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Aurora UK Alpha PLC
08 April 2025

Aurora UK Alpha plc

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Annual Report for the year ended 31 December 2024

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Strategic Report

Financial and Performance Highlights

Objective

To provide shareholders with long-term total returns by investing predominantly in a portfolio of UK listed companies.

Policy

Phoenix Asset Management Partners Limited ("Phoenix") was appointed as Investment Manager on 28 January 2016. Phoenix seeks to achieve the Company's Objective by investing, primarily, in a portfolio of UK listed equities.

The portfolio will remain relatively concentrated. The exact number of individual holdings will vary over time but typically the portfolio will include core holdings in 15 to 20 companies.

The Investment Policy of the Company can be found on page 7.

Benchmark

Performance is benchmarked against the FTSE All-Share Index (total return), representing the overall UK market.

Dividend

The Board declared an interim dividend of 3.0p per share, which was paid on 6 December 2024. No interim dividend was paid in 2023 and the Board does not propose to recommend payment of a final dividend for 2024 (2023: final dividend 3.45p).

Annual General Meeting ("AGM")

The AGM of the Company will be held at 25 Southampton Buildings, London WC2A 1AL on 11 June 2025 at 1 p.m. There will be no Investment Manager presentation at the AGM. Instead, there will be a separate Investment Manager presentation and Q&A event at 3.30 p.m. on 15 October 2025 at the Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA.

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Chair's Statement

I am pleased to present the Aurora UK Alpha plc annual report for the year ended 31 December 2024, and extend a welcome to shareholders that joined the Company from Artemis Alpha Trust plc.

Performance

After a strong year in 2023, performance for the year to 31 December 2024 was disappointing, with a Net Asset Value ("NAV") per share total return* of -4.3% (2023: +36.3%). With a concentrated portfolio and a focus on identifying out of favour names, performance can go through difficult times, and unfortunately that has been the case recently. The share price total return* was -5.5% (2023: +28.5%) compared to the Company's benchmark FTSE All-Share Index total return of +9.5% (2023: +7.9%).

Top positive contributors in the year were Castelnau Group, Netflix and Lloyds Banking Group. Frasers Group and Barratt Redrow were the most significant detractors.

For further details on the portfolio and performance, see the Investment Manager's Report on pages 14 to 17.

**Alternative Performance Measure (see page 93)*

Combination

The Company's most notable event in the year was the successful combination with Artemis Alpha Trust plc ("ATS"). The project was concluded on 29 November 2024, when the Company acquired approximately £101 million of net assets from ATS in consideration for the issue to ATS shareholders of 38,369,114 new shares in the Company. The enlarged Company continues to be managed by Phoenix Asset Management Partners Limited ("Phoenix") using the same deeply researched, concentrated, value-based approach as before. The scale of the enlarged Company is expected to improve secondary market liquidity of the shares and reduce the ongoing charges, since fixed costs are spread over a larger asset base. The Board is grateful to our shareholders and advisers, in particular Phoenix, for supporting the project. The Company, newly renamed Aurora UK Alpha plc, has a clearly differentiated proposition and this transaction leaves the Company in a strong position to further build its shareholder base and scale.

Investment Policy and Portfolio Management

During the year the Company's investment objective and policy were amended on two occasions. Neither were deemed material, and consequently FCA and shareholder approval were not sought. However, for good order we are seeking shareholder approval of the updated investment objective and policy at this year's AGM.

The first change, announced in June, saw the Board update the investment objective, replacing "long-term returns through capital and income growth" with "long-term total returns". Whilst largely synonymous, the Board considered the new wording more accurate given the Company has no income target. The Board will continue to distribute substantially all of the net revenue arising from the investment portfolio each year.

The second change related to the number of portfolio holdings. During the year, a new portfolio manager joined the team, Kartik Kumar, who previously managed Artemis Alpha Trust plc. Kartik, along with two analysts at Phoenix were each allocated a small amount of capital to manage. These sub-portfolios, while managed separately, will follow Phoenix's investment approach, and within a close-knit team. The investment policy previously referenced holdings in 15 to 20 companies, so this was updated to "core holdings" to reflect that the aggregate number of holdings may exceed this. The portfolio will remain concentrated, and as at 31 December 2024 the top 5 stocks amounted to 61% and the top 20 stocks amounted to 89% by value of gross assets.

The Investment Manager and Performance Fees

Phoenix has managed the Company's portfolio since January 2016, making 2024 the ninth year, and throughout that time the team has employed a focused and patient investment approach.

Phoenix earns no ongoing annual management fee, and instead is paid an annual performance fee, equal to one third of any outperformance of the Company's NAV against its benchmark, the FTSE All Share Index (total return).

The performance fee is paid by issuance of the Company's ordinary shares, which are subject to a fixed three-year clawback period. This means issued shares will be returned by the Investment Manager in the event that outperformance versus the index reverses on the third-year anniversary. If outperformance fully reverses, the Investment Manager receives nothing.

The clawback period in relation to the performance fee for the year to 31 December 2021 ended on 31 December 2024 and this resulted in an entitlement for the Company to claw back 89,096 shares from Phoenix. These shares were duly delivered to the Company and cancelled in January.

Continuation

The Company's articles provide that shareholders shall have the opportunity to vote on the Company's continuation every three years. The last such opportunity was at the AGM in 2022 and, accordingly, the next occasion will be at the AGM on 11 June 2025. Consequently, a resolution for continuation of the Company as an investment trust is included in the notice of the meeting. The Board strongly recommends that shareholders vote in favour of the Company's continuation.

Share Price Discount

The Board closely monitors the discount at which the Company's shares trade to NAV. During 2024 the discount widened from 10.0% at the end of 2023 to 11.4% at the end of 2024.

While discounts across the investment trust sector remained wide, averaging 14.7% over the period, closing the discount remains a key objective of the Board.

Marketing activities are a key part of achieving this, and Phoenix along with the Company's new broker, Deutsche Numis, and Frostrow Capital as investor relations and marketing adviser continue to promote the Company proactively. Since the year end, the Board announced the Company may buy back some shares, demonstrating the value in the underlying portfolio and the Company's shares.

The Board is seeking to renew the power granted to it by shareholders to buy back shares at the forthcoming annual general meeting. The Board will also seek to renew its powers to issue new shares in order to be able to issue shares to investors should the shares return to a premium, as well as to enable the issue of shares to the Investment Manager in respect of performance fees earned.

Annual General Meeting ("AGM") and separate Investment Manager presentation event

Following on from the last two years, this year's AGM will not include an Investment Manager presentation. The AGM will be held at the Company's registered office, 25 Southampton Buildings, London WC2A 1AL, on 11 June 2025 at 1 p.m. to consider the business set out in the Notice of Meeting on pages 98 and 99.

A separate investor event will be held at 3.30 p.m. on 15 October 2025 at the Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA. This event has been well attended in previous years and is intended to be of interest to both existing and prospective Aurora shareholders. It will include multiple speakers from the Investment Manager and is intended to be recorded and made available afterwards on the Company's website.

With respect to the AGM, the Board strongly encourages shareholders to register their votes online in advance of the meeting by visiting https://uk.investorcentre.mpms.mufg.com/login and following the instructions on the site. Appointing a proxy online will not restrict shareholders from attending the meeting in person should they wish to do so and will ensure their votes are counted if they are not able to attend. Shareholders are invited to send any questions they may have to the Company Secretary by email to info@frostrow.com ahead of the meeting.

Dividend

Dividend

The Board declared an interim dividend of 3.0p per share in advance of the ATS combination, which was paid on 6 December 2024. An interim dividend was not paid in 2023 and the Board does not propose to recommend payment of a final dividend for 2024 (2023: final dividend 3.45p). The Board's previously published intention to distribute substantially all of the Company's net revenue proceeds remains unchanged.

Your Board

David Stevenson, having reached nine years of tenure, plans to retire from the Board in December 2025. The Board will instigate a recruitment process for another Director shortly.

Outlook

At the time of writing, the US market, long seen as the default outperformer, is under pressure, and many global uncertainties remain. But uncertainty can be fertile ground for long-term investors. What we can be certain of is the consistency of our Investment Manager's approach, to seek out exceptional companies at the moments when others won't. It's a discipline that can test patience, and 2024 was no exception - a year when many of those out-of-favour companies remained that way. We don't welcome volatility, but we do recognise its role as it often precedes outsized future returns. History tells us that the most compelling long-term performance is built in precisely these periods. The Investment Manager's commentary on pages 13 to 17 sets out in more detail reasons for confidence, not just in the resilience of the companies in the portfolio, but in their potential to thrive from here.

Lucy Walker

Chair

7 April 2025

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Investment policy and results

The Company seeks to achieve its investment objective (see page 3) by investing predominantly in a portfolio of UK listed companies. The Company may from time to time also invest in companies listed outside the UK and unlisted securities. The investment policy is subject to the following restrictions, all of which are at the time of investment:

- The maximum permitted investment in companies listed outside the UK at cost price is 20% of the Company's gross assets;
- The maximum permitted investment in unlisted securities at cost price is 10% of the Company's gross assets;
- There are no pre-defined maximum or minimum sector exposure levels but these sector exposures are reported to and monitored by the Board in order to ensure that adequate diversification is achieved;
- The Company's policy is not to invest more than 15% of its gross assets in any one underlying issuer (measured at the time of investment) including in respect of any indirect exposure through Castelnau Group Limited ("Castelnau");
- The Company may from time to time invest in other UK listed investment companies, but the Company will not invest more than 10% in aggregate of the gross assets of the Company in other listed closed-ended investment funds; and
- Save for Castelnau Group Limited, the Company will not invest in any other fund managed by the Investment Manager.

While there is a comparable index for the purposes of measuring performance over material periods, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. The portfolio will be relatively concentrated. The exact number of individual holdings will vary over time but typically the portfolio will include core holdings in 15 to 20 companies. The Company may use derivatives and similar instruments for the purposes of capital preservation.

The Company does not currently intend to use gearing. However, if the Board did decide to utilise gearing the aggregate borrowings of the company would be restricted to 30% of the aggregate of the paid-up nominal capital plus the capital and revenue reserves.

Any material change to the investment policy of the Company will only be made with the approval of shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

Dividend Policy

The Company does not have a fixed dividend policy. However, the Board expects to distribute substantially all of the net revenue arising from the investment portfolio. Accordingly, the Company is expected to pay an annual dividend that may vary each year.

Borrowing Policy

The Company is not prohibited from incurring borrowings for working capital purposes, however the Board has no current intention to utilise borrowings. Whilst the use of borrowings should enhance the total return on the ordinary shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the ordinary shares. As a result, the use of borrowings by the Company may increase the volatility of the NAV per share.

The Company has a policy not to invest more than 10% of its gross assets in other UK listed investment companies. As a consequence of its investments, the Company may therefore itself be indirectly exposed to gearing through the borrowings from time to time of these underlying investment companies.

Purpose and Key Performance Indicators ("KPI's")

The Company's purpose is encapsulated in its investment objective, which is to provide shareholders with long-term total returns by investing predominantly in a portfolio of UK listed companies. The Board measures the Company's success in attaining its objective by reference to KPI's as follows:

a. To make an absolute total return for shareholders on a long-term basis;

b. To make a relative total return for shareholders on a long-term basis, as measured against the Company's benchmark, the FTSE All-Share Index (total return);

c. The Board seeks to ensure that the operating expenses of running the Company as a proportion of NAV (the Ongoing Charges Ratio) are kept to a minimum; and

d. The discount/premium to NAV per share at which the Company's shares trade is also closely monitored in view of its effect on shareholder returns.

