



BROWN ADVISORY US SMALLER COMPANIES PLC

HALF YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

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Introduction to Brown Advisory US Smaller Companies PLC

What does Brown Advisory US Smaller Companies PLC (the “Company”) do?

The Company aims to achieve long-term capital growth by investing in a diversified portfolio of quoted US smaller and medium-sized companies.

Who is it suitable for?

Brown Advisory manages the Company’s portfolio on behalf of individual investors and wealth managers. The Company provides a cost-effective way to access the large, entrepreneurial group of smaller companies in the world’s largest economy – the United States of America. For individuals who are willing to invest over the long term, these companies can outperform their large-cap peers making for a compelling investment opportunity.

How is Brown Advisory US Smaller Companies invested?

The Company is managed by Chris Berrier and George Sakellaris, CFA, of Brown Advisory, the US-based investment manager. It focuses on businesses with strong growth potential, scalable go-to-market strategies and well-aligned management and shareholder interests. The resulting portfolio is diversified across sectors, business models and economic cycles.

The managers recognise the power and potential of compounding in order to achieve long-term, risk-adjusted returns. Therefore, they seek to invest in companies that present above average capital growth rates.

Harnessing their local knowledge and innovative research approach, they aim to capitalise on market inefficiencies in valuations and invest in businesses that exhibit what they refer to as “3G” qualities:

A checklist for long-term compounders

GROWTH	GOVERNANCE	GO-TO-MARKET
 <p>Opportunity</p> <ul style="list-style-type: none"> ▪ Durability ▪ Large and/or growing market ▪ Market leader or share gainer ▪ Differentiated business model 	 <p>Execution</p> <ul style="list-style-type: none"> ▪ Trust & Transparency ▪ Capable, shareholder-friendly management ▪ Diverse and appropriate Board structure ▪ Well-structured, aligned incentives 	 <p>Economic Profit</p> <ul style="list-style-type: none"> ▪ Higher Return on Invested Capital (ROIC) ▪ Highly valuable incremental revenue ▪ High and/or rising margins and returns ▪ Capital efficient

Out of a universe of over 2,000 companies, this process reduces the available market to around 500 companies, while the portfolio itself is typically made up of 70-80 of these companies.

Benchmark agnostic – while the Company’s performance is measured against the sterling adjusted Russell 2000 Total Return Index, the managers are not beholden to this benchmark. Individual sector and security weightings are instead driven by their rigorous stock selection process.

Why invest in US smaller companies?

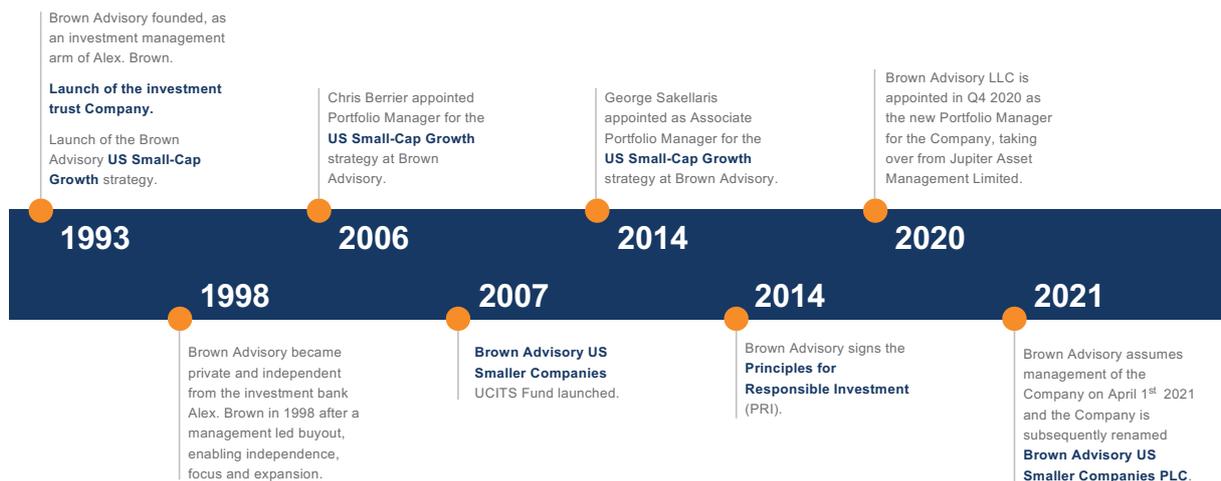
- US-based smaller companies include an exciting and dynamic group of growing businesses that typically demonstrate high innovation and strong entrepreneurial cultures.
- Over half of global smaller companies – more than 2,000 companies – are listed in the US, creating a huge opportunity.
- US smaller companies offer a deep and liquid market but are typically not as well covered by sell-side research analysts as their larger counterparts, creating inefficiencies and missed opportunities that Brown Advisory aims to exploit.
- A US stock market listing means there are high governance hurdles relative to some of their global peers, considerably reducing the risk profile of US smaller companies.

Why have the directors of Brown Advisory US Smaller Companies PLC appointed Brown Advisory as the Portfolio Manager?

Portfolio managers, Chris Berrier and George Sakellaris, CFA, have a combined 44 years' experience investing in US small and mid-caps and are supported by a dedicated team of equity research analysts. Based in the US, the team have direct access to the companies in which they invest.

Brown Advisory has more than 25 years' experience of investing in small and medium-sized companies in the US and within its broader US Small-Cap Growth strategy it manages \$6.7bn*. The firm benefits from an extensive network of venture capital, private equity and corporate relationships, which helps provide a strong overview of the broader small to mid-sized company market.

* As at 31/12/2023



Brown Advisory believes that disciplined, bottom-up research, coupled with teamwork and the free exchange of ideas amongst colleagues, are the keys to achieving long-term outperformance. The combination of its investment philosophy and its client-first culture were important factors in the Board's decision to appoint Brown Advisory as the Company's Portfolio Manager.

Investment objective, investment policy and benchmark index

Investment objective

The Company's objective is to achieve long-term capital growth by investing in a diversified portfolio consisting primarily of quoted US smaller and medium-sized companies.

Investment policy

The Portfolio Manager takes a disciplined approach to investment, emphasising long-term risk-adjusted returns. The Portfolio Manager believes that the US smaller and medium-sized company sector is a diverse and dynamic part of the North American market and continues to provide opportunities for capital growth over the long term. The sector is highly diversified with a great many companies from which to choose. Many companies are relatively immature, whether financially or operationally or in terms of management or market position. They tend to be highly geared to growth and are particularly vulnerable to market and other changes.

