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Edinburgh Investment Trust PLC
21 May 2025

The Edinburgh Investment Trust plc

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2025

21 May 2025 - The Directors of the Edinburgh Investment Trust plc ("the Company" or "EIT") have today announced the annual results for the year ended 31 March 2025.

Highlights

- The Company's NAV rose 8.3% over the period under review
- The share price rose 11.3% to 740p (2024: 690p)
- Final dividend proposed of 7.5p per share, representing a full year dividend yield of 3.9%
- Subject to approval at the July 2025 AGM, total dividends for the year will be 28.8p per share (2024: 27.2p) representing an increase of 5.9%
- Share price discount to NAV narrowed to 9.4% from 11.5%, following the Company's active share buyback programme, enhancing the NAV by 0.4%
- Ongoing charges ratio reduced to 0.51% from 0.53%, helped by a lower investment management fee
- The Company's NAV and share price returns are ahead of the benchmark over three and five years to 31 March 2025

Elisabeth Stheeman, Chair, EIT, said: "The end of the Company's financial year was also the fifth anniversary of the appointment of Liontrust as our investment management team, who have delivered strong performance. Despite significant challenges faced by the investment trust sector, Edinburgh Investment Trust's five year NAV and share price returns are in excess of the benchmark, with the NAV return being 103.9% compared with the benchmark returning 76.5%. The Board has sought to address the share price discount to NAV, which has been fluctuating at around 10% for the last year, with an active programme buying back 4.7% of shares in the last twelve months, and 17.4% cumulatively since March 2020, enhancing the NAV by 0.4% and 1.7% respectively.

"It is encouraging that the UK equity market has had a better year compared with other equity markets, with the returns of the market illustrating why we remain enthusiastic about the strength of the UK-listed businesses in the Company. Our investment objective of growth in dividends per share in excess of the rate of UK inflation was more than comfortably met over the year. At the time of writing, equity markets have recovered much of the ground lost after the uncertainty of President Trump's tariffs announcement. Nonetheless, volatility in markets is a reminder of the short-term challenges that investors face as the global economic order evolves. The Portfolio Managers' diversified portfolio of deeply researched stocks means the Company is well placed to continue to deliver attractive future returns for its shareholders in the years ahead and live up to its mantra to trust in a style to last through the ages."

Imran Sattar, Portfolio Manager, EIT, said: "Together with Emily Barnard, it has been a great pleasure to complete our first full year as Portfolio Managers of your Company. We have enjoyed the opportunity to set out how we are stewarding the Company's assets and look forward to continued engagement with shareholders. We manage the portfolio with a total return approach, with the income generated by the portfolio supporting the dividends that the Company pays to its shareholders. Operationally, the portfolio has had a strong year, matching our expectations. Positive contributors to returns included NatWest Group, Verisk (the US insurance focused data and analytics company) and Baltic Classifieds Group (classifieds business), with the latter two new positions in the portfolio.

"The re-election of Donald Trump has increased economic uncertainty. Tariffs are expected to increase the cost of doing business and will weigh on consumer and corporate confidence. Furthermore, the UK has its own additional challenges with the increase in employer National Insurance rates a direct cost headwind for UK businesses. Our focus remains on constructing a well-balanced and diversified portfolio of advantaged businesses. The Company's holdings have made excellent strategic, operational, and financial progress, and continue to do so."

ENDS

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Notes to editors

About the Edinburgh Investment Trust plc
Founded over 130 years ago, The Edinburgh Investment Trust plc is listed on the London Stock Exchange and is included in the FTSE 250 index. It invests primarily in a portfolio of UK listed shares and has net assets of approximately £1.1 billion. The Company's twin investment objectives for the long term are to outperform the FTSE All-Share Index on a Net Asset Value (NAV) basis and to produce dividend growth in excess of the rate of UK inflation

INVESTMENT OBJECTIVES

The Edinburgh Investment Trust plc ('the Company') is an investment trust whose investment objective is to invest primarily in UK securities with the long-term objective of achieving:

1. an increase of the Net Asset Value per share in excess of the growth in the FTSE All-Share Index; and
2. growth in dividends per share in excess of the rate of UK inflation.

The Company will generally invest in companies quoted on a recognised stock exchange in the UK. The Company may also invest up to 20% of the portfolio in securities listed on stock exchanges outside the UK. The portfolio is selected on the basis of assessment of fundamental value of individual securities and is not structured on the basis of industry weightings industry weightings.

NATURE OF THE COMPANY

The Company is a public listed Investment Company whose shares are traded on the London Stock Exchange ('LSE'). The business of the Company consists of investing its assets according to a specified investment objective and policy, with the aim of spreading investment risk and generating a return for shareholders.

The Company uses borrowing to enhance returns to shareholders. This increases the risk to shareholders should the value of investments fall.

The Company has contracted an external manager, Liontrust Fund Partners LLP, ('LFP' or 'the Manager' or 'Portfolio Managers' as Alternative Investment Fund Manager ('AIFM')) to manage its investments. Other administrative functions are contracted to external services providers. The Company has a Board of non-executive directors who oversee and monitor the activities of the Portfolio Managers and other service providers on behalf of shareholders and ensure that the investment objective and policy are adhered to. The Company has no employees.

The Company's ordinary shares are mainstream investment products suitable for both retail and professional investors. The Company's ordinary shares are eligible for investment in an ISA.

FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

Total Return(1)(2)(3) (all with dividends reinvested)	**Year Ended 31 March 2025**	**Year Ended 31 March 2024**
Net asset value(1) (NAV) - debt at fair value	+8.3%	+13.4%
Share price(4)	+11.3%	+8.9%
FTSE All-Share Index(4)	+10.5%	+8.4%

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

Capital Return(1)(3)		**At 31 March 2025**	**At 31 March 2024**	**Change %**
Net asset value - debt at fair value		817.16p	779.97p	+4.8
Share price(4)		740.00p	690.00p	+7.2
FTSE All-Share Index(4)		4,623.62	4,338.05	+6.6
Discount(1)(2)(3) - debt at fair value		(9.4)%	(11.5)%	
Gearing (debt at fair value)(1)(2)(3)	- gross gearing	5.6%	6.2%	
	- net gearing	5.0%	3.1%	

Revenue and Dividends(2)		**Year Ended 31 March 2025**	**Year Ended 31 March 2024**	**Change %**
Revenue return per ordinary share		25.02p	23.93p	+4.6
Dividends	- first interim	6.90p	6.70p	
	- second interim	6.90p	6.70p	
	- third interim	7.50p	6.90p	
	- proposed final	7.50p	6.90p	
	- total dividends	**28.80p**	**27.20p**	**+5.9**
Consumer Price Index(3)(4) - annual change		2.3%	3.2%	
Dividend Yield(1)(2)(3)		3.9%	3.9%	
Ongoing Charges Ratio(1)(2)(3)		0.51%	0.53%	

Notes:

(1) These terms are defined in the Glossary of Terms and Alternative Performance Measures, including reconciliations. NAV with debt at fair value is widely used by the investment company sector for the reporting of performance, premium or discount, gearing and ongoing charges.

(2) Key Performance Indicator.

(3) Alternative Performance Measures.

(4) Source: LSEG Data & Analytics.

TEN YEAR HISTORICAL INFORMATION

			Per ordinary share						
Year ended 31 March	**Ordinary shareholders' funds £m**	**Shares (bought back)/ issued m**	**Revenue return p**	**Dividend rate p**	**Net asset value (debt at fair value) p**	**Share price p**	**Discount (debt at fair value) %**	**Gross gearing (debt at fair value) %**	**Net gearing (debt at fair value) %**
2016	1,392	0.55	26.66	24.35	695.30	665.00	(4.4)	15.5	15.3
2017	1,535	-	27.94	25.35	768.81	713.50	(7.2)	15.9	15.7
2018	1,400	-	29.25	26.60	703.34	642.00	(8.7)	12.1	11.8
2019	1,382	(0.19)	28.66	28.00	696.91	644.00	(7.6)	11.0	10.8
2020	872	(20.80)	27.83	28.65	490.40	434.00	(11.5)	13.4	8.3
2021	1,091	(2.50)	16.21	28.65(1)	628.29	600.00	(4.5)	10.1	7.1
2022	1,176	(1.10)	22.41	24.80	686.69	634.00	(7.7)	10.3	4.4
2023	1,139	(5.60)	25.99	26.20	713.75	660.00	(7.5)	6.6	4.7
2024	1,135	(13.99)	23.93	27.20	779.97	690.00	(11.5)	6.2	3.1

2025	**1,126**	**(7.17)**	**25.02**	**28.80**	**817.16**	**740.00**	**(9.4)**	**5.6**	**5.0**

(1) including special dividend of 4.65p.

Capital Returns (excluding dividends paid) to 31 March 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	3yr	5yr	10yr
NAV (debt at fair value) (%)	1.3	10.6	-8.5	-0.9	-29.6	28.1	9.3	3.9	9.3	4.8	19.0	66.6	19.1
Share Price (%)	0.5	7.3	-10.0	0.3	-32.6	38.2	5.7	4.1	4.5	7.2	16.7	70.5	11.8
FTSE All-Share Index (%)	-7.3	17.5	-2.4	2.2	-21.9	23.3	9.3	-0.7	4.3	6.6	10.4	48.8	26.2

Source: LSEG Data & Analytics.

Total Returns (with dividends reinvested) to 31 March 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	3yr	5yr	10yr
NAV (debt at fair value) (%)	5.0	14.7	-5.9	2.9	-26.7	34.8	14.1	7.9	13.4	8.3	32.6	103.9	75.1
Share Price (%)	4.0	11.2	-6.7	4.6	-29.4	46.4	10.6	8.4	8.9	11.3	31.4	112.7	69.5
FTSE All-Share Index (%)	-3.9	22.0	1.2	6.4	-18.5	26.7	13.0	2.9	8.4	10.5	23.3	76.5	81.7

Source: LSEG Data & Analytics.

CHAIR'S STATEMENT

DEAR SHAREHOLDERS,

The end of the Company's financial year was an important milestone, as it was the fifth anniversary of the appointment of our management team. Most importantly, the strong investment performance over these five years has been encouraging. We have also made a series of other improvements to the Company over this period, including reducing the investment management fee, therefore helping to lower the ongoing cost ratio to 0.51%, putting in place attractive new long-term borrowing arrangements and more recently returning the dividend back to getting ahead of inflation. The Company also enjoys an increasingly high brand profile. All of this leaves us very well placed to develop and grow the Company further in the years ahead.

While the Company has enjoyed a strong period of operation, there have been significant challenges to the broader investment trust sector in the last twelve months and beyond. The issues faced have included corporate activity seeking to exploit wide discounts, as well as an evolving regulatory approach towards cost disclosure that has had the unintended consequence of making the sector less attractive to some wealth managers.

As a Board we remain alert to all these challenges in the sector. For the Company specifically, while the five year NAV and share price returns are comfortably in excess of the benchmark, the share price discount to NAV has remained at or around 10% for the last year. The challenge within the investment trust sector is an imbalance of supply and demand for shares. The Company has sought to address this by buying back a significant number of shares over the period, 17.4% cumulatively since March 2020, including 4.7% in the last twelve months. I discuss this and other initiatives to address the discount later in this statement.

INVESTMENT OBJECTIVE AND POLICY

One initiative we have undertaken recently is to seek to simplify our investment objective and investment policy. In particular we propose that the investment objective is set out in one clear statement. We are recommending: 'The Company aims to exceed the total return on the FTSE All-Share Index and grow its dividend faster than UK inflation. This objective will be assessed over the long term and performance against the FTSE All-Share Index will be measured on a NAV total return basis.' These changes to the wording of our investment objective and policy will change neither the manner in which the Company's portfolio is managed nor what the Company is seeking to achieve. But we do hope they will resonate with investors.

You can see this described in more detail in the Business Review section and we seek your approval to the changes at our upcoming AGM - see resolution 12 in the notice of the AGM.

PERFORMANCE

The Company's NAV rose 8.3% over the twelve months under review. The share price rose 11.3%. Both these returns compare with the FTSE All-Share Index return of 10.5%. The underperformance of the NAV over the year was primarily a function of share price weakness in a small number of holdings, which the Portfolio Managers explore further in their statement. More generally, it is encouraging that the UK equity market has had a better year compared with other equity markets, particularly the US. The MSCI US Index returned 7.8% over the period and the MSCI All Country World Index returned 4.9%.

The returns of the UK market illustrate why we remain enthusiastic about the strength of the UK-listed businesses in the portfolio. As a Board we regularly discuss the challenges facing the UK equity market with the Portfolio Managers and shareholders - these include a shrinking universe of stocks (in common with many other markets) and some biases in the composition of the benchmark towards sectors such as pharmaceuticals and extractive industries. However, as the returns of the last year demonstrate, and with three and five year returns for UK equities now much closer to global equity market returns, we remain confident that the Portfolio Managers' diversified portfolio of deeply researched stocks should underpin attractive future returns to shareholders.

Overall, it is encouraging to record that the Company's NAV and share price returns are ahead of the benchmark over three and five years to 31 March 2025. Over ten years the NAV is marginally behind the benchmark and the share price marginally ahead. Over the three years, the Company's NAV return has been 32.6%, with the Company's benchmark returning 23.3% over the same period. Over the past five years, the NAV return has been 103.9%, compared with the benchmark returning 76.5%. Over the past ten years, the NAV return has been 75.1%, compared with the benchmark returning 81.7%. In all these cases, the NAV is stated after deducting debt at fair value.

DIVIDENDS

Last month, we declared the third interim dividend of 7.5 pence per share. As a Board we are proposing the same payment of 7.5 pence per share for the final dividend, which is paid this summer. Assuming this proposal is approved by shareholders at July's AGM, total dividends for the financial year as a whole will be 28.8 pence per share. This will represent an increase of 5.9% compared with the previous year and is comfortably in excess of the rate of UK inflation which was 2.3%, ensuring that we meet the second of our investment objectives.