These are alternative performance measures ("APMs"). Whereas the Financial Statements (on pages 69 to 92) set out the required statutory reporting measures of the Company's financial performance, the Board additionally assesses the Company's performance against these APMs, which are viewed as being particularly relevant for the Company. These APMs are widely used in reporting within the investment company sector and the Directors believe they enhance the comparability of information and assist investors in understanding the Company's performance. Further information on each of the KPI's is set out below. Definitions of the APMs and the basis of their calculation are set out on pages 93 and 94.

The Chair's Statement on pages 4 to 6 incorporates a review of the highlights during the year.

The Investment Management Review and Outlook on pages 14 to 17 gives details on investments made during the year and how performance has been achieved.

Performance (KPIs a and b)

The Company's performance in absolute terms and relative to the FTSE All-Share Index (total return) benchmark since Phoenix was appointed as Investment Manager in 2016 is shown below:

	Cumulative since 28 January 2016 to 31 December 2024 %	Year to 31 December 2024 %	Year to 31 December 2023 %
NAV per share (total return)	86.5	(4.3)	36.3
Share price (total return)	68.9	(5.5)	28.5
Benchmark (total return)	88.7	9.5	7.9

The Directors regard the Company's share price total return to be the overall measure of performance over the long term, since it approximates the return in the hands of shareholders. It combines the change in the share price with the dividends paid to shareholders, which are added back as though reinvested at the ex-dividend date.

The Directors regard the Company's NAV per share total return to be a key indicator of the Investment Manager's performance. The NAV per share total return is the change in the Company's NAV per share with distributions to shareholders added back.

The Board monitors these against the Company's benchmark and peer investment companies.

The Company's performance under both of these total return measures disappointed in 2024, but the Company's strategy is to invest for the long term and short-term volatility is not indicative of the underlying intrinsic value of the portfolio.

Ongoing charges (KPI c)

Ongoing charges represent the costs that shareholders can reasonably expect the Company to pay from one year to the next under normal circumstances, excluding performance fees and taxation.

Phoenix does not earn an ongoing annual management fee, but instead is paid an annual performance fee, only if the benchmark is outperformed, equal to one third of the outperformance of the Company's NAV against its FTSE All-Share Index (total return) benchmark.

The Board monitors the Company's other operating costs carefully and aims to maintain a sensible balance between good quality services and costs. Based on the Company's average net assets for the year ended 31 December 2024, the Company's ongoing charges figure calculated in accordance with the Association of Investment Companies ("AIC") methodology was 0.45% (2023: 0.45%). As the size of the Company grows the ongoing charge figure, is expected to reduce.

Premium/Discount to NAV (KPI d)

The discount of the price at which the Company's shares trade to the NAV per share is considered a key indicator of performance as it impacts the share price total return and can provide an indication of how investors view the Company's performance and its investment objective. Accordingly, it is closely monitored by the Board as discussed in the Chair's Statement on page 5. The share price closed at a discount of 11.4% to the NAV per share as at 31 December 2024 (2023: 10.0% discount). During the course of the year, based on the daily published NAVs per share (which are not adjusted to comply with IFRS 2 (see pages 10 and 56), the Company's shares traded at a discount of between 3.6% and 15.5%, with an average discount of 9.4% (2023: the Company's shares traded at a discount of between 5.0% and 14.1% to NAV per share, with an average discount of 10.4%). Discount is further discussed on pages 5 and 34.

Revenue Result and Dividend

The Company's revenue after tax for the year ended 31 December 2024 was £2,556,000 (2023: £2,661,000). The Board declared an interim dividend of 3.0p per share, which was paid on 6 December 2024 to shareholders on the register on 1 November 2024, before the combination with Artemis Alpha Trust plc (no interim dividend was paid in 2023). The Board does not propose to recommend payment of a final dividend for 2024 (2023: final dividend 3.45p).

Our registrar, MUFG Corporate Markets ("MUFG"), administers a Dividend Re-Investment Plan ("DRIP") on behalf of the Company whereby direct shareholders resident in the United Kingdom can choose for MUFG to apply their cash dividend to buy further shares in the market. Details about the DRIP, including the terms and conditions and how to join or exit the DRIP are available at https://uk.investorcentre.mpms.mufg.com/login or by calling MUFG on +44 (0)371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales.

Five Year Summary

Year	Year end NAV per Share (pence)	Dividend per Share in respect of the year (pence)	Year end Share price (mid-market) (pence)
Year ended 31 December 2020	216.93	0.55	207.00
Year ended 31 December 2021	253.78	1.84	234.50
Year ended 31 December 2022	203.45	2.97	194.50
Year ended 31 December 2023	274.34	3.45	247.00
Year ended 31 December 2024	256.17	3.00	227.00

Net Asset Value per Share (NAV per share)

The Company recognises performance fees and clawbacks on fees paid in prior performance periods under IFRS 2 - Share Based Payment in its annual and half year financial statements. However, for the purposes of the Company's unaudited NAVs that are announced daily to the London stock exchange and other regulatory information services the current performance fee, and any clawback on fees paid in prior performance periods, are recognised on a liability basis, which diverges from the Company's accounting policy.

The table below is a reconciliation between the NAV per share as at 31 December 2024 announced on the London Stock Exchange on 2 January 2025 and the NAV per share disclosed in these financial statements. The difference is principally the result of amortising performance fees over the vesting period in accordance with IFRS 2 - Share-based Payment in these financial statements, whereas the NAV per share as at 31 December 2024 published on 2 January 2025 treated the performance fees as earned on 31 December 2024, in accordance with the investment management agreement. The remaining reconciling balances relate to adjustment of the unquoted investment valuations and expenses, due to timing lag.

	NAV £'000	**NAV per share p**
NAV as published on 2 January 2025	**294,626**	**257.15**
Deduct performance fees accrued under non-IFRS 2 approach	**(561)**	**(0.49)**
Adjustments on final valuation of unquoted investments and expenses	**(564)**	**(0.49)**
NAV as disclosed in these financial statements	**293,501**	**256.17**

NAVs and performance quoted on the Company's website, other than within the Interim and Annual Reports, are based on the unaudited daily NAVs.

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Top Holdings
as at 31 December 2024

Company	Sector	Holding in Company	Valuation £'000	Percentage of net assets %	Date of first purchase	Average cost per share*	Share price	Market capitalisation Million
Castelnau Group Limited#	Financial	51,134,587	47,045	16.0	Oct-21	£0.92	£0.92	£303
Frasers Group Plc	Retail	7,118,886	43,354	14.8	Jun-07	£4.25	£6.09	£2,670
Barratt Redrow Plc	Construction	9,786,312	43,070	14.7	Nov-18	£4.64	£4.40	£4,289
Lloyds Banking Group Plc	Financial	47,069,000	25,784	8.8	Sep-08	£0.54	£0.55	£33,645
Ryanair Holdings Plc	Leisure	1,297,000	20,418	7.0	May-19	€12.08	€19.04	€20,574
Bellway Plc	Construction	466,940	11,636	4.0	Oct-12	£22.60	£24.92	£2,961

Other holdings (less than 3%)	85,615	29.1
Total holdings	276,922	94.4
Other current assets and liabilities	16,579	5.6
Net assets	**293,501**	**100.0**

* Average net cost including sales.
# Castelnau is a multi-sector financial holding company, listed on the Specialist Fund Segment of the London Stock Exchange. Castelnau is also managed by Phoenix and its value is excluded from the Company's net assets when calculating performance fees earned by Phoenix to avoid double charging. As a consequence of the combination of Artemis Alpha Trust plc with the Company, 14,713,166 additional Castelnau shares transferred into the portfolio on 29 November 2024. At the value ascribed to these shares for the purposes of the combination, this resulted in a combined holding in Castelnau at the time equivalent to 15.4% of gross assets. Whilst this exceeds the 15% single investment restriction set out in the Company's investment policy on page 7, it is not considered to constitute a breach of the investment policy since it was not due to an active investment decision and there is no current intention to reduce the holding.

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Portfolio Analysis
as at 31 December 2024

Sector	Percentage of Net Assets %
Financial*	29.8
Retail	22.6
Construction	19.2
Leisure	13.8
Technology & Entertainment	3.0
Materials	2.9
Industrials	2.4
Food & Beverage	0.7
Other current assets and liabilities	5.6
Total	100.0

* Castelnau is included in the Financial classification as it is a multi-sector financial holding company.

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Statement from the Chief Investment Officer of the Investment Manager

It is an uncomfortable aspect of value investing that there is a disconnect between the work we do and the results we deliver. When it comes to communicating with investors it means that there is often a peculiar conundrum in that what we are able to talk authoritatively about, i.e. the fundamental performance of the portfolio and the value of our changes to it, bears little resemblance to the performance numbers that accompany our words. The numbers are real, they tell you how your investment has done, but over time periods like one year they won't reflect the work we have done on your behalf. You end up with seemingly incongruous statements like I am about to write about 2024. It was a year of good fundamental progress in the portfolio, our actions added to the intrinsic value but the NAV declined by 4.3%, and the share price was down by 5.5%. At the same time the FTSE All-Share rose by 9.5%.

To call it a year of good progress might sound delusional. Even if you give us a fairer and longer comparative period of 5 years there still isn't outperformance, there isn't even absolute performance, which is ultimately what we judge ourselves by. In the 5 years from December 2019 to December 2024 the share price has moved from 237p to 227p. In that same period though the intrinsic value of the portfolio, based upon our estimates of the individual intrinsic values of the portfolio holdings, has risen from 420p per share to 650p, and this I believe is a better measure of our efforts and the performance of our businesses.

The amount of upside to that level has increased from 60% to 171% and that is what we often refer to as the stretched elastic between price and value. Intrinsic value is our North Star for a reason, it anchors us on fundamentals and allows us to avoid or take advantage of the noise. Our decision making is rational and based upon values. Our history tells us that ultimately it ends up being the best predictor of what is to come.

In summary, I am incredibly optimistic about what the value in the fund means for future returns but back to that problem with value investing, I have no idea when it will show up in price but a high degree of confidence that it will.

Gary Channon

Chief Investment Officer

Phoenix Asset Management Partners

7 April 2025

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Investment Manager's Report

Introduction and Performance Summary

Over the year to 31 December 2024, the NAV per share total return was -4.3%, while the share price total return was -5.5%. For comparison, the FTSE All-Share Index delivered a positive return of 9.5% over the same period. Since Phoenix assumed management responsibilities on 28 January 2016, on a total return basis the NAV has risen 86.5%, slightly lagging the 88.7% return of the FTSE All- Share Index. Over this same timeframe, the share price total return was 68.9%.

Net assets concluded the year at £293 million, a notable increase from £208 million at the end of 2023. This growth was largely attributable to the combination with Artemis Alpha Trust plc ("ATS"), which successfully completed at the end of November, adding £101 million to the combined vehicle's assets. At the same time as the combination completed, we welcomed Kartik Kumar, the ATS manager, to the Phoenix investment team.

Given the underperformance relative to the benchmark in 2024, no performance fee was earned. We remind investors that our performance fee structure is designed for long-term alignment. Fees, if earned, are paid entirely in the Company's ordinary shares and are subject to a fixed three-year clawback. Should the initial outperformance versus the index reverse by the third-year anniversary, some or all the shares are returned. If outperformance fully reverses, Phoenix ultimately receives nothing for that period. In accordance with this, the clawback test conducted on 31 December 2024, for the fee awarded at the end of 2021 resulted in the return of all 89,096 shares, reflecting the underperformance over the subsequent three years.

