

Thursday, 27 November 2025

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

**ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2025**

Schroder UK Mid Cap Fund plc announces its financial results for the year ended 30 September 2025.

- The Company's net asset value ("NAV") per share total return for the year to 30 September 2025 was 10.8%, ahead of the FTSE 250 ex Investment Trusts Total Return Index at 6.7%.
- Share price total return was 18.0%, reflecting a steady narrowing of the discount to NAV, driven by strong performance and strategic initiatives announced by the Board in March 2025.
- The strategic initiatives implemented during the year - including a management fee reduction, a continuation vote, and a buyback policy - are all designed to further strengthen the Company's investment proposition and deliver value for all shareholders.
- The Company has outperformed its Benchmark over 1, 3, and 10 years, in both NAV and share price terms.
- Outperformance over the year was driven by the portfolio's exposure to industrials and an increased overweight position in aerospace and defence.

Investor Presentation

The Company's Investment Manager is hosting an annual results presentation for investors on Tuesday, 13 January 2026 at 9.00 am. Investors can register for the event at: <https://www.schroders.events/SCPFY25>.

**Harry Morley, Chair of Schroder UK Mid Cap Fund plc commented:** *"These excellent results underscore the enduring strengths of the UK mid cap market and the benefits of a disciplined, high-conviction strategy led by experienced managers with a strong track record in stock selection."*

The Company's Annual Report and Financial Statements for the year ended 30 September 2025 are also being published in hard copy format and an electronic copy will shortly be available to download from the Company's website [www.schroders.com/ukmidcap](http://www.schroders.com/ukmidcap).

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**Annual Report and Financial Statements for the year ended 30 September 2025**

**Chair's Statement**

This is my first Annual Report as Chair of the Company, having succeeded Robert Talbut following the Company's Annual General Meeting ("AGM") on 24 February 2025. On behalf of the Board, I would like to thank Robert for his valuable contribution to the Company during his nine-year tenure. I would also like to welcome Richard Curling, who joined the Board as an independent non-executive Director immediately following the AGM.

**INVESTMENT AND SHARE PRICE PERFORMANCE**

I am delighted that during the year to 30 September 2025 our Investment Manager has delivered a NAV total return of 10.8%, outperforming the Benchmark (FTSE 250 ex Investment Trust Index) by 4.1%, which itself was up by 6.7%. The share price also rose by 18.0%, reflecting a narrowing of the discount to NAV and a positive response to the strategic initiatives announced by the Board in March, which are covered in more detail below. The Company has therefore outperformed its Benchmark over the last one, three, and ten years, both in terms of NAV and share price.

These excellent results underscore the enduring strengths of the UK mid cap market and the benefits of a disciplined, high-conviction strategy led by experienced managers with a strong track record in stock selection. Your Investment Manager's strategy continues to focus on long-term growth companies. The Board remains confident that our emphasis on resilient, cash generative businesses, positions the portfolio well for long-term shareholder value creation.

**STRATEGIC INITIATIVES**

In March, your Board announced a number of strategic initiatives designed to further strengthen the Company's investment proposition and deliver value for all of the Company's shareholders.

**Management fee reduction**

The Board agreed a management fee reduction with Schroder Unit Trusts Limited. The previous management fees were (1) 0.65% per annum on net assets plus short term borrowings, less cash up to £250 million and; (2) 0.60% per annum of any such amount in excess of £250 million. With effect from 1 April 2025, the reduced management fee has been calculated based on the lower of (1) 0.60% per annum of market capitalisation; or (2) the net asset value-based fee arrangement.

#### **Continuation vote**

The Board introduced a continuation vote to be proposed at the 2028 AGM, and, if passed, every three years thereafter to ensure that the Company remains relevant to its shareholders and in-line with best corporate governance practice. The continuation vote will be proposed as an ordinary resolution requiring a simple majority of those voting to be passed.

#### **Buyback policy**

The Board has used its authority to buy back shares more actively to inhibit a wide discount to NAV from developing in the Company's shares in the future. The Company's authority to repurchase up to 14.99% of its issued share capital (being 5,183,720 ordinary shares) was refreshed at the AGM held on 24 February 2025. The Board will continue to monitor the discount closely and will take appropriate action as required.

#### **DIVIDENDS**

In June 2025, the Board announced an increased interim dividend of 6.3 pence per share, representing a 5% increase on the prior year's interim dividend. We have declared a final dividend of 16.1 pence per share for the year ended 30 September 2025.

Together, the proposed final dividend and the interim dividend already paid bring total dividends for the year to 22.4 pence per share. This amount is covered by current year earnings and represents a 4.2% increase on the previous year. Based on a share price of 666 pence as at 25 November 2025, this equates to a yield of 3.4%. While it is not an objective of the Company for its dividends to grow in excess of the Consumer Price Index, the Board notes that this has been the case over the last one, three, five, and ten years.

A resolution to approve the payment of the final dividend will be proposed at the forthcoming AGM. Subject to shareholder approval, the dividend will be paid on 27 February 2026 to shareholders on the register as at 30 January 2026.

#### **GEARING**

At year end, net gearing stood at 4.8% (2024: 9.5%), with £17 million drawn from the Company's Revolving Credit Facility. The ability to deploy gearing is a distinctive advantage of the investment trust structure. The Board expects the Investment Manager to continue using gearing proactively to enhance long-term returns and to capitalise on new investment opportunities as they arise.

#### **DISCOUNT MANAGEMENT**

The discount to NAV moved from 12.3% at the previous year end to 7.0% this year end. During the year the Board exercised its buy-back authority to acquire 269,000 shares into treasury. Since the year end a further 406,500 shares have been bought back. The Board believes that a variety of reasons have contributed to this reduction in the discount, including the positive trading performance and the strategic initiatives announced earlier this year. The Board remains vigilant in monitoring the discount and will continue to utilise share buy-backs to inhibit a wide discount to NAV from developing.

#### **MARKETING INITIATIVES**

The Company continues to broaden its reach and deepen engagement with existing and prospective investors, across both retail and professional audiences. This includes media engagement, helping to raise awareness of the Company's strategy, and positioning. In addition, a diverse range of content - including podcasts, video interviews, live events, and written articles - have been delivered across key digital platforms such as Boring Money, AssetTV, This is Money (Daily Mail), and Kepler Trust Intelligence. These initiatives aim to deepen investor understanding and provide valuable insights into the Company's investment universe. Another ongoing initiative in this regard is the Mid-250 podcast, hosted by Jean Roche, your Investment Manager. Now in its third year, the podcast has featured CEOs from across the FTSE 250 and showcases the diversity and performance of the UK mid cap market. Investors can listen to the podcast here:

<https://www.schroders.com/en-gb/uk/individual/insights/mid-250-podcast/>.

#### **BOARD CHANGES AND SUCCESSION**

During the year, we were pleased to welcome Richard Curling to the Board as a non-executive Director and Chair of the Remuneration Committee. Richard's wealth of experience and insight will be of great value to the Board and our shareholders.

#### **AGM**

Your Company's next AGM will be held at 12.00pm on Wednesday, 25 February 2026 at 1 London Wall Place, London, EC2Y 5AU.

Your Board hopes that as many shareholders as possible will attend the AGM. It provides a great opportunity for shareholders to meet your Investment Manager, Jean Roche, and the Company's Directors, and for us to meet you and to hear your views. We very much hope to see you at 1 London Wall Place on 25 February 2026. Everyone who is there will have the opportunity to hear a presentation from Jean Roche and then to ask her questions, and light refreshments will be served. All voting will be conducted by poll. Shareholders are encouraged to register their vote with your Company's registrar, either online or via paper proxy forms, and to appoint the Chair of the meeting as their proxy. Even if you are unable to attend the AGM in person, you are still able to have your say by submitting your vote in advance. Further details on voting procedures can be found in the Notice of Meeting on page 79 of the Annual Report and Financial Statements. Any questions for your Board may be submitted by email to [amcompanysecretary@schroders.com](mailto:amcompanysecretary@schroders.com) prior to the AGM.

#### **RESULTS WEBINAR**

Shareholders are invited to join your Investment Manager, Jean Roche, for a webinar reporting on the year ended 30 September 2025 and to discuss the outlook for your Company's portfolio. The presentation will be followed by a live Q&A session.

The webinar will take place at 9.00 am on Tuesday, 13 January 2026. Registration is available at <https://www.schroders.events/SCPFY25>.

