



The Mercantile Investment Trust plc

The home of tomorrow's UK market leaders

Half Year Report & Financial Statements
for the six months ended 31st July 2024

J.P.Morgan
ASSET MANAGEMENT

Key Features

Objective

The Mercantile Investment Trust plc (the 'Company') aims to achieve long term capital growth from a portfolio of UK medium and smaller companies.

Investment Policy

- To emphasise capital growth from medium and smaller companies.
- To achieve long term dividend growth at least in line with inflation.
- To use long term gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 10% net cash to 20% geared.

Further details on the objective and structure of the Company, together with investment restrictions and guidelines, are given in the 2024 Annual Report and Financial Statements.

Benchmark

The FTSE All-Share Index, excluding constituents of the FTSE 100 Index and investment trusts, with net dividends reinvested.

Capital Structure

At 31st July 2024 the Company's share capital comprised 944,492,180 ordinary shares of 2.5p each, including 169,691,877 shares held in Treasury.

At 31st July 2024, the Company had in issue a £3.85 million 4.25% perpetual debenture and a £175 million 6.125% debenture repayable on 25th February 2030. In addition, the Company has £150 million of long term debt raised through the issue of three fixed rate, senior unsecured privately placed notes (the 'Notes'). The Notes are: £55 million maturing in 2041 with a fixed coupon of 1.98%; £50 million maturing in 2051 with a fixed coupon of 2.05%; and £45 million maturing in 2061 with a fixed coupon of 1.77%.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager and Company Secretary. JPMF is approved by the Financial Conduct Authority and delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Investment Manager'). The Portfolio Managers are Guy Anderson and Anthony Lynch, who are employees of JPMAM.

Website

The Company's website, which can be found at www.mercantileit.co.uk, includes useful information on the Company, such as daily prices, factsheets, half year and annual reports.

Contact the Company

General enquiries about the Company should be directed to the Company Secretary at invtrusts.cosec@jpmorgan.com

FINANCIAL CALENDAR



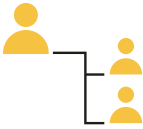

Financial year end	31st January
Final results announced	March/April
Half year end	31st July
Half year results announced	October
Dividends on ordinary shares paid to shareholders	*1st August, 1st November, 1st February, 1st May
Interest on 4.25% perpetual debenture paid	1st June, 1st December
Interest on 6.125% debenture paid	25th February, 25th August
Annual General Meeting	May

*or nearest following business day.

The Mercantile Investment Trust plc

Launched in 1884, The Mercantile Investment Trust has navigated its way through history to become one of the UK's largest UK equity investment trusts and has provided its shareholders with strong returns and income over many years. The Mercantile has a long and successful track record championing quality UK mid and small cap companies.

The Mercantile in 2024

		
<p>1. Targeting a higher return segment within the UK market</p>	<p>2. Discounted valuations may offer an attractive entry point</p>	<p>3. Growing dividend and strong reserves</p>
<p>Seeking out exceptional mid and small cap UK companies across a range of industries, The Mercantile brings together a high-conviction portfolio of around 75 stocks that are well positioned to be tomorrow's market leaders. Investing in this area has proved a successful strategy historically by generating higher long-term returns than the UK's largest companies.</p>	<p>Current UK equities valuations may offer an attractive entry point to the long-term investor – domestic and geopolitical concerns have historically contributed towards the UK falling out of favour. However a newly elected government should offer greater political stability and investor confidence going forward. Over the long term the UK, with its culture of innovation and relatively low equity valuations compared to global peers, could be a strong investment opportunity in the years ahead.</p>	<p>The Mercantile aims to achieve long-term dividend growth at least in line with the rate of inflation over a five to ten year period. Careful management of income reserves has enabled it to maintain or increase its annual dividend every year since 1992.</p>
		
<p>4. Strong management team with proven track record</p>	<p>5. Long-term performance track record</p>	<p>6. A potential holding for SIPP, Junior ISA, Lifetime ISA</p>
<p>The Mercantile's Portfolio Managers Guy Anderson and Anthony Lynch have 22 and 15 years' investment experience respectively. Their depth of knowledge, expertise and insight enables them to navigate the prevailing market environment. The Portfolio Managers' disciplined investment approach, supported by JPMorgan's extensive research resources, is invaluable for successful stock selection in an area of the stock market that demands first-hand scrutiny.</p>	<p>The Mercantile's long-term relative performance track record demonstrates both the successful stock selection expertise of the Portfolio Managers and appropriate use of gearing by the Company. The competitive management fee and economies of scale afforded by the size of the Company provide shareholders with an expertly managed, cost-effective route to access the UK mid and small cap markets.</p>	<p>Whether you are looking to invest for retirement through self-invested personal pensions, planning to get on the property ladder with the help of a Lifetime ISA or providing a nest egg for children with a Junior ISA, The Mercantile offers a cost-effective route to plan for your future and is available to buy across all leading UK investment platforms.</p>

The Board views long-term as five years or more.

Past performance is not a reliable indicator of current and future results.

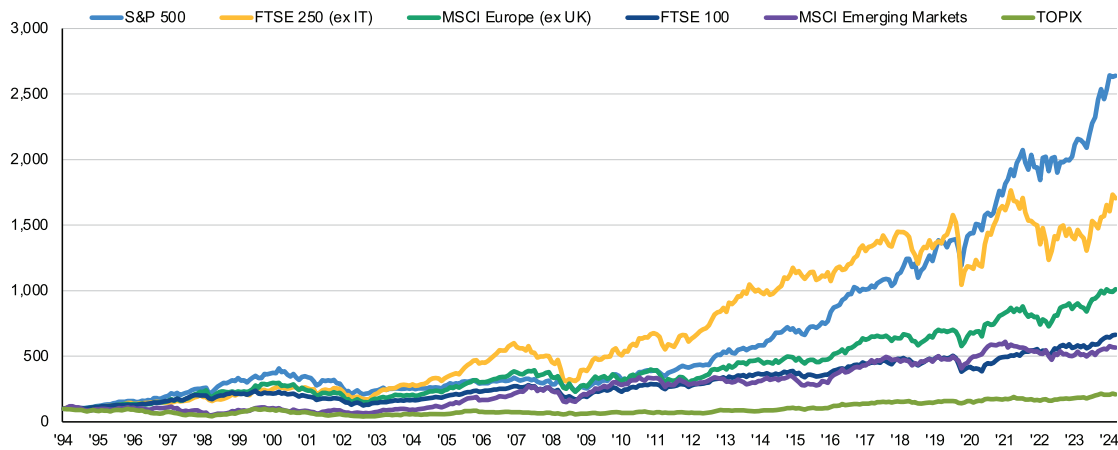
Key Features

140 years of resilience, reassurance and returns

The Mercantile is as relevant today as at any time over its 140 years' lifetime and provides investors with a well-managed, high-quality investment vehicle to access a core part of the UK equity market.