Whilst 2025 has been eventful, performance is largely unchanged. As of 31 March, the NAV had fallen 0.8% year-to-date, compared to a 4.5% rise for the FTSE All-Share index.

While performance in 2024 was disappointing, our confidence in the portfolio is undiminished. That confidence is underpinned by the depth of work we have done on the holdings and the expertise we have built in their business models and competitive landscapes. We believe the value in those businesses will appear in the fullness of time as earning progression translates into investment return.

The Phoenix Approach

For the benefit of all shareholders, both new and longstanding, we believe it is useful to restate the philosophy and approach underpinning our management of your capital.

Our primary objective at Phoenix is the protection and compounding of the capital entrusted to us over the very long term. We aim for rates superior - meaning significantly higher and at lower risk - than passive strategies.

We pursue this goal by investing in businesses that we assess as earning high and enduring returns on their capital. While the price paid for an investment is crucial, the underlying economics of the business hold even greater importance for us, as we seek very long, potentially indefinite, holding periods.

Our conviction stems from the belief that markets occasionally misprice businesses, often driven by an overemphasis on short-term factors affecting what are fundamentally long-term securities.

Such mispricings can create highly attractive investment opportunities, offering substantial risk-adjusted returns. However, these can only be capitalised upon by the prepared mind. We concentrate our efforts on developing deep expertise within a specific niche of businesses, believing this gives us an edge in comprehending their long-term value.

We employ a distinct philosophical and analytical framework to minimise biases, integrating deep analysis, real-world monitoring, and clear thinking. This allows confident assessment of certain businesses and managements to support investment decisions at predetermined prices.

Phoenix operates as a learning organisation; this principle permeates our culture. We consistently apply our methodology, incorporating a feedback loop for continuous improvement.

Risk management is paramount. We invest only where we can actively assess competitive dynamics through rigorous monitoring programmes, deepening our understanding and reducing error risk. We avoid ruinous capital structures or business models and never invest above the low end of our intrinsic value range, aiming to prevent permanent capital loss.

This discipline enables a concentrated portfolio where risk is mitigated via the depth of our knowledge and monitoring. We diversify only sufficiently to protect against mistakes; otherwise, positions are focused and weighted according to our risk-adjusted assessment of the upside considering the range of potential outcomes and our level of confidence.

Understanding a company's 'economic moat' takes time and dedicated work. We research businesses as future opportunities, building knowledge for when a valuation opportunity arises. Management is another important factor. We back management teams with integrity and pay attention to alignment and competence. We seek out great managers who have built winning cultures.

Finally, we embrace patience - a willingness to do nothing, letting internal returns compound and waiting for the appropriate opportunity. This may mean periods of inactivity and holding cash, which we believe provides an edge over perpetually invested strategies.

Our approach necessitates a partnership with investors who understand and embrace this long-term perspective, accepting the volatility inherent in concentration and the often superficially unattractive nature of our investments at the time of purchase.

To follow the unfolding developments within our key holdings and gain timely perspective from us as managers about our thinking and activity, we encourage investors to read the quarter end factsheets published on the Company's website (www.auroraukalpha.com).

Performance & Activity Review 2024

2024 unfolded as a tale of two halves, significantly influenced by the UK political landscape and attendant market sentiment. The period leading up to the July General Election saw improving conditions, with NAV performance positive up to 31 July (+10.8%). However, the narrative shifted in the final five months as initial post-election optimism faded, giving way to market caution around the new government's first budget. This resulted in the NAV declining from its July peak to finish the year with a total return down 4.3%.

The most significant positive event influencing performance occurred mid-year. Positive news regarding the balance sheet restructuring at **Dignity**, the largest investment within **Castelnau Group**, led to a 35% uplift in **Castelnau**'s NAV in early July. This single event propelled the Company's NAV by 9.1% in July alone, and made **Castelnau Group** the largest positive contributor for the full year, adding 1.9% to performance despite the later market downturn.

Other positive contributions came from **Netflix** and **Lloyds Banking Group**. **Netflix** continued its strong growth, particularly in the first half, driven by successful paid sharing initiatives and subscriber numbers significantly exceeding expectations (adding 9.3 million in Q1). Management continued to highlight the long-term market opportunity, while also experimenting with entry into new verticals. Its strong share price performance contributed 1.9% to the Company's NAV. **Lloyds** also performed well, adding 1.2% to NAV.

Hargreaves Lansdown, a position initiated late in 2023, was exited during the third quarter following a bid approach, realising value sooner than anticipated and contributing positively during its holding period. We expressed frustration at the time that we had only been able to build a 2% weighting before the price moved away and a bid was announced.

Frasers Group was the largest detractor to performance, negatively impacting NAV by 5.8% following a 33% decline in its share price during the year. The other material negative influence was **Barratt Redrow**, detracting 2.4% from NAV after a 19% share price fall.

The broader housebuilding sector navigated challenging conditions due to higher interest rates and affordability pressures. **Barratt** completed its merger with **Redrow** during the period. Within the portfolio, **Bellway** demonstrated resilience despite lower year-on-year completions, noting that moderating mortgage rates eased affordability pressures in the second half, supporting an increase in reservations towards year-end and into early 2025. It targets higher completions for the year ahead.

Lastly, whilst having a modest impact due to its size, we note the failure of **Randall & Quilter**, which provided a significant learning experience, reinforcing lessons about management alignment and trust.

The year was again one of modest portfolio activity, which reflected our confidence in the portfolio. There was a certain amount of rebalancing of the holdings that were transferred as part of the ATS transaction. We report on holdings above a 3% weight and at year end no holdings inherited as part of the ATS transaction were above a 3% weight. As at the end of March, **Nintendo** had become a 3.2% weight due to positive price performance in the early months of 2025.

In the first half of 2024, notable activity included the **Lloyds Banking Group** holding being increased by 1% and **Ryanair** being reduced by the same amount due to ongoing concerns over Boeing's ability to deliver their 737 MAX aircraft. We rebuilt the weighting in July following a fall in price.

We made one new investment in the year, taking a position in **Burberry** in September at an attractive price equivalent to circa £2 billion market capitalisation (£5.72 per share). This is our first investment in the luxury goods sector, despite over a decade studying it and therefore we limited the initial position size. Unfortunately the price moved out of our range before we got to a 2% weight, which was below our initial target allocation.

Our thesis rests on the enduring nature of luxury demand, the excellent economics of established brands (where value is often not captured by balance sheet assets), and their resilience to mismanagement. **Burberry**, with its deep heritage rooted in innovation like gabardine and iconic products like the trench coat, exemplifies these qualities.

The opportunity arose from multiple compounding negative factors: a cyclical luxury market retreat (especially in China), specific company missteps around pricing, and the general undervaluation of its London listing, capped by its FTSE 100 demotion.

This created a purchase price offering a significant margin of safety, allowing for potential setbacks in the turnaround under new leadership, while retaining considerable upside potential towards our intrinsic value estimate. We have a mid-case intrinsic value of £4.8 billion.

mid-case intrinsic value of £4.8 billion.

Outlook

Attempting short-term market forecasts is not our practice; our gaze remains fixed on the long-term intrinsic value of the businesses we own. The market's cautious stance towards the end of 2024 underscores the prevailing sensitivity to economic policy shifts.

When businesses are valued very cheaply, their fundamental success tends to translate more directly into investment returns, either through dividends or reinvestment driving per-share value growth, even without market re-rating.

The Company's portfolio currently trades at what we believe is a significant discount to intrinsic value, offering a substantial margin of safety.

This, combined with the quality of the underlying businesses, underpins our confidence in the potential for attractive long-term returns. The present discount at which the Company's shares trade adds an additional element to the valuation opportunity.

When we look back five years from now though, we think the most significant factor impacting business value and economic development will have been Artificial Intelligence. It's a freight train heading down the tracks and we've just scratched the surface on its potential impact.

Our early estimation is that enormous productivity gains are coming, initially potentially at the cost of employment. We are not sure if the future is dystopian or utopian yet, but it's certainly risk and opportunity for businesses.

We remain committed to our disciplined, patient, long-term investment approach

Steve Tatters Director
Phoenix Asset Management Partners
7 April 2025

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Phoenix UK Fund Track Record*

Year	Investment Return (Gross) %	NAV Return (Net) %	FTSE All-Share Index %	NAV Per Share (A Class) £
1998 (8 mths)	17.6	14.4	(3.3)	1,143.71
1999	(1.3)	(4.6)	24.3	1,090.75
2000	24.7	23.0	(5.8)	1,341.46
2001	31.7	26.0	(13.1)	1,690.09
2002	(17.8)	(20.1)	(22.6)	1,349.64
2003	51.5	49.8	20.9	2,021.24
2004	14.1	11.2	12.8	2,247.26
2005	1.4	0.3	22.0	2,254.99
2006	9.5	8.3	16.8	2,442.90
2007	3.4	2.3	5.3	2,498.40
2008	(39.5)	(40.2)	(29.9)	1,494.31
2009	62.8	59.7	30.2	2,386.48
2010	1.1	0.0	14.7	2,386.37
2011	3.0	1.9	(3.2)	2,430.75
2012	48.3	42.2	12.5	3,456.27
2013	40.5	31.3	20.9	4,539.47
2014	1.9	0.1	1.2	4,544.25
2015	20.1	14.7	0.9	5,211.13
2016	9.1	7.6	16.8	5,605.58
2017	21.5	16.3	13.1	6,518.69
2018	(13.6)	(14.7)	(9.5)	5,558.97
2019	30.3	27.7	19.1	7,098.36
2020	(3.9)	(4.9)	(9.7)	6,748.66
2021	23.4	18.7	18.3	8,011.17
2022	(16.7)	(17.4)	0.2	6,619.32

2023	33.6	32.5	7.7	8770.25
2024	1.5	0.7	9.4	8,851.34
Cumulative	**1,532.2**	**785.1**	**272.3**	**n/a**
Annualised Returns	**11.1**	**8.5**	**5.1**	**n/a**

Source: Phoenix. All figures shown are net of fees and do not account for an investor's tax position. The FTSE All-Share Index is
shown with dividends re-invested. The Fund's inception date is May 1998.
* Whilst the investment strategy is the same in all material respects, the portfolio holdings will not necessarily be the same and investors in the Company will have no exposure to the investment performance of the Phoenix UK Fund. For illustrative purposes only, not a recommendation to buy or sell shares in the Fund.
Past performance is not a reliable indicator of future performance.

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Report under Section 172 of the Companies Act 2006

Directors' duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires the Directors to seek to promote the success of the Company for the benefit of its members as a whole, having regard to the likely consequences of any decision in the long term, the need to foster the Company's business relationships with suppliers and others, the impact of the Company's operations on the community and the environment, the desirability of the company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the Company.

The Board seeks to understand the views of the Company's shareholders and their interests, and those of its other key stakeholders, and to consider these, together with the other matters set out in section 172, in Board discussions and decision-making. The Board keeps engagement mechanisms under review so that they remain effective and in fulfilling their duties the Directors carefully consider the likely consequences of their actions over the long term.

The following describes how the Directors have had regard to the views of the Company's stakeholders in their decision-making.

