BlackRock Throgmorton Trust plc

Half Yearly Financial Report 31 May 2024

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General enquiries about the Company should be directed to the Company Secretary at: cosec@blackrock.com.

Use this QR code to take you to the Company's website where you can sign up to monthly insights and factsheets.

Financial highlights

as at 31 May 2024

-4.3%[2]

Share price underperformed Benchmark Index[1]

£644.5m

Total net assets

▲11.9%

+2.4%[1,3]

NAV per share outperformed Benchmark Index[1]

9.44p

Revenue earnings per share

▲11.6%

639.00p

Ordinary share price

▲12.5%[1,2]

3.75p

Interim dividend

13.6%

703.55p

Net asset value (NAV) per share

▲19.2[1,2]

9.2%[2]

Discount

▲5.6%

The above financial highlights are as at 31 May 2024 and percentage comparisons are against 30 November 2023. The percentage change for revenue earnings per share is against six months ended 31 May 2023.

[1] Mid-market share price, NAV performance and Benchmark Index are calculated in Sterling terms with dividends reinvested. The Benchmark Index is the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

[2] Alternative Performance Measure, see Glossary on pages 41 to 45.

[3] Calculated on NAV performance versus the Benchmark Index performance, both with dividends reinvested.

Whilst Housebuilding and RMI (Repair, Maintenance and Improvement) had a difficult 2023, we believe the recovery potential in both earnings and multiple is substantial. Housebuilders M J Gleeson and Crest Nicholson, two additions to the portfolio during the year, are amongst those who could benefit from changing market conditions.

Why BlackRock Throgmorton Trust plc?

Investment objective

The Company's objective is to provide shareholders with long-term capital growth and an attractive total return through investment primarily in UK smaller and mid-capitalisation companies traded on the London Stock Exchange.

Reasons to invest

Outperforming asset class

The Company offers investors exposure to primarily UK smaller and mid-capitalisation companies, an asset class that has historically outperformed larger companies by 3.9%[1] per annum.

Active management

Smaller and mid-capitalisation companies operate in a less efficient and under-researched area of the market, which makes it an attractive environment for active managers.

Additional alpha opportunities

The Company has an enhanced toolkit for generating outperformance with the ability to short companies that we find unattractive, enabling the Company to profit if their share prices fall. This provides a differentiated source of potential alpha.

Flexible market exposure

Leverage enables us to increase overall gross market exposure whilst our ability to hold short positions means we can vary the net market exposure over time with the aim of enhancing returns over the long term.

Broader exposure

The Company is able to invest without restriction in AIM listed companies, has the ability to invest 15% of gross assets in companies listed overseas and 2.5% of net assets in unquoted companies. This further expands our investment universe and provides differentiation from other trusts in the market.

Proven track record

Proven strategy with a long-term track record of over 5.0% annualised outperformance over our Benchmark Index.[2]

1 Source: LSEG Datastream. For the period 1955 to 2024, Deutsche Numis Smaller Companies Index plus AIM (excluding Investment Companies) Total Return Index (previously known as Hoare Govett). Barclays Equity Total Return (December 1955 to December 2006), representative of smaller company performance. FTSE All-Share Total Return (January 2008 to May 2024), representative of larger company performance.

2 Since BlackRock was appointed as Manager on 1 July 2008.

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The Association of Investment Companies

A member of the Association of Investment Companies

Further details about the Company, including the latest annual and half yearly financial reports, fact sheets and stock exchange announcements, are available on the website at www.blackrock.com/uk/thrg.

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Performance record

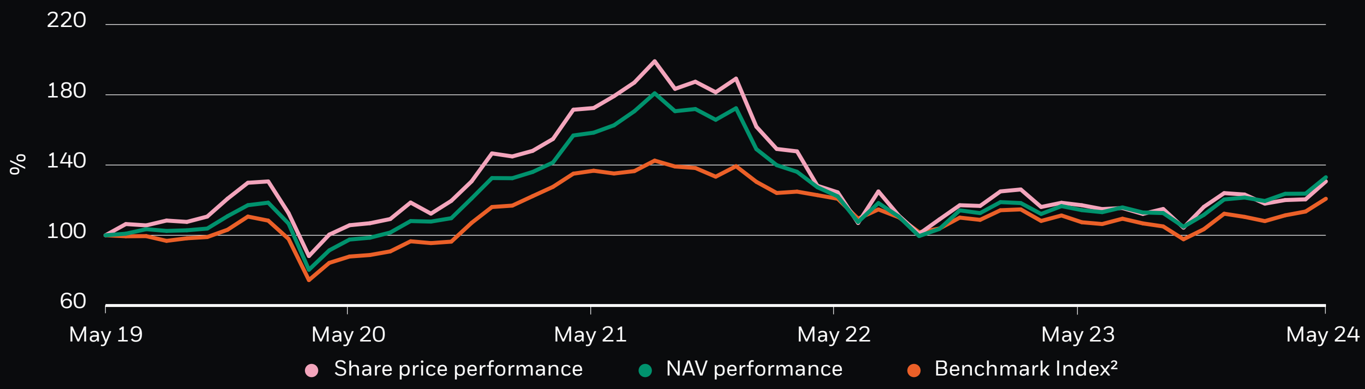
	As at 31 May 2024	As at 30 November 2023
Net assets (£'000)[1]	644,498	575,925
Net asset value per ordinary share (pence)	703.55	600.72
Ordinary share price (mid-market) (pence)	639.00	579.00
Benchmark Index[2]	17,182.78	14,713.60
Discount to cum income net asset value[3]	(9.2)%	(3.6)%

	For the six months ended 31 May 2024	For the year ended 30 November 2023
Performance (with dividends reinvested)		
Net asset value per share[3]	19.2%	(2.3)%
Ordinary share price[3]	12.5%	(0.8)%
Benchmark Index[2]	16.8%	(6.0)%
Average discount to cum income net asset value for the period/year[3]	(8.0)%	(5.2)%

	For the period since 1 July 2008 to 31 May 2024	For the period since 1 July 2008 to 30 November 2023
Performance since 1 July 2008[4] (with dividends reinvested)		
Net asset value per share[3]	526.0%	425.1%
Ordinary share price[3]	543.1%	471.7%
Benchmark Index[2]	183.1%	142.4%

	For the six months ended 31 May 2024	For the six months ended 31 May 2023	Change %
Revenue			
Net revenue profit on ordinary activities after taxation (£'000)	8,885	8,544	+4.0%
Revenue earnings per ordinary share (pence)[5]	9.44	8.46	+11.6%
Dividends per ordinary share (pence)			
Interim	3.75	3.30	13.6

Performance for the five years to 31 May 2024



Total return performance record, rebased to 100 at 31 May 2019.
Sources: BlackRock and LSEG Datastream.

1 The change in net assets reflects portfolio movements, share buybacks and dividends paid during the period.

2 The Company's Benchmark Index is the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

3 Alternative Performance Measures, see Glossary on pages 41 to 45.

4 Since BlackRock's appointment as Investment Manager on 1 July 2008.

5 Further details are given in the Glossary on page 45.

Chairman's Statement

Dear Shareholder

Highlights

- **NAV total return of 19.2%, an outperformance of 2.4 percentage points against the Benchmark Index**
- **Share price total return underperformed the Benchmark Index by 4.3 percentage points as our share price discount to NAV widened to 9.2% (30 November 2023: 3.6%) and traded at an average discount of 8.0%**
- **Performance remains strong over the longer term; our NAV has outperformed the Benchmark Index by 12.2% over five years (share price by 9.9%) and by 89.6% over 10 years (share price by 104.2%)**
- **Interim dividend of 3.75p per share declared (31 May 2023: 3.30p)**

Christopher Samuel
Chairman

Overview

The Company had a positive first six months of the year, delivering a strong absolute return during the six months to 31 May 2024 and outperforming our Benchmark Index by 2.4 percentage points. Earnings per share also rose by 11.6%, enabling the Board to declare an increased interim dividend.

The UK economy has displayed notable resilience and following a shallow technical recession in the second half of 2023, UK GDP returned to growth in 2024, although to date progress remains relatively modest. Overall market sentiment was once again heavily influenced by the path of inflation and interest rates. UK inflation continued its steady trajectory downward during the period, providing welcome relief to corporates and households alike. The rate of inflation for the 12 months to 31 May 2024 came in at 2.0% (the lowest level since July 2021), meeting the Bank of England's (BoE) inflation target and increasing the likelihood of a summer cut in the base rate of interest.

Investor sentiment, and importantly risk appetite, appear to have improved during the period and UK equity markets continued upward with the FTSE 100 Index hitting an all-time high in early May. Market performance has been supported by a more benign economic backdrop of falling inflation, lower cost of borrowing, rising consumer confidence, high employment and strong wage growth. These factors have been positive for our asset class and this momentum has been reflected in the strong performance of our portfolio in the first six months of our financial year.

Another feature of the period under review has been continued merger and acquisition (M&A) activity by those recognising the value on offer in the UK market. As our portfolio manager, Dan Whitestone, explains in his report which follows, portfolio performance was boosted by several bids for companies within our portfolio and this activity is indicative of quite how cheap UK smaller companies are at the moment.

Post the period end, the Government's announcement of an early General Election took many by surprise.

The election was held on 4 July with Labour winning a landslide majority and taking power. There is now likely to be a great deal of activity as the new government takes the reins and seeks to implement its policies and reform agenda. Although the market has responded positively to the news, the immediate impact of the new government on the economy is likely to be minimal, although the resulting political certainty and pro-growth policies should aid market sentiment and be broadly positive for UK equities, in particular those smaller companies exposed to the domestic economy.

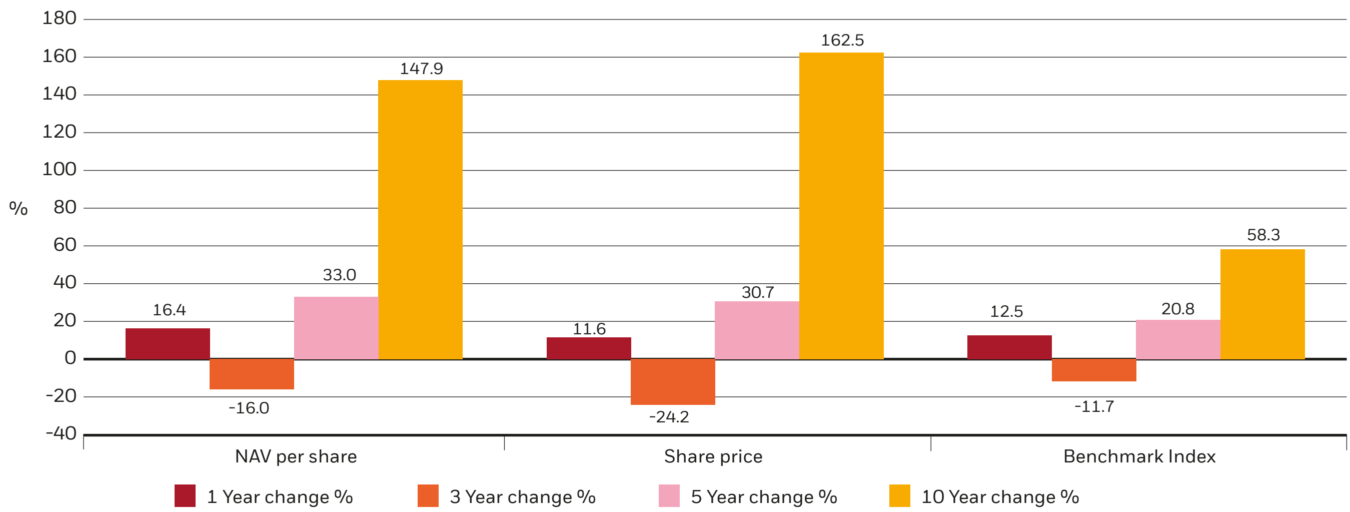
As you will read in his report which follows, our portfolio manager is upbeat about the opportunities available in UK smaller companies. As a Board we share his optimism about the outlook for our portfolio and the opportunities currently available in our asset class.

Performance

Over the six months to 31 May 2024, the Company's Net Asset Value (NAV) total return was +19.2% compared to a return of +16.8% from the Company's Benchmark Index, an outperformance of 2.4 percentage points. The Company's share price returned 12.5%, underperforming the Benchmark Index by 4.3 percentage points as our discount widened during period. Since the period end and up to the close of business on 19 July 2024, the Company's NAV has risen by 0.7%, and the Benchmark Index has risen by 0.2% (all figures with dividends reinvested).

Over the longer term our performance remains strong. For the five and ten-year periods to 31 May 2024, the Company's NAV returned +33.0% and +147.9%, and the share price returned +30.7% and +162.5%, comparing favourably to the Benchmark Index returns of +20.8% and +58.3% over the same periods.

Performance record to 31 May 2024 (with dividends reinvested)



The Board and our portfolio manager remain resolutely focused on achieving the Company's objectives of providing shareholders with long-term capital growth and an attractive total return through investment in primarily UK smaller and mid-capitalisation companies.

Further information on the Company's performance and the factors that contributed to performance during the period and the outlook for the second half of the financial year are set out in the Investment Manager's Report on pages 9 to 12.

Revenue return and dividends

The revenue return per share for the period amounted to 9.44 pence per share, compared to 8.46 pence per share earned during the same six-month period last year, an increase of 11.6%. It is positive to see that the level of income generated from our investment portfolio has increased.