This year's dividend is funded largely by the portfolio's natural underlying income. Overall, the Company generated earnings per share of 25.0 pence. We are content that a modest draw on capital is sustainable.

Additionally, as the Portfolio Managers note in their report, the headline level of portfolio income understates the overall distributions by portfolio holdings to shareholders including Edinburgh, as many companies also return surplus capital through share buybacks. Overall, the company's income generation and dividend paying capabilities are in strong shape - as the 5.9% increase indicates.

BORROWINGS

The Company has £120m of long-term debt (the 'par' value) which was negotiated in 2021. The blended fixed annual coupon across the four tranches of debt is 2.4% and the average period to maturity is 23 years. Given our high expectations for portfolio returns over time, we expect this debt to be additive to the Company's returns. This was the case in the year under review.

At the end of the financial year the Company had cash balances of 0.6%, meaning that net debt at par as a percentage of NAV was 10.0%. However, it is the general convention in the investment trust sector to look at the fair value of debt, which takes account of the change in bond yields. Such changes can have dramatic effects on the value of long-term debt such as ours. Indeed, as bond yields have risen since we negotiated the borrowings in 2021, the fair value of the debt has fallen from £120m to £67m. Once cash is deducted, net borrowing at fair value as a percentage of NAV is 5.0%. This is the figure quoted at the front of this report and in factsheets.

SHARE PRICE DISCOUNT TO NET ASSET VALUE

The Company's discount averaged 10% over the year, having started at 11.5% and finishing at 9.4%. At the time of signing this statement, it had narrowed to 7.8%. We took advantage of the discount over the year, with an active share buyback programme, buying back 4.7% of the opening share count. This has enhanced the NAV by 0.4% over the period. Over the last five years, we have bought back a cumulative 17% of shares in issue, which has enhanced the NAV by 1.7%. As a Board we have considered the scale of the buyback and whether we should go further with a view to achieving a tighter discount. We have also considered other measures that might help narrow the discount, such as continuation votes and tenders. For now, with strong long-term NAV total returns, including the dividend growth described above, as well as the marketing of the Company described below, we are confident that our approach will move market perceptions in Edinburgh's favour and allow the discount to tighten further. The Board will continue its strong focus on this and will keep all options under close consideration.

MARKETING

We continue to execute a marketing plan to raise the profile of the Company and drive demand from new and existing shareholders. Initiatives have included podcasts, videos, a publication reviewing the last five years, and attendance at a range of events including a major AJ Bell investment trust conference in London. The management team have been quoted and interviewed in a range of publications over the year, including the Financial Times, Sunday Times and Daily Mail, and I was interviewed by the influential Money Makers podcast. We also hosted in-person events for shareholders in London in addition to the AGM in Edinburgh. The cost of this marketing is carefully assessed by the Board against a series of Key Performance Indicators (KPIs), to ensure value for money.

BOARD AND GOVERNANCE

There have been no changes to the composition of the Board over the year. It has operated well throughout with all Directors making significant contributions to our discussions. As per the AIC Corporate Governance Code (the 'AIC Code') recommendations, an internal Board review was undertaken, covering performance of the Board, individual directors and the Chair. The overall results were good, providing useful insight for the Board. The Board continues to meet the FCA Listing Rules targets on gender diversity, female representation in senior roles and ethnic representation on the Board. All Directors also conform with the UK Corporate Governance Code's guidance on board tenure. I thank all my fellow Directors for their hard work on behalf of shareholders over the last year.

ANNUAL GENERAL MEETING ('AGM')

This year's AGM will take place on Tuesday 22 July 2025 at 11:00 a.m. at the Balmoral Hotel in Edinburgh. The Board looks forward to meeting as many shareholders there as possible. As usual there will be votes on resolutions as set out in the notice of AGM. I encourage shareholders to vote in person at the AGM or through the proxy facility on the voting card. The holders of shares on investment 'platforms' should be able to vote through their service provider. After the voting, there will be a presentation by the Portfolio Managers. There will also be an informal lunch and a chance to meet a range of colleagues and advisors that manage the Company on a day-to-day basis. For those unable to attend in person, the AGM will be streamed online, with the ability to post questions live into the meeting. The link for electronic access will be displayed prominently on the Company's website.

LONDON SHAREHOLDER EVENT

We will host a presentation to shareholders on Wednesday 8 October 2025 at 11:00 a.m. This will be another chance to meet the Board, Portfolio Managers and other members of the team. Further details will be posted on the Company's website in due course. We look forward to meeting shareholders at this event and at the AGM.

OUTLOOK

At the time of writing, equity markets have recovered much of the ground that was lost in early April after President Trump's tariff plans were announced. The scale of any tariffs is yet to be confirmed and therefore the actual economic impact hard to predict. Nonetheless, the volatility in markets that followed the tariff announcements is another reminder of the short-term challenges that investors face as the global economic order evolves. We feel more strongly than ever that a stock-driven and flexible investment process, focusing on delivering attractive long-term total returns, is the best way of navigating the geopolitical and macroeconomic challenges to the advantage of shareholders. With the companies held in the portfolio in strong shape, we are confident that Edinburgh Investment Trust is well placed to deliver attractive returns to its shareholders in the years ahead.

ELISABETH STHEEMAN / Chair / 20 May 2025

PORTFOLIO MANAGERS' REPORT

FOR THE YEAR ENDED 31 MARCH 2025

DEAR SHAREHOLDERS,

It has been a great pleasure to complete our first full year as the Portfolio Managers of your Company, since taking over from colleagues on the Global Fundamental team at Liontrust. Over the year we have attended a range of in-person shareholder events, explaining to attendees how we execute our day-to-day responsibilities. We have enjoyed the opportunity to discuss how we are stewarding the Company's assets. We have also posted a series of updates on our investment views on the Company's website and on social media and trust that these have also been helpful. We are looking forward to another year of engagement with shareholders, starting with the Annual General Meeting this July in Edinburgh, and then a shareholder update in London in October. We hope as many shareholders as possible will attend these events.

Our approach is rooted in bottom-up fundamental analysis with the vast majority of our time spent on in-depth stock research. We identify companies we think are underappreciated by the market through in-depth research. These companies can be across the style spectrum but generally we believe the best medium to long-term returns are found in businesses that have a durable economic moat and exposure to structural growth.

However, no company operates in a vacuum; it is important to understand what is going on in the macroeconomic environment. We do this through both a more traditional macroeconomic overlay, but most importantly in the approach we call 'Macro from the Micro', where we build a macroeconomic picture from the ground up, by speaking to a broad range of companies and understanding what they are seeing at the coalface.

The end result is the construction of a portfolio of high quality stocks, adopting a flexible investment style to produce an 'all weather' portfolio aiming to outperform in different economic and market environments. We manage the portfolio with a total return approach, with the income generated by the portfolio supporting the dividends that the Company pays to its shareholders.

RETURNS

Over the financial year the NAV total return was 8.3% and the share price total return was 11.3%. These compare with a rise in the Company's benchmark, the FTSE All-Share index, of 10.5%. Operationally, the portfolio has had a strong year with the profit and dividend growth of the holdings closely matching our expectations. However, the NAV return was modestly behind the index, primarily because of share price weakness in a small number of holdings such as Greggs (the value 'food to go' operator, which has seen a slow down in sales and has reported weak consumer confidence), Spirax (the specialist engineering group, which is exposed to slowing global industrial production and challenges within its thermal solutions division) and Dunelm (the UK homewares leader, also exposed to slowing retail demand). The portfolio also had only a small position in HSBC, which in common with several other banking stocks, had a strong year. This was an additional significant hinderance of the portfolio's return relative to that of the index.

Positive contributors to returns included NatWest Group, Verisk (the US insurance focused data and analytics company) and Baltic Classifieds Group (classifieds business) with Verisk and Baltic Classifieds new positions in the portfolio. NatWest's share price responded to strong capital generation and cash returns to shareholders, combined with improving sentiment as the UK government's stake - dating back to the financial crisis of 2008 - significantly reduced over the year. Having no holdings in either Diageo (alcoholic drinks) or Glencore (mining), both of which we have had concerns about the growth outlook, also helped relative performance as the share prices of these large stocks fell.

The Company's share price return was ahead of the index over the year. This was principally because the share price discount to NAV narrowed, from 11.5% to 9.4%.

Turning to the detail behind the dividend, the Company's earnings per share rose from 23.9p to 25.0p, an increase of 4.6%. Top line revenues were £40.7m, and as such, the approximate headline portfolio yield is 3.4%. As we flagged in this report last year, the revenues generated by the portfolio understate the distributions made by investee companies as some choose to return cash to shareholders through share buybacks. We estimate that the 'buyback yield' of the portfolio over the year was approximately 1.9%, which represents a significant return of capital even though it does not affect the numbers immediately above.

As the Chair has written in her report, total dividends per share for the year of 28.8p will represent growth of 5.9% compared with the previous financial year. We are confident that the Company should be able to generate mid-single digit growth in earnings over the medium term, which should be supportive of similar dividend growth in excess of inflation for the Company. The main variable is the degree to which companies return capital to shareholders via buybacks instead of conventional dividends.

TRANSACTIONS

Notable transactions during the year include purchases in National Grid, LSEG (London Stock Exchange Group), Grainger, and Segro - all of which are new additions to your portfolio.

National Grid is a leading US and UK regulated utility, playing a critical role in the global energy transition. The company is exposed to the strong structural growth tailwind of electrification as a result of global moves to decarbonise, providing medium-term earnings visibility. We initiated the position following National Grid strengthening its balance sheet through a rights issue and a dividend cut, leaving it better equipped to capitalise on these trends over the medium term.

Grainger is a leader in the growing professional build to rent property sector in the UK. The supply-demand dynamic of this sector is attractive, with consistently strong demand for high-quality rental properties, set against a supply side dominated by private rental landlords who are likely to struggle with new efficiency regulations.

Segro is a leading owner, manager and developer of warehouses and industrial property. With high-quality assets strategically located in prime areas, Segro is well-positioned to benefit from structural trends including the growing demand for data centres which continue to drive long-term growth opportunities.

The main sales from the portfolio were Marks and Spencer, Centrica (utility), and Mondi (paper and packaging). Marks and Spencer has delivered on a hard-fought turnaround under the new management team, reinvesting in product, price, and proposition. We felt the turnaround and future prospects had become fairly priced, and exited the position. Centrica, like Marks and Spencer, has been on a self-help journey, with a significant improvement in capital allocation and discipline over recent years, alongside an improvement in operational and financial delivery. Candidly, we exited the position in Centrica too early as the business has continued to surprise positively around its cash generation potential. Mondi we exited owing to cyclical concerns and concerns that sector consolidation would likely place them at a strategic disadvantage.

CURRENT SHAPE OF PORTFOLIO

We think about portfolio construction very carefully and, by building a portfolio of around 40-50 advantaged businesses, we aim for a set of holdings that are economically and thematically well diversified. The current themes and economic diversification within the portfolio are shown below and will be dealt with in more detail at the shareholder event in October 2025.

The proportion of the portfolio invested in overseas stocks is 6.7%, with three names featuring: Verisk and Thermo Fisher Scientific in the US, and KONE in Finland. These three holdings each bring unique economic characteristics that we cannot replicate from the universe of UK stocks. However, the remaining 42 holdings are all UK listed, reflecting the wide range of strong businesses in the UK market combined with attractive valuation both in absolute terms and relative to global peers.

ENGAGEMENT WITH COMPANIES

Our investment process seeks to take account of the significant variables that influence a company's prospects. Whether these variables be financial, strategic, reputational or have any other feature, our process tracks the most material ones. The following three examples illustrate how we engage with companies on key issues for each investment case.

Greggs

This company has made substantial investment in its infrastructure and distribution assets. While the management team's decision to invest ahead of its anticipated growth is to be applauded, as this should underpin the long-term competitive advantages of the business, the extent of the investment was higher than we (and the market) anticipated. The consequence on the company is the financial impact of margin erosion. We have discussed this with the company, highlighting in particular how they have communicated the investment programme to the market. This subject will remain an area of focus for us in the year ahead, while for now the company is a 2.5% weight in the portfolio, and remains one of the top 15 positions relative to its index weight.

Dunelm

In late 2024 we visited this market leader in the fragmented UK homewares and furniture market. Dunelm continues to gain market share by offering high-quality, own-brand products at compelling prices - a proposition that is difficult for peers to replicate and creates a meaningful barrier to entry.

Our visit included a Dunelm store, their made-to-measure manufacturing centre (curtains, blinds and other soft furnishings), and head office where we met the Digital Director and Group General Counsel & Company Secretary. We were given a store tour by a regional manager who explained the strong return profile from store refits - a key area of investment for Dunelm. The manufacturing visit highlighted operational strengths: lead times have been reduced from 27 to 7-8 days, with potential to deliver in as little as 3 days. Pleasingly there is ample capacity for further growth. Our discussions at head office also provided insights into how Dunelm is leveraging digital and data capabilities to deepen customer engagement and expand market share. We engaged with the Digital Director regarding Dunelm's advertising strategy and thinking around introducing an app. We came out of the meeting confident that Dunelm is thinking sensibly around different ways to drive organic traffic to its site and boost conversion.

Overall, our conviction in Dunelm's quality as a company has grown. Despite some near-term consumer uncertainty, we remain confident in the company's medium-term outlook, underpinning its standing as the top position in the portfolio relative to the index.

Rotork

This company is a market leader in flow control and instrumentation products (actuators) and is exposed to attractive long-term growth drivers such as oil and gas electrification, and industrial process automation. Rotork's CEO, appointed in 2022, brought a renewed focus on driving organic growth through its 'Growth +' strategy, aiming to deliver mid to high-single digit topline growth, with gentle margin accretion medium term, through focusing on target segments with higher growth rates, reinforcing and improving the customer value proposition, and improving innovation.