Shareholders

The Investment Manager regularly meets the largest shareholders and beneficial owners and reports back to the Board on those meetings. The Company's corporate broker, now Deutsche Numis, previously Panmure Liberum, and Frostrow Capital LLP ("Frostrow"), in its capacity as the Company's investor relations & marketing adviser, also meet with investors and seek to understand their views, which they relay to the Board. Additionally, the Company Chair is available to meet with investors on request and did engage with certain shareholders during the year. Through these interactions and other communications the Board and the Investment Manager seek to promote a supportive investor base of long-term investors.

The Board communicates with investors twice a year via the Annual Report and Half-yearly Report and more frequently via the Company's website which hosts various information, including news reports, video presentations by the Investment Manager and monthly factsheets. Additionally, the NAV per share is announced daily via a regulatory information service.

Shareholders may attend the Company's AGM, at which the Directors are available in person to meet with shareholders and to answer their questions. As has been the case for the last two years, the AGM this year will not include a presentation from the Investment Manager. Instead, a separate Investment Manager presentation and Q&A event, which the Directors will also attend, will be held at 3.30 p.m. on 15 October 2025 at the Chartered Accountants Hall, 1 Moorgate Place, London EC2R 6EA. This event is intended to be of interest to both existing and prospective Aurora shareholders and will include multiple speakers from the Investment Manager. It is intended for this event to be recorded and made available afterwards on the Company's website.

The Notice of Meeting on pages 98 and 99 sets out the business of the AGM and each resolution is explained in Explanatory Notes to the Resolutions, which follow the Notice, starting on page 104. Separate resolutions are proposed for each substantive issue. The Company Chair, and where relevant, each Committee Chair, welcomes engagement with the Company's shareholders (and the Company's other key stakeholders) on significant issues raised by them at the AGM or at other times. Details of the votes cast on each resolution will be announced via a regulatory information service shortly after the AGM and published on the Company's website.

At each of its regular meetings the Board tracks shareholder changes and monitors the evolving shareholder profile. A list of the largest shareholders in the Company can be found on page 37.

Although the combination with Artemis Alpha Trust plc ("ATS") during the year did not originate from shareholder interactions, the support for the transaction from shareholders is indicative of the alignment of the Board with shareholders' wishes.

Other stakeholders

As an externally managed investment company, the Company has no employees and all operational activities are outsourced to third party service providers. These include the Investment Manager, the Company Secretary and Administrator, the Registrar, the Depositary, the Custodian, lawyers and financial advisers. The Board has identified these service providers to be key stakeholders in the Company, together with its shareholders and investee companies. The Board is aware of the need to foster the Company's relationships with its key stakeholders through its stakeholder management activities.

As part of the Board and stakeholder evaluation processes that are undertaken annually, the Board reviews its engagement mechanisms to ensure they remain effective.

In fulfilling their duties, the Directors carefully consider the likely consequences, for stakeholders and otherwise, of their actions over the long term.

During the Board's quarterly meetings the Directors consider and are mindful of:

i. the Company's investment objective and policy;

ii. the main trends and factors likely to affect the future development, performance and financial position of the Company;

iii. the Company's key performance indicators;

iv. the Company's peers;

v. the Company's overall strategy; and

vi. the Company's core values, which are integrity, accountability, transparency and commitment.

The service provider most fundamental to the Company's long-term success is the Investment Manager, and the Board provides oversight and challenge to the Investment Manager at all Board meetings to ensure that the portfolio is managed in line with the Company's published investment policy.

A description of key service providers' roles together with the terms of their engagement can be found on pages 34 to 36. The Management Engagement Committee, on behalf of the Board, reviews the performance and terms of engagement of each of the Company's key service providers annually to ensure each remains competitive and to consider the quality of the services they provide.

Environmental, Social and Governance ('ESG') Matters

The Board expects companies in which the Company invests to have good governance standards and satisfies itself that the Investment Manager consistently and proactively engages with them on this basis.

All shareholdings are voted at listed company meetings worldwide where practicable in accordance with the Investment Manager's own corporate governance policies.

Further details of the Investment Manager's approach to ESG within its investment framework can be found on its website at **www.phoenixassetmanagement.com**.

Monitoring of Key Decisions and the outcome of those decisions

The Board meets at least quarterly and at such other times as deemed appropriate. During these meetings, the Board considers reports from the Investment Manager on the Company's portfolio, investment activity and sector diversification. In addition, the Investment Manager provides an overview of engagement with the investee companies and with potential investee companies. The Board discusses the Company's portfolio and notable acquisitions or disposals at each of its meetings and challenges stock selection where deemed appropriate.

The Board receives reports from Frostrow, in its capacity as Company Secretary, Administrator and Investor Relations & Marketing Adviser, respectively on the latest governance, legal and investment trust sector issues, the Company's management accounts and, together with the Company's corporate stockbroker, on the Company's shareholder base, including changes thereto. The Depositary also provides oversight reports and the Company's corporate stockbroker also reports on performance relative to the Company's peers and the market liquidity of the Company's shares. Contact with shareholders by the Investment Manager, Frostrow and the Company's corporate stockbroker is also relayed to the Board who consider these discussions at their quarterly meetings.

During the year, in addition to regular interactions, the Management Engagement Committee on behalf of the Board reviewed the performance and terms of engagement of each of its key service providers, which included a review of their control reports and policies, such as whistleblowing, anti-bribery, anti-money laundering and corruption, cyber security, data protection policies and each entity's business continuity arrangements to ensure they were in place and were adequate. Additionally, for the second consecutive year service providers were asked to participate in a 360 degree review whereby they provided comments on their interactions with the Board and each other. It was partly as a result of these reviews that the Board decided to conduct a review of the Company's appointed corporate stockbroker. The Board is grateful for the support of Panmure Liberum over many years, but following this review and receiving alternative pitches decided to appoint Deutsche Numis as the Company's appointed corporate stockbroker going forward.

In relation to engagement with shareholders, the Board decided in 2023 to decouple the Investment Manager's presentation from the AGM and hold a separate Manager presentation event in October, where Directors were also available to interact. This was repeated in 2024 and seems to be a successful formula for increasing engagement, with good attendances in both years, and will be continued in 2025 as mentioned above.

The most significant decision in the year was to instigate the combination with ATS, which followed from a Board strategy meeting at the start of the year. This received overwhelming support (99.97% in favour) from the Company's shareholders, enhances the scale and profile of the Company, enhances liquidity of the shares and should improve the ongoing charges ratio as a result of fixed costs being spread over a larger asset base. The transaction completed on 29 November 2024.

Related decisions were to change the name of the Company and to pay an interim dividend before the transaction completed. The latter was for multiple purposes: to comply with the Board's published intention to distribute substantially all the Company's revenue to shareholders by way of dividends; to satisfy the investment trust status requirement that no less than 15% of the Company's qualifying revenue must be retained each year; and so as not to dilute the dividend for existing shareholders if the previous practice of recommending a final dividend for approval at the AGM was followed.

Boardroom Diversity

The Board supports the principle of Boardroom diversity, and the Board currently comprises four non-executive Directors of which three are female and one male. One Director is from a minority ethnic background. The Board considers its composition, including the balance of skills, knowledge, diversity (including gender and ethnicity) and experience, amongst other factors on an annual basis and when appointing new Directors. The Board has considered the requirements under the FCA's Listing Rule UKLR 6.6.6R (10) in relation to target reporting, and has provided full details in the Corporate Governance Statement section on pages 40 and 41. Summary biographical details of the Directors are set out on pages 29 and 30.

Stewardship code

The Board and the Investment Manager support and have a strong commitment to the FRC's 2020 UK Stewardship Code, which is endorsed by the AIC and sets out principles of effective stewardship by institutional investors. Whilst the Investment Manager is not a formal signatory to the Stewardship Code, it has chosen to adhere to the 12 principles as closely as possible. Further details of the Investment Manager's approach to the Stewardship code can be found on the Investment Manager's website at **www.phoenixassetmanagement.com.**

Modern slavery disclosure

Due to the nature of the Company's business, being a company that does not have employees and does not offer goods or services to consumers, the Board considers that the Company falls outside of the scope of the Modern Slavery Act 2015 and is not required to issue a slavery and human trafficking statement. The Board considers the Company's supply chains, since it deals predominately with professional advisers and service providers in the UK financial service industry, to be low risk in this matter.

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment. The Board has made enquiries of its third-party service providers to ensure they have procedures and policies in place.

Criminal Finances Act 2017

The Company maintains a zero-tolerance policy towards the provision of illegal services, including the facilitation of tax evasion. The Company has received assurances from the Company's main service providers that they maintain a zero-tolerance policy towards the provision of illegal services, including the facilitation of tax evasion.

Other Strategic Report Information

Principal Risks and Risk Management

The Board is responsible for the identification, evaluation and management of the risks facing the Company. Risk is a key element of all the Board's deliberations. Additionally, the Board has delegated to the Audit Committee the formal regular review of these risks, together with their mitigation and the discerning of emerging risks, on its behalf. This process accords with the UK Corporate Governance Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Audit Committee and the Board has carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity.

The Board's policy on risk management has not materially changed during the course of the reporting period and up to the date of this report. In particular, the Board undertakes a review of the performance of the Company and scrutinises and challenges notable transactions at each quarterly Board meeting.

The Audit Committee maintains a framework of the key risks and the policies and processes in place to monitor, manage and mitigate them where possible. This risk map is reviewed regularly by the Audit Committee, as set out in the Audit Committee Report starting on page 54.

The Audit Committee and the Board consider that the risks summarised below are the principal risks currently facing the Company. It is not an exhaustive list of all risks faced by the Company. In addition to these featured risks, during the year the Board also recognised risks associated with the project to combine the assets of ATS with the Company, including transaction execution risk and risks around portfolio realignment. The former was recognised as the most significant emerging risk until the transaction was completed on 29 November 2024. The assessment of the other risks outlined below did not change significantly over the course of the year.

Principal Risks and Uncertainties

Geopolitical and economic risks

The Company and its portfolio are at risk from economic and market conditions such as from rising interest rates; inflation; recession; local and global politics; and disruptive local and global events. These can disrupt trade and supply chains and cause increased market volatility, which could substantially and adversely affect the Company's prospects and the market prices of its investments. Increased interest rates, inflation and the threat of recession continue to be contemporary areas of concern, together with the conflicts in Ukraine and the Middle East.

The opportunity for the Board to mitigate such macro risks is somewhat limited. The Board and the Investment Manager monitor and discuss the macroeconomic environment at each Board meeting, along with potential impacts. The Investment Manager also provides a detailed update on the investments at each meeting, including, inter alia, developments in relation to the macro environment and trends. Mitigating factors include the experience and expertise of the Investment Manager, that the Company's portfolio, although concentrated, is diversified across a range of sectors, and that the Company has no leverage and a net cash balance. Sanctions imposed in relation to the Ukraine conflict have not had any direct impact on the Company to date.

Investment objective and strategy risks

The Company's investment objective is to provide shareholders with long-term total returns by investing predominantly in a portfolio of UK listed companies. It is not assured that the objective will be met or that it will continue to meet investors' needs. Poor performance or the investment objective losing its attractiveness to shareholders could result in reputational damage and a widening discount.

The Board reviews performance at every Board meeting and challenges the Investment Manager on stock selection and diversification.

The Board also seeks to understand shareholder sentiment with respect to the investment objective and the strategy being followed with the help of the Company's Investment Manager, corporate broker and investor relations & marketing adviser.