The Board recognises that, although the Company's objective is capital growth, shareholders value consistency of dividends paid by the Company; an interim dividend of 3.75p per share has therefore been declared (2023: 3.30p per share), payable on 27 August 2024 to shareholders on the register on 2 August 2024 (the ex-dividend date is 1 August 2024). The interim dividend is fully covered by revenue generated by the portfolio during the period.

Policy on share price premium/discount

The Board believes that the best way of addressing any discount to NAV over the longer term is to generate good performance and to create demand for the Company's shares in the secondary market through broadening awareness of the Company's unique structure and other attractions. In determining whether the premium/discount to NAV (the share rating) at which the Company's shares trade is excessive or otherwise, the Board considers several factors. These may include but are not limited to whether the share rating is commensurate with the current demand for UK smaller companies and whether the Company's shares were trading in normal market conditions; the ongoing attractiveness of the investment proposition, in particular the strength of the portfolio management team and process; and the strong long-term performance delivered for shareholders, both in absolute and relative terms.

Share buy back activity

During the six months to 31 May 2024, the Company's share rating ranged between a discount to NAV of 3.6% at its narrowest (at the start of the period) to its widest discount of 11% in mid-April and ended the period at a discount of 9.2% (30 November 2023: 3.6%). This compares with the weighted average discount of the UK smaller companies peer group which ended the period at an average discount of 10.4%.

During the period under review, the Company bought back a total of 4,265,234 ordinary shares for a total consideration of £25,477,000. Since 31 May 2024 and up to the latest practicable date of 19 July 2024, a further 836,063 shares have been bought back for a total consideration of £5,166,000. As at 19 July 2024, the Company's shares were trading at a discount of 7.7% versus an average discount for the rest of the peer group of 10.9%. All shares were bought back at a discount to the prevailing NAV and were therefore accretive to existing shareholders.

The Board's objectives are to seek to minimise share price volatility and encourage the Company's share price to trade within as tight a range as possible, taking into account the various factors described above. However, despite our consistent and targeted action in support of the share rating, it was disappointing to see our discount widen during the period. The Board recognises that shareholders experience the share price performance of the Company and, in conjunction with our Broker and the Manager, we keep the share rating under continuous review seeking to understand and address the drivers of the widening discount.

There are of course several factors which influence the level of premium/discount at which a Company's shares trade in the market, many of which are outside of the Board's direct scope of control or influence; not least the pervasive selling we have witnessed since early 2022 which has depressed share prices in our asset class and acted to widen discounts. It is important to view the Company's share rating in the wider market context, noting that the Investment Trust sector average discount at 31 May 2024 had widened to 14.1% compared to 12.8% at the end of 2023 and 11.2% at the end of 2022, remaining correlated with Gilt yields. Buy back activity was significantly elevated across the sector as a whole as boards grappled with selling pressure. In April (when your Company's discount was at its widest) 118 investment trusts repurchased shares (representing the highest monthly figure for the number of investment companies buying back shares since 1996).

Overall, we believe the share buy back activity undertaken has been beneficial in reducing the volatility of our share rating and delivering NAV accretion. Your Board will continue to monitor the Company's share rating and may deploy its powers to support it by issuing or buying back the Company's shares where it believes that it is in shareholders' long-term best interests to do so.

Corporate governance

The Board takes its governance responsibilities very seriously and follows best practice requirements as closely as possible. As I reported in our Annual Report, we have complied with all applicable regulation and guidance with regard to matters of board diversity such as the FTSE Women Leaders Review and the recommendations of the Parker Review, now enshrined in the UK Listing Rules. The Board remains committed to exercising the highest standards of good governance and, as we do each year, will report to shareholders in the Annual Report on our compliance with the UK Code of Corporate Governance and other matters of good governance.

Chairman's Statement

continued

Change of Advisor

Following a competitive process, and as announced on 18 June 2024, the Board resolved to appoint Winterflood Securities Limited as sole corporate broker and financial adviser.

On behalf of the Board I would like to thank our previous broker, Stifel, who played a key role in 2018 during a period of pivotal strategic change for the Company and supported our growth and subsequent ascent into the FTSE 250 Index. We thank the team for their service to the Company over many years.

Shareholder communication

As we do each year, our Senior Independent Director and I recently met with several of our largest shareholders to answer any questions they had and encourage candid feedback on the Company. We believe both parties find this direct engagement insightful and beneficial. As a Board, we would of course like to hear the views of all shareholders. With this in mind, should you have any questions or feedback for the Board, you can write to me at our registered office address (given on page 39) or by email at: cosec@blackrock.com.

We appreciate how important access to regular information is to our shareholders. To supplement our Company website, we offer shareholders the ability to sign up to the BlackRock Trust Matters newsletter which includes information on the Company as well as news, views and insights on the investment trust market. Information on how to sign up is included on the inside cover of this report.

Outlook

As you will read in his report which follows, Dan describes a more promising environment for growth. He is optimistic about the future and emboldened by what he believes is a significant mispricing within UK small and mid-caps, driven by pervasive outflows of capital from the UK small-cap market over several years. This can be seen in the disconnect between the sales and earnings growth delivered by companies and the prevailing share price. Therefore, he believes our asset class currently presents investors with a clear and compelling investment opportunity, the like of which has not been seen for many years.

Our portfolio manager's fundamental approach has not changed. He focuses on identifying financially strong, cash generative companies, those which have innovative and disruptive business models and market leading offerings that can compound returns over time. The Board remains fully supportive of his investment approach and philosophy, moreover we share his enthusiasm around the opportunities available in UK smaller companies.

Christopher Samuel
Chairman
24 July 2024

[1] Source: LSEG Datastream.

Investment Manager's Report

For the six months ended 31 May 2024

Dan Whitestone
Portfolio Manager

"Stock specifics were the dominant driver of returns for the period. The top contributor to performance was 4imprint rising over 50%."

Market review and overall investment performance

For the first half of 2024, the Company's NAV delivered a positive return (net of fees) of +19.2%, outperforming the Benchmark Index by +2.4%. The Company's share price returned +12.5%. Despite the omnipresent dark cloud of negative sentiment that envelopes this exciting and differentiated universe, it was somewhat heartening to witness a meaningful period of positive returns. It may surprise some to see that the returns of our Benchmark Index (+16.8%), the FTSE 250 Index (+15.6%) and the FTSE Small Cap Index (+15.0%) don't look out of place alongside the Nasdaq Composite Index (+17.6%) which itself has benefitted from the inexorable growth of Nvidia which accounted for 31% of that return. My own hope (belief) is that this is just the start, reflecting a combination of i) continued resilient trading, ii) low valuations (versus their own history, versus large caps, and versus their own prospects for profit and cash flow growth), iii) an improving macro environment (falling inflation, increasing consumer confidence and household cash flows, high savings rates, and real wage growth), iv) strong balance sheets, and v) elevated levels of merger and acquisition (M&A) activity underpinning the valuation argument. I dare put forward a sixth point, which is the election of the Labour Government would herald not only a period of political stability but also a "pro-growth" agenda which could benefit many holdings in the Company.

Whilst the last six months witnessed another period of fund outflows for UK small and medium sized companies, May 2024 marked the first monthly net inflow since May 2021. That's an incredible statistic really; the first monthly inflow after 35 consecutive months of outflows. Indeed, those 35 months of outflows total to around $16.5 billion, which in our view has acted as a significant drag on returns, overpowering fundamentals. Accordingly, the value of any listed UK small and medium sized company has increasingly been dictated by the clearing price of an outflow, a trend that looks to be ameliorating at long last, reflecting the slowdown in outflows through the period and finally the inflow in May. Maybe this is in part because so many market participants have effectively given up on the UK? Thinking about the UK more broadly, the allocation from UK pension funds to the UK stock market has shrunk from 52% in 1990 down to circa 4% now, which represents a withdrawal of circa £1.9 trillion from UK listed equities over the last 25 years. Our discussions with UK Wealth Managers suggest a similar path, and I would suspect the retail platforms of direct investments too. Maybe there's just not much left to sell now? The challenges and industry concentration of the FTSE 100 Index are well understood, but the UK small and mid-cap market is a much more diverse and differentiated opportunity set comprised of many idiosyncratic compelling investment cases. One should not overlook the comparable returns that UK small and mid-sized companies have delivered in the last six months versus the US indices, so to go a step further, with such an extreme change in investor positioning, any improvement in the macro-economic backdrop that lifts sentiment could see the recent rally really accelerate considering how extreme positioning has now become.

Investment Manager's Report
continued

Performance review

For the Company, stock specifics were the dominant driver of returns for the period, so we take some assurance that we got more things right than wrong and the returns were not driven by one big thematic bet or factor move. Assessing the impact of the increasing levels of M&A activity we have seen in recent months is complicated with several considerations. If M&A helps underpin valuations more broadly in the sector that is a positive, but short term returns today need to be judged against the long term opportunity cost we may forgo. Value is in the eye of the beholder, to us some of the recently announced bids feel very opportunistic, others more perplexing. Over this six month period the Company has benefitted from Mattioli Woods and to a lesser extent Spirent, but we have also experienced a headwind of around 1% from not owning other shares in our benchmark that have been bid for in the period. We continue to run with a small number of short positions versus history to protect against increasing levels of M&A activity and also because we believe that in aggregate the sector is simply far too cheap and due a re-rating. If we are right in our views on recovery then history would suggest that will lead to another fertile period for shorting as a rising tide will lift all boats including some with large structural flaws, or an over exuberant or complacent crew, or indeed those exposed to changing currents if we were to stretch the analogy further.

The top contributor to performance was **4imprint** rising over 50% in the period on the back of successive strong financial updates with positive revisions to forecasts. Despite a broader slowdown in the wider US promotional products market, 4Imprint has continued to deliver impressive revenue growth reflecting ongoing market share gains (helps when you have a differentiated business model but have less than 5% market share) and expanding profit margins on increased marketing efficiencies. We remain long term supporters but have taken advantage of the share price rally to reduce our holding at all-time highs, which gives us the flexibility to buy more on any pull back.

The second biggest contributor was **SigmaRoc**, which has continued to trade strongly delivering full year 2023 results ahead of expectations and subsequently delivering a strong quarter one of 2024 trading update. Shares in SigmaRoc hit a valuation of around 6x current year's earnings towards the end of last year, one of many examples of some of the valuation opportunities that this market has thrown up. **Gamma Communications** rose after the company delivered another set of robust results, showing over 9% organic revenue growth. Highlighting their resilience as UK corporate demand for cloud telecoms remains positive. With over 10% of their market cap in net cash the company's board has recently initiated a share buyback programme.

Turning to the detractors, the biggest was **WH Smith** which fell despite "in-line" results. The contentious issue is the mix of profits with UK better and US worse reflecting timing of store opening programme, refurbishments and also a slowdown in their In-Motion business (weaker product cycle). As the US is the key driver of future profit growth we understand the concerns, albeit see the slowdown as temporary, not structural, whilst Management continue to deliver an impressive rate of contract wins in the US which should lead to a materially higher profit base in time. The second biggest detractor was **Watches of Switzerland** which issued a profit warning in January. As I covered this in some detail in our January monthly update I will merely reiterate that we reduced the position significantly back then reflecting the evolving investment case and now have an effective benchmark weight as we weigh up valuation and long term opportunity versus near term uncertainty. Shares in **CVS Group** fell in response to an announcement from the Competition and Markets Authority (CMA) that they would be progressing to a full Market Investigation into the veterinary market in the UK. The CMA had announced an initial review in September last year and we reduced the position to reflect uncertainty then. With a circa 18 month investigation hanging over the company we have reduced the position size further.

Portfolio positioning

The portfolio continues to be built from a myriad of idiosyncratic investment opportunities where we see a compelling runway for growth. However, no investment can be viewed without some broader macro context, and as consumer and industrial shares are two of the biggest areas of exposure, I thought it instructive to share some thoughts here. To summarise briefly, I believe the operating environment for the majority of the UK small and medium-sized complex is likely to improve through the year, something still to be reflected in consensus forecasts and valuations. My argument is broadly two fold:

- First is that the economic backdrop is better than feared and there are several reasons why this should improve further, which I've outlined below.

- Second is that many of our consumer and industrial companies have done a better job than appreciated in mitigating the reduction in like for like volumes they've experienced through price increases, cost re-engineering, and further market share gains. Therefore, we think many of our holdings are in a position to achieve far higher levels of profitability in the recovery which could drive a significant increase in valuation and in some specific cases drive a higher cross-cycle multiple of earnings.

As a team, we believe the operating environment is better than feared and there is a strong case why this should improve further. Inflation in the UK has fallen materially through 2024, and whilst each inflation print is scrutinised (some beats, some misses, some noticeable lags such as Services) the big picture is that it continues to fall and is indeed running closer to the 2% level if we annualise the last few months. Oil and gas looks less of a risk to inflation (at the time of writing), whilst food continues to fall. Services continues to lag but we hope falls in the months ahead. Wage inflation certainly has the capacity to upend the broader trend in inflation, however, we observe from many of our interactions with management teams that there are reasons for optimism. This reflects growing first hand evidence that although wage inflation is running ahead of the Consumer Price Index, it reflects the timing of wage settlements still to annualise, whilst labour availability is improving as job vacancies fall and companies have been able to revise their internal budgets for staff costs.