Long-term performance of UK mid and small caps (FTSE 250 (ex IT))

Cumulative returns

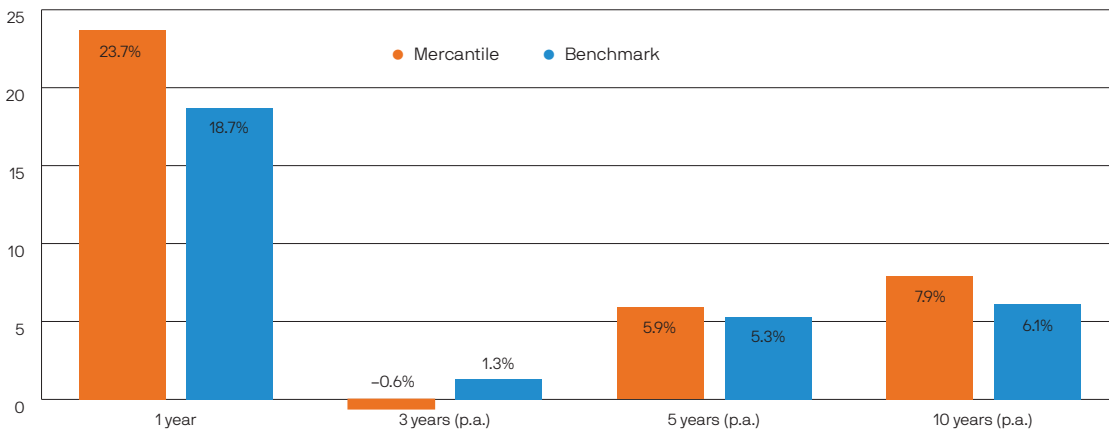


Guy Anderson
Portfolio Manager



Anthony Lynch
Portfolio Manager

Annualised NAV total return (with debt at par value) versus benchmark



Source: J.P. Morgan Asset Management, Bloomberg. All series are rebased to 100 as at 30th June 1994 to 31st August 2024. All indices in GBP and include reinvested dividends. Indices do not include fees or operating expenses and are not available for actual investment. Trust performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP.

Stay in touch: receive the latest Mercantile news

To keep investors informed, J.P. Morgan Asset Management offers regular email updates on the Company's progress. **The Mercantile News** delivers topical and relevant news and views directly to your inbox.

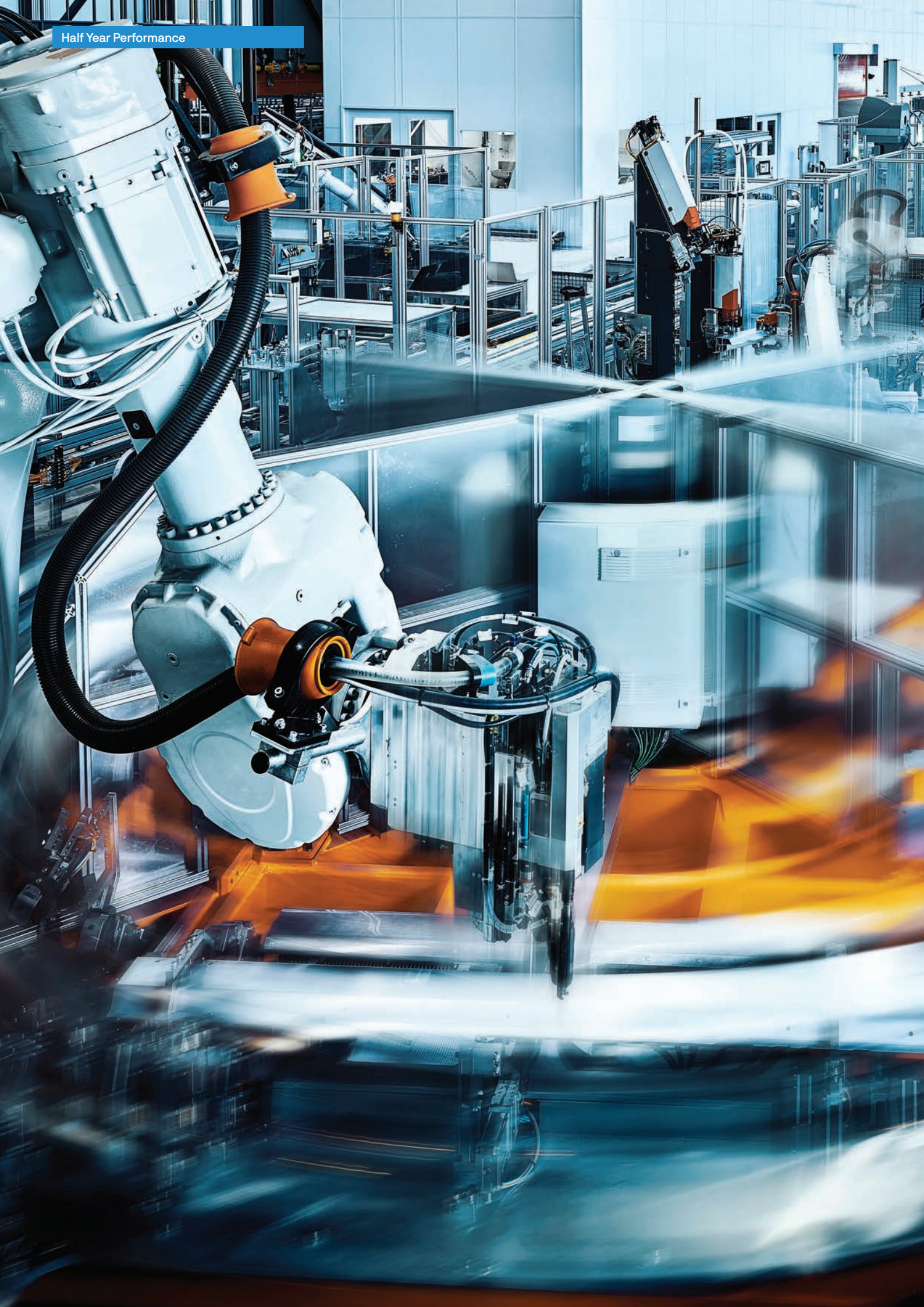
Scan this QR code on your smartphone camera or opt in via www.Mercantile-Registration.co.uk to receive regular updates on The Mercantile Investment Trust plc.



The Mercantile offers strong long-term growth and income potential, with the reassurance that the Company is one of the largest in the UK market, is expertly managed by well-known portfolio managers and backed by the vast research resources of JPMorgan Asset Management.

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Financial Highlights

Total returns (including dividends reinvested)

	6 months	3 Years Cumulative	5 Years Cumulative	10 Years Cumulative
Return on net assets with debt at fair value ^{1.APM}	+17.6%	+3.6%	+42.7%	+125.4%
Return on net assets with debt at par value ^{2.APM}	+18.0%	-1.9%	+33.0%	+113.5%
Return to shareholders ^{3.APM}	+25.8%	+6.0%	+52.8%	+145.4%
Benchmark return ⁴	+15.0%	+4.1%	+29.4%	+80.5%

¹ J.P. Morgan/Morningstar, using cum income net asset value per share, with debt at fair value.

² J.P. Morgan/Morningstar, using cum income net asset value per share, with debt at par value.

³ Source: Morningstar.

⁴ Source: FTSE Russell. The Company's benchmark is the FTSE All-Share Index, excluding constituents of the FTSE 100 Index and investment trusts, with net dividends reinvested.

^{APM} Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 29 to 31.

Summary of results

	31st July 2024	31st January 2024	% change excluding dividends reinvested	% change including dividends reinvested
Net asset value per share:				
– with debt at fair value ^{1,APM}	282.7p	244.8p	+15.5%	+17.6%
– with debt at par value ^{APM}	276.3p	238.6p	+15.8%	+18.0%
Share price	263.5p	214.0p	+23.1%	+25.8%
Share price discount to net asset value per share:				
– with debt at fair value ^{APM}	6.8%	12.6%		
– with debt at par value ^{APM}	4.6%	10.3%		
Shareholders' funds (£'000)	2,141,011	1,865,619		
Number of shares in issue (excluding shares held in Treasury)	774,800,303	782,056,565		
Gearing ^{APM}	13.7%	13.4%		
Ongoing charges ^{APM}	0.47%	0.47%		

¹ The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the 'Debt at Fair Value'. The fair value of the Company's debentures and senior unsecured privately placed loan notes have been calculated using discounted cash flow techniques, using the yield from similarly dated gilts plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

^{APM} Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 29 to 31.