Shareholders are provided with an opportunity to vote on the Company's continuation every three years. The continuation vote provides a gauge of the attractiveness of the Company to its shareholders. The next opportunity to vote on the Company's continuation will be at the AGM in 2025. The Board recommends that shareholders vote in favour of continuation and, given the level of support for the Company signalled in connection with the recent combination with ATS, is optimistic they will do. The previous continuation vote took place at the Company's AGM on 28 June 2022 and was successfully passed with overwhelming support from shareholders (100% voted in favour).

Risks related to the Investment Manager

The Company's success is closely dependent on the performance of the Investment Manager. In addition to the performance of the portfolio, the Company is also exposed to any potential loss of key personnel from, and the reputation of, the Investment Manager.

The Investment Manager has a well-defined investment strategy, a proven process and an extensive track record. The performance and the terms of engagement of the Investment Manager are reviewed annually by the Management Engagement Committee on behalf of the Board, in addition to the Board's ongoing communications, monitoring and challenge. The Investment Manager also reports regularly to the Board on personnel changes and other developments.

Discount risk

The Board specifically recognises the risk that the price of the Company's shares may not reflect their underlying net asset value, which could compromise shareholders' returns.

The Board, along with its advisers and the Investment Manager, monitors the discount closely and seeks to enhance share price performance through effective marketing. The Board also seeks authority from shareholders each year to buy back shares and has recently announced that it will consider doing so if the discount becomes excessive and persistent.

Operational Risks

Operational Risks incorporate, amongst other things, the potential for errors or irregularities in published information, cyber risks, business continuity risks, and regulatory risks.

The Audit Committee has received internal controls reports from the relevant service providers, where available, and has satisfied itself that adequate controls and procedures are in place to limit any impact on the Company's operations, particularly with regard to a financial loss. It has also satisfied itself that they have appropriate business continuity plans in place. The performance of service providers is reviewed annually by the Management Engagement Committee. Each service provider's contract defines their duties and responsibilities and has safeguards in place including provisions for termination in the event of a breach or under certain circumstances.

ESG

The Board recognises the risks posed by environmental, social and governance ("ESG") factors, particularly with respect to portfolio risks and potential reputational risk should the Company not meet investor expectations in relation to ESG. Investment companies are currently exempt from reporting under the Task Force on Climate-Related Financial Disclosures ("TCFD") and the Company has not voluntarily adopted the requirements, but considers ESG factors that might affect portfolio companies to be an emerging risk area for the Company. The Board and Investment Manager also recognise the potential opportunity afforded by attention to the wider climate change agenda. ESG risk assessment is embedded in the Investment Manager's due diligence and decision-making process when investing in new companies and monitored thereafter. However, the Company does not have explicit sustainability investment objectives or policies and accordingly has not adopted a sustainability label under the FCA's UK Sustainability Disclosure Requirements and investment labels regime ("SDR").

Financial Risks

The Company is exposed to liquidity risk and credit risk arising from the use of counterparties. If a counterparty were to fail it could adversely affect the Company through either delay in settlement or loss of assets. The most significant counterparty to which the Company is exposed is the Depositary, which is responsible for the safekeeping of the Company's custodial assets.

Further details on the Company's financial risks are included in Note 13 to the financial statements starting on page

The Board reviews the services provided by the Depositary and the internal controls report of the Custodian to ensure that the security of the Company's custodial assets is maintained. The Investment Manager is responsible for undertaking reviews of the creditworthiness of the counterparties that it uses.

Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have carefully assessed the Company's position and prospects as well as the principal risks and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years to 31 December 2029.

The Board has chosen a five-year horizon in view of the long-term nature and outlook adopted by the Investment Manager when making investment decisions.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for at least five years to 31 December 2029. A continuation vote, as required by the Company's Articles, was held on 28 June 2022 and passed with overwhelming support from shareholders. The next vote will take place at the Company's AGM in 2025. Given the level of support for the Company signalled in connection with the recent combination with ATS, the Board is optimistic that the next vote will successfully pass.

In reaching this conclusion, the Directors have considered each of the principal risks and uncertainties set out above as well as the following assumptions in assessing the Company's viability:

- there will continue to be demand for investment trusts;
- the Board and Investment Manager will continue to adopt a long-term view when making investments;
- the Company invests principally in the securities of UK listed companies to which investors will wish to continue to have exposure; and
- regulation will not increase to a level that makes running the Company uneconomical.

Factors including higher interest rates, inflation, and the conflicts in Ukraine and the Middle East were also incorporated into the key assumptions. As part of this process the Board considered the impact of severe but plausible scenarios, including the impact of significant market movements, on the Company's liquidity and solvency, its income and expenses profile and that (although not utilised) gearing is an instrument permitted by the Company's investment policy. A significant proportion of the Company's investments comprise readily realisable securities which could, if necessary, be sold to meet the Company's cash requirements. The financial considerations were based on the going concern assessment, discussed on pages 37 and 38, and extended to cover the five-year period from the approval of this annual report.

The Board aspires for the Company to continue to grow and keeps its potential for doing so under review. Portfolio changes and market developments are also discussed at quarterly Board meetings.

The internal control framework of the Company is subject to formal review on at least an annual basis and this includes consideration of the operational resilience of the Company's service providers.

Outlook

The outlook for the Company is discussed in the Chair's Statement on page 6, and by the Investment Manager on pages 13 and 17.

This Strategic Report was approved by the Board on 7 April 2025.
Lucy Walker
Chair of the Board of Directors

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Statement of Directors' Responsibilities for the Annual Report

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 UK-adopted International Accounting Standards and in accordance with those parts of the Companies Act 2006 that apply to companies reporting under UK-adopted International Accounting Standards.

Under company law, 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 profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International 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.

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

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 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 Directors have delegated responsibility to the Investment Manager for the maintenance and integrity of the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that 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. Each of the Directors, whose names and functions are listed on pages 29 and 30 confirm that, to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with UK-adopted international accounting standards and in accordance with those parts of the Companies Act 2006 that apply to those companies reporting under UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Lucy Walker

Chair of the Board of Directors

7 April 2025

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Financial Statements

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Income Statement

		Year ended 31 December 2024			Year ended 31 December 2023		
Notes		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
2	(Losses)/gains on investments	**-**	**(13,648)**	**(13,648)**	-	53,535	53,535
	Gains on currency	**-**	**202**	**202**	-	-	-
3	Income	**3,568**	**-**	**3,568**	3,459	-	3,459
	Gross return	**3,568**	**(13,446)**	**(9,878)**	3,459	53,535	56,994
4	Investment performance fee clawback/(charge)	**-**	**166**	**166**	-	(2,824)	(2,824)
4	Other expenses	**(966)**	**14**	**(952)**	(749)	-	(749)
	Net return before tax	**2,602**	**(13,266)**	**(10,710)**	2,710	50,711	53,421
5	Tax	**(46)**	**-**	**(46)**	(49)	-	(49)
	Net return for the year	**2,556**	**(13,016)**	**(10,460)**	2,661	50,711	53,372
8	Return per share - basic and diluted	**3.21p**	**(16.66)p**	**(13.45)p**	3.50p	66.66p	70.16p

The total column represents the Income Statement of the Company, prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom.

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

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

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

The notes on pages 74 to 92 form part of these accounts.

Statement of Financial Position

Notes		31 December 2024 £'000	31 December 2023 £'000
	NON-CURRENT ASSETS		
2	Investments held at fair value through profit or loss	**276,922**	202,209
	CURRENT ASSETS		
	Trade and other receivables	**1,109**	372
	Cash and cash equivalents	**17,076**	6,248
		18,185	6,620
	TOTAL ASSETS	**295,107**	208,829
	CURRENT LIABILITIES		
	Other payable	**(1,606)**	(115)
		(1,606)	(115)
	NET ASSETS	**293,501**	208,714
	EQUITY		
9	Called up share capital	**28,665**	19,019
	Share premium account	**202,665**	111,166
	Capital redemption reserve	**312**	312
	Treasury shares	**(22)**	-
9	Other reserve	**(559)**	(219)
9	Share-based payment reserve	**-**	166
9	Capital reserve	**61,534**	74,999
	Revenue reserve	**906**	3,271
	TOTAL EQUITY	**293,501**	208,714
9	Number of voting shares in issue	**114,572,742**	76,078,460
10	NAV per share	**256.17p**	274.34p

Approved by the Board of Directors on 7 April 2025 and signed on its behalf by:

Lucy Walker

Chair of the Board

Company no. 03300814

The notes on pages 74 to 92 form part of these accounts.

Statement of Changes in Equity

Year to 31 December 2024

Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Treasury shares £'000	Other reserve £'000	Share-based payment reserve £,000	Capital reserve £'000	Revenue reserve £'000	Total £'000
	Opening equity	**19,019**	**111,166**	**312**	**-**	**(219)**	**166**	**74,999**	**3,271**	**208,714**
	Net return for the year	-	-	-	-	-	-	(13,432)	2,556	(10,876)
9	Share-based payment credit	-	-	-	-	-	(166)	166	-	-
4	Performance fee clawback in relation to performance year 2021	-	-	-	(22)	221	-	(199)	-	-
4	Share issuance in relation to 2023 performance fee	54	507	-	-	(561)	-	-	-	-
7	Dividends paid	-	-	-	-	-	-	-	(4,921)	(4,921)
	Issue of new Ordinary Shares on the combination with Artemis Alpha Trust plc	9,592	90,992	-	-	-	-	-	-	100,584
	Closing equity	**28,665**	**202,665**	**312**	**(22)**	**(559)**	**-**	**61,534**	**906**	**293,501**

The notes on pages 74 to 92 form part of these accounts.

Statement of Changes in Equity

Year to 31 December 2023

Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Treasury shares £'000	Other reserve £'000	Share-based payment reserve £,000	Capital reserve £'000	Revenue reserve £'000	Total £'000
	Opening equity	**19,152**	**111,166**	**179**	**(133)**	**(2,877)**	**-**	**24,421**	**2,870**	**154,778**
	Net return for the year	-	-	-	-	-	-	53,369	2,661	56,030
8	Shares cancelled in relation to 2019 performance fee clawback (crystallised)	(133)	-	133	133	-	-	(133)	-	-
4	Performance fee in relation to performance year 2020 (crystallised)	-	-	-	-	2,658		(2,658)	-	-
4	Performance fee charge in relation to performance year 2021	-	-	-	-	-	166	-	-	166
6	Dividends paid	-	-	-	-	-	-	-	(2,260)	(2,260)
	Closing equity	**19,019**	**111,166**	**312**	**-**	**(219)**	**166**	**74,999**	**3,271**	**208,714**

The notes on pages 74 to 92 form part of these accounts.

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Cash Flow Statement

	Note	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
Net cash inflow from operating activities	11	**3,324**	2,607
Investing activities			
Payments to acquire non-current asset investments	2	**(29,265)**	(11,503)
Receipts on disposal of non-current asset investments	2	**41,488**	12,056
Net cash inflow from investing activities		**12,223**	553
Financing activities			
Dividends paid	7	**(4,921)**	(2,260)
Net cash outflow from financing activities		**(4,921)**	(2,260)
Increase in cash and cash equivalents		**10,626**	900
Cash and cash equivalents at beginning of year		**6,248**	5,348
Gains on currency		**202**	-
Cash and cash equivalents at the end of the year		**17,076**	6,248

The notes pages 74 to 92 form part of these accounts.

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Notes to the Financial Statements

1. Reporting entity

The Company is a closed-ended investment company, registered in England and Wales on 10 January 1997 with Company number 03300814. The Company's registered office is 25 Southampton Buildings, London WC2A 1AL.

Details of the Directors, Investment Manager and Advisers can be found on pages 29 to 31.