Contrary to what you might think, consumer confidence in the UK is now running at the highest in over 20 years, whereas the ASDA Income tracker (a proxy for household cash flow) has reached a 30 month high with quite an extraordinary positive reading in May at 16% year over year. Despite the consensus view that the UK's savings rate would be depleted through 2023 in a cost of living crisis, it actually increased so the average UK consumer has more money to spend and feels confident. This no doubt reflects that many are experiencing real wage growth for the first time in decades and retain a high degree of job security. Business conditions continue to improve, see the Purchasing Managers' Index or the Lloyds Business Survey as exemplars, which in turn should help drive economic growth from its current low level. The election of the Labour Government removed a prolonged period of uncertainty and could hopefully usher in a period of stability which will promote business confidence further, allied to a pro-growth agenda which could be particularly beneficial for our positions in housebuilders, construction and the supply chain.

In terms of positioning, Consumer and Industrials are the two biggest areas of gross exposure, reflecting where we see some of the most compelling stock specific opportunities. Many of our investments here have not only protected profitability better than expected, but have also developed an impressive track record of shareholder returns. So depressed valuations, a protected profit base which can grow meaningfully from here, combined with a permanently reduced share count is an attractive proposition which could reward the Company handsomely in time.

We have **continued to add to heavy construction and aggregates** (e.g. Breedon) on the back of an improving demand backdrop and an industry structure that has seen the permanent withdrawal of capacity which has been reflected in strong pricing to offset volume reductions. Consequently, profits have still demonstrated impressive year on year growth despite the reduction in volumes, so with a reengineered cost base, profits in the next cycle could reach new highs as volumes recover. Indeed, we expect 2024 to mark the trough for volumes, not just for Breedon but for many other "growth cyclicals" we own, and so thinking more broadly the recovery could translate into better-than-expected profit recovery across a range of companies, benefitting the likes of the brick manufacturers, or the "repair, maintenance and improve" (RMI) sector. In many cases we find these investments trading on close to trough multiples on trough earnings and accordingly we have continued to add to our exposure here believing the risk/reward to be particularly compelling.

We have also continued to **build up our exposure to housebuilders** in the last 6 months from very low levels, a sector we feel will consolidate further in the pursuit of landbank and operational synergies to deliver faster profit recovery. Indeed, the sector has had a torrid time in the last couple of years with housing starts down almost 25% in 2023 and now running at roughly half the level to reach the governments targets. This malaise has spread into associated industries, for example brick dispatches are at a low not seen outside the financial crisis. Compounding this, and I am sure something you can all relate to, the last 6 months has seen the wettest weather in the UK since the 1870's! Current trading across the sector therefore has been poor, as it has for the supply chain and the light industrial RMI space as so many home improvement projects have stalled on weather related issues. However there are genuine green shoots emerging, with housebuilders reporting interest levels and sales rates increasing slowly as swap rates come down and mortgages become more affordable. No one denies the importance of housebuilding as a national industry and in time we would expect volumes to recover towards 200,000 new houses per annum and, with the right policy support (Labour's proposed supply-side reforms could make a real difference) potentially some way beyond. For context we really need to be building somewhere in the order of 500,000 new houses per annum for some years to really address the UK's supply imbalance.

Another area we have been adding to is **Property**. We think Great Portland's capital raise, whilst calling the bottom of the prime London office market is noteworthy when trading on a 40% discount to net asset value. Yield compression would of course be additive, but isn't required in our view to make the investment case work considering the outlook for rental rates (supply constraints high occupancy) and expanding development profits on cost. This is a share we have added to in addition to Workspace, another company that has recently called the trough whilst trading at a +30% discount to a depressed cyclical low net asset value, whilst delivering 10% like for like rent roll growth.

Investment Manager's Report
continued

Reflecting on our **non-domestic exposure**, this tends to lean towards Industrials where despite a broader moderation in activity levels, there have been many cross currents and high levels of dispersion between companies and sub-sectors and geographies. Destocking has been a big theme in the sector, with supply chain issues initially leading to overordering, and then in turn overstocking (as supply chain issues resolved); this then led many businesses to destock, cutting orders and resulting in a slowdown in revenues. The stop-start nature of these supply chain issues throughout the year has impacted a range of geographies and sub-sectors differently, as they are all at different points in the cycle. We got some of these dynamics right and some wrong in 2023 and the same is true in 2024. On the whole, within General Industrial we have noticed an improvement in the book-to-bill ratios as many have turned a corner and can hopefully accelerate through second half of 2024 and into the financial year 2025. Reshoring in the US, as well as several Government programmes (Chips, Inflation Reduction Act) continue to provide additional tailwinds of growth for quite a few US focused but UK listed small and mid caps we have exposure to e.g. Oxford Instruments, Rotork, Hill & Smith.

Outlook

Looking ahead to 2024 market volatility is unlikely to abate and clearly this marks a significant year for elections worldwide, which may inject further turbulence into the macro backdrop. As I've outlined above, I think the valuation case for UK small and medium sized companies remains compelling, with many of the holdings in the Company trading on single digit price to earnings ratios and high Free Cash Flow yields but unlike so many archetypical "value" sectors, have far superior growth prospects. Whilst our global facing companies trade on higher valuations, these look low to us compared to their prospects for growth and certainly against their US listed counterparts despite similar growth rates and end market exposures. We've long maintained the view that flows have been the primary headwind to valuations, and so any change in the flow picture could prompt a material valuation rebound. The progress of the assets class against this flow backdrop in the last six months should not be underestimated and maybe May's month of inflows might just herald in a new dawn. Time will tell. But the bigger picture for us is one of a gradual recovery, and in our view this is not reflected in valuations so remains the biggest risk/reward opportunity for us.

Dan Whitestone
BlackRock Investment Management (UK) Limited
24 July 2024

Portfolio of investments

1 ▲ **Oxford Instruments** (2023: 3rd)

Electronic & Electrical Equipment

Market value: £20,161,000
Share of net assets: 3.1% (2023: 2.8%)

Designer and manufacturer of tools and systems for industry and research

2 ▼ **Breedon** (2023: 1st)

Construction & Materials

Market value: £19,219,000
Share of net assets: 3.0% (2023: 3.3%)

Supplier of construction materials

3 ▼ **Gamma Communications*** (2023: 2nd)

Mobile Telecommunications

Market value: £18,499,000
Share of net assets: 2.9% (2023: 3.0%)

Provider of communication services to UK businesses

4 ► **Grafton Group** (2023: 4th)

Support Services

Market value: £17,316,000
Share of net assets: 2.7% (2023: 2.8%)

Builders' merchants in the UK, Ireland and Netherlands

5 ▲ **IntegraFin** (2023: 15th)

Financial Services

Market value: £16,604,000[1]
Share of net assets: 2.6% (2023: 1.8%)

UK savings platform for financial advisors

6 ▲ **Hill & Smith Holdings** (2023: 12th)

Industrial Metals & Mining

Market value: £15,989,000
Share of net assets: 2.5% (2023: 2.2%)

Supplier of infrastructure products and galvanizing services

Portfolio of investments

continued

7 ► **Rotork** (2023: 7th)

Electronic & Electrical Equipment

Market value: £15,881,000
Share of net assets: 2.5% (2023: 2.5%)

Manufacturer of industrial flow equipment

8 ► **WH Smith** (2023: 8th)

General Retailers

Market value: £15,270,000
Share of net assets: 2.4% (2023: 2.5%)

Retailer of books, stationery, magazines, newspapers and confectionary

9 ▲ **Tatton Asset Management*** (2023: 11th)

Financial Services

Market value: £14,988,000
Share of net assets: 2.3% (2023: 2.2%)

Provision of discretionary fund management services to the IFA market

10 ▼ **4imprint Group** (2023: 6th)

Media

Market value: £14,859,000
Share of net assets: 2.3% (2023: 2.7%)

Supplier of promotional merchandise in the US

* Traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

[1] Includes long derivative positions.

Percentages shown are the share of net assets.

The market value shown is the gross exposure to the shares through equity investments and long derivative positions. For equity investments, the market value is the fair value of the shares. For long derivative positions, it is the market value of the underlying shares to which the portfolio is exposed via the contract.

Percentages in brackets represent the portfolio holding as at 30 November 2023. Arrows indicate the change in relative ranking of the position in the portfolio compared to its ranking as at 30 November 2023.

#	Company	£'000^	%	Description
11	**Baltic Classifieds Group** Software & Computer Services	13,962	2.2	Operator of online classified businesses in the Baltics
12	**GlobalData*** Media	13,100[1]	2.0	Data analytics and consulting
13	**Chemring Group** Aerospace & Defence	12,243	1.9	Provider of technology products and services to aerospace, defence and security markets
14	**Boku*** Support Services	11,932	1.9	Digital payments platform
15	**Workspace Group** Real Estate Investment Trusts	11,559	1.8	Supply of flexible workspace to businesses in London
16	**Computacenter** Software & Computer Services	10,935	1.7	Computer services
17	**FTSE 250 Index Future** Financial Services	9,619[1]	1.5	Index future
18	**GPE** Real Estate Investment Trusts	9,608[1]	1.5	Owner of commercial real estate in central London
19	**Morgan Sindall** Construction & Materials	9,485[1]	1.5	Supplier of office fit out, construction and urban regeneration services
20	**Hunting** Oil Equipment and Services	9,438[1]	1.5	Oil services business
21	**Next Fifteen Communications*** Media	9,283	1.4	Provider of digital communication products and services
22	**TT Electronics** Electronic & Electrical Equipment	9,111[1]	1.4	Global manufacturer of electronic components
23	**Vesuvius** Industrial Engineering	9,064[1]	1.4	British engineered ceramics company
24	**Bellway** Household Goods and Home Construction	8,647	1.3	UK housebuilder
25	**Intermediate Capital Group** Investment Banking & Brokerage	8,460	1.3	Private equity business
26	**Indivior PLC** Pharmaceuticals & Biotechnology	8,267	1.3	Pharmaceuticals business specialising in addiction and mental health treatments
27	**SIG** Industrial Support Services	8,226	1.3	Supplier of building, roofing and insulation products
28	**JET2*** Travel & Leisure	8,168	1.3	Low cost tour operator and airline
29	**Dunelm Group** General Retailers	7,960	1.2	Retailer of homeware products
30	**Luceco** Electronic & Electrical Equipment	7,783	1.2	Supplier & manufacturer of high quality LED lighting products
31	**Zotefoams** Chemicals	7,644[1]	1.2	Manufacturer of polyolefin foams used in sport, construction, marine, automation, medical equipment and aerospace
32	**Alfa Financial Software** Software & Computer Services	7,265	1.1	Provider of software to the finance industry
33	**Victorian Plumbing*** Home Improvement Retailers	7,197[1]	1.1	Online retailer of bathroom products
34	**IG Group Holdings** Financial Services	7,151	1.1	Online provider of spread betting and CFD trading services
35	**Porvair** Industrial Engineering	7,024[1]	1.1	Specialist filtration and environmental technology
36	**Cranswick** Food Producers	6,978	1.1	Producer of premium, fresh and added-value food products
37	**MJ Gleeson** Household Goods and Home Construction	6,969	1.1	UK housebuilder
38	**CVS Group*** General Retailers	6,927	1.1	Operator of veterinary surgeries
39	**Genuit** Construction & Materials	6,867	1.1	Manufacturer of plastic piping systems
40	**Lok'nStore*** Real Estate Investment & Services	6,760	1.0	Provider of self-storage space in the UK
41	**TP ICAP** Investment Banking & Brokerage	6,689	1.0	Inter-dealer broker
42	**FRP Advisory Group PLC*** Support Services	6,658	1.0	Provider of forensics, corporate finance, debt and financial advisory services