A site visit confirmed strong operational efficiency and a more customer centric culture. Lead times are now best-in-class and well below industry averages. The facility is well invested with plenty of capacity to support future growth. Incremental investments are delivering strong returns. Our thesis for Rotork revolves around a renewed focus on organic growth. The organisation has become much more front-footed and the mentality of the engineers has evolved to be customer focused. Meeting the Managing Director of Water & Power, a key growth driver for organic growth, it was evident that these changes had fed through the division and had resulted in them winning new projects. For example, in Singapore they now have a 97% share at a water plant vs 50% a couple of years ago. The visit reinforced our conviction in Rotork's ability to execute and deliver sustainable growth. The holding remains a mid-sized 2% position in the portfolio.

Spirax

Spirax is a steam specialities engineering business with a strong market position, providing low cost essential solutions to customers. Around 85% of their sales are exposed to customer operating budgets rather than capex budgets, giving the business a degree of resilience relative to Industrial Production. While Spirax has faced recent challenges due to both company-specific and macroeconomic factors, we believe the new management team is high calibre and has implemented changes that should enable a return to good organic growth with margin expansion.

The facility we visited has undergone major investment in recent years with the average age of a machine down from around 20 years to 10 years and more automation has been introduced. Several lines have already doubled output while halving labour input, an achievement they want to achieve more widely throughout the site. The management team outlined plans to maximise floor space efficiency and drive further productivity gains. The General Manager for UK Supply has a very strong background and seemed to be an agent for change and would help drive these

UK Supply has a very strong background and seemed to be an agent for change and would help drive these improvements across the site. Recently there has been an operational issue at one of its plants and our visit reassured us that they are on top of the supply chain issues. These actions helped us better understand the level of ongoing change in the business, as the management team continues to drive operational efficiency and position the business for profitable growth.

More recently we have met with the Chair of the company to emphasise that not only has operational execution been poor, but also that financial guidance to the market has been lacking. We conveyed that these both need to improve. We also discussed the company's historic acquisition strategy. In recent years the company has made a series of acquisitions, of c. £1b, to create an electric thermal solutions business. To date the company has not earnt an attractive return on capital on these investments and we discussed the likely progression of returns from here. Like Greggs, the company is a 2.5% weight in the portfolio, and remains one of the top 15 positions relative to its index weight.

OUTLOOK

The re-election of Donald Trump has increased economic uncertainty. The 'Liberation' day tariff announcement proved more severe than the markets had anticipated, triggering sharp sell-offs across global equity markets. Tariffs are expected to increase the cost of doing business for companies and will weigh on consumer and corporate confidence. Closer to home, the UK faces its own set of challenges alongside these announcements. The increase in employer National Insurance rates following Labour's budget will be a direct cost headwind for UK businesses, especially those with high domestic exposure and labour-intensive models. We are assessing the extent to which companies are able to offset these cost headwinds through efficiency gains and pricing power. Our focus remains on constructing a well-balanced, and diversified portfolio of advantaged businesses. Our confidence in the medium-term outlook for the portfolio comes from the excellent strategic, operational, and financial progress that the vast majority of the companies in the portfolio have made (and continue to make) over the last couple of years.

IMRAN SATTAR
PORTFOLIO MANAGER

EMILY BARNARD
DEPUTY PORTFOLIO MANAGER

20 MAY 2025

THE PORTFOLIO MANAGERS' CORE INVESTMENT BELIEFS

Our competitive edge rests on the combination of our Global Fundamental team's experience and our flexible investment style.

ACTIVE MANAGEMENT

Stock-driven. Share prices follow fundamentals over the long term. Through our proven investment approach, we expect to outperform over the long term, net of fees.

High conviction portfolio. We expect the portfolio to contain around 40 to 50 stocks. Holdings sizes reflect the conviction we have in each company and our assessment of the upside and downside potential of its share price.

Risk. We think of risk as permanent capital loss. To mitigate this, our analysis of a company's valuation is the first line of defence. Our risk management process combines our depth of knowledge of the stocks in the portfolio, plus separate oversight by Liontrust's Portfolio Risk Committee.

FLEXIBLE INVESTMENT STYLE

Open-minded approach. We do not have dogmatic style biases, such as 'growth' or 'value'. We are also prepared to invest in companies that we identify as having scope for recovery through management change, business transformation or an improving business environment. We expect the profile of the portfolio to evolve depending on our assessment of individual companies and our reading of the economic and market background.

Disciplined, rigorous, fundamental research. In keeping with the stock-driven nature of the portfolio, the vast majority of our effort takes the form of in-depth stock research. The remainder is spent on macroeconomic analysis.

Materiality assessment is a core part of the investment process. As part of the investment process, we identify and prioritise the key risks and opportunities that each holding (or potential holding) faces over our investment time horizon. Some of these have financial implications for the portfolio's holdings and, as such, we engage each holding on its key issues or exposures. The outcomes from our in-depth analysis and engagement help form our conviction level and investment decisions.

TOTAL RETURN STRATEGY

A focus on both capital growth and income. We take a total return approach: investor returns should derive over the long term from both capital appreciation and dividend income. We generally prefer companies with organic investment opportunities, but will sometimes hold companies with acquisitive profiles. Either way, companies with growth tailwinds are preferred. We view income as an important component rather than the primary driver of investment return. This aligns with the Company's twin objectives.

LONG TERM

Typical holding period of three to five years. This is an appropriate period to ensure that underlying corporate fundamentals drive investment returns. It is therefore also a sensible period over which to measure an active manager.

Gearing should enhance shareholder returns. One of the advantages of an investment trust is the ability to borrow to enhance equity returns. We therefore expect gearing to boost investment returns over time.

CAPACITY MANAGEMENT

Scale diseconomies. In our view, investment performance can rapidly suffer if assets under management become too large. We carefully manage capacity to ensure that the interests of existing clients take precedence over new clients. The approach ensures we retain a size advantage. It enables us to reposition the portfolio - and those of all our other clients - quickly and efficiently when required.

our other clients - quickly and efficiently when required.

DEEP INVESTMENT RESOURCE WITH GLOBAL PERSPECTIVE

A close-knit investment team. Average experience of the investment team is 14 years. The team has been stress-tested across various market cycles.

Challenge and debate. This is encouraged within a structured risk control environment, with robust oversight processes. Team members own Liontrust equity and co-invest in the team's investment strategies, including Edinburgh Investment Trust, which in turn underpins teamwork and collaboration.

BUSINESS REVIEW

STRATEGY AND BUSINESS MODEL

The Edinburgh Investment Trust plc is an investment company and its investment objective is set out below. The strategy the Board follows to achieve that objective is to set investment policy and risk guidelines, including investment limits, and to monitor how they are applied. These are also set out below and have been approved by shareholders.

The business model the Company has adopted to achieve its investment objective has been to contract the services of the Manager to manage and administer the portfolio in accordance with the Board's strategy and under its oversight. The Portfolio Manager with lead individual responsibility for the day-to-day management of the portfolio is Imran Sattar and the Deputy Portfolio Manager is Emily Barnard. Imran Sattar and Emily Barnard took on these new roles on 6 February 2024, following the retirement of James de Uphaugh, after 36 years in the industry.

In addition, the Company has contractual arrangements with MUFG Corporate Markets to act as registrar, The Bank of New York Mellon (International) Limited as depositary and custodian, and NSM Funds (UK) Limited to act as Company Secretary.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The Company invests primarily in UK securities with the long-term objective of achieving:

1. an increase of the Net Asset Value per share in excess of the growth in the FTSE All-Share Index; and
2. growth in dividends per share in excess of the rate of UK inflation.

Investment Policy

The Company will generally invest in companies quoted on a recognised stock exchange in the UK. The Company may also invest up to 20% of the market value of the Company's investment portfolio, measured at the time of any acquisition, in securities listed on stock exchanges outside the UK. The portfolio is selected by the Portfolio Manager on the basis of its assessment of the fundamental value available in individual securities. Whilst the Company's overall exposure to individual securities is monitored carefully by the Board, the portfolio is not primarily structured on the basis of industry weightings. No acquisition may be made which would result in a holding being greater than 10% of the market value of the Company's investment portfolio, nor will the Company invest more than 15% of the market value of its investment portfolio in any other UK-listed investment trusts or investment companies. Further, the Company may not hold more than 5% of the issued share capital (or voting shares) of any one company. Investment in convertibles is subject to normal security limits. Should these or any other limit be exceeded by subsequent market movement, each resulting position is specifically reviewed by the Board. The Company may borrow money to provide gearing to the equity portfolio of up to 25% of net assets.

Use of derivative instruments is monitored carefully by the Board and permitted within the following constraints: the writing of covered calls against securities which in aggregate amount to no more than 10% of the value of the portfolio, and the investment in FTSE 100 futures which when exercised would equate to no more than 15% of the value of the portfolio. Other derivative instruments may be employed, subject to prior Board approval, provided that the cost (and potential liability) of exercise of all outstanding derivative positions at any time should not exceed 25% of the value of the portfolio at that time. The Company may hedge exposure to changes in foreign currency rates in respect of its overseas investments.

Amendment to the Company's Investment Objective and Policy

The Company, after discussion with the Portfolio Managers, determined that it would be beneficial to amend the existing investment objective and policy to simplify the wording and to clarify (in the investment objective) the nature of the shareholder returns targeted by the Company. The proposed change to the investment objective and policy wording will change neither the manner in which the Company's portfolio is managed, nor what the Company is seeking to achieve.

It is proposed that the investment objective be simplified by using wording more easily understood by the investor which makes it clear that the Company aims to exceed the total return on the FTSE All-Share Index on a net asset value total return basis and grow its dividend faster than UK inflation. This will be set out in one clear statement which may resonate more effectively with the retail investor base, and which may be more simply messaged in marketing campaigns and as a short, memorable phrase going forwards.

To avoid any ambiguity, the stated investment objective will be expanded upon to make it clear that (i) the Company's objectives will be assessed over the long term; and (ii) the Company's net asset value total return performance will be measured against the FTSE All-Share Index total return. This will ensure that it is clear that the investment objective is to target an attractive total return relative to the total return of the Index (which is how the portfolio is currently managed and, accordingly, the material change is to the wording of the investment objective and not to its substance).

In addition, the Company proposes to make some non-substantive changes to the wording of its investment policy, which will serve to re-order the text and break it into shorter, more easily digestible sections for the reader.

The Board believes that the proposed amendments are in the best interests of the shareholders.

The proposed amendments have been approved by the FCA and also require shareholder approval. The full text of the revised investment objective and investment policy may be found in the appendix to the notice of the AGM.

RESULTS AND DIVIDENDS

At the year end the share price was 740.00p per ordinary share (2024: 690.00p). The net asset value (debt at fair value) per ordinary share was 817.16p (2024: 779.97p).

The Directors declared a third interim dividend for the year ended 31 March 2025 of 7.50 pence per ordinary share (2024: 6.90 pence), an increase of 8.7% compared with each of the first two interim dividends. This dividend is payable on 23 May 2025 to ordinary shareholders on the register on 2 May 2025. The shares were quoted ex-dividend on 1 May 2025.

The Board is recommending a final dividend of 7.50 pence per share which is the same as the third interim dividend declared last month, implying a full year payout of 28.8 pence per share. This represents an increase of 5.9% compared with the total underlying ordinary dividends paid for the financial year to 31 March 2024.

Subject to approval at the Company's AGM, the dividend will have an ex-dividend date of 5 June 2025 and will be paid on 31 July 2025, to shareholders on the register at 6 June 2025.

PERFORMANCE

The Board reviews the Company's performance by reference to a number of KPIs. They are measures of the Company's absolute and relative performance and assist in managing performance and compliance and are reviewed by the Board at each meeting.

The Chair's Statement gives a commentary on the performance of the Company during the year, the gearing and the dividend.

The Board reviews an analysis of expenditure at each Board meeting, and the Audit and Management Engagement Committees formally review the fees payable to the main service providers, including the Manager, on an annual basis.

The ongoing charges figure is calculated in accordance with the AIC methodology and is reviewed by the Board annually in comparison to peers.

The Board also regularly reviews the performance of the Company in relation to the 20 investment trusts in the UK Equity Income sector (including the Company). As at 31 March 2025 the Company was ranked 20th by NAV performance in this sector over one year, 2nd over three years and 4th over five years (source: JP Morgan Cazenove).

OUTLOOK, INCLUDING THE FUTURE OF THE COMPANY

The main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Portfolio Managers' Report.

FINANCIAL POSITION AND BORROWINGS

The Company's balance sheet shows the assets and liabilities at the year end. Borrowings at the year end comprised £120 million of Unsecured Senior Loan Notes (2024: £120 million).

PERFORMANCE ATTRIBUTION

The following table illustrates the differing contributions to NAV excess returns, split between underlying stock selection and other factors such as gearing, costs and share buybacks.

		for the year ended 31 March 2025 %	for the year ended 31 March 2024 %
Total Return Basis(1)			
NAV (debt at fair value)		8.3	13.4
Benchmark		10.5	8.4
Relative performance		-2.2	5.0
Analysis of Relative Performance			
Portfolio total return		7.3	11.8
Benchmark total return(1)		10.5	8.4
Portfolio outperformance [A]		-3.2	3.4
Borrowings:			
Net gearing effect		0.8	1.2
Interest		-0.3	-0.3
Market value movement		0.6	0.4
Management fee		-0.4	-0.4
Other expenses		-0.1	-0.1
Tax		0.0	0.0
Share buybacks		0.4	0.8
Subtotal	[B]	1.0	1.6
Relative performance	[A+B]	-2.2	5.0

(1) LSEG Data & Analytics.

Performance attribution - analyses the performance of the Company relative to its benchmark. The Analysis of Relative Performance estimates the quantum of relative performance that is attributable to each of the factors set out in this table. The table is intended to be indicative rather than precise; the accuracy of each estimate is determined by a variety of factors such as the volatility of investment returns over the year and intra-month, and the timing of income receipts and expenditure payments.

Relative performance - represents the arithmetic difference between the NAV and benchmark returns.