Basis of Accounting

The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS") and the applicable legal requirements of the Companies Act 2006.

The annual financial statements have also been prepared in accordance with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") for the financial statements of investment trust companies and venture capital trusts, except to any extent where it is not consistent with the requirements of IFRS, then this will be noted and explained.

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been prepared alongside the Income Statement.

The functional currency of the Company is Sterling because this is the currency of the primary economic environment in which the Company operates. The financial statements are presented in Sterling rounded to the nearest thousand, except where otherwise indicated.

Going concern

The financial statements have been prepared on the going concern basis. The Directors have a reasonable expectation, after making enquiries, that the Company has adequate resources to continue in existence for at least 12 months from the date of approval of this Annual Report.

In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its latest financial position and forecast of income and expenses.

As at 31 December 2024, the Company held £17,076,000 (2023: £6,248,000) in cash and cash equivalents, £272,105,000 (2023: £200,733,000) in quoted investments and £4,817,000 (2023: £1,476,000) in unquoted investments. The total ongoing operating expenses for the year ended 31 December 2024 were £966,000 (2023: £817,000). It is estimated that 39.0% of the Company's latest portfolio could be liquidated in a non-market impacting way within 7 days, using 25% of historic three-month average daily volume. This approach is considered conservative as it does not include the Company's ability to access liquidity through block trades.

The management has assessed the Company's going concern status under stress scenarios, which incorporated key assumptions such as significant falls in the Company's investment portfolio and investment income. These scenario tests encompassed possible impacts from factors such as the existing and potential further risks arising from the conflicts in the Middle East and Ukraine. A prolonged and deep market decline could lead to falling investment values or interruptions to cash flow, however the Company currently has more than sufficient liquidity to meet any liabilities when they fall due in the foreseeable future. The Board is keeping the development of external risk factors under close scrutiny and does not believe that these will have any impact on the Company's going concern status.

The Board notes that at the date of approval of this Annual Report, the aggregate of the Company's cash and cash equivalents balance and investments held is well in excess of the estimated level of liabilities, and the Company has substantial operating expenses cover.

The next continuation vote will take place at the Company's AGM on 11 June 2025. Given the positive support for the Company in the recent corporate transaction, the Board expects the resolution to be passed and not impact the Company's going concern status.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment being an investment business in accordance with its Investment Objective and Policy

Material accounting policies

The accounting policies adopted are described below:

a. Accounting Convention

The accounts are prepared under the historical cost basis, except for the measurement at fair value of investments and measurement of performance fees awarded.

b. Issue of Shares Pursuant to the Combination of Artemis Alpha Trust plc ("ATS") with the Company

On 29 November 2024, the Company issued new ordinary shares to shareholders of ATS in consideration for the receipt by the Company of assets pursuant to the combination with ATS (see page 4 for more information). The cost to acquire the assets and liabilities of ATS has been allocated between the acquired identifiable assets and liabilities based on their relative fair values on the acquisition date without attributing any amount to goodwill or to deferred taxes. Investments, cash and other assets were transferred from ATS. All assets were acquired at their fair value. The value of the assets received, in exchange for shares issued by the Company, have been recognised in share capital and share premium, as shown in the Statement of Changes in Equity. Listing costs in respect of the shares issued have been recognised in share premium, whereas other costs in relation to the combination have been recognised through capital in the Income Statement.

c. Investments

Investments are measured at fair value through profit or loss. Gains or losses on investments and transaction costs on acquisition or disposal of investments are included in the Income Statement as a capital item.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the year-end date. All purchases and sales of investments are recognised on the trade date, i.e. the date that the Company commits to purchase or sell an asset.

Unquoted investments are measured at fair value in accordance with the International Private Equity and Venture Capital valuation guidelines and IFRS 13. Further details on the valuation of unquoted investments may be found in Notes 1(g) and 13.

d. Income from Investments

Special Dividends are assessed on their individual merits and are credited to the capital column of the Income Statement if the substance of the payment is a return of capital. All other investment income is taken to the revenue column of the Income Statement.

e. Share Capital and Reserves

The share capital represents the nominal value of equity shares.

The share premium account represents the accumulated premium paid for shares issued above their nominal value less issue expenses. This reserve is not distributable.

The capital redemption reserve arises when shares are bought back by the Company or returned by the Investment Manager under the performance fee clawback arrangement, and subsequently cancelled, at which point an amount equal to the par value of the shares is transferred from share capital to this reserve. This reserve is not distributable.

Other reserve represents the restricted shares issued in settlement of performance fees that are still within a lock-in period. This reserve is not distributable.

The share-based payment reserve represents the cumulative share-based payment expenses in relation to performance fees earned. Upon vesting, the relevant share-based payment reserve balance will be transferred to the realised capital reserve. This reserve is not distributable.

The capital reserve represents realised and unrealised capital and exchange gains and losses on the disposal and revaluation of investments and of foreign currency items. In addition, performance fee costs are allocated to the capital reserve. The amount within the capital reserve less unrealised gains (those on investments not readily convertible to cash) is available for distribution. The realised gains within the capital reserve amounted to £56,397,000 as at 31 December 2024 (2023: £43,101,000). The Company may use this reserve for share buybacks, but otherwise has no intention to make distributions out of its capital reserve.

The revenue reserve represents the surplus of accumulated revenue profits, being the excess of income derived from holding investments less the costs associated with running the Company. This reserve may be distributed by way of dividends, to the extent realised.

f. Expenses

All expenses are charged through the revenue column of the Income Statement except the following:

- expenses that are incidental to the acquisition or disposal of an investment are charged to the capital column of the Income Statement; and
- expenses are charged to the capital column of the Income Statement where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the performance fees have been charged to the Income Statement in line with the Board's expected long-term returns, in the form of capital gains, from the Company's portfolio.

g. Critical Judgements, Estimations or Assumptions

The Directors have reviewed matters requiring judgements, estimations or assumptions. The preparation of the financial statements requires management to make judgements, estimations or assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenue and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates.

Performance fees

The performance fee is calculated on the Company's NAV outperformance against its benchmark. Performance fees, if earned, are settled by the issue of shares in the Company, which are subject to a fixed three-year clawback period. If the outperformance versus the index reverses on the third-year anniversary the Company is entitled to recover and cancel the shares.

In measuring the performance fee, the Board has made judgements in relation to the service period, which it considers to be the current year of service plus the further three year clawback period. The Board has made the judgement that the performance fee contains a non-market based performance condition since the hurdle is based on the outperformance of the Company's NAV against its benchmark.

However, as the performance fee is calculated as a fixed amount which is settled by a variable number of shares, the cumulative charge over the vesting period will equate to either the amount calculated at the end of the first year where the performance of the Investment Manager remains on target, or a lower amount where it is considered that the clawback will take effect. This is as a result of the performance fee charge being adjusted during the service period, which is a requirement of IFRS 2 where there is a non-market based performance condition.

The performance fee is recognised on a straight line basis in the Income Statement and is based on the outcome of the performance fee calculation as stated in the Investment Management Agreement. This amount excludes the projection of whether a clawback may occur at the end of the performance period. Clawbacks are adjusted based on the management's expectation in terms of the number of restricted shares that will ultimately vest at each reporting date, and if applicable, credited back to the Income Statement.

The Board has considered it necessary to make certain judgements in relation to the recognition and measurement of the performance fee, which it considers are reasonable and supportable. However, it is acknowledged that if alternative judgements were made, for accounting purposes, the measurement of the performance fee charge to the income statement may be significantly different in timing within the service period.

The Investment Manager earned a performance fee of £560,903 in 2023 and this was settled by the issuance of 214,264 shares. As at 31 December 2024, based on estimates produced by the Company's in-house assessment model, it is expected that no shares issued in relation to 2023 will ultimately vest at the end of the clawback period on 31 December 2026, and therefore no IFRS 2 expenses have been charged in the Income Statement.

No performance fee was earned during 2024 and the fee assessment period has been extended to 2025.

The performance fee earned during 2021 crystallised on 31 December 2024. Due to the Company underperformance versus the benchmark over the three-year clawback period, 100% of the 89,096 shares issued to the Investment Manager were clawed back as at 31 December and have subsequently been cancelled.

Valuation of Unquoted Investments

The Company has six unquoted investments, two of which are nil valued. These are classified as Level 3 investments under the fair value hierarchy, please refer to Note 13 for definitions of fair value hierarchy. Their fair value as at 31 December 2024 is £4,817,000 or 1.6% of NAV (2023: three unquoted investments, two of which were nil valued, representing £1,476,000 or 0.7% of NAV).

The investments are valued in accordance with the Company's accounting policy set out in 1c. For each unlisted investment, one or more of the following valuation techniques is used:

Market Approach: Based on recent investment price, market multiples, or industry benchmarks.

Net Assets Approach: Based on the value of the investment's underlying assets.

Price of Recent Investment: If a recent transaction has occurred, its price may indicate fair value, though this is not automatic. Fair value is reassessed at each reporting date for changes since the transaction.

Multiple Methodology: A revenue, EBITDA, or earnings multiple is applied to the investee's maintainable earnings or revenue.

Net Assets: Fair value is based on the proportionate share of the reported net asset value, using valuation reports from the manager or general partner, adjusted for any changes or new information up to the reporting date.

Observable market data is preferred when assessing the appropriate methodology.

In making the judgment that the valuation method is appropriate, the Board considers additional information, including an independent valuation review report produced by Kroll Advisory Ltd where available, and published financial statements.

A 10% reduction of the unquoted valuations would have a negative impact of £481,700 (2023: £147,600) on the Company's NAV as at 31 December 2024 and a 10% increase of the unquoted valuation would have the exact opposite impact.

2. Investments held at Fair Value Through Profit or Loss

	Year to 31 December 2024 £'000	**Year to 31 December 2023 £'000**
Listed securities	**272,105**	200,733
Unquoted securities	**4,817**	1,476
Total non-current investments held at fair value through profit or loss	**276,922**	202,209
Movements during the year:		
Opening balance of investments, at cost	**170,145**	170,415
Additions, at cost	**129,849**	11,503
Disposals - proceeds received or receivable*	**(41,488)**	(12,056)
- realised profits	**13,445**	283
- at cost	**(28,043)**	(11,773)
Cost of investments held at fair value through profit or loss at 31 December	**271,951**	170,145
Revaluation of investments to market value:		
Opening balance	**32,064**	(21,188)
Unrealised (losses)/gains	**(27,093)**	53,252
Balance at 31 December	**4,971**	32,064
Market value of non-current investments held at fair value through profit or loss at 31 December	**276,922**	202,209

* 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.

Gains/(losses) on investments	**Year to 31 December 2024 £'000**	**Year to 31 December 2023 £'000**
Realised gains on disposal of investments	**13,445**	283
Movement in unrealised (losses)/gains on investments held	**(27,093)**	53,252
Total (losses)/gains on investments	**(13,648)**	53,535

Transaction costs on investment purchases and sales for the year ended 31 December 2024 are disclosed in the following table.