Against this background, the Company has adopted an investment style that focuses on companies with durable growth, scalable go-to-market strategies and well-aligned management and shareholder interests, and whose shares are considered by the Portfolio Manager to offer above-average capital growth at attractive valuations. The Portfolio Manager believes that this is an excellent approach to long-term investment in this sector.

Investment limits

The Board has prescribed limits on the investment policy, including:

- The Portfolio will comprise at all times a minimum of 40 securities (excluding cash);
- No single holding shall constitute more than 5% of total assets at the time of investment;
- No derivative instruments (excluding warrants) may be held without the prior approval of the Board;
- Investments in unlisted securities shall not exceed 5% of total assets at the time of investment and any such investments shall require prior Board approval;
- The Company shall not make any new investments in other UK listed investment companies;
- In any event, not more than 10% in aggregate of the total assets of the Company, and any of its subsidiaries, may be invested in other closed-ended investment funds (including listed investment trusts) whether or not such funds have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds (including listed investment trusts);
- Borrowings, including overdraft facilities, shall not exceed 20% of the Company's total assets and shall require prior Board approval;
- The Company shall not take legal or management control over any investments in its portfolio.

Benchmark index

Sterling adjusted Russell 2000 Total Return Index (the 'benchmark').TM

THE COMPANY IS A MEMBER OF THE



Financial highlights for the six months ended 31 December 2023

Ordinary share performance

	31 December 2023	30 June 2023	% change
Net asset value (pence)*	1,459.2	1,431.9	1.9
Closing price (pence)	1,292.5	1,220.0	5.9
Russell 2000 Total Return Index (sterling adjusted)	8,471.8	7,860.0	7.8
Discount to net asset value (%)*	(11.4)	(14.8)	
Ongoing charges ratio (%)*	1.03	1.00	

* For definitions of the above alternative performance measures please refer to the glossary of terms on page 31.

Chairman's statement

Dear fellow Shareholder

Over the six months ended 31 December 2023, your Company's net asset value (NAV) per share rose from 1,431.9p to 1,459.2p, an increase of 1.9%. Having moved within a narrow trading range for much of the period, US equity markets moved ahead again in December as a result of comments made by the US Federal Reserve (the Fed) that the peak in interest rates had probably been seen. While the mega caps again led the advance, smaller companies also performed reasonably well and showed signs of returning investor interest.

Over the period, the Company's benchmark, the sterling adjusted Russell 2000 Total Return index, realised a gain of 7.8%. The underperformance of the Company's NAV as compared with the benchmark arose largely in December. This followed a sudden inflow of funds into the more speculative, unprofitable and leveraged smaller company sector – an area which the Company prefers to avoid.

Over the six months, the Company's share price rose from 1,220.0 p to 1,292.5p, a gain of 5.9%. This resulted in a small narrowing of the discount from 14.8% to 11.4%.

Market review

As mentioned above, for much of the half year under review, US equity markets moved within a narrow trading range, with low volatility, reduced trading volumes and restrained corporate activity.

Geopolitical risks remained elevated with the ongoing war between Russia and Ukraine and then, in October, the Hamas terrorist assaults on Israel and the latter's significant response, but these only impacted to a limited extent on financial markets.

US domestic news, be it political, economic or corporate, continued to be mixed, pulling markets in both directions, unsure as to whether the economy would hit a 'hard' or a 'soft' landing in 2024.

However, the main driver of markets in this period, was the perceived direction of US monetary policy and interest rates as well as an assessment of when a pivot was likely to take place.

Having paused in June, the Fed at their July meeting raised the benchmark interest rate by 25 basis points to a 5.25%-5.50% target range, a 22-year high. The Chairman, Jerome Powell, reiterated that the Fed was focused on bringing down inflation to its 2% target, suggesting that they had 'a long way to go', even though tighter conditions would weigh on economic activity. At subsequent meetings and important speeches, such as Jackson Hole, the Fed and its members stuck to their mantra that inflation risks remained on the upside and that rates would have to stay higher for longer.

Against this background, coupled with data showing the economy and the jobs market to be resilient, bond yields climbed steadily higher, with the 10-year Treasury bond yield briefly touching 5 percent in October. The US equity markets reflecting the bond markets lost value, falling for three consecutive months. Small cap stocks were again the laggards, as investors continued to favour the mega-caps, particularly those now known as the 'Magnificent Seven', and other technology stocks with any perceived connection to artificial intelligence.

November saw the start of a rebound in markets as the Fed began to change its tune. While it held the federal funds rate steady, its Chairman noted that financial conditions had tightened 'significantly'. Reinforced by softening employment and inflation data, this encouraged hopes that the Fed's tightening cycle was over and that a 'soft economic landing' was likely. 10-year yields dropped quickly and as much as they had done at the time of the global financial crisis.

The Fed's meeting in December boosted optimism again as the inflation numbers continued to improve and members of the committee suggested that cuts in interest rates would come during 2024. Share prices responded positively to the further fall in bond yields as investors reallocated monies to the equity market in anticipation of a year-end rally.

Chairman's statement (continued)

Although the mega caps continued to perform well, a general broadening of buying interest fuelled a renewed demand for smaller companies. The sudden large inflow of funds into the sector boosted share prices with especially large gains seen in the more speculative stocks or those that had been heavily shorted as operators rushed to buy back their positions.

As a result, the Russell 2000 had its best December rally ever. However, this did not really benefit the Company, given its limited exposure to lower quality, heavily indebted and speculative stocks. This was the main cause of our underperformance relative to the benchmark. Over the six-month period, in sterling terms the Russell 2000 achieved a total return of 7.8%, comparable to that from the S&P 500 of 7.7%, and only slightly below that of the Nasdaq of 11.0%.

Portfolio Manager and continuation vote

A more detailed commentary on the development of the US smaller company sector over the past six months and our activity and performance is included in the Portfolio Manager's review on pages 10 to 13.

Between 1 April 2021, the date on which Brown Advisory took over the management of the portfolio, and 6 February 2024 the Company's NAV rose by 1.0%, compared to a return of 0.3% from the benchmark. So, over this period, our manager has outperformed the benchmark by 0.7%, despite the above-mentioned headwinds in the last months of 2023. We continue to believe that, over the long term, their philosophy and process will identify successful quality companies enabling them to deliver the positive results they have achieved in the past.

In accordance with the three-year cycle prescribed in the Company's Articles of Association, we held a continuation vote at our Annual General Meeting (AGM) on 6 November 2023. I am pleased to report that the resolution in favour of continuation was passed with 90.5% of voters being in favour of continuation.

Share price and discount

In our annual report, we informed shareholders about a revision to the Company's share buyback policy. The Board remains committed to using share buybacks to reduce discount volatility. Rather than targeting a fixed discount level the Board aims to prevent any discount from diverging significantly from that of similar investment trusts.