Portfolio total return - represents the return of the holdings in the portfolio including transaction costs, cash and income received, but excluding expenses incurred by the Company.

Net gearing effect - measures the impact of the unsecured senior loan notes and cash on the Company's relative performance. This will be positive if the portfolio has positive capital performance and negative if capital performance is negative.

Interest - interest payable on the unsecured senior loan notes has a negative impact on performance.

Market value movement - represents the change in market value of the Company's borrowings, measured to the end of the financial year or maturity from the start of the financial year or issuance, each as appropriate.

Management fee - the fee reduces the Company's net assets and decreases returns.

Other expenses and tax - reduce the level of assets and therefore result in a negative effect on relative performance.

Share buybacks - measures the effect of ordinary shares bought back at a discount to net asset value on the Company's relative performance.

INVESTMENTS IN ORDER OF VALUATION

AT 31 MARCH 2025

UK LISTED ORDINARY SHARES UNLESS OTHERWISE STATED

Company	Sector	At Market Value £'000	% of Portfolio
Shell	Oil, Gas and Coal	92,150	7.5
Unilever	Personal Care, Drug and Grocery Stores	76,791	6.2
GSK	Pharmaceuticals and Biotechnology	55,563	4.5
Haleon	Pharmaceuticals and Biotechnology	55,456	4.5
Compass	Consumer Services	49,687	4.0
NatWest	Banks	49,167	4.0
Tesco	Personal Care, Drug and Grocery Stores	47,345	3.8
AstraZeneca	Pharmaceuticals and Biotechnology	46,497	3.8
Dunelm	Retailers	45,561	3.7
National Grid	Gas, Water and Multi-utilities	44,222	3.6
TOP TEN HOLDINGS		**562,439**	**45.6**
Whitbread	Travel and Leisure	37,091	3.0
Auto Trader	Software and Computer Services	35,583	2.9
Rentokil	Industrial Support Services	34,573	2.8
Grainger	Real Estate Investment and Services	33,179	2.7
Verisk - US Listed	Industrial Support Services	32,729	2.7
London Stock Exchange Group	Finance and Credit Services	31,354	2.5
Spirax-Sarco Engineering	Industrial Engineering	30,899	2.5
Anglo American	Industrial Metals and Mining	30,481	2.5
Greggs	Personal Care, Drug and Grocery Stores	30,341	2.5
Segro	Real Estate Investment Trusts	28,867	2.3
TOP TWENTY HOLDINGS		**887,536**	**72.0**
Admiral	Non-Life Insurance	27,141	2.2
Baltic Classifieds	Software and Computer Services	25,746	2.1
Rotork	Electronic and Electrical Equipment	24,604	2.0
Rightmove	Real Estate Investment and Services	24,549	2.0
Thermo Fisher Scientific - US Listed	Medical Equipment and Services	22,661	1.8
KONE - B shares - Finnish Listed	Industrial Engineering	20,701	1.7
Halma	Electronic and Electrical Equipment	20,021	1.6
HSBC	Banks	17,401	1.4
Sage	Software and Computer Services	16,854	1.4
AJ Bell	Investment Banking and Brokerage Services	16,431	1.3
TOP THIRTY HOLDINGS		**1,103,645**	**89.5**
BAE Systems	Aerospace and Defence	16,376	1.3
Howden Joinery	Retailers	15,377	1.3
RELX	Media	14,701	1.2
Money Supermarket	Software and Computer Services	13,420	1.1
Lloyds Bank	Banks	12,482	1.0
Sainsbury's	Personal Care, Drug and Grocery Stores	11,960	1.0
Diploma	Industrial Support Services	10,993	0.9
3i	Investment Banking and Brokerage Services	10,492	1.0
SSE	Electricity	5,291	0.4
Applied Nutrition	Food Producers	5,152	0.4
TOP FORTY HOLDINGS		**1,219,889**	**99.1**
Oxford Instruments	Electronic and Electrical Equipment	4,186	0.3
Renishaw	Electronic and Electrical Equipment	3,623	0.3
LondonMetric Property	Real Estate Investment Trusts	3,190	0.3
Eurovestech (UQ)	Investment Banking and Brokerage Services	-	-
Raven Property (S) - Preference shares	Real Estate Investment and Services	-	-
TOTAL HOLDINGS 45 (31 MARCH 2024: 52)		**1,230,888**	**100.0**

UQ - Unquoted investment

S - Delisted

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT AND MITIGATION

RISK MANAGEMENT AND MITIGATION

The Manager ('AIFM') is responsible for the portfolio management of the Company and for exercising the risk management function in respect of the Company. As part of this risk management function, the AIFM maintains a risk control summary of identified risks including emerging risks likely to impact the Company. This is updated regularly, following discussions with the Manager and highlighted to the Board.

The Board, through the Audit Committee and with the assistance of the Manager, regularly reviews a report of potential risks to the Company in the form of a risk control summary. The document includes a description of each identified risk, the mitigating action taken, reporting and disclosure to the Board and an impact and probability risk rating. The rating is given both prior to and after the Board's mitigation of each risk. The information is then displayed in matrix form which allows the Board to identify the Company's key risks. As the changing risk environment in which the Company operates has evolved, the total number of risks has fluctuated, with certain risks having been removed and new risks added with emerging risks actively discussed as part of this process and, so far as practicable, mitigated.

Furthermore, the risk control summary underpins the Company's preparation for the revised AIC Code, which requires boards to make a declaration of the effectiveness of the material controls at the balance sheet date, which applies to accounting periods beginning on or after 1 January 2026. This particularly supports the new Provision 34 of the AIC Code which ensures the Board has established and maintains procedures to manage risk, oversee the internal control framework and identify any material controls which have not operated effectively, identifying both actions and improvements.

The composition of the Board is regularly reviewed to ensure its members offer sufficient knowledge and experience to assess, anticipate and mitigate these risks, as far as possible.

The principal risks and uncertainties facing the Company are an integral consideration when assessing the operations in place to meet these objectives, including the performance of the portfolio, share price and dividends. The Board is ultimately responsible for the risk control systems, but the day-to-day operation and monitoring are delegated to the Manager. The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The following sets out a description of the principal and emerging risks and how they are being managed or mitigated.

MARKET RISK

All the Company's investments are traded on recognised stock exchanges, bar a very small number that have delisted or suspended since purchase. The principal risk for investors in the Company is a significant fall and/or a prolonged period of decline in those markets. The Company's investments and the income derived from them are influenced by many factors such as general economic conditions, interest rates, inflation, currency movements, a recurrence of a pandemic, geopolitical events, the war in Ukraine and government policies (e.g. the recent changes to tariffs by the Trump administration in the US) as well as by supply and demand reflecting investor sentiment. Such factors are outside the control of the Board and Manager and may give rise to high levels of volatility in the prices of investments held by the Company. The asset value and price of the Company's shares and its earnings and dividends may consequently also experience volatility and may decline.

Changes in interest rates, inflation and currency could reduce returns and lead to depreciation of the Company's net asset value.

Market risk is included in the risk control summary report that is prepared by the Manager and reviewed by the Board at each meeting. Additionally, the Board receives reports on the performance of the portfolio at each meeting. The portfolio is positioned by the Portfolio Managers for medium to long-term returns.

INVESTMENT RISK

The Board sets investment policy and risk guidelines, together with investment limits, and monitors adherence to these at each Board meeting. All individual investment decisions are undertaken by the Portfolio Managers. The Portfolio Managers' approach is to construct a portfolio which should benefit from expected future trends in the UK and global economies. The Portfolio Manager is a long-term investor, prepared to take substantial positions in securities across a range of different types of stock. This reflects the Portfolio Managers' high conviction, stock-driven investment process and total return approach. Strategy, asset allocation and stock selection decisions by the Portfolio Managers can lead to underperformance of the portfolio relative to the benchmark and/or income targets.

The Portfolio Managers' style may result in a concentrated portfolio with significant overweight or underweight positions in individual stocks or sectors compared to the benchmark and, consequently, the Company's performance may deviate significantly, possibly for extended periods, from that of the benchmark. In a similar way, the Portfolio Managers manage other portfolios, holding many of the same stocks as the Company which reflects the Portfolio Managers' high conviction style of investment management. This could increase the liquidity and price risk of certain stocks under certain scenarios and market conditions. However, the Board and the Portfolio Managers believe that the investment process and policy outlined above should, over the long term, meet the Company's objectives of Net Asset Value per share growth in excess of the benchmark and real growth in the dividend per share. Investment selection is delegated to the Portfolio Managers. The Board does not specify asset allocations. Information on the Company's performance against the benchmark and peer group is provided to the Board at each Board meeting. The Board uses this to review the performance of the Company, taking into account how performance relates to the Company's objectives. The Portfolio Managers are responsible for monitoring the portfolio selected and seek to ensure that individual stocks meet an acceptable risk-reward profile. There is also independent oversight of the portfolio and Company's asset structure by the Liontrust Investment Risk team.

As described in the investment policy, derivatives may be used provided that the market exposure arising is less than 25% of the value of the portfolio.

Investment performance risk is included in the risk control summary report that is prepared by the Manager and reviewed by the Board at each meeting. The Board also receives reports on the performance of the portfolio and on compliance with the Company's investment policy guidelines from the Manager's risk and compliance department at each meeting. As part of an annual assessment, the Board reviews the performance of the Manager and the management contract at the Management Engagement Committee meeting.

The Board also reviews the annual depository report and report from the compliance department of the Manager and any breaches of the investment policy, limits or guidelines are reported immediately to the Board and Audit

Committee Chairs.

Investment risk is increased through the Company's borrowing, namely the £120m Unsecured Senior Loan Notes. This facilitates additional investment exposure than would be the case for an unleveraged portfolio; if the investments fall in value, this will increase the adverse impact on performance. On a routine basis the Board monitors the appropriateness of gross and net gearing levels, and the amount of headroom above minimum NAV levels as agreed with the lenders.

INCOME/DIVIDEND RISK

The Company is subject to the risk that income generation from its investments fails to reach the level of income required to meet its objectives.

The Board monitors this risk through the review of detailed income and dividend forecasts and comparison against budget. These are contained within the Board papers and the Board considers the level of income at each meeting. Revenue estimates are presented at each Board meeting and Board Committee meeting which determine the three interim dividends and propose the final dividend.

The Board also takes into account the size of the Company's accumulated income and capital reserves which can be used to supplement dividends when income levels alone do not cover the proposed dividend payments. These reserves are currently being used to support the dividend and, given the nature of the portfolio's underlying income generation, we expect this to continue for the foreseeable future.

DISCOUNT RISK

The share price is monitored on a daily basis and, at the request of the Board, the Company is empowered to repurchase shares within agreed parameters which are regularly reviewed with the Company's broker. The discount at which the shares trade to NAV can be influenced by share repurchases. During the year, the Company repurchased 7,170,500 shares for holding in treasury (2024: 13,985,000).

Risk management activity includes systematic reviews of the investment objective and investment strategy and regular dialogue with shareholders and marketing activities.

Share price and discount risk is included in the risk control summary report that is prepared by the Manager and reviewed by the Board at each meeting. In addition, the Board monitors the Company's investment performance against its stated objectives and peer group and reviews the marketing report at every Board meeting.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS RISK

The Board has delegated to third-party service providers the management of the investment portfolio, depositary and custody services (which include the safeguarding of the assets), registration services, accounting and company secretarial services.

The principal risks arising from the above mentioned contracts relate to the performance of the Manager, the performance of administrative, registration, depositary, custodial and banking services, and the failure of information technology systems used by third-party service providers. These risk areas could lead to the loss or impairment of the Company's assets, inadequate returns to shareholders and loss of investment trust status. Consequently, in respect of these activities, the Company is dependent on Liontrust's control systems and those of its administrator, depositary, custodian and registrar.

An annual review of the control environments of all service providers is carried out by the Company Secretary who provides an assessment of these risks and the operation of the controls for consideration by the Audit Committee and is formally reported to and considered by the Board.

Investment trust status is assessed by the Manager, reviewed at every Board meeting and confirmed by the Audit Committee and HMRC annually. Taxation matters are dealt with by independent accountants, with oversight from the Board.

RELIANCE ON THE MANAGER AND OTHER THIRD-PARTY PROVIDERS RISK

The Company is reliant upon the performance of third-party service providers for its executive function and other service provisions. The Company's most significant contract is with Liontrust Fund Partners LLP who have been appointed as the Company's AIFM. The Company has other contractual arrangements with third parties to act as administrator, company secretary, registrar, depositary and broker. The Company's operational structure means that all cyber risk (information and physical security) arises at its third-party service providers, including fraud, sabotage or crime against the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to pursue successfully its investment policy and expose the Company to risk of loss or to reputational risk.

In particular, the Manager performs services which are integral to the operation of the Company. The Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Any damage to the reputation of the Manager could result in counterparties and third parties being unwilling to deal with the Manager and by extension the Company. This could have an adverse impact on the ability of the Company to pursue its investment policy.

The Board seeks to manage these risks in a number of ways:

- The Company Secretary reviews the performance and the service organisation control reports of third-party service providers and reports to the Board on an annual basis at the Audit Committee meeting.
- The Board reviews the performance of the Manager at every Board meeting and otherwise as appropriate. The Board has the power to replace the Manager and reviews the management contract formally once a year.
- The day-to-day management of the portfolio is the responsibility of the named Portfolio Managers.
- The risk that the Portfolio Manager might be incapacitated or otherwise unavailable is mitigated by the fact that he works within, and is supported by, the wider Liontrust team. Moreover, Emily Barnard, as Deputy Portfolio Manager, works closely with Imran on a daily basis and would be able to manage the portfolio if Imran Sattar was unable to do so for any reason.

- The Board has set guidelines within which the Portfolio Managers are permitted wide discretion. Any proposed variation outside these guidelines is referred to the Board and compliance with the guidelines and the guidelines themselves are reviewed at every Board meeting.