Transaction costs	**Year to 31 December 2024 £'000**	**Year to 31 December 2023 £'000**
Transaction costs on purchases of investments	**127**	16
Transaction costs on disposals of investments	**21**	9
Total transaction costs included in gains or losses on investments at fair value through profit or loss	**148**	25

3. Income

	Year to 31 December 2024	**Year to 31 December 2023**

	£'000	£'000
Income from investments:		
UK dividends	**2,396**	3,017
Overseas dividends	**695**	370
Other income:		
Deposit interest	**477**	72
Total income	**3,568**	3,459

4. Investment Management Performance Fees and Other Expenses

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue* £'000	Capital £'000	Total £'000	Revenue* £'000	Capital £'000	Total £'000
Investment management performance fee (clawback)/charge	**-**	**(166)**	**(166)**	-	2,824	2,824
Administration fees	**350**	**-**	**350**	279	-	279
Depositary and Custody fees	**74**	**-**	**74**	64	-	64
Registrar's fees	**43**	**-**	**43**	36	-	36
Directors' fees	**140**	**-**	**140**	139	-	139
Audit fees**	**84**	**-**	**84**	68	-	68
Printing	**16**	**-**	**16**	19	-	19
Broker's fees	**48**	**-**	**48**	48	-	48
Professional fees	**90**	**-**	**90**	34	-	34
Consultancy fees	**13**	**-**	**13**	14	-	14
Miscellaneous expenses***	**108**	**-**	**108**	48	-	48
Combination related expenses****	**-**	**(14)**	**(14)**	**-**	**-**	**-**
Total other expenses	**966**	**(180)**	**786**	749	2,824	3,573

* All expenses include any relevant irrecoverable VAT.

** The amounts excluding VAT paid or accrued for the audit of the Company are £70,000 (2023: £57,000).

*** The 2023 miscellaneous expenses figure included £68,000 of credits in respect of historic periods received by the Company during the year. No historic credits are included for 2024.

**** As part of the combination between the Company and Artemis Alpha Trust plc that took place on 29 November 2024, the Company incurred £735,000 of costs which have been charged to capital. Within the terms of the combination, Phoenix will contribute £750,000 towards the offsetting of the direct costs related to the transaction. The contribution will be made by way of a reduction in the performance fee payable to Phoenix by the Company in respect of the financial years ending 31 December 2024, 31 December 2025 and 31 December 2026. The fee reduction will constitute a waiver of the performance fee of £750,000. As no performance fee was earnt in relation to this year end, a £750,000 receivable is recognised as at 31 December 2024.

Investment Management Performance Fees

The Company's Investment Manager does not earn an ongoing annual management fee, but will be paid a performance fee equal to one third of any outperformance of the Company's NAV per share total return (including dividends and adjusted for the impact of share buybacks and the issue of new shares) over the FTSE All-Share Index (total return) for each financial year or, if applicable, extended performance period.

The total annual performance fee is capped at 4% per annum of the NAV of the Company at the end of the relevant financial year, in the event that the NAV per Ordinary Share has increased in absolute terms over the period, and 2% in the event that the NAV per Ordinary Share has decreased in absolute terms over the period. Any outperformance that exceeds these caps will be carried forward and only paid if the Company outperforms, and the annual cap is not exceeded, in subsequent years.

The performance fee is subject to a high-water mark so that no fee will be payable in any following year until all underperformance of the Company's NAV since the last performance fee was paid has been made up.

Performance fees are settled by issuance of new shares. Such shares are issued at the NAV per share prevailing at the date of issue, so that the then current value of the shares equates in terms of NAV to the performance fees calculated at the end of the relevant financial period.

Any part of the performance fee that relates to the performance of Phoenix SG will be accrued but will not be paid until such time as the Company's investment in Phoenix SG has been realised or is capable of realisation. The position will be reviewed at that time by reference to the realised proceeds of sale or the fully realisable value of Phoenix SG as compared to the original cost of acquisition.

Performance fees are calculated annually and, if earned, settled by way of share issuance by the Company, 80% is settled shortly after the year end date and the remaining 20% is settled upon approval of the Company's Annual Report. Shares issued to the Investment Manager are subject to a 3-year clawback period, during which the Investment Manager is not entitled to sell, pledge or transfer the shares, but is entitled to dividends and voting rights. If the Company's NAV underperforms its benchmark index on a total return basis over the clawback period, shares issued to the Investment Manager will be proportionally or entirely clawed back and cancelled by the Company.

Share-based Payment

The performance fee arrangement is recognised as an equity settled share-based payment under IFRS 2, and the related expenses are charged or credited in the Income Statement on a straight-line basis over a vesting period of the performance fee calculation period followed by 3 years of clawback period.

At the end of each reporting period, the Company reviews cumulative total returns between the Company's NAV and its benchmark index in relation to each performance year in which a performance fee was earned and adjusts the cumulative charges of share-based payment expenses accordingly.

A total share-based payment clawback of £166,000 has been recognised in the Company's Income Statement for the year ended 31 December 2024.

Performance year	Fees earned (£)	Shares issued (Number of)	Vesting period (Years)	Vesting status	Year to 31 December 2024 Income Statement charge/(credit) (£)	Year to 31 December 2023 Income Statement charge/(credit) (£)
2021	22,195	89,096	4	Fully clawed back on 31 December 2024	(165,896)	165,896
2022*	-	-	n/a	n/a	n/a	n/a
2023	560,903	172,373	5	Vesting period ends on 31 December 2026	-	-
2024**	-	-	n/a	n/a	n/a	n/a

* No performance fee was earned during 2022 and the fee assessment period was extended to 2023.

** No performance fee was earned during 2024 and the fee assessment period has been extended to 2025.

Share-based Payment Sensitivity Analysis

Performance fee period to		31 December 2022 and 2023
End date for clawback period		31 December 2026
As at 31 December 2024		%
Company cumulative NAV returns	a	(3.9)
Cumulative index returns	b	4.6
Underperformance	(1+a)/(1+b)-1	(8.2)

Impact on the Company's profit after tax for the year ended 31 December 2024, if the Company's underperformance changes by:

In relation to performance fee period	31 December 2022 and 20231
Percentage	£'000
-10%	-
-5%	-
-1%	-
+1%	-
+5%	-
+10%	(281)

5. Taxation

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	**-**	**-**	**-**	-	-	-
Overseas withholding tax	**46**	**-**	**46**	49	-	49
Tax charge in respect of the current year	**46**	**-**	**46**	49	-	49

Current taxation

The taxation charge for the year is different from the standard rate of corporation tax in the UK of 25% (2023: 23.5%).

The differences are explained below:

	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
Net return before tax	**(10,664)**	53,421
Theoretical tax at UK corporation tax rate of 25.0% (2023: 23.5%)	**(2,666)**	12,554
Effects of:		
Capital losses/(gains) that are not taxable	**3,412**	(12,581)
UK dividends which are not taxable	**(599)**	(709)
Overseas withholding tax	**46**	49
Overseas dividends that are not taxable	**(174)**	(87)
Excess management expenses	**27**	823
Tax charge in respect of the current year	**46**	49

Due to the Company's status as an investment trust and its intention to continue meeting the conditions required to maintain its status in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

Deferred Tax

The Company has £14,681,000 (2023: £14,524,000) in respect of excess unutilised management expenses, equivalent to a potential tax saving of £4,000,000 (2023: £3,631,000) at the prospective tax rate of 25% (2023: 25%) and £1,491,000 (2023: £1,491,000) in respect of loan interest, equivalent to a potential tax saving of £373,000 (2023: £373,000) at the prospective tax rate of 25% (2023: 25%).

These amounts could be utilised to the extent that the Company has sufficient future taxable revenue. A deferred tax asset has not been recognised in respect of these expenses.

6. Trade and other receivables

	At 31 December 2024	At 31 December 2023
Phoenix contribution receivable	**750**	-
Other receivables	**359**	372
Total trade and other receivables	**1,109**	372

The £750,000 contribution receivable (2023: £nil) from Phoenix Asset Management Partners Limited ("Phoenix"), relates to the Manager's contribution towards offsetting the costs directly related to the ATS combination during the period. Please refer to Note 4 for further detail.

7. Ordinary Dividends

	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
Dividends reflected in the financial statements:		
Final dividend paid for the year ended 31 December 2023 at 3.45p per share (2022: 2.97p)	**2,632**	2,260
Interim dividend paid for the year ended 31 December 2024 at 3.00p per share (2023: nil)	**2,289**	-
Dividends not reflected in the financial statements:		
No final dividend for the year ended 31 December 2024 (2023: 3.45p per share)	**-**	2,632

8. Earnings Per Share

Earnings per share are based on the loss of £10,710,000 (2023: profit of £53,372,000) attributable to the weighted average of 79,629,980 (2023: 76,078,460) ordinary shares of 25p in issue during the year.

Supplementary information is provided as follows: revenue earnings per share are based on the revenue profit of £2,556,000 (2023: profit of £2,661,000); capital earnings per share are based on the net capital loss of £13,266,000 (2023: profit of £50,711,000), attributable to the weighted average of 79,629,980 (2023: 76,078,460) ordinary voting shares of 25p. There is no difference between the weighted average diluted and undiluted number of shares. There is no difference between basic and diluted earnings per share as there are no dilutive instruments.

9. Share Capital and Reserves

	At 31 December 2024	At 31 December 2023
Allotted, called up and fully paid		
Ordinary shares in issue at 1 January (Number)	**76,078,460**	76,608,771
Shares issued	**38,583,378**	-
Shares cancelled	**-**	(530,311)-
Ordinary shares in issue at 31 December (Number)	**114,661,838**	76,078,460
Ordinary Shares of 25p at 31 December (£'000)	**28,665**	19,019
Ordinary shares clawed back and held in treasury	**(89,096)**	-
Shares with voting rights at 31 December (Number)	**114,572,742**	76,078,460

At 31 December 2024, the Company had 114,661,838 ordinary shares in issue, of which 89,096 shares were held in Treasury (2023: 76,078,460 shares in issue with no shares held in Treasury). The number of voting shares at 31 December 2024 was 114,572,742 (2023: 76,078,460), being the number of ordinary shares in issue less the number of shares held in Treasury.

Movement in share capital during the period

On 17 January 2024 the Company issued to the Investment Manager 172,373 ordinary shares, at a price of 260.32 pence per share, and on 29 April 2024 issued a further 41,891 ordinary shares, at a price of 267.79 pence per share, to settle performance fees earned in the year to 31 December 2023.

In connection with the ATS corporate transaction the Company issued on 29 November 2024 38,369,114 ordinary shares to ATS shareholders at a deemed price of 262.58 pence per share, in consideration for the transfer to the Company of approximately £101 million of net assets from ATS.

On 31 December 2024, the clawback period on restricted shares issued to the Investment Manager in relation to the performance period ended 31 December 2021 ended. All of the 89,096 shares originally issued to the Investment Manager were clawed back by the Company. These were held in Treasury as at 31 December 2024 and subsequently cancelled on 15 January 2025.

Other Reserve

The other reserve balance represents the restricted shares issued in settlement of performance fees that are still within a lock-in period.

The clawback period for the performance fee earned during the year ended 31 December 2021 ended on 31 December 2024. The Company's cumulative NAV total return underperformed that of the benchmark index over the vesting period. As a result, the 89,096 restricted shares originally issued in settlement of the £221,219 performance fee earned were clawed back as at 31 December 2024.

Share-based Payment Reserve

The share-based payment reserve represents the cumulative share-based payment expenses in relation to performance fees earned. A total share-based payment clawback of £166,000 has been recognised in relation to the 2021 performance fee which crystallised on 31 December 2024, resulting in a nil balance as at year end. No expenses have been charged for the combined performance period of 2023 and 2024 as no shares issued in settlement of the fee earned during this period are expected to ultimately vest based on the estimates produced by the Company's in-house model. This is subject to review and change at the Company's future reporting dates. Further details can be found in Note 4.

