allocated to capital | - | - | - | - | (937) | - | - |
| Dividends paid | - | - | - | - | - | - | (7,262) |
| Retained revenue for the year | - | - | - | - | - | - | 7,102 |
| **Closing balance at 30 September 2024** | **13,971** | **220** | **2,184** | **7,233** | **161,420** | **38,843** | **10,059** |

| Year ended 30 September 2023 | Share premium[1] £'000 | Capital redemption reserve[1] £'000 | Merger reserve[1] £'000 | Share purchase reserve[2] £'000 | Capital reserves Gains and losses on sales of investments[2] £'000 | Investment holding gains and losses[3] £'000 | Revenue reserve[4] £'000 |
|---|---|---|---|---|---|---|---|
| Opening balance at 30 September 2022 | 13,971 | 220 | 2,184 | 7,233 | 161,387 | (15,758) | 9,120 |
| Gains on sales of investments based on the carrying | | | | | | | |
| value at the previous balance sheet date | - | - | - | - | 8,890 | - | - |
| Net movement in investment holding gains and losses | - | - | - | - | - | 17,826 | - |
| Transfer on disposal of investments | - | - | - | - | (9,922) | 9,922 | - |
| Management fee allocated to capital | - | - | - | - | (1,053) | - | - |
| Special dividend allocated to capital | - | - | - | - | 298 | - | - |
| Finance costs allocated to capital | - | - | - | - | (630) | - | - |
| Dividends paid | - | - | - | - | - | - | (6,743) |
| Retained revenue for the year | - | - | - | - | - | - | 7,842 |
| **Closing balance at 30 September 2023** | **13,971** | **220** | **2,184** | **7,233** | **158,970** | **11,990** | **10,219** |

[1]These reserves are not distributable. The "Merger reserve" represents the premium over the nominal value of shares issued following a merger in 1989.

[2]These are realised (distributable) capital reserves which may be used to repurchase the Company's own shares or distributed as dividends. The "Share purchase reserve" is for the purpose of financing share buy-backs and was created following the cancellation of the "Warrant reserve" in 2003.

[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 the Ordinary shareholders (£'000) | 242,966 | 213,823 |
| Shares in issue at the year end, excluding shares held in treasury | 34,581,190 | 34,581,190 |
| Net asset value per share | 702.60p | 618.32p |

**17. Transactions with the Manager**

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee and a company secretarial fee. Details of the basis of these calculations are given in the Directors' Report on page 31. 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 management fee calculation and therefore incur no fee.
The management fee payable in respect of the year ended 30 September 2024 amounted to £1,650,000. (2023: £1,504,000) of which £854,000 (2023: £374,000) was outstanding at the year end. The secretarial fee payable for the year amounted to £176,000 (2023: £162,000) including VAT, of which £88,000 (2023: £41,000) 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 Remuneration Report on page 41 and details of directors' shareholdings are given on page 42. 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 that financial instruments held at fair value are categorised into a hierarchy consisting of the three levels below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement.
Level 1: valued using unadjusted quoted prices in an active market for identical assets.
Level 2: valued using inputs other than quoted prices included within Level 1, that are observable (ie developed using market data).
Level 3: valued using inputs that are unobservable (ie for which market data is unavailable).
Details of the Company's valuation policy are given in note 1(b) on page 53.
At 30 September 2024, the Company's investments were all categorised in Level 1 (2023: same).

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

The Company's investment objective is to invest in mid-cap equities with the aim of providing a total return in excess of the FTSE 250 (ex-Investment Companies) Index. In pursuing this objective, 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 exposure to foreign exchange risk.
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 are as follows:

- investments in shares which are held in accordance with the Company's investment objective;
- short-term debtors, creditors and cash arising directly from its operations; and
- sterling revolving credit facilities with Bank of Nova Scotia, 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 any 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.