Portfolio of investments

continued

#	Company	£'000^	%	Description
43	**Kier Group** Support Services	6,642	1.0	UK construction, services and property group
44	**Clarkson** Industrial Transportation	6,566	1.0	Provider of shipping services
45	**SigmaRoc*** Construction & Materials	6,431	1.0	Buy-and-build group targeting construction materials assets in the UK and Northern Europe
46	**Moneysupermarket.com** Software & Computer Services	6,379[1]	1.0	Provider of price comparison website specialising in financial services
47	**Cairn Homes**[&] Household Goods and Home Construction	6,322[1]	1.0	Builder of community apartments and homes
48	**Robert Walters** Support Services	6,188	1.0	Provider of specialist recruitment services
49	**Xero**[&] Software & Computer Services	6,121[1]	0.9	Software company specialising in accounting for small businesses
50	**Judges Scientific*** Electronic & Electrical Equipment	5,977	0.9	Designer and producer of scientific instruments
51	**Euronext*** Financial Services	5,932[1]	0.9	European stock exchange
52	**Balfour Beatty** Construction & Materials	5,778	0.9	Multinational infrastructure group
53	**Senior Plc** Aerospace & Defence	5,717	0.9	Specialist engineering business
54	**YouGov*** Media	5,570	0.9	Provider of survey data and specialist data analytics
55	**Ibstock** Construction & Materials	5,563	0.9	Manufacturer of clay bricks and concrete products
56	**AB Dynamics*** Industrial Engineering	5,554	0.9	Developer and supplier of specialist automotive testing systems
57	**Sirius Real Estate** Real Estate Investment & Services	5,529	0.9	Owner and operator of business parks, offices and industrial complexes in Germany
58	**Ashtead*** Oil, Gas & Coal	5,411	0.8	International equipment rental business
59	**Spectris** Electronic & Electrical Equipment	5,287	0.8	Supplier of productivity enhancing instrumentation and controls
60	**SThree** Support Services	5,179	0.8	Provider of specialist professional recruitment services
61	**Zegona Communications** Mobile Telecommunications	5,121	0.8	Provider of telecommunications services
62	**DiscoverIE** Electronic & Electrical Equipment	5,015	0.8	International designer, manufacturer and supplier of customised electronics
63	**Polar Capital Holdings*** Financial Services	4,920	0.8	Provider of investment management services
64	**Future** Media	4,841	0.8	Multi-platform media business covering technology, entertainment, creative arts, home interest and education
65	**Crest Nicholson** Household Goods and Home Construction	4,752	0.7	UK housebuilder
66	**Applied Industrial Technologies**[&] Industrial Support Services	4,591[1]	0.7	Provider of fluid power solutions
67	**Londonmetric Property** Real Estate Investment Trusts	4,591[1]	0.7	Investor in, and developer of property
68	**Young & Co's Brewery*** Travel & Leisure	4,569	0.7	Owner and operator of pubs mainly in the London area
69	**Oxford Biomedica** Pharmaceuticals & Biotechnology	4,455[1]	0.7	Gene cell therapy
70	**Serica Energy*** Oil, Gas & Coal	4,369	0.7	Oil and gas producer
71	**Renishaw** Electronic & Electrical Equipment	4,338	0.7	Engineering and scientific technology company
72	**Accesso Technology*** Software & Computer Services	4,305[1]	0.7	Provider of ticketing and virtual queuing solutions
73	**Kainos Group** Software & Computer Services	4,275[1]	0.7	Provider of digital technology solutions
74	**Auction Technology Group** General Retailers	4,162	0.6	Operator of marketplaces for curated online auctions

#	Company	£'000^	%	Description
75	**OSB Group** Financial Services	4,143	0.6	Specialist lending business
76	**Medpace Holdings**[&] Pharmaceuticals & Biotechnology	4,088[1]	0.6	Clinical research organization (CRO) conducting global clinical research for the development of drugs and medical devices
77	**Lundin Mining**[&] Industrial Metals & Mining	3,865[1]	0.6	Diversified base metals miner
78	**Central Asia Metals*** Industrial Metals & Mining	3,803[1]	0.6	Production of base metals with operations in Kazakhstan and North Macedonia
79	**Ashmore Group** Financial Services	3,802[1]	0.6	Emerging market focused investment manager
80	**XP Power** Electronic & Electrical Equipment	3,791	0.6	Leading provider of power solutions
81	**TI Fluid Systems** Automobiles & Parts	3,767	0.6	Manufacturer of thermal management and fluid handling systems
82	**Glenveagh Properties**[&] Household Goods and Home Construction	3,761[1]	0.6	Builder of community apartments and homes
83	**Babcock International Group** Aerospace & Defence	3,745	0.6	British aerospace, defence and nuclear engineering services company
84	**Deliveroo** Software & Computer Services	3,616	0.6	Online food delivery business
85	**Cerillion*** Software & Computer Services	3,561	0.6	Provider of billing, charging and customer management systems
86	**Restore*** Support Services	3,472	0.5	Records management business
87	**Safestore** Real Estate Investment Trusts	3,469	0.5	Provider of self-storage units
88	**Rambus**[&] Technology Hardware & Equipment	3,464[1]	0.5	US listed chip and silicon IP producer
89	**Inficon**[&] Electronic & Electrical Equipment	3,442[1]	0.5	Provider of innovative instrumentation and critical sensor technologies
90	**Gooch & Housego*** Electronic & Electrical Equipment	3,392	0.5	Designer and manufacturer of advanced photonic systems
91	**Bytes Technology** Software & Computer Services	3,284	0.5	Specialist in software, security and cloud services
92	**Eckoh*** Software & Computer Services	3,256	0.5	Global provider of secure payments products
93	**Forterra** Construction & Materials	3,170	0.5	Manufacturer of building products
94	**RHI Magnesita** Chemicals	3,165	0.5	Supplier of refractory products, systems and services
95	**Marshalls** Construction & Materials	3,088[1]	0.5	British construction materials group
96	**PayPoint** Industrial Support Services	3,051[1]	0.5	Digital payments business
97	**Herc Holdings*** Industrial Transportation	3,029[1]	0.5	Equipment rental business
98	**Hiscox** Non-life Insurance	3,004[1]	0.5	Provision of insurance services
99	**Creo Medical Group PLC*** Medical Equipment and Services	2,989[1]	0.4	Manufacturer of medical devices
100	**Permanent TSB** Banks	2,981	0.4	Irish bank
101	**BE Semiconductor&** Technology Hardware & Equipment	2,913[1]	0.4	Manufacturer of semiconductor equipment
102	**Wetherspoon (J.D)** Travel & Leisure	2,891	0.4	Ownership and management of pubs in the UK
103	**Domino's** Travel & Leisure	2,881	0.4	Multinational pizza restaurant chain
104	**Dowlais Group** Automobiles & Parts	2,846	0.4	Provider of specialist automotive engineering services
105	**Team17*** Leisure Goods	2,773	0.4	Video game developer and publisher
106	**RH**[&] General Retailers	2,612[1]	0.4	Retailer of home furnishings

Portfolio of investments

continued

#	Company	£'000^	%	Description
107	**Animalcare Group*** Pharmaceuticals & Biotechnology	2,513	0.4	Veterinary pharmaceuticals business
108	**Watches of Switzerland** Personal Goods	2,510	0.4	Retailer of luxury watches
109	**Videndum** Industrial Engineering	2,447[1]	0.4	Provider of media hardware products and software solutions
110	**The Pebble Group*** Media	2,302	0.4	Designer and manufacturer of promotional goods
111	**Maxcyte*** Media	1,767	0.3	Clinical-stage global cell-based therapies and life sciences company
112	**Trainline** Travel & Leisure	1,685[1]	0.3	Provider of online rail and train ticketing services
113	**Advanced Medical Solutions*** Healthcare Equipment & Services	1,293[1]	0.2	Developer and manufacturer of advanced wound care solutions
114	**Funding Circle Holdings** Financial Services	185	–	Provider of funding services to small businesses
	Long investment positions (excluding BlackRock's Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund)	**742,031**	**115.2**	
	Short investment positions	**(14,544)**	**(2.3)**	

[1] Includes long derivative positions.

* Traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

[&] Holdings listed on exchanges outside of the UK.

^ The market value shown is the gross exposure to the shares through equity investments and long derivative positions. For equity investments, the market value is the fair value of the shares. For long derivative positions, it is the market value of the underlying shares to which the portfolio is exposed via the contract.

Percentages shown are the share of net assets.

At 31 May 2024, the Company held equity interests in three companies comprising more than 3% of a company's share capital as follows: Tatton Asset Management (4.0%); TT Electronics (3.4%); and Eckoh (3.1%).

Fair value and gross market exposure of investments

as at 31 May 2024

	Fair value[1]	Gross market exposure[2,3]	Gross market exposure as a % of net assets[2]		
	£'000	£'000	31 May 2024	31 May 2023	30 November 2023
Long equity investment positions (excluding BlackRock's Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund)	612,126	612,126	95.0	98.3	96.8
Long derivative positions	2,230	129,905	20.2	13.6	14.6
Subtotal of long investment positions	**614,356**	**742,031**	**115.2**	**111.9**	**111.4**
Short investment positions	(354)	(14,544)	(2.3)	(3.6)	(3.8)
Subtotal of long and short investment positions	**614,002**	**727,487**	**112.9**	**108.3**	**107.6**
Cash and cash equivalents	43,517	(69,968)	(10.9)	(7.8)	(6.7)
Other net current liabilities	(13,021)	(13,021)	(2.0)	(0.5)	(0.9)
Net assets	**644,498**	**644,498**	**100.0**	**100.0**	**100.0**

The Company was geared through the use of long and short derivative positions. Gross and net gearing as at 31 May 2024 was 117.4% and 112.9% respectively (31 May 2023: 115.5% and 108.3%; 30 November 2023: 115.2% and 107.6% respectively). Gross and net gearing are Alternative Performance Measures, see Glossary on pages 41 to 45.

1 Fair value is determined as follows:

- Long equity investment positions are valued at bid prices where available, otherwise at latest market traded quoted prices.
- The exposure to securities held through long derivative positions directly in the market would have amounted to £127,675,000 at the time of purchase, and subsequent movement in market prices have resulted in unrealised gains on the long derivative positions of £2,230,000 resulting in the value of the total long derivative market exposure to the underlying securities increasing to £129,905,000 as at 31 May 2024. If the long positions had been closed on 31 May 2024, this would have resulted in a gain of £2,230,000 for the Company.
- The notional exposure of selling the securities via the short derivative positions would have been £14,190,000 at the time of entering into the contract, and subsequent movement in market prices have resulted in unrealised losses on the short derivative positions of £354,000 resulting in the value of the total short derivative market exposure of these investments decreasing to £14,544,000 as at 31 May 2024. If the short positions had been closed on 31 May 2024, this would have resulted in a loss of £354,000 for the Company.

2 Gross market exposure for equity investments is the same as fair value; bid prices are used where available and, if unavailable, latest market traded quoted prices are used. For both long and short derivative positions, the gross market exposure is the market value of the underlying shares to which the portfolio is exposed via the contract.

3 The gross market exposure column for cash and cash equivalents has been adjusted to assume the Company traded direct holdings, rather than exposure being gained through long and short derivative positions.

Distribution of investments

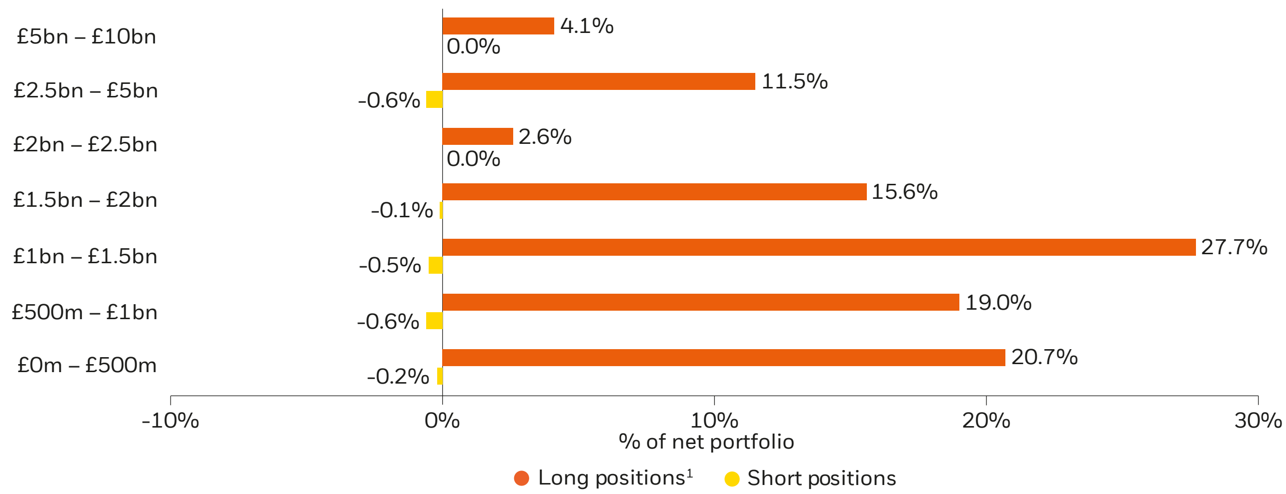
as at 31 May 2024

Sector	% of long portfolio	% of short portfolio	% of net portfolio
Oil, Gas & Coal	1.3	0.0	1.3
Oil Equipment & Services	1.3	0.0	1.3
Oil & Gas	**2.6**	**0.0**	**2.6**
Chemicals	1.5	0.0	1.5
Industrial Metals & Mining	3.2	0.0	3.2
Basic Materials	**4.7**	**0.0**	**4.7**
Aerospace & Defence	3.0	0.0	3.0
Construction & Materials	8.2	(0.3)	7.9
Electronic & Electrical Equipment	11.6	0.0	11.6
Industrial Engineering	3.3	0.0	3.3
Industrial Support Services	2.2	(0.1)	2.1
Industrial Transportation	1.3	(0.3)	1.0
Support Services	7.9	0.0	7.9
Industrials	**37.5**	**(0.7)**	**36.8**
Food Producers	1.0	0.0	1.0
Personal Goods	0.3	0.0	0.3
Consumer Staples	**1.3**	**0.0**	**1.3**
Healthcare Equipment & Services	0.2	0.0	0.2
Pharmaceuticals & Biotechnology	2.9	(0.3)	2.6
Medical Equipment and Services	0.4	0.0	0.4
Health Care	**3.5**	**(0.3)**	**3.2**
Automobiles & Parts	0.9	0.0	0.9
General Retailers	5.1	(0.3)	4.8
Home Improvement Retailers	1.0	0.0	1.0
Household Goods and Home Construction	4.2	0.0	4.2
Leisure Goods	0.4	0.0	0.4
Media	6.9	0.0	6.9
Travel & Leisure	2.8	0.0	2.8
Consumer Discretionary	**21.3**	**(0.3)**	**21.0**
Banks	0.4	0.0	0.4
Financial Services	9.3	0.0	9.3
Investment Banking & Brokerage	2.1	0.0	2.1
Non-life Insurance	0.4	0.0	0.4
Financials	**12.2**	**0.0**	**12.2**
Real Estate Investment & Services	1.7	0.0	1.7
Real Estate Investment Trusts	4.0	0.0	4.0
Real Estate	**5.7**	**0.0**	**5.7**
Software & Computer Services	9.2	(0.4)	8.8
Technology Hardware & Equipment	0.9	(0.3)	0.6
Technology	**10.1**	**(0.7)**	**9.4**
Mobile Telecommunications	3.1	0.0	3.1
Telecommunications	**3.1**	**0.0**	**3.1**
Total Investments	**102.0**	**(2.0)**	**100.0**

The above percentages are calculated on the net portfolio as at 31 May 2024. The net portfolio is calculated as long equity and derivative positions, less short derivative positions as at 31 May 2024.