#### **SHAREHOLDER COMMUNICATION AND ENGAGEMENT**

The Board is committed to exercising the highest standard of corporate governance and accordingly, regularly considers the views of its shareholders, offering to meet with major shareholders annually. We also seek to engage with all shareholders where possible and should you wish to contact me, you can do so via the Company Secretary whose details are set out on page 86 of the Annual Report and Financial Statements. For ongoing updates about your Company, shareholders are invited to sign up to the Manager's investment trusts update, available at <https://schro.link/scs> subscriber.

## OUTLOOK

Looking ahead, the Board remains confident in the long-term opportunity presented by UK mid caps. This part of the market continues to offer a compelling blend of structural growth potential, corporate resilience and valuation support. The broader environment remains complex with the global economy facing geopolitical tensions and the ever-present threat of tariffs. At the time of writing this report, the Chancellor has just announced the Autumn Budget. The Board remains confident in the long-term prospects for the UK market and invites shareholders to read more about the market outlook in the Investment Manager's Review. However, the Board believes that the portfolio is well-positioned to navigate these challenges. The Investment Manager's selective, research-driven approach and proven stock selection capabilities should help the Company to continue to deliver attractive returns for shareholders over time.

**Harry Morley**  
Chair

26 November 2025

## Investment Manager's Review

The Company's return for the 12 months to 30 September 2025 was 10.8%, compared to 6.7% from the FTSE 250 ex Investment Trusts Total Return Index. The share price total return was 18.0%, reflecting a steady narrowing of the discount to NAV, driven by both performance and strategic initiatives announced by the Board in March 2025.

## MARKET BACKGROUND

UK equities rose over the period, despite bouts of volatility linked to rising geopolitical risks and renewed trade tensions. As outlined in our interim report, the first half saw UK mid cap equities deliver a negative return and underperform their larger counterparts. The second half opened with a sharp and globally co-ordinated sell-off, as fears of a trade-related recession took hold following President Trump's 'Liberation Day' tariff announcements. Markets subsequently recovered strongly as these concerns subsided, with many regional equity indices ending the period at or near to all-time highs, the UK included.

Large caps outperformed mid caps over the period, although the difference narrowed in the second half. Over the twelve months, the FTSE 100 delivered a total return of 17.5%, more than double the 6.7% return from the FTSE 250 (source: Morningstar on a total return basis in UK sterling). This came despite reported earnings growth from larger, international-facing companies being held back in sterling terms by a weaker dollar. The result has been a widening valuation gap between large and mid caps. For example, mid caps now yield roughly 1.0% more than large caps - this is very unusual and highlights the relative value available further down the market spectrum. It's interesting to note, also, that mid cap dividends grew at a faster pace than large cap dividends during calendar Q3 (July-September 2025), a trend that we have not seen for some time.

The UK economy posted modest growth over the period, a performance that compared favourably with most of its developed market peers. Hopes of further interest rate cuts diminished as the year progressed, which may help to explain the more subdued performance of mid and small caps. Nevertheless, there are growing signs that global investors are waking up to the opportunity that exists in UK equities. While large caps have benefited most so far, closing some of the valuation gap between UK and international peers, UK mid and small caps potentially stand to gain more over time, given their, still marked, relative valuation appeal.

## PORTFOLIO PERFORMANCE

The portfolio posted a positive return during the period under review, outperforming its Benchmark Index by 4.1%, with both stock selection and sector allocation contributing positively.

The portfolio's exposure to industrials was the standout contributor to performance. Our increased overweight to aerospace and defence proved particularly beneficial. We view this sector as providing exposure to advanced technology and innovation, but with less valuation risk than many technology sub-sectors. It is also an area in which the UK continues to punch above its weight. Until relatively recently, few investors shared this view, but the sector has become increasingly favoured over the past 18 months amid heightened geopolitical tensions and a growing recognition that European nations must raise defence spending and reduce reliance on the US. The sector's attractions also include excellent earnings visibility, supported by long-term contracts and deep relationships with its government customers.

In terms of stock specifics, all three of our positions in the sector performed well. **Chemring** was the portfolio's strongest contributor, with a strengthening order book underpinning continued earnings momentum. In recent years, steady operational delivery has helped shift perceptions of the company from a cyclical munitions supplier to a technology-focused defence business with durable growth prospects. That progress attracted private equity interest during the period, contributing to a further re-rating of the shares.

Meanwhile, **Babcock International** also performed well. A period of contractual issues and rising debt concerns saw the company drop into the FTSE 250 in 2021. Since then, it has been reshaped under new management, resulting in a stronger balance sheet, improved margins and a growing order book. Alongside improving sector sentiment, this continued progress helped drive a higher share price during the period. Elsewhere, defence services and technology business **QinetiQ** also contributed positively.

Following this period of outperformance from aerospace and defence, we have maintained an overweight exposure to the sector, albeit at a more modest level. Babcock's continued recovery has led to its re-entry into the FTSE 100 index, so that position was sold towards the end of the period, in line with our philosophy.

Merger and acquisition ("M&A") activity continued in the year, with the portfolio particularly benefiting from two agreed bids. **Spectris**, a provider of precision measurement instruments and software, was the subject of a two-way bidding war between private equity groups before agreeing to KKR's offer, which valued it at close to a 100% premium to its share price prior to the first bid. Meanwhile, **Just Group**, the UK retirement-income specialist, agreed to a takeover by Canadian investment giant, Brookfield Wealth Solutions, at a premium of 75% to its undisturbed share price.

By contrast, our holding in **4imprint** detracted from performance during the year. The direct marketing and promotional

products group, which has been a long-term winner for the portfolio, faced a tougher backdrop as uncertainty around the US economy, tariff policy and currency movements weighed on sentiment. While these factors led to some moderation in earnings growth forecasts, much of the share price decline reflected a meaningful de-rating. With a strong balance sheet and a consistent record of delivery, the company remains well placed for long-term growth. We have therefore maintained the position.

**Trustpilot**, the online reviews platform connecting consumers with businesses, also detracted from performance. After a very strong 2024, the shares have come under pressure this year despite solid underlying trading, with good customer retention, improving margins and progress in developing relationships with large "enterprise" companies and new revenue streams. The company remains cash-positive and continues to repurchase shares, and we have maintained the holding in the portfolio.

#### Stocks held - significant positive and negative contributions versus the benchmark

|                       | Portfolio weight <sup>1</sup><br>(%) | Weight relative to index<br>(%) | Relative performance <sup>2</sup><br>(%) | Impact <sup>3</sup><br>(%) |
|-----------------------|--------------------------------------|---------------------------------|--|----------------------------|
| Positive contributor  |                                      |                                 |  |                            |
| Chemring Group        | 3.1                                  | +2.5                            | +56.6                                    | +1.6                       |
| Spectris              | 3.2                                  | +1.8                            | +49.1                                    | +1.4                       |
| Babcock International | 1.8                                  | +1.2                            | +45.6                                    | +1.3                       |
| Just Group            | 3.4                                  | +2.7                            | +48.1                                    | +1.3                       |
| Games Workshop        | 2.3                                  | +1.8                            | +15.1                                    | +1.0                       |

|                      | Portfolio weight <sup>1</sup><br>(%) | Weight relative to index<br>(%) | Relative performance <sup>2</sup><br>(%) | Impact <sup>3</sup><br>(%) |
|----------------------|--------------------------------------|---------------------------------|--|----------------------------|
| Negative contributor |                                      |                                 |  |                            |
| 4Imprint Group       | 2.2                                  | +1.7                            | -33.9                                    | -0.7                       |
| Trustpilot Group     | 0.9                                  | +0.5                            | -6.5                                     | -0.5                       |
| Ibstock Group        | 0.8                                  | +0.5                            | -30.0                                    | -0.5                       |
| Future               | 0.9                                  | +0.5                            | -41.7                                    | -0.5                       |
| Johnson Matthey      | 0.8                                  | -0.5                            | +32.0                                    | -0.5                       |

Source: Schroders, Aladdin, close 30 September 2024 to close 30 September 2025.

1 Weights are averages.

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

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

In terms of stocks not held in the portfolio, the two UK-listed but Georgian-based banks, Lion Finance (formerly Bank of Georgia) and TBC Bank, detracted from performance. Both businesses have seen significant share price appreciation in recent months, which has been challenging in a relative sense. However, we prefer to gain our financials exposure through other companies with less geopolitical risk exposure.