PHYSICAL AND TRANSITIONAL CLIMATE CHANGE

Globally, climate change effects are already emerging in the form of changing weather patterns. Extreme weather events could potentially impair the operations of individual investee companies, potential investee companies, their supply chains and their customers. Legislative changes are driving an economic adjustment towards a low-carbon economy. There are considerable risks to the value, business model and operations of investee and potential investee companies due to stranded assets and how investors, financial regulators and policymakers respond to climate concerns. The Portfolio Managers take such risks into account, along with the downside risk to any company - whether in the form of its business prospects, market valuation or sustainability of dividends - that is perceived to be making a detrimental contribution to climate change. The Company invests in a broad portfolio of businesses with operations spread geographically, which should limit the impact of location-specific weather events.

Climate change related risks are regularly monitored by the Manager and reviewed by the Board as required, together with any new guidance.

OTHER RISKS

The Company is subject to laws and regulations by virtue of its status as an investment trust and is required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. The Company is subject to the continuing obligations imposed by the UK Listing Authority on all companies whose shares are listed on the Official List.

The Manager reviews compliance with investment trust tax conditions and other financial and regulatory requirements on a daily basis with any issues being immediately brought to the attention of the Board.

The Company may be exposed to other business, strategic and political risks in the future, as well as regulatory risks (such as an adverse change in the tax treatment of investment companies), credit, liquidity and concentration risks. The risk control summary report allows the Board to consider all these risks, the measures in place to control them and the possibility of any other risks that could arise.

The Board ensures that satisfactory assurances are received from the service providers. The Manager's compliance officers produce regular reports for review by the Company's Audit Committee.

Additionally, the depositary monitors stock, cash, borrowings and investment restrictions throughout the year. The depositary reports formally once a year and also has access to the Company Chair and the Audit Committee Chair if needed during the year.

Please see Note 16 to read more about risk management and financial instruments.

EMERGING RISKS

The Board has put in place robust procedures to assist with identifying emerging risks that arise from existing risks or from new situations. Failure to identify emerging risks may cause reactive rather proactive actions. The experience and knowledge of the Board is invaluable in consideration of emerging risks, as are updates and advice received from the Board's key service providers such as the Company's Manager, Broker, Company Secretary and Auditors. The Association of Investment Companies ('AIC') also provides regular updates and draws members' attention to forthcoming industry and/ or regulatory issues.

There are currently a growing number of risks as a result of emerging geopolitical factors that may translate into greater stock market risk, as well as heightened macro-economic changes in inflation, interest rates, currencies and energy costs, the ever-evolving global regulatory and trade environments and a risk of re-emergence of a global pandemic.

Geopolitical factors include the continuation of conflict in Ukraine and the Middle East and also US trade policy under the second Trump administration. Whilst these risks currently exist, their extent and long-term impact are yet to emerge but they are regularly assessed by the Manager and the Board. These emerging risks are kept under review and mitigating actions are discussed and documented. This ensures that the Board can react ahead of any risk materialising, therefore minimising risk exposure.

VIABILITY STATEMENT

The Directors' view of the Company's viability has not changed since last year. The Company, as an investment trust, is a collective investment vehicle rather than a commercial business venture and is designed and managed for long-term investment. The Company's investment objective clearly sets this out. 'Long-term' for this purpose is considered by the Directors to be at least five years, a timeframe in which the accuracy of estimates and assumptions is deemed to be reasonable. The Company's viability has thus been assessed over that period. Five years is considered a reasonable time frame for a forecast, however, the life of the Company is not intended to be limited to that or any other period.

There are no current plans to amend the investment strategy, which has delivered long-term good investment performance above or in line with benchmark for shareholders and, the Directors believe, should continue to do so. The investment strategy and its associated risks are kept under constant review by the Board.

In assessing the viability of the Company under various scenarios, the Directors undertook a robust assessment of the risks to which it is exposed, as set out in the annual report, together with mitigating factors. The risks of failure to meet the Company's investment objective, and contributory market and investment risks, were considered to be of particular importance. The Directors also took into account: the investment capabilities of the Portfolio Managers; the liquidity of the portfolio, with nearly all investments being listed and readily realisable; the Company's borrowings as considered in further detail in the Going Concern Statement; the ability of the Company to meet its liabilities as they fall due; the Company's annual operating costs; and that, as a closed-ended investment trust, the Company is not affected by the liquidity issues of open-ended companies caused by large or unexpected redemptions.

In taking account of these factors and on reviews conducted as part of the detailed internal controls and risk management processes set out above, the Directors have undertaken a reverse stress test seeking to identify the financial circumstances that might result in the Company becoming unviable. This concluded that the viability of the Company would be challenged if the value of Total Shareholders' Funds were to fall permanently by approximately 80% from the level at the year end, a fall that the Board considers to be highly unlikely having noted that since the inception of the Company's FTSE All-Share Index Total Return benchmark in December 1985, the largest fall over any calendar year has been 29.9%, the largest fall over any rolling five year period was 28.8% and the largest fall since launch was 42.9% (all based on benchmark calendar month end values).

Based on the above, and assuming there is no adverse change to the regulatory environment and tax treatment of UK investment trusts to the extent that would challenge the viability of the UK investment trust industry as a whole, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of assessment.

SECTION 172 STATEMENT, COMPANY SUSTAINABILITY AND STAKEHOLDERS

BOARD RESPONSIBILITIES

The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the Manager and reporting to shareholders on their stewardship. The Board is ultimately responsible for the direction, management, performance and long-term sustainable success of the Company.

The Board sets the Company's strategy and objectives, taking into account the interests of all its stakeholders. However, the Company has no employees and no customers in the traditional sense. Consistent with the Company's nature as an investment trust, the Board's principal concern has been, and continues to be, the interests of the Company's shareholders taken as a whole.

COMPANY SUSTAINABILITY AND STAKEHOLDERS

A good understanding of the Company's stakeholders enables the Board to consider the potential impact of strategic decisions on each stakeholder group during the decision-making process. By considering the Company's purpose, vision and values, together with its strategic priorities, the Board aims for its decisions to be fair and take account of the interests of the key stakeholder groups. As an externally managed investment company, the Company does not have any employees. The Board considers its main stakeholders to be its shareholders, service providers and investee companies.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires the Board to act in the way that it considers would most likely promote the success of the Company for the benefit of all stakeholders, taking into consideration the interests of stakeholders in their decision-making and to share how they have discharged this duty. During the year under review, the Board believes that it has acted in good faith and discharged its duties under Section 172 of the Companies Act 2006. The fulfilment of this duty not only helps the Company achieve its investment objective but ensures decisions are made in a responsible and sustainable way for shareholders.

The following section includes examples of how the Company's stakeholders were considered during the key Board decisions. Key Board decisions include payment of dividends, liquidity management via share issuance and share buybacks, marketing, performance evaluation, negotiation on debt and re-appointment of the Manager and other key service providers, ESG integration into investment decisions and Board succession planning.

ENGAGEMENT WITH SHAREHOLDERS

Shareholder relations are given high priority by both the Board and the Manager, and the Board welcomes feedback from shareholders throughout the year. The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports, which aim to provide shareholders with a full understanding of the Company's activities and results. This information is supplemented by the daily publication of the Net Asset Value, monthly factsheets as well as dividend and other announcements.

Feedback from shareholders forms part of the discussion at all Board meetings and at the Board's annual strategy meeting which involves consideration of how the Company is meeting shareholder expectations. In October 2024, Imran Sattar and Emily Barnard spoke at the Company's annual retail shareholder event in London. The Company has also participated in various marketing initiatives, including podcasts, videos, a publication reviewing the Company's last five years, and attendance at a range of events including the AJ Bell investment trust conference in London. The Company has also been involved in a range of publications in the year to date, including the Financial Times, Sunday Times and Daily Mail, and Money Makers podcast.

Shareholders can also visit the Company's website **www.edinburgh-investment-trust.co.uk** in order to access copies of the annual and half-yearly financial reports, pre-investment information, Key Information Documents (KIDs), proxy voting results, factsheets and stock exchange announcements. The Company's website also hosts videos and other applicable written materials by the Manager to enhance the information available. Shareholders can send their questions using a dedicated section of the Company's website.

Typically, at each AGM, a presentation is made by the Portfolio Managers following the formal business of the meeting and shareholders have the opportunity to attend, vote and most importantly to communicate directly with the Portfolio Managers and Board. Presentations to both institutional shareholders and analysts also follow the publication of the annual results. The Company held a physical AGM on 17 July 2024, with voting on a show of hands. Shareholders also had the opportunity to join the meeting virtually via a live weblink using their smartphone, tablet or computer, with the option to submit questions to the meeting in real time. In addition to the AGM and presentations, the Board and Portfolio Managers hosted a presentation to retail investors in central London in October 2024. The Chair uses these events to lead the Company's engagement with its retail shareholders. Please see the notice of the 2025 Annual General Meeting for details of the 2025 shareholder event.

Regular dialogue is maintained between the Board and Portfolio Managers with a wide range of shareholders throughout the year to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help develop an understanding of their issues and concerns. All meetings between the Portfolio Managers and shareholders are reported to the Board and the directors receive regular updates on the shareholder register and trading activity.

There is an additional clear channel of communication between the Board and the Company's shareholders via the Company Secretary. The Company Secretary passes to the Chair all correspondence addressed to the Board of the

Company.

The strategy of the Company is reviewed regularly and formally by the Board on an annual basis. At the strategy day on 9 October 2024 the Board discussed industry and sector trends, growth opportunities, share buybacks, the Company's investment objective, marketing and dividends. Whilst feedback from shareholders is sought regularly, shareholders' feedback provided by the Company's Broker and Manager is a major consideration at this meeting.

ENGAGEMENT WITH THE MANAGER

The Board maintains a constructive and collaborative working relationship with the Portfolio Managers, encouraging open discussion. The Board has regular dialogue with and receives reports from the Portfolio Manager on the portfolio of investments, including performance against set objectives and risk management. The Portfolio Managers and Deputy Portfolio Manager normally attend each Board meeting to provide updates and answer questions from the Board. The Chair also regularly meets with Liontrust executive directors. The Board has also discussed the AIFM's responsibility under the FCA Consumer Duty with the Manager and received comfort as to how those responsibilities will be met.

The Board agreed a lower management fee scale from 1 April 2024, further supporting the role of the Company as a natural home for long-term equity investors.

The Portfolio Manager with individual responsibility for the day-to-day management of the portfolio is Imran Sattar and the Deputy Portfolio Manager is Emily Barnard.

Imran Sattar and Emily Barnard took on these new roles on 6 February 2024, following the retirement of James de Uphaugh, after 36 years in the industry.

ENGAGEMENT WITH SERVICE PROVIDERS

As an externally managed investment trust, the Company conducts all its business through its key service providers. The Board believes that maintaining a collaborative relationship with each of the Company's service providers is essential to the Board's decision-making and the ongoing success of the Company. At least annually the Board reviews the performance and services of its key service providers including the Manager and receives and considers their internal control reports on a quarterly basis covering their operations, policies and control environments.

The Board reviews the quarterly reports of the service providers and whether the services meet the requirements of the Company, represent value for money and are therefore in the best interests of shareholders. The Board treats all service providers fairly, to maintain a reputation as a trusted, fair and reliable partner. The Board and/or delegates of the Board engage with key providers on a periodic basis through service review meetings or, by invitation, attendance at Board or committee meetings. Such engagement gives opportunity to both parties to discuss any challenges being experienced and potential solutions thereon, and to identify planned developments at the Company or the service provider. We aim to pay promptly and if in dispute, to engage openly to resolve matters in a timely manner.

The Board continues to ensure that service providers are as prepared as possible for all such eventualities which could disrupt the performance of their respective functions.

ENGAGEMENT WITH INVESTEE COMPANIES

The Portfolio Managers are long-term investors and typically develop strong relationships with both investee and potential investee companies. Both the Board and the Portfolio Managers believe that engagement with investee companies is positive, beneficial and welcomed.

Voting is a key activity in the dialogue with investee companies and these decisions are reported to the Board on a quarterly basis.

The Board supports the Portfolio Managers' approach to ESG in the context of its management of the portfolio, as discussed below.

ENVIRONMENTAL SOCIAL AND GOVERNANCE ("ESG") MATTERS

As an investment company with no employees, property or activities outside investment, environmental policy has limited application. Nevertheless, the Board is committed to taking a responsible approach to ESG matters. The Company's compliance with the AIC Corporate Governance Code is detailed in the Corporate Governance Statement, which demonstrates the Company's own responsibilities on matters such as governance.

In respect of the Company's investments, the Portfolio Managers and the other members of the investment team integrate ESG risks and opportunities (including climate change related risks) as part of a material assessment undertaken for all holdings. Consistent with the Portfolio Managers' investment approach, this analysis is undertaken on a bottom-up, stock basis. The risks and opportunities that each holding faces over a three-to-five-year period are then identified and prioritised. Many of these issues can be sub-categorised as "E", "S" and "G" issues. The issues that are identified as the key ones are at the forefront of engagement discussions on holdings with the investee companies. These frequently include issues related to global warming, including those focused on transitional risks, legislation risks, and/or physical risks. The Manager is a signatory to the Principles of Responsible Investment ('PRI') and the Company's assets form part of its commitment to the Net Zero Asset Managers Initiative. Further information is available at **www.liontrust.co.uk** and through the investment company ESG disclosures at **www.theaic.co.uk**.

The Board recognises that the most material way in which the Company can have an impact is through responsible ownership of its investments. The Manager discusses below how it engages with the management of investee companies to encourage that high standards of ESG practice are adopted.

The Company made no political donations during the year in review.