Analysis of the portfolio

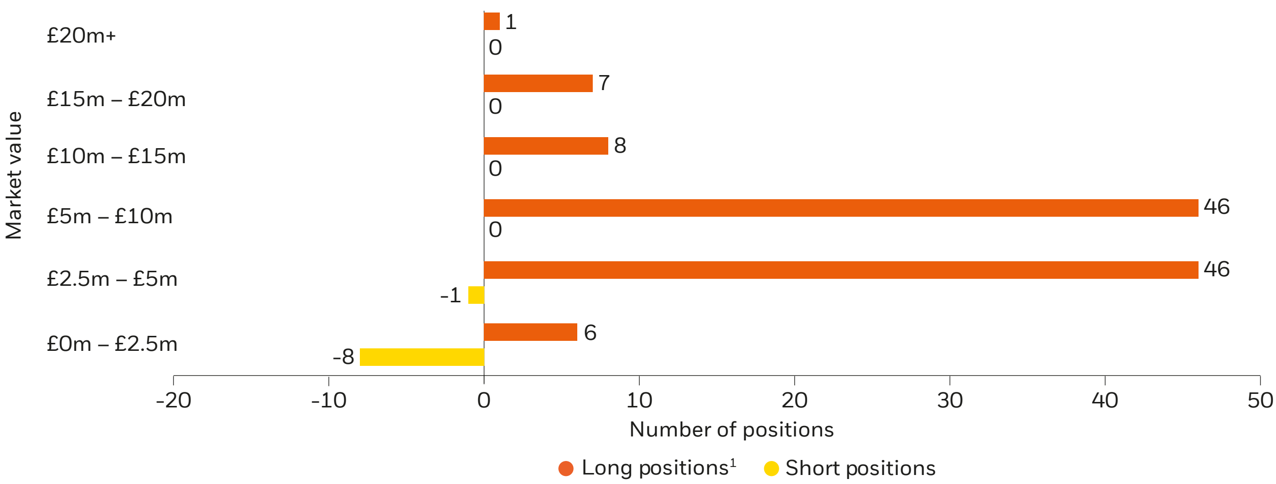
Market capitalisation as at 31 May 2024



[1] The above investments may comprise exposures to long equity and long derivative positions.

Source: BlackRock.

Position size as at 31 May 2024



[1] The above investments may comprise exposures to long equity and long derivative positions.

Source: BlackRock.

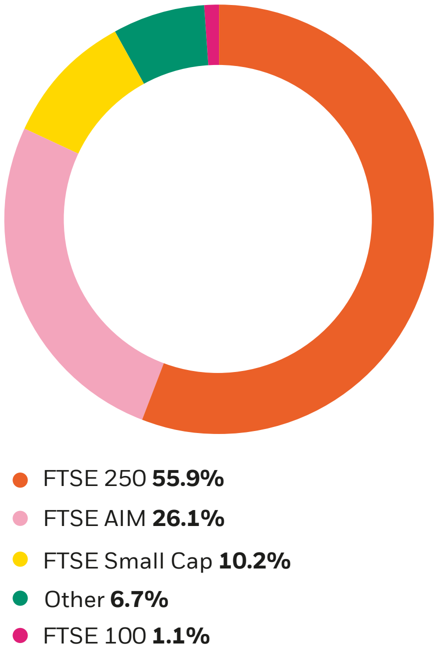
Analysis of the portfolio

continued

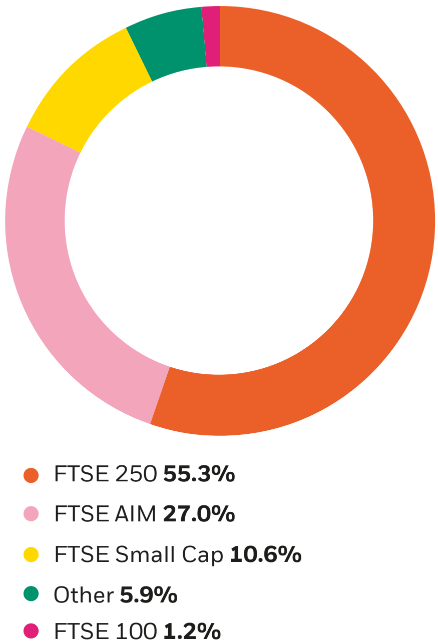
Portfolio holdings within Key Indices

As at 31 May 2024

Gross Basis[1]

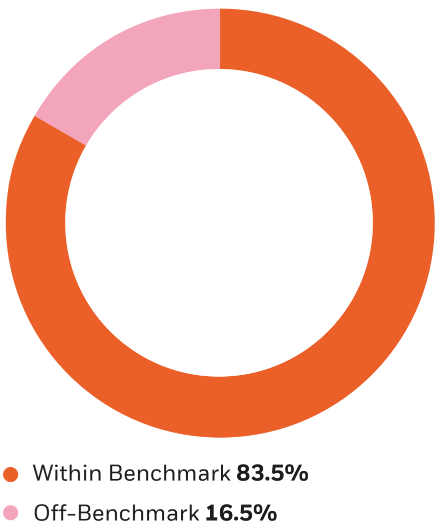


Net Basis[2]

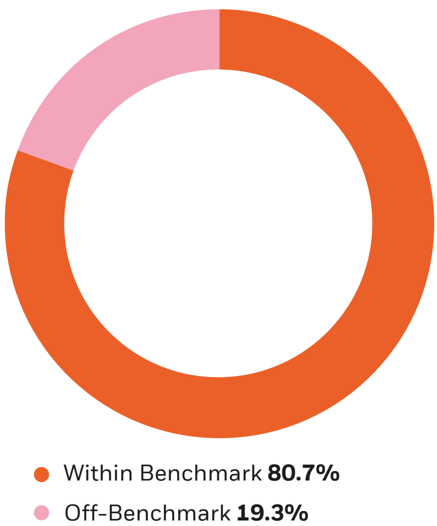


Portfolio holdings within Benchmark Index (the Deutsche Numis Smaller Companies plus AIM (excluding Investment companies) index)

Gross Basis[1,3]



Net Basis[2,3]



Source: BlackRock.

[1] Long exposure plus short exposure as a percentage of the portfolio in aggregate excluding investment in BlackRock's Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund.

[2] Long exposure less short exposure as a percentage of the portfolio excluding investment in BlackRock's Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund.

[3] Holdings included within the Benchmark Index as at 30 November 2023 were 68.2% on a Gross Basis and 70.4% on a Net Basis.

Interim Management Report and Responsibility Statement

The Chairman's Statement on pages 5 to 8 and the Investment Manager's Report on pages 9 to 12 give details of the important events which have occurred during the period and their impact on the financial statements.

Principal risks and uncertainties

The principal risks faced by the Company can be divided into various areas as follows:

- Performance;
- Market;
- Income/dividend;
- Financial;
- Operational; and
- Regulatory.

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 30 November 2023. A detailed explanation can be found in the Strategic Report on pages 43 to 46 and in note 16 on pages 111 to 122 of the Annual Report and Financial Statements which are available on the website maintained by BlackRock at www.blackrock.com/uk/thrg.

The Directors have also assessed the impact of market conditions arising from the conflicts in Russia/Ukraine and the Middle East on the Company's ability to meet its investment objective. Based on the latest available information, the Company continues to be managed in line with its investment objective, with no disruption to its operations.

In the view of the Board, there have not been any changes to the fundamental nature of the principal risks and uncertainties since the previous report and these are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Related party disclosure and transactions with the Investment Manager

BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the fees payable are set out in note 4 and note 11 of the financial statements.

The related party transactions with the Directors are set out in note 12 of the financial statements.

Going concern

The Board remains mindful of the ongoing uncertainty surrounding the potential duration of the conflicts in Russia/Ukraine and the Middle East and its longer-term effects on the global economy and the current heightened geopolitical risk. Nevertheless, the Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound.

The Company has a portfolio of investments which are predominantly readily realisable and is able to meet all its liabilities from these assets. Accounting revenue and expense forecasts are maintained and reported to the Board regularly and it is expected that the Company will be able to meet all its obligations. Ongoing charges for the year ended 30 November 2023 were 0.54% of net assets and it is expected that this is unlikely to change significantly going forward.

Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Interim Management Report and Responsibility Statement continued

Directors' responsibility statement

The Disclosure Guidance and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the Half Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting; and

- the Interim Management Report, together with the Chairman's Statement and Investment Manager's report, include a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

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

The Half Yearly Financial Report was approved by the Board on 24 July 2024 and the above responsibility statement was signed on its behalf by the Chairman.

Christopher Samuel
For and on behalf of the Board
24 July 2024

Statement of Comprehensive Income

for the six months ended 31 May 2024

		Six months ended 31 May 2024 (unaudited)			Six months ended 31 May 2023 (unaudited)			Year ended 30 November 2023 (audited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments held at fair value through profit or loss	3	8,240	518	8,758	7,869	–	7,869	15,981	–	15,981
Net income from derivatives	3	768	–	768	655	–	655	830	–	830
Other income	3	625	–	625	754	–	754	1,139	–	1,139
Total income		**9,633**	**518**	**10,151**	**9,278**	**–**	**9,278**	**17,950**	**–**	**17,950**
Net profit/(loss) on investments held at fair value through profit or loss		–	83,772	83,772	–	(4,300)	(4,300)	–	(28,389)	(28,389)
Net loss on foreign exchange		–	(43)	(43)	–	(42)	(42)	–	(114)	(114)
Net profit/(loss) from derivatives		–	15,517	15,517	–	(980)	(980)	–	242	242
Total		**9,633**	**99,764**	**109,397**	**9,278**	**(5,322)**	**3,956**	**17,950**	**(28,261)**	**(10,311)**
Expenses										
Investment management fee and performance fees	4	(321)	(3,713)	(4,034)	(325)	(2,461)	(2,786)	(629)	(3,903)	(4,532)
Other operating expenses	5	(406)	(11)	(417)	(405)	(10)	(415)	(792)	(20)	(812)
Total operating expenses		**(727)**	**(3,724)**	**(4,451)**	**(730)**	**(2,471)**	**(3,201)**	**(1,421)**	**(3,923)**	**(5,344)**
Net profit/(loss) on ordinary activities before finance costs and taxation		**8,906**	**96,040**	**104,946**	**8,548**	**(7,793)**	**755**	**16,529**	**(32,184)**	**(15,655)**
Finance costs		(11)	(34)	(45)	(10)	(30)	(40)	(25)	(75)	(100)
Net profit/(loss) on ordinary activities before taxation		**8,895**	**96,006**	**104,901**	**8,538**	**(7,823)**	**715**	**16,504**	**(32,259)**	**(15,755)**
Taxation (charge)/credit		(10)	–	(10)	6	–	6	6	–	6
Net profit/(loss) on ordinary activities after taxation		**8,885**	**96,006**	**104,891**	**8,544**	**(7,823)**	**721**	**16,510**	**(32,259)**	**(15,749)**
Earnings/(loss) per ordinary share (pence)	7	**9.44**	**101.97**	**111.41**	**8.46**	**(7.75)**	**0.71**	**16.56**	**(32.36)**	**(15.80)**

The total columns of this statement represent the Company's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards (IAS). The supplementary revenue and capital accounts are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period. All income is attributable to the equity holders of the Company.

The Company does not have any other comprehensive income/(loss). The net profit/(loss) for the period disclosed above represents the Company's total comprehensive income/(loss).

The notes on pages 29 to 38 form part of these financial statements.