Chairman's Statement



Angus Gordon Lennox
Chairman

Market Background

After a long period of being out of favour with investors both in the UK and abroad, it is heartening to see UK equity markets benefiting from a resurgence in interest. This recovery began in late 2023 and has since gathered momentum, supported by several factors. Investors were relieved that the UK's economic downturn proved shallow and brief and have welcomed mounting evidence that activity is now strengthening, supported by real wage growth and an improvement in business and consumer confidence. Investor sentiment has been further supported by a steady reduction in inflation pressures, which has given the Bank of England room to begin easing interest rates. Political uncertainty has also abated now that the general election is behind us.

UK mid and small cap companies tend to thrive and outperform larger companies in periods where growth is strengthening and interest rates are declining, and true to previous form, in the six months ended 31st July 2024, this section of the market returned +15%, outpacing UK larger capitalised companies. For instance the FTSE100 returned +12% over the same period.

Performance

I am pleased to report that against this favourable background, your Company has outperformed and returned +18.0% on net assets, with debt valued at par, and +17.6% with debt at fair value over the six months to end July 2024, ahead of the benchmark return of +15.0%.

While this recent performance is certainly pleasing, the Portfolio Managers adopt a long-term perspective when implementing the investment strategy, so it is more meaningful, and appropriate, to assess their performance over a longer timeframe. On this basis, recent outperformance extends the Company's long track record of outright gains and outperformance of the benchmark. Over the ten years to end July 2024, it realised an annualised return of +8.5% in NAV terms (with debt at fair value), versus a benchmark return of +6.1%.

The Investment Manager's Report on page 13 provides details of the drivers of recent returns and portfolio changes implemented during the review period. They also discuss the market outlook over the remainder of this year and beyond.

Returns and Dividends

The dividend has increased for more than ten years in succession, and so I am pleased to report that the Company has been recognised by the AIC as a next generation dividend hero.

A first quarterly interim dividend of 1.50 pence was paid on 1st August 2024 and a second quarterly interim dividend of 1.50 pence per share has been declared by the Board, payable on 1st November 2024 to shareholders on the register at the close of business on 27th September 2024. This brings the dividend for the year so far to 3.00 pence (2023: 2.90 pence). A third quarterly interim dividend will be announced in December 2024.

The level of the fourth quarterly interim dividend will depend on income received by the Company for the full financial year. As has been stated previously, the Company aims to provide shareholders with long term dividend growth, at least in line with the rate of inflation over a five- to ten-year period.

Discount and Share Repurchases

The Company's discount to NAV at which the Company's shares trade narrowed from 12.6% at the previous financial year end to 6.8% at the half year end, in part due to the improvement in sentiment regarding UK equities and in listed investment trusts more generally.

The Board believes that it is in the interest of the shareholders that the Company's share price does not differ excessively from the underlying NAV or at a discount to NAV significantly below its peer group, under normal market conditions. This was the case at times during the period under review and the Board purchased 7,256,262 shares, to be held in Treasury, at a cost of £16.1 million. These shares were purchased at an average discount to NAV of 11.9%, producing a modest accretion to the NAV for continuing shareholders. Since the end of the review period, the Company has purchased a further 7,950,000 shares. The discount currently stands at 12.6%.

Chairman's Statement

Gearing

The Company's gearing policy is to operate within the range between 10% net cash and 20% gearing under normal market conditions. The Company ended the six-month reporting period with gearing at 13.7% (compared to 13.4% on 31st January 2024). This level of gearing remains a reflection of the Portfolio Managers' confidence in the outlook for UK mid and small cap companies.

The level of portfolio gearing is regularly discussed by the Board and the Portfolio Managers. Gearing is achieved via the use of long-dated, fixed-rate financing, from several sources, consistent with the Board's aim to ensure diversification of the source, tenure and cost of leverage available to the Company. The Company has in place a £3.85 million 4.25% perpetual debenture and a £175 million 6.125% debenture repayable on 25th February 2030, together with £150 million of long-term debt raised in September 2021 via the issuance of three fixed rate, senior unsecured, privately placed notes (the 'Notes'). These Notes mature between 2041 and 2061 and were secured at a blended rate of 1.94%, at a time when interest rates were near their lows.

The Board and Succession planning

After nine years on the Board, and six years as Chairman, it is my intention to retire at the conclusion of the AGM in May 2025. I am delighted to say that Rachel Beagles is to be appointed as Chair at that time. Rachel has over 15 years' of experience in the investment company sector, including being Chair of the Association of Investment Companies (the 'AIC'). She has consistently been a thoughtful and constructive contributor to the Board and I am confident that she will provide experienced leadership to the Company during the years ahead.

Graham Kitchen will assume the role of Senior Independent Director following Ms. Beagles' appointment as Chair.

Stay Informed

The Company delivers email updates on its progress with regular news and views, as well as the latest performance. If you have not already signed up to receive these communications, you can opt in via <http://tinyurl.com/MRC-Sign-Up>, or by scanning the QR code on this page.



Scan this QR code on your smartphone camera to sign-up to receive regular updates on The Mercantile.

Outlook

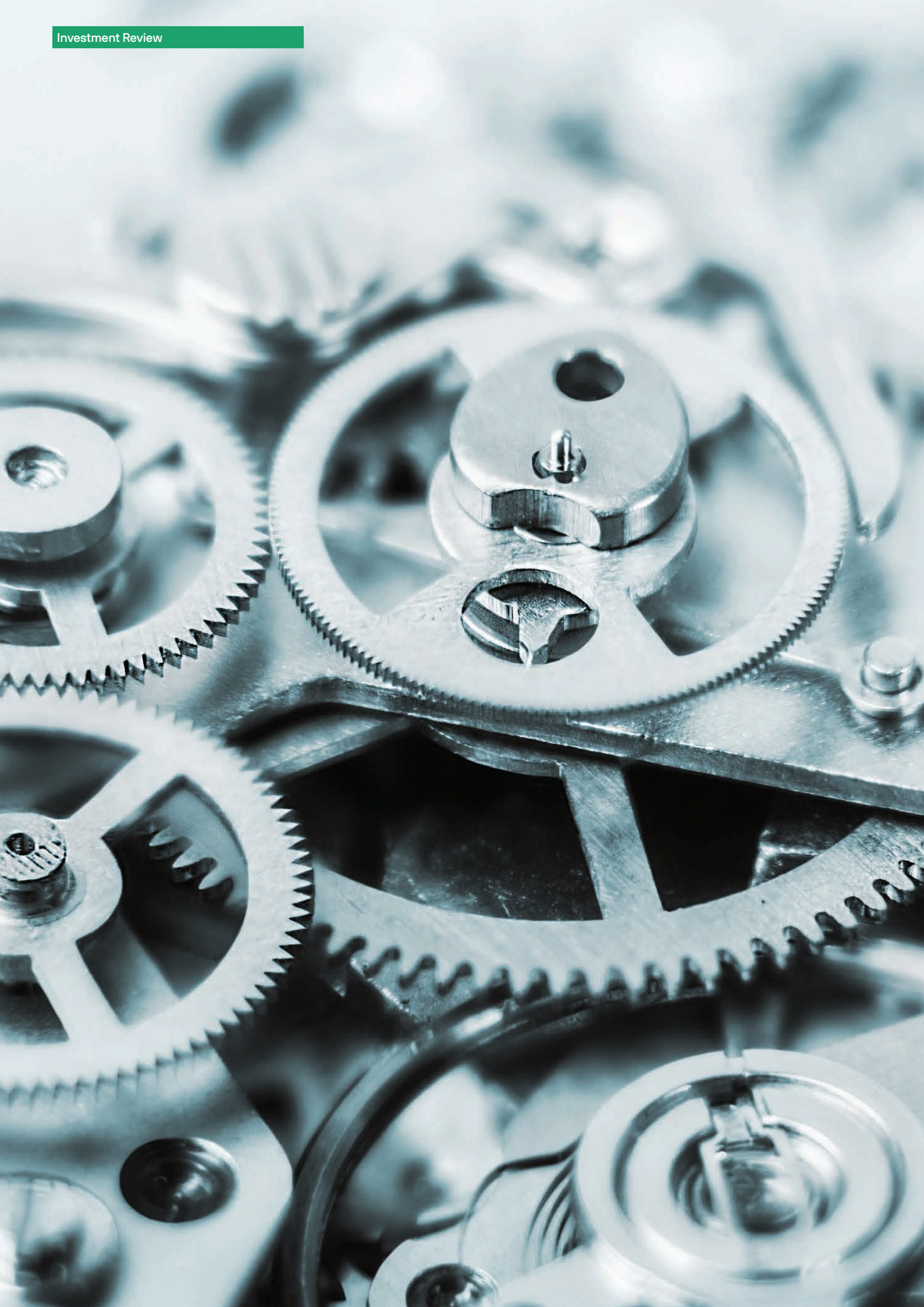
The upturn in UK equity markets is certainly welcome. Perhaps the most encouraging aspect of recent developments are signs that investors are finally beginning to recognise the value that UK equities offer, both in historical terms, and relative to other developed markets. The clearest evidence of this is the increase in mergers and acquisition activity, driven by both corporate buyers and private equity investors. With economic conditions brightening and interest rates trending lower, such activity is likely to increase, providing further underlying support for the market, and the Board shares the Portfolio Managers' optimism that the rebound in the UK market is set to continue in 2024 and beyond. We also share their enthusiasm for the investment opportunities this is generating amongst mid and small cap companies.