Please see the table below for a reference to where information can be found of how the Company's key stakeholders were considered during key Board decisions:

Section 172 statement area	**Reference**
The likely consequences of any decision in the long-term	See Chair's Statement, The Portfolio Managers' Report, Core Investment Beliefs and Business Review, Going Concern and Viability Statements and Stakeholder Engagement section below.
The interests of the Company's employees	As a closed-ended investment company, the Company has

The interests of the Company's employees	As a closed ended investment company, the Company has no employees. Stewardship section refers to how the Company assesses its impact on social issues.
The need to foster the Company's business relationships with suppliers, customers and others	As a closed-ended investment company, the Company has no customers in the traditional sense. See Stakeholder Engagement section below Principal Risks and Uncertainties and Stewardship section on how the Company assesses its impact on and engages with its key stakeholders.
The impact of the Company's operations on the community and environment	See Principal Risks and Uncertainties, Stewardship section and ESG matters disclosure below on how the Company assesses its impact on the community and environment of its investee companies.
The desirability of the Company maintaining a reputation for high standards of business conduct	See Stakeholder Engagement section, Anti-Bribery and Corruption and Modern Slavery disclosures.
The need to act fairly as between members of the Company	See Stakeholder Engagement section and Corporate Governance Report.

STEWARDSHIP CODE AND EXERCISE OF VOTING POWERS

The Board considers that the Company has a responsibility as a shareholder to ensure that high ESG standards are maintained in the companies in which it invests. One of the principal means of putting shareholder responsibility into practice is through the exercise of voting rights. The Company aims to provide investment specific active stewardship and the Company's voting rights are exercised on an informed and independent basis. The Manager has adopted a clear and considered policy towards its stewardship responsibility on behalf of the Company. The Manager takes steps to satisfy itself about the extent to which investee companies protect shareholder value and comply with local recommendations and practices, such as the UK Corporate Governance Code. The Manager's approach to corporate governance and the UK Stewardship Code can be found on the Manager's website at **www.liontrust.co.uk** together with a copy of the Manager's Stewardship Policy and the Manager's global proxy voting policy.

Members of the Managers' investment team are responsible for overseeing all aspects of the Stewardship process, including voting on all resolutions at all Annual General Meetings and Extraordinary General Meetings in the UK and overseas. The Portfolio Managers assess corporate governance, remuneration policies and, if deemed necessary, will challenge management where it is felt that the best interests of shareholders are not being met.

The Board reviews the Portfolio Managers' voting record at each meeting. The table below demonstrates how the Portfolio Managers voted during the year in review. The Portfolio Managers voted at all meetings, except for an unlisted legacy holding in Raven Property.

Proposal Category	Number of Proposals Voted	Number voted with Management
Audit related	99	99
Capitalisation	202	202
Company Articles	2	2
Compensation	88	84
Corporate Governance	1	1
Director Election	488	488
Director Related	4	4
E&S Blended	1	1
Environmental	4	4
Miscellaneous	2	2
No research	6	0
Routine business	93	93
Social	34	34
Strategic transactions	1	1
Takeover related	43	43
Total	**1,068**	**1,058**

The Portfolio Managers' policy is to invest in well-managed companies. We therefore expect few contentious votes, but in any given twelve month period there will be a handful. To illustrate:

The Portfolio Managers voted in favour of the Remuneration Policy of Sage Group, the UK-based software company that provides accounting, HR and payroll technology for small and mid-sized businesses. This is a global company, 80% of their revenues are outside the UK, competing against international players such as Intuit in the US. While proxy advisor ISS raised concerns about the overall size of the pay package, we believe Sage must offer a competitive remuneration structure to attract and retain high-calibre talent. In our view, this is necessary to support the company's continued growth and ensure it remains a leading player in its markets.

The Portfolio Managers voted against the proposed remuneration policy and proposed new LTIP (long-term incentive plan) for Ashtead, the North America focused equipment rental business. We judged the quantum of the proposals to be incommensurate with the current performance and outlook for the business. We exited the position during the year.

In addition, the Manager publishes an annual Responsible Capitalism report, providing cumulative voting statistics, full disclosure on voting policy and extracts of engagement for the year. The Manager publishes a quarterly voting record on its website **www.liontrust.co.uk**.

MODERN SLAVERY DISCLOSURE

The Company aims to adopt the highest standards of conduct and is committed to integrating responsible business practices throughout its operations. The prevention of modern slavery is an important part of corporate good governance.

The Company is an investment vehicle and does not provide goods or services in the normal course of its business or have customers or employees. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

ANTI-BRIBERY AND CORRUPTION

It is the Company's policy to conduct 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 and the appropriate training has been undertaken by the Board and key service providers. The Company also has policies, procedures and controls in place to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

PREVENTION OF THE FACILITATION OF TAX EVASION

The Board has adopted a zero-tolerance approach to the criminal facilitation of tax evasion.

GREENHOUSE GAS EMISSIONS AND STREAMLINED ENERGY AND CARBON REPORTING ('SECR')

The Company has no employees, physical assets, property or operations of its own, does not provide goods or services and does not have its own customers. It follows that the Company has little or no direct environmental impact. In consequence, the Company has limited greenhouse gas emissions to report from its operations aside from travel to board meetings, nor does it have responsibility for any other sources of emissions under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. As the Company has no material operations and therefore has low energy usage, it has not included an energy and carbon report.

CONCLUSION

The Directors believe that they have fulfilled their duties under s172 of the Companies Act 2006 in their deliberations on all matters. The Board takes into account the interests of all the Company's key stakeholders, as outlined above, in its decision-making which reflects the Board's belief that the long-term sustainable success of the Company is linked directly to its key stakeholders. The work of the Board and its Committees is described in the Governance Report.

This Strategic Report was approved by the Board on 20 May 2025.

Signed by order of the Board of Directors

NSM FUNDS (UK) LIMITED
COMPANY SECRETARY

20 MAY 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE PREPARATION OF THE ANNUAL FINANCIAL REPORT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006.

They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, which is maintained by the Company's Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of

the Company, together with a description of the principal risks and uncertainties that it faces.

We consider the annual financial report, 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.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Signed on behalf of the Board of Directors

ELISABETH STHEEMAN
CHAIR

20 May 2025

FINANCIAL REVIEW / INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

			2025			2024	
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value	9(b)	-	53,697	53,697	-	99,095	99,095
Gains/(losses) on foreign exchange		-	22	22	-	(41)	(41)
Income	2	40,666	-	40,666	42,095	-	42,095
Investment management fee	3	(1,385)	(3,231)	(4,616)	(1,493)	(3,483)	(4,976)
Other expenses	4	(1,274)	(19)	(1,293)	(1,179)	(14)	(1,193)
Net return before finance costs and taxation		38,007	50,469	88,476	39,423	95,557	134,980
Finance costs	5	(884)	(2,066)	(2,950)	(888)	(2,071)	(2,959)
Return on ordinary activities before taxation		37,123	48,403	85,526	38,535	93,486	132,021
Tax on ordinary activities	6	(78)	-	(78)	(316)	-	(316)
Return on ordinary activities after taxation for the financial year		37,045	48,403	85,448	38,219	93,486	131,705
Return per ordinary share:							
Basic and diluted	7	25.02p	32.70p	57.72p	23.93p	58.55p	82.48p

The total column of this statement represents the Company's profit and loss account, prepared in accordance with UK Accounting Standards. The return after taxation is the total comprehensive income and therefore no additional statement of comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the year.

The accompanying notes are an integral part of these financial statements.

FINANCIAL REVIEW / BALANCE SHEET

AT 31 MARCH

	Notes	2025 £'000	2024 £'000
Non current assets			
Investments held at fair value	9(a)	1,230,888	1,206,563
Current assets			
Debtors	10	8,518	19,878
Cash and cash equivalents		7,233	36,314
Total assets		1,246,639	1,262,755
Non current liabilities			
Unsecured Senior Loan Notes	12	(120,000)	(120,000)
Current liabilities			
Other payables	11	(693)	(7,708)
Total assets less current liabilities		1,245,946	1,255,047
Total liabilities		(120,693)	(127,708)
Net assets		1,125,946	1,135,047
Equity			
Called up share capital	13	48,917	48,917
Share premium account	14	10,394	10,394
Capital redemption reserve	14	24,676	24,676
Capital reserve	14	999,335	1,004,498
Revenue reserve	14	42,624	46,562
Total equity		1,125,946	1,135,047
Net asset value per ordinary share:			
Basic and diluted - debt at par value	15	780.17p	749.25p
Basic and diluted - debt at fair value	15	817.16p	779.97p

The financial statements were approved and authorised for issue by the Board of Directors on 20 May 2025

The financial statements were approved and authorised for issue by the Board of Directors on 20 May 2025.

ELISABETH STHEEMAN
CHAIR

Signed on behalf of the Board of Directors

Company Number SC001836

The accompanying notes are an integral part of these financial statements.

FINANCIAL REVIEW / STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	Notes	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Capital Reserve[1] £'000	Revenue Reserve[1] £'000	Total £'000
At 1 April 2023		48,917	10,394	24,676	1,003,989	51,368	1,139,344
Return on ordinary activities		-	-	-	93,486	38,219	131,705
Dividends paid	8	-	-	-	-	(43,025)	(43,025)
Shares bought back and held in treasury[2]	13	-	-	-	(92,977)	-	(92,977)
At 31 March 2024		48,917	10,394	24,676	1,004,498	46,562	1,135,047
Return on ordinary activities		-	-	-	48,403	37,045	85,448
Dividends paid	8	-	-	-	-	(40,983)	(40,983)
Shares bought back into treasury[2]	13	-	-	-	(53,566)	-	(53,566)
At 31 March 2025		48,917	10,394	24,676	999,335	42,624	1,125,946

1 The revenue reserve and certain amounts of the capital reserve are distributable by way of dividend.

2 Shares bought back and held in treasury includes transaction costs.

The accompanying notes are an integral part of these financial statements.

FINANCIAL REVIEW / CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH

	Notes	2025 £'000	2024 £'000
Cash flow from operating activities			
Net return before finance costs and taxation		88,476	134,980
Tax on overseas income	6	(78)	(316)
Adjustments for:			
Purchase of investments		(559,942)	(329,331)
Sale of investments		593,166	444,660
Gains on investments held at fair value		(53,697)	(99,095)
Decrease in debtors		1,594	2,280
Decrease in creditors		(3)	(2,211)
Net cash inflow from operating activities		69,516	150,967
Cash flow from financing activities			
Interest paid on overdraft		(7)	(9)
Interest paid on Unsecured Senior Loan Notes		(2,943)	(2,093)
Shares bought back and held in treasury		(54,664)	(91,888)
Dividends paid	8	(40,983)	(43,025)
Net cash outflow from financing activities		(98,597)	(137,015)
Net (decrease)/increase in cash and cash equivalents		(29,081)	13,952
Cash and cash equivalents at the start of the year		36,314	22,362
Cash and cash equivalents at the end of the year		7,233	36,314
Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:			
Cash held at custodian		1,068	2,768
Goldman Sachs Liquidity Reserve International Fund - Money Market Fund		6,165	33,546
Cash and cash equivalents		7,233	36,314
Cash flow from operating activities includes:			
Dividends received		39,922	43,681
Interest received		9	11

	At 1 April 2024 £'000	Cash flow £'000	Non-cash movement £'000	At 31 March 2025 £'000
Reconciliation of net debt:				
Cash and cash equivalents	36,314	(29,081)	-	7,233
Unsecured Senior Loan Notes	(120,000)	-	-	(120,000)
Total	(83,686)	(29,081)	-	(112,767)

The accompanying notes are an integral part of these financial statements.

FINANCIAL REVIEW / NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Accounting policies describe the Company's approach to recognising and measuring transactions during the year and the position of the Company at the year end.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during the year and the preceding year.

A. Basis of Preparation

Accounting Standards Applied

The financial statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice (UK GAAP)) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies (SORP) in April 2021 (as amended in July 2022).

The financial statements are issued on a going concern basis. Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources are given in the annual report.

As an investment fund the Company has the option not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all investments are highly liquid and are carried at market value, and where a Statement of Changes in Equity is provided: all of which are satisfied.

However the Directors' have elected to present a cash flow statement in the annual financial report to present additional relevant information to readers of the financial statements.

Significant Accounting Estimates, Assumptions and Judgements

The preparation of the financial statements may require the use of estimates, assumptions and judgements which may affect the reported amounts of assets and liabilities at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The Directors have applied their judgement for the allocation of the investment management fee and finance costs between capital and revenue in the income statement as set out in Note 1G and the treatment of special dividend income between capital and income, as set out in Note 1J. The Directors do not believe that these judgements nor any accounting estimates, assumptions or judgements that have been applied to the financial statements have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

B. Foreign Currency and Segmental Reporting

(i) Functional and presentational currency

The financial statements are presented in sterling, which is the Company's functional and presentational currency and the currency in which the Company's share capital and expenses, as well as its assets and liabilities, are denominated.

(ii) Transactions and balances

Transactions in foreign currency, whether of a revenue or capital nature, are translated to sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities are translated to sterling at the rates of exchange ruling at the balance sheet date. Any gains or losses, whether realised or unrealised, are taken to the capital reserve or to the revenue account, depending on whether the gain or loss is of a capital or revenue nature. All gains and losses are recognised in the income statement.

(iii) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business of investing in equity and debt securities, issued by companies quoted mainly on the UK or other recognised stock exchanges.

C. Financial Instruments

The Company has chosen to apply Section 11 and 12 of FRS102 in full in respect of the financial instruments.

(i) Recognition of financial assets and financial liabilities

The Company recognises financial assets and financial liabilities when the Company becomes a party to the contractual provisions of the instrument. The Company will offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

(ii) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognised as an asset.

(iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when its obligations are discharged, cancelled or have expired.

(iv) Trade date accounting

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets.

(v) Classification and measurement of financial assets and financial liabilities

- **Financial assets**

  The Company's investments are classified as held at fair value through profit or loss.

  Financial assets held at fair value through profit or loss are initially recognized as fair value, which is taken to be their acquisition price, with transaction costs expensed in the income statement. These are subsequently valued at fair value.

Fair value for investments that are actively traded in organised financial markets is determined by reference to stock exchange quoted bid prices at the balance sheet date. Fair value for investments that are actively traded but where active stock exchange quoted bid prices are not available is determined by reference to a variety of valuation techniques including broker quotes and price modelling. Unquoted, unlisted or illiquid investments are valued by the Directors at fair value using a variety of valuation techniques including earnings multiples, recent transactions and other market indicators, cash flows and net assets.

- **Financial liabilities**

Financial liabilities, including borrowings, are initially measured at transaction price, being the fair value. For liabilities issued at a discount or with significant associated transaction costs, such discount and costs are subsequently measured at amortised cost using the effective interest method.

D. Cash and Cash Equivalents

Cash and cash equivalents may comprise cash (including short term deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value) as well as cash equivalents, including money market funds. Investments are regarded as cash equivalents if they meet all of the following criteria: short term in duration (typically three months or less from the date of acquisition), highly liquid investments that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond.

E. Hedging

Forward currency contracts entered into for hedging purposes are valued at the appropriate forward exchange rate ruling at the balance sheet date. Profits or losses on the closure or revaluation of positions are recognised in the income statement and taken to capital reserves.

F. Income

Interest income arising from fixed income securities and cash is recognised in the income statement using the effective interest method. Dividend income arises from equity investments held and is recognised on the date investments are marked 'ex-dividend'. Special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as income or capital in the income statement.

Deposit interest and underwriting commission receivable are taken into account on an accruals basis.

G. Expenses and Finance Costs

Expenses are recognised on an accruals basis and finance costs are recognised using the effective interest method in the income statement.

The investment management fee and finance costs are allocated 70% to capital and 30% to revenue. This is in accordance with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the portfolio. Transaction costs are recognised as capital in the income statement. All other expenses are allocated to revenue in the income statement.

H. Taxation

The liability to corporation tax is based on net revenue for the year, excluding non-taxable dividends. The tax charge is allocated between the revenue and capital account on the marginal basis whereby revenue expenses are matched first against taxable income in the revenue account.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred taxation assets are recognised where, in the opinion of the Directors, it is more likely than not that these amounts will be realised in future periods.

A deferred tax asset is only recognised in respect of surplus management expenses, losses on loan relationships and eligible unrelieved foreign tax to the extent that it is probable that the Company will be able to recover them from future taxable revenue.

I. Dividends payable

Dividends are not recognised in the financial statements unless there is an obligation to pay at the balance sheet date. Proposed dividends are recognised in the year in which they are paid to shareholders.

J. Critical accounting estimates and judgements

No critical accounting judgements or estimates were made during the year.

K. Accounting for reserves

The share premium comprises the net proceeds received by the Company following the issue of shares, after deduction of the nominal amount of 25 pence and any applicable issue costs. The capital redemption reserve maintains the equity share capital of the Company and arose from the nominal value of any shares bought back and cancelled; both are non-distributable.

The capital reserve includes the investment holding gains/(losses), being the difference between cost and market value at the balance sheet date. It also includes cumulative realised gains/(losses) and costs related to share buybacks. Capital investment gains and losses are shown in note 9(b) and form part of the capital reserve.

The revenue reserve shows the net revenue retained after payment of any dividends. The revenue reserve and certain amounts of the capital reserve are distributable by way of dividend.

L. Shares repurchased and held in treasury

The cost of repurchasing ordinary shares (for cancellation or to hold in treasury) including the related stamp duty and transaction cost is charged to the capital reserve and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. Where shares are cancelled (or are subsequently cancelled having previously been held in treasury), the nominal value of those shares is transferred out of Called up share capital and into the Capital redemption reserve. Should shares held in treasury be reissued, the sales proceeds will be treated as a realised capital profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to Share premium.

2. INCOME

This note shows the income generated from the portfolio (investment assets) of the Company and income received from any other source.

	2025 £'000	2024 £'000
Income from investments:		
UK dividends	34,929	35,857
UK special dividends	2,526	2,095
Overseas dividends	1,222	2,789
Overseas special dividends	-	318
Interest from money market funds	1,980	1,025
	40,657	42,084
Other income:		
Deposit interest	9	11
	9	11
Total income	40,666	42,095

Special dividends of £702,000 were recognised as capital during the year (2024: £2,251,000).

3. INVESTMENT MANAGEMENT FEE

This note shows the fee due to the Manager. This is calculated and paid monthly.

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,385	3,231	4,616	1,493	3,483	4,976

Details of the investment management and secretarial agreement is disclosed in the Directors' Report.

At 31 March 2025, investment management fees of £374,000 (2024: £411,000) were accrued.

4. OTHER EXPENSES

The other expenses(i) of the Company are presented below, those paid to the Directors and the auditors are separately identified.

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Other expenses	1,274	19	1,293	1,179	14	1,193
Other expenses include the following:						
Directors' remuneration(ii)	182	-	182	168	-	168
Auditors' fees(iii):						
- for audit of the Company's annual financial statements	53	-	53	51	-	51

The maximum Directors' fees authorised by the Articles of Association are £250,000 per annum.

I. Other expenses include:

- £14,000 (2024: £300) of employer's National Insurance payable on Directors' remuneration. As at 31 March 2025, the amounts outstanding on Directors' remuneration and employer's National Insurance was £52,000 (2024: £nil); and
- custodian transaction charges of £19,000 (2024: £14,000). These are charged to capital.

II. There were five directors during the year and the Directors' Remuneration Report provides further information on Directors' fees.

III. Auditors' fees include expenses but exclude VAT.

5. FINANCE COSTS

Finance costs arise on any borrowing facilities the Company has used. Borrowing facilities are the £120m notes (2024: £120m notes). Please see Note 12 for additional details of the terms.

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on borrowings repayable not by instalment:						
- Interest on overdraft facility	2	5	7	3	6	9
- Unsecured Senior Loan Notes repayable after 5 years	882	2,061	2,943	885	2,065	2,950
	884	2,066	2,950	888	2,071	2,959

6. TAXATION

As an investment trust the Company pays no tax on capital gains. As the Company invests principally in UK equities, it has little overseas tax and the overseas tax charge is the result of withholding tax deducted at source. This note also clarifies the basis for the Company having no deferred tax asset or liability.

(a) Tax charge

	2025 £'000	2024 £'000
Overseas taxation	78	316

(b) Reconciliation of tax charge

	2025 £'000	2024 £'000
Return before taxation	85,526	132,021
Theoretical tax at the current UK Corporation Tax rate of 25% (2024: 25%)	21,382	33,005
Effects of:		
- Non-taxable UK dividends	(8,439)	(8,929)
- Non-taxable UK special dividends	(632)	(603)
- Non-taxable overseas dividends	(310)	(706)
- Non-taxable gains on investments	(13,424)	(24,773)
- Non-taxable (gains)/losses on foreign exchange	(6)	10
- Excess of allowable expenses over taxable income	1,424	1,993
- Disallowable expenses	5	3
- Overseas taxation	78	316
Tax charge for the year	78	316

(c) Deferred tax

Owing to the Company's status as an investment company, and the Directors' intention that it continues to meet the conditions required to maintain that approval in the foreseeable future, no deferred tax has been provided on any capital gains and losses arising on the revaluation or disposal of investments.

(d) Factors that may affect future tax changes

The Company has cumulative excess management expenses of £516,349,000 (2024: £510,654,000) that are available to offset future taxable revenue.

A deferred tax asset of £129,087,000 (2024: £127,664,000) at 25% (2024: 25%) has not been recognised in respect of these expenses since the Directors believe that there will be no taxable profits in the future against which the deferred tax assets can be offset.

7. RETURN PER ORDINARY SHARE

Return per share is the amount of gain generated for the financial year divided by the weighted average number of ordinary shares in issue.

The basic revenue, capital and total return per ordinary share is based on each of the returns/loss after taxation and on 148,041,467 (2024: 159,690,463) ordinary shares, being the weighted average number of ordinary shares in issue throughout the year.

8. DIVIDENDS ON ORDINARY SHARES

Dividends represent the distribution of income to shareholders. The Company pays four dividends a year - three interim and one final dividend.

	2025		2024	
	pence	£'000	pence	£'000
Dividends paid and recognised in the year:				
- third interim paid in respect of previous year	6.90	10,429	6.70	11,050
- final paid in respect of previous year	6.90	10,390	6.70	11,036
- first interim paid	6.90	10,153	6.70	10,622
- second interim paid	6.90	10,011	6.70	10,317
	27.60	40,983	26.80	43,025

	2025		2024	
	pence	£'000	pence	£'000
Dividends payable in respect of the year:				
- first interim	6.90	10,153	6.70	10,622
- second interim	6.90	10,011	6.70	10,317
- third interim	7.50	10,823	6.90	10,429
- proposed final	7.50	10,823	6.90	10,429
	28.80	41,810	27.20	41,797

The proposed final dividend is subject to approval by ordinary shareholders at the AGM.

9. INVESTMENTS HELD AT FAIR VALUE

The portfolio comprises investments which are principally listed on a regulated stock exchange or traded on AIM. A very small proportion of investments are valued by the Directors as they are unlisted.

Gains or losses are either:

- realised, usually arising when investments are sold; or

- unrealised, being the difference from cost on those investments still held at the year end.

(a) Analysis of investments by listing status

	2025	2024
	£'000	£'000

	£'000	£'000
Investments listed on a recognised investment exchange	1,230,888	1,206,563

(b) Analysis of investment gains:

	2025 £'000	2024 £'000
Opening book cost	976,923	1,040,163
Opening investment holding gains	229,640	186,486
Opening fair value	1,206,563	1,226,649
Movements in year:		
Purchases at cost	554,028	335,245
Sales - proceeds	(583,400)	(454,426)
Gains on investments in the year	53,697	99,095
Closing fair value	1,230,888	1,206,563
Closing book cost	1,097,403	976,923
Closing investment holding gains	133,485	229,640
Closing fair value	1,230,888	1,206,563

The Company received £583,400,000 (2024: £454,426,000) from investments sold in the year. The book cost of these investments when they were purchased was £433,548,000 (2024: £398,434,000) realising a gain of £149,852,000 (2024: £55,992,000). These investments have been revalued over time and until they were sold any unrealised profits/losses were included in the fair value of the investments.

The transaction costs included in gains on investments amount to £2,748,000 (2024: £1,642,000) on purchases and £272,000 (2024: £222,000) for sales.

10. DEBTORS

Debtors are amounts which are due to the Company, such as monies due from brokers for investments sold and income which has been earned (accrued) but not yet received.

	2025 £'000	2024 £'000
Amounts due from brokers	-	9,766
Overseas withholding tax recoverable	1,409	2,229
Income tax recoverable	56	28
Prepayments and accrued income	7,053	7,855
	8,518	19,878

11. OTHER PAYABLES

Creditors are amounts which must be paid by the Company and are split between those payable within 12 months of the balance sheet date and those payable after that time. The main creditors have historically been the long-term debt and bank borrowings. The other creditors include any amounts due to brokers for the purchase of investments, amounts owing on share buybacks awaiting settlement or amounts owed to suppliers (accruals) such as the Manager and auditors.

	2025 £'000	2024 £'000
Amounts due to brokers	-	5,914
Share buybacks awaiting settlement	-	1,098
Accruals and deferred income	693	696
	693	7,708

12. UNSECURED SENIOR LOAN NOTES

These creditors are amounts that must be paid, as shown by note 11, but are due more than one year after the balance sheet date.

	2025 £'000	2024 £'000
Unsecured Senior Loan Notes - 2.26% interest rate, maturity 30 September 2037	35,000	35,000
Unsecured Senior Loan Notes - 2.49% interest rate, maturity 30 September 2047	35,000	35,000
Unsecured Senior Loan Notes - 2.53% interest rate, maturity 30 September 2051	20,000	20,000
Unsecured Senior Loan Notes - 2.53% interest rate, maturity 30 September 2057	30,000	30,000
	120,000	120,000

The Unsecured Senior Loan Notes comprise four separate notes. As shown above, each has a fixed interest rate and contracted maturity date when the par value must be repaid. Interest is payable on a semi-annual basis, with equal amounts payable on each of 31 March and 30 September each year. These notes require the net tangible assets of the Company to remain not less than £300m and net borrowings to remain less than 35% of net assets. This requirement was met throughout the year.

13. CALLED UP SHARE CAPITAL

Share capital represents the total number of shares in issue, including treasury shares.

	2025 £'000	2024 £'000
Share capital:		
Ordinary shares of 25 pence each	36,080	37,873
Treasury shares of 25 pence each	12,837	11,044
	48,917	48,917

	2025	2024
Number of ordinary shares in issue:		

Brought forward	151,491,525	165,476,525
Shares bought back and held in treasury	(7,170,500)	(13,985,000)
Carried forward	144,321,025	151,491,525
Number of shares held in treasury:		
Brought forward	44,175,209	30,190,209
Shares bought back into treasury	7,170,500	13,985,000
Carried forward	51,345,709	44,175,209
Total ordinary shares	195,666,734	195,666,734

During the year the Company bought back into treasury 7,170,500 (2024: 13,985,000) ordinary shares at an average price of 747.03p (2024: 664.84p) (including costs).

Since the year end to 19 May 2025 (being the last practicable day prior to the publication of this report), 125,000 shares have been bought back into treasury. Note 1L explains the policy on the transaction costs related to the shares repurchased and held in treasury.

The Directors' Report sets out the Company's share capital structure, restrictions and voting rights.

14. RESERVES

This note explains the different reserves attributable to shareholders. The aggregate of the reserves and share capital (see previous note) make up total shareholders' funds.

The share premium comprises the net proceeds received by the Company following the issue of shares, after deduction of the nominal amount of 25 pence and any applicable issue costs. The capital redemption reserve maintains the equity share capital of the Company and arose from the nominal value of any shares bought back and cancelled; both are non-distributable.

The capital reserve includes the investment holding gains/(losses), being the difference between cost and market value at the balance sheet date. It also includes cumulative realised gains/(losses) and costs related to share buybacks. Capital investment gains and losses are shown in note 9(b) and form part of the capital reserve.

The revenue reserve and certain amounts of the capital reserve are distributable by way of dividend.

15. NET ASSET VALUE PER ORDINARY SHARE

The Company's total net assets (total assets less total liabilities) are often termed shareholders' funds and are converted into NAV per ordinary share by dividing by the number of shares in issue (excluding treasury shares).

NAV - debt at par value

The shareholders' funds in the balance sheet are accounted for in accordance with accounting standards.

	2025		2024	
	NAV per share pence	Shareholders' funds £'000	NAV per share pence	Shareholders' funds £'000
Shareholders' funds	780.17	1,125,946	749.25	1,135,047
NAV - debt at par	780.17	1,125,946	749.25	1,135,047

A reconciliation showing the NAV per share and Shareholders' funds using debt at fair value is shown in the Alternative Performance Measures.

16. RISK MANAGEMENT, FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise the Company's investment portfolio, derivative instruments (if any) as well as cash, and any borrowings, debtors and creditors. This note sets out the Company's financial instruments and the risks related to them.

Financial instruments

The Company's financial instruments mainly comprise its investment portfolio and Unsecured Senior Loan Notes as well as its cash, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. For the purpose of this note, 'cash' should be taken to comprise cash and cash equivalents as defined in note 1D. The accounting policies in note 1C include criteria for the recognition and the basis of measurement applied for financial instruments. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The main financial risks that the Company faces from its financial instruments are market risk, liquidity risk, and credit risk. These are set out below:

Market risk - arising from fluctuations in the fair value or future cash flows of a financial instrument because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk:

- **Currency risk** - arising from fluctuations in the fair value or future cash flows of a financial instrument because of changes in foreign exchange rates;
- **Interest rate risk** - arising from fluctuations in the fair value or future cash flows of a financial instrument because of changes in market interest rates; and
- **Other price risk** - arising from fluctuations in the fair value or future cash flows of a financial instrument for reasons other than changes in foreign exchange rates or market interest rates.

Liquidity risk - arising from any difficulty in meeting obligations associated with financial liabilities.

Credit risk - arising from financial loss for a company where the other party to a financial instrument fails to discharge an obligation.

Risk Management Policies and Procedures

The Directors have delegated to the Manager the responsibility for the day-to-day investment activities and management of gearing of the Company as more fully described in the Directors' Report.

management of gearing of the Company as more fully described in the Directors' Report.

The Company invests in equities and other investments for the long-term so as to fulfil its investment policy (incorporating the Company's investment objective). In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends. The associated risk management policies are summarised below and have remained substantially unchanged for the two years under review.

16.1 Market Risk

The Company's Manager assesses the Company's exposure when making each investment decision, and monitors the overall level of market risk for the whole of the investment portfolio on an ongoing basis. The Board has meetings in each calendar quarter to assess risk and review investment performance, as disclosed in the Board Responsibilities. Any borrowing to gear the investment portfolio is used to enhance returns but also increases the Company's exposure to market risk and volatility. The Company has the ability to gear using its £120 million Unsecured Senior Loan Notes.

16.1.1 Currency risk

The majority of the Company's assets and liabilities are denominated in sterling. There is some exposure to US dollar, Swiss franc and the Euro.

16.1.2 Inflation risk

The Company has no assets or liabilities that have direct inflation link properties.

Management of the currency risk

The Manager monitors the Company's direct exposure to foreign currencies on a daily basis and reports to the Board on a regular basis. Forward currency contracts can be used to reduce the Company's exposure to foreign currencies arising naturally from the Manager's choice of securities. All contracts are limited to currencies and amounts commensurate with the assets denominated in currencies. No Forward currency contracts were used during the year (2024: none).

Income denominated in foreign currencies is converted to sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

The Company may invest up to 20% of the portfolio in securities listed on non-UK stock exchanges. At the year end holdings of non-UK securities total £76.1 million (2024: £74.3 million) representing 6.2% (2024: 6.2%) of the portfolio.

Currency exposure

The fair values of the Company's monetary items that had a material currency exposure at 31 March are shown below. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2025				2024			
Currency exposure	**USD £'000**	**DKK £'000**	**CHF £'000**	**EUR £'000**	**USD £'000**	**DKK £'000**	**CHF £'000**	**EUR £'000**
Foreign currency exposure on net monetary items	869	38	988	384	2,730	38	2,183	584
Investments at fair value through profit or loss that are equities	55,389	-	-	20,701	40,666	-	21,373	12,254
Total net foreign currency exposure	56,258	38	988	21,085	43,396	38	23,556	12,838

The above may not be representative of the exposure to risk during the year, because the levels of foreign currency exposure may change significantly throughout the year.

Currency sensitivity

In respect of the Company's material direct foreign currency exposure to investments denominated in currencies, if sterling had weakened by 2.1% (2024: 1.7%) against the US dollar, 1.2% (2024: 1.4%) for the Swiss franc, 1.2% (2024: 1.0%) for the Euro, and for the Danish Krone, 1.2% (2024: 1.0%) during the year, the capital return and net assets of the Company would have increased for all currency exposures by £1.4 million (2024: £1.2 million). Conversely, if sterling had strengthened to the same extent for the currencies mentioned above, the capital return and net assets of the Company would have decreased by the same amount. The exchange rate variances noted above have been based on market volatility in the year, using the standard deviation of sterling's fluctuation to the applicable currency. This sensitivity takes no account of any impact on the market values of the Company's investments arising from the foreign currency mix of their respective revenues, expenses, assets and liabilities.

16.1.3 Interest rate risk

Interest rate movements will affect the level of income receivable on cash deposits and money market funds, and the interest payable on variable rate borrowings. When the Company has cash balances, they are held on variable rate bank accounts yielding rates of interest dependent on the base rate determined by the custodian, The Bank of New York Mellon (International) Limited.

The Company has Unsecured Senior Loan Notes of £120 million (2024: £120 million). The Unsecured Senior Loan Notes have a fixed interest rate which only exposes the Company to changes in market value in the event that the debt is repaid before maturity. Specifics of the Unsecured Senior Loan Notes are shown in Note 12. The details of their fair value and the affect on net asset value within the Net Asset Value (NAV) - Debt at Fair Value reconciliation within the Alternative Performance Measures.

The Company held no fixed income securities during the year (2024: no fixed income securities). As at 31 March 2025 no government bonds (2024: none) were recognised as a Cash and Cash Equivalent on the Balance Sheet.

Interest rate exposure

At 31 March the exposure of financial assets and financial liabilities to interest rate risk is shown by reference to:

- floating interest rates (giving cash flow interest rate risk) - when the interest rate is due to be re-set; and
- fixed interest rates (giving fair value interest rate risk) - when the financial instrument is due for repayment.

	2025				2024			
	Within one year £'000	Between one and five years £'000	After five years £'000	Total £'000	Within one year £'000	Between one and five years £'000	After five years £'000	Total £'000
Exposure to floating interest rates:								
Cash and cash equivalents	7,233	-	-	7,233	36,314	-	-	36,314
Unsecured Senior Loan Notes - debt at par value	-		(120,000)	(120,000)	-	-	(120,000)	(120,000)
Total exposure to interest rates	7,233	-	(120,000)	(112,767)	36,314	-	(120,000)	(83,686)

16.1.4 Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the equity investments, but it is the business of the Manager to manage the portfolio to achieve the best return that he can.

Management of the other price risk

The Directors manage the market price risks inherent in the investment portfolio by meeting regularly to monitor on a formal basis the Manager's compliance with the Company's stated objectives and policies, and to review investment performance.

The Company's portfolio is the result of the Manager's investment process and need not be highly correlated with the Company's benchmark or the market in which the Company invests. The value of the portfolio will not move in line with the market but will move as a result of the performance of the company shares within the portfolio.

If the value of the portfolio fell by 10% at the balance sheet date, the profit after tax for the year and the net assets of the Company would decrease by £123.1 million (2024: £120.7 million). Conversely, if the value of the portfolio rose by 10%, the profit after tax and the net assets of the Company would increase by the same amounts.

16.2 Liquidity risk

Liquidity risk is minimised as the majority of the Company's investments constitute a diversified portfolio of readily realisable securities which can be sold to meet funding commitments as necessary.

Liquidity risk exposure

The contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required, are as follows:

2025	Three months or less £'000	More than three months but less than one year £'000	More than one year £'000	Total £'000
Unsecured Senior Loan Notes - debt at par value	-	-	120,000	120,000
Interest on Unsecured Senior Loan Notes	-	2,928	64,645	67,573
Accruals and deferred income	693	-	-	693
	693	2,928	184,645	188,266

2024	Three months or less £'000	More than three months but less than one year £'000	More than one year £'000	Total £'000
Unsecured Senior Loan Notes - debt at par value	-	-	120,000	120,000
Interest on Unsecured Senior Loan Notes	-	2,928	67,573	70,501
Amounts due to brokers	5,914	-	-	5,914
Share buybacks awaiting settlement	1,098	-	-	1,098
Accruals and deferred income	696	-	-	696
	7,708	2,928	187,573	198,209

16.3 Credit risk

Credit risk encompasses the failure by counterparties to deliver securities which the Company has paid for, or to pay for securities which the Company has delivered, and cash balances. Counterparty risk is minimised by using only approved counterparties. The Company's ability to operate in the short-term may be adversely affected if the Company's custodian suffers insolvency or other financial difficulties. However, with the support of the depositary's restitution obligation the risk of outright credit loss on the investment portfolio is remote. The Board reviews the custodian's annual controls report and the Manager's management of the relationship with the custodian. Cash balances are limited to a maximum of 1% of net assets with any one deposit taker, with only approved deposit takers being used, and a maximum deposit of 6% of net assets in aggregate in liquidity funds with credit ratings of AAAm (or equivalent). These limits are at the discretion of the Board and are reviewed on a regular basis. The investment policy also allows for UK Government Treasuries to be held. Such holdings are recorded as cash equivalents if they meet the criteria set out in Note 1D.

16.4 Custody risk

All investment assets are held in custody by The Bank of New York Mellon (International) Limited in accounts segregated from the bank's own assets.

17. CLASSIFICATION UNDER FAIR VALUE HIERARCHY

The values of the financial assets and financial liabilities are carried either at their fair value (investments), or at a reasonable approximation of fair value (amounts due from brokers, dividends receivable, accrued income, amounts due to brokers, accruals and cash).

Fair Value Hierarchy Disclosures

All except two of the Company's portfolio of investments are in the Level 1 category as defined in FRS 102 as amended for fair value hierarchy disclosures (March 16). The three levels set out in this follow.

Level 1 - the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

The valuation techniques used by the Company are explained in the accounting policies note.

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets designated at fair value through profit or loss:				
Quoted investments:				
Equities and preference shares	1,230,888	-	-	1,230,888
Total for financial assets	1,230,888	-	-	1,230,888

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets designated at fair value through profit or loss:				
Quoted Investments:				
Equities	1,206,563	-	-	1,206,563
Total for financial assets	1,206,563	-	-	1,206,563

The book cost and fair value of Unsecured Senior Loan Notes, are as follows:

		2025		**2024**
	Book Value £'000	**Fair Value £'000**	**Book Value £'000**	**Fair Value £'000**
Unsecured Senior Loan Notes	120,000	66,611	120,000	73,461
	120,000	66,611	120,000	73,461

Incorporating the fair value of the Unsecured Senior Loan Notes, results in the increase of the net asset value per ordinary share to 817.16p (2024: 779.97p).

18. CAPITAL MANAGEMENT

The Company's total capital employed at 31 March 2025 was £1,245,946,000 (2024: £1,255,047,000) comprising borrowings of £120,000,000 (2024: £120,000,000) and equity share capital and other reserves of £1,125,946,000 (2024: £1,135,047,000).

The Company's total capital employed is managed to achieve the Company's objective and investment policy as set out in the annual report, including that borrowings may be used to provide gearing of the equity portfolio up to the maximum authorised by shareholders, currently 25% of net assets. Net gearing was 5.0% (2024: 3.1%) at the balance sheet date. The Company's policies and processes for managing capital were unchanged throughout the year and the preceding year.

The main risks to the Company's investments are shown in the Strategic Report under the 'Principal Risks and Uncertainties' section. These also explain that the Company is able to use borrowings to gear and that gearing will amplify the effect on equity of changes in the value of the portfolio.

The Board can also manage the capital structure directly since it has taken the powers, which it is seeking to renew, to issue and buyback shares and it also determines dividend payments.

The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by section 1158 Corporation Tax Act 2010 and by the Companies Act 2006, respectively. The Board regularly monitors, and has complied with, the externally imposed capital requirements. This is unchanged from the prior year. As detailed in note 11 and note 12, current borrowings comprise the Unsecured Senior Loan Notes.

19. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

There were no contingencies, guarantees or other financial commitments of the Company as at 31 March 2025 (2024: nil).

20. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH MANAGER

A related party is a company or individual who has direct or indirect control or who has significant influence over the Company. Under accounting standards, the Manager is not a related party.

Under UK GAAP, the Company has identified the Directors as related parties. The Directors' remuneration and interests have been disclosed in the annual report with additional disclosure in note 4. No other related parties have been identified.

Details of the Manager's services and fees are disclosed in the Directors' Report and in note 3.

Details of the manager's services and fees are disclosed in the Directors' Report and in note 3.

21. POST BALANCE SHEET EVENTS

There are no significant events after the end of the reporting period requiring disclosure.

FINANCIAL INFORMATION

This announcement does not constitute the Company's statutory accounts. The financial information is derived from the statutory accounts, which will be delivered to the registrar of companies and will be put forward for approval at the Company's Annual General Meeting. The auditors have reported on the accounts for the year ended 31 March 2024 and the year ended 31 March 2025, their reports were unqualified and did not include a statement under Section 498(2) or (3) of the Companies Act 2006.

The Annual Report for the year ended 31 March 2025 was approved on 20 May 2025.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 22 July 2025 at 11:00 a.m. at The Balmoral Hotel, Edinburgh, EH2 2EQ.

For further information contact:

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