Statement of Changes in Equity

for the six months ended 31 May 2024

	Note	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the six months ended 31 May 2024 (unaudited)								
At 30 November 2023		5,160	242,122	11,905	3,231	295,624	17,883	575,925
Total comprehensive income:								
Net profit for the year		–	–	–	–	96,006	8,885	104,891
Transactions with owners, recorded directly to equity:								
Ordinary shares bought back into treasury		–	–	–	(7,821)	(17,529)	–	(25,350)
Share purchase costs		–	–	–	(47)	(80)	–	(127)
Transfer of special reserve		–	–	–	4,637	(4,637)	–	–
Dividends paid[1]	6	–	–	–	–	–	(10,841)	(10,841)
At 31 May 2024		**5,160**	**242,122**	**11,905**	**–**	**369,384**	**15,927**	**644,498**
For the six months ended 31 May 2023 (unaudited)								
At 30 November 2022		5,160	242,122	11,905	33,038	327,883	13,249	633,357
Total comprehensive (loss)/income:								
Net (loss)/profit for the period		–	–	–	–	(7,823)	8,544	721
Transactions with owners, recorded directly to equity:								
Ordinary shares bought back into treasury		–	–	–	(5,053)	–	–	(5,053)
Share purchase costs		–	–	–	(23)	–	–	(23)
Dividends paid[2]		–	–	–	–	–	(8,595)	(8,595)
At 31 May 2023		**5,160**	**242,122**	**11,905**	**27,962**	**320,060**	**13,198**	**620,407**
For the year ended 30 November 2023 (audited)								
At 30 November 2022		5,160	242,122	11,905	33,038	327,883	13,249	633,357
Total comprehensive (loss)/income:								
Net (loss)/profit for the year		–	–	–	–	(32,259)	16,510	(15,749)
Transactions with owners, recorded directly to equity:								
Ordinary shares bought back into treasury		–	–	–	(29,646)	–	–	(29,646)
Share purchase costs		–	–	–	(161)	–	–	(161)
Dividends paid[3]		–	–	–	–	–	(11,876)	(11,876)
At 30 November 2023		**5,160**	**242,122**	**11,905**	**3,231**	**295,624**	**17,883**	**575,925**

[1] Final dividend of 11.45p per share for the year ended 30 November 2023, declared on 2 February 2024 and paid on 28 March 2024.

[2] Final dividend of 8.50p per share for the year ended 30 November 2022, declared on 10 February 2023 and paid on 31 March 2023.

[3] Final dividend of 8.50p per share for the year ended 30 November 2022, declared on 10 February 2023 and paid on 31 March 2023 and interim dividend of 3.30p per share for the year ended 30 November 2023, declared on 27 July 2023 and paid on 1 September 2023.

For information on the Company's distributable reserves, please refer to note 9 on page 34.

The notes on pages 29 to 38 form part of these financial statements.

Statement of Financial Position

as at 31 May 2024

	Notes	31 May 2024 (unaudited) £'000	31 May 2023 (unaudited) £'000	30 November 2023 (audited) £'000
Non current assets				
Investments held at fair value through profit or loss	10	612,126	610,447	557,594
Current assets				
Other receivables		3,503	3,169	2,280
Derivative financial assets held at fair value through profit or loss	10	3,022	1,460	703
Current tax asset		451	315	365
Cash collateral pledged with brokers		380	1,060	775
Cash and cash equivalents		43,520	12,983	24,328
Total current assets		**50,876**	**18,987**	**28,451**
Total assets		**663,002**	**629,434**	**586,045**
Current liabilities				
Other payables		(14,677)	(5,629)	(7,740)
Derivative financial liabilities held at fair value through profit or loss	10	(1,146)	(1,088)	(1,454)
Bank overdraft		(3)	–	(306)
Liability for cash collateral received		(2,678)	(2,310)	(620)
Total current liabilities		**(18,504)**	**(9,027)**	**(10,120)**
Net assets		**644,498**	**620,407**	**575,925**
Total equity				
Called up share capital	8	5,160	5,160	5,160
Share premium account		242,122	242,122	242,122
Capital redemption reserve		11,905	11,905	11,905
Special reserve		–	27,962	3,231
Capital reserves		369,384	320,060	295,624
Revenue reserve		15,927	13,198	17,883
Total shareholders' funds		**644,498**	**620,407**	**575,925**
Net asset value per ordinary share (pence)	**7**	**703.55**	**618.58**	**600.72**

The financial statements on pages 25 to 38 were approved and authorised for issue by the Board of Directors on 24 July 2024 and signed on its behalf by Mr Christopher Samuel, Chairman.

BlackRock Throgmorton Trust plc
Registered in England, No. 00594634

The notes on pages 29 to 38 form part of these financial statements.

Cash Flow Statement

for the six months ended 31 May 2024

	Six months ended 31 May 2024 (unaudited) £'000	Six months ended 31 May 2023 (unaudited) £'000	Year ended 30 November 2023 (audited) £'000
Operating activities			
Net profit/(loss) on ordinary activities after taxation	104,901	715	(15,755)
Add back finance costs	45	40	100
Net (profit)/loss on investments held at fair value through profit or loss (including transaction costs)	(83,772)	4,300	28,389
Net (profit)/loss from derivatives (including transaction costs)	(15,517)	980	(242)
Financing costs on derivatives	(1,604)	(1,218)	(2,324)
Net loss on foreign exchange	43	42	114
Sales of investments held at fair value through profit or loss	149,070	96,831	207,680
Purchases of investments held at fair value through profit or loss	(119,830)	(134,807)	(216,892)
Net receipts on closure of derivatives	14,494	2,464	5,915
Increase in other receivables	(1,082)	(721)	(470)
Increase in other payables	2,861	2,301	2,892
(Increase)/decrease in amounts due from brokers	(141)	683	1,321
Increase in amounts due to brokers	4,001	208	2,365
Net movement in cash collateral received/(pledged)	2,453	(4,620)	(6,025)
Net cash inflow/(outflow) from operating activities before taxation	**55,922**	**(32,802)**	**7,068**
Taxation paid	(96)	(135)	(185)
Net cash inflow/(outflow) from operating activities	**55,826**	**(32,937)**	**6,883**
Financing activities			
Interest paid	(45)	(40)	(100)
Cash paid for ordinary shares bought back into treasury	(25,402)	(4,196)	(29,564)
Dividends paid	(10,841)	(8,595)	(11,876)
Net cash outflow from financing activities	**(36,288)**	**(12,831)**	**(41,540)**
Increase/(decrease) in cash and cash equivalents	**19,538**	**(45,768)**	**(34,657)**
Effect of foreign exchange rate changes	(43)	(42)	(114)
Change in cash and cash equivalents	**19,495**	**(45,810)**	**(34,771)**
Cash and cash equivalents at start of period/year	24,022	58,793	58,793
Cash and cash equivalents at end of the period/year	**43,517**	**12,983**	**24,022**
Comprised of:			
Cash at bank	872	129	–
Bank overdraft	(3)	–	(306)
Cash Fund[1]	42,648	12,854	24,328
	43,517	**12,983**	**24,022**

[1] Cash Fund represents funds held on deposit with the BlackRock Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund.

The notes on pages 29 to 38 form part of these financial statements.

Notes to the financial statements

for the six months ended 31 May 2024

1. Principal activity

The principal activity of the Company is that of an investment trust company within the meaning of Section 1158 of the Corporation Tax Act 2010.

2. Basis of presentation

The half yearly financial statements for the six month period ended 31 May 2024 have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority and with the UK-adopted International Accounting Standard 34 (IAS 34), Interim Financial Reporting. The half yearly financial statements should be read in conjunction with the Company's Annual Report and Financial Statements for the year ended 30 November 2023, which have been prepared in accordance with UK-adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts, issued by the Association of Investment Companies (AIC) in October 2019 and updated in July 2022, is compatible with UK-adopted IAS, the financial statements have been prepared in accordance with guidance set out in the SORP.

Adoption of new and amended International Accounting Standards and interpretations:

IFRS 17 – Insurance contracts (effective 1 January 2023). This standard replaced IFRS 4 and applies to all types of insurance contracts. IFRS 17 provides a consistent and comprehensive model for insurance contracts covering all relevant accounting aspects.

This standard did not have any impact on the Company as it has no insurance contracts.

IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023). The IASB has amended IAS 12 Income Taxes to require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. These amendments might have a significant impact on the preparation of financial statements by companies that have substantial balances of right-of-use assets, lease liabilities, decommissioning, restoration and similar liabilities. The impact for those affected would be the recognition of additional deferred tax assets and liabilities.

The amendment of this standard did not have any significant impact on the Company.

IAS 8 – Definition of accounting estimates (effective 1 January 2023). The IASB has amended IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help distinguish between accounting policies and accounting estimates, replacing the definition of accounting estimates.

IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies (effective 1 January 2023). The IASB has amended IAS 1 Presentation of Financial Statements to help preparers in deciding which accounting policies to disclose in their financial statements by stating that an entity is now required to disclose material accounting policies instead of significant accounting policies.

IAS 12 – International Tax Reform Pillar Two Model Rules (effective 1 January 2023). The IASB has published amendments to IAS 12 Income Taxes to respond to stakeholders' concerns about the potential implications of the imminent implementation of the OECD pillar two rules on the accounting for income taxes. The amendment is an exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets as liabilities related to the OECD pillar two income taxes and a requirement that current tax expenses must be disclosed separately to pillar two income taxes.

Relevant International Accounting Standards that have yet to be adopted:

IAS 1 – Classification of liabilities as current or non current (effective 1 January 2024). The IASB has amended IAS 1 Presentation of Financial Statements to clarify its requirement for the presentation of liabilities depending on the rights that exist at the end of the reporting period. The amendment requires liabilities to be classified as non current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights.

Notes to the financial statements
continued

2. Basis of presentation continued

IAS 1 – Non current liabilities with covenants (effective 1 January 2024). The IASB has amended IAS 1 Presentation of Financial Statements to introduce additional disclosures for liabilities with covenants within 12 months of the reporting period. The additional disclosures include the nature of covenants, when the entity is required to comply with covenants, the carrying amount of related liabilities and circumstances that may indicate that the entity will have difficulty complying with the covenants.

None of the standards that have been issued, but are not yet effective, are expected to have a material impact on the Company.

3. Income

	Six months ended 31 May 2024 (unaudited) £'000	Six months ended 31 May 2023 (unaudited) £'000	Year ended 30 November 2023 (audited) £'000
Investment income:			
UK dividends	6,466	5,121	12,201
UK special dividends	404	1,175	1,464
UK REIT dividends	335	293	610
Overseas dividends	890	–	1,706
Overseas special dividends	–	1,280	–
Overseas REIT dividends	145	–	–
Total investment income[1]	**8,240**	**7,869**	**15,981**
Net income from derivatives	768	655	830
Other income:			
Deposit interest	8	3	3
Interest from Cash Fund	603	718	1,083
Collateral interest	14	33	53
	625	**754**	**1,139**
Total income	**9,633**	**9,278**	**17,950**

[1] UK and overseas dividends are presented based on the country of domicile of the respective underlying portfolio company.

Dividends and interest received in cash in the six months ended 31 May 2024 amounted to £7,463,000 and £521,000 (six months ended 31 May 2023: £7,007,000 and £835,000; year ended 30 November 2023: £15,499,000 and £1,191,000).

Special dividends of £518,000 have been recognised in capital in the six months ended 31 May 2024 (six months ended 31 May 2023: £nil; year ended 30 November 2023: £nil).

4. Investment management and performance fees

	Six months ended 31 May 2024 (unaudited)			Six months ended 31 May 2023 (unaudited)			Year ended 30 November 2023 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	321	964	1,285	325	974	1,299	629	1,889	2,518
Performance fee	–	2,749	2,749	–	1,487	1,487	–	2,014	2,014
Total	**321**	**3,713**	**4,034**	**325**	**2,461**	**2,786**	**629**	**3,903**	**4,532**

Investment management fees

The investment management fee is calculated at the rate of 0.35% per annum on month end Gross Assets. For the purposes of this note, Gross Assets are defined as the value of the portfolio of the Company, including uninvested cash, with the portfolio valuation based on value at risk (with value at risk being the gross asset value of the long-only portfolio plus the gross value of the underlying equities, long and short, to which the Company is exposed through derivatives including CFDs and index futures). The management fee is charged 25% to the revenue account and 75% to the capital account of the Statement of Comprehensive Income. There is no additional fee for company secretarial and administration services.

Performance fees

The performance fee is calculated at the rate of 15% of the outperformance of the Company. For the purpose of this note, outperformance is defined as the amount by which the annualised percentage Net Asset Value total return of the Company arithmetically exceeds the annualised percentage return of the Benchmark Index, measured over a rolling two-year performance period. This rate is applied to the average Gross Assets, in that rolling two-year performance period. Outperformance is the amount by which the Net Asset Value total return arithmetically exceeds the Benchmark Index total return.

There is a cap on the annual total management and performance fees of 1.25% per financial year of the average Gross Assets over the rolling two-year performance period (the "Cap" or "Capped Amount") which has the effect of capping the annual performance fees at circa 0.9% of average Gross Assets and which means that the performance fee from any performance period will not exceed 0.9% of average Gross Assets for the relevant performance period.

The performance fee is calculated daily for the rolling two-year performance period ending 30 November 2024 and the rolling two-year performance period ending 30 November 2025, and accruals are made in the NAV subject to the Cap. The performance fee is payable on 30 November each year in relation to the rolling two-year performance period ending on that date. The accrual is calculated applying the following assumptions:

- The Benchmark Index remains unchanged;
- The Net Asset Value total return performs in line with the Benchmark Index total return for the remainder of the respective rolling two-year performance periods ending 30 November 2024 and 30 November 2025; and
- The future value of Gross Assets for performance fee purposes is the same at the balance sheet date.

The amount of outperformance on which a performance fee has not been paid in a financial year due to the application of the Cap, will be carried forward to offset against future shortfall returns. As at 1 December 2023, the carried forward unpaid net outperformance, net of prior period shortfall returns, available to offset against future shortfall returns was 4.8% (1 December 2022: 10.7%).

On the first day of the financial year, due to the application of the Cap in the prior financial year, any performance fee for the ongoing rolling two-year performance period not yet recognised is accrued in the daily NAV released to the London Stock Exchange on that day.

Notes to the financial statements

continued

4. Investment management and performance fees continued

Performance fees have been wholly allocated to the capital account of the Statement of Comprehensive Income as the performance has been predominantly generated through capital returns from the investment portfolio. The total accrual of performance fee for all rolling two-year performance periods amounted to £4,763,000 as at 31 May 2024 (31 May 2023: £1,487,000; 30 November 2023: £2,014,000), calculated as follows:

- For the annualised rolling two-year performance period to 30 November 2024, the Company has outperformed the benchmark by 3.2% as at 31 May 2024. A performance fee of £3,569,000 relating to this performance period has been accrued at the date of this report, which does not become payable until 30 November 2024 subject to the ongoing performance of the Company. Of this, an amount of £2,014,000 was recognised during the year ended 30 November 2023.

- For the annualised rolling two-year performance period to 30 November 2025, the Company has outperformed the benchmark by 1.0% as at 31 May 2024. A performance fee of £1,194,000 relating to this performance period has been accrued at the date of this report, which does not become payable until 30 November 2025 subject to the ongoing performance of the Company.

5. Other operating expenses

	Six months ended 31 May 2024 (unaudited) £'000	Six months ended 31 May 2023 (unaudited) £'000	Year ended 30 November 2023 (audited) £'000
Allocated to revenue:			
Custody fees	3	3	7
Auditor's remuneration[1]	35	32	58
Registrar's fees	21	17	44
Directors' emoluments	111	115	224
Broker fees	18	18	36
Depositary fees	35	36	70
Marketing fees	68	71	149
FCA fees	13	15	27
Printing and postage fees	21	22	43
AIC fees	11	11	21
Stock exchange listing fees	18	16	31
Write back of prior year expenses[2]	(13)	(9)	(12)
Other administrative costs	65	58	94
	406	**405**	**792**
Allocated to capital:			
Custody transaction charges[3]	11	10	20
	417	**415**	**812**

[1] In the six months ended 31 May 2024, no non-audit services were provided by the auditors (six months ended 31 May 2023 none; year ended 30 November 2023: none).

[2] Relates to Director's expenses, legal fees, professional fees and miscellaneous fees written back during the period (six months ended 31 May 2023: Directors' recruitment fees; year ended 30 November 2023: Directors' recruitment fees, miscellaneous fees and postage fees).

[3] For the six month period ended 31 May 2024, expenses of £11,000 (six months ended 31 May 2023: £10,000; year ended 30 November 2023: £20,000) were charged to the capital account of the Statement of Comprehensive Income. This relates to transaction costs charged by the custodian on sale and purchase trades.

The transaction costs incurred on the acquisition of investments amounted to £555,000 for the six months ended 31 May 2024 (six months ended 31 May 2023: £652,000; year ended 30 November 2023: £975,000). Costs relating to the disposal of investments amounted to £107,000 for the six months ended 31 May 2024 (six months ended 31 May 2023: £66,000; year ended 30 November 2023: £141,000). All transaction costs have been included within capital reserves.

6. Dividends

The Board has declared an interim dividend of 3.75p per share payable on 27 August 2024 to shareholders on the register at 2 August 2024 (six months ended 31 May 2023: interim dividend of 3.30p per share paid on 1 September 2023 to shareholders on the register at 4 August 2023). This dividend has not been accrued in the financial statements for the six months ended 31 May 2024 as, under IAS, interim dividends are not recognised until paid. Dividends are debited directly to reserves.

7. Earnings/(loss) and net asset value per ordinary share

Revenue, capital earnings/(loss) and net asset value per ordinary share are shown below and have been calculated using the following:

	Six months ended 31 May 2024 (unaudited)	Six months ended 31 May 2023 (unaudited)	Year ended 30 November 2023 (audited)
Net revenue profit attributable to ordinary shareholders (£'000)	8,885	8,544	16,510
Net capital profit/(loss) attributable to ordinary shareholders (£'000)	96,006	(7,823)	(32,259)
Total profit/(loss) attributable to ordinary shareholders (£'000)	**104,891**	**721**	**(15,749)**
Total shareholders' funds (£'000)	**644,498**	**620,407**	**575,925**
The weighted average number of ordinary shares in issue during the period on which the earnings per ordinary share was calculated was:	94,149,841	100,992,473	99,704,909
The actual number of ordinary shares in issue at the period end on which the net asset value per ordinary share was calculated was:	91,606,927	100,295,785	95,872,161
Earnings/(loss) per ordinary share			
Revenue earnings per share (pence) – basic and diluted	9.44	8.46	16.56
Capital earnings/(loss) per share (pence) - basic and diluted	101.97	(7.75)	(32.36)
Total earnings/(loss) per share (pence) - basic and diluted	**111.41**	**0.71**	**(15.80)**

	As at 31 May 2024 (unaudited)	As at 31 May 2023 (unaudited)	As at 30 November 2023 (audited)
Net asset value per ordinary share (pence)	703.55	618.58	600.72
Ordinary share price (pence)	639.00	587.00	579.00

There were no dilutive securities at the period end (six months ended 31 May 2023: none; year ended 30 November 2023 none).

8. Called up share capital

(unaudited)	Ordinary shares in issue number	Treasury shares number	Total shares number	Nominal value £'000
Allotted, called up and fully paid share capital comprised: **Ordinary shares of 5 pence each:**				
At 30 November 2023	95,872,161	7,337,703	103,209,864	5,160
Ordinary shares bought back into treasury	(4,265,234)	4,265,234	–	–
At 31 May 2024	**91,606,927**	**11,602,937**	**103,209,864**	**5,160**

During the six months ended 31 May 2024, the Company bought back 4,265,234 shares into treasury (six months ended 31 May 2023: 863,079; year ended 30 November 2023: 5,286,703) for a total consideration of £25,477,000 (six months ended 31 May 2023: £5,076,000; year ended 30 November 2023: £29,807,000) including costs.

Notes to the financial statements
continued

8. Called up share capital continued
Since 31 May 2024 and up to the date of this report, 836,063 shares have been bought back into treasury for a total consideration of £5,166,000.

The ordinary shares give shareholders voting rights, the entitlement to all of the capital growth in the Company's assets and to all income from the Company that is resolved to be distributed.

9. Reserves
The share premium account and capital redemption reserve are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserves may be used as distributable reserves for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments such as dividends. In accordance with the Company's Articles of Association, the special reserve, capital reserve and revenue reserve may be distributed by way of dividend. The gain on the capital reserve arising on the revaluation of investments of £54,473,000 (six months ended 31 May 2023: gain of £9,770,000; year ended 30 November 2023: no gain) is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The investments are subject to financial risks, as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

10. Financial risks and valuation of financial instruments
The Company's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The risks are substantially consistent with those disclosed in the previous annual financial statements with the exception of those outlined below.

Market risk arising from price risk
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, climate change or other events could have a significant impact on the Company and the market price of its investments and could result in increased premiums or discounts to the Company's net asset value.

Valuation of financial instruments
Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 2(g) as set out on page 100 in the Company's Annual Report and Financial Statements for the year ended 30 November 2023.

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

The fair value hierarchy has the following levels:

Level 1 – Quoted market price for identical instruments in active markets
A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs
This category includes instruments valued using quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

As at the period end the long and short derivative positions were valued using the underlying equity bid price (offer price in respect of short positions) and the contract price at the inception of the trade or at the trade reset date. There have been no changes to the valuation technique since the previous year or as at the date of this report.

Contracts for difference have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the market prices of the underlying quoted securities to which these contracts expose the Company.

Level 3 – Valuation techniques using significant unobservable inputs
This category includes all instruments where the valuation technique includes inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability, including an assessment of the relevant risks including but not limited to credit risk, market risk, liquidity risk, business risk and sustainability risk. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager and these risks are adequately captured in the assumptions and inputs used in measurement of Level 3 assets or liabilities.

Fair values of financial assets and financial liabilities
The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

Financial assets/(liabilities) at fair value through profit or loss at 31 May 2024 (unaudited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Assets:				
Equity investments	612,126	–	–	612,126
Contracts for difference (fair value)	–	2,527	–	2,527
Index future	495	–	–	495
Liabilities:				
Contracts for difference (fair value)	–	(1,146)	–	(1,146)
	612,621	**1,381**	**–**	**614,002**

Financial assets/(liabilities) at fair value through profit or loss at 31 May 2023 (unaudited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Assets:				
Equity investments	610,447	–	–	610,447
Contracts for difference (fair value)	–	1,460	–	1,460
Liabilities:				
Contracts for difference (fair value)	–	(1,088)	–	(1,088)
	610,447	**372**	**–**	**610,819**

Financial assets/(liabilities) at fair value through profit or loss at 30 November 2023 (audited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Assets:				
Equity investments	557,594	–	–	557,594
Contract for difference (fair value)	–	703	–	703
Liabilities:				
Contract for difference (fair value)	–	(1,352)	–	(1,352)
Index future	(102)	–	–	(102)

Notes to the financial statements
continued

Financial assets/(liabilities) at fair value through profit or loss at 30 November 2023 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
	557,492	**(649)**	**–**	**556,843**

10. Financial risks and valuation of financial instruments continued
There were no transfers between levels for financial assets and financial liabilities recorded at fair value during the six months ended 31 May 2024, six months ended 31 May 2023 or year ended 30 November 2023. The Company did not hold any Level 3 securities during the period ended 31 May 2024 (six months ended 31 May 2023: none; year ended 30 November 2023: none).

For exchange listed equity investments the quoted price is the bid price. Contracts for difference are valued based on the bid price of the underlying quoted securities that the contracts relate to. Substantially, all investments are valued based on unadjusted quoted market prices. Where such quoted prices are readily available in an active market, such prices are not required to be assessed or adjusted for any business risks, including climate change risk, in accordance with the fair value related requirements of the Company's Financial Reporting Framework.

11. Transactions with the Investment Manager and AIFM
BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed on pages 56 and 57 of the Directors' Report in the Company's Annual Report and Financial Statements for the year ended 30 November 2023.

The investment management fee due for the six months ended 31 May 2024 amounted to £1,285,000 (six months ended 31 May 2023: £1,299,000; year ended 30 November 2023: £2,518,000). At the period end, £1,869,000 was outstanding in respect of management fees (31 May 2023: £1,906,000; 30 November 2023: £1,864,000).

The total accrual of performance fee for all rolling two-year performance periods amounted to £4,763,000 as at 31 May 2024 (31 May 2023: £1,487,000; 30 November 2023: £2,014,000), calculated as follows:

- For the annualised rolling two-year performance period to 30 November 2024, the Company has outperformed the benchmark by 3.2% as at 31 May 2024. A performance fee of £3,569,000 has been accrued at the date of this report. Of this, an amount of £2,014,000 was recognised during the year ended 30 November 2023.

- For the annualised rolling two-year performance period to 30 November 2025, the Company has outperformed the benchmark by 1.0% as at 31 May 2024. A performance fee of £1,194,000 has been accrued at the date of this report.

In addition to the above services, BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services to 31 May 2024 amounted to £68,000 excluding VAT (six months ended 31 May 2023: £71,000; year ended 30 November 2023: £149,000). Marketing fees of £192,000 excluding VAT (31 May 2023: £192,000; 30 November 2023: £269,000) were outstanding at 31 May 2024.

As at 31 May 2024, an amount of £193,000 (31 May 2023: £198,000; 30 November 2023: £202,000) was payable to the Manager in respect of Directors' fees.

The Company has an investment in the BlackRock Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund of £42,648,000 (31 May 2023: £12,854,000; 30 November 2023: £24,328,000) which for the period ended 31 May 2024, 31 May 2023 and year ended 30 November 2023 has been presented in the financial statements as a cash equivalent.

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc., a company incorporated in Delaware, USA.

12. Related party disclosure

Directors' emoluments

The Board consists of six non-executive Directors, all of whom are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. With effect from 1 December 2023, the Chairman receives an annual fee of £48,800, the Chairman of the Audit Committee receives an annual fee of £38,700, the Senior Independent Director receives an annual fee of £34,100 and each of the other Directors receives an annual fee of £33,100.

As at 31 May 2024, an amount of £21,000 (31 May 2023: £18,000; 30 November 2023: £18,000) was outstanding in respect of Directors' fees.

At the period end, members of the Board, including any connected persons, held ordinary shares in the Company as set out below:

	Ordinary shares 24 July 2024	Ordinary shares 31 May 2024	Ordinary shares 30 November 2023
Christopher Samuel (Chairman)	66,869	66,869	65,606
Nigel Burton	16,888	16,888	16,570
Angela Lane	11,731	11,731	11,673
Louise Nash	3,900	3,900	3,900
Merryn Somerset Webb	3,727	3,727	3,727
Glen Suarez[1]	4,800	4,800	4,800

[1] Glen Suarez was appointed as a Director on 9 January 2023.

Significant Holdings

The following investors are:

a. funds managed by the BlackRock Group or are affiliates of BlackRock, Inc. (Related BlackRock Funds); or

b. investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are as a result, considered to be related parties to the Company (Significant Investors).

	Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
As at 31 May 2024	1.39	n/a	n/a
As at 30 November 2023	1.34	n/a	n/a
As at 31 May 2023	1.53	n/a	n/a

Notes to the financial statements
continued

13. Contingent liabilities
There were no contingent liabilities as at 31 May 2024 (six months ended 31 May 2023: none; year ended 30 November 2023: none).

14. Publication of non statutory accounts
The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the six months ended 31 May 2024 and 31 May 2023 has not been audited.

The information for the year ended 30 November 2023 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor on those financial statements contained no qualification or statement under Sections 498(2) or 498(3) of the Companies Act 2006.

15. Annual results
The Board expects to announce the annual results for the year ending 30 November 2024 in February 2025. Copies of the results announcement can be obtained from the Secretary on 020 7743 3000 or by email at cosec@blackrock.com. The Annual Report and Financial Statements should be available by the beginning of February 2025, with the Annual General Meeting expected to be held in March 2025.

Directors, management and other service providers

Directors

Christopher Samuel (Chairman)
Louise Nash (Senior Independent Director)
Angela Lane (Chairman of the Audit Committee)
Nigel Burton (Chairman of the Remuneration Committee)
Merryn Somerset Webb (Director)
Glen Suarez (Director)

Registered office

Registered in England, No. 00594634
12 Throgmorton Avenue
London EC2N 2DL

Alternative Investment Fund Manager[1]

BlackRock Fund Managers Limited[2]
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Investment Manager and Company Secretary

BlackRock Investment Management (UK) Limited[2]
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Registrar

Computershare Investor Services PLC[2]
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 4016

Independent Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Depositary, Custodian and Banker

The Bank of New York Mellon (International) Limited[2]
160 Queen Victoria Street
London EC4V 4LA

Stockbroker

Winterflood Securities Limited[2]
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Solicitor

Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

[1] BlackRock Fund Managers (BFM) was appointed as the Alternative Investment Fund Manager on 2 July 2014. BlackRock Investment Management (UK) Limited continues to act as the Investment Manager of the Company under a delegation agreement with BFM.

[2] Authorised and regulated by the Financial Conduct Authority.

Shareholder information

Contact information

General enquiries about the Company should be directed to:

The Company Secretary
BlackRock Throgmorton Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Website

www.blackrock.com/uk/thrg

Investment Trust Newsletter

Should you wish to receive investment trust related news and insights you can subscribe to BlackRock's Investment Trust Matters newsletter at: www.https://go.blackrock.com/it-subscribe.

Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information will be required to gain access to your account, including your shareholder reference number available from your most recent dividend voucher or other communication received from the registrar. Computershare's website address is www.investorcentre.co.uk. Alternatively, please contact the registrar on 0370 707 4016.

Changes of name or address must be notified in writing either through Computershare's website or sent to:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Dividend tax allowance

The annual tax-free allowance on dividend income across an individual's entire share portfolio is £500. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company continues to provide registered shareholders with confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is a shareholder's responsibility to include all dividend income when calculating any tax liability.

If you have any tax queries, please contact a Financial Advisor.

Results

Full year announced in February
Half year announced in July

Annual General Meeting

March

Climate-related Financial Disclosure

BlackRock Fund Managers Limited (the Manager) has produced a supplemental detailed Climate Report which can be found on the website at www.blackrock.com/uk/literature/public-disclosure/tcfd-product-level-disclosure-report-it.pdf which is a response to, and is consistent with, all the recommendations and relevant recommended disclosures of the Task Force on Climate-related Financial Disclosures. These disclosures describe how the Manager incorporates climate-related risks and opportunities into governance, strategy, risk management, metrics and targets and how the Manager is responding to the expectations of our stakeholders.

Glossary

Alternative Performance Measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements.

The Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Half Yearly Financial report.

Benchmark Index

The Company's Benchmark Index used for performance comparative purposes is the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

Benchmark Index outperformance/underperformance is measured by comparing the Company's net asset value return (NAV) total return, with the performance of the Benchmark Index on a total return basis.

As at 31 May 2024, the Company's NAV total return was 19.2% (six months ended 31 May 2023: 0.1%; year ended 30 November 2023: -2.3%) and the total return of the Benchmark Index was 16.8% (six months ended 31 May 2023: -2.4%; year ended 30 November 2023: -6.0%); therefore, the Company's outperformance of the Benchmark Index was 2.4% (six months ended 31 May 2023: outperformance of 2.5%; year ended 30 November 2023: outperformance of 3.7%).

As at 31 May 2024, the Company's share price return was 12.5% (six months ended 31 May 2023: 0.0%; year ended 30 November 2023: -0.8%) and the total return of the Benchmark Index was 16.8% (six months ended 31 May 2023: -2.4%; year ended 30 November 2023: -6.0%); therefore, the Company's share price underperformance of the Benchmark Index was 4.3% (six months ended 31 May 2023: outperformance of 2.4%; year ended 30 November 2023: outperformance of 5.2%).

Closed-end company

An investment trust works along the same lines as a unit trust, in that it pools money from investors which is then managed on a collective basis. The main difference is that an investment trust is a company listed on the Stock Exchange and, in most cases, trading takes place in shares which have already been issued, rather than through the creation or redemption of units. As the number of shares which can be issued or cancelled at any one time is limited, and requires the approval of existing shareholders, investment trusts are known as closed-ended funds or companies. This means that investment trusts are not subject to the same liquidity constraints as open-ended funds and can therefore invest in less liquid investments.

Contract for difference (CFD)

A contract for difference is an agreement to exchange the difference in value of a particular share or index between the time at which a contract is opened and the time at which it is closed. A CFD allows an investor to gain access to the movement in the share price by putting down a small amount of cash known as a margin.

CFDs do not have an expiry date like options or futures contracts. As opposed to an expiry date a CFD is effectively renewed at the close of each trading day and rolled forward if desired.

Glossary
continued

Discount and premium*
Investment trust shares frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV. In this circumstance, the price that an investor pays or receives for a share would be less than the value attributable to it by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV.

As at 31 May 2024, the share price was 639.00p (31 May 2023: 587.00p; 30 November 2023: 579.00p) and the NAV was 703.55p (31 May 2023: 618.58p; 30 November 2023: 600.72p); therefore, the discount was 9.2% (31 May 2023: 5.1%; 30 November 2023: 3.6%) (please see note 7 of the financial statements for the inputs to the calculation).

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 370p and the NAV 365p, the premium would be 1.4%.

Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

Gearing and borrowings*
The Company may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital, investment in derivatives and borrowings. The maximum exposure the Company may have to derivatives for investment purposes and efficient portfolio management purposes, in aggregate, is 120% of the Company's gross assets. The Company may use borrowings and enter into derivative transactions that have the effect of gearing the Company's portfolio to enhance performance.

The Company's gross and net gearing through the use of long and short CFD positions as at 31 May 2024, 31 May 2023 and 30 November 2023 is set out in the table below.

Gross and net gearing	Page	31 May 2024 £'000	31 May 2023 £'000	30 November 2023 £'000	
Long investment positions (excluding BlackRock's Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund)	19	742,031	693,989	641,715	(a)
Short investment positions	19	14,544	22,364	22,086	(b)
Gross geared exposure (c = a + b)		756,575	716,353	663,801	(c)
Net geared exposure (d = a – b)		727,487	671,625	619,629	(d)
Net assets	27	**644,498**	**620,402**	**575,925**	**(e)**
Gross gearing % of net assets (f = c / e x 100) (%)		**117.4**	**115.5**	**115.2**	**(f)**
Net gearing % of net assets (g = d / e x 100) (%)		**112.9**	**108.3**	**107.6**	**(g)**

Gross and net exposure
Market exposure gained through a CFD contract refers to the gross market value of the underlying securities to which the investor is exposed through the CFD contract. Gross exposure refers to the total exposure the investor has through both long and short positions added together. For example, an investor who has 110% long market exposure through CFDs and 20% short market exposure through CFDs has gross market exposure of 130%.

Net exposure refers to the exposure the investor has through long positions less any short positions. For example, an investor who has 110% long market exposure through CFDs and 20% short market exposure through CFDs has net market exposure of 90%; this method of measurement is looking at the net directional market exposure and takes into account the fact that long and short positions theoretically offset one another when the market moves in a particular direction.

* Alternative Performance Measure.

Leverage

Leverage is defined in the AIFMD as "any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means".

Leverage is measured in terms of 'exposure' and is expressed as a ratio of net asset value:

$$\text{Leverage ratio} = \frac{\text{exposure}}{\text{net asset value}}$$

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The treatment of cash and cash equivalent balances in terms of calculating what constitutes an "exposure" under AIFMD differs for these two methods. The definitions for calculating the Gross Method exposures require that "the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the AIF, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond" should be excluded from exposure calculations.

The Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity's exposure is effectively reduced.

Long and short exposure

CFDs enable an investor to benefit from the price of a stock falling as well as rising. This enables the investor to benefit from negative as well as positive views on individual stocks.

Entering into a CFD that results in a profit if the share price movement falls, is referred to as taking a short position. The counterparty pays the investor interest on the cash deposited with it, which collateralises the short positions and deductions are made from the value of the short CFD contract in respect of dividends payable in relation to these stocks. Entering into a CFD contract that results in a profit if the share price movement rises, is referred to as taking a long position. The investor pays a financing charge on long positions and receives payments from the counterparty in respect of dividends payable in relation to these long positions.

NAV per share (cum income NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing 'total equity' by the total number of ordinary shares in issue (excluding treasury shares) as set out in note 7 to the financial statements on page 33. For example, as at 31 May 2024, total equity was £644,498,000 (31 May 2023: £620,407,000; 30 November 2023: £575,925,000) and there were 91,606,927 (31 May 2023: 100,295,785; 30 November 2023: 95,872,161) ordinary shares in issue (excluding treasury shares); therefore, the NAV was 703.55p per ordinary share (31 May 2023: 618.58p; 30 November 2023: 600.72p).

Total equity is calculated by deducting from the Company's total assets, its current and long-term liabilities and any provision for liabilities and charges.

Glossary
continued

NAV and share price return (with dividends reinvested)*

Performance statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The performance measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/share price (please see note 7 of the financial statements for the inputs to the calculations).

NAV total return	Page	Six months ended 31 May 2024 (unaudited)	Six months ended 31 May 2023 (unaudited)	Year ended 30 November 2023 (audited)	
Closing NAV per share (pence)	33	703.55	618.58	600.72	
Add back interim and final dividends (pence)	26	11.45	8.50	11.80	
Effect of dividend reinvestment (pence)		1.12	(0.28)	(0.55)	
Adjusted closing NAV (pence)		716.12	626.80	611.97	(a)
Opening NAV per share (pence)	33	600.72	626.10	626.10	(b)
NAV total return (c = ((a – b)/b)) (%)		**19.2**	**0.1**	**(2.3)**	**(c)**

Share price total return	Page	Six months ended 31 May 2024 (unaudited)	Six months ended 31 May 2023 (unaudited)	Year ended 30 November 2023 (audited)	
Closing share price (pence)	33	639.00	587.00	579.00	
Add back interim and final dividends (pence)	26	11.45	8.50	11.80	
Effect of dividend reinvestment (pence)		0.89	(0.52)	(0.54)	
Adjusted closing share price (pence)		651.34	594.98	590.26	(a)
Opening share price (pence)	33	579.00	595.00	595.00	(b)
Share price total return (c = ((a – b)/b)) (%)		**12.5**	**0.0**	**(0.8)**	**(c)**

Ongoing charges ratio*

$$\text{Ongoing charges (\%)} = \frac{\text{Annualised ongoing charges}}{\text{Average undiluted net asset value in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

As recommended by the AIC in its guidance, ongoing charges are calculated using the Company's annualised revenue and capital expenses (excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items) expressed as a percentage of the average daily net assets of the Company during the year.

* Alternative Performance Measure.

The inputs that have been used to calculate the ongoing charges percentage are set out in the following table:

Ongoing charges calculation	Page	30 November 2023 £'000 (audited)	30 November 2022 £'000 (audited)	
Management fee	31	2,518	3,025	
Other operating expenses[1]	32	804	816	
Total management fee and other operating expenses		3,322	3,841	(a)
Performance fee	31	2,014	–	(b)
Total management and performance fees and other operating expenses (c = a + b)		5,336	3,841	(c)
Average daily net assets in the year		614,378	710,265	(d)
Ongoing charges in the year excluding performance fees (e = a/d) %		**0.54**	**0.54**	**(e)**
Ongoing charges in the year including performance fees (f = c/d) %		**0.87**	**0.54**	**(f)**

[1] Excluding prior year expenses written back during the year and non-recurring expenses of £nil incurred during the year ended 30 November 2023 (30 November 2022: £53,000 relating to stock exchange listing fees).

Revenue profit and revenue reserves

Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. Revenue reserves is the undistributed income that the Company keeps as reserves. Investment trusts do not have to distribute all the income they generate after expenses. They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

Treasury shares

Treasury shares are shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership. Treasury stock may have come from a repurchase or buy back from shareholders, or it may never have been issued to the public in the first place. Treasury shares may be reissued from treasury to the public to meet demand for a company's shares in certain circumstances.

* Alternative Performance Measure.

Share fraud warning

Be ScamSmart

FCA
FINANCIAL CONDUCT AUTHORITY

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- **contacted out of the blue**
- **promised tempting returns and told the investment is safe**
- **called repeatedly, or**
- **told the offer is only available for a limited time?**

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1. **Reject cold calls**
If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2. **Check the FCA Warning List**
The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3. **Get impartial advice**
Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers**. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at **www.fca.org.uk/scamsmart**

Remember: if it sounds too good to be true, it probably is!

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