While there are always uncertainties to dampen confidence in the investment outlook, markets have faced many unusual, unique and varied challenges over recent years. The COVID-19 pandemic, the war in Ukraine and more recently in the Middle East, resultant increases in energy and commodity prices, ensuing inflation and aggressive interest rate increases all contributed to significant levels of market volatility over recent years. The Portfolio Managers have so far successfully navigated all these challenges, and their track record over this period, combined with their long experience and disciplined investment approach, leave the Board confident in their ability to steer the portfolio through any new, unanticipated bouts of market turbulence. We believe the Company is therefore well positioned to deliver further capital and dividend growth to shareholders.

Thank you for your ongoing support.

Angus Gordon Lennox
Chairman

16th October 2024



Portfolio Managers' Report

Setting the scene: a change in narrative

The UK market has built further upon the early signs of recovery that we witnessed in the final quarter of last year, with our target market of UK mid and small cap companies (the 'Benchmark') delivering a return of 15.0% in the first half of this financial year.

Having been a widely reviled market for some time, it was pleasing to note some slight moderation in the narrative, as it was recognised that the long-expected 2023 recession was not of the scale imagined by many. Indeed, UK economic output has continued to beat market expectations throughout this year and has been the fastest growing of the G7 economies, with many of the lead indicators suggesting that this trend will continue. The UK election came earlier than anticipated and has resulted in the Labour party returning to government. While politics is rarely if ever predictable, this has the potential to provide a more stable operating environment for the years ahead, although we remain vigilant of the usual plethora of risks.

This combination of improving economic outlook and low valuations of UK-listed assets provides an exciting investment opportunity – as evidenced by a flurry of incoming bids for PLCs so far this year – but we are still in the early phases of the potential market recovery.

Mercantile performance

Against this improving backdrop, for the six months to 31st July 2024, the Company delivered a return on net assets of +18.0%, with debt valued at par, and +17.6% with debt at fair value, in both cases ahead of the Benchmark's +15.0% return. The Company's outperformance was driven by stock selection as well as gearing, which averaged 15% over the review period, and added 230bps to performance, net of costs. This recent run extends the Company's track record of outperformance over the long-term. In the ten years to end July 2024, NAV rose by an annualised average of +7.9% with debt valued at par, and +8.5% with debt at fair value, comfortably ahead of the benchmark return of +6.1%.

Performance in this half-year was aided by our holdings in the investment banking and brokerage services sector, with strong contributions from longstanding and substantial positions in private equity group **3i** and the alternative asset manager **Intermediate Capital**, supplemented by a pleasing performance and contribution from **Alpha Group**, the institutional brokerage services provider. The portfolio also benefitted from several other high returning investments, with four of our top 10 held contributors delivering over 50% returns during this half-year period: the aforementioned **Alpha Group**; **Warpaint London**, the cosmetics company; **Future**, the media business, and **Bloomsbury**, the publisher.

Conversely, the greatest detractors from performance were in the software and computer services sector, an area in which we have historically found success. The key detractor was our holding in **Bytes Technology**, one of the UK's leading value-added technology resellers, whose shares came under pressure following the sudden and unexpected resignation of the CEO, as well as due to the weaker environment for corporate demand. Our investment in **Computacenter**, a leading technology services provider to large corporate and public sector organisations, was also lacklustre as growth faltered due to this weaker corporate demand backdrop. Of the top three detractors from relative performance, two came from companies in which we had no holding, but which were subject to takeover bids at substantial premia – **Hargreaves Lansdown** and **Darktrace**. While this is frustrating, given the valuation of UK equities, we expect that this phenomenon will continue, and can be either in our favour, such as experienced with our holdings in **Britvic** and **Redrow**, or to our detriment as in the above.

While there has not been any material change to the overall shape of the portfolio, or indeed to the level of gearing, through the first half of this financial year there have been various stock-specific changes. In total, we have added 14 new holdings to the portfolio and exited from six. The largest new additions include investments in **Trainline**, the online train ticket retailer, **Plus500**, the retail trading platform operator, **Volution**, the manufacturer of air ventilation products, and **Britvic**, the drinks supplier. As is hopefully evident from this list, we are finding many exciting opportunities from across the range of sectors and different types of businesses. These purchases were partly funded with reductions in position sizes in **Tate & Lyle**, the ingredient supplier, and **Bytes Technology**, as well as exits from investments in **Direct Line**, the insurance provider, and **Howden Joinery**, the UK's leading supplier of fitted kitchens and now a FTSE100 company.



Guy Anderson
Portfolio Manager

Managing Director and portfolio manager within the J.P. Morgan Asset Management International Equity Group, specialising in UK equities and is Head of UK Mid and Small Caps. Prior to joining the firm in 2012, Guy was an investment analyst at Breedon European Capital and at Pendragon Capital, having started his career at Oliver Wyman. He obtained an M.Eng (Hons) in Engineering from Oxford University. Guy is a CFA charterholder.



Anthony Lynch
Portfolio Manager

Executive Director and portfolio manager within the J.P. Morgan Asset Management International Equity Group, specialising in UK equities, with a particular focus on mid and small caps. Anthony joined in 2009 as an analyst having obtained a B.A. (Hons) in Economics from Durham University. Anthony is a CFA charterholder.

Portfolio Managers' Report

Outlook for the coming months

There are valid concerns around the outlook for global economic growth, with pockets of weakness evident that must not be overlooked. Furthermore, geopolitics has the potential to generate unanticipated shocks at any time, and while this has always been the case, we must manage these the best we can. Despite this, there is cause for more optimism on the domestic front. The UK economy has returned to a path of modest growth, which has the potential to accelerate given the improving health of the UK consumer, supported by robust wage growth and normalising inflation, combined with strongly recovering consumer and business confidence. Absent any unwanted shocks from the upcoming budget, this building economic momentum is likely to be further aided by monetary easing, with the Bank of England recently cutting interest rates for the first time in over four years.

Despite the encouraging first half of the year, the valuation of the UK market remains at a steep discount to both its own history and relative to other developed markets – a fact that has not gone unnoticed, as we have seen a pick-up in the number of acquisitions by corporate buyers, while the volume of share buybacks being executed by management teams has also soared.

As stated earlier, we believe that we are in the early phases of the potential market recovery, with an improving domestic economic outlook combined with low valuations of UK-listed assets providing an exciting investment opportunity. These factors, alongside the generally strong financial performance being delivered by our portfolio companies and the breadth of new investment ideas, are the key drivers behind our current elevated level of gearing, sitting at around 15%.

Looking ahead, we will maintain our focus on investing in structurally robust businesses that operate in growing end markets and possess the ability to invest capital at attractive returns while being able to adapt to the changing environments in which they operate. We believe that a portfolio of companies with these characteristics offers the best prospect of delivering compelling returns and outperformance for our shareholders over the long-term, just as it has done in the past.

Guy Anderson
Anthony Lynch
Portfolio Managers

16th October 2024

List of Investments

List of investments

As at 31st July 2024

Company	Valuation £'000	% of the total portfolio	Company	Valuation £'000	% of the total portfolio
Consumer Discretionary			Financials		
Bellway	97,662	4.0	Intermediate Capital	94,342	3.9
Games Workshop	60,770	2.5	3i	71,006	2.9
Inchcape	59,010	2.4	OSB	48,973	2.0
4imprint	56,823	2.3	Man	43,014	1.8
Dunelm	56,410	2.3	Paragon Banking	42,210	1.7
Redrow	46,476	1.9	Beazley	40,980	1.7
JET2 ¹	46,150	1.9	Plus500	33,837	1.4
WH Smith	39,540	1.6	TBC Bank	22,284	0.9
Trainline	38,806	1.6	Bank of Georgia	18,924	0.8
Future	27,304	1.1	IntegraFin	18,838	0.8
Bloomsbury Publishing	22,200	0.9	Pollen Street	16,238	0.7
Hollywood Bowl	21,746	0.9	Alpha	15,996	0.6
SSP	18,666	0.8	XPS Pensions	14,535	0.6
Vistry	15,916	0.7	CMC Markets	12,785	0.5
Next 15 ¹	14,927	0.6	Sabre Insurance	11,865	0.5
Warpaint London ¹	14,880	0.6	Mortgage Advice Bureau ¹	5,280	0.2
Moonpig	13,699	0.6		511,107	21.0
Card Factory	11,362	0.5			
	662,347	27.2	Technology		
Industrials			Softcat	67,600	2.8
Rotork	63,099	2.6	Bytes Technology	46,137	1.9
Diploma	56,020	2.3	Auto Trader	31,393	1.3
IMI	47,704	2.0	Computacenter	28,804	1.2
QinetiQ	43,712	1.8	MONY (formerly Moneysupermarket.com)	23,740	1.0
Serco	37,323	1.5	Trustpilot	16,952	0.7
Balfour Beatty	35,995	1.5	Big Technologies ¹	6,030	0.2
Grafton	30,240	1.2		220,656	9.1
Vesuvius	29,946	1.2	Consumer Staples		
Chemring	29,761	1.2	Cranswick	72,352	3.0
Morgan Sindall	28,407	1.2	Premier Foods	44,051	1.8
RS	22,726	0.9	Greggs	40,716	1.7
Bodycote	22,685	0.9	Britvic	19,669	0.8
Hays	21,562	0.9	Tate & Lyle	5,511	0.2
Oxford Instruments	21,335	0.9		182,299	7.5
SThree	21,012	0.9	Real Estate		
Volution	20,748	0.9	LondonMetric Property	38,266	1.6
Page	20,467	0.8	Tritax Big Box	38,019	1.6
Weir	15,428	0.6	Shaftesbury Capital	31,941	1.3
Mears	14,842	0.6	LSL Property Services	7,866	0.3
Mitie	11,484	0.5	Foxtons	6,012	0.2
Judges Scientific ¹	7,760	0.3	Property Franchise ¹	4,840	0.2
Keystone Law ¹	6,480	0.3		126,944	5.2
	608,736	25.0			

List of Investments

Company	Valuation £'000	% of the total portfolio
Basic Materials		
Hill & Smith	59,800	2.5
Central Asia Metals ¹	5,934	0.3
Tennants Consolidated ^{2,3}	6,382	0.2
	72,116	3.0
Telecommunications		
Telecom Plus	35,231	1.4
	35,231	1.4
Energy		
Harbour Energy	12,223	0.5
	12,223	0.5
Health Care		
hVIVO ¹	3,245	0.1
	3,245	0.1
Total investments⁴	2,434,904	100.0

¹ AIM listed investment.

² Unquoted investment.

³ Includes a fixed interest investment.

⁴ The portfolio comprises investments in equity shares and a fixed interest investment.

Portfolio Analysis

Listed equity market capitalisation

	31st July 2024	31st January 2024
	% ¹	% ¹
UK FTSE 250	74.5	74.7
UK FTSE 100	17.0	16.4
UK AIM	4.6	5.2
UK FTSE Small & Fledgling	3.7	3.4
UK Unquoted	0.2	0.3
Total	100.0	100.0

¹ Based on total investments of £2,435m (31st January 2024: £2,116m).

Source: J.P. Morgan.

Sector

	31st July 2024		31st January 2024	
	Portfolio	Benchmark	Portfolio	Benchmark
	% ¹	%	% ¹	%
Consumer Discretionary	27.2	17.4	24.7	20.1
Industrials	25.0	24.2	27.2	22.9
Financials	21.0	21.6	19.3	19.6
Technology	9.1	4.6	11.2	5.5
Consumer Staples	7.5	7.3	7.3	5.5
Real Estate	5.2	13.8	4.7	15.2
Basic Materials	3.0	4.1	2.8	4.1
Telecommunications	1.4	1.4	1.3	0.9
Energy	0.5	2.8	1.5	2.6
Health Care	0.1	1.0	—	1.9
Utilities	—	1.8	—	1.7
Total	100.0	100.0	100.0	100.0

¹ Based on total investments of £2,435m (31st January 2024: £2,116m).

Source: J.P. Morgan.



Condensed Statement of Comprehensive Income

	(Unaudited) Six months ended 31st July 2024			(Unaudited) Six months ended 31st July 2023			(Audited) Year ended 31st January 2024		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gains/(losses) on investments held at fair value through profit or loss	—	293,772	293,772	—	(43,465)	(43,465)	—	18,706	18,706
Net foreign currency gains	—	39	39	—	1	1	—	2	2
Income from investments	45,420	—	45,420	43,140	—	43,140	73,269	—	73,269
Interest receivable and similar income	802	—	802	3,017	—	3,017	5,717	—	5,717
Gross return/(loss)	46,222	293,811	340,033	46,157	(43,464)	2,693	78,986	18,708	97,694
Management fee	(1,156)	(2,699)	(3,855)	(1,042)	(2,430)	(3,472)	(2,071)	(4,832)	(6,903)
Other administrative expenses	(768)	—	(768)	(785)	—	(785)	(1,536)	—	(1,536)
Net return/(loss) before finance costs and taxation	44,298	291,112	335,410	44,330	(45,894)	(1,564)	75,379	13,876	89,255
Finance costs	(2,086)	(4,864)	(6,950)	(2,088)	(4,873)	(6,961)	(4,172)	(9,734)	(13,906)
Net return/(loss) before taxation	42,212	286,248	328,460	42,242	(50,767)	(8,525)	71,207	4,142	75,349
Taxation (note 3)	(558)	—	(558)	(154)	—	(154)	(141)	—	(141)
Net return/(loss) after taxation	41,654	286,248	327,902	42,088	(50,767)	(8,679)	71,066	4,142	75,208
Return/(loss) per share (note 4)	5.36p	36.86p	42.22p	5.33p	(6.43)p	(1.10)p	9.01p	0.53p	9.54p

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

The return/(loss) per share represents the profit/(loss) per share for the period/year and also the total comprehensive income per share.

Condensed Statement of Changes in Equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves ¹ £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st July 2024 (Unaudited)						
At 31st January 2024	23,612	23,459	13,158	1,729,199	76,191	1,865,619
Repurchase of shares into Treasury	—	—	—	(16,148)	—	(16,148)
Proceeds from share forfeiture ²	—	—	—	616	—	616
Net return	—	—	—	286,248	41,654	327,902
Dividends paid in the period (note 5)	—	—	—	—	(37,254)	(37,254)
Forfeiture of unclaimed dividends ² (note 5)	—	—	—	—	276	276
At 31st July 2024	23,612	23,459	13,158	1,999,915	80,867	2,141,011
Six months ended 31st July 2023 (Unaudited)						
At 31st January 2023	23,612	23,459	13,158	1,741,531	63,916	1,865,676
Repurchase of shares into Treasury	—	—	—	(463)	—	(463)
Net return	—	—	—	(50,767)	42,088	(8,679)
Dividends paid in the period (note 5)	—	—	—	—	(35,949)	(35,949)
At 31st July 2023	23,612	23,459	13,158	1,690,301	70,055	1,820,585
Year ended 31st January 2024 (Audited)						
At 31st January 2023	23,612	23,459	13,158	1,741,531	63,916	1,865,676
Repurchase of shares into Treasury	—	—	—	(16,474)	—	(16,474)
Net return	—	—	—	4,142	71,066	75,208
Dividends paid in the year (note 5)	—	—	—	—	(58,791)	(58,791)
At 31st January 2024	23,612	23,459	13,158	1,729,199	76,191	1,865,619

¹ These reserves form the distributable reserves of the Company and can be used to fund distributions to investors via dividend payments.

² During the period, the Company undertook an Asset Reunification Programme to reunite inactive shareholders with their shares and unclaimed dividends. Pursuant to the Company's Articles of Association, the Company has exercised its right to reclaim the shares of shareholders whom the Company, through its previous Registrar, has been unable to locate for a period of 12 years or more. These forfeited shares were sold in the open market by the Registrar and the proceeds, net of costs, were returned to the Company. In addition, any unclaimed dividends older than 12 years from the date of payment of such dividends were also forfeited and returned to the Company.

Condensed Statement of Financial Position

	(Unaudited) 31st July 2024 £'000	(Unaudited) 31st July 2023 £'000	(Audited) 31st January 2024 £'000
Fixed assets			
Investments held at fair value through profit or loss	2,434,904	2,025,766	2,115,714
Current assets			
Debtors	12,362	20,692	7,557
Cash and cash equivalents	32,018	114,135	89,530
	44,380	134,827	97,087
Current liabilities			
Creditors: amounts falling due within one year	(10,286)	(12,119)	(19,248)
Net current assets	34,094	122,708	77,839
Total assets less current liabilities	2,468,998	2,148,474	2,193,553
Creditors: amounts falling due after more than one year	(327,987)	(327,889)	(327,934)
Net assets	2,141,011	1,820,585	1,865,619
Capital and reserves			
Called up share capital	23,612	23,612	23,612
Share premium	23,459	23,459	23,459
Capital redemption reserve	13,158	13,158	13,158
Capital reserves	1,999,915	1,690,301	1,729,199
Revenue reserve	80,867	70,055	76,191
Total shareholders' funds	2,141,011	1,820,585	1,865,619
Net asset value per share (note 6)	276.3p	230.5p	238.6p

Registered in England, Company registration number 20537

Condensed Statement of Cash Flows

	(Unaudited) Six months ended 31st July 2024 £'000	(Unaudited) Six months ended 31st July 2023 £'000	(Audited) Year ended 31st January 2024 £'000
Cash flows from operating activities			
Net return/(loss) before finance costs and taxation	335,410	(1,564)	89,255
Adjustment for:			
Net (gains)/losses on investments held at fair value through profit or loss	(293,772)	43,465	(18,706)
Net foreign currency gains	(39)	(1)	(2)
Dividend income	(45,420)	(43,140)	(73,269)
Interest income	(802)	(3,017)	(5,717)
Realised loss on foreign exchange transactions	—	2	2
(Increase)/decrease in accrued income and other debtors	(46)	44	36
Increase in accrued expenses	2	71	116
Net cash outflow from operations before dividends and interest	(4,667)	(4,140)	(8,285)
Dividends received	40,382	36,503	72,142
Interest received	802	3,017	5,717
Overseas withholding tax recovered	161	55	129
Net cash inflow from operating activities	36,678	35,435	69,703
Purchases of investments	(257,266)	(202,081)	(428,193)
Sales of investments	223,137	166,486	378,822
Net cash outflow from investing activities	(34,129)	(35,595)	(49,371)
Equity dividends paid	(37,254)	(35,949)	(58,791)
Forfeiture of unclaimed dividends ¹ (note 5)	276	—	—
Repurchase of shares into Treasury	(16,802)	(462)	(15,819)
Proceeds from share forfeiture ¹	616	—	—
Loan interest paid	(6,897)	(6,900)	(13,798)
Net cash outflow from financing activities	(60,061)	(43,311)	(88,408)
Decrease in cash and cash equivalents	(57,512)	(43,471)	(68,076)
Cash and cash equivalents at start of period/year	89,530	157,606	157,606
Cash and cash equivalents at end of period/year	32,018	114,135	89,530
Cash and cash equivalents consist of:			
Cash and short term deposits	250	252	351
Cash held in JPMorgan GBP Liquidity Fund	31,768	113,883	89,179
Total	32,018	114,135	89,530

¹ During the period, the Company undertook an Asset Reunification Programme to reunite inactive shareholders with their shares and unclaimed dividends. Pursuant to the Company's Articles of Association, the Company has exercised its right to reclaim the shares of shareholders whom the Company, through its previous Registrar, has been unable to locate for a period of 12 years or more. These forfeited shares were sold in the open market by the Registrar and the proceeds, net of costs, were returned to the Company. In addition, any unclaimed dividends older than 12 years from the date of payment of such dividends were also forfeited and returned to the Company.

Notes to the Condensed Financial Statements

For the six months ended 31st July 2024

1. Financial statements

The information contained within these condensed financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st January 2024 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies and include the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

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

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 31st July 2024.

All of the Company's operations are of a continuing nature.

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st January 2024.

3. Taxation

The Company's effective corporation tax rate is 25%, however as the current period deductible expenses exceed taxable income, no income tax is payable. Furthermore, the Company does not pay tax on capital gains due to its status as an investment trust company. The tax charge recognised in the period comprises overseas withholding tax.

4. Return/(loss) per share

	(Unaudited) Six months ended 31st July 2024 £'000	(Unaudited) Six months ended 31st July 2023 £'000	(Audited) Year ended 31st January 2024 £'000
Return/(loss) per share is based on the following:			
Revenue return	41,654	42,088	71,066
Capital return/(loss)	286,248	(50,767)	4,142
Total return/(loss)	327,902	(8,679)	75,208
Weighted average number of shares in issue	776,683,471	790,059,889	788,846,061
Revenue return per share	5.36p	5.33p	9.01p
Capital return/(loss) per share	36.86p	(6.43)p	0.53p
Total return/(loss) per share	42.22p	(1.10)p	9.54p

Notes to the Condensed Financial Statements

5. Dividends paid

	(Unaudited) Six months ended 31st July 2024		(Unaudited) Six months ended 31st July 2023		(Audited) Year ended 31st January 2024	
	Pence	£'000	Pence	£'000	Pence	£'000
Dividend paid						
Fourth quarterly dividend paid to shareholders in May	3.30	25,626	3.10	24,493	3.10	24,493
First quarterly dividend paid to shareholders in August ¹	1.50	11,628	1.45	11,456	1.45	11,456
Second quarterly dividend paid to shareholders in November	n/a	—	n/a	—	1.45	11,451
Third quarterly dividend paid to shareholders in February ¹	n/a	—	n/a	—	1.45	11,391
Total dividends paid in the period	4.80	37,254	4.55	35,949	7.45	58,791
Forfeiture of unclaimed dividends over 12 years old ²		(276)		—		—
Net dividends paid in the period		36,978		35,949		58,791

¹ The Company irrevocably transfers the funds to its Registrar in the month prior to which the dividend is paid to shareholders.

² The unclaimed dividends were forfeited following an extensive exercise which attempted to reunite the dividends with owners.

All dividends paid in the period/year have been funded from the revenue reserve.

The first 2025 quarterly dividend of 1.50p (2024: 1.45p) per share, amounting to £11,628,000 (2024: £11,456,000) was paid on 1st August 2024 in respect of the six months ended 31st July 2024.

A second 2025 quarterly dividend of 1.50p (2024: 1.45p) per share, amounting to £11,622,000 (2024: £11,451,000), has been declared payable in respect of the six months ended 31st July 2024.

6. Net asset value per share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the period/year end are shown below. These were calculated using 774,800,303 (July 2023: 789,845,662; January 2024: 782,056,565) Ordinary shares in issue at the period/year end (excluding Treasury shares).

	(Unaudited) Six months ended 31st July 2024 Net asset value attributable		(Unaudited) Six months ended 31st July 2023 Net asset value attributable		(Audited) Year ended 31st January 2024 Net asset value attributable	
	£'000	pence	£'000	pence	£'000	pence
Net asset value - debt at par	2,141,011	276.3	1,820,585	230.5	1,865,619	238.6
Add: amortised cost of £175 million 6.125% debenture stock 25th February 2030	174,452	22.5	174,355	22.1	174,404	22.3
Less: Fair value of £175 million 6.125% debenture stock 25th February 2030	(191,929)	(24.8)	(189,830)	(24.0)	(193,665)	(24.7)
Add: amortised cost of £3.85 million 4.25% perpetual debenture stock	3,850	0.5	3,850	0.5	3,850	0.5
Less: fair value of £3.85 million 4.25% perpetual debenture stock	(3,119)	(0.4)	(3,225)	(0.4)	(3,150)	(0.4)
Add: amortised cost of senior unsecured privately placed loan notes	149,685	19.3	149,684	18.9	149,680	19.1
Less: fair value of senior unsecured privately placed loan notes	(83,341)	(10.7)	(82,592)	(10.5)	(82,601)	(10.6)
Net asset value - debt at fair value	2,190,609	282.7	1,872,827	237.1	1,914,137	244.8

Notes to the Condensed Financial Statements

7. Fair valuation of investments

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

	(Unaudited) Six months ended 31st July 2024		(Unaudited) Six months ended 31st July 2023		(Audited) Year ended 31st January 2024	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Level 1	2,428,522	—	2,019,556	—	2,109,504	—
Level 3 ¹	6,382	—	6,210	—	6,210	—
Total	2,434,904	—	2,025,766	—	2,115,714	—

¹ Consists only of holdings in Tennants Consolidated Limited (ordinary shares, A shares and preference shares) unquoted stocks, which are still held as at 31st July 2024.

A reconciliation of the fair value measurements using valuation techniques using non-observable data (Level 3) is set out below.

	Six month ended 31st July 2024 (Unaudited)			Six month ended 31st July 2023 (Unaudited)			Year ended 31st January 2024 (Audited)		
	Equity Investments	Fixed Interest Investment	Total	Equity Investments	Fixed Interest Investment	Total	Equity Investments	Fixed Interest Investment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Level 3									
Opening balance	6,116	94	6,210	5,080	94	5,174	5,080	94	5,174
Change in fair value of unquoted investment during the period/year	172	—	172	1,036	—	1,036	1,036	—	1,036
Closing balance	6,288	94	6,382	6,116	94	6,210	6,116	94	6,210

8. Analysis of changes in net debt

	As at 31st January 2024 £'000	Cash flows £'000	Interest and amortisation charges £'000	As at 31st July 2024 £'000
Cash	351	(101)	—	250
Cash held in JPMorgan GBP Liquidity Fund	89,179	(57,411)	—	31,768
	89,530	(57,512)	—	32,018
Borrowings				
Debentures falling due after more than five years	(178,254)	5,442	(5,490)	(178,302)
Private Placement due after more than five years	(149,680)	1,455	(1,460)	(149,685)
	(327,934)	6,897	(6,950)	(327,987)
Total net debt	(238,404)	(50,615)	(6,950)	(295,969)



Interim Management Report

The Company is required to make the following disclosures in its half year report.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company include, but are not limited to, investment under-performance, geopolitical instability, cyber crime, discount control, legal and regulatory change, corporate strategy and mid and small cap company investment (liquidity risk). Information on each of these is given in the Strategic Report within the Annual Report and Financial Statements for the year ended 31st January 2024.

In the view of the Board, these principal risks and uncertainties are as much applicable to the remaining six months of the financial year as they were to the six months under review.

Related parties transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Going concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least 12 months from the date of the approval of this half year financial report. For these reasons, they consider there is sufficient evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half year financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of affairs of the Company, and of the assets, liabilities, financial position and net return of the Company as at 31st July 2024 as required by the UK Listing Authority Disclosure Guidance and Transparency Rules ('DTRs') 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the DTRs.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- notify the Company's shareholders in writing about the use, if any, of disclosure exemptions in FRS102 in the preparation of the financial statements;

and the Directors confirm that they have done so.

For and on behalf of the Board

Angus Gordon Lennox
Chairman

16th October 2024



Glossary of Terms and Alternative Performance Measures ('APMs') (unaudited)

Alternative Performance Measure (APM)

Alternative Performance Measures (APMs) are numerical measures of current, historical or future financial performance, financial position or cash flow that are not GAAP measures. APMs are intended to supplement the information in the financial statements, providing useful industry-specific information that can assist shareholders to better understand the performance of the Company.

Where a measure is labelled as an APM, a definition and reconciliation to a GAAP measure is set out below.

Net Asset Value ('NAV')

Also described as shareholders' funds the NAV is the value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The NAV per ordinary share is calculated by dividing the net assets by the number of ordinary shares in issue (see note 6 on page 24). For accounting purposes assets are valued at fair (usually market) value and liabilities are valued at par (amortised cost).

Cum-income NAV includes the current year's undistributed income.

Return to shareholders (APM)

Total return to the shareholders, on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

Total return calculation	Page	Six months ended 31st July 2024	
Opening share price (p)	8	214.0	(a)
Closing share price (p)	8	263.5	(b)
Total dividend adjustment factor ¹		1.021282	(c)
Adjusted closing share price (p) (d = b x c)		269.1	(d)
Total return to shareholders (e = d/a - 1)		25.8%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

Return on net assets with debt at fair value (APM)

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

The Company's debt (debentures and senior unsecured privately placed loan notes) is valued in the Statement of Financial Position on page 21 at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par Value'.

The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the 'Debt at Fair Value'. The difference between fair and par values of the debt is subtracted from the NAV to derive the NAV with debt at fair value. The fair values of the £3.85 million perpetual debenture, the £175 million debenture and the £150 million senior unsecured privately placed loan notes have been calculated using discounted cash flow techniques, using the yield from similar dated gilts plus a margin based on the five year average for the AA Barclays Sterling Corporate Bond spread.

Total return calculation	Page	Six months ended 31st July 2024	
Opening cum-income NAV per share with debt at fair value (p)	8	244.8	(a)
Closing cum-income NAV per share with debt at fair value (p)	8	282.7	(b)
Total dividend adjustment factor ¹		1.018610	(c)
Adjusted closing cum-income NAV per share with debt at fair value (p) (d = b x c)		288.0	(d)
Total return on net assets with debt at fair value (e = d/a - 1)		17.6%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

Glossary of Terms and Alternative Performance Measures ('APMs') (unaudited)

Return on net assets with debt at par value (APM)

Total return on net asset value ("NAV") per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Page	Six months ended 31st July 2024	
Opening cum-income NAV per share with debt at par value (p)	8	238.6	(a)
Closing cum-income NAV per share with debt at par value (p)	8	276.3	(b)
Total dividend adjustment factor ¹		1.019122	(c)
Adjusted closing cum-income NAV per share with debt at par value (p) (d = b x c)		281.6	(d)
Total return on net assets with debt at par value (e = d/a - 1)		18.0%	(e)

¹ The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

Benchmark return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/(net cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	Six months ended 31st July 2024 £'000	Year ended 31st January 2024 £'000	
Investments held at fair value through profit or loss	21	2,434,904	2,115,714	(a)
Net assets	21	2,141,011	1,865,619	(b)
Gearing (c = a/b - 1)		13.7%	13.4%	(c)

Ongoing charges ratio (APM)

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

The figure as at 31st July 2024 is an estimated annualised figure based on the numbers for the six months ended 31st July 2024, multiplied by two.

	Page	Six months ended 31st July 2024 £'000	Year ended 31st January 2024 £'000	
Management fee	19	7,710	6,903	
Other administrative expenses	19	1,536	1,536	
Total management fee and other administrative expenses		9,246	8,439	(a)
Average daily cum-income net assets		1,962,760	1,784,760	(b)
Ongoing charges (c = a/b)		0.47%	0.47%	(c)

Glossary of Terms and Alternative Performance Measures ('APMs') (unaudited)

Share price discount/premium to NAV per share (APM)

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust company's shares to trade at a discount than at a premium.

	Page	Six months ended 31st July 2024 £'000	Year ended 31st January 2024 £'000	
Share price (p)	8	263.5	214.0	(a)
Net assets value per share with debt at fair value (p)	8	282.7	244.8	(b)
Discount to net asset value with debt at fair value (c = (a-b)/b)		(6.8)%	(12.6)%	(c)

	Page	Six months ended 31st July 2024 £'000	Year ended 31st January 2024 £'000	
Share price (p)	8	263.5	214.0	(a)
Net assets value per share with debt at par value (p)	8	276.3	238.6	(b)
Discount to net asset value with debt at par value (c = (a-b)/b)		(4.6)%	(10.3)%	(c)

Mid and small cap companies

Mid cap companies are defined as companies in the FTSE 250 (the Mid Cap Index). Small cap companies are defined as companies in the FTSE SmallCap Index.

Where to Buy The Mercantile Investment Trust

You can invest in The Mercantile Investment Trust through the following:

1. Via a third party provider

Third party providers include:

AJ Bell	Hargreaves Lansdown
Barclays Smart investor	iDealing
Bestinvest	IG
Charles Stanley Direct	Interactive investor
Close Brothers A.M. Self Directed Service	IWeb
Fidelity Personal Investing	ShareDeal active
Freetrade	Willis Owen
Halifax Share Dealing	X-O.co.uk

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and the Company does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

2. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you to find an investment that suits your individual circumstances.

An adviser will let you know the fee for their service before you go ahead. You can find an adviser at www.unbiased.co.uk.

You may also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit www.fca.org.uk.

3. Dividend reinvestment plan

The Company operates a dividend reinvestment plan. For further information please contact the Registrar, platform provider or a professional adviser.

Share Fraud Warning

Investment and pension scams are often sophisticated and difficult to spot



Be a **ScamSmart** Investor

Be a ScamSmart investor and spot the warning signs

Fraudsters will often:

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



How to avoid investment and pension scams

1

Reject unexpected offers

Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.

2

Check the FCA Warning List

Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.

3

Get impartial advice

Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk



Be ScamSmart and visit
www.fca.org.uk/scamsmart

Information About the Company

Financial Conduct Authority ('FCA') regulation of 'non-mainstream pooled investments' and MiFID II 'complex instruments'

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust. The Company's shares are not classified as 'complex instruments' under the FCA's revised 'appropriateness' criteria adopted in the implementation of MiFID II.

Consumer Duty Value Assessment

JPMF has conducted an annual Value Assessment on the Company in line with Financial Conduct Authority ('FCA') rules set out in the Consumer Duty regulation. The Assessment focuses on the nature of the product, including benefits received and its quality, limitations that are part of the product, expected total costs to clients and target market considerations. Within this, the assessment considers quality of services, performance of the trust (against both benchmark and peers), total fees (including management fees and entry and exit fees as applicable to the Company), and also considers whether vulnerable consumers are able to receive fair value from the product. JPMF has concluded that the Company is providing value based on the above assessment.

Task Force on Climate-related Financial Disclosures

As a listed Investment Trust, the Company is exempt from Task Force on Climate-related Financial Disclosures ('TCFD') disclosures. However, in accordance with the requirements of the TCFD, on 30th June 2024, the Investment Manager published its UK TCFD Report for the Company in respect of the year ended 31st December 2023. The report discloses estimates of the portfolio's climate-related risks and opportunities according to the FCA Environmental, Social and Governance Sourcebook and the TCFD Recommendations. The report is available on the Company's website: www.mercantileit.co.uk.

Information About the Company

History

The Mercantile Investment & General Trust Company Limited was formed in December 1884 with issued capital of £500,000. The Company merged with three other investment trusts in 1960 under a scheme of arrangement and changed its name to The Mercantile Investment Trust Limited. In 1982 the Company became The Fleming Mercantile Investment Trust plc. In April 2008, the Company adopted its present name, The Mercantile Investment Trust plc.

A publication entitled 'The Mercantile Investment Trust plc 125 years' is available from the Company Secretary.

Directors

Angus Gordon Lennox (Chairman)
Rachel Beagles
Julia Goh
Heather Hopkins
Graham Kitchen
Damien Maltarp

Company numbers

Company Registration number: 00020537
London Stock Exchange number: 0579403
ISIN: GB0005794036
Bloomberg ticker: MRC LN
LEI: 549300BGX3CJIHLP2H42

Market information

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times and on the Company's website at www.mercantileit.co.uk.

Website

www.mercantileit.co.uk

Share transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf.

Manager and Company Secretary

JPMorgan Funds Limited

Company's registered office

60 Victoria Embankment
London EC4Y 0JP
Telephone: 0800 20 40 20 or +44 1268 44 44 70
email: invtrusts.cosec@jpmorgan.com

Please contact Divya Amin for Company Secretarial and administrative matters.

Depository

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

The Depository has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Rd
Bristol
BS99 6ZZ
United Kingdom
Telephone + 44 (0) 370 707 1432

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Shareholders can manage their shareholding online by visiting Investor Centre at www.investorcentre.co.uk. Shareholders just require their Shareholder Reference Number ('SRN'), which can be found on any communications previously received from Computershare.

Independent auditors

BDO LLP
Chartered Accountants and Statutory Auditors
55 Baker Street
London W1U 7EU

Brokers

Cavendish Financial PLC
One Bartholomew Close
London EC1A 7BL
Winterflood Securities Limited
Riverbank House
2 Swan Lane
London EC4R 3GA



The Association of
Investment Companies

A member of the AIC

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