10. Net Assets Per Ordinary Share

The figure for Net Assets per Ordinary Share is based on Net Assets of £293,501,000 (2023: £208,714,000) divided by 114,572,742 voting ordinary shares in issue at 31 December 2024 (2023:76,078,460).

11. Reconciliation of Net Cash Flow from Operating Activities

	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
Net return after tax	**(10,710)**	53,372
Losses/(gains) on investments	**13,446**	(53,535)
Increase in trade and other receivables	**(737)**	(62)
Increase in other payables	**1,491**	8
Investment performance fee (clawback)/charge	**(166)**	2,824
Net cash inflow from operating activities	**3,324**	2,607

12. Transactions with Related Parties and Investment Manager

Details of the management, administration and secretarial contracts can be found in the Directors' Report.

There were no transactions with Directors other than as disclosed in the Directors' Remuneration Report on pages 47 to 51

There were no transactions with Directors other than as disclosed in the Directors' Remuneration Report on pages 47 to 51 and in Note 4 on page 81. No fees payable to the Directors were outstanding as at 31 December 2024.

Phoenix Asset Management Partners Limited ("Phoenix"), the Company's AIFM and Investment Manager, and Castelnau Group Limited ("Castelnau") are considered to be related parties under the Listing Rules. Details of transactions with Phoenix can be found in Note 4 beginning on page 81.

Castelnau is a related party as the Company is a substantial shareholder under the UK Listing Rules. The Company's holding of Castelnau shares increased during the year as a consequence of the Artemis Alpha Trust plc combination, since that company also held Castelnau shares. As at 31 December 2024, the Company held 15.8% (2023: 11.4%) of the issued share capital in Castelnau. There were no transactions with Castelnau itself during the year and there were no balances outstanding with Castelnau as at 31 December 2024.

As part of the terms of the combination between the Company and Artemis Alpha Trust plc that took place on 29 November 2024, Phoenix will contribute £750,000 towards the offsetting of the direct costs related to the transaction. The contribution will be made by way of a reduction in the performance fee payable to Phoenix by the Company in respect of the financial years ending 31 December 2024, 31 December 2025 and 31 December 2026. The fee reduction will constitute a waiver of the performance fee of £750,000. A £750,000 receivable from Phoenix has been recognised as at 31 December 2024.

13. Financial Instruments

Investments are carried in the balance sheet at fair value. For other financial assets and financial liabilities, the balance sheet value is considered to be a reasonable approximation of fair value.

Financial assets

The Company's financial assets may include equity investments, fixed interest securities, short-term receivables and cash and cash equivalents balances. The currency and cash-flow profile of those financial assets was:

	2024			2023		
	Interest Bearing £'000	Non-interest Bearing £'000	Total £'000	Interest Bearing £'000	Non-interest Bearing £'000	Total £'000
Non-current equity investments at fair value through profit or loss:						
£ sterling denominated security holdings	-	228,871	228,871	-	169,963	169,963
€ euro denominated security holdings	-	25,492	25,492	-	15,349	15,349
usd denominated security holdings	-	22,511	22,511	-	16,897	16,897
kr sek denominated security holdings	-	48	48	-	-	-
	-	276,922	276,922	-	202,209	202,209
Cash at bank and cash equivalents:						
Floating rate - £ sterling	17,156	-	17,156	6,248	-	6,248
Floating rate - € euro	(80)	-	(80)	-	-	-
	17,076	-	17,076	6,248	-	6,248
Current assets:						
Receivables	-	1,109	1,109	-	372	372
	17,076	278,031	295,107	6,248	202,581	208,829

The cash and equivalents balance comprises of cash at bank of £9,169,000 (2023: £6,248,000) held by the Company's Depositary, Northern Trust Investor Services Ltd, and UK Treasury Bills of £7,907,000 (2023: £nil).

Financial liabilities

The Company finances its investment activities through its ordinary share capital and reserves. It has discontinued the use of borrowing for such purposes. The Company's financial liabilities comprise short-term trade payables. Foreign currency balances are stated in the accounts in sterling at the exchange rate as at the Balance Sheet date.

There were no short-term trade payables (other than accrued expenses).

Fair Value Hierarchy

Under IFRS 13 investment companies are required to disclose the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Classification	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
Level 1	**272,105**	200,733
Level 2	**-**	-
Level 3	**4,817**	1,476
Total non-current investments held at 'FVTPL'	**276,922**	202,209

There were no transfers between levels during the year.

As part of the ATS combination, £95,876,000 of assets were acquired in Level 1 holdings and £4,681,000 in Level 3 holdings.

The movement on the Level 3 unquoted investments during the year is shown below:

	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
Opening balance	**1,476**	2,871
Additions during the year*	**4,681**	-
Unrealised losses	**(1,340)**	(1,395)
Closing balance	**4,817**	1,476

* Additions to the Level 3 unquoted investments during 2024 related to the ATS combination. No other unquoted assets were acquired during the year.

The Level 3 unquoted investment balance represents the Company's investment in six unquoted investments, two of which are valued at nil value. The fair value estimate of the investment in Phoenix SG is based on the attributable proportion of the reported net asset value of the Level 3 investment derived from the fair value of the underlying investments. Valuation reports provided by the fund manager are used to calculate fair value where there is evidence that the valuation is derived using fair value principles that are consistent with the Company's accounting policies and valuation methods. Such valuation reports may be adjusted to take account of changes or events to the reporting date, or other facts and circumstances which might impact the underlying value. Unquoted investment that were acquired during the period as a result of the ATS combination are valued at the cost ascribed for the purposes of the transaction, given the close proximity of the transfer to the Company's year end.

The transaction valuations were prepared in line with the valuation methodology described in the accounting policy for the Valuation of Unquoted Investments, as detailed in Note 1g.

Risk Analysis

The general risk analysis undertaken by the Board and its overall policy approach to risk management are set out in the Strategic Report. Issues associated with portfolio distribution and concentration risk are discussed in the Investment Policy section of the Strategic Report. This note, which is incorporated in accordance with accounting standard IFRS 7, examines in greater detail the identification, measurement and management of risks potentially affecting the value of financial instruments and how those risks potentially affect the performance and financial position of the Company. The risks concerned are categorised as follows:

a. Potential Market Risks, which are principally:
   i. Currency Risk
   ii. Interest Rate Risk and
   iii. Other Price Risk.
b. Liquidity Risk
c. Credit Risk

Each is considered in turn below:

A (i) Currency Risk

The portfolio as at 31 December 2024 was invested predominantly in sterling denominated securities and there was limited currency risk arising from the possibility of a fall in the value of sterling impacting upon the value of investments or income.

The Company had no foreign currency borrowings at 31 December 2024 or 31 December 2023.

The Company does not hedge its currency exposures currently, but under its investment policy and restrictions, derivative or similar financial instruments can be employed if considered necessary for the purpose of capital preservation.

Currency sensitivity

The table below shows the impact on the Company's profit after taxation for the year ended and net assets as at 31 December 2024, if sterling had strengthened/weakened by 10% against Euro, USD and SEK.

	2024 £'000	**2023 £'000**
Euro	**(2,310)/2,824**	(1,395)/1,705
USD	**(2,046)/2,501**	(1,536)/1,877
SEK	**(4)/5**	-

A (ii) Interest Rate Risk

The Company held £7,907,000 of UK Treasury Bills at 31 December 2024 (31 December 2023: none).

With the exception of cash and cash equivalents, no interest rate risks arise in respect of any current asset. All cash and cash equivalents held as a current asset is sterling denominated, earning interest at the bank's or custodian's variable interest rates.

The Company had no borrowings at 31 December 2024 or 31 December 2023.

A (iii) Other Price Risk

The principal price risk for the Company is the price volatility of shares that are owned by the Company. As described in the Investment Manager's Review, the Company spreads its investments across different sectors and geographies, but as shown by the Portfolio Analysis on page 12, the Company may maintain relatively strong concentrations in particular sectors selected by the Investment Manager.

The Board manages these risks through the use of investment limits and guidelines as set out in the Company's investment policy and restrictions, and monitors the risks through regular financial and compliance reports provided by the Company's key service providers.

The effect on the portfolio of a 10.0% increase or decrease in market prices would have resulted in an increase or decrease of £27,692,000 (2023: £20,221,000) in the investments held at fair value through profit or loss at the period end, which is equivalent to 9.4% (2023: 9.7%) in the net assets attributable to equity holders. This analysis assumes that all other variables remain constant.

B Liquidity Risk

Liquidity Risk is considered to be small, because most of the portfolio is invested in readily realisable securities. As a consequence, cash flow risks are also considered to be immaterial. The Investment Manager estimates that, under normal market conditions and without causing excessive disturbance to the prices of the securities concerned, 39.0% (2023: 31.2%) of the portfolio could be liquidated in a non-market impacting way within 7 days, based on 25% of average daily volume. This is conservative as it does not include the ability to access liquidity through block trades.

C Credit Risk

The Company invests in quoted and unquoted equities in line with its investment objective and policy. The Company's investments are held by Northern Trust Investor Services Ltd ("the Depositary"), which is a large and reputable international banking institution. The Company's normal practice is to remain fully invested at most times and not to hold large quantities of cash. At 31 December 2024, cash at bank comprised £9,242,000 (2023: £6,248,000) held by the Depositary. In addition to cash held with the Depositary, the Company also held £7,907,000 in UK Treasury Bills as at 31 December 2024 (2023: £nil).

Credit Risk arising on transactions with brokers relates to transactions awaiting settlement. This risk is considered to be very low because transactions are almost always undertaken on a delivery versus payment basis with member firms of the London Stock Exchange.

A credit risk also arises due to the £750,000 payable from Phoenix in relation to the combination expenses costs, as detailed in Note 12. The credit risk in relation to this receivable is deemed to be low.

D Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pursuing investment policies commensurate with the level of risk.

The Company considers its capital to be issued share capital and reserves, and monitors capital on the basis of the carrying amount of equity, less cash as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company does not currently intend to use gearing, but as set out in its investment objective and policy, borrowings of up to 30% of the aggregate of the paid-up nominal capital plus the capital and revenue reserves are permitted.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders (within the statutory limits applying to investment trusts), return capital to shareholders, issue new shares, or sell assets.

14. Post Year End Events

On 31 December 2024, the clawback period on restricted shares issued to the Investment Manager in relation to the performance period ended 31 December 2021 ended. All of the 89,096 restricted shares originally issued to the Investment Manager were returned to the Company and held in Treasury. These shares were subsequently cancelled on 15 January 2025.

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The figures and financial information for 2023 are extracted from the published Annual Report for the year ended 31 December 2023 and do not constitute the statutory accounts for that year. The Annual Report for the year ended 31 December 2023 has been delivered to the Registrar of Companies and included an Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

The figures and financial information for 2024 are extracted from the Annual Report and financial statements for the year ended 31 December 2024 and do not constitute the statutory accounts for the year. The Annual Report for the year ended 31 December 2024 includes an Independent Auditor's Report 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 have not yet been delivered to the Registrar of Companies.

The Annual Report will be posted to shareholders shortly. Copies may be obtained by writing to the Company Secretary, Frostrow Capital LLP at 25 Southampton Buildings, London WC2A 1AL, or from the Company's website - www.auroraukalpha.com - where up to date information on the Company, including daily NAVs, share prices and fact sheets, can also be found.

A copy of the Annual Report will be submitted to the National Storage Mechanism and will shortly be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

Frostrow Capital LLP
Company Secretary
020 3709 8733

7 April 2025

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