**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 at bank and in hand and current asset investments | 1,961 | 5,372 |
| **Total exposure** | **1,961** | **5,372** |

Cash balances earn interest at a floating rate based on the Sterling Overnight Index Average.
The Company's 366 day, £30 million credit facility with The Bank of Nova Scotia, London Branch expires on 26 February 2025. The facility is unsecured but subject to covenants and restrictions which are customary for a facility of this nature.
Interest is payable at a rate of Sterling Overnight Interest Average (2023 same), or its replacement reference rate, as quoted in the market for the loan period, plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At 30 September 2024, the Company had drawn down £25 million.
The above year end amounts are not representative of the exposure to interest rates during the year due to fluctuations in the level of cash and cash asset investment balances. The maximum and minimum exposure during the year was as follows:

| | **2024 £'000** | **2023 £'000** |
|---|---|---|
| Minimum interest rate exposure during the year - net debt | (16,803) | (9,957) |
| Maximum interest rate exposure during the year - net debt | (23,927) | (20,796) |

**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 accounting date 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** |

| | £'000 | £'000 | £'000 | £'000 |
|---|---|---|---|---|
| Income statement - return after taxation | | | | |
| Revenue return | 20 | (20) | 54 | (54) |
| Capital return | - | - | - | - |
| Total return after taxation | 20 | (20) | 54 | (54) |
| **Net assets** | **20** | **(20)** | **54** | **(54)** |

In the opinion of the directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and drawings on the credit facility.

**(ii) Other price risk**

Other 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 30 September comprises the following:

| | **2024 £'000** | **2023 £'000** |
|---|---|---|
| Investments held at fair value through profit or loss | **261,421** | **227,950** |

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 on page 13. The Company's investments are all listed in the United Kingdom. Accordingly there is a concentration of exposure to this country. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing.

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 its 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** |
| Income statement - return after taxation | | | | |
| Revenue return | (102) | 102 | (89) | 89 |
| Capital return | 52,046 | (52,046) | 45,382 | (45,382) |
| Total return after taxation and net assets | 51,944 | (51,944) | 45,293 | (45,293) |
| **Percentage change in net asset value** | **21.4** | **(21.4)** | **21.2** | **(21.2)** |

**(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 the 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.

**Liquidity risk exposure**

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

| | **2024** | | **2023** | |
|---|---|---|---|---|
| | **Within one year £'000** | **Total £'000** | **Within one year £'000** | **Total £'000** |
| Creditors: amounts falling due within one year | | | | |
| Securities purchased awaiting settlement | 1,815 | 1,815 | 1,465 | 1,465 |
| Other creditors and accruals | 1,070 | 1,070 | 542 | 542 |
| Other payables: drawings on the revolving credit facility (including interest) | 26,625 | 26,625 | 20,530 | 20,530 |
| **Total liquidity risk** | **29,510** | **29,510** | **22,537** | **22,537** |

**(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 Aa3 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 Balance sheet £'000** | **Maximum exposure £'000** | **2023 Balance sheet £'000** | **Maximum exposure £'000** |
|---|---|---|---|---|
| Current assets | | | | |
| Debtors - securities sold awaiting settlement, dividends and interest receivable | | | | |
| and other debtors | 7,469 | 7,459 | 2,515 | 2,501 |
| Cash at bank and in hand and current asset investments | 1,961 | 1,961 | 5,372 | 5,372 |
| **Total credit risk** | **9,430** | **9,420** | **7,887** | **7,873** |

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 in the Statement of Financial Position at fair value or the amount 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 | 25,000 | 20,000 |
| **Equity** | | |
| Called-up share capital | 9,036 | 9,036 |
| Reserves | 233,930 | 204,787 |
| | **242,966** | **213,823** |
| **Total debt and equity** | **267,966** | **233,823** |

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the capital 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. If the figure so calculated were to be negative, this would be shown as a "net cash" position.

| | **2024 £'000** | **2023 £'000** |
|---|---|---|
| Borrowings used for investment purposes, less Cash at bank and in hand and current asset investments | 23,039 | 14,628 |
| Net assets | 242,966 | 213,823 |
| Gearing | 9.5% | 6.8% |

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 dividends 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 30th September 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 Accounts 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 30th September 2024 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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