Over the period under review, the Company's share price rose 5.9% from 1,220.0p to 1,292.5p. This helped to narrow the discount to NAV from 14.8% on 30 June 2023 to 11.4% on 31 December 2023. Given that for the entire period the discount was within our tolerated range we did not buy in any shares.

As at 31 December 2023, the number of shares held in treasury was unchanged at 6,271,254 and the total number in public hands at 11,952,159.

Gearing

Against an unsettled interest rate background for much of the period and taking into consideration the views of the Portfolio Manager regarding investment opportunities and outlook, the Board did not feel it appropriate to deploy any gearing. However, should conditions improve going forward and the outlook for smaller companies brighten, the Board will review their decision, mindful that the ability to gear to enhance returns is one of the advantages of a closed-end vehicle.

Shareholder communications

The Board encourages shareholders to visit the Company's website (www.brownadvisory.com/basc) for the latest information, podcasts and monthly factsheets.

Outlook

US equity markets have begun 2024 on a more restrained note, having closed 2023 with a two-month rally which saw values near to their all-time highs and looking somewhat overbought. Certainly, there are good reasons for renewed caution in the short term. The geopolitical situation has, if anything, deteriorated with no resolution to the Russia/Ukraine conflict, rising

Chairman's statement *(continued)*

tensions between China and Taiwan, and risks that the Israel/Hamas hostilities spread to involve Iran or Saudi Arabia. The latter situation has also been made worse by the Iran backed Houthi attacks on shipping in the Red Sea which has given a fillip to oil prices. This, coupled with a still resilient US economy and jobs market, risks putting renewed upward pressure on prices, just at a time when markets and central banks were pointing to a turn in inflation and a downward trajectory in interest rates. Finally, there is the risk that markets are ahead of themselves in their expectations for corporate earnings in the reporting season now underway.

The headwinds cited above may lead to more uncertain and volatile markets in the short term. That said, looking further ahead, while geopolitical developments are difficult to forecast, the prospects for the US economy itself and its financial markets still appear reasonably favourable. Consumer spending, a key driver of the economy, is holding up well, supported by high confidence, continuing jobs growth and rising wages. Despite occasional blips, inflation should continue to trend lower, allowing the Fed to make its first interest rate cut sometime this year, albeit maybe later than the market currently expects.

A resilient economy, falling inflation and cuts in interest rates should provide a favourable background for US equities, with sentiment possibly moving away from the mega caps given their recent performance. In this environment smaller US companies should do well given their sensitivity to the local economy and to interest rates, their attractive valuations versus large caps and the fact that many investors have little exposure to the asset class, being heavily exposed to a small number of mega caps. Within the sector, we also see a return of interest to the quality companies in which we invest.

Having cash in hand and the ability as an investment trust to gear, we will take full advantage of market opportunities as they arise.

Stephen White

Chairman
9 February 2024

Portfolio Manager's review

Our game plan heading into 2023 was to leverage our historical preparation for what would likely be a volatile, sawtooth equity market following a growth-led decline in 2022. Our fundamental assumption was volatility would reign as the crosscurrents of economic growth, inflation, interest rates, and profound geopolitical events push and pulled against one another. Although our turnover remained low, our opportunism led to a high degree of productivity as we added a number of new positions (seven in the second half of 2023), largely to soak up a half dozen historical and present year merger and acquisition driven exits. Overall, absolute returns were solid, although relative returns were negatively impacted by a "dovish" Federal Reserve pivot that led to a fund flow induced surge in the final weeks of the year.

Portfolio philosophy & process

As Shareholders know, the goal of our strategy is to produce an "all-weather" portfolio capable of being owned over a full market cycle where attractive risk-adjusted returns will be generated via bottom-up security selection (offence) and portfolio construction (defence). The bedrock is our 3G approach – we seek businesses with durable Growth, sound Governance, and scalable Go-to-market ability. These characteristics help concentrate our gaze on companies with an above average potential to compound earnings/cash flows over a multi-year period. The expected result is a high-quality portfolio (i.e. low leverage, above average liquidity, generally historically solid business execution, attractive margins/returns and consistency of earnings...) with defensible valuation characteristics woven in a manner that seeks to produce adequate diversification.

The successful execution of the process is contingent on 1) a strong, well-organised team; 2) deep domain/company expertise; 3) consistent new idea generation; 4) a rigorous sell discipline; and 5) resilience.

Our approach yields high active share, causing substantial short-term variation when compared to standard small-cap benchmarks. Over the long term, however, our results are greatly smoothed. The historical outcome has been higher returns

with less risk, and we aim to keep it this way going forward.

"Under the hood": economy, markets & positioning

Most of the absolute gains for period were driven during the final weeks of the year. Our relative underperformance occurred during the same time. Fuelled by \$10-12bn of inflows following "dovish" Federal Reserve commentary, the Russell 2000 Index experienced its largest December rally in history. As is typical of these jerky moves, the small-cap market was led by extremely shorted, negative earnings, highly shorted, single-digit share price, penny stocks, negative cash flow, high volatility, stock issuers, low return on equity (ROE), return on invested capital (ROIC), high bankruptcy risk and zombie stocks (see Exhibit I overleaf).

The relative results witnessed at the tail end of the year are not a new stylistic phenomenon. We have experienced very similar short-term variations many times over the past 2 – 3 years... and dozens of times over the past 17 – 18 years. To say that we have become comfortably numb to these gyrations might be a stretch, but we do know they are part of the process of striving to achieve attractive risk-adjusted returns.

The conclusion to 2023 was the predominant force governing our year. However, we would be remiss if we did not take a moment to illuminate a slightly more microscopic view of the portfolio for our shareholders. The topic is relative *cyclicality*.

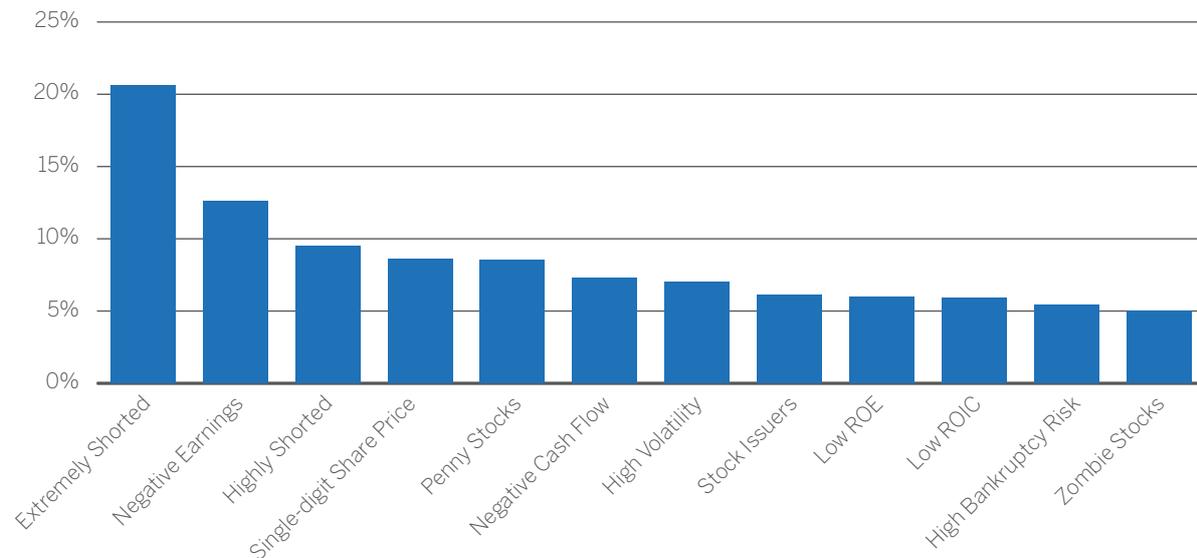
The small-cap benchmarks have grown a bit more economically sensitive of late. Strategically, we seek to embrace cyclical businesses that have an excellent chance of driving to demonstrably higher highs and higher lows through the cycle. One could say this makes us quite picky. In addition, based on the uncertainties associated with inflation/interest rate and economic normalisation post-Covid, we placed a premium on stability, resilience, and fundamental visibility as we turned the page from 2022 to 2023. The result was an underweight to cyclicals: consumer, industrials and information technology.

This tilt was not just expressed with sector

Portfolio Manager's review (continued)

Exhibit I: Small-cap leadership during fourth quarter 2023 rally

Russell 2000 Index relative return in the year-end rally (27/10/2023 to 29/12/2023)



Source: Furey Research Partners (FRP); as of 29/12/2023.

weights, but the types of businesses owned. For example, Bright Horizons (BFAM, consumer), Waste Connections (WCN, industrials), Casella Waste (CWST, industrials), and CCC Intelligent Solutions Holdings (CCCS, technology) are all housed in cyclical areas, but are relatively stable businesses. This general thread of lower cyclical hurt returns in 2023 as the severe slowdown in economic growth that occurred in the fourth quarter 2022 stabilized, causing an immense sentiment shift and valuation expansion in these areas. It was further exacerbated by the Fed's dovish pivot – at a time of economic strength! – from December 1st to 13th by Chairman Powell.

On a final note, 2023 cannot be ushered out without a sentence or two on generative artificial intelligence (AI) and GLP-1s (weight loss drugs). These innovations provided structural narratives for investors to hold onto when the rest of the environment appeared muddled. AI was an elixir for Technology, prompting valuations to once again swell. And GLP-1 weight loss drugs weighed on smaller capitalisation health care companies on the logic that skinnier is healthier, thus theoretically lowering long-term demand for certain products and services (i.e. hip/knee replacements, stents, cancer tests, etc...). Added

to our lack of high-beta cyclical, our health care overweight position was not particularly helpful as the sector badly lagged.

Portfolio attribution

For the period under review, the top contributors to performance were: Pinterest, Inc., Neurocrine Biosciences, Inc., Prosperity Bancshares, Inc., Karuna Therapeutics, Inc. and TopBuild Corp.

Pinterest (PINS) continued to demonstrate revenue growth and margin expansion, bolstering confidence in the new management team's strategic plan amidst an improving advertising market backdrop. Prosperity Bancshares (PB) reported reasonably solid results all year. However, it took decent economic growth, a somewhat benign credit environment, and a more dovish Fed to push the stock off the lows incurred post the collapse of Silicon Valley Bank earlier in the year. TopBuild (BLD), a leading residential and commercial insulation provider, rode a surprisingly strong new housing market as the supply of existing homes for sale contracted. Furthermore, the company has been able to add scale through selective acquisitions, consolidating its market share even further.

Portfolio Manager’s review (continued)

In contrast, the bottom five were: Establishment Labs Holdings, Inc., Rentokil Initial plc Sponsored ADR, agilon health inc., SI-BONE, Inc. and Phreesia, Inc.

Establishment Labs (ESTA), a leading women’s health company, experienced a product approval delay in China and a degradation in market demand, particularly in Europe, which forced channel inventory to correct. Our original thesis hinged on US product approval, a likely 2024 event. Rentokil (RTO), a leading pest control company, declined on weaker results in its US division, which prompted competitive concerns. We believe these trends are primarily related to its ongoing merger integration of Terminex and should be transitory in nature. Agilon health (AGL), an innovative value-based care company focused on the Medicare Advantage market, was impacted by a continued rise in medical cost trend that required to the company to increase its medical reserves for a second sequential quarter. This raised some concerns around the company’s ability to accurately forecast future medical expenses. Phreesia (PHR), a leading health care

IT company focused on patient intake, dropped when new customer growth came in slightly below expectations for one quarter. Subsequently, the company returned to on-trend customer growth and announced a plan to dramatically improve profitability by curtailing a couple of select near-term investments.

Outlook

We remain of the belief that the future is always uncertain and a long-term view – time arbitrage – is more important than ever in today’s headline driven, rapidly moving equity market.

We are deeply committed to our bottom-up investment philosophy and believe in-depth company knowledge is required to take advantage of inhuman volatility. We added a number of new businesses to the portfolio this year, and many of them saw intra-year price movements that altered the risk/reward complexion enough for us to become interested in investing. Although we strive to size all our new investments to within their targeted range quickly, many of the 14 remain below our ultimate intended weight. In fact, we

Exhibit II: Weight of top Five S&P 500 stocks vs. small-cap relative performance



Source: Furey Research Partners (FRP); as of 31/12/2023.

Portfolio Manager's review *(continued)*

estimate that there remains more than 500 basis points of latent buying potential across our list of new holdings. When combined with our legacy positions, we have the capacity to deploy cash across the portfolio and we are thus comfortable in our ability to respond to Mr. Market's manic mood swings.

The ability to be flexible and adaptable is one of the most important pieces of our investment process. Perhaps the Goldilocks thesis of a solid economy, markedly lower inflation, and lower interest rates that emerged in December will hold, but perhaps it will not. Perhaps the continued leadership of large-caps (8 of last 10 years) and extreme market concentration (see Exhibit II above) will hold, but perhaps it will not. We see the "perhaps not" outcome of the above scenarios as having a higher probability than the market currently thinks. We also believe geopolitical risk should be discounted above its current close to 0% rate. On balance, this leads us to conclude that our current sector biases and capital deployment plan remain sound as we prepare for an anticipated return to small-cap leadership, albeit timing unknown.

Conclusion

We encountered a December rally that was relatively unkind given our philosophical bent. However, these vertical "risk-on" moves tend to be unsustainable – at least this is what we have observed over the past 17 – 18 years. (In fact, the first two weeks of 2024 have already rolled back some of December's performance.) And although it may take some time to manifest itself, we believe in a future of sustained small-cap leadership. In our view, the market is simply too concentrated – the largest five names by market capitalisation are 3x the total Russell 2000 Index – and the historical evidence too strong to ignore the category's potential. Although we cannot say the area is a steal (i.e. cheap), we remain off the highs, relative valuation is compelling, and we believe the size segment should move as capital disperses from the Magnificent 7.

Our goal remains to drive attractive risk-adjusted returns over a full market cycle. As previously stated, investment process success is contingent on the following: 1) a strong, well-organised team; 2) deep domain/company expertise; 3) consistent new idea generation; 4) a rigorous sell discipline; and 5) resilience. While we are confident in all aspects of our approach, we will continually strive to improve in each and every area. We think time is on the side of our philosophical approach and we appreciate Shareholders' trust and interest in the strategy as we continue our investment journey.

Brown Advisory LLC

Portfolio Manager
9 February 2024

Twenty largest holdings as at 31 December 2023

Company	Sector	31 December 2023		30 June 2023	
		Market value £'000	Percentage of portfolio	Market value £'000	Percentage of portfolio
Waste Connections Waste Connections, Inc. provides non-hazardous solid waste collection services for commercial, industrial, and residential customers. The company offers collection, landfill disposal, and recycling services for various recyclable materials, including compost, cardboard, office paper, plastic containers, glass bottles, and ferrous and aluminium metals.	Industrials	6,518	4.0	6,255	3.9
Bright Horizons Family Solutions Bright Horizons Family Solutions Inc. provides childcare and early education services as well as other services designed to help employees and families to better address the challenges of work and life. The company provides services primarily under multi-year contracts with employers who offer childcare and other dependent care solutions as part of their employee benefits packages.	Consumer discretionary	5,203	3.2	5,086	3.2
Prosperity Bancshares Prosperity Bancshares, Inc. is the holding company for Prosperity Bank. The Bank attracts deposits from the general public and uses those funds to originate a variety of commercial and consumer loans. Prosperity Bank operates in the greater Houston metropolitan area and neighbouring counties in Texas.	Financials	4,346	2.7	3,633	2.3
Casey's General Stores Casey's General Stores, Inc. operates convenience stores in the Midwest. The company offers food, beverages, tobacco products, health and beauty aids, automotive supplies, and other non-food items, as well as selling gasoline.	Consumer staples	4,020	2.5	4,050	2.6
SPDR S&P Biotech ETF SPDR S&P Biotech ETF is an exchange-traded fund incorporated in the US. The Fund seeks to replicate the performance of the S&P Biotechnology Select Industry Index, an equal-weighted index. The index tracks all the US common stocks listed on the NYSE, American Stock Exchange, NASDAQ National Market and NASDAQ Small Cap exchanges.	Biotechnology	3,980	2.5	4,003	2.5

Twenty largest holdings as at 31 December 2023 *(continued)*

Company	Sector	31 December 2023		30 June 2023	
		Market value £'000	Percentage of portfolio	Market value £'000	Percentage of portfolio
Pinterest 'A' Pinterest, Inc. operates and maintains a social networking site. The Company provides an online platform that helps users gather ideas on oddities, decorations, places to visit, recipes and other items. Pinterest serves customers worldwide.	Communication services	3,923	2.4	2,905	1.8
Neurocrine Biosciences Neurocrine Biosciences, Inc. is focused on the discovery and development of therapeutics for neuropsychiatric, neuroinflammatory and neurodegenerative diseases and disorders. The Company is developing therapeutic interventions for anxiety, depression, Alzheimer's disease, insomnia, stroke, malignant brain tumours, multiple sclerosis, obesity and diabetes.	Healthcare	3,874	2.4	2,778	1.8
NeoGenomics Operates a network of clinical laboratories that specialises in cancer genetics diagnostic testing services. The Company's services include cytogenetics, fluorescence in-situ hybridization (FISH), flow cytometry, morphology, anatomic pathology, and molecular genetic testing. NeoGenomics serves pathologists, oncologists, urologists and hospitals.	Healthcare	3,785	2.3	2,388	1.5
HB Fuller H.B. Fuller Company manufactures and markets adhesives, sealants, coatings, paints and other specialty chemical products worldwide. The company's products are sold in countries that include North America, Europe, Latin America, the Asia Pacific region, India, the Middle East, and Africa.	Materials	3,508	2.2	3,091	1.9
ChampionX ChampionX Corporation provides energy solutions. The company focuses on upstream and midstream oilfield technology such as chemistry programs and drilling activities. ChampionX serves customers worldwide.	Energy	3,375	2.1	3,498	2.2

Twenty largest holdings as at 31 December 2023 (continued)

Company	Sector	31 December 2023		30 June 2023	
		Market value £'000	Percentage of portfolio	Market value £'000	Percentage of portfolio
Dynatrace Dynatrace, Inc., through its subsidiaries, develops software intelligence platforms for the enterprise cloud. Its software intelligence platforms allow customers to modernize and automate IT operations, develop and release high quality software faster and improve user experiences for better business outcomes.	Information technology	3,212	2.0	3,742	2.4
Quaker Chemical Quaker Chemical Corporation, trading as Quaker Houghton, produces, develops and markets industrial chemical products. The Company offers heat treatment, metal forming, forging and tin plating fluids, as well as cleaners, casting lubricants, greases, ground control agents and metal rolling oils. Quaker Houghton serves customers globally.	Materials	3,093	1.9	2,834	1.8
Entegris Entegris, Inc. provides materials management products and services to the microelectronics industry on a worldwide basis. The company provides products such as wafer shippers, wafer transport and process carriers, pods and work-in-process boxes. Entegris also provides chemical delivery products such as valves, fittings, tubing, pipe and containers.	Information technology	3,053	1.9	2,831	1.8
EastGroup Properties, REIT EastGroup Properties, Inc. is an equity real estate investment trust. The trust acquires and develops industrial properties in major sunbelt markets throughout the US with a special emphasis in the states of California, Florida, Texas and Arizona.	Real estate	2,912	1.8	2,761	1.7
CCC Intelligent Solutions Holdings Provides cloud-based software as a service (SaaS) platform connecting trading partners, facilitating commerce and supporting mission-critical, artificial intelligence-enabled digital workflows.	Industrials	2,906	1.8	301	0.2

Twenty largest holdings as at 31 December 2023 *(continued)*

Company	Sector	31 December 2023		30 June 2023	
		Market value £'000	Percentage of portfolio	Market value £'000	Percentage of portfolio
Mister Car Wash Mister Car Wash, Inc. operates as a car wash company. The Company offers car exterior and interior cleaning services. Mister Car Wash serves customers across the US.	Consumer discretionary	2,883	1.8	2,749	1.7
BlackLine BlackLine, Inc. develops and markets enterprise software. The company offers cloud-based software that automates and manages complex, manual, and repetitive accounting processes. BlackLine serves customers globally.	Information technology	2,856	1.8	2,468	1.5
Casella Waste Systems A Provides integrated and non-hazardous solid waste services throughout the Eastern United States. The Company offers collection, transfer, disposal and recycling services, generates steam, and manufactures finished products utilising recyclable materials.	Industrials	2,846	1.8	1,208	0.8
Encompass Health Provides inpatient rehabilitative healthcare services. The Company operates inpatient rehabilitation hospitals, outpatient and rehabilitation satellites, and home health agencies. Encompass Health provides treatment on both an inpatient and outpatient basis.	Healthcare	2,813	1.7	2,620	1.6
MSA Safety MSA Safety Inc. develops, manufactures and supplies safety products that protect people and facility infrastructures. The company's core products include self-contained breathing apparatus, fixed gas and flame detection systems, portable gas detection, head protection and fall protection products.	Industrials	2,808	1.7	2,900	1.8
Total		71,914	44.5		

The value of the twenty largest equity holdings represents £71.9 million (30 June 2023: £69.6 million) and 44.5% (30 June 2023: 43.8%) of the Company's total investments.

As at 30 June 2023 and 31 December 2023, none of the Company's assets were invested in the securities of other listed closed-ended investment companies.

Interim management report

Related party transactions

During the first six months of the current financial year no transactions with related parties have taken place which have materially affected the financial position or performance of the Company. Details of related party transactions are contained in the Annual Report & Financial Statements for the year ended 30 June 2023 and on page 26 of this report.

Principal and emerging risks and uncertainties

The Company is exposed to the effect of variations in the price of its investments. A fall in the value of its portfolio will have an adverse effect on shareholders' funds. It is not the aim of the Board to eliminate entirely the risk of capital loss; rather it aims to seek capital growth. The Board reviews the Company's investment strategy and the risk of adverse share price movements at its quarterly board meetings considering the economic climate, market conditions and other factors that may have an effect on the sectors in which the Company invests. Other key risks faced by the Company relate to liquidity risk, the discount to net asset value, regulatory risk, credit and counterparty risk, loss of key personnel, and operational and financial risks.

Further details of the principal and emerging risks and uncertainties associated with the Company's business are set out in the Annual Report & Financial Statements for the year ended 30 June 2023. In the view of the Board, these principal and emerging risks and uncertainties continue to apply and they are constantly under review.

Going concern

The Half Yearly Financial Report has been prepared on a going concern basis. The Directors consider that this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the Company's investment objective, risk management policies and capital management policies, the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments and the ability of the Company to meet all of its liabilities and ongoing expenses.

Directors' responsibility statement

The Directors confirm to the best of their knowledge that:

- (a) the condensed set of financial statements, prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company at, or, as applicable, for the period ended 31 December 2023.
- (b) the Chairman's statement, the Portfolio Manager's review and the interim management report include a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R; and
- (c) the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R on related party transactions.

The Half Yearly Financial Report has not been audited or reviewed by the Company's auditors.

For and on behalf of the Board

Stephen White

Chairman
9 February 2024

Income statement

for the six months ended 31 December 2023 (unaudited)

	Six months to 31 December 2023			Six months to 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains from investments held at fair value through profit or loss (Note 2)	–	3,715	3,715	–	9,184	9,184
Currency exchange loss	–	(120)	(120)	–	(40)	(40)
Investment income	613	–	613	452	–	452
Total income	613	3,595	4,208	452	9,144	9,596
Management fee	(603)	–	(603)	(583)	–	(583)
Other expenses	(263)	(1)	(264)	(234)	(1)	(235)
(Loss)/return before taxation	(253)	3,594	3,341	(365)	9,143	8,778
Taxation	(80)	–	(80)	292	–	292
Net (loss)/return after taxation	(333)	3,594	3,261	(73)	9,143	9,070
Net (loss)/return per Ordinary share (Note 3)	(2.78)p	30.07p	27.29p	(0.62)p	76.50p	75.88p

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 comprehensive income, and therefore the net return after taxation is also the total comprehensive income for the year.

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

The financial information does not constitute 'accounts' as defined in section 434 of the Companies Act 2006.

The Notes on pages 23 to 26 form part of these financial statements.

Statement of financial position

as at 31 December 2023 (unaudited)

	31 December 2023 (unaudited) £'000	30 June 2023 (audited) £'000
Fixed assets		
Investments at fair value through profit or loss	161,564	159,134
Current assets		
Debtors	79	67
Cash at bank and in hand	13,377	12,444
	13,456	12,511
Creditors: amounts falling due within one year	(612)	(498)
Net current assets	12,844	12,013
Total assets less current liabilities	174,408	171,147
Capital and reserves		
Called up share capital	4,555	4,555
Share premium account	19,550	19,550
Non-distributable reserve	841	841
Capital redemption reserve	9,628	9,628
Retained earnings – capital reserve	149,684	146,090
Retained earnings – revenue reserve	(9,850)	(9,517)
Total shareholders' funds	174,408	171,147
Net asset value per Ordinary share (Note 6)	1,459.2p	1,431.9p

The financial statements on pages 19 to 22 were approved by the Board of Directors and signed on its behalf on 9 February 2024.

Stephen White

Chairman

Company Registration Number 02781968

The Notes on pages 23 to 26 form part of these financial statements.

Statement of cash flows

for the six months ended 31 December 2023

	Six months ended 31 December 2023 (unaudited) £'000	Six months ended 31 December 2022 (unaudited) £'000
Cash flows from operating activities		
Investment income received (gross)	517	358
Deposit interest received	88	23
Investment management fee paid	(591)	(292)
Other cash expenses	(291)	(140)
Net cash outflow from operating activities before taxation and interest	(277)	(51)
Taxation	(80)	(49)
Net cash outflow from operating activities	(357)	(100)
Cash flows from investing activities		
Purchases of investments	(18,975)	(28,799)
Sales of investments	20,385	32,588
Net cash inflow from investing activities	1,410	3,789
Cash flows from financing activities		
Net cash inflow from financing activities	-	-
Increase in cash	1,053	3,689
Cash and cash equivalents at the start of period	12,444	8,218
Realised loss on foreign currency	(120)	(40)
Cash and cash equivalents at end of period	13,377	11,867

The Notes on pages 23 to 26 form part of these financial statements.

Statement of changes in equity

for the six months ended 31 December 2023 (unaudited)

For the six months to 31 December 2023	Called up share capital £'000	Share premium £'000	Non- distributable reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Capital reserve £'000	Revenue reserve* £'000	
Balance at 1 July 2023	4,555	19,550	841	9,628	146,090	(9,517)	171,147
Net return for the period	–	–	–	–	3,594	(333)	3,261
Balance at 31 December 2023	4,555	19,550	841	9,628	149,684	(9,850)	174,408

For the six months to 31 December 2022	Called up share capital £'000	Share premium £'000	Non- distributable reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Capital reserve £'000	Revenue reserve* £'000	
Balance at 1 July 2022	4,555	19,550	841	9,628	129,726	(8,460)	155,840
Net return for the period	–	–	–	–	9,143	(73)	9,070
Balance at 31 December 2022	4,555	19,550	841	9,628	138,869	(8,533)	164,910

For the year ended 30 June 2023 (audited)	Called up share capital £'000	Share premium £'000	Non- distributable reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Capital reserve £'000	Revenue reserve* £'000	
Balance at 1 July 2022	4,555	19,550	841	9,628	129,726	(8,460)	155,840
Net return for the year	–	–	–	–	16,364	(1,057)	15,307
Balance at 30 June 2023	4,555	19,550	841	9,628	146,090	(9,517)	171,147

* Under the Company's Articles of Association any dividends may be distributed only from the revenue reserve element of retained earnings and, as at 31 December 2023, there were no available earnings of this type.

The Notes on pages 23 to 26 form part of these financial statements.

Notes to the financial statements

for the six months to 31 December 2023

1. Accounting policies

The accounting policies applied for the condensed financial statements are as set out in the Company's Annual Report & Accounts for the year ended 30 June 2023. They have been applied consistently during the period ended 31 December 2023.

FRS 104, 'Interim Financial Reporting', issued by the FRC in March 2015 has been applied in preparing the financial statements included in this half yearly report.

Basis of accounting

The accounts of the Company are prepared on a going concern basis under the historical cost convention, modified to include fixed asset investments at fair value through profit or loss and in accordance with the Companies Act 2006, UK GAAP and with the Statement of Recommended Practice ('SORP') for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies ('AIC') in November 2014 and updated in April 2021.

The functional and reporting currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

In accordance with the SORP, the Income Statement has been analysed between a revenue account (dealing with items of a revenue nature) and a capital account (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income, operating expenses and tax. Net revenue returns are allocated via the revenue account to the retained earnings, out of which dividend payments may be made. Capital returns include, but are not limited to, profits and losses on the disposal and revaluation of fixed asset investments and currency profits and losses on cash and borrowings. Net capital returns may not be distributed by way of dividend and are allocated via the capital account to the retained earnings.

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

	Six months to 31 December 2023 £'000	Six months to 31 December 2022 £'000
Net (losses)/gains realised on sale of investments	(3,382)	1,901
Movement in investment holdings gains	7,097	7,283
Gains on investments held at fair value through profit or loss	3,715	9,184

3. Return per Ordinary share

	Six months to 31 December 2023 £'000	Six months to 31 December 2022 £'000
Net revenue loss	(333)	(73)
Net capital return	3,594	9,143
Net total return	3,261	9,070
Weighted average number of Ordinary shares in issue during the period	11,952,159	11,952,159
Net revenue loss per Ordinary share	(2.8)p	(0.6)p
Net capital return per Ordinary share	30.1p	76.5p
Net return per Ordinary share	27.3p	75.9p

Notes to the financial statements (continued)

4. Transaction costs

During the period, expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	Six months to 31 December 2023 £'000	Six months to 31 December 2022 £'000
Purchases	20	27
Sales	18	19
Total	38	46

5. Comparative information

The financial information contained in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the six months to 31 December 2023 and 31 December 2022 has not been audited.

The information for the year ended 30 June 2023 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 30 June 2023 have been filed with Companies House. The report of the auditors on those accounts contained no qualification or statement under section 498(2) or (3) of the Companies Act 2006.

6. Net asset value per Ordinary share

The net asset value per Ordinary share as at 31 December 2023, calculated in accordance with the Articles of Association, was as follows:

	31 December 2023		30 June 2023	
	Net asset value per share attributable (p)	Net assets attributable £'000	Net asset value per share attributable (p)	Net assets attributable £'000
Ordinary shares	1,459.2	174,408	1,431.9	171,147

Net asset value per Ordinary share on the balance sheet is based on net assets of £174,408,000 (30 June 2023: £171,147,000) and on 11,952,159 (30 June 2023: 11,952,159) Ordinary shares, being the number of Ordinary shares in issue at the end of the period.

Notes to the financial statements *(continued)*

7. Fair valuation of investments

The fair value hierarchy analysis for investments held at fair value at the period end is as follows:

	31 December 2023				30 June 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	161,564	–	–	161,564	159,134	–	–	159,134

Financial instruments include fixed asset investments, derivative assets and liabilities.

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been recently suspended, forward exchange contracts and certain other derivative instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instruments. Included within this category are unquoted investments.

Notes to the financial statements *(continued)*

8. Related parties and transactions with the manager

FundRock Partners Limited (FundRock) has been appointed as AIFM to the Company pursuant to an Alternative Investment Fund Management Agreement between FundRock and the Company. FundRock has also been appointed to provide company secretarial services to the Company.

Brown Advisory has been appointed to provide portfolio management services pursuant to a Portfolio Management Agreement between the Company, FundRock and Brown Advisory.

The management fee has been calculated at an annual rate of 0.7% on the first £200 million; 0.6% of the next £300 million; and 0.5% thereafter of the Company's adjusted net assets.

The management fee is payable by the Company to FundRock, who shall deduct from the management fee the amounts due to it as AIFM and for company secretarial services and shall pay the balance to Brown Advisory.

The management fee is calculated and payable on a quarterly basis.

The investment management fee payable to FundRock for the period 1 July 2023 to 31 December 2023 was £603,000. For the period 1 July 2022 to 31 December 2022 the fee payable was £583,000.

The appointment of Brown Advisory and FundRock may be terminated by not less than six months' notice.

There are no transactions with the directors other than the remuneration paid to the directors as disclosed in the Directors' Remuneration Report on pages 51 to 54 of the 2023 Annual Report & Accounts and as set out in Note 5 to the Accounts on page 71 and the beneficial interests of the directors in the ordinary shares of the Company as disclosed on page 53 of the 2023 Annual Report & Accounts.

Company information

Directors	Stephen White (Chairman) Lisa Booth Jasper Judd Clive Parritt Jane Routledge
Registered Office	6th Floor, 125 London Wall, London EC2Y 5AS
Portfolio Manager	Brown Advisory LLC 901 South Bond Street, Suite 400, Baltimore, Maryland 21231 United States
Alternative Investment Fund Manager (AIFM)	FundRock Partners Limited Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY Authorised and regulated by the Financial Conduct Authority
Company Secretary	FundRock Partners Limited Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Telephone	+44 (0)203 994 7129
Website	www.brownadvisory.com/basc
Email	InvestmentTrustEnquiries@brownadvisory.com
Custodian	J.P. Morgan Chase Bank N.A 25 Bank Street, Canary Wharf, London E14 5JP
Depository	J.P. Morgan Europe Limited 25 Bank Street, Canary Wharf, London E14 5JP Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Registrars	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Telephone	0370 889 4089
Website	www.investorcentre.co.uk
Independent auditors	Haysmacintyre LLP 10 Queen Street Place, London EC4R 1AG
Company registration number	02781968 Registered in England & Wales An investment company under s.833 of the Companies Act 2006

Company information *(continued)*

Investor codes	The Ordinary shares of the Company are traded on the London Stock Exchange.
Sedol number	
Ordinary shares	0346340
ISIN	
Ordinary shares	GB0003463402
Ticker	
Ordinary shares	BASC

Investor information

Performance updates

The Company publishes a monthly factsheet which contains key information about its performance, investment portfolio and pricing. The factsheets, together with electronic copies of the most recent full and interim reports and financial statements, are available for download from www.brownadvisory.com/basc. Should you wish to be added to an email distribution list for future editions of the monthly factsheet, please send an email to InvestmentTrustEnquiries@brownadvisory.com. For investors who do not have access to the internet, these documents are also available on request from Brown Advisory's Client Services Team on +44 (0)203 301 8130.

Further information about the Company is also available from third party websites such as www.morningstar.co.uk and www.theaic.co.uk.

Retail distribution of non-mainstream products

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's Ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are Ordinary shares in an investment trust.

Changes to our Data Privacy Notice

We have updated our Privacy Notice to align with the new data privacy law in the European Union, known as the General Data Protection Regulation (GDPR) to which we are subject. Data protection and the security of your information has always been, and remains, important to us.

Any information concerning Shareholders and other related natural persons (together the Data Subjects) provided to, or collected by or on behalf of, Brown Advisory LLC and/or FundRock Partners Limited (the Controllers) (directly from Data Subjects or from publicly available sources) may be processed by the Controllers as joint controllers, in compliance with the GDPR.

You are not required to take any action in respect of this notice, but we encourage you to read our Privacy Notice. Our Privacy Notice can be found on our website, www.brownadvisory.com/us/privacy. In the event that you hold your shares as a nominee, we request that you promptly pass on the details of where to find our Privacy Notice to the underlying investors and/or the beneficial owners.

Managing your account online

The Company's registrar, Computershare Investor Services PLC, allows you to manage your shareholding online. If you are a direct investor, you can view your shareholding, change the way the registrar communicates with you, and buy and sell shares. If you haven't used this service before, you can enter the name of the Company and register your account at <https://www-uk.computershare.com/investor>. You'll need your investor code (IVC), which is printed on your share certificate, in order to register.

Computershare's contact details are as follows:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road,
Bristol BS99 6ZZ
Telephone: +44 (0)370 889 4089*

* *Calls to this number are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 09:00 – 17:30 Monday to Friday.*

Important risk warnings

Advice to shareholders

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our shareholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they are only making the offer available to you
- ask you to not tell anyone else about it

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high-risk investment or a scam.
- **Checking the FCA Warning List** – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- **Getting impartial advice** – Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it.

- You can report the firm or scam to the FCA by contacting their consumer helpline on **0800 111 6768** or using their online reporting form,
- If you have lost money in a scam, contact Action Fraud on **0300 123 2040** or visit **www.actionfraud.police.uk**

For further helpful information about investment scams and how to avoid them please visit **www.fca.org.uk/scamsmart**.

Glossary of terms including alternative performance measures

Alternative performance measures

The European Securities and Markets Authority ('ESMA') published its guidelines on alternative performance measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.'

The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following APMs are used throughout the Half Yearly Financial Report, Financial Statements and Notes to the Financial Statements.

Benchmark total return index

A total return index is a type of equity performance index that tracks both the capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index.

Discount*

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

At 31 December 2023 the share price was 1,292.5p (30 June 2023: 1,220.0p) and the net asset value per share (cum income) was 1,459.2p (30 June 2023: 1,431.9p), the discount therefore being 11.4% (30 June 2023: 14.8%).

Discount management

Discount management is the process of the buy-back and issue of Company shares by the Company, to and from its own holding or 'treasury' with the intention of managing any imbalance between supply and demand for the Company's shares and thereby the market price. The aim is to ensure that, in normal market conditions, the market price of the Company's shares will not materially vary from its NAV per share. The authority to repurchase the Company's shares is voted upon by the shareholders at each annual general meeting.

* Alternative performance measure.

Gearing*

Gearing is the borrowing of cash to buy more assets for the portfolio with the aim of making a gain on those assets larger than the cost of the loan. However, if the portfolio doesn't perform well, the gain might not cover the costs. The more an investment company gears, the higher the risk.

Gearing is defined as the ratio of the Company's debt less cash held, where debt exceeds cash, compared to its net assets, expressed as a percentage.

NAV per share*

The net asset value ('NAV') is the value of the investment company's assets less its liabilities. The NAV per share is the NAV divided by the number of shares in issue. The difference between the NAV per share and the share price is known as the discount or premium.

At 31 December 2023, the net asset value per share (cum income) was 1,459.2p (30 June 2023: 1,431.9p).

Ongoing charges

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of net assets during the period and is calculated in accordance with guidance issued by the Association of Investment Companies.

	31 December 2023 £'000	30 June 2023 £'000
Management fee	603	1,172
Other expenses	263	521
Total expenses (excluding finance costs)	866	1,693 (a)
Average net assets	166,344	168,902 (b)
Ongoing charges %	1.03	1.00
Ongoing charges (c = (a/b) x 2)	1.03	(c)
Ongoing charges (d = a/b)		1.00 (d)

As at 31 December 2023 the ongoing charges were 1.03% (30 June 2023: 1.00%).

Glossary of terms including alternative performance measures *(continued)*

Premium*

The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

Treasury shares

Treasury shares are the part of the issued share capital that is held by the Company. They do not rank for dividends and do not have voting rights. The Company uses treasury shares for discount management purposes as described above.