Elsewhere in the sector, not owning the insurance group **Direct Line**, which was another bid target during the period, detracted from performance. This was also the case for mono brand luxury goods company **Burberry**, whose shares benefited from the market's enthusiasm for the new management team's turnaround strategy.

These negatives were largely offset by not owning consumer-facing companies such as Greggs, Ocado and B&M European Value. We have been highly selective in our consumer exposure, preferring businesses such as **Currys** and **Dunelm**, where we prefer the sub sector exposures (electricals and homewares, which are highly fragmented) and the associated customer demographics.

#### Stocks not held - significant positive and negative contributions versus the benchmark

|                      | Portfolio weight <sup>1</sup><br>(%) | Weight relative to index<br>(%) | Relative performance <sup>2</sup><br>(%) | Impact <sup>3</sup><br>(%) |
|----------------------|--------------------------------------|---------------------------------|--|----------------------------|
| Positive contributor |                                      |                                 |  |                            |
| Greggs               | -                                    | -1.0                            | -53.3                                    | +0.8                       |
| RS Group             | -                                    | -1.4                            | -33.9                                    | +0.6                       |
| Ocado Group          | -                                    | -0.9                            | -48.2                                    | +0.5                       |
| B&M European Value   | -                                    | -1.0                            | -28.3                                    | +0.5                       |
| Tate & Lyle          | -                                    | -1.1                            | -38.6                                    | +0.5                       |

|                      | Portfolio weight <sup>1</sup><br>(%) | Weight relative to index<br>(%) | Relative performance <sup>2</sup><br>(%) | Impact <sup>3</sup><br>(%) |
|----------------------|--------------------------------------|---------------------------------|--|----------------------------|
| Negative contributor |                                      |                                 |  |                            |
| Burberry             | -                                    | -1.7                            | +54.7                                    | -0.7                       |
| Direct Line          | -                                    | -1.2                            | +59.1                                    | -0.7                       |
| Lion Finance Group   | -                                    | -1.0                            | +110.1                                   | -0.7                       |
| Balfour Beatty       | -                                    | -1.2                            | +47.5                                    | -0.5                       |
| Carnival             | -                                    | -1.2                            | +56.7                                    | -0.5                       |

Source: Schroders, Aladdin, close 30 September 2024 to close 30 September 2025.

1 Weights are averages.

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

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

#### PORTFOLIO ACTIVITY

In terms of portfolio activity, several new positions were added during the year under review. Among these were the industrial businesses **Hill & Smith**, a manufacturer of infrastructure products such as road safety barriers and bridge components, which has significant exposure to the US, and **Kier**, which provides construction and infrastructure services across building, transport and utilities projects in the UK. Regular readers of these reports will know that we group holdings into two broad

categories: 'unique' stocks, which are high-conviction positions in companies with distinct and enduring competitive strengths, and 'flex' stocks, which are positioned to benefit from change such as a new management strategy or a cyclical upswing. Hill & Smith and Kier are both classified as 'flex' holdings, though for different reasons: Kier is exposed to what could be a 'golden age' for UK construction amid an acute shortage of capacity and strong pent-up demand, while Hill & Smith offers more diversified exposure to global infrastructure investment and safety markets.

Within consumer discretionary, we added a holding in **Fraser's Group**, whose portfolio spans sports retail, premium fashion and luxury brands. Consumer-facing stocks remain out of favour, weighing on valuations and creating selective opportunities. While there are early signs of improvement in parts of the premium and luxury goods market, Fraser's also offers growth potential through plans to expand its Sports Direct brand in Australia, New Zealand and the Gulf region.

We also started a new position in digital technology business **Kainos** following the return of its former CEO, Brendan Mooney, after a difficult period for the company. Kainos enjoyed strong growth under Mooney's leadership from 2001 to 2023, expanding from a small Belfast based IT services provider into a leading digital transformation and software consultancy with a unique partnership with the US software giant Workday. With Mooney reinstated, we have seen early positive results.

In terms of disposals, we sold **WH Smith** in April, following the disposal of its high street business at a disappointing price. The business is now focused on travel retail, but our preference in this area is for international airport and railway station food and beverage operator **SSP Group**, which operates stores for M&S for example in UK railway stations, and owns brands such as Upper Crust, as well as operating international foodservice brands in international airports. The core business is trading at very attractive levels (under 2.0x Enterprise value to EBITDA)<sup>1</sup>, based on the market cap (£1.5bn) of its recently floated Indian joint venture TFS.

<sup>1</sup>Enterprise value to EBITDA divides a company's enterprise value by its earnings before interest, taxes, depreciation, and amortization. This metric is useful for comparing the value of different companies by providing a snapshot of a company's value relative to its operating profitability.

Elsewhere, we exited several other positions, including **Oxford Instruments**, a manufacturer of scientific instruments and systems for the research sector, following a change of management, gas explorer and producer **Energean**, following a strong run and rising geopolitical risk, and **Babcock International**, following its readmission to the FTSE 100.

## OUTLOOK

At the time of writing, the UK is preparing for its Autumn Budget against a backdrop of rising fiscal pressure. While budget deficits and changing political dynamics are not unique to the UK, the scale of the domestic fiscal challenge is significant. The government faces a difficult balancing act: delivering a more sustainable budget position while also supporting economic growth. With bond markets increasingly attuned to fiscal credibility, there is limited room for missteps. Meanwhile, discretionary spending remains fragile, with subdued real income growth and patchy consumer confidence. Sterling strength has added further complexity for internationally exposed businesses, while domestically focused companies continue to navigate uneven demand.

Green shoots we could point to include better than expected September retail sales, the fact that GDP growth estimates, while anaemic, have been steadily revised upwards over the last six months back to March 2025 levels (see graph below), and the October release of September's steady inflation numbers, which came as a surprise to the market and resulted in a small UK mid cap rally. Market moves such as this are a reminder of how little it would take to see this oversold part of the market begin to significantly outperform, before anticipating any changes the government might make as part of the Autumn statement, for example to ISAs or pension rules, to encourage buying of shares in UK listed companies. We have even seen a handful of UK IPOs post the Company's financial year end, after a very fallow period. Finally, earnings momentum has turned mildly positive.

Overseas investors are beginning to wake up to the opportunity in UK equities. Global asset allocators, private equity buyers and industry consolidators have been particularly active, drawn by relatively low valuations for high-quality assets. In contrast, domestic investors have continued to be marked net sellers of UK assets. Returns from large cap UK equities have already started to improve over the last 1-2 years, and, in particular, year-to-date, despite this domestic exodus. Therefore, even a modest shift in sentiment among UK investors could prove powerful.

Perhaps this is why 2024's wave of M&A activity - 10% of the Mid 250 by value was acquired in 2024 - has only gathered pace during 2025. This underscores not just the low valuation of many UK companies, but the attraction of their business models to potential acquirers. The Investment Manager would therefore like to remind readers that the UK is still punching above its weight in terms of multi-baggers relative to the US. Indeed, we have had the great pleasure of interviewing several mid cap CEOs for our UK Mid 250 multi-bagger podcast. Most recently we met Telecom Plus CEO Stuart Burnett, who talked to us about how this bundled utility provider became a multi-bagger, outperforming the world's favourite large cap tech and tech-adjacent stocks, Magnificent Seven, over the four years from July 2021 to July 2025.

UK mid caps remain fertile ground for specialist, active investors. This part of the market represents a "growth sweet spot", with companies that are both mature enough to offer resilience and yet nimble enough to deliver premium rates of growth. The FTSE 250 Index is constantly refreshed through takeovers, promotions and relegations, and, in certain market conditions, initial public offerings ("IPOs"). This creates a dynamic and evolving opportunity set. Meanwhile, there is a better balance to the sector mix than for large caps, with less concentration risk, and a wealth of companies operating in high growth niches. Collectively, around half of mid cap revenues come from the UK economy, with the other half stemming from overseas - this also provides better balance than among large caps which are much more internationally focused and macro driven, and it means we can flex domestic exposure up or down as the investment environment evolves.

All of this has led to the FTSE 250 Index delivering long-term outperformance over the FTSE 100 Index. Indeed, the FTSE 250 Index has also outperformed most other major stock market indices, delivering a return that even outpaces the mighty S&P 500 Index so far this century in local currency terms.

In this environment, selectivity remains critical. Our approach is rooted in detailed company-level analysis, with a focus on balance sheet strength, pricing power and management quality. We continue to favour businesses that are well positioned to withstand external pressures and deliver through the cycle. The portfolio remains tilted towards companies with valuation support, low financial leverage and strong cash generation - offering the potential to participate in long-term growth, while providing meaningful downside protection in a more uncertain environment.

