Strategic Equity Capital plc

A specialist alternative equity Trust with a concentrated smaller companies portfolio

Report & Financial Statements

for the year ended 30 June 2022

Since 1857
Gresham House
Specialist asset management

Investment Objective

The investment objective of Strategic Equity Capital plc ("the Company") is to achieve absolute returns (i.e. growth in the value of investments) rather than relative returns (i.e. attempting to outperform selected indices) over a medium-term period, principally through capital growth.

The Company's investment policy can be found on page 16.

Investment Manager

Gresham House is a specialist alternative asset management group, dedicated to sustainable investments across a range of strategies, with expertise across forestry, housing, infrastructure, renewable energy and battery storage, public and private equity.

Its origins stretch back to 1857, while its focus is on the future and the long term. Quoted on the London Stock Exchange (GHE:LN) Gresham House actively manage c.£7.3bn of assets on behalf of institutions, family offices, charities and endowments, private individuals and their advisers. It acts responsibly within a culture of empowerment that encourages individual flair and entrepreneurial thinking.

As a signatory to the UN-supported Principles for Responsible Investment (PRI), its vision is to always make a positive social or environmental impact, while delivering on its commitments to shareholders, employees and investors. It is a member of UK Sustainable Investment and Finance Association (UKSIF), a signatory to the UK Stewardship Code, and have also been awarded the LSE Green Economy Mark.

Gresham House is an active investor and acts as a long-term steward of the assets across their portfolio. It believes that active ownership, including engagement and voting, are effective mechanisms designed to minimise risk and maximise returns. Across all their asset classes, it believes that understanding and, wherever possible, improving on environmental, social, economic and governance (ESG) performance drives long-term value, and aim to work proactively with management teams and key stakeholders to make a positive change over time.

Within their Strategic Equity division its investment philosophy applies a private equity approach to investing in both public and private companies. Through rigorous due diligence, its team aims to achieve superior returns for long-term investors, and it shares a fundamentals-based, high-conviction approach to finding and investing in opportunities in both public and private equity markets. The investment team is highly experienced in this strategy with a track record stretching back over 20 years.

A more detailed explanation of the Investment Strategy can be found in the Investment Manager's Report on page 7.

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Financial Summary

Net Asset Value ("NAV") per ordinary Share		
316.21 pence	June 2021	350.05 pence
-9.7%		

Ordinary Share Price		
280.00 pence	June 2021	311.00 pence
-10.0%		

NAV Total Return		
-9.2%	June 2021	+46.8%

Share Price Total Return		
-9.5%	June 2021	+59.9%

Discount of Ordinary Share Price to NAV		
-11.5%	June 2021	-11.2%

Proposed Final Dividend for the year		
2.00 pence	June 2021	1.60 pence
+25.0%		

Information disclaimer

This report is produced for members of the Company with the purpose of providing them with information relating to the Company and its financial results for the period under review. If you are in any doubt as to the action you may need to take, please seek advice from your stockbroker, solicitor, accountant or other financial advisor authorised under the Financial Services and Markets Act 2020. This report contains subjective opinion, analysis and forward looking statements which, by their very nature involve uncertainty. Past performance is no guarantee of future performance. Investments are not guaranteed and you may not get back the amount you originally invested. Neither the Directors nor the Company take responsibility for matters outside of their control. The Board and its advisers have endeavoured to produce these audited accounts in good faith and in accordance with legislation, regulations, reporting standards and to be useful to stakeholders in the Company, including its shareholders.

	At 30 June 2022	At 30 June 2021	% change
Capital return			
Net asset value ("NAV") per Ordinary share†	**316.21p**	350.05p	(9.7)%
Ordinary share price	**280.00p**	311.00p	(10.0)%
Comparative index‡	**5,164.05**	6,213.89	(16.9)%
Discount[1] of Ordinary share price to NAV	**(11.5)%**	(11.2)%	
Average discount of Ordinary share price to NAV for the year[1]	**(12.6)%**	(17.7)%	
Total assets (£'000)	**177,198**	223,759	(20.8)%
Equity shareholders' funds (£'000)	**175,030**	221,569	(21.0)%
Ordinary shares in issue with voting rights	**55,352,088**	63,296,844	–

	Year ended 30 June 2022	Year ended 30 June 2021
Performance		
NAV total return for the year[1]	**(9.2)%**	46.8%
Share price total return for the year[1]	**(9.5)%**	59.9%
Comparative index‡ total return for the year[1]	**(14.6)%**	65.2%
Ongoing charges[1]	**1.08%**	1.07%
Ongoing charges (including performance fee)[1]	**1.08%**	1.07%
Revenue return per Ordinary share	**2.43p**	1.34p
Dividend yield[1]	**0.7%**	0.5%
Proposed final dividend for the year	**2.00p**	1.60p

Year's Highs/Lows	High	Low
NAV per Ordinary share	362.5p	312.3p
Ordinary share price	322.0p	267.0p

† Net asset value or NAV, the value of total assets less current liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

‡ FTSE Small Cap (ex Investment Trusts) Index.

Alternative Performance Measures

1. Please refer to pages 71 and 72 for definitions and a reconciliation of the Alternative Performance Measures to the year-end results.

Chairman's Statement

Introduction

Over the course of the Company's financial year the broad economic recovery from the Covid-19 pandemic, which had driven strong equity market performance during 2021, gave way to aftershocks from the unwinding of government stimulus and support measures, uncovering damage to the real economy and driving increasing macroeconomic and geopolitical uncertainty.

The spectre of sustained high inflation at levels not experienced in developed economