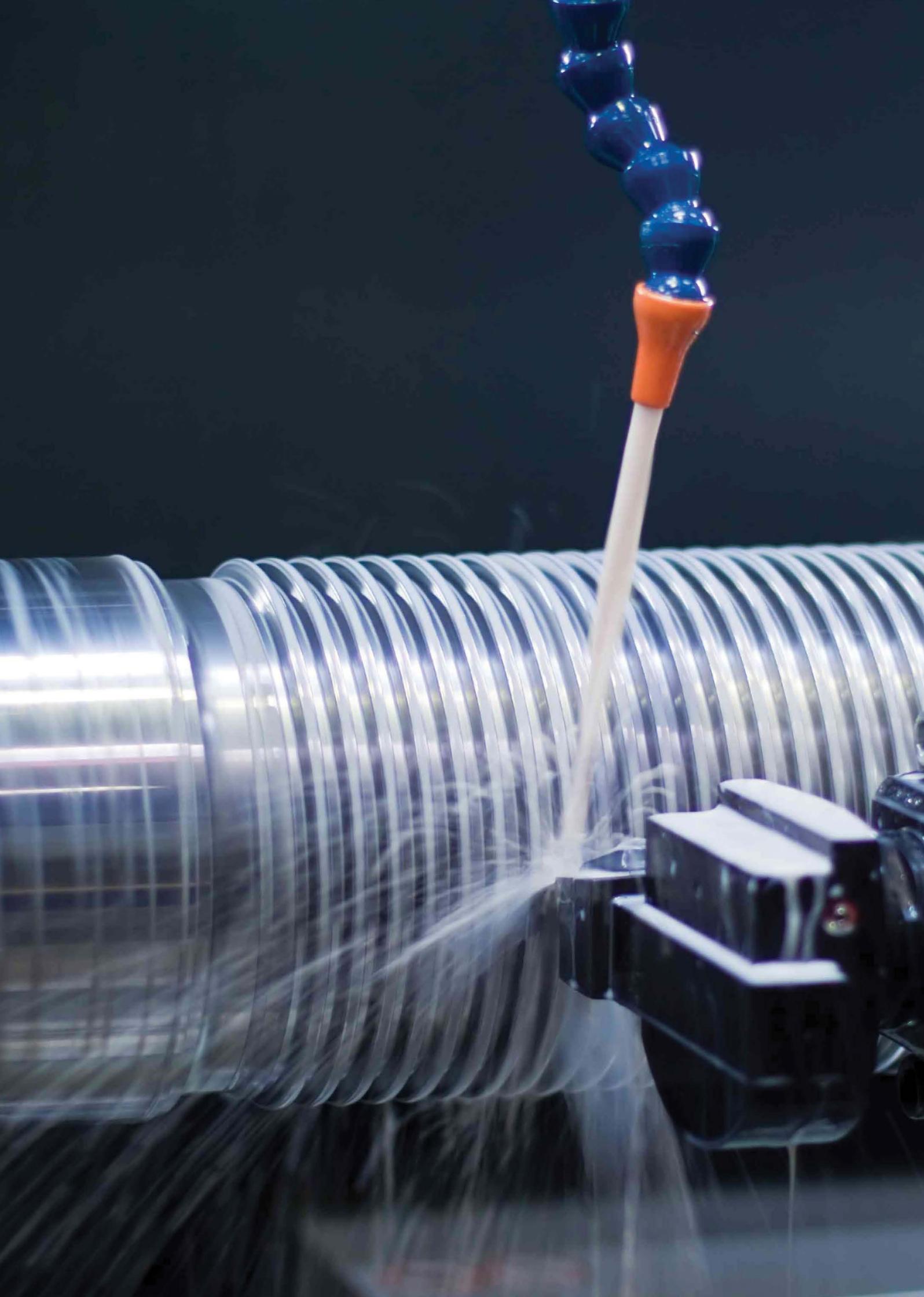




MANCHESTER AND LONDON INVESTMENT TRUST PLC

Annual Report & Financial Statements for the year ended 31 July 2023



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STRATEGIC REPORT

Financial summary

	Year to 31 July 2023	Year to 31 July 2022	Percentage increase/ (decrease)
Total Return			
Total return (£'000)	28,754	(61,162)	
Return per Share	71.45p	(151.62p)	
Total revenue return per Share	3.67p	(4.13p)	
Dividend per Share	14.00p	21.00p	(33.3%)

	As at 31 July 2023	As at 31 July 2022	Percentage increase
Capital			
Net assets attributable to equity Shareholders ⁽ⁱ⁾ (£'000)	221,379	198,546	11.5%
Net asset value ("NAV") per Share	550.79p	493.04p	11.7%
NAV total return ^{(ii)†}	15.3%	(23.0%)	
Benchmark performance – total return basis ⁽ⁱⁱⁱ⁾	5.1%	7.3%	
Share price	451.00p	389.00p	15.9%
Share price (discount)/premium to NAV [†]	(18.1%)	(21.1%)	

⁽ⁱ⁾ NAV as at 31 July 2023 includes a net £289,000 decrease in respect of share buybacks (2022: £1,509,000).

⁽ⁱⁱ⁾ Total return including dividends reinvested, as sourced from Bloomberg.

⁽ⁱⁱⁱ⁾ The Company's benchmark is the MSCI UK Investable Market Index ("MXGBIM" or the "benchmark"), as sourced from Bloomberg.

	Year to 31 July 2023	Year to 31 July 2022
Ongoing Charges		
Ongoing charges as a percentage of average net assets* [†]	0.54%	0.67%

* Based on total expenses, excluding finance costs and certain non-recurring items for the year and average monthly NAV.

[†] Alternative performance measure. Details provided in the Glossary on pages 89 to 91.

STRATEGIC REPORT continued

Chairman's statement

Introduction & Performance

After a difficult financial year in 2022 due to the material rerating of long duration growth equities, I am pleased to report a solid performance for this financial year resulting in a NAV total return per Share of 15.3%*. The Manager's multi-year interest in and studying of Artificial Intelligence put the fund in a good position to capitalise on the change in tide as 2023 dawned. The year in financial market terms can be summarised as a story of inflation, how high will it go, can it be controlled, how sticky will it be? Whilst we have a better feel for these questions, they are in no way fully answered yet.

Discount Management, PDMRs & Buy Backs

At the year end, the Shares traded at a 18.1% discount to their NAV per Share, compared to a discount of 21.1% in 2022. The Company bought 77,037 shares into Treasury during the year. The Board supports the Manager's subjective view that buying back shares to close discounts is akin to "Canute commanding the tide" and that the discount will only close when 10 year Treasury yields are clearly on a downward path and growth shares are back in vogue. We note that the other Investment Trust Companies that focus on investing in Technology are on similar free float adjusted discounts. The Directors and the Managers bought a net total of 168,298 shares (with a value of £0.7m) during the financial year.

Board Composition

The Company notes that more than 20% of votes were cast against the resolution to re-elect Daniel Wright as a Director of the Company at the last AGM, the results of which were released on 21 November 2022. The UK Corporate Governance Code requires companies to provide an update within six months of an AGM where more than 20% of votes were cast against a resolution.

To better understand shareholders concerns with a view to identifying how such concerns can be addressed, the Board of the Company via the Manager reached out to shareholders to gain an understanding of their concerns. Communication was sent to a number of shareholders including (but not exclusively) Nortrust Nominees Ltd, Vidacos Nominees Ltd, L&G Asset Management and Fidelity Investment Services Limited. Excluding State Street Nominees Ltd (who indicated they may consider altering their voting next year), no conclusive responses were received from the remaining shareholders of the Company.

Following this feedback, the Manager believes that this vote against my re-election is due to the composition of the Board being insufficiently gender diversified. As such, and as noted on page 38, the Manager has invited any interested parties who can diversify the composition of the Board and have some knowledge of investment or Technology operations to indicate their interest in becoming a non-executive director of the Company by emailing them at ir@mlcapman.com. We remain committed to diversifying the board with appropriately talented individuals.

Annual General Meeting

Our fifty first Annual General Meeting ("AGM") will be held virtually on 1 November 2023 at 12.00 noon.

We are aware that some Shareholders prefer physical AGMs and, although they are materially more expensive, we do see some benefits in undertaking a physical/virtual hybrid every three years or so. However, with our Net Asset Value per Share below its value as at 31st July 2021, we believe that saving costs is a more important consideration.

The notice of AGM will be provided to shareholders and will also be available on the Company's website. Detailed explanations on the formal business and the resolutions to be proposed at the AGM is contained within the Shareholder Information section of the Annual Report and Accounts as well as the Notice of AGM.

Environmental, Social And Governance Matters ("ESG")

We continue to keep abreast of ESG developments. The Manager is responsible for considering ESG factors in the investment process, while the Board's role is supervisory.

The portfolio does not contain any stocks in the following sectors:

1. **Energy and Fossil Fuels:** The energy sector, particularly companies involved in fossil fuel extraction and production, has been criticised for its environmental impact due to greenhouse gas emissions, oil spills, and other pollution-related issues.
2. **Mining and Metals:** The mining sector allegedly has significant environmental impacts due to resource extraction, habitat disruption, and waste generation. Concerns also arise regarding labour practices and community displacement in some cases.
3. **Tobacco:** The tobacco industry is often seen as having negative social impacts due to health risks associated with smoking, marketing practices targeting vulnerable populations, and legal controversies.
4. **Heavy Manufacturing:** Industries such as heavy manufacturing and heavy chemicals might have higher environmental impacts due to emissions, waste production, and energy consumption.
5. **Utilities:** While the utilities sector is essential for providing energy, the environmental impact of some energy generation methods (such as coal) and concerns about emissions can impact the sector's ESG performance.
6. **Agriculture:** Certain agricultural practices, such as large-scale monoculture farming and excessive pesticide use, can have negative environmental consequences, impacting the agricultural sector's ESG factors.
7. **Fast Fashion:** The fashion industry can have social and environmental issues related to labour practices, waste generation, and resource consumption.

As at 31 July 2023, the portfolio has a Sustainalytics Environment score of 84.4% (where 50% is the median).

Outlook

I also believe that we are in a new era to be defined by Artificial Intelligence ("AI"), and that this technology is so powerful it is quite possible that its growth can continue to overpower a challenging economic and geo-political backdrop. However, the geo-political risks that lie ahead should not be under-estimated.

Daniel Wright

Chairman

27 September 2023

*Source: Bloomberg. See Glossary on pages 89 to 91.



Manager's review

Market Review

In 2022, the global market experienced a significant shift as central banks took measures to rein in the economy and address inflation concerns. Contrary to expectations of "transitory inflation", prices continued to rise, leading to global inflation rates well above pre-pandemic levels. To combat inflation, central banks implemented unprecedented interest rate hikes. The US Federal Reserve raised rates by 450 basis points, including four 75bps hikes, and resumed quantitative tightening. This tightening of monetary policy led to a sharp increase in risk-free rates, negatively impacting asset prices especially for long duration assets. The longer the duration, the worse the return, with even the normally safe ten-year US Treasuries and government bonds in Japan, Europe, and the UK all recording substantial losses. Global equities responded negatively to higher sovereign yields, recession risks, and negative earnings revisions. The Nasdaq 100 Index experienced significant declines, posting its worst performance since 2008.

However, 2023 started on a more positive note as disinflationary data, lower energy prices, and better-than-expected company earnings provided some relief. Tech-heavy indices like the NASDAQ Composite started to recover and we were ready for that event. There were many concerns through 2023 such as the collapse of Signature Bank and Silicon Valley Bank in March and Credit Suisse in the Summer. However, the tech heavy indices kept grinding higher as the optimists saw an end to the period of ever rising rates.

So it was a game of two halves with H2 2022 marked by inflationary pressures, interest rate hikes, and significant market losses and H1 2023 the start of the long road of recovery. This was the period of the Polycrisis.

"The polycrisis emerged as a global phenomenon in 2022-2023. Dozens of environmental, social, technological, and economic stressors are interacting with increasing velocity."

– The Omega Network.

Technology Review

2022 saw an ugly unwinding of the performance of the perceived "Covid winners" and an exodus from unprofitable technology stocks. Longer-duration assets with limited valuation support, such as Tesla and the ARK Innovation fund faced declines of over 60%. Nonsense assets like alternative coins and their platforms, non-fungible tokens ("NFTs"), and Special Purpose Acquisition Companies ("SPACs") collapsed.

As we have written many times before, we shifted out of "Soft Tech" names into "Hard Tech" names and repositioned with "AI Core & Central" to our portfolio. Luckily, when the technology sector's fortunes reversed in the early part of 2023, profitable "Hard Tech" stocks caught the first bid and then Artificial Intelligence ("AI") came along sending some of our holdings rocketing higher. Large-cap technology companies and Semiconductor stocks saw positive performances due to AI enthusiasm and cloud & datacentre revenues remained relatively resilient even through some optimisation of spend.

"The Global Semiconductors Market reached US\$640.6 billion in 2022 and is expected to reach US\$1,132.8 billion by 2030, growing with a CAGR of 7.5% during the forecast period 2023-2030."

– DataM Intelligence.

STRATEGIC REPORT continued

Portfolio Review

The portfolio's NAV total return per Share of 15.3%* represented a 10.2%* outperformance against the benchmark and compared to a 10.6%* return for the Nasdaq Composite (in GBP) and a 16.5%* return for the Nasdaq 100 Technology subindex (in GBP).

The 5.7% increase in the value of Sterling against the US Dollar over the year was a headwind for performance due to the significant level of US Dollar exposure in the portfolio. Overall, we estimate that the loss in portfolio performance from Foreign Exchange was roughly 5.5%.

The Total Return of the portfolio broken down by sector holdings in local currency (separating costs and foreign exchange) is shown below:

Total return of underlying sector holdings in local currency (excluding costs and foreign exchange)	2023
Information Technology	28.7%
Communication Services	(3.2%)
Consumer Discretionary	(3.3%)
Other investments (including funds, ETFs and beta hedges)	(0.5%)
Foreign Exchange, operating costs & financing	(6.3%)
Total NAV per Share return	15.3%
Total return of underlying sector holdings in local currency (excluding costs and foreign exchange)	2022
Information Technology	(6.4%)
Communication Services	(12.8%)
Consumer Discretionary	(9.1%)
Other investments (including funds, ETFs and beta hedges)	(3.3%)
Foreign Exchange, operating costs & financing	8.7%
Total NAV per Share return	(23.0%)

* Source: Bloomberg.

Information Technology

The Information Technology sector delivered roughly 186.8% of the NAV total return per Share.

Material positive performers (>1% contribution to return) included NVIDIA Corp, Microsoft Corp, Advanced Micro Devices Inc, Cadence Designs Systems Inc, ASML Holding NV and Synopsys Inc.

There were no material negative contributors.

The portfolio's weighting to this sector (including options on a MTM basis) at the year end was 97.3% of the net assets (2022: 58.9%).

Communication Services

The Communication Services sector delivered roughly minus 21.1% of the NAV total return per share.

There were no material positive contributors.

Alphabet Inc was the only material negative contributor. Although the stock ended with a positive return for the year after a significant gain in FY H2 (+33.3% TR), we had materially reduced this position at lower prices earlier in the year. As explained in the interim results, we wrote a detailed article on the Company which we published on LinkedIn which set out the Action Points we needed to see from the Company to remain invested, and following no such actions from Alphabet, we cut the position significantly. It is worth noting that although we missed some of the upside from the stock's second half rally, some of our "Hard Tech" holdings had an even stronger FY H2, such as NVIDIA Corp (+139.2% TR), Advanced Micro Devices Inc (+52.2% TR) and Microsoft Corp (+35.6% TR).

The portfolio's weighting to this sector (including options on a MTM basis) at the year end was 5.1% of the net assets (2022: 25.3%).

Consumer Discretionary

The Consumer discretionary sector delivered roughly minus 21.3% of the NAV total return per share.

Amazon.com Inc was the only material negative contributor. Like Alphabet, we had materially reduced this position at lower prices in the first half of the year as outlined in the interim results, however, it should be noted that Amazon's H2 return (29.6%) was inferior to the returns of the three "Hard Tech" holdings named in the section above.

The portfolio's weighting to this sector (including options on a MTM basis) at the year end was 0.3% of the net assets (2022: 8.3%).

Other (including funds, ETFs and beta hedges)

Other holdings delivered roughly minus 3.2% of the NAV total return per Share.

PayPal Holdings Inc was the only material negative contributor in this sector.

The portfolio's weighting to this sector (including options on a MTM basis) at the year end was 7.0% of the net assets (2022: -0.4%).

Market Outlook

After more than 525bps of US rate hikes over the past couple of years, the range of potential outcomes for the next 12 months now appears somewhat narrower. Advanced economies are expected to experience slower growth and inflation remains a key factor influencing monetary policy. China has shifted from a growth engine for the world to a deflation engine. We see geopolitical risks remaining between the US and China and continuing de-risking of supply chains.

Most major central banks are near the end of their rate tightening cycles. In the more medium term, inflation is expected to fall, and there are even signs of future disinflation in parts. While risks remain, the possibility of 10 year Treasury yields falling with improving inflation prints provides optimism for stock returns. The US economy's situation is unique, and while recession risk exists, the outturn may well be much better than previously anticipated. We do believe that our portfolio of long duration assets may be more interest rate sensitive than it is sensitive to a mild recession.

"The only function of economic forecasting is to make astrology look respectable."
– J K Galbraith.

Market Risks

The primary challenges to equities remain inflation, recession, regulation, energy prices and war. Central banks aim to prevent entrenched price changes, but it is difficult to calibrate monetary policy to prevent transitions to high inflation regimes. The Fed's preferred measure, the PCE price index, has fallen but history has seen reversals before. We are hopeful that, over time, productivity gains can assist in reducing inflation.

STRATEGIC REPORT continued

Recession risk is always a concern when the Fed has been so active in attempting to slow the economy but we would remind readers that the areas of technology that we are invested in are often considered more defensive. Geopolitical risks, such as the conflict in Ukraine and US-Sino relations, also pose very material concerns. China, Iran, N Korea and Russia are all bad actors that can cause numerous horrific events that could cause material downside for the markets. The companies in our portfolio have a material exposure to China and Taiwan and hence we have been active at various times during the year at laying on hedges against this risk. We are constantly watching the oil price with anxiety.

"A cynic is a man who knows the price of everything, and the value of nothing."
– Oscar Wilde

Technology Outlook

IT spending is expected to increase by ~5% over the next 12 months. The technology sector is projected to deliver above-market growth in 2024 with projected revenues and earnings progress of ~8% and ~16% respectively (Source: Bloomberg). Our portfolio is forecast by Bloomberg estimates to see projected revenues and earnings progress of ~16% and ~21% respectively. Forecasts are mainly useless apart from providing some relative indications. Technology stocks have seen their valuations recover but a lot of the over-hyped stocks from 2021/2 are a long way from fully recovered in terms of valuations. We see a lot of these names ultimately being disrupted by AI and hence they look expensive "Value Traps" to us.

The post-pandemic period has led to a challenging demand normalisation with even cloud demand seeing optimisation. Sensible companies are adopting a slower and more sensible growth playbook, focusing on profitability, by undertaking cost-cutting initiatives. Despite the revenue growth slowdown, the best companies are expected to continue growing.

"I do not fear computers. I fear the lack of them."
– Isaac Asimov

AI Outlook

We see continued strong spending by enterprises on digital transformation, cloud, and cybersecurity but the outlier for the next 12 months will surely be AI. The progress of AI is embryonic compared to its immense era defining potential. As we have said many times before, we are investing in the "picks and shovels providers" and especially the hyper-scalers, EDA providers and the semiconductor designers. The latter is forecast to capture up to 50% of AI's associated value and we would guess that NVIDIA will get the lion's share of that. We would predict that in a couple of years many investors will rue their underweight position in NVIDIA today. We have positioned our portfolio so that a vast majority of our holdings have AI "core and central" to their business purpose. If AI is the era defining technology wave we believe it to be, the portfolio should perform very well, and vice versa.

"The only constant is change, continuing change, inevitable change, that is the dominant factor in society today. No sensible decision can be made any longer without taking into account not only the world as it is, but the world as it will be."
– Isaac Asimov

AI & Technology Risks

Regulatory challenges, misinformed Luddite braying and ethical concerns surround AI, but its transformative capabilities are expected to overpower these headwinds. We would guess that we may also start to hear more about the incredible abilities of non-generative AI over the next 12 months although we would concede that generative AI does now seem to be positioned as the front-end AI user interface model.

Unsurprisingly to some, we are also starting to study more about Quantum Computing as we see this as the next era of computing after AI. We would note the famous quip by Max Planck:

"A new scientific truth does not triumph by convincing its opponents and making them see the light, but rather because its opponents eventually die, and a new generation grows up that is familiar with it."

Multiple more general risks exist for our medium-term constructive view on technology. We may have misunderstood how AI will disrupt incumbent software and technology companies and we certainly feel some other investors are underestimating this risk. There may be a new technological change that we have not foreseen such as the arrival of Quantum sooner than expected. China may surpass the USA in technological advancement rendering the US technology companies as disrupted. Valuations are also always a concern, as the recent surge in technology stocks has pushed sector valuations back to higher than 5 year average levels.

Regulation remains a key risk, though a divided Congress makes legislation less likely. However, as Europe sees itself fall further and further behind in the AI era then regulation becomes perversely more likely. Souring US-Sino relations are likely to further negatively impact supply chains, especially in semiconductors, and Taiwan's role as the leading semiconductor producer coupled with China's territorial ambitions adds a huge risk to world peace.

Concentration Risk

We always seek as diversified a portfolio as we can possibly construct but we must address the concentration risk within our portfolio. Our top two holdings - Microsoft, and Nvidia - represented around 50% of our NAV and our top 5 holdings represent about 75% of our portfolio. Sadly, we do believe the outstanding winners from the AI era may, in time, be counted on the fingers of two hands. So what are we meant to do: diversify to dilute performance? The conclusion to this risk is that our Fund should form part of a wide and diversified portfolio for our shareholders. Please do not over-concentrate on our Fund if you cannot afford to bear potential loss. It is worth noting that according to two of the leading ratings agencies MSFT has a better credit rating than US sovereign debt.

May I remind you of our limits on these metrics:

"No single holding will represent more than 20% of gross assets at the time of investment. In addition, the Company's five largest holdings (by value) will not exceed (at the time of investment) more than 75% of gross assets."

We do prioritise risk reduction in our approach, aiming to partially hedge specific risks that concern us (but hedging requires luck in its timing) and avoiding any holdings that give us nagging doubts.

"Three-quarters of Warren Buffett's equity portfolio are tied up in just 5 stocks."
– CNBC headline August 2023.

Conclusion

The risks are varied, numerous and material but the era of AI is just beginning. Technology offers investors a first-class ticket to what could be one of the most exciting investment periods of the century.

Long the Future.

M&L Capital Management Limited

Manager

27 September 2023

STRATEGIC REPORT continued

Equity exposures and portfolio sector analysis

Equity exposures (longs)

As at 31 July 2023

Company	Sector*	Exposure £'000**	% of net assets**
Microsoft Corporation**	Information Technology	66,646	30.1
Nvidia Corporation**	Information Technology	45,399	20.5
ASML Holding NV**	Information Technology	18,895	8.5
Advanced Micro Devices Inc.	Information Technology	17,787	8.0
Cadence Design Systems Inc.**	Information Technology	16,610	7.5
Synopsys Inc.**	Information Technology	15,648	7.1
Alphabet Inc.	Communication services	10,814	4.9
Arista Networks Inc.	Information Technology	9,477	4.3
Oracle Corporation**	Information Technology	8,366	3.8
PayPal Holdings Inc.	Financials	6,926	3.1
ROBO Global Robotics & Automation Index ETF	ETF	6,490	2.9
NXP Semiconductors N.V.	Information Technology	5,253	2.4
GoDaddy Inc.**	Information Technology	4,249	1.9
Intuitive Surgical Inc.	Health Care	3,733	1.7
Analog Devices Inc.	Information Technology	3,692	1.7
Apple Inc.	Information Technology	2,321	1.0
Polar Capital Technology Trust Plc	Fund	1,641	0.7
RTX Corporation	Industrials	1,504	0.7
Gen Digital Inc.	Information Technology	1,331	0.6
AirBnB Inc.	Consumer Discretionary	1,089	0.5
Match Group Inc.	Communication Services	759	0.3
Fidelity National Info Services Inc.	Financials	390	0.2
Total long positions		249,020	112.4
Other net assets and liabilities		(27,641)	(12.4)
Net assets		221,379	100.0

* GICS – Global Industry Classification Standard.

** Including equity swap exposures as detailed in note 13.

Portfolio sector analysis (excluding options and short equity swap hedges)

As at 31 July 2023

Sector	% of net assets
Information Technology	97.4
Communication services	5.2
Consumer Discretionary	0.5
Fund	0.7
Health Care	1.7
Financials	3.3
Industrials	0.7
ETF	2.9
Cash and other net assets and liabilities	(12.4)
Net assets	100.0

STRATEGIC REPORT continued

Principal portfolio equity holdings

The positions described below have an Exposure that aggregates to 97.8% of Net Assets.

Microsoft Corporation (“Microsoft”)

Microsoft is a global enterprise software company and a leader in cloud computing, business software, operating systems and gaming.

NVIDIA Corporation (“NVIDIA”)

NVIDIA is the market leader in GPUs. Whilst originally created for graphics processing, specialised GPUs are also key in the training and inference of AI models due to their parallel processing capabilities. Following the emergence of Chat GPT, which demonstrated the immense potential of generative AI, NVIDIA has reported surging demand for its AI chips. NVIDIA currently has a dominant position in the AI chip hardware market and has also built a strong position in the wider software ecosystem for AI training and inference (for example with their CUDA platform). As a result, NVIDIA has become the preferred partner for many enterprises seeking to harness the potential of AI.

ASML Holding NV (“ASML”)

ASML is a producer of Semiconductor manufacturing equipment, with a near monopoly in advanced EUV lithography, which is one of the leading edge production technologies in the industry's never ending quest to make smaller and more advanced Semiconductor chips (Integrated Circuits used in a wide variety of electronic devices).

Advanced Micro Devices Inc. (“AMD”)

AMD is a semiconductor company that designs and manufactures a range of microprocessors, graphics processing units (GPUs), and related technologies. Established in 1969, AMD has played a crucial role in the evolution of computing hardware, providing innovative solutions for both consumer and enterprise markets. Like NVIDIA, AMD has leveraged its GPU technology to make notable strides in the field of AI chips and accelerators. AMD's entrance into the AI chip market presents a competitive alternative to industry leader Nvidia going forward, offering customers more options when selecting hardware for their AI workloads.

Cadence Design Systems Inc. (“Cadence”)

Cadence is a leading EDA (electronic design automation) company primarily delivering software and Intellectual Property for electronic design in the Semiconductor industry. EDA software is mission critical to Semiconductor chip design, particularly as the demands on Semiconductor chip capabilities continues to increase. The majority of the EDA market is controlled by three players; Cadence, Synopsys and Siemens. Unlike the highly cyclical Semiconductor manufacturers, the EDA software market has a very high degree of recurring revenue and growth tends to be more correlated to Semiconductor R&D than Capital or Operational Expenditure within the industry.

Synopsys Inc. ("Synopsys")

Similar to Cadence, Synopsys is an EDA company that focuses on Semiconductor chip design software and verification tools (such as finding and resolving bugs in Semiconductor chip designs).

Arista Networks Inc. ("Arista")

Arista is a technology company that specialises in providing networking solutions for data centres and cloud environments. The company's products encompass a range of switches, routers, and software-defined networking (SDN) solutions, designed to meet the demands of modern data-intensive applications and the dynamic requirements of cloud computing. Arista's solutions often emphasise low-latency, high-speed data transmission, making it a key player in the networking industry, particularly for enterprises seeking advanced infrastructure solutions. As a result, Arista is heavily exposed to cloud capex from the hyperscale cloud providers.

Alphabet Inc. ("Alphabet")

Alphabet is a global technology company with products and platforms across a wide range of technology verticals, including online advertising, cloud computing, autonomous vehicles, artificial intelligence and smart phones.

Oracle Corporation ("Oracle")

Oracle Corporation is a multinational technology company that specialises in providing a wide range of software, hardware, and cloud-based services to businesses and organisations. Founded in 1977, Oracle is best known for its robust database management systems, which are widely used to store, retrieve, and manage large volumes of structured and unstructured data. The company's extensive portfolio includes enterprise software applications for various functions like customer relationship management (CRM), enterprise resource planning (ERP), human capital management (HCM), and more. Oracle also offers cloud services that encompass infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS), enabling clients to leverage cloud computing for enhanced scalability, efficiency, and flexibility. With a significant presence in both hardware and software markets, Oracle plays a critical role in supporting modern business operations and digital transformation efforts across industries.

PayPal Inc. ("PayPal")

PayPal is an online payments platform that enables individuals and businesses to send and receive money securely over the internet. Founded in 1998, PayPal revolutionised the way electronic transactions were conducted by offering a convenient and widely accepted alternative to traditional methods.

STRATEGIC REPORT continued

All Equity & Debt portfolio holdings

As at 31 July 2023

Stocks	Gross (Underlying Only) % of NAV	Net Delta (inc Net Delta exposure of options) % of NAV
Microsoft Corporation	30.1	30.1
NVIDIA Corporation	20.5	20.5
ASML Holding NV	8.5	8.1
Advanced Micro Devices Inc.	8.0	8.0
Cadence Design Systems Inc.	7.5	7.5
Synopsys Inc.	7.1	7.1
Arista Networks Inc.	4.3	4.3
Alphabet Inc.	4.9	3.9
Oracle Corporation	3.8	3.8
PayPal Holdings Inc.	3.1	3.0
Robo Global Robotics And Automation Index ETF	2.9	2.9
NXP Semiconductors NV	2.4	2.0
GoDaddy Inc.	1.9	1.7
Analog Devices Inc.	1.7	1.7
Intuitive Surgical Inc.	1.7	1.5
MS EU China Revenue Exposure Basket	(1.3)	(1.3)
Apple Inc.	1.0	1.2
Invesco QQQ Trust Series 1	(1.0)	(1.0)
Polar Capital Technology Trust Plc	0.7	0.7
RTX Corporation	0.7	0.7
Gen Digital Inc.	0.6	0.6
Amazon.com Inc.		0.6
Micron Technology Inc.		0.4
Match Group Inc.	0.3	0.2
CISCO Systems Inc.		0.2
Airbnb Inc.	0.5	0.1
Fidelity National Info Services Inc.	0.2	0.1
iShares MSCI United Kingdom ETF	0.0	0.0
Total	110.1	108.5

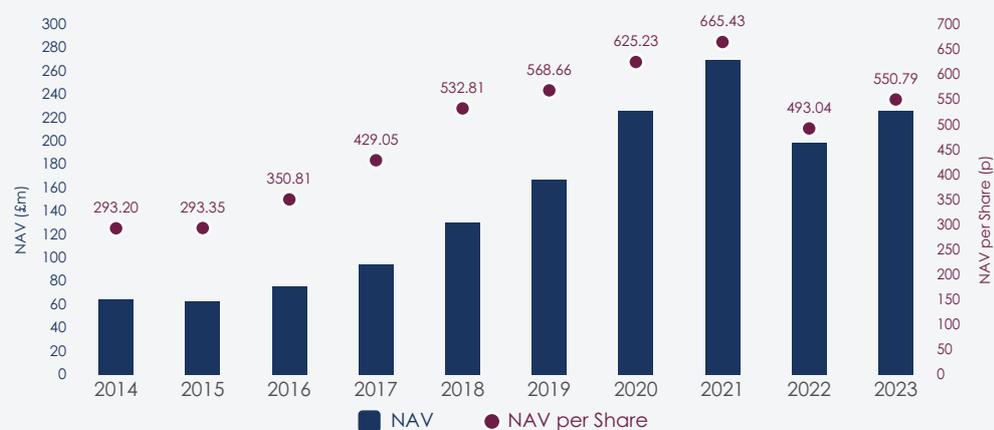
For an explanation of why we report exposures on a Delta Adjusted basis please read our FAQ at <https://mlcapman.com/faq/>

Investment record of the last ten years

Year ended	Total return (£'000)	Return per Share* (p)	Dividend per Share (p)	Net assets (£'000)	NAV per Share* (p)
31 July 2014	(6,295)	(28.08)	13.75	64,361	293.20
31 July 2015	2,483	11.47	6.00	63,074	293.35
31 July 2016	13,424	62.50	13.36	75,546	350.81
31 July 2017	20,055	92.43	9.00	94,661	429.05
31 July 2018	26,792	115.27	12.00	130,388	532.81
31 July 2019	15,900	58.75	14.00	166,981	568.66
31 July 2020	24,037	74.74	14.00	225,933	625.23
31 July 2021	22,222	57.10	14.00	269,686	665.43
31 July 2022	(61,162)	(151.62)	21.00	198,546	493.04
31 July 2023	28,754	71.45	14.00	221,379	550.79

* Basic and fully diluted.

NAV and NAV per Share to 31 July



Dividends to 31 July



* Includes proposed dividend.

STRATEGIC REPORT continued

Business model

The Company is an investment company as defined by Section 833 of the Companies Act 2006 and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010.

The Company is also governed by the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (the "FCA") and is listed on the Premium Segment of the Main Market of the London Stock Exchange.

A review of investment activities for the year ended 31 July 2023 is detailed in the Manager's review on pages 7 to 11.

Investment objective

The investment objective of the Company is to achieve capital appreciation.

Investment policy

Asset allocation

The Company's investment objective is sought to be achieved through a policy of actively investing in a diversified portfolio, comprising any of global equities and/or fixed interest securities and/or derivatives.

The Company may invest in derivatives, money market instruments, currency instruments, contracts for differences ("CFDs"), futures, forwards and options for the purposes of (i) holding investments and (ii) hedging positions against movements in, for example, equity markets, currencies and interest rates.

The Company seeks investment exposure to companies whose shares are listed, quoted or admitted to trading. However, it may invest up to 10% of gross assets (at the time of investment) in the equities and/or fixed interest securities of companies whose shares are not listed, quoted or admitted to trading.

Risk diversification

The Company intends to maintain a diversified portfolio and it is expected that the portfolio will have between approximately 20 to 100 holdings. No single holding will represent more than 20% of gross assets at the time of investment. In addition, the Company's five largest holdings (by value) will not exceed (at the time of investment) more than 75% of gross assets.

Although there are no restrictions on the constituents of the Company's portfolio by geography, industry sector or asset class, it is intended that the Company will hold investments across a number of geographies and industry sectors. During periods in which changes in economic, political or market conditions or other factors so warrant, the Manager may reduce the Company's exposure to one or more asset classes and increase the Company's position in cash and/or money market instruments.

The Company will not invest more than 15% of its total assets in other listed closed-ended investment funds. However, the Company may invest up to 50% of gross assets (at the time of investment) in an investment company subsidiary, subject always to the other restrictions set out in this investment policy and the Listing Rules.

Gearing

The Company may borrow to gear the Company's returns when the Manager believes it is in Shareholders' interests to do so. The Company's Articles of Association ("Articles") restrict the level of borrowings that the Company may incur up to a sum equal to two times the net asset value of the Company as shown by the then latest audited balance sheet of the Company.

The effect of gearing may be achieved without borrowing by investing in a range of different types of investments including derivatives. Save with the approval of Shareholders, the Company will not enter into any investments which have the effect of increasing the Company's net gearing beyond the limit on borrowings stated in the Articles.

General

In addition to the above, the Company will observe the investment restrictions imposed from time to time by the Listing Rules which are applicable to investment companies with shares listed on the Official List of the FCA.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the remedial actions to be taken by the Board and the Manager by an announcement issued through a regulatory information service approved by the FCA.

Investment Strategy and Style

The fund's portfolio is constructed with flexibility but is primarily focused on stocks that exhibit the attributes of growth.

Target Benchmark

The Company was originally set up by Brian Sheppard as a vehicle for British retail investors to invest in with the hope that total returns would exceed the total returns on the UK equity market. Hence, the benchmark the Company uses to assess performance is one of the many available UK equity indices being the MSCI UK Investable Market Index (MXGBIM). The Company has used this benchmark to assess performance for over five years but is not set on using this particular UK Equity index forever into the future and currently uses this particular UK Equity index because at the current time it is viewed as the most cost advantageous of the currently available UK Equity indices (which have a high degree of correlation and hence substitutability). However, once the Company announces the use of an index, then this index should be used across all of the Company's documentation.

Investments for the portfolio are not selected from constituents of this index and hence the investment remit is in no way constrained by the index, although the Manager's management fee is varied depending on performance against the benchmark. It is suggested that Shareholders review the Company's Active Share Ratio that is on the fund factsheets as this illustrates to what degree the holdings in the portfolio vary from the underlying benchmark.

Environmental, Social, Community and Governance

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers.

STRATEGIC REPORT continued

In its oversight of the Manager and the Company's other service providers, the Board seeks assurances that they have regard to the benefits of diversity and promote these within their respective organisations. The Company has given discretionary voting powers to the Manager. The Manager votes against resolutions they consider may damage Shareholders' rights or economic interests and reports their actions to the Board. The Company believes it is in the Shareholders' interests to consider environmental, social, community and governance factors when selecting and retaining investments and has asked the Manager to take these issues into account. The Manager does not exclude companies from their investment universe purely on the grounds of these factors but adopts a positive approach towards companies which promote these factors. The portfolio's Sustainalytics Environmental Percentile was 84.4% as at 31 July 2023.

The Company notes the Task Force on Climate-related Financial Disclosures ('TCFD') reporting recommendations. However, as a listed investment company, the Company is not subject to the Listing Rule requirement to report against the framework. The Company fully recognises the impact climate change has on the environment and society, and information on the Manager's endeavours on ESG can be found on page 42. The Manager continues to work with the investee companies to raise awareness on climate change risks, carbon emission and energy efficiency.

Stakeholder Engagement

The Company's s172 Statement can be found in the Corporate Governance Statement on pages 35 to 44 and is incorporated into this Strategic Report by reference.

Dividend policy

The Company may declare dividends as justified by funds available for distribution. The Company will not retain in respect of any accounting period an amount which is greater than 15% of net revenue in that period.

Recurring income from dividends on underlying holdings is paid out as ordinary dividends.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 68 and in the Statement of Changes in Equity on page 69.

For the year ended 31 July 2023, the net revenue return attributable to Shareholders was £1,479,000 (2022: negative £1,668,000) and the net capital return attributable to Shareholders was £27,275,000 (2022: negative £59,494,000). Total Shareholders' funds increased by 11.5% to £221,379,000 (2022: £198,546,000).

The dividends paid/proposed by the Board for 2022 and 2023 are set out below:

	Year ended 31 July 2023 (pence per Share)	Year ended 31 July 2022 (pence per Share)
Interim dividend	7.00	7.00
Special dividend	-	7.00
Proposed final dividend	7.00	7.00
	14.00	21.00

Subject to the approval of Shareholders at the forthcoming AGM, the proposed final ordinary dividend will be payable on 8 November 2023 to Shareholders on the register at the close of business on 6 October 2023. The ex-dividend date will be 5 October 2023.

Further details of the dividends paid in respect of the years ended 31 July 2023 and 31 July 2022 are set out in note 7 on page 79.

Principal risks and uncertainties

The Board considers that the following are the principal risks and uncertainties facing the Company. The actions taken to manage each of these are set out below. If one or more of these risks materialised, it could potentially have a significant impact upon the Company's ability to achieve its investment objective. These risks are formalised within the risk matrix maintained by the Company's Manager.

Risk	How the risk is managed
<p>Investment Performance Risk The performance of the Company may not be in line with its investment objectives.</p>	<p>Investment performance is monitored and reviewed daily by M&L Capital Management Limited ("MLCM") as AIFM through:</p> <ul style="list-style-type: none"> • Intra-day portfolio statistics; and • Daily Risk reports. <p>The metrics and statistics within these reports may be used (in combination with other factors) to help inform investment decisions.</p> <p>The AIFM also provides the Board with monthly performance updates, key portfolio stats (including performance attribution, valuation metrics, VaR and liquidity analysis) and performance charts of top portfolio holdings.</p> <p>It should be noted that none of the above steps guarantee that Company performance will meet its stated objectives.</p>
<p>Key Man Risk and Reputational Risk The Company may be unable to fulfil its investment objectives following the departure of key staff at the Manager.</p>	<p>The Manager has a remuneration policy that incentivises key staff to take a long-term view as variable rewards are spread over a five-year period. MLCM also has documented policies and procedures, including a business continuity plan, to ensure continuity of operations in the unlikely event of a departure.</p> <p>MLCM has a comprehensive compliance framework to ensure strict adherence to relevant governance rules and requirements.</p>
<p>Fund Valuation Risk The Company's valuation is not accurately represented to investors.</p>	<p>NAVs are produced independently by the Administrator, based on the Company's valuation policy.</p> <p>Valuation is overseen and reviewed by the AIFM's valuation committee which reconciles and checks NAV reports prior to publication.</p> <p>It should be noted that the vast majority of the portfolio consists of quoted equities, whose prices are provided by independent market sources; hence material input into the valuation process is rarely required from the valuation committee.</p>

STRATEGIC REPORT continued

Risk	How the risk is managed
<p>Third-Party Service Providers Failure of outsourced service providers in performing their contractual duties.</p>	<p>All outsourced relationships are subject to an extensive dual-directional due diligence process and to ongoing monitoring. Where possible, the Company appoints a diversified pool of outsourced providers to ensure continuity of operations should a service provider fail.</p> <p>The cyber security of third-party service providers is a key risk that is monitored on an ongoing basis. The safe custody of the Company's assets may be compromised through control failures by the Depositary or Custodian, including cyber security incidents. To mitigate this risk, the AIFM receives monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian.</p>
<p>Regulatory Risk A breach of regulatory rules/ other legislation resulting in the Company not meeting its objectives or investors' loss.</p>	<p>The AIFM adopts a series of pre-trade and post-trade controls to minimise breaches. MLCM uses a fully integrated order management system, electronic execution system, portfolio management system and risk system developed by Bloomberg. These systems include automated compliance checks, both pre- and post-execution, in addition to manual checks by the investment team. The AIFM undertakes ongoing compliance monitoring of the portfolio through a system of daily reporting.</p> <p>Furthermore, there is additional oversight from the Depositary, which ensures that there are three distinct layers of independent monitoring.</p>
<p>Fiduciary Risk The Company may not be managed to the agreed guidelines.</p>	<p>The Company has a clear documented investment policy and risk profile. The AIFM employs various controls and monitoring processes to ensure guidelines are adhered to (including pre- and post-execution checks as mentioned above and monthly Risk meetings). Additional oversight is also provided by the Company's Depositary.</p>
<p>Fraud Risk Fraudulent actions may cause loss.</p>	<p>The AIFM has extensive fraud prevention controls and adopts a zero tolerance approach towards fraudulent behaviour and breaches of protocol surrounding fraud prevention. The transfer of cash or securities involve the use of dual authorisation and two-factor authentication to ensure fraud prevention, such that only authorised personnel are able to access the core systems and submit transfers. The Administrator has access to core systems to ensure complete oversight of all transactions.</p>

In addition to the above, the Board considers the following to be the principal financial risks associated with investing in the Company: market risk, interest rate risk, liquidity risk, currency rate risk and credit and counterparty risk. An explanation of these risks and how they are managed along with the Company's capital management policies are contained in note 16 of the Financial Statements on pages 84 to 87.

The Board, through the Audit Committee, has undertaken a robust assessment and review of all the risks stated above and in note 16 of the Financial Statements, together with a review of any emerging or new risks which may have arisen during the year, including those that would threaten the Company's business model, future performance, solvency or liquidity. Whilst reviewing the principal risks and uncertainties, the Board considered the impact of the COVID-19 pandemic and the implications of the Russia conflict on the Company, concluding that these events did not materially affect the operations of the business.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the systems of internal financial control during the year ended 31 July 2023, as set out on pages 41 and 42. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

Further discussion about risk considerations can be found in the Company's latest prospectus available at <https://mlcapman.com/manchester-london-investment-trust-plc/>

Year-end gearing

At the year end, gross long equity exposure represented 112.4% (2022: 101.65%) of net assets.

Key performance indicators

The Board considers the most important key performance indicator to be the comparison with its benchmark index. This is referred to in the Financial Summary on page 3.

Other key measures by which the Board judges the success of the Company are the Share price, the NAV per Share and the ongoing charges measure.

Total net assets at 31 July 2023 amounted to £221,379,000 compared with £198,546,000 at 31 July 2022, an increase of 11.5%, whilst the fully diluted NAV per Share increased to 550.79p from 493.04p. During the year, Ordinary Shares were bought back and held in treasury at a cost of £289,000.

Net revenue return after taxation for the year was a positive £1,479,000 (2022: negative £1,668,000).

The quoted Share price during the period under review has ranged from a discount of 25.3% to 11.6%.

Ongoing charges, which are set out on page 90, are a measure of the total expenses (including those charged to capital) expressed as a percentage of the average net assets over the year. The Board regularly reviews the ongoing charges measure and monitors Company expenses.

Future development

The Board and the Manager do not currently foresee any material changes to the business of the Company in the near future. As the majority of the Company's equity investments are denominated in US Dollar, any currency volatility may have an impact (either positive or negative) on the Company's NAV per Share, which is denominated in Sterling.

STRATEGIC REPORT continued

Management arrangements

Under the terms of the management agreement, MLCM manages the Company's portfolio in accordance with the investment policy determined by the Board. The management agreement has a termination period of three months. In line with the management agreement, the Manager receives a variable portfolio management fee. Details of the fee arrangements and the fees paid to the Manager during the year are disclosed in note 3 to the Financial Statements.

The Manager is authorised and regulated by the FCA.

M&M Investment Company Limited ("MMIC"), which is controlled by Mr Mark Sheppard who forms part of the Manager's management team, is the controlling Shareholder of the Company. Further details regarding this are set out in the Directors' Report on page 31.

Alternative Investment Fund Managers Directive (the "AIFMD")

The Company permanently exceeded the sub-threshold limit under the AIFMD in 2017 and MLCM was appointed as the Company's AIFM with effect from 17 January 2018. Following their appointment as the AIFM, MLCM receives an annual risk management and valuation fee of £59,000 to undertake its duties as the AIFM in addition to the portfolio management fees set out above.

The AIFMD requires certain information to be made available to investors before they invest and requires that material changes to this information be disclosed in the Annual Report.

Remuneration

In the year to 31 July 2023, the total remuneration paid to the employees of the Manager was £420,000 (2022: £465,000), payable to an average employee number throughout the year of three (2022: four).

The management of MLCM is undertaken by Mr Mark Sheppard and Mr Richard Morgan, to whom a combined total of £388,000 (2022: £392,000) was paid by the Manager during the year.

The remuneration policy of the Manager is to pay fixed annual salaries, with non-guaranteed bonuses, dependent upon performance only. These bonuses are generally paid in the Company's Shares, released over a five-year period.

Leverage

The leverage policy has been approved by the Company and the AIFM. The policy limits the leverage ratio that can be deployed by the Company at any one time to 275% (gross method) and 250% (commitment method). This includes any gearing created by its investment policy. This is a maximum figure as required for disclosure by the AIFMD regulation and not necessarily the amount of leverage that is actually used. The leverage ratio as at 31 July 2023 measured by the gross method was 126.8% and that measured by the commitment method was 120.6%.

Leverage is defined in the Glossary on page 90.

Risk profile

The risk profile of the Company as measured through the Summary Risk Indicator ("SRI") score, is currently at a 6 on a scale of 1 to 7 as at 31 July 2023 (31 July 2022: 5). This score is calculated on past performance data using prescribed PRIIPS methodology. Liquidity, counterparty and currency risks are not captured on the scale. The Manager will periodically disclose the current risk profile of the Company to investors. The Company will make this disclosure on its website at the same time as it makes its Annual Report and Financial Statements available to investors or more frequently at its discretion.

For further information on SRI – including key risk disclaimers – please read the Fund Key Information Document available at <https://mlcapman.com/manchester-london-investment-trust-plc/>

Liquidity arrangements

The Company currently holds no assets that are subject to special arrangements arising from their illiquid nature. If applicable, the Company would disclose the percentage of its assets subject to such arrangements on its website at the same time as it makes its Annual Report and Financial Statements available to investors, or more frequently at its discretion.

Continuing appointment of the Manager

The Board keeps the performance of MLCM, in its capacity as the Company's Manager, under continual review. It has noted the good long-term performance record and commitment, quality and continuity of the team employed by the Manager. As a result, the Board concluded that it is in the best interests of the Shareholders as a whole that the appointment of the Manager on the agreed terms should continue.

Human rights, employee, social and community issues

The Board consists entirely of non-executive Directors. The Company has no employees and day-to-day management of the business is delegated to the Manager and other service providers. As an investment trust, the Company has no direct impact on the community or the environment, and as such has no human rights or community policies. In carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly. Further details of the Environmental, Social and Governance policy can be found in the Statement of Corporate Governance on pages 42 and 43. Details of the Company's Board composition and related diversity considerations can be found in the Statement of Corporate Governance on page 38.

Gender diversity

At 31 July 2023, the Board comprised four male Directors. As stated in the Statement of Corporate Governance, the appointment of any new Director is made on the basis of merit.

Approval

This Strategic Report has been approved by the Board and signed on its behalf by:

Daniel Wright

Chairman

27 September 2023





DIRECTORS

All the Directors are non-executive. Mr Morris, Sir James Waterlow and Mr Wright are independent of the Company's Manager.

Daren Morris

Mr Morris was appointed to the Board of the Company on 10 December 2021. He is currently CFO of Big Technologies PLC, a company listed on AIM and active in the provision of advanced technology for the electronic monitoring of individuals. Mr Morris was previously CFO of Volex PLC from 2015 to 2020. He was part of the executive management team that led a turnaround of Volex and drove a quadrupling of the share price over the period. He spent the first eighteen years of his career in investment banking and accountancy and was a Managing Director at both UBS Investment Bank and Morgan Stanley, advising manufacturing and technology companies on their expansion and financing strategies. Daren's public company board experience includes Big Technologies plc, Volex plc, Easynet plc and Nexen Tech Corporation. Daren is a qualified chartered accountant (ICAEW ACA 1997) and read Physics at Trinity College, Oxford.

Mr Morris is Chairman of the Audit Committee.

Number of Listed Company Directorships: 2

Brett Miller

Mr Miller was appointed to the Board on 30 August 2013. He presently also serves as a director of SLF Realisation Fund Limited. In addition he is a director of a number of unlisted and/or private companies. He graduated from the University of the Witwatersrand (South Africa) with a bachelors degree majoring in law and economics and additionally holds a law degree from the London School of Economics. He qualified as a solicitor and practised until 1997. Mr Miller is head of compliance, governance and risk oversight, holds the SMF16 and SMF17 roles under the Senior Managers and Certification Regime and also sits on the risk management committee of MLCM, the Company's Manager.

Mr Miller is not a member of the Audit Committee.

Number of Listed Company Directorships: 2

Sir James Waterlow

Sir James Waterlow was appointed to the Board on 17 August 2020. He has specialised in investment trusts for nearly thirty years, for the past twelve as a partner on the Investment Funds team at Singer Capital Markets. During his career he has advised approximately thirty investment trust boards and worked on a significant number of transactions, raising over £5 billion for new and existing funds.

Sir James Waterlow is a member of the Audit Committee.

Number of Listed Company Directorships: 1

Daniel Wright

Mr Wright was appointed to the Board on 29 October 2018. He is the executive chairman of Accrol Group Holdings Plc and held a board role at Accrol Group Holdings Limited, prior to its IPO, from July 2014 to June 2016. He is a director of SolasCure Limited. Mr Wright was previously the founder partner, chief operating officer and head of portfolio at NorthEdge Capital and Chairman of Vision Support Services Group Limited, a private company that he founded and grew to become Europe's leading distributor of textiles to the hospitality sector. He has also held previous roles at Cable Partners LLC, Deutsche Morgan Grenfell Private Equity and The Royal Bank of Scotland. Mr Wright qualified as a chartered accountant with Arthur Andersen in 1996.

Mr Wright is the Chairman of the Board.

Number of Listed Company Directorships: 2

DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements for the year ended 31 July 2023.

Directors

The current Directors of the Company are listed on page 28. All served throughout the year under review.

Details about the re-election of the Directors are given in the Statement of Corporate Governance on page 38.

Share capital

As at 31 July 2023, the Company's issued share capital comprised 40,528,238 Shares of 25 pence each, of which 335,220 were held in Treasury.

At general meetings of the Company, Shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every Share held. Shares held in Treasury do not carry voting rights.

In circumstances where Chapter 11 of the Listing Rules would require a proposed transaction to be approved by Shareholders, the controlling Shareholder (see page 31 for further details) shall not vote its Shares on that resolution. In addition, any Director of the Company appointed by MMIC, the controlling Shareholder, shall not vote on any matter where conflicted and the Directors will act independently from MMIC and have due regard to their fiduciary duties.

Issue of Shares

At the Annual General Meeting held on 21 November 2022, Shareholders approved the Board's proposal to authorise the Company to allot Shares up to an aggregate nominal amount of £2,516,875. In addition, the Directors were authorised to issue Shares and sell Shares from Treasury up to an aggregate nominal value of £1,006,751 on a non-pre-emptive basis. This authority is due to expire at the Company's forthcoming AGM on 1 November 2023.

There were no share issues during the year.

As at the date of this report, the total voting rights were 40,193,018.

DIRECTORS' REPORT continued

Purchase of Shares

At the Annual General Meeting held on 21 November 2022, Shareholders approved the Board's proposal to authorise the Company to acquire up to 14.99% of its issued Share capital (excluding Treasury Shares) amounting to 6,036,481 Shares. This authority is due to expire at the Company's forthcoming AGM on 1 November 2023.

During the year, 77,037 Shares have been bought back and at the date of this report there were 40,528,238 Shares in issue of which 335,220 were held in treasury. The total amount paid for these Shares was £289,000 at an average price of 375 pence per Share.

Sale of Shares from Treasury

At the Annual General Meeting held on 21 November 2022, Shareholders approved the Board's proposal to authorise the Company to waive pre-emption rights in respect of Treasury Shares up to an aggregate amount of £1,006,751 and to permit the allotment or sale of Shares from Treasury at a discount to a price at or above the prevailing NAV. This authority is due to expire at the Company's forthcoming AGM on 1 November 2023.

No Shares were sold from Treasury during the year. As at the date of this report, 335,220 Shares are held in Treasury.

Substantial shareholdings

The Company has been informed of the following notifiable interests in the Company's Share capital carrying voting rights as at 31 July 2023:

	Number of Shares held	% of total voting rights
M&M Investment Company Limited	22,937,214	57.07

Following the year end, the Company has been informed that there has been no change in interests as at the date of this report. As at the date of this report, the notifiable interests in the Company's Share capital is:

	Number of Shares held	% of total voting rights
M&M Investment Company Limited	22,937,214	57.07

Controlling Shareholder

MMIC, which is controlled by Mr Mark Sheppard who forms part of the investment management team at MLCM, is the controlling Shareholder of the Company.

The Company has in place a continuing written and legally binding relationship agreement with MMIC and its associates, ensuring compliance with the independence provisions set out in Listing Rule 6.5.4R. Since entering the relationship agreement, the Company has fully complied with the independence provisions included within this agreement and, so far as the Company is aware, the independence provisions included in this agreement have also been complied with during the period under review by the controlling Shareholder and its associates. The relationship agreement is available on the Company's website.

Under the shareholder relationship agreement between the Company and MMIC, the Controlling Shareholder can appoint non-executive Directors to the Board, as long as the majority of these appointments are deemed to be independent from MMIC and the appointment of all Directors are not to the detriment of the Shareholders as a whole.

As at the date of this report, MMIC holds 57.07% of the total voting rights of the Company.

Information about securities carrying voting rights

The following information is disclosed in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the FCA's Disclosure Guidance and Transparency Rules.

- The Company's capital structure and voting rights are summarised on pages 29 and 30.
- Details of the substantial Shareholders of the Company are set out on page 30.
- An amendment to the Company's Articles of Association and the giving of powers to issue or buy back the Company's Shares requires an appropriate resolution to be passed by Shareholders. Proposals to grant powers to the Board to issue and buy back Shares are set out in the Notice of the Annual General Meeting.
- There are no restrictions concerning the transfer of securities in the Company; no restrictions on voting rights (with the exception of those disclosed on page 29); no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid (however, refer to the paragraph regarding the Controlling Shareholder above for details on the relationship agreement).

Dividends

Details of the interim dividend and special dividend paid by the Company during the year and the final dividend recommended by the Board are set out in the Strategic Report on page 20.

Events after the reporting period

There are no post balance sheet events to report.

DIRECTORS' REPORT continued

Financial risk management

The principal financial risks and the Company's policies for managing these risks are set out in note 16 to the Financial Statements.

Corporate Governance

The Statement of Corporate Governance on pages 35 to 44 forms part of the Directors' Report.

Going concern

The Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements. After making enquiries, and considering the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Directors have considered the liquidity of the portfolio and the Company's ability to meet obligations as they fall due for a period of at least 12 months from the date that these Financial Statements were approved.

Cashflow projections have been reviewed and provide evidence that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of the dividend policy. Additionally, Value at Risk scenario analyses to demonstrate that the company has sufficient capital headroom to withstand market volatility are performed periodically.

Viability statement

The Directors have assessed the prospects of the Company over a five-year period. The Directors consider five years to be a reasonable time horizon to consider the continuing viability of the Company, however they also consider viability for the longer-term foreseeable future.

In their assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties as set out in the Strategic Report on pages 21 to 23 and in particular, have considered the potential impact of a significant fall in global equity markets on the value of the Company's investment portfolio overall. The Directors have also considered the Company's income and expenditure projections and the fact that the Company's investments mainly comprise readily realisable securities which could be sold to meet funding requirements if necessary. On that basis, the Board considers that five years is an appropriate time period to assess continuing viability of the Company.

In forming their assessment of viability, the Directors have also considered:

- internal processes for monitoring costs;
- expected levels of investment income;
- the performance of the Manager;
- portfolio risk profile;
- liquidity risk;
- gearing limits;
- counterparty exposure; and
- financial controls and procedures operated by the Company.

The Board has reviewed the influence of the COVID-19 pandemic on its service providers and is satisfied with the ongoing services provided to the Company.

Based upon these considerations, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period.

Greenhouse gas emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying portfolio. As the Company's energy consumption falls under the minimum 40,000 kWh reporting threshold set by the Streamlined Energy and Carbon Reporting framework, the Company is exempt from making energy consumption disclosures.

Donations

The Company made no political or charitable donations during the year.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The information required under:

- i. Listing Rule 9.8.4(14) regarding the Controlling Shareholder is set out on page 31.

The Directors confirm that no additional disclosures are required in relation to Listing Rule 9.8.4.

Auditor information

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of the Company will be held virtually on Wednesday, 1 November 2023 at 12.00 noon.

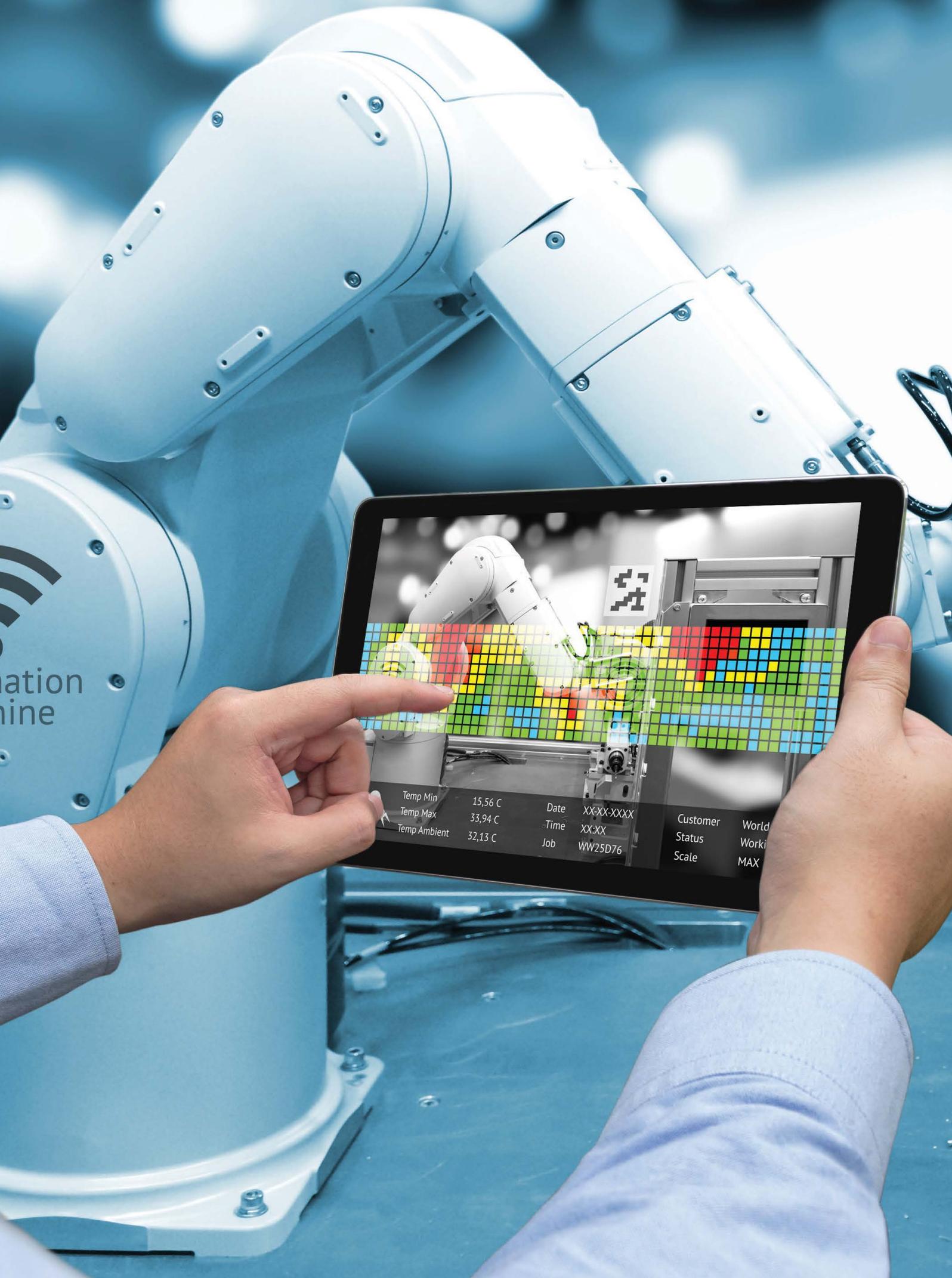
A separate notice convening the Annual General Meeting has been distributed to Shareholders, which includes an explanation of the items of business to be considered at the meeting. This notice can also be found on the Company's website.

By order of the Board

Link Company Matters Limited

Company Secretary

27 September 2023



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Temp Ambient	32,13 C	Job	WW25D76	Scale	MAX

STATEMENT OF CORPORATE GOVERNANCE

Statement of Corporate Governance

This corporate governance statement forms part of the Directors' Report.

Introduction

The Board is accountable to Shareholders for the governance of the Company's affairs and is committed to maintaining high standards of corporate governance and the principles of good governance as set out in the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council in July 2018, a copy of which can be found at www.frc.org.uk.

Statement of compliance with the UK Code

Pursuant to the Listing Rules of the FCA, the Company is required to provide Shareholders with a statement on how the principles set out in the UK Code have been applied and whether the Company has complied with the provisions of the UK Code. The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate to the business of the Company as an investment trust.

The Board has reviewed the principles and provisions of the UK Code and considers that it has complied throughout the year, except as disclosed below:

- the Board at present does not consider it necessary to formally appoint a senior Independent Director, other than the Chairman, to whom concerns can be conveyed. However, the Board will continue to review this arrangement annually;
- in light of the responsibilities retained by the Board and the Audit Committee and the responsibilities delegated to the Company's third party service providers, including the Manager, the Company has not appointed a chief executive officer;
- given the structure and size of the Company, the Board does not consider it necessary to appoint separate management engagement, remuneration or nomination committees, and the roles and responsibilities normally reserved for these committees are matters for the full Board; and
- the Company does not have an internal audit function as all of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board. However, the need for an internal audit function is reviewed by the Audit Committee annually.

STATEMENT OF CORPORATE GOVERNANCE

continued

Board of Directors

Under the leadership of the Chairman, the Board is responsible for the effective stewardship of the Company's affairs, including corporate strategy, corporate governance, risk assessment and the investment policy. The Directors have overall responsibility for review of the Company's investment activity and performance and the control and supervision of the Manager and other service providers of the Company.

The Board consists of four non-executive Directors, three of whom are considered to be independent of the Company's Manager. The Board seeks to ensure that it has an appropriate balance of skills and experience and considers that, collectively, the Directors have an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company.

The terms and conditions of appointment of the Directors are formalised in letters of appointment, copies of which are available for inspection from the Company's registered office. None of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year.

The Board has ensured that all Directors continually update the skills and knowledge required to fulfil their role both on the Board and the Audit Committee. The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that established Board procedures and applicable rules and regulations are complied with.

Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. He promotes a culture of openness and debate and facilitates constructive Board relations and the effective contribution of all Directors. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information. The Chairman, Daniel Wright, is deemed by his fellow independent Board members to be independent and free of any conflicts of interest. He considers himself to have sufficient time to spend on the affairs of the Company. The role and responsibilities of the Chairman are clearly defined and set out in writing, copies of which are available on the Company's website.

Independence of the Directors

As part of its annual evaluation, the Board reviewed the independence status of each Director and the Board as a whole. In the Board's opinion, Mr Morris, Sir James Waterlow and Mr Wright are considered to be independent of the Manager in both character and judgement that they perform their duties at all times in an independent manner and that there are no relationships or circumstances which are likely to affect the judgement of any Director.

As set out on page 28, Mr Miller is head of governance and risk oversight, holds the SMF16 and SMF17 roles under the Senior Managers and Certification Regime and sits on the risk management committee at MLCM, the Company's Manager. Therefore, Mr Miller is not deemed to be independent of the Manager. Due to his non-independent status, Mr Miller abstains from discussions about the continuing appointment of the Manager.

Following completion of the evaluation process, the Board is of the opinion that Mr Miller continues to provide effective contributions to the performance of the Board and is committed to his role. As regards his effectiveness, Mr Miller's biographical details set out on page 28 demonstrate the experience he brings to the Board, which is complementary to that of the other Directors.

Apart from Mr Miller, none of the Directors or any persons connected with them had a material interest in the transactions and arrangements of, or the agreement with, the Manager during the year.

Performance evaluation

The Board has established a questionnaire-based process for the annual evaluation of the performance of the Board, the Audit Committee and the individual Directors, led by the Chairman. The Chairman acts on the results of the evaluation by recognising the strengths and addressing any weaknesses of the Board, as appropriate.

Following this year's evaluation, the Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company, offering a balance of independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company. The performance of each of the Directors continues to be effective and demonstrates commitment to the role and having considered the Directors' other time commitments and directorships. The Board is satisfied that each Director has the capacity to be fully engaged with the Company's business.

The Board does not consider the use of external consultants to conduct this evaluation is likely to provide any meaningful advantage over the process that has been adopted. However, the option of doing so will be regularly reviewed.

STATEMENT OF CORPORATE GOVERNANCE

continued

Gender & Diversity

The following disclosures are provided in respect of the FCA Listing Rules targets that: i) 40% of a board should be women; ii) at least one senior role should be held by a woman; and iii) at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics (ONS) criteria: As an externally managed investment company with no chief executive officer (CEO) or chief financial officer (CFO), the roles which qualify as senior under FCA guidance are Chair and Senior Independent Director (SID). The Board also considers the role of Audit Committee Chair to represent a senior role within this context. The Board has considered that the Company's year end date to be the most appropriate date for disclosure purposes. There have been no changes since 31 July 2023. As at 31 July 2023, the Board comprised four Non-Executive Directors, all men, and included two chartered accountants, one investment trust specialist and a former qualified lawyer. The Board's recruitment process seeks to draw upon as diverse a pool of candidates as possible, including men and women from across all ethnic backgrounds working in the fields of science, industry, finance and technology.

As at 31 July 2023, the Board did not comply with the FCA Listing Rule target with respect to ethnic background nor was it compliant with respect to the 40% target for women or that one senior role should be held by a woman. The Board's ongoing succession planning will take this target into consideration. If anyone reading this Annual Report believes they are a suitable candidate for a non-executive director role on this board and wishes to be considered for succession planning, please contact the Manager of the Company at ir@mlcapman.com with your CV.

Board as at 31 July 2023

Gender	Number of Board Members	% of the Board	Number of senior positions on the Board
Men	4	100%	2

Ethnic background	Number of Board Members	% of the Board	Number of senior positions on the Board
White British or Other White (including minority white groups)	4	100%	2

Election/re-election of Directors

The Board does not have a specific policy on tenure. Under the Company's Articles of Association and in accordance with the UK Code, Directors are subject to election by Shareholders at the first annual general meeting after their appointment. Thereafter, at each annual general meeting, any Director who has not stood for re-election at either of the two preceding annual general meetings shall retire and be subject to re-election. In addition, one-third of the Directors eligible to retire by rotation shall retire from office at each annual general meeting.

Beyond these requirements, the Board has agreed a policy whereby all Directors will seek annual re-election at the Company's annual general meetings. This is in line with the recommendations of the UK Code.

The Board has considered the re-election of Mr Wright, Mr Miller, Mr Morris and Sir James Waterlow at the forthcoming Annual General Meeting and recommends this on the basis of their skills, knowledge and continued contribution.

Induction of new Directors

A procedure for the induction of new Directors has been established, including the provision of an induction pack containing relevant information about the Company, its processes and procedures. New appointees will have the opportunity of meeting with the Chairman and relevant persons at the Manager.

Indemnity provisions

The Board has formalised arrangements under which Directors, in the furtherance of their duties, may take independent professional advice. Under the Company's Articles of Association, the Directors are provided, subject to UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Apart from this, there were no third party indemnity provisions over the course of the year or since the year end.

Board responsibilities and relationship with the Manager

It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs and that the Company meets its obligations to Shareholders. Strategic issues and all operational matters of a material nature are determined by the Board and, in order to enable them to discharge their responsibilities, Directors have full and timely access to relevant information. Board responsibilities include:

- changes to the Company's objective and investment policy;
- approval of annual and half-yearly reports and financial statements, circulars and other Shareholder communications;
- appointment and removal of Directors;
- changes to the Company's service providers; and
- use of gearing and derivative instruments for investment purposes.

The Board meets regularly and at each meeting reviews investment performance and financial results and monitors compliance with the Company's objectives.

The Board and Committee agendas are shaped to ensure that discussion is focused on the Company's strategic priorities, principal activities, reviews of significant issues and key elements of the portfolio.

At each Board meeting, the Directors follow a formal agenda which is circulated in advance by the Company Secretary. The Company Secretary, Administrator and Manager regularly provide financial information, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

The Company's day-to-day functions have been subcontracted to a number of service providers, each engaged under separate legal agreements. The management of the Company's assets has been delegated to MLCM, which has discretion to manage the assets in accordance with the Company's investment policy.

At each Board meeting, a representative from the Manager is in attendance to present verbal and written reports covering the Company's activities, portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings.

STATEMENT OF CORPORATE GOVERNANCE

continued

Meetings

The Directors meet at regular Board meetings, with additional meetings arranged as necessary. In addition to this, virtual Board reports are reviewed and discussed monthly by the Board. The number of scheduled Board and Committee meetings held during the year 31 July 2023 and the attendance of the individual Directors is shown below:

	Board Meetings	Audit Committee
Number of meetings during the year	5	2
Daniel Wright	5	2
Brett Miller*	5	2
Daren Morris**	5	2
Sir James Waterlow	5	2

* Mr Miller is not a member of the Audit Committee.

** Mr Morris was appointed as director and Audit Committee Chair on 10 December 2021.

Committees

The Board is assisted in its operations by the Audit Committee, the terms of reference for which are available on the Company's website.

Audit Committee

The Audit Committee comprises Mr Wright, Mr Morris and Sir James Waterlow and since his appointment on 10 December 2021 is chaired by Mr Morris. Mr Morris, a qualified chartered accountant, is deemed to have recent and relevant financial experience and the Committee as a whole has competence relevant to the investment trust sector.

A Report from the Audit Committee is set out on pages 45 to 47.

Conflicts of interest

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. Directors must request authorisation from the Board as soon as they become aware of the possibility of an interest that conflicts or might possibly conflict with the interests of the Company (a "situational conflict"). The Company's Articles of Association authorise the Board to approve such situations, where deemed appropriate.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include: whether the situational conflict could prevent the Director from properly performing his duties; whether it has, or could have, any impact on the Company; and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

Internal control review

The Board is responsible for risk management and ensuring that the Company has in place an effective system of internal financial controls designed to ensure the maintenance of proper accounting records and the safeguarding of the Company's assets. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Board recognises its responsibility for regular review of all aspects of internal financial control.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. This process is subject to regular review by the Board and is in accordance with the FRC Guidance on Risk Management, Internal Control and Related Finance and Business Reporting. The process was fully in place throughout the year and up to the date of approval of the Financial Statements. The principal risks facing the Company and the actions taken to manage these are detailed on pages 21 to 23.

The Board has established a series of parameters which are designed to limit the inherent risk in managing a portfolio of investments and the Board receives regular reports from the Manager and Administrator, which are reviewed in detail.

Internal control assessment process

The Board has contractually delegated responsibility for management of the investment portfolio, risk management and the provision of accounting services to external service providers. This is after full and proper consideration by the Board of the quality and cost of services offered, including the financial control systems in operation insofar as they relate to the affairs of the Company.

The key procedures which have been established to provide effective internal control, are as follows:

- Investment management and risk management are provided by MLCM. The Manager also maintains the Company's risk matrix. The Board is responsible for setting the overall investment strategy, monitors the activity of the Manager and reviews the risk matrix regularly at Board meetings. The Manager provides reports at these meetings, which cover investment performance and compliance matters.
- Custody and safekeeping of assets is undertaken by Morgan Stanley & Co. International plc and JP Morgan Securities PLC.
- The duties of investment management and custody of assets are segregated. The procedures of the individual parties are designed to complement one another.
- Link Company Matters Limited provides company secretarial services to the Company.
- Fund administration services are provided to the Company by its Administrator, Link Alternative Fund Administrators Limited.
- The Directors of the Company clearly define the duties and responsibilities of the service providers and advisers in terms of their contracts. The appointment of service providers and advisers is conducted by the Board after consideration of the standing and reputation of the parties involved. The Directors regularly monitor their ongoing performance and contractual arrangements.
- For investments that are actively traded in organised financial markets, fair value is determined by reference to Exchange quoted market prices at the close of business at the end of the reporting period. The Administrator produces valuation reports independently for the Board based on the Company's valuation policy.

STATEMENT OF CORPORATE GOVERNANCE

continued

- Liquidity risk is minimised by investing in a portfolio of quoted companies that are readily realisable. The Manager reports to the Board if there is any material change in the liquidity profile of the Company.
- The Board reviews in detail the financial information produced by the Administrator and the Manager on a regular basis.

The Board has carried out a review of the effectiveness of the risk management and internal control systems and how those systems operated throughout the year. The Directors confirm that no significant failings or weaknesses were identified.

Company Culture

The Company's defined purpose is to deliver its investment objective. The Directors agree that establishing and maintaining a healthy corporate culture among the Board and in its interaction with the Manager and Shareholders will support the delivery on its purpose, values and strategy. The culture of the Board promotes a desire for good governance, mindful of the interests of the Company's stakeholders. The Board believes that, as an investment trust with no employees, this is best achieved by working in partnership with the Manager.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance such as those relating to Diversity, Directors' conflicts of interest and Directors' dealings in the Company's Shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board through Board meetings and in particular during the annual evaluation process which is undertaken by each Director (for more information see the performance evaluation section on page 37).

The Board seeks to ensure the alignment of its purpose, values and strategy with its culture through ongoing dialogue and engagement with its service providers, principally the Manager. The culture of the Company's service providers, including their policies, practices and behaviour, is considered by the Board as a whole during the annual review of the performance and continuing appointment of all service providers.

Environmental, social and governance policy

As an investment trust, the Company has adopted the environmental, social and governance policy ("ESG") of its Manager. This ESG policy can be found at the Manager's website at www.mlcapman.com/esg.

In addition, the Company's ethical policy is focused on ensuring that the Company's resources are properly managed and invested within the guidelines approved by the Board.

The Company's Manager ensures that investments are made in companies that it considers to be well managed and subject to appropriate corporate governance. A well-managed company is considered to be one which complies with all the relevant legislation and which meets the environmental, social, community and ethical requirements of the country in which it operates. It is important to recognise that local laws and requirements of some markets do not necessarily equate with those of developed countries.

The Manager performs extensive investment analysis, assessing both the risk and the return of targeted investments for the Company. The depth of its research provides comprehensive insights into the many factors that affect the value of an investment, which also include environmental, social and governance issues. This analysis is monitored by the Manager and reported to the Board.

The Company's ultimate objective is to maximise investment return for its Shareholders without bearing an unacceptable level of risk. Accordingly, the Board and the Manager will seek to favour companies that pursue best practice in governance.

ESG in practice

Some examples of the Company's ESG policy in practice are set out below:

- The Company is committed to caring for the environment and ensuring that its carbon footprint is minimised. One of the main policies to achieve this is the encouragement of the use of electronic communication with Shareholders, in order to save paper, printing consumables and energy.
- The portfolio holds no exposure to mining or oil and gas exploration companies.
- The Manager's team own cars which are electric vehicles.
- The Manager's team travel to work on foot or on public transport and maximises its use of public transport.
- The Manager looks to conduct all meetings virtually where possible.

Exercise of voting powers

The Board has agreed that a formal policy regarding voting in investee companies is not required. It has given the Manager discretionary voting powers to vote how it deems appropriate whilst maintaining a primary focus on financial returns. The Manager utilised the votes of the Company on seven different occasions during the year (2022: six).

Stakeholder Engagement (s172 Statement)

Background

The Directors have a duty (under section 172 of the Companies Act 2006) to promote the success of the Company for the benefit of Shareholders as a whole. In doing so, the Directors must have regard to other broader matters including the likely long-term consequences of any decision, and on the need to foster the Company's relationships with its employees, suppliers, customers and others and to have regard to their interests, the impact of the Company on the community and the environment, and the desirability of maintaining a reputation for high standards of business conduct.

Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all its discussions and as part of its decision-making. The Chairman ensures that the Board as a whole has a clear understanding of the views of Shareholders by receiving regular updates from the Manager.

During the year under review, the Board has continued to discuss and monitor which parties should be considered as stakeholders of the Company and has again concluded that, as the Company is an externally managed investment trust and does not have any employees or customers in the traditional sense, the Company primarily owed a duty of care to its Shareholders. Furthermore, as a Company with a majority Shareholder, safeguarding the interests of minority Shareholders was considered of particular importance. Due to the Company's relatively small size, the Board considered the impact on parties other than its Shareholders to be minimal and in line with the FRC Guidance in relation to section 172(1) statements, this statement focuses on stakeholders that are considered key to the Company's business, and therefore does not cover every stakeholder in the Company. The section below discusses the actions taken by the Company to ensure that the interests of the Shareholders are taken into account.

STATEMENT OF CORPORATE GOVERNANCE

continued

The Board is committed to maintaining open channels of communication and to engage with Shareholders in a manner which they find most meaningful, in order to gain an understanding of the views of Shareholders. These include:

- **Annual General Meeting** – The Company welcomes and encourages attendance and participation from Shareholders at virtual AGMs and General Meetings, Shareholders have the opportunity to virtually meet the Chairman, the Directors and the Manager and to address questions to them directly.
- **Shareholder meetings** – Unlike trading companies, Shareholders in investment companies often meet with the Manager rather than with members of the board. Throughout the period, the Manager contacted Shareholders and private client investment managers who have holdings in the Company. These contacts and any subsequent meetings are reported to the Directors. After each meeting, contact with the Chairman is offered to Shareholders should any of their concerns remain unrectified in the meeting with the Manager.

Feedback from meetings between the Manager and Shareholders is shared with the Board. The Chairman, the Chairman of the Audit Committee or other members of the Board are available to meet with Shareholders to understand their views on governance and the Company's performance where they wish to do so.

- **Publications** – The Annual Report and Half-Year results are made available on the Company's website and are circulated to those Shareholders requesting hard copies. These reports provide Shareholders with a clear understanding of the Company's portfolio and financial position. Feedback and/or questions the Company receives from Shareholders help the Company evolve its reporting, aiming to render the reports and updates transparent and understandable. The information contained in the reports is supplemented by regular NAV announcements and a monthly factsheet available on the Company's website.
- **Shareholder concerns** – Any issues of concern can be addressed to the Board by any Shareholder by emailing the Company Secretary at mlitcosec@linkgroup.co.uk. The Manager can be contacted regarding any matters within the scope of its role at IR@mlcapman.com. The Independent Directors and other members of the Board are also available to Shareholders if they have concerns that have not been addressed through the normal channels.

The above mechanisms for engaging with stakeholders are kept under review by the Directors and will be discussed on a regular basis at Board meetings to ensure that they remain effective. The Board recognises the importance of engaging with its core stakeholders, and of taking account of their interests when making decisions. Should the Shareholders of the Company wish to contact the Chair of the Company, they can do so by contacting the registered office of the Company.

REPORT FROM THE AUDIT COMMITTEE

I am pleased to present the Audit Committee (the "Committee") report for the year ended 31 July 2023. The Composition of the Committee is set out on page 40.

Role of the Audit Committee

The primary responsibilities of the Committee are to:

- monitor the integrity of the financial statements of the Company and review the financial reporting process and the accounting policies;
- keep under review the effectiveness of the Company's internal control environment and risk management systems;
- make recommendations to the Board in relation to the re-appointment or removal of the external Auditor and its remuneration and to approve its terms of engagement; and
- oversee the relationship with the external Auditor, which includes reviewing the effectiveness of the audit process, developing and implementing a policy on the supply of non-audit services by the Auditor and reviewing and monitoring the Auditor's independence and objectivity.

The Committee has direct access to the Auditor, who is also invited to attend the Committee meeting at which the Annual Report and Financial Statements are reviewed.

Matters considered in the year

The Committee met twice during the financial year. Details of the composition of the Committee, attendance and how its performance evaluation has been conducted are detailed in the Statement of Corporate Governance on pages 35 to 44.

The Committee has:

- reviewed the internal controls and risk management systems of the Company and those of its third party service providers;
- reviewed and, where appropriate, updated the Company's principal risks and uncertainties;
- agreed the audit plan with the Auditor, including the principal areas of focus, and agreed the audit fee;
- received and discussed with the Auditor its report on the results of the audit; and
- reviewed the Company's half-yearly and annual financial statements and advised the Board accordingly.

The Audit Committee has reviewed and, where appropriate, updated the risk matrix. This is done on a six-monthly basis. During the year the Audit Committee reviewed the impact of the COVID-19 pandemic on the Company and the risks identified.

REPORT FROM THE AUDIT COMMITTEE

continued

Significant issues

The significant issues considered by the Committee in relation to the Company's Annual Report and Financial Statements were:

- **Valuation of investments:** During the year, the Committee reviewed the valuation process for the Company's investments and the systems in place to ensure the accuracy of these valuations, their validity in light of liquidity and the criteria used by the Manager and the Company's Auditor when assessing whether valuations are appropriate.
- **Internal control systems:** The Committee reviewed the internal control systems by continually monitoring the services and controls of its third party service providers. There were no significant matters of concern identified in the Committee's review of the internal controls of its third party service providers.
- **Going concern and long-term viability:** The Committee assessed every six months that it remained appropriate to prepare the Company's Financial Statements on a going concern basis, and made its recommendations to the Board. The Board's conclusions are set out on page 32. The Committee also considered the longer-term viability statement within the Annual Report for the year ended 31 July 2023. This statement is set out on pages 32 and 33.

Following consideration and detailed review of the above, the Committee was of the opinion that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary to assess the Company's position and performance, business model and strategy, and advised the Board accordingly.

Auditor

Deloitte LLP ("Deloitte") were appointed as the Company's Auditor on 28 November 2016, in relation to the audit for the year ended 31 July 2017. Their appointment was approved by Shareholders at the Annual General Meeting held on 27 November 2017.

Michael Caullay is the audit partner for 2022/2023.

In accordance with audit tender requirements, the Company, being a public interest entity, intends to carry out an audit tender during 2026 in respect of the 2027 audit.

Audit fees and non-audit services provided by the Auditor

The Committee reviewed and approved the audit plan and fees presented by the Auditor and considered its report on the Financial Statements. Details of the audit fee for the year ended 31 July 2023 are set out in note 4 to the Financial Statements.

The Committee reviews the need for non-audit services and authorises such on a case-by-case basis, giving consideration to the cost effectiveness of the services and the independence and objectivity of the Auditor, and taking into account relevant UK law, regulation, ethical standards and other professional and regulatory requirements. Non-audit work may be given to the external Auditor unless there is a conflict of interest or someone else is considered to have more relevant experience. Any non-audit work to be carried out by the Auditor, including any special projects, must be approved by the Committee in advance. No non-audit services were provided by the Auditor during the year (2022: nil).

Independence and objectivity of the Auditor

As part of the review of the Auditor's independence and objectivity, Deloitte has confirmed that it is independent of the Company and has complied with relevant auditing and ethical standards. In evaluating Deloitte, the Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Committee, from direct observation and enquiry of the Manager, the Administrator and the Company Secretary, is satisfied that Deloitte is both independent and effective at carrying out its responsibilities. Deloitte's performance will continue to be reviewed annually taking into account all relevant governance guidance and best practice. Should the Auditor become aware of any situation that might potentially compromise its independence, the Committee expects the Auditor to bring that situation to its attention at the earliest opportunity.

Effectiveness of external audit

The Chairman of the Committee maintains regular contact with the Auditor and the Committee has considered the performance of the Auditor, the services provided by it during the year and reviewed its independence and objectivity.

The Committee also monitors and reviews the effectiveness of the external audit process for the Annual Report, including a detailed review of the audit plan and audit results report and discussion of these with the Auditor, and makes recommendations to the Board on the appointment/re-appointment, remuneration and terms of engagement of the Auditor. Any concerns regarding the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of the year ended 31 July 2023.

Re-appointment of the Auditor

In determining whether to recommend the re-appointment of the Auditor, the Committee takes into account their effectiveness, relevant knowledge and value added service together with value for money. On the basis of this assessment, the Committee recommended to the Board to propose the re-appointment of Deloitte as Auditor to the Company at the forthcoming Annual General Meeting.

Daren Morris

Chairman of the Audit Committee

27 September 2023

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 in respect of the year ended 31 July 2023. An ordinary resolution for the approval of this Report will be put to Shareholders at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 56 to 67.

Annual statement from Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 31 July 2023.

The Board reviewed the level of remuneration payable to each Director during the year. Each Director of the Company takes no part in discussions concerning their own remuneration.

Directors' fees will remain unchanged for the year ending 31 July 2024. The Chairman is paid a fee of £28,000, the Audit Committee Chairman is paid a fee of £25,000, the fee paid to other independent Directors is £22,000 and the fee for non-independent Directors is £20,000.

The Directors' Remuneration Policy was approved by shareholders at the 2020 Annual General Meeting. The Board does not propose to make any changes to the existing remuneration policy. There will be no significant change in the way the remuneration policy is implemented during the course of the next financial year.

Directors' emoluments for the year (audited)

The Directors who served during the year received the following emoluments in the form of fees:

	Fees		Expenses*		Total		Percentage change	
	Year to 31 July 2023 £	Year to 31 July 2022 £	Year to 31 July 2023 £	Year to 31 July 2022 £	Year to 31 July 2023 £	Year to 31 July 2022 £	2022-2023 %	2021-2022 %
Daniel Wright** (Chairman)	28,000	27,067	1,788	1,948	29,788	29,015	2.7	11.6
Brett Miller	20,000	20,000	-	-	20,000	20,000	-	1.7
Daren Morris***	25,000	16,122	-	-	25,000	16,122	55.1	N/A
David Harris****^	-	8,750	-	-	-	8,750	N/A	N/A
Sir James Waterlow	22,000	22,000	-	-	22,000	22,000	-	5.5
	95,000	93,939	1,788	1,948	96,788	95,887		

* Travel expenses incurred in relation to attendance at Board and Committee meetings of the Company.

** Mr Wright was appointed Chairman on 26 November 2021

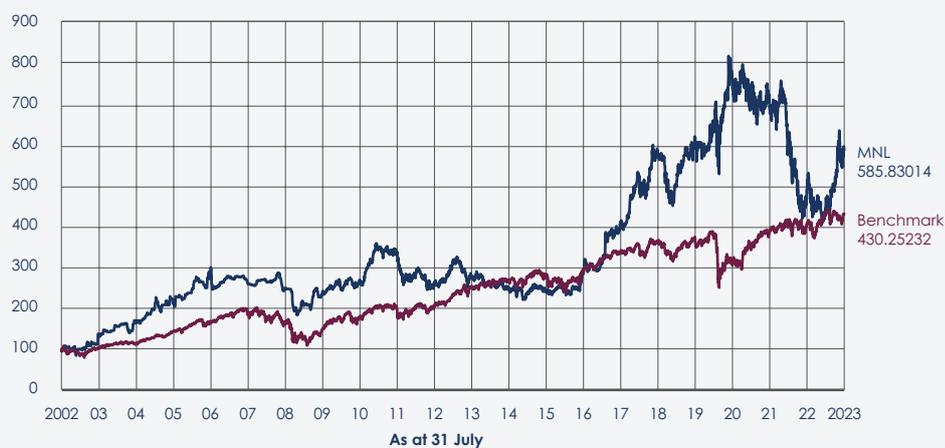
*** Mr Morris was appointed as non-executive Director of the Company and Chairman of the Audit Committee on 10 December 2021.

**** Mr Harris resigned as director on 26 November 2021.

^ Excluding VAT.

Company performance

The Company's benchmark is the MXGBIM. The graph below shows the Company's long-term total return performance (Share price return plus dividends paid) compared with the MXGBIM since 31 July 2003.



Source: Bloomberg.

Relative importance of spend on pay

The table below shows the proportion of the Company's income spent on pay.

	2023 £'000	2022 £'000	% Change
Dividends payable to Shareholders in respect of the financial year	5,626	8,457	(33.5)
Management fee	532	1,515	(64.9)
Total remuneration paid to Directors	95*	94*	1.1

* Excludes VAT of £nil (2022: £1,750).

DIRECTORS' REMUNERATION REPORT

continued

Directors' interests (audited)

There is no requirement under the Company's Articles of Association for Directors to hold Shares in the Company.

The interests of the current Directors and their connected persons in the voting rights of the Company are set out below:

	As at 31 July 2023 No. of Shares	As at 31 July 2022 No. of Shares
Daniel Wright** (Chairman)	124,542**	59,542**
Brett Miller	1,734*	1,734*
Daren Morris	40,000	30,000
Sir James Waterlow	15,000	15,000

* This includes 734 Shares of which the beneficial interests are held by Mr Miller's family members.

** This includes 95,086 Shares (2022: 43,224 Shares) of which the beneficial interests are held by Mr Wright's family members.

There have been no changes to the Directors' Share interests between 31 July 2023 and the date of this Report.

Voting at Annual General Meeting

The Directors' Remuneration Report for the year ended 31 July 2022 was approved at the Annual General Meeting held on 21 November 2022. The Directors' Remuneration Policy was last approved by Shareholders at the Annual General Meeting held on 2 November 2020 and is therefore due for approval at this year's Annual General Meeting. The votes cast on the Directors' Remuneration Report were as follows:

Directors' remuneration report (AGM 2022)

	Number of votes	% of votes cast
For	25,687,022	99.85
Against	11,090	0.04
At Chairman's discretion	–	–
Total votes cast	25,698,112	99.89
Number of votes withheld	29,391	0.11

Directors' remuneration policy (AGM 2021)

	Number of votes	% of votes cast
For	25,347,778	99.89
Against	27,862	0.10
At Chairman's discretion	900	–
Total votes cast	25,376,540	99.99
Number of votes withheld	3,497	0.01

Approval

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Daniel Wright

Chairman

27 September 2023

REMUNERATION POLICY

This Remuneration Policy was approved by Shareholders at the Annual General Meeting on 2 November 2020. The policy provisions set out below will apply until they are next put to Shareholders for approval, which must be at intervals of not more than three years, or the Remuneration Policy is varied, in which event, Shareholder approval for the new Remuneration Policy will be sought at the forthcoming Annual General Meeting.

The Board reviews and sets the level of remuneration payable to each Director annually.

The Company's Articles of Association limit the aggregate fees payable to the Directors to a total of £500,000 per annum. Subject to this overall limit, it is the Board's policy that the remuneration of Directors should be set at a level that is commensurate with the duties and responsibilities of the role. Remuneration levels elsewhere in the investment trust industry and all other relevant information are taken in account when considering Directors' fees. The Board considers that the current policy to remunerate the Directors by way of fixed fees is appropriate to the Company's present circumstances and there are no plans to introduce any alternative remuneration schemes.

Directors are not eligible for bonuses, pension benefits, Share options, long-term incentive schemes or other benefits. It is the Board's policy that Directors do not have service contracts but are provided with letters of appointment as a non-executive Director.

Future pay (unaudited)

Component	Director	Rate at 1 August 2023	Purpose of Remuneration
Annual fee	Chairman	£28,000	Commitment as Chairman ¹
Annual fee	Chairman of the Audit Committee	£25,000	Commitment as Audit Committee Chairman ¹
Annual fee	Independent Director	£22,000	Commitment as an independent non-executive Director ²
Annual fee	Non-independent Director	£20,000	Commitment as an non-independent non-executive Director ³
Expenses	All Directors	N/A	Reimbursement of expenses incurred in the performance of duties as a Director

¹ The Company's policy is for the Chairman and the Audit Committee Chairman to be paid higher fees than the other Directors to reflect the more onerous roles.

² The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £500,000 per annum.

³ The Company's policy is to apply a discount to the fee paid to a non-independent Director.

Fees for any new Director appointed will be on the above basis. Fees payable in respect of subsequent periods will be determined by the Board following an annual review.

Any views expressed by Shareholders on the fees being paid to Directors would be taken into consideration by the Board. There are no performance conditions attaching to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive Directors. Under the Directors' letters of appointment, there is a notice period of six months and no compensation is payable to a Director on loss of office.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law, they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under Company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and ensuring that the Annual Report includes information required by the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

continued

The Financial Statements are published on the Company's website, www.micapman.com/manchester-london-investment-trust-plc, which is maintained on behalf of the Company by the Manager. The Manager has agreed to maintain, host, manage and operate the Company's website and to ensure that it is accurate and up-to-date and operated in accordance with applicable law. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the Financial Statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the Financial Statements may differ from legislation in their jurisdiction.

We confirm that to the best of our knowledge:

- i. the Financial Statements, prepared in accordance with the IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- ii. the Annual Report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Daniel Wright

Chairman

27 September 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the audit of the Financial Statements

1. Opinion

In our opinion the Financial Statements of Manchester and London Investment Trust plc (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 July 2023 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the statement of Comprehensive Income;
- the statement of Changes in Equity;
- the statement of Financial Position
- the statement of Cash Flows; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: <ul style="list-style-type: none"> Valuation and existence of listed investments, including derivatives.
Materiality	The materiality that we used in the current year was £2.2m which was determined on the basis of 1% of net assets.
Scoping	We performed our audit scoping based upon quantitative and qualitative risk assessment factors for each account balance recorded as at 31 July 2023.
Significant changes in our approach	There have been no significant changes to our audit approach in the current year.

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- considering as part of our risk assessment the nature of the Company, its business model and related risks, the requirements of the applicable financial reporting framework and the system of internal control.
- obtaining and evaluating the forecasts made and stress tests performed by management in their own going concern assessment.
- evaluating the Directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluating the Directors' plans for future actions in relation to their going concern assessment.
- assessing the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS continued

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation and ownership of listed investments, including derivatives, cash and cash margin/collateral

Key audit matter description



As at 31 July 2023, the company held investments at fair value through profit or loss of £188.3m (2022: £128.1m), derivative assets of £5.7m (2022: £2.5m) and derivative liabilities of £1.4m (2022: £14.3m).

Equity investments are valued at the closing price at the year-end date. Derivatives, which comprise listed options and contracts for differences ("CFD"), are valued using either the closing price of the underlying investment if a CFD or the latest trade price if a listed option.

There is a risk that investments, including derivatives, within the portfolio may not be valued correctly or may not represent the property of the company.

See the accounting policy in Note 1 of the Financial Statements and also Notes 9 and 13 of the Financial Statements.

How the scope of our audit responded to the key audit matter



We performed the following procedures to address the risk identified:

- obtained an understanding of controls in place over the ownership and valuation of investments, including a review of the relevant service providers' internal controls assurance reports;
- agreed 100% of the Company's investment portfolio at the year-end to confirmations received directly from the custodians JP Morgan and Morgan Stanley, as well as the Company's depository, Indos Financial Ltd;
- recalculated 100% of the bid prices of equity investments on the investment ledger at year-end to closing bid prices published by an independent pricing source;
- recalculated the value of 100% of listed options and CFD's using the bid prices of the underlying securities published by an independent pricing source; and
- assessed the completeness and appropriateness of disclosures in relation to fair value measurements and liquidity risk.

Key observations



Based on the work performed and the evidence obtained, we concluded that the valuation and ownership of listed investments, including derivatives is appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS continued

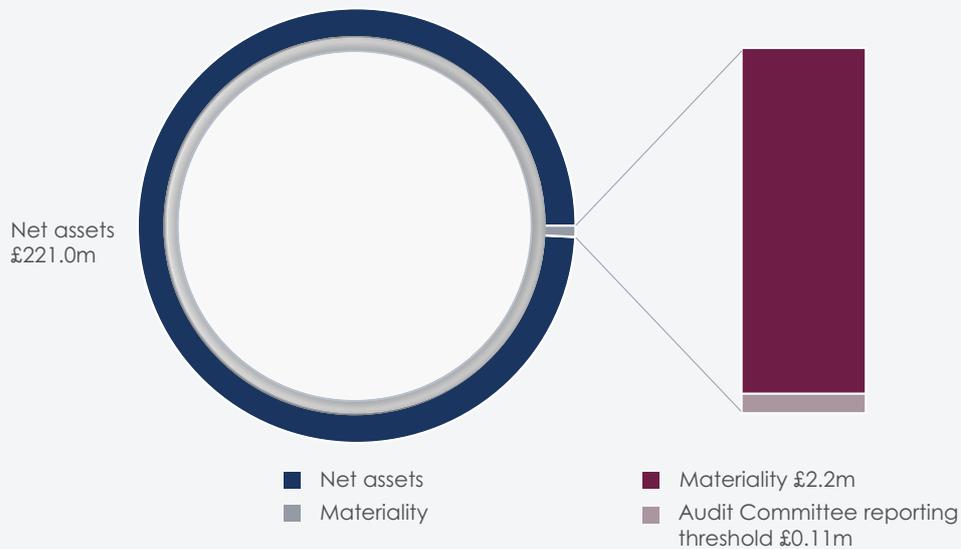
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Materiality	£2.2m (2022: £1.9m)
Basis for determining materiality	1% of net assets (2022: 1% of net assets)
Rationale for the benchmark applied	We have used net assets as our materiality benchmark as we consider it to be the most relevant indicator of the Company's performance for the users of the Financial Statements, as well as being a key driver of shareholder value.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole. Performance materiality was set at 70% of materiality for the 2023 audit (2022: 70%). In determining performance materiality, we considered the following factors:

- the company's structure and operating model.
- the continuity in place within the business from the previous year (with both management and the administrator).
- the lack of changes to accounting policies during the current period which would require significant judgement.
- our experience from prior period audits, where there has not been a history of uncorrected misstatements or controls deficiencies.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.11m (2022: £95,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit scope was determined by obtaining an understanding of the Company and its environment, including internal controls, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

The accounting and administration for the company has been outsourced to Link Alternative Fund Administrators Limited ("Link"). As part of our audit, we obtained an understanding of relevant controls in place at Link from our review of the service organisation's controls assurance reports.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

continued

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;

- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and financial instrument specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation and ownership of listed investments, including derivatives. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and Investment Trust Tax Regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation and ownership of listed investments, including derivatives, as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS continued

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 32;
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 32;
- the Directors' statement on fair, balanced and understandable set out on page 46;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 23;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 42; and
- the section describing the work of the Audit Committee set out on page 45.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 28 November 2016 to audit the Financial Statements for the year ending 31 July 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 7 years, covering the years ending 31 July 2017 to 31 July 2023.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Caullay (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

27 September 2023

$$\int x^{-1} dx = \frac{\pi a^2}{4}$$

$$[f(x) \pm g(x)] = l \pm m$$

$$[f(x) \cdot g(x)] = l \cdot m$$

$$\frac{1}{f(x)} = \frac{1}{l}$$

$$\frac{3+3+6+8+9}{6} = 5$$

$$4+4^6+8+12=30$$

$$C^2 = A \sin B = \frac{4\sqrt{3}}{x}$$

$$h(C) = 84$$

$$h(BUC) = h(B) - h(C)$$

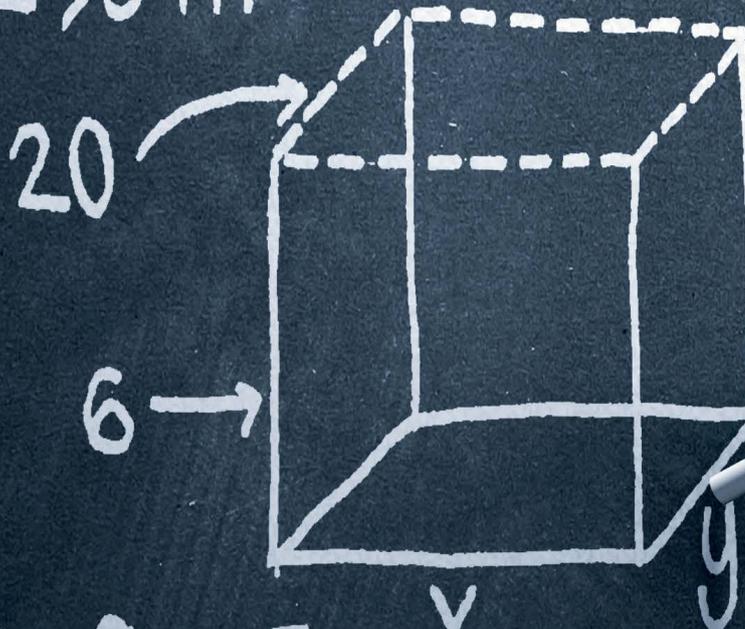
$$f(x) \leq 5$$

$$x^2 - 4x + 5 \leq 5$$

$$x^2 - 4x \leq 0$$

$$\sqrt[n]{a^n}$$

$$\sqrt[3]{a^3}$$

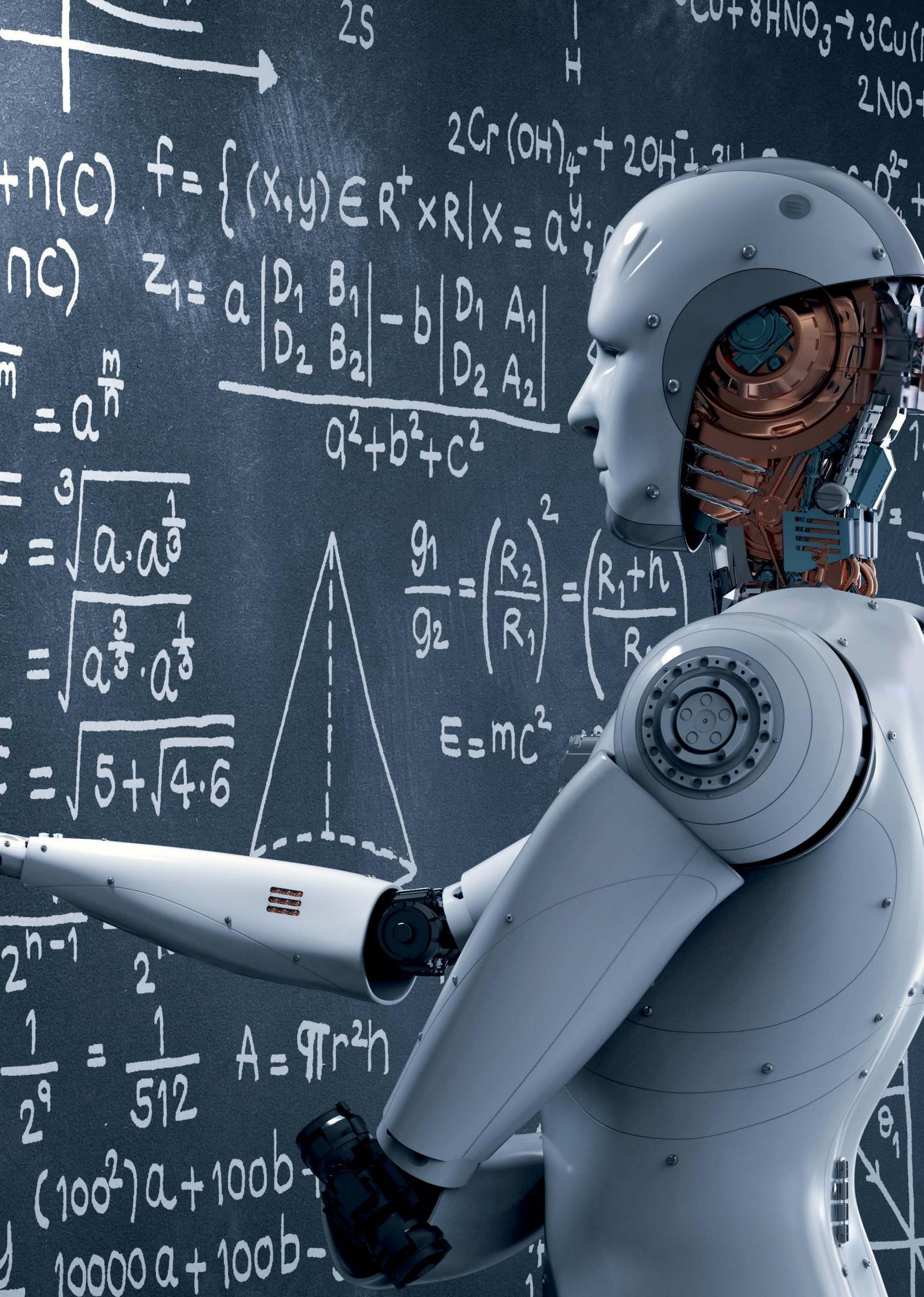


$$126 = 6xy$$

$$2x + 2y = 20$$

$$\cos(B) = \frac{y}{x}$$

$$\cos(60^\circ) = \frac{1}{2}$$



$$f = \{ (x, y) \in \mathbb{R}^+ \times \mathbb{R} \mid x = a^y \}$$
$$z_1 = a \frac{\begin{vmatrix} D_1 & B_1 \\ D_2 & B_2 \end{vmatrix} - b \begin{vmatrix} D_1 & A_1 \\ D_2 & A_2 \end{vmatrix}}{a^2 + b^2 + c^2}$$
$$= a^{\frac{m}{n}}$$
$$= \sqrt[3]{a \cdot a^{\frac{1}{3}}}$$
$$= \sqrt{a^{\frac{3}{3}} \cdot a^{\frac{1}{3}}}$$
$$= \sqrt{5 + \sqrt{4 \cdot 6}}$$
$$\frac{g_1}{g_2} = \left(\frac{R_2}{R_1} \right)^2 = \left(\frac{R_1 + h}{R_1} \right)^2$$
$$E = mc^2$$
$$\frac{1}{2^9} = \frac{1}{512} \quad A = \pi r^2 h$$
$$(100^2)a + 100b -$$
$$10000a + 100b -$$

2S

$\text{Cu} + 8\text{HNO}_3 \rightarrow 3\text{Cu}(\text{NO}_3)_2 + 2\text{NO} + 4\text{H}_2\text{O}$

$2\text{Cr}(\text{OH})_4^- + 2\text{OH}^- + 3\text{H}_2\text{O} \rightarrow 2\text{CrO}_4^{2-} + 3\text{H}_2$

$\text{Cu} + 8\text{HNO}_3 \rightarrow 3\text{Cu}(\text{NO}_3)_2 + 2\text{NO} + 4\text{H}_2\text{O}$

$2\text{Cr}(\text{OH})_4^- + 2\text{OH}^- + 3\text{H}_2\text{O} \rightarrow 2\text{CrO}_4^{2-} + 3\text{H}_2$

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$2\text{Cr}(\text{OH})_4^- + 2\text{OH}^- + 3\text{H}_2\text{O} \rightarrow 2\text{CrO}_4^{2-} + 3\text{H}_2$

$\text{Cu} + 8\text{HNO}_3 \rightarrow 3\text{Cu}(\text{NO}_3)_2 + 2\text{NO} + 4\text{H}_2\text{O}$

$2\text{Cr}(\text{OH})_4^- + 2\text{OH}^- + 3\text{H}_2\text{O} \rightarrow 2\text{CrO}_4^{2-} + 3\text{H}_2$

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2023

	Notes	2023			2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains							
Gains/(losses) on investments at fair value through profit or loss	9	296	29,284	29,580	275	(58,542)	(58,267)
Investment income	2	575	–	575	265	–	265
Bank interest	2	1,754	–	1,754	–	–	–
Gross return		2,625	29,284	31,909	540	(58,542)	(58,002)
Expenses							
Management fee	3	(532)	–	(532)	(1,515)	–	(1,515)
Other operating expenses	4	(499)	–	(499)	(598)	–	(598)
Total expenses		(1,031)	–	(1,031)	(2,113)	–	(2,113)
Return before finance costs and tax		1,594	29,284	30,878	(1,573)	(58,542)	(60,115)
Finance costs	5	(38)	(2,009)	(2,047)	(55)	(952)	(1,007)
Return on ordinary activities before tax		1,556	27,275	28,831	(1,628)	(59,494)	(61,122)
Taxation	6	(77)	–	(77)	(40)	–	(40)
Return on ordinary activities after tax		1,479	27,275	28,754	(1,668)	(59,494)	(61,162)
Return per Share		pence	pence	pence	pence	pence	pence
Basic and fully diluted	8	3.67	67.78	71.45	(4.13)	(147.49)	(151.62)

The total column of this statement is the Income Statement of the Company prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The supplementary revenue return and capital return columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC SORP").

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

There is no other comprehensive income, and therefore the return for the year after tax is also the total comprehensive income.

The notes on pages 72 to 88 form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2023

	Notes	Share capital £'000	Share premium £'000	Special reserve** £'000	Capital reserve* £'000	Retained earnings** £'000	Total £'000
Balance at 1 August 2022		10,132	25,888	98,780	63,746	–	198,546
Changes in equity for 2023							
Ordinary shares bought back and held in treasury	14	–	–	(289)	–	–	(289)
Total comprehensive income		–	–	–	27,275	1,479	28,754
Dividends paid	7	–	–	(4,153)	–	(1,479)	(5,632)
Balance at 31 July 2023		10,132	25,888	94,338	91,021	–	221,379
Balance at 1 August 2021							
		10,132	25,888	107,188	123,240	3,238	269,686
Changes in equity for 2022							
Ordinary shares bought back and held in treasury	14	–	–	(1,509)	–	–	(1,509)
Total comprehensive (loss)		–	–	–	(59,494)	(1,668)	(61,162)
Dividends paid	7	–	–	(6,899)	–	(1,570)	(8,469)
Balance at 31 July 2022		10,132	25,888	98,780	63,746	–	198,546

* Within the balance of the capital reserve, £33,340,000 relates to realised gains (2022: £15,871,000). Realised gains are distributable by way of a dividend. The remaining £57,681,000 relates to unrealised gains on financial instruments (2022: £47,875,000) and is non-distributable.

** Fully distributable.

The notes on pages 72 to 88 form part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 July 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Investments at fair value through profit or loss	9	188,264	128,111
Current assets			
Unrealised derivative assets	13	5,680	2,548
Trade and other receivables	10	147	29
Cash and cash equivalents	11	17,049	48,840
Cash collateral receivable from brokers	13	12,186	36,394
		35,062	87,811
Creditors – amounts falling due within one year			
Unrealised derivative liabilities	13	(1,411)	(14,284)
Trade and other payables	12	(277)	(1,107)
Cash collateral payable to brokers	13	(259)	(1,985)
		(1,947)	(17,376)
Net current assets		33,115	70,435
Net assets		221,379	198,546
Capital and reserves			
Ordinary Share Capital	14	10,132	10,132
Share premium		25,888	25,888
Special Reserves		94,338	98,780
Capital reserve		91,021	63,746
Retained earnings		–	–
Total equity		221,379	198,546
Basic and fully diluted NAV per Share	15	550.79p	493.04p
Number of Shares in issue excluding treasury	14	40,193,018	40,270,055

The Financial Statements on pages 68 to 88 were approved by the Board of Directors and authorised for issue on 27 September 2023 and are signed on its behalf by:

Daniel Wright

Chairman

Manchester and London Investment Trust Public Limited Company
Company Number: 01009550

The notes on pages 72 to 88 form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 July 2023

	2023 £'000	2022 £'000
Cash flow from operating activities		
Return on operating activities before tax	28,831	(61,122)
Interest expense	2,047	968
(Gains)/losses on investments held at fair value through profit or loss	(27,810)	64,501
(Increase)/decrease in receivables	(116)	2
Increase/(decrease) in payables	26	(92)
Exchange gains on Currency Balances	(1,473)	(5,815)
Tax	(77)	(40)
Net cash generated from/(used in) operating activities	1,428	(1,598)
Cash flow from investing activities		
Purchases of investments	(116,934)	(86,419)
Sales of investments	73,120	105,030
Derivative instrument cashflows	17,023	(71)
Net cash (outflow)/inflow from investing activities	(26,791)	18,540
Cash flow from financing activities		
Ordinary shares bought back and held in treasury	(289)	(1,509)
Equity dividends paid	(5,632)	(8,469)
Interest paid	(1,980)	(960)
Net cash used in financing activities	(7,901)	(10,938)
Net (decrease)/increase in cash and cash equivalents	(33,264)	6,004
Exchange gains on Currency Balances	1,473	5,815
Cash and cash equivalents at beginning of year	48,840	37,021
Cash and cash equivalents at end of year	17,049	48,840

The notes on pages 72 to 88 form part of these Financial Statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

1. General information and accounting policies

Manchester and London Investment Trust plc is a public limited company incorporated in the UK and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010 and its investment approach is detailed in the Strategic Report.

The Company's Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Financial Statements have also been prepared in accordance with the AIC SORP for the financial statements of investment trust companies and venture capital trusts.

Basis of preparation

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

The Financial Statements are presented in Sterling, which is the Company's functional currency as the UK is the primary environment in which it operates, rounded to the nearest £'000, except where otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved.

In making the assessment, the Directors of the Company have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, the impact of COVID-19, the war in Ukraine, political instability in the UK, supply shortages and inflationary pressures.

The Directors noted that the Company, with the current cash balance and holding a portfolio of listed investments, is able to meet the obligations of the Company as they fall due. The current cash balance, enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-end fund, where assets are not required to be liquidated to meet day to day redemptions.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered plausible downside scenarios. These tests were driven by the possible effects of continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. The conclusion was that in a plausible downside scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Directors, the Manager and other service providers have put in place contingency plans to minimise disruption. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

1. General information and accounting policies *continued*

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in companies listed on recognised international exchanges.

Accounting developments

In the year under review, the Company has applied amendments to IFRS issued by the IASB adopted in conformity with UK adopted international accounting standards. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. This incorporated:

- Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure initiative – Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

The adoption of the changes to accounting standards has had no material impact on these or prior years’ financial statements. There are amendments to IAS/IFRS that will apply from 1 August 2023 as follows:

- Classification of liabilities as current or non-current (Amendments to IAS 1);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes; and
- Annual improvements to IFRS Standards.

The Directors do not anticipate the adoption of these will have a material impact on the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas requiring the greatest level of judgement and estimation in the preparation of the Financial Statements are: valuation of derivatives; and accounting for revenue and expenses in relation to equity swaps. The policies for these are set out in the notes to the Financial Statements.

There were no significant accounting estimates or critical accounting judgements in the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

continued

For the year ended 31 July 2023

1. General information and accounting policies continued

Investments

Investments are measured initially, and at subsequent reporting dates, at fair value through profit and loss, and derecognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe of the relevant market. For listed equity investments, this is deemed to be closing prices.

Changes in fair value of investments are recognised in the Statement of Comprehensive Income as a capital item. On disposal, realised gains and losses are also recognised in the Statement of Comprehensive Income as capital items.

All investments for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy in note 9.

Financial instruments

The Company may use a variety of derivative instruments, including equity swaps, futures, forwards and options under master agreements with the Company's derivative counterparties to enable the Company to gain long and short exposure on individual securities.

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Listed options and futures contracts are recognised at fair value through profit or loss valued by reference to the underlying market value of the corresponding security, traded prices and/or third party information.

Notional dividend income arising on long positions is recognised in the Statement of Comprehensive Income as revenue. Interest expenses on open long positions are allocated to capital. All remaining interest or financing charges on derivative contracts are allocated to the revenue account.

Unrealised changes to the value of securities in relation to derivatives are recognised in the Statement of Comprehensive Income as capital items.

Foreign currency

Transactions denominated in foreign currencies are converted to Sterling at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies at the year end are translated at the Statement of Financial Position date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is capital or revenue in nature.

Cash and cash equivalents

Cash comprises cash in hand and overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Cash held in margin/collateral accounts at the Company's brokers is presented as Cash collateral receivable from brokers in the financial statements. Any cash collateral owed back to the brokers on marked to market gains of Equity Swaps is shown in the financial statements as Cash collateral payable to brokers.

Trade receivables, trade payables and short-term borrowings

Trade receivables, trade payables and short-term borrowings are measured at amortised cost.

1. General information and accounting policies *continued*

Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with a transaction will flow to the Company and the revenue can be reliably measured.

Dividends from overseas companies are shown gross of any non-recoverable withholding taxes which are disclosed separately in the Statement of Comprehensive Income.

Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established.

All other income is accounted for on a time-apportioned basis and recognised in the Statement of Comprehensive Income.

Expenses

All expenses are accounted for on an accruals basis and are charged to revenue. All other administrative expenses are charged through the revenue column in the Statement of Comprehensive Income.

Finance costs

Finance costs are accounted for on an accruals basis.

Financing charged by the Prime Brokers on open long positions are allocated to capital, with other finance costs being allocated to revenue.

Taxation

The charge for taxation is based on the net revenue for the year and any deferred tax.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with recommendations of the AIC SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

No taxation liability arises on gains from sales of investments by the Company by virtue of its investment trust status. However, the net revenue (excluding investment income) accruing to the Company is liable to corporation tax at prevailing rates.

Dividends payable to Shareholders

Dividends to Shareholders are recognised as a liability in the period in which they are approved and are taken to the Statement of Changes in Equity. Dividends declared and approved by the Company after the Statement of Financial Position date have not been recognised as a liability of the Company at the Statement of Financial Position date.

Share capital

The share capital is the nominal value of issued ordinary shares and is not distributable.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS continued

For the year ended 31 July 2023

1. General information and accounting policies continued

Share premium

The Share premium account represents the accumulated premium paid for Shares issued in previous periods above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of equity;
- premium on the issue of Shares; and
- premium on the sales of Shares held in Treasury over the market value.

Special Reserve

The special reserve was created by a cancellation of the share premium account increasing the distributable reserves of the Company. The special reserve is distributable, and the following items are taken to this reserve:

- costs of share buy-backs, including related stamp duty and transaction costs; and
- dividends.

Capital reserve

The following are taken to capital reserve:

- gains and losses on the realisation of investments;
- increases and decreases in the valuation of the investments held at the year end;
- cost of share buy backs;
- exchange differences of a capital nature; and
- expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies.

Retained earnings

The revenue reserve represents accumulated revenue account profits and losses. The surplus accumulated profits are distributable by way of dividends.

2. Income

	2023 £'000	2022 £'000
Dividends from listed investments	575	265
Bank interest	1,754	–
	2,329	265

3. Management fee

	2023 £'000	2022 £'000
Base fee	473	1,022
Variable fee	–	434
Risk management and valuation fee	59	59
	532	1,515

The Management Fee payable to the Manager is equal to 0.5% per annum of the Company's NAV (the "Base Fee"), calculated as at the last business day of each calendar month (the "Calculation Date"), and is paid monthly arrears. An uplift of 0.25% of the NAV will be applied to the fee, should the performance of the Company over the 36-month period to the Calculation Date be above that of the Company's benchmark. Should the performance of the Company over the 36-month period to the Calculation Date be below that of the Company's benchmark, a downward adjustment of 0.25% of the NAV will be applied to the fee.

In addition, a Risk Management and Valuation fee equating to £59,000 on an annualised basis is charged by the AIFM. The Manager is also reimbursed any expenses incurred by it on behalf of the Company.

4. Other operating expenses

	2023 £'000	2022 £'000
Directors' fees	95	94
Auditors' remuneration	35	34
Registrar fees	27	27
Depositary fees	69	83
Other expenses	273	360
	499	598

Other operating expenses include irrecoverable VAT where appropriate, excluding the Auditors' and Directors' remuneration which have been shown net of VAT.

No non-audit services were provided by Deloitte LLP in the year to 31 July 2023.

5. Finance costs

	2023 £'000	2022 £'000
Charged to revenue	38	55
Charged to capital	2,009	952
	2,047	1,007

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

continued

For the year ended 31 July 2023

6. Taxation

a) Analysis of charge in year.

	Year to 31 July 2023			Year to 31 July 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax:						
Overseas tax not recoverable	77	–	77	40	–	40
	77	–	77	40	–	40

b) The current taxation charge for the year is lower than the standard rate of Corporation Tax in the UK of 25% (2022: 19%).

The differences are explained below:

Net return before taxation	1,556	27,275	28,831	(1,628)	(59,494)	(61,122)
Theoretical tax at UK corporation tax rate of 21% (2022: 19%)*	327	5,728	6,055	(309)	(11,304)	(11,613)
Effects of:						
UK dividends that are not taxable	(6)	–	(6)	–	–	–
Foreign dividends that are not taxable	(115)	–	(115)	(51)	–	(51)
Non-taxable investment (gains)/losses	–	(6,150)	(6,150)	–	11,123	11,123
Offshore income gains	–	–	–	5	–	5
Irrecoverable overseas tax	77	–	77	40	–	40
Unrelieved excess expenses	(206)	422	(216)	355	181	536
Total tax charge	77	–	77	40	–	40

* The theoretical tax rate is calculated using a blended tax rate over the year.

c) Factors that may affect future tax charges.

At 31 July 2023, there is an unrecognised deferred tax asset, measured at the latest enacted tax rate of 25%, of £4,070,000 (2022: £3,813,000). This deferred tax asset relates to surplus management expenses and non trade loan relationship debits. It is unlikely that the company will generate sufficient taxable profits in the foreseeable future to recover these amounts and therefore the asset has not been recognised in the year, or in prior years.

As at 31 July 2023, the company has unrelieved capital losses of £9,329,000 (2022: £9,329,000). There is therefore, a related unrecognised deferred tax asset, measured at the latest enacted rate of 25%, of £2,332,000 (2022: £2,332,000). These capital losses can only be utilised to the extent that the company does not qualify as an investment trust in the future and, as such, the asset has not been recognised.

7. Dividends

Amounts recognised as distributions to equity holders in the year:	2023 £'000	2022 £'000
Final ordinary dividend for the year ended 31 July 2022 of 7.0p (2021: 7.0p) per share	2,819	2,831
Interim ordinary dividend for the year ended 31 July 2023 of 7.0p (2022: 7.0p) per share	2,813	2,819
Special dividend for the year ended 31 July 2023 of Nil (2022: 7.0p) per share	–	2,819
	5,632	8,469

The Directors are proposing a final dividend of 7.0p for the financial year 2023.

These proposed dividends have been excluded as a liability in these Financial Statements in accordance with IFRS.

We also set out below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

Included in the dividend distributions to equity holders in the year is £4,153,000 (2022: £6,899,000) paid from special reserve.

	2023 £'000	2022 £'000
Interim ordinary dividend for the year ended 31 July 2023 of 7.0p (2022: 7.0p) per Share	2,813	2,819
Special dividend for the year ended 31 July 2023 of Nil (2022: 7.0p) per share	–	2,819
Proposed final ordinary dividend* for the year ended 31 July 2023 of 7.0p (2022: 7.0p) per Share	2,813*	2,819
	5,626	8,457

* Based on Shares in circulation on 27 September 2023 (excluding Share held in treasury).

8. Return per Share

	Net Return £'000	2023 Weighted Average Shares	Total (p)	Net Return £'000	2022 Weighted Average Shares	Total (p)
Basic and fully diluted return:						
Net revenue return after taxation	1,479	40,242,768	3.67	(1,668)	40,338,477	(4.13)
Net capital return after taxation	27,275	40,242,768	67.78	(59,494)	40,338,477	(147.49)
Total	28,754	40,242,768	71.45	(61,162)	40,338,477	(151.62)

Basic revenue, capital and total return per Share is based on the net revenue, capital and total return for the period and on the weighted average number of Shares in issue of 40,242,768 (2022: 40,338,477).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

continued

For the year ended 31 July 2023

9. Investments at fair value through profit or loss

	2023 £'000	2022 £'000
Analysis of investment portfolio movements		
Opening cost at 1 August	82,500	80,793
Opening unrealised appreciation at 1 August	45,611	76,126
Opening fair value at 1 August	128,111	156,919
Movements in the year		
Purchases at cost	116,009	87,343
Sales proceeds	(73,432)	(105,030)
Realised profit on sales	11,078	19,394
Increase/(decrease) in unrealised appreciation	6,498	(30,515)
Closing fair value at 31 July	188,264	128,111
Closing cost at 31 July	136,155	82,500
Closing unrealised appreciation at 31 July	52,109	45,611
Closing fair value at 31 July	188,264	128,111

Fair value hierarchy

Financial assets of the Company are carried in the Statement of Financial Position at fair value. The fair value is the amount at which the asset could be sold or the liability transferred in an orderly transaction between market participants, at the measurement date, other than a forced or liquidation sale. The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

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 assets as follows:

- Level 1 – valued using quoted prices unadjusted in an active market.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

9. Investments at fair value through profit or loss *continued*

The tables below set out fair value measurements of financial instruments as at the year end, by their category in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets/liabilities at fair value through profit or loss at 31 July 2023

	Level 1 £'000	Level 2 £'000	Total £'000
Investments	188,264	–	188,264
Unrealised Derivative Assets	–	5,680	5,680
Unrealised Derivative Liability	–	(1,411)	(1,411)
Total	188,264	4,269	192,533

Financial assets/liabilities at fair value through profit or loss at 31 July 2022

	Level 1 £'000	Level 2 £'000	Total £'000
Investments	128,111	–	128,111
Unrealised Derivative Assets	–	2,548	2,548
Unrealised Derivative Liability	–	(14,284)	(14,284)
Total	128,111	(11,736)	116,385

There have been no transfers during the year between Level 1 and 2 fair value measurements.

Transaction costs

During the year, the Company incurred transaction costs of £176,000 (2022: £194,000 (which excluded commission on CFD transactions)) on the purchase and disposal of investments.

Analysis of capital gains and losses

	2023 £'000	2022 £'000
Gains on sales of investments	11,078	19,394
Investment holding gains/(losses)	6,498	(30,515)
Realised gains/(losses) on derivatives	7,238	(44,396)
Unrealised gains/(losses) on derivatives	3,309	(8,984)
	28,123	(64,501)
Realised gains on currency balances and trade settlements	1,161	5,959
Dividend income in respect of contracts for difference	296	275
	29,580	(58,267)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

continued

For the year ended 31 July 2023

10. Trade and other receivables

	2023 £'000	2022 £'000
Dividends receivable	6	–
Interest receivable	105	–
Prepayments	36	29
	147	29

11. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash and cash equivalents	17,049	48,840
	17,049	48,840

As at the balance sheet date, the Company held shares valued at £3,852,000 (2022: £6,741,000) in the Morgan Stanley Sterling Liquidity fund, which has been classified as a Cash equivalent (see Note 1).

12. Trade and other payables

	2023 £'000	2022 £'000
Due to Brokers	–	924
Accruals	277	183
	277	1,107

13. Derivatives

The Company may use a variety of derivative contracts under master agreements with the Company's derivative counterparties to enable it to gain long and short exposure, including Options and Equity Swaps (which are synthetic equities), and are valued by reference to the market values of the investments' underlying securities.

The sources of the return under the Equity Swap contracts (e.g. notional dividends, financing costs, interest returns and realised and unrealised gains and losses) are allocated to the revenue and capital accounts in alignment with the nature of the underlying source of income.

- Notional dividend income or expense arising on long or short positions is apportioned wholly to the revenue account.
- Notional interest or financing charges on open long positions are apportioned wholly to the capital account. All remaining interest or financing charges on derivative contracts are allocated to the revenue account.
- Changes in value relating to underlying price movements of securities in relation to Equity Swap exposures are allocated to capital.

13. Derivatives *continued*

The fair values of derivative financial assets are set out in the table below:

	2023 Original £'000	2022 £'000
Unrealised derivative assets	5,680	2,548
Cash collateral receivable from brokers	12,186	36,394
Unrealised derivative liabilities	(1,411)	(14,284)
Cash collateral payable to brokers	(259)	(1,985)

The corresponding gross exposure on long equity swaps as at 31 July 2023 was £60,756,000 (2022: £73,714,000) and the total gross exposure of short equity swaps was £5,203,000 (2022: £9,695,000). The net marked to market futures and options total value as at 31 July 2023 was negative £1,064,000 (2022: negative £9,369,000).

As at 31 July 2023, the Company held cash and cash equivalent balances of £17,049,000 (2022: £48,840,000). The Company also pledged cash of £12,186,000 (2022: £36,394,000) on collateral accounts with counterparty brokers specifically for derivatives (including exchange traded derivatives positions and non-exchange traded swap positions). This cash represents collateral posted to broker deposit accounts in relation to amounts due to brokers in order to maintain open positions and constitute a number of types of margin required (such as initial, marked to market variation etc).

The nature of the Company's portfolio means that the Company gains significant exposure to a number of markets through Equity Swaps. The Company may use Equity Swaps to manage gearing. However, to the extent the Manager has elected not to be geared, the Company will generally hold a level of cash (or equivalent holding in the Cash Fund) on its balance sheet representative of the difference between the cost of purchasing investments directly and the lower initial cost of making a margin payment on an Equity Swap contract.

As at 31 July 2023, the Company also owed £259,000 (2022: £1,985,000) to brokers in respect of cash collateral received relating to amounts owed by these brokers to cover unrealised gains on open Equity Swaps on the Statement of Financial Position. To the extent there are unrealised losses on Equity Swap contracts uncovered by balances held at the broker, the Company will transfer deposit monies across to these broker margin deposit accounts. The Manager monitors margin positions on a daily basis to ensure any margin deposit balances are as expected and any amounts owed to the Company are transferred on a timely basis. In the event of default, a proportion of the monies held in the collateral accounts resides with the counterparty broker.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

continued

For the year ended 31 July 2023

14. Share capital

Share capital	2023		2022	
	Number of Shares	Nominal value £'000	Number of Shares	Nominal value £'000
Shares of 25p each issued and fully paid				
Balance as at 1 August	40,528,238	10,132	40,528,238	10,132
Shares issued	–	–	–	–
Balance as at 31 July	40,528,238	10,132	40,528,238	10,132
Treasury shares				
Balance as at 1 August	258,183		–	
Buyback of Ordinary Shares into Treasury	77,037		258,183	
Balance at end of year	335,220		258,183	
Total Ordinary Share capital excluding Treasury shares	40,193,018		40,270,055	

No shares were issued during the year (2022: nil).

During the year, 77,037 Ordinary Shares (2022: 258,183) were bought back and held in treasury for total cost of £289,000.

15. NAV per Share

	NAV per Share		Net assets attributable	
	2023 (p)	2022 (p)	2023 £'000	2022 £'000
Shares: basic and fully diluted	550.79	493.04	221,379	198,546

The basic NAV per Share is based on net assets at the year end and 40,193,018 (2022: 40,270,055) Shares in issue, adjusted for any Shares held in Treasury.

16. Risks – investments, financial instruments and other risks

Investment objective and policy

The Company's investment objective and policy are detailed on pages 18 and 19.

The investing activities in pursuit of its investment objective involve certain inherent risks.

The Company's financial instruments can comprise:

- shares and debt securities held in accordance with the Company's investment objective and policy;
- derivative instruments for trading, hedging and investment purposes;
- cash, liquid resources and short-term debtors and creditors that arise from its operations; and
- current asset investments and trading.

Risks

The risks identified arising from the Company's financial instruments are market risk (which comprises market price risk and interest rate risk), liquidity risk and credit and counterparty risk. The Company may enter into derivative contracts to manage risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

These policies remained unchanged since the beginning of the accounting period.

16. Risks – Investments, financial instruments and other risks continued

Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions by way of price movements, interest rate movements and exchange rate movements. The Company assesses the exposure to market risk when making each investment decision and these risks are monitored by the Manager on a regular basis and the Board at quarterly meetings with the Manager.

Details of the long equity exposures held at 31 July 2023 are shown on page 12.

If the price of these investments and equity swaps had increased by 5% at the reporting date with all other variables remaining constant, the capital return in the Statement of Comprehensive Income and the net assets attributable to equity holders of the Company would increase by £12,191,000.

A 5% decrease in share prices would have resulted in an equal and opposite effect of £12,191,000, on the basis that all other variables remain constant. This level of change is considered to be reasonable based on observation of current market conditions.

At the year end, the Company's direct equity exposure to market risk was as follows:

	Company	
	2023 £'000	2022 £'000
Equity long exposures		
Investments held in equity form	188,264	128,111
Long exposure held in equity swap hedges	60,756	73,714
	249,020	201,825
Short exposure held in equity swap hedges	(5,203)	(9,695)
	243,817	192,130

Interest rate risk

Interest rate risk arises from uncertainty over the interest rates charged by financial institutions. It represents the potential increased costs of financing for the Company. The Manager actively monitors interest rates and the Company's ability to meet its financing requirements throughout the year and reports to the Board. No sensitivity analysis is presented because, as at the financial year end, the Company held zero balances invested in bonds or fixed interest securities. The Company is charged interest on its Equity Swap positions but these charges are not currently material once netted with interest received on cash, collateral and cash equivalent balances.

Liquidity risk

Liquidity risk reflects the risk that the Company will have insufficient funds to meet its financial obligations as they fall due. The Directors have minimised liquidity risk by investing in a portfolio of quoted companies that are readily realisable.

The Company's uninvested funds are held almost entirely with the Prime Brokers or on deposits with UK banking institutions.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

continued

For the year ended 31 July 2023

16. Risks – Investments, financial instruments and other risks

continued

As at 31 July 2023, the financial liabilities comprised:

	Company	
	2023 £'000	2022 £'000
Unrealised derivative liabilities	1,411	14,284
Trade payables and accruals	277	1,107
Cash collateral payable to brokers	259	1,985
	1,947	17,376

The above liabilities are stated at amortised cost or fair value.

The Company manages liquidity risk through constant monitoring of the Company's gearing position to ensure the Company is able to satisfy any and all debts within the agreed credit terms.

Currency rate risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. If Sterling had strengthened by 5% against all other currencies at the reporting date, with all other variables remaining constant, the total return in the Statement of Comprehensive Income and the net assets attributable to equity holders of the Company, assuming the Company held no balances in Sterling, would have decreased by £11,069,000. If Sterling had weakened by 5% against all currencies, there would have been an equal and opposite effect. This level of change is considered to be reasonable based on observation of current market conditions.

The Company's material foreign currency exposures are laid out below.

	Sterling £'000	US Dollar £'000	Euro £'000	Total £'000
Investments	1,641	186,623	–	188,264
Unrealised derivative assets	–	4,522	1,158	5,680
Cash and cash equivalents	6,450	10,865	(266)	17,049
Cash collateral receivable from brokers	6,746	5,214	226	12,186
Unrealised derivative liabilities	–	(1,232)	(179)	(1,411)
Cash collateral payable to brokers	(259)	–	–	(259)
Other net liabilities	(130)	–	–	(130)
	14,448	205,992	939	221,379

The Company constantly monitors currency rate risk to ensure balances, wherever possible, are translated at rates favourable to the Company.

16. Risks – Investments, financial instruments and other risks continued

Credit and counterparty risk

Credit risk is the risk of financial loss to the Company if the contractual party to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk as at 31 July 2023 was £35,062,000 (2022: £80,911,000). The calculation is based on the Company's credit risk exposure as at 31 July 2023 and this may not be representative for the whole year.

The Company's quoted investments are held on its behalf by the Prime Brokers. Bankruptcy or insolvency of the Prime Brokers may cause the Company's rights with respect to securities held by the Prime Brokers to be delayed. The Manager and the Board monitor the Company's risk and exposures.

Where the Manager makes an investment in a bond, corporate or otherwise, the credit worthiness of the issuer is taken into account so as to minimise the risk to the Company of default. The credit standing and other associated risks are reviewed by the Manager.

Investment transactions are carried out with a number of brokers where creditworthiness is reviewed by the Manager.

Cash is only held at banks that have been identified by the Board as reputable and of high credit quality. The Manager reviews these on a continual basis with regular updates to the Board.

Capital management policies

The structure of the Company's capital is noted in the Statement of Changes in Equity and managed in accordance with the investment objective and policy set out in the Strategic Report.

The Company's capital management objectives are to maximise the return to Shareholders while maintaining a capital base to allow the Company to operate effectively and meet obligations as they fall due.

The Board, with the assistance of the Manager, monitors and reviews the capital on an ongoing basis.

The Company is subject to externally imposed capital requirements:

- as a public company, the Company is required to have a minimum Share capital of £50,000; and
- in accordance with the provisions of Sections 832 and 833 of the Companies Act 2006, the Company, as an investment company:
 - is only able to make a dividend distribution to the extent that the assets of the Company are equal to at least one and a half times its liabilities after the dividend payment has been made; and
 - is required to make a dividend distribution each year such that it does not retain more than 15% of the income that it derives from shares and securities.

These requirements are unchanged since last year and the Company has complied with them at all times.

A sensitivity analysis has not been prepared for interest risk, as the Company is not materially exposed to interest rates.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

continued

For the year ended 31 July 2023

17. Related party transactions

MLCM, a company controlled by Mr Mark Sheppard, is the Manager and AIFM of the Company. Mr Sheppard is also a director of MMIC, which is the controlling Shareholder of the Company.

The Manager receives a monthly management fee for these services which in the year under review amounted to a total of £532,000 (2022: £1,515,000) excluding VAT. The balance owing to the Manager as at 31 July 2023 was £52,000 (2022: £47,000). Also payable to the Manager during the year were expenses incurred on behalf of the Company of £nil (2022: £3,000).

Details relating to the Directors' emoluments are found in the Directors' Remuneration Report on page 48.

18. Ultimate control

The ultimate controlling Shareholder throughout the year and the previous year was MMIC, a company incorporated in the UK and registered in England and Wales. This company was controlled throughout the year and the previous year by Mr Mark Sheppard and his immediate family.

A copy of the financial statements of MMIC can be obtained from the Company's website: www.micapman.com/manchester-london-investment-trust-plc.

19. Post Statement of Financial Position events

There are no post balance sheet events to report.

GLOSSARY

Active share

Active share is a measure of the percentage of stock holdings in a manager's portfolio that differ from the comparative benchmark index. It is calculated by summing the absolute differences between benchmark and portfolio holdings' weights, then dividing by two (to eliminate double counting). An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index (when using leverage, maximum active share levels can exceed 100%).

Alternative Performance Measure ('APM')

An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these Alternative Performance Measures, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

Delta

Delta measures the degree to which an option is exposed to shifts in the price of the underlying asset (i.e. stock) or commodity (i.e. futures contract). Values range from 1.0 to -1.0 (or 100 to -100, depending on the convention employed). See website link for further details: <https://mlcapman.com/faq/>

Delta Adjusted Exposure

Delta times the underlying security's notional exposure for options. For all other instruments, the notional exposure of the security. At the sector and portfolio levels, this is the sum of the individual security delta adjusted exposures. See website link for further details: <https://mlcapman.com/faq/>

Discount/premium

If the Share price is lower than the NAV per Share it is said to be trading at a discount. The size of the discount is calculated by subtracting the Share price from the NAV per Share and is usually expressed as a percentage of the NAV per Share. If the Share price is higher than the NAV per Share, this situation is called a premium.

Gearing

Gearing refers to the level of the Company's debt to its equity capital. The Company may borrow money to invest in additional investments for its portfolio. If the Company's assets grow, the Shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gearing represents borrowings at par less cash and cash equivalents (including any outstanding trade or foreign exchange settlements) expressed as a percentage of Shareholders' funds.

Potential gearing is the Company's borrowings expressed as a percentage of Shareholders' funds.

GLOSSARY (continued)

Leverage

Under the AIFMD it is necessary for AIFs to disclose their leverage in accordance with the prescribed calculations of the Directive. Leverage is often used as another term for gearing which is included within the Strategic Report. Under the AIFMD there are two types of leverage that the AIF is required to set limits for, monitor and periodically disclose to investors. The two types of leverage calculations defined are the gross and commitment methods. These methods summarily express leverage as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. The difference between the two methods is that the commitment method nets off derivative instruments and the gross method aggregates them.

Net asset value ("NAV")

The NAV is Shareholders' funds expressed as an amount per individual Share. Shareholders' funds are the total value of all the Company's assets, at a current market value, having deducted all liabilities and prior charges at their par value (or at their asset value). The total NAV per Share is calculated by dividing the NAV by the number of Shares in issue excluding Treasury Shares.

Prime Broker

Prime brokerage is the bundling of services by investment banks enabling the Company to borrow securities and cash in order to be able to invest on a netted basis and achieve an absolute return. The Prime Broker provides custody and a centralised securities clearing facility for the Company so the Company's collateral requirements are netted across all deals handled by the Prime Broker.

Ongoing charges ratio

As recommended by the AIC, ongoing charges are the Company's annualised expenses including (excluding finance costs, variable management fee and certain non-recurring items) expressed as a percentage of the average monthly net assets of £188,932,000. The ongoing charges ratio is 0.54%.

Total assets

Total assets include investments, cash, current assets and all other assets. An asset is an economic resource, being anything tangible or intangible that can be owned or controlled to produce value and to produce positive economic value. Assets represent the value of ownership that can be converted into cash. The total assets less all liabilities will be equivalent to total Shareholders' funds.

Rounding throughout this annual report is done on a line by line basis not a total basis.

Total return

Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return 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 NAV or Share price plus dividend income reinvested by the Company at the prevailing NAV or Share price.

NAV Total Return	Page	31 July 2023	31 July 2022	
Closing NAV per Share (p)	3	550.79	493.04	
Total dividends paid in the year ended 31 July 2023 (2022) (p)		14.00	21.00	
Adjusted closing NAV (p)		564.79	514.04	a
Opening NAV per Share (p)	3	493.04	665.43	b
NAV total return unadjusted ($c = ((a-b)/b)$) (%)		14.55	(22.75)	c
NAV total return adjusted (%)*	3/4	15.34	(23.00)	

*Based on NAV price movements and dividends reinvested at the relevant cum dividend NAV value during the period. Where the dividend is invested and the NAV value falls this will further reduce the return or, if it rises, any increase will be greater. The source is Bloomberg who have calculated the return on an industry comparative basis.

SHAREHOLDER INFORMATION

Frequency of NAV publication

The Company's NAV is released to the London Stock Exchange on a weekly basis.

Sources of further information

Copies of the Company's annual and half-yearly reports, factsheets and further information on the Company can be obtained from its website: www.mlcapman.com/manchester-london-investment-trust-plc.

Key dates (expected)

Company's year end	31 July 2023
Annual results announced	28 September 2023
Ex-dividend date	5 October 2023
Record date	6 October 2023
Annual General Meeting	1 November 2023
Final dividend payment date	8 November 2023
Company's half-year end	31 January 2024
Half-yearly results announced	March 2024

Electronic communications from the Company

Shareholders now have the opportunity to be notified by email when the Company's annual reports, half-yearly reports and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company. If you have not already elected to receive electronic communications from the Company and wish to do so, visit www.signalshares.com. To register, you will need your investor code, which can be found on your share certificate or your dividend confirmation statement.

Alternatively, you can contact Link's Customer Support Centre, which is available to answer any queries you have in relation to your shareholding:

By phone: call 0371 664 0300 (calls cost 12 pence per minute plus your phone company's access charge. Calls outside the UK will be charged at the applicable international rate. Link is open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

By email: shareholder.enquiries@linkgroup.co.uk

By post: Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL

CORPORATE INFORMATION

Directors and advisers

Directors

Daniel Wright (Chairman)
Brett Miller
Sir James Waterlow
Daren Morris (Audit Committee Chairman)

Manager and AIFM

M&L Capital Management Limited
12a Princes Gate Mews
London SW7 2PS
Email: ir@mlcapman.com

Company Secretary

Link Company Matters Limited
6th Floor
65 Gresham Street
London EC2V 7NQ
Tel: 0333 300 1950

Registrar

Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL
Tel: 0371 664 0300
Email: shareholder.enquiries@linkgroup.co.uk

Company details

Registered Office

12a Princes Gate Mews
London SW7 2PS

Company website

www.mlcapman.com/manchester-london-investment-trust-plc

Auditor

Deloitte LLP
110 Queen Street
Glasgow G1 3BX

Administrator

Link Alternative Fund Administrators Limited
Broadwalk House
Southernhay West
Exeter EX1 1TS

Bank

National Westminster Bank plc
11 Spring Gardens
Manchester M60 2DB

Depository

Indos Financial Limited
The Scalpel
18th Floor
52 Lime Street
London EC3M 7AF
Tel: 020 3876 2225

Prime Brokers

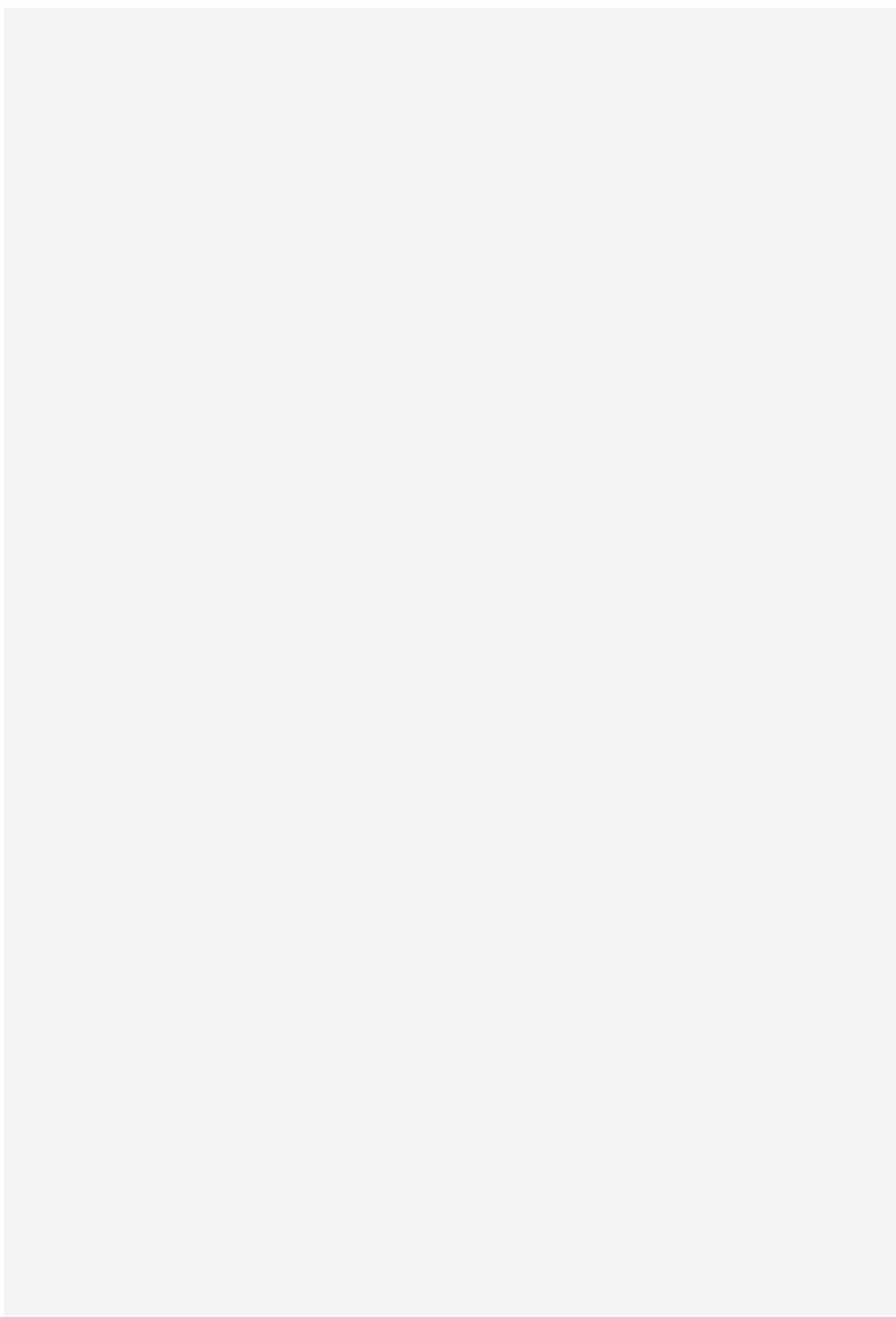
JP Morgan Securities PLC
25 Bank Street
Canary Wharf
London E14 5JP
Tel: 020 7134 8584

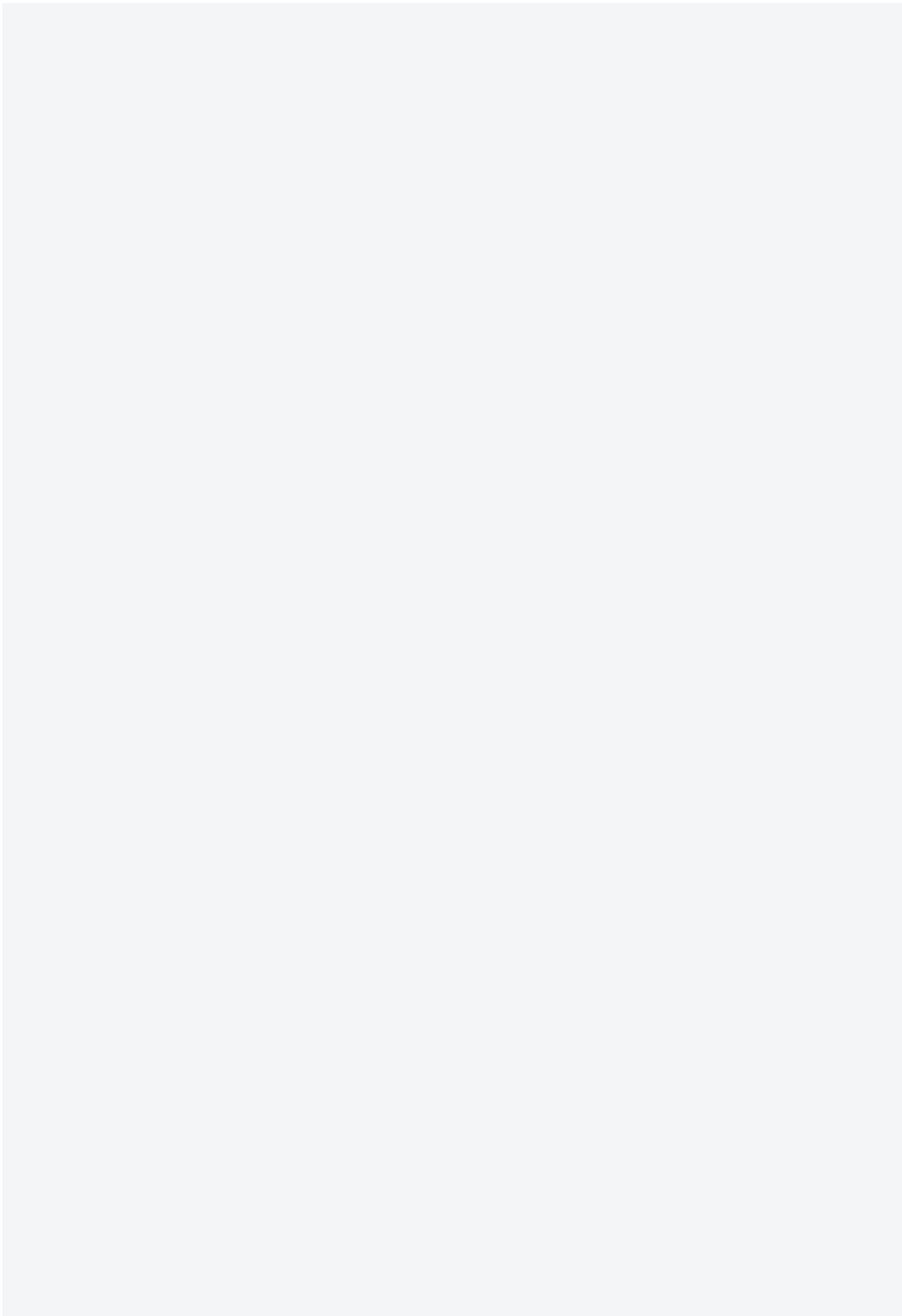
Morgan Stanley & Co International PLC
25 Cabot Square
Canary Wharf
London E14 4QA
Tel: 020 7425 8000

Country of Incorporation

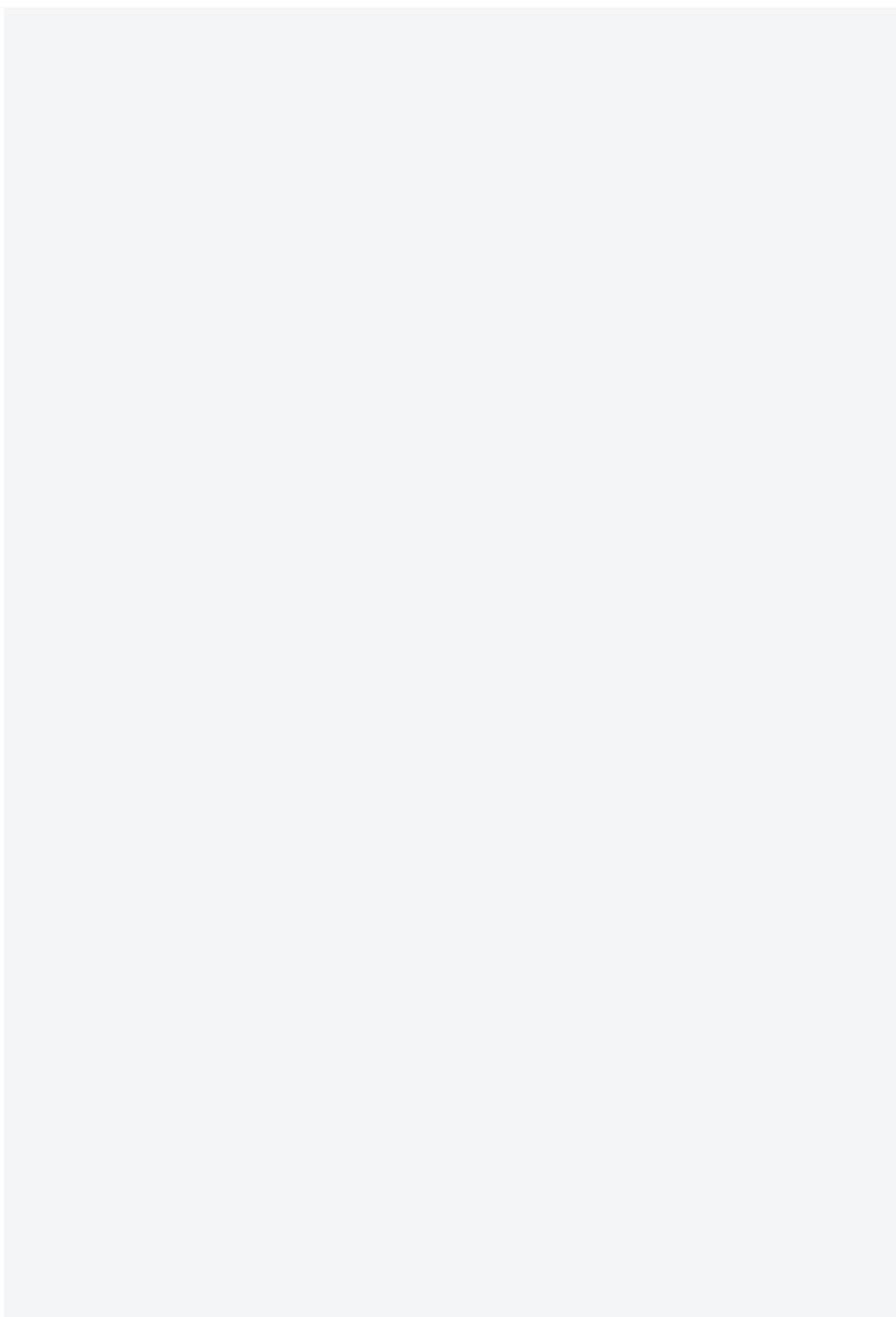
Registered in England and Wales
Number: 01009550

NOTES





NOTES



The background of the entire page is a close-up, high-angle photograph of a green printed circuit board (PCB). The board is covered in a complex network of white and light green conductive traces, including straight lines, curves, and dense bundles. Numerous circular vias and larger circular pads are visible, some with small components or solder points. The lighting is even, highlighting the texture and precision of the manufacturing process.

Manchester and London
Investment Trust plc

Registered in England & Wales
Number: 01009550

Registered Office
12a Princes Gate Mews
London SW7 2PS

Company website
www.mlcapman.com/manchester-london-investment-trust-plc