## Schroder Investment Management Limited

26 November 2025

Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

This information is not an offer, solicitation or recommendation to buy or sell any financial instrument or to adopt any investment strategy.

For help in understanding any terms used, please visit <https://www.schroders.com/en/insights/invest-iq/investiq/education-hub/glossary>

### Risk Report

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

#### RISK ASSESSMENT AND INTERNAL CONTROLS REVIEW BY THE BOARD

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit and Risk Committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition.

Although the Board believes that it has a robust framework of internal controls in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

Both the principal risks and uncertainties and the monitoring system are also subject to robust review at least annually. The last assessment took place in November 2025.

During the year, the Board discussed and monitored a number of risks that could potentially impact the Company's ability to meet its strategic objectives. The Board receives updates from the Investment Manager, Company Secretary, and other service providers on emerging risks that could affect the Company. The Board was mindful of the evolving global environment during the year; and the risks posed by volatile markets, and inflation and corresponding interest levels which could affect the asset class. However, these are not factors which explicitly impacted the Company's performance. These risks are seen as exacerbating existing risks and have been incorporated in the macro factors, including the geopolitical/economic environment and climate change risk section in the table on the following pages.

The Board considered in detail whether there were any material emerging risks and has included the development of artificial intelligence as emerging risk.

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

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

| Risk   | Mitigation and management   | Change |
|--|---|--------|
| <b>Strategy</b>  |   |        |
| <b>Market and Economic</b>   |   |        |
| Changing economic, monetary, and market conditions, leading to a significant fall in equity markets, could adversely impact the value of the Company's underlying investments. The use of gearing (borrowing) can amplify both gains and losses.                             | The Board, in conjunction with the Manager, considers changes in economic and monetary conditions and market valuations relative to history and other assets.<br><br>The Board reviews the use (and cost and availability) of gearing, with strict restrictions on borrowing imposed so as not to exceed 25% of total assets.   | ↑      |
| <b>Political and Policy</b>  |   |        |
| Political risks, such as diplomatic tensions, trade wars, and military conflict, and changes in UK public policy, could impact the Company's strategy, objectives, and performance.  | The Board receives regular updates of political/policy risks from the Manager, and considers relevant issues and UK public policy changes, to the extent that they apply to the Company.  | ↑      |
| <b>Company Objective</b>   |   |        |
| Risk that the Company's investment objective, key performance indicators, marketing strategy, and cost base are not aligned with shareholders' objectives, resulting in the Company being unattractive to investors and a wide discount in the share price to NAV per share. | The Board continually monitors the Company's success in meeting its stated objectives and periodically reviews the appropriateness of the Company's investment remit.<br><br>During the year, the Board introduced strategic initiatives to strengthen and align the Company's objectives with the interests of shareholders.<br><br>The Manager's and Corporate Broker's marketing and distribution activities are reviewed at each meeting. | ↔      |



|   |   |   |
|---|---|---|
|   | <p>Share price discount to NAV per share and liquidity are monitored daily by the Board, and the use of buyback authorities is regularly reviewed.</p> <p>Service provider fees are subject to periodic benchmarking to ensure competitiveness.</p> <p>Annual consideration of the management fee is undertaken by the MEC.</p> <p>The cost and use of gearing is continually monitored with strict restrictions on borrowing imposed.</p>  |   |
| <p><b>Investment</b></p> <p><b>Investment Performance</b></p> <p>Investment performance may underperform the Company's investment objective, the market, and/or the peer group.</p>   | <p>The Board reviews the Manager's compliance with agreed investment restrictions and guidelines, the portfolio's risk profile, portfolio activity, performance against investment objectives, strategy and peers; and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in markets.</p> <p>The Board routinely evaluates thematic and factor risks, stock selection, performance attribution, and considers ESG issues and the impact of gearing and buybacks on performance.</p> | ↔ |
| <p><b>Shareholder Register and Engagement</b></p> <p>The Company is unable to communicate directly with shareholders, who hold shares via platforms, or encourage them to vote at general meetings. If these shareholders do not vote, results may represent the view of a small number of shareholders, and any decisions reached may not reflect the views of, or be in the best interests of, the majority of the Company's shareholders.</p>  | <p>The Board and Manager regularly consider shareholders' views and look to implement initiatives that benefit all shareholders.</p> <p>Through general communications in Company documents, the Board seeks to encourage voting and identify ways of assisting shareholders to vote through platforms, for example, by referring shareholders to guidance made available by the Association of Investment Companies.</p>   | ↑ |
| <p><b>Operational</b></p> <p><b>Third Party Service Providers</b></p> <p>The Company relies on external service providers for key functions. Risks include control failures, poor performance, and business disruption.</p>   | <p>The Board agrees contractual arrangements with service providers and reviews annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls.</p> <p>All Board members may attend the Manager's Internal Controls Day to meet directly with third-party service providers.</p>   | ↔ |
| <p><b>Cyber Security</b></p> <p>The Company's operational structure means all cyber risk arises at its third-party service providers. Cyber-attacks could lead to operational disruption and the misplacement or loss of assets, personal and confidential information.</p>   | <p>The Board receives updates from the Manager's internal cyber security team covering the cyber security framework, staff resources and training, security system testing and any issues of concern.</p> <p>Cyber-security is monitored as part of the annual review of the internal controls of its service providers.</p>  | ↔ |
| <p><b>Key Personnel and Succession</b></p> <p>Loss of the Investment Manager or other key personnel could negatively impact investor sentiment and widen the discount to NAV.</p>   | <p>The Board considers the Manager's key man risk and succession plans and requests the Manager to confirm succession planning arrangements as part of the annual evaluation of the Manager by the Management Engagement Committee ("MEC").</p>   | ↔ |
| <p><b>Regulatory</b></p> <p><b>Regulatory, Legal, and Tax Compliance</b></p> <p>Failure to comply with UK Listing Rules, Companies Act, investment trust tax status (section 1158 of the Corporation Tax Act 2010), or maintain proper accounting records could have adverse consequences.</p>  | <p>The Board monitors compliance through reports from the Manager and other service providers.</p> <p>The Board reviews financial information at each board meeting and receives regular presentations by the Manager's Risk and internal audit function.</p>   | ↔ |
| <p><b>Financial Reporting and Information</b></p> <p>Errors or irregularities in published information (e.g., NAVs, reports) may occur, especially during transitions between service providers.</p>  | <p>Errors or omissions by the Manager or other service providers are brought to the attention of the Board as soon as they are identified.</p> <p>Risks arising from the transition between service providers were mitigated by dual-running and testing of systems prior to handover, and regular communications with the Board.</p> <p>Half Year and Annual Reports are subject to intensive review by the Audit and Risk Committee and the Board.</p>  | ↔ |
| <p><b>Emerging risks</b></p> <p><b>Artificial Intelligence ("AI")</b></p> <p>The development of AI presents potential risks and opportunities to businesses in almost every sector. The Board acknowledges that the risks associated with AI are challenging to quantify at this stage; however, AI is regarded as an emerging risk, particularly given its potential to distort asset valuations. The Board, together with the Manager and Investment Manager, will continue to monitor developments in this area.</p> |   |   |

## CONCLUSION

### VIABILITY STATEMENT

The Directors have assessed the viability of the Company over a five year period, taking into account the Company's position as at 30 September 2025 and the potential impact of the principal and emerging risks and uncertainties it faces for the

as at 30 September 2025 and the potential impact of the principal and emerging risks and uncertainties it faces for the review period. The Directors have assessed the Company's operational resilience and they are satisfied that the Company's outsourced service providers will continue to operate effectively.

A period of five years has been chosen as the Board believes that this reflects a suitable time horizon for strategic planning, taking into account the investment policy, liquidity of investments, potential impact of economic cycles, nature of operating costs, dividends and availability of funding. This time period also reflects the average holding period of an investment.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed on pages 32 and 33 of the Annual Report and Financial Statements and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio. The Directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary.

The Directors have also considered a stress test which represents a severe but plausible scenario along with movement in foreign exchange rates. This scenario assumes a severe stock market collapse and/or exchange rate movements at the beginning of the five year period, resulting in a 50% fall in the value of the Company's investments and investment income and no subsequent recovery in either prices or income in the following five years. It is assumed that the Company continues to pay an annual dividend in line with current levels and that the borrowing facility is repaid through the proceeds of equity sales.

The Company's investments comprise highly liquid, large, listed companies and so its assets are readily realisable securities and could be sold to meet funding requirements or the repayment of the gearing facility should the need arise. There is no expectation that the nature of the investments held within the portfolio will be materially different in the future.

The Company's loan facility is due to expire in February 2026. If acceptable terms are available from the existing lenders, or any alternative, the Company would expect to continue to access an equivalent facility. However, should these terms not be forthcoming, the outstanding borrowing attributable to this facility would be repaid through the proceeds of equity sales.

The operating costs of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position. Furthermore, the Company has no employees and consequently no redundancy or other employment related liabilities.

The Board reviews the performance of the Company's service providers regularly, including the Manager, along with internal controls reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. The Board also considers the business continuity arrangements of the Company's key service providers.

The Board monitors the portfolio risk profile, limits imposed on gearing, counterparty exposure, liquidity risk and financial controls at its quarterly meetings.

Although there continue to be regulatory changes which could increase costs or impact revenue, the Directors do not believe that this would be sufficient to affect its viability.

It is not intended that the Company should have a limited life but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. As such, the Board has introduced a continuation vote to be proposed at the AGM to be held in 2028, and, if passed, every three years thereafter to ensure that the Company remains relevant to its shareholders and in-line with best corporate governance practice. The continuation vote will be proposed as an ordinary resolution requiring a simple majority of those voting to be passed. If any continuation vote is not passed, the Directors will put forward proposals for the reconstruction or winding-up of the Company to shareholders for their approval within six months following the date on which the continuation vote is not passed. In concluding on the viability, the Directors have made the assumption that shareholders will vote to continue the Company.

The Board has assumed that the business model of a closed ended investment company, as well as the Company's investment objective, will continue to be attractive to investors. The Directors also considered the beneficial tax treatment the Company is eligible for as an investment trust. If changes to these taxation arrangements were to be made it would affect the viability of the Company to act as an effective investment vehicle.

Based on the above the Directors have concluded that there is 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 their assessment.

#### **GOING CONCERN**

The Directors have assessed the principal risks, the impact of any emerging risks and uncertainties and the matters referred to in the viability statement. Based on the work the Directors have performed, they have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from the date the financial statements were authorised for issue.

#### **BY ORDER OF THE BOARD**

**Harry Morley**  
Chair

26 November 2025

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS**

##### **DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice



(United Kingdom Accounting Standards, comprising Financial Reporting Standard ("FRS") 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- prepare a Directors' report, a strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

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

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

#### DIRECTORS' STATEMENT

Each of the Directors, whose names and functions are listed on pages 38 and 39 of the Annual Report and Financial Statements, confirm that to the best of their knowledge:

- the Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the group and company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

#### ON BEHALF OF THE BOARD

**Harry Morley**

**Chair**

26 November 2025

#### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2025

|  |      | 2025             |                  |                | 2024             |                  |                |
|--|------|------------------|------------------|----------------|------------------|------------------|----------------|
|  | Note | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 |
| Gains on investments held at fair value through profit or loss | 2    | -                | 14,398           | 14,398         | -                | 31,395           | 31,395         |
| Realised exchange (losses) on currency balances                |      | -                | (73)             | (73)           | -                | -                | -              |
| Income from investments  | 3    | 10,135           | 4,288            | 14,423         | 8,614            | -                | 8,614          |
| Other interest receivable and similar income                   | 3    | 186              | -                | 186            | 123              | -                | 123            |
| <b>Gross return</b>  |      | <b>10,321</b>    | <b>18,613</b>    | <b>28,934</b>  | <b>8,737</b>     | <b>31,395</b>    | <b>40,132</b>  |
| Investment management fee                                      | 4    | (456)            | (1,064)          | (1,520)        | (495)            | (1,155)          | (1,650)        |
| Administrative expenses  | 5    | (827)            | -                | (827)          | (738)            | -                | (738)          |
| <b>Net return</b>  |      | <b>9,038</b>     | <b>17,549</b>    | <b>26,587</b>  | <b>7,504</b>     | <b>30,240</b>    | <b>37,744</b>  |

|  |   |              |               |               |              |               |               |
|--|---|--------------|---------------|---------------|--------------|---------------|---------------|
| <b>before<br/>finance costs<br/>and taxation</b> |   |              |               |               |              |               |               |
| Finance costs                                    | 6 | (390)        | (910)         | (1,300)       | (402)        | (937)         | (1,339)       |
| <b>Net return<br/>before<br/>taxation</b>        |   | <b>8,648</b> | <b>16,639</b> | <b>25,287</b> | <b>7,102</b> | <b>29,303</b> | <b>36,405</b> |
| Taxation   | 7 | -            | -             | -             | -            | -             | -             |
| <b>Net return<br/>after taxation</b>             |   | <b>8,648</b> | <b>16,639</b> | <b>25,287</b> | <b>7,102</b> | <b>29,303</b> | <b>36,405</b> |
| <b>Return per<br/>share<br/>(pence)</b>          | 9 | <b>25.03</b> | <b>48.15</b>  | <b>73.18</b>  | <b>20.54</b> | <b>84.74</b>  | <b>105.28</b> |

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

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

#### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2025

|                                     | Note | Called-up<br>share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Merger<br>reserve<br>£'000 | Share<br>purchase<br>reserve<br>£'000 | Capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|-------------------------------------|------|--|---------------------------|---|----------------------------|---------------------------------------|------------------------------|-----------------------------|----------------|
| At 30<br>September<br>2023          |      | 9,036                                  | 13,971                    | 220                                       | 2,184                      | 7,233                                 | 170,960                      | 10,219                      | 213,823        |
| Net return<br>after<br>taxation     |      | -                                      | -                         | -   | -                          | -                                     | 29,303                       | 7,102                       | 36,405         |
| Dividends<br>paid in the<br>year    | 8    | -                                      | -                         | -   | -                          | -                                     | -                            | (7,262)                     | (7,262)        |
| <b>At 30<br/>September<br/>2024</b> |      | <b>9,036</b>                           | <b>13,971</b>             | <b>220</b>                                | <b>2,184</b>               | <b>7,233</b>                          | <b>200,263</b>               | <b>10,059</b>               | <b>242,966</b> |
| Net return<br>after<br>taxation     |      | -                                      | -                         | -   | -                          | -                                     | 16,639                       | 8,648                       | 25,287         |
| Cost of<br>share<br>buybacks        |      | -                                      | -                         | -   | -                          | (1,845)                               | -                            | -                           | (1,845)        |
| Dividends<br>paid in the<br>year    | 8    | -                                      | -                         | -   | -                          | -                                     | -                            | (7,538)                     | (7,538)        |
| <b>At 30<br/>September<br/>2025</b> |      | <b>9,036</b>                           | <b>13,971</b>             | <b>220</b>                                | <b>2,184</b>               | <b>5,388</b>                          | <b>216,902</b>               | <b>11,169</b>               | <b>258,870</b> |

#### STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2025

|   | Note | 2025<br>£'000  | 2024<br>£'000   |
|---|------|----------------|-----------------|
| <b>Fixed assets</b>                                   |      |                |                 |
| Investments held at fair value through profit or loss | 10   | 267,652        | 261,421         |
| <b>Current assets</b>                                 |      |                |                 |
| Debtors   | 11   | 4,518          | 7,469           |
| Current asset investments                             | 12   | 2,905          | 116             |
| Cash at bank and in hand                              |      | 1,775          | 1,845           |
|   |      | <b>9,198</b>   | <b>9,430</b>    |
| <b>Current liabilities</b>                            |      |                |                 |
| Creditors: amounts falling due within one year        | 13   | (17,980)       | (27,885)        |
| <b>Net current liabilities</b>                        |      | <b>(8,782)</b> | <b>(18,455)</b> |
| <b>Total assets less current liabilities</b>          |      | <b>258,870</b> | <b>242,966</b>  |
| <b>Net assets</b>                                     |      | <b>258,870</b> | <b>242,966</b>  |
| <b>Capital and reserves</b>                           |      |                |                 |
| Called-up share capital                               | 14   | 9,036          | 9,036           |
| Share premium   | 15   | 13,971         | 13,971          |
| Capital redemption reserve                            | 15   | 220            | 220             |
| Merger reserve  | 15   | 2,184          | 2,184           |
| Share purchase reserve                                | 15   | 5,388          | 7,233           |
| Capital reserves                                      | 15   | 216,902        | 200,263         |

|  |    |                |                |
|--|----|----------------|----------------|
| Revenue reserve                          | 15 | 11,169         | 10,059         |
| <b>Total equity shareholders' funds</b>  |    | <b>258,870</b> | <b>242,966</b> |
| <b>Net asset value per share (pence)</b> | 16 | <b>754.45</b>  | <b>702.60</b>  |

These Financial Statements were approved and authorised for issue by the Board of Directors on 26 November 2025 and signed on its behalf by:

**Harry Morley**  
Chair

Registered in Scotland as a public company limited by shares

Company registration number: SC082551

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

### 1. ACCOUNTING POLICIES

#### (a) Basis of accounting

Schroder UK Mid Cap Fund plc ("the Company") is registered in Scotland as a public company limited by shares. The Company's registered office is 9 Haymarket Square, Edinburgh EH3 8FY.

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

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments held at fair value through profit or loss. The Directors believe that the Company has adequate resources to continue operating for at least 12 months from the date of approval of these financial statements. In forming this opinion, the Directors have taken into consideration: stress testing prepared by the Manager which modelled a 50% decline in valuation of investments and investment income and demonstrated the Company's ability to comply with the covenants of its borrowing agreements and pay its operating expenses; the controls and monitoring processes in place; the Company's level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro-rata in the event of a market downturn; and that the Company's assets comprise cash and readily realisable securities quoted in active markets. In forming this opinion, the Directors have also considered the loan currently in place which expires on 26 February 2026. Further details of Directors' considerations regarding this are given in the Chair's Statement, Investment Manager's Review, Going Concern Statement, Viability Statement and under the Principal Emerging Risks and uncertainties in the Strategic Report.

The Company has not presented a statement of cash flows, as it is not required under section 7 of FRS 102 for an investment fund whose investments are highly liquid, carried at market value and which presents a statement of changes in equity.

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

The accounting policies applied to these Financial Statements are consistent with those applied in the Financial Statements for the year ended 30 September 2024.

No significant judgements, estimates or assumptions have been required in the preparation of the financial statements for the current or preceding financial year.

#### (b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices.

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

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

#### (c) Accounting for reserves

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

#### (d) Income

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

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

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

#### (e) Expenses

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

- The management fee is allocated 30% to revenue and 70% to capital (2024: same) in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 10 on page 68 of the Annual Report and Financial Statements.

#### (f) Finance costs

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

Finance costs are allocated 30% to revenue and 70% to capital (2024: same) in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

#### (g) Other financial instruments

Cash at bank and in hand comprises cash held in the bank. Current asset investments comprise investments in money market funds and highly liquid investments which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

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

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

#### (h) Taxation

Taxation comprises amounts expected to be received or paid.

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

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

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

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

#### (i) Value added tax (VAT)

Expenses are disclosed inclusive of the related irrecoverable VAT.

#### (j) Dividends payable

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

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

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

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

### 2. GAINS ON INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | 2025<br>£'000 | 2024<br>£'000 |
|---|---------------|---------------|
| Gains/(losses) on sales of investments based on historic cost   | 26,084        | 4,542         |
| Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year | (15,094)      | 5,878         |
| <b>Gains on sales of investments based on the carrying value at the previous balance sheet date</b>                       | <b>10,990</b> | <b>10,420</b> |
| Net movement in investment holding gains and losses   | 3,408         | 20,975        |
| <b>Gains on investments held at fair value through profit or loss</b>   | <b>14,398</b> | <b>31,395</b> |

### 3. INCOME

| 2025 | 2024 |
|------|------|
|------|------|

|   | £'000         | £'000        |
|---|---------------|--------------|
| <b>Income from investments</b>                      |               |              |
| UK dividends  | 9,875         | 8,247        |
| UK property income distributions                    | 260           | 359          |
| Other income  | -             | 8            |
|   | <b>10,135</b> | <b>8,614</b> |
| <b>Other interest receivable and similar income</b> |               |              |
| Deposit interest                                    | 186           | 123          |
|   | <b>10,321</b> | <b>8,737</b> |
| <b>Capital</b>                                      |               |              |
| Special dividends allocated to capital              | <b>4,288</b>  | -            |

The special dividend allocated to capital during the year arose from the disposal of a subsidiary of the Playtech Group.

#### 4. INVESTMENT MANAGEMENT FEE

|                | Revenue<br>£'000 | 2025<br>Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000 | 2024<br>Capital<br>£'000 | Total<br>£'000 |
|----------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| Management fee | <b>456</b>       | <b>1,064</b>             | <b>1,520</b>   | <b>495</b>       | <b>1,155</b>             | <b>1,650</b>   |

#### 5. ADMINISTRATIVE EXPENSES

|  | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| Other administrative expenses <sup>1</sup>             | 440           | 351           |
| Secretarial fee  | 181           | 176           |
| Directors' fees  | 138           | 145           |
| Auditor's remuneration for audit services <sup>2</sup> | 68            | 66            |
|  | <b>827</b>    | <b>738</b>    |

1 Included within other administrative expenses are one off amounts totaling £144,000 in relation to legal and other advisory services as a result of the proposed requisition of the Company by a shareholder during the year.

2 Includes £11,000 (2024: £11,000) irrecoverable VAT.

#### 6. FINANCE COSTS

|                                       | Revenue<br>£'000 | 2025<br>Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000 | 2024<br>Capital<br>£'000 | Total<br>£'000 |
|---------------------------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| Interest on bank loans and overdrafts | <b>390</b>       | <b>910</b>               | <b>1,300</b>   | <b>402</b>       | <b>937</b>               | <b>1,339</b>   |

#### 7. TAXATION

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

|                       | 2025<br>£'000 | 2024<br>£'000 |
|-----------------------|---------------|---------------|
| Taxation for the year | -             | -             |

##### (b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2024: lower) than the Company's applicable rate of corporation tax in for the year of 25% (2024: 25%).

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

|  | Revenue<br>£'000 | 2025<br>Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000 | 2024<br>Capital<br>£'000 | Total<br>£'000 |
|--|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| Net return on ordinary activities before taxation  | 8,648            | 16,639                   | 25,287         | 7,102            | 29,303                   | 36,405         |
| Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 25% (2024: 25%) | 2,162            | 4,160                    | 6,322          | 1,775            | 7,326                    | 9,101          |
| Effects of:  |                  |                          |                |                  |                          |                |
| Capital returns on investments   | -                | (3,581)                  | (3,581)        | -                | (7,849)                  | (7,849)        |
| Income not chargeable to corporation tax   | (2,459)          | (1,072)                  | (3,531)        | (2,062)          | -                        | (2,062)        |
| Unrelieved expenses for the period   | 297              | 493                      | 790            | 287              | 523                      | 810            |
| <b>Taxation for the year</b>   | <b>-</b>         | <b>-</b>                 | <b>-</b>       | <b>-</b>         | <b>-</b>                 | <b>-</b>       |

### (c) Deferred taxation

At 30 September 2025, the Company had surplus management expenses of £39,862,000 (2024: £37,833,000) and a non-trade loan relationship deficit of £6,412,000 (2024: £5,278,000). A deferred tax asset has not been recognised in respect of these losses because the investment portfolio of the Company is not expected to generate taxable income in future periods in excess of the deductible expenses of those future periods and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing tax losses.

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

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

## 8. DIVIDENDS

### (a) Dividends paid and declared

|  | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| 2024 final dividend of 15.5p (2023: 15.0p) | 5,360         | 5,187         |
| Interim dividend of 6.3p (2024: 6.0p)      | 2,178         | 2,075         |
| <b>Total dividends paid in the year</b>    | <b>7,538</b>  | <b>7,262</b>  |

|   | 2025<br>£'000 | 2024<br>£'000 |
|---|---------------|---------------|
| 2025 final dividend declared of 16.1p (2024: 15.5p) to be paid out of revenue profits | 5,524         | 5,360         |

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £8,648,000 (2024: £7,102,000).

|                                       | 2025<br>£'000 | 2024<br>£'000 |
|---------------------------------------|---------------|---------------|
| Interim dividend of 6.3p (2024: 6.0p) | 2,178         | 2,075         |
| Final dividend of 16.1p (2024: 15.5p) | 5,524         | 5,360         |
|                                       | <b>7,702</b>  | <b>7,435</b>  |

## 9. RETURN PER SHARE

|  | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| Revenue return   | 8,648         | 7,102         |
| Capital return   | 16,639        | 29,303        |
| <b>Total return</b>  | <b>25,287</b> | <b>36,405</b> |
| Weighted average number of shares in issue during the year | 34,553,960    | 34,581,190    |
| Revenue return per share (pence)                           | 25.03         | 20.54         |
| Capital return per share (pence)                           | 48.15         | 84.74         |
| <b>Total return per share (pence)</b>                      | <b>73.18</b>  | <b>105.28</b> |

## 10. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

### (a) Movement in investments

|  | 2025<br>£'000  | 2024<br>£'000  |
|--|----------------|----------------|
| Opening book cost                                    | 222,578        | 215,960        |
| Opening investment holding gains/(losses)            | 38,843         | 11,990         |
| <b>Opening fair value</b>                            | <b>261,421</b> | <b>227,950</b> |
| <b>Analysis of transactions made during the year</b> |                |                |
| Purchases at cost                                    | 92,098         | 90,533         |
| Sales proceeds                                       | (100,265)      | (88,457)       |
| Gains on investments held at fair value              | 14,398         | 31,395         |
| <b>Closing fair value</b>                            | <b>267,652</b> | <b>261,421</b> |
| Closing book cost                                    | 240,495        | 222,578        |
| Closing investment holding gains                     | 27,157         | 38,843         |
| <b>Closing fair value</b>                            | <b>267,652</b> | <b>261,421</b> |

Sales proceeds amounting to £100,265,000 (2024: £88,457,000) were receivable from disposals of investments in the year. The book cost of these investments when they were purchased was £74,180,000 (2024: £83,914,000). These investments have been revalued over time and until they were sold any unrealised gains and losses were included in the fair value of the investments.

All investments are listed on a recognised stock exchange.

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

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

|                 | 2025<br>£'000 | 2024<br>£'000 |
|-----------------|---------------|---------------|
| On acquisitions | 449           | 409           |
| On disposals    | 46            | 43            |
|                 | <b>495</b>    | <b>452</b>    |

#### 11. DEBTORS

|                                     | 2025<br>£'000 | 2024<br>£'000 |
|-------------------------------------|---------------|---------------|
| Securities sold awaiting settlement | 3,977         | 6,907         |
| Dividends and interest receivable   | 523           | 552           |
| Other debtors                       | 18            | 10            |
|                                     | <b>4,518</b>  | <b>7,469</b>  |

#### 12. CURRENT ASSET INVESTMENTS

|                    | 2025<br>£'000 | 2024<br>£'000 |
|--------------------|---------------|---------------|
| Money market funds | <b>2,905</b>  | <b>116</b>    |

As at 30 September 2025, the Company held HSBC Sterling Liquidity fund with a market value of £2,905,000 (30 September 2024: £116,000).

#### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| Bank loan                                | 17,000        | 25,000        |
| Securities purchased awaiting settlement | 443           | 1,815         |
| Other creditors and accruals             | 537           | 1,070         |
|  | <b>17,980</b> | <b>27,885</b> |

The bank loan comprises a £30 million revolving credit facility agreement with Bank of Nova Scotia, London Branch expiring on 25 February 2026, of which, £17 million has been drawn down.

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

#### 14. CALLED-UP SHARE CAPITAL

|  | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| <b>Allotted, called-up and fully paid:</b>   |               |               |
| Ordinary shares of 25p each:   |               |               |
| Opening balance of 34,312,190 (2024: 34,581,190) shares, excluding shares held in treasury | 8,578         | 8,645         |
| <b>Subtotal of 34,312,190 (2024: 34,581,190) shares</b>                                    | <b>8,578</b>  | <b>8,645</b>  |
| 1,831,500 (2024: 1,562,500) shares held in treasury  | 458           | 391           |
| <b>Closing balance<sup>1</sup></b>   | <b>9,036</b>  | <b>9,036</b>  |

1 Represents 36,143,690 (2024: same) shares of 25p each, including 1,831,500 (2024: 1,562,500) shares held in treasury.

#### 15. RESERVES

|  | Share premium <sup>1</sup><br>£'000 | Capital redemption reserve <sup>1</sup><br>£'000 | Merger reserve <sup>1</sup><br>£'000 | Share purchase reserve <sup>2</sup><br>£'000 | Capital reserves | Gains and losses on sales of investments <sup>2</sup><br>£'000 | Investment holding gains and losses <sup>3</sup><br>£'000 | Revenue reserve <sup>4</sup><br>£'000 |
|--|-------------------------------------|--|--------------------------------------|--|------------------|--|---|---------------------------------------|
| Year ended 30 September 2025   |                                     |  |                                      |  |                  |  |   |                                       |
| <b>Opening balance at 30 September 2024</b>  | <b>13,971</b>                       | <b>220</b>                                       | <b>2,184</b>                         | <b>7,233</b>                                 |                  | <b>161,420</b>   | <b>38,843</b>   | <b>10,059</b>                         |
| Gains on sales of investments based on the carrying value at the previous balance sheet date | -                                   | -  | -                                    | -  |                  | 10,990   | -   | -                                     |
| Net movement in investment   | -                                   | -  | -                                    | -  |                  | -  | 3,408   | -                                     |



|   |               |            |              |              |                |               |               |
|---|---------------|------------|--------------|--------------|----------------|---------------|---------------|
| Investment holding gains and losses         |               |            |              |              |                |               |               |
| Cost of share buybacks                      | -             | -          | -            | (1,845)      | -              | -             | -             |
| Exchange rate movement                      | -             | -          | -            | -            | (73)           | -             | -             |
| Transfer on disposal of investments         | -             | -          | -            | -            | 15,094         | (15,094)      | -             |
| Management fee allocated to capital         | -             | -          | -            | -            | (1,064)        | -             | -             |
| Finance costs allocated to capital          | -             | -          | -            | -            | (910)          | -             | -             |
| Special dividend allocated to capital       | -             | -          | -            | -            | 4,288          | -             | -             |
| Dividends paid                              | -             | -          | -            | -            | -              | -             | (7,538)       |
| Retained revenue for the year               | -             | -          | -            | -            | -              | -             | 8,648         |
| <b>Closing balance at 30 September 2025</b> | <b>13,971</b> | <b>220</b> | <b>2,184</b> | <b>5,388</b> | <b>189,745</b> | <b>27,157</b> | <b>11,169</b> |
|   | =====         | =====      | =====        | =====        | =====          | =====         | =====         |

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

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

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

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

The total of distributable reserves for the year ended 30 September 2025 are £206,302,000 (2024: £178,712,000).

The total of non-distributable reserves for the year ended 30 September 2025 are £43,532,000 (2024: £55,218,000).

#### 16. NET ASSET VALUE PER SHARE

|  | 2025          | 2024          |
|--|---------------|---------------|
| Net assets attributable to the Ordinary shareholders (£'000)       | 258,870       | 242,966       |
| Shares in issue at the year end, excluding shares held in treasury | 34,312,190    | 34,581,190    |
| <b>Net asset value per share (pence)</b>                           | <b>754.45</b> | <b>702.60</b> |
|  | =====         | =====         |

#### 17. TRANSACTIONS WITH THE MANAGER

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee and a company secretarial fee. Details of the basis of these calculations are given in the Directors' Report on page 41 of the Annual Report and Financial Statements. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the management fee calculation and therefore incur no fee.

The management fee payable in respect of the year ended 30 September 2025 amounted to £1,520,000 (2024: £1,650,000) of which £181,000 (2024: £854,000) was outstanding at the year end. The secretarial fee payable for the year amounted to £181,000 (2024: £176,000), of which £45,000 (2024: £88,000) was outstanding at the year end.

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

#### 18. RELATED PARTY TRANSACTIONS

Details of the remuneration payable to Directors are given in the Remuneration Report on page 50 and details of Directors' shareholdings are given in the Remuneration Report on page 52 of the Annual Report and Financial Statements. Details of transactions with the Manager are given in note 17 above. There have been no other transactions with related parties during the year (2024: nil).

#### 19. DISCLOSURES REGARDING FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

FRS 102 requires that financial instruments held at fair value are categorised into a hierarchy consisting of the three levels below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement.

Level 1: valued using unadjusted quoted prices in an active market for identical assets.

Level 2: valued using inputs other than quoted prices included within Level 1, that are observable (i.e. developed using market data). Level 3: valued using inputs that are unobservable (i.e. for which market data is unavailable).

Details of the Company's valuation policy are given in note 1(b) on page 64 of the Annual Report and Financial Statements.

At 30 September 2025, the Company's investments were all categorised in Level 1 (2024: same).

#### 20. FINANCIAL INSTRUMENTS' EXPOSURE TO RISK AND RISK MANAGEMENT POLICIES

The Company's investment objective is to invest in mid cap equities with the aim of providing a total return in excess of the FTSE 250 (ex-Investment Companies) Index. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy. The Company has no significant exposure to foreign exchange risk.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

- investments in shares which are held in accordance with the Company's investment objective;
- short-term debtors, creditors and cash arising directly from its operations; and
- sterling revolving credit facilities with Scotiabank, the purpose of which are to assist with financing the Company's operations.

##### (a) Market risk

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

##### (i) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on any variable

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

#### Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Board's policy is to permit gearing up to 25%, where gearing is defined as borrowings used for investment purposes less cash, expressed as a percentage of net assets.

#### Interest rate exposure

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

|  | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| Exposure to floating interest rates:                   |               |               |
| Cash at bank and in hand and current asset investments | 4,680         | 1,961         |
| <b>Total exposure</b>                                  | <b>4,680</b>  | <b>1,961</b>  |

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

The Company's 364 day, £30 million credit facility with The Bank of Nova Scotia, London Branch expires on 25 February 2026. The facility is unsecured but subject to covenants and restrictions which are customary for a facility of this nature. Interest is payable at a rate of Sterling Overnight Interest Average (2024: same), or its replacement reference rate, as quoted in the market for the loan period, plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At 30 September 2025, the Company had drawn down £17 million.

The above year end amounts are not representative of the exposure to interest rates during the year due to fluctuations in the level of cash and cash asset investment balances. The maximum and minimum exposure during the year was as follows:

|   | 2025<br>£'000 | 2024<br>£'000 |
|---|---------------|---------------|
| Minimum interest rate exposure during the year - net debt | (11,605)      | (16,803)      |
| Maximum interest rate exposure during the year - net debt | (24,870)      | (23,927)      |

#### Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.0% (2024: 1.0%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the accounting date with all other variables held constant.

|  | 2025                                 |                                      | 2024                                 |                                      |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|  | 1.0%<br>increase<br>in rate<br>£'000 | 1.0%<br>decrease<br>in rate<br>£'000 | 1.0%<br>increase<br>in rate<br>£'000 | 1.0%<br>decrease<br>in rate<br>£'000 |
| Income statement - return after taxation |                                      |                                      |                                      |                                      |
| Revenue return                           | 47                                   | (47)                                 | 20                                   | (20)                                 |
| Capital return                           | -                                    | -                                    | -                                    | -                                    |
| <b>Total return after taxation</b>       | <b>47</b>                            | <b>(47)</b>                          | <b>20</b>                            | <b>(20)</b>                          |
| <b>Net assets</b>                        | <b>47</b>                            | <b>(47)</b>                          | <b>20</b>                            | <b>(20)</b>                          |

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

#### (ii) Other price risk

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

#### Management of interest rate risk

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

#### Market price risk exposure

The Company's total exposure to changes in market prices at 30 September comprises the following:

|   | 2025<br>£'000 | 2024<br>£'000 |
|---|---------------|---------------|
| Investments held at fair value through profit or loss | 267,652       | 261,421       |

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

#### Concentration of exposure to market price risk

An analysis of the Company's investments is given on page 20 of the Annual Report and Financial Statements. The Company's investments are all listed in the United Kingdom. Accordingly there is a concentration of exposure to this country. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing.

**Market price risk sensitivity**

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2024: 20%) in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's exposure through its investments and includes the impact on the management fee, but assumes that all other variables are held constant.

|   | 2025                                      |  | 2024                                      |  |
|---|---|--|---|--|
|   | 20%<br>increase in<br>fair value<br>£'000 | 20%<br>decrease<br>in<br>fair value<br>£'000 | 20%<br>increase in<br>fair value<br>£'000 | 20%<br>decrease<br>in<br>fair value<br>£'000 |
| Income statement - return after taxation          |   |  |   |  |
| Revenue return                                    | (104)                                     | 104  | (102)                                     | 102  |
| Capital return                                    | 53,287                                    | (53,287)                                     | 52,046                                    | (52,046)                                     |
| <b>Total return after taxation and net assets</b> | <b>53,183</b>                             | <b>(53,183)</b>                              | <b>51,944</b>                             | <b>(51,944)</b>                              |
| <b>Percentage change in net asset value</b>       | <b>20.5</b>                               | <b>(20.5)</b>                                | <b>21.4</b>                               | <b>(21.4)</b>                                |

**(b) Liquidity risk**

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

**Management of the risk**

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary.

**Liquidity risk exposure**

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

|  | 2025                        |                | 2024                        |                |
|--|-----------------------------|----------------|-----------------------------|----------------|
|  | Within<br>one year<br>£'000 | Total<br>£'000 | Within<br>one year<br>£'000 | Total<br>£'000 |
| Creditors: amounts falling due within one year                                 | 443                         | 443            | 1,815                       | 1,815          |
| Securities purchased awaiting settlement                                       | 537                         | 537            | 1,070                       | 1,070          |
| Other creditors and accruals   | 17,895                      | 17,895         | 26,625                      | 26,625         |
| Other payables: drawings on the revolving credit facility (including interest) |                             |                |                             |                |
|  | <b>18,875</b>               | <b>18,875</b>  | <b>29,510</b>               | <b>29,510</b>  |

**(c) Credit risk**

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

**Management of credit risk**

This risk is not significant and is managed as follows:

**Portfolio dealing**

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

**Exposure to the custodian**

The custodian of the Company's assets is HSBC Bank plc which has Long-Term Credit Ratings of AA- with Fitch and Aa3 with Moody's. The Company's investments are held in accounts which are segregated from the custodian's own trading assets. If the custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the custodian as banker and held on the custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the custodian in respect of cash balances.

**Credit risk exposure**

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

|  | 2025                      |                              | 2024                      |                              |
|--|---------------------------|------------------------------|---------------------------|------------------------------|
|  | Balance<br>sheet<br>£'000 | Maximum<br>exposure<br>£'000 | Balance<br>sheet<br>£'000 | Maximum<br>exposure<br>£'000 |
| Current assets   |                           |                              |                           |                              |
| Debtors - securities sold awaiting settlement, dividends and interest receivable and other debtors | 4,518                     | 4,500                        | 7,469                     | 7,459                        |
| Cash at bank and in hand and current asset investments   | 4,680                     | 4,680                        | 1,961                     | 1,961                        |
|  | <b>9,198</b>              | <b>9,180</b>                 | <b>9,430</b>              | <b>9,420</b>                 |

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

**(d) Fair values of financial assets and financial liabilities**

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

reasonable approximation of fair value.

## 21. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives, policies and processes for managing capital are unchanged from the preceding year. The Company's debt and capital structure comprises the following:

|                              | 2025<br>£'000  | 2024<br>£'000  |
|------------------------------|----------------|----------------|
| <b>Debt</b>                  |                |                |
| Bank loan                    | 17,000         | 25,000         |
| <b>Equity</b>                |                |                |
| Called-up share capital      | 9,036          | 9,036          |
| Reserves                     | 249,834        | 233,930        |
|                              | <u>258,870</u> | <u>242,966</u> |
| <b>Total debt and equity</b> | <u>275,870</u> | <u>267,966</u> |

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

The Board's policy is to permit gearing up to 25% where gearing is defined as borrowings used for investment purposes less cash, expressed as a percentage of net assets. If the figure so calculated were to be negative, this would be shown as a "net cash" position.

|  | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| Borrowings used for investment purposes, less Cash at bank and in hand and current asset investments | 12,320        | 23,039        |
| Net assets   | 258,870       | 242,966       |
| Gearing  | <u>4.8%</u>   | <u>9.5%</u>   |

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

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

## Status of results announcement

### 2025 Financial Information

The figures and financial information for 2025 are extracted from the Annual Report and Financial Statements for the year ended 30 September 2025 and do not constitute the statutory accounts for that year. The Annual Report and Financial Statements include the Report of the Independent Auditors which is unqualified and does not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006. The Annual Report and Financial Statements will be delivered to the Registrar of Companies in due course.

### 2024 Financial Information

The figures and financial information for 2024 are extracted from the published Annual Report and Financial Statements for the year ended 30 September 2024 and do not constitute the statutory accounts for the year. The Annual Report and Financial Statements have been delivered to the Registrar of Companies and included the Report of the Independent Auditors which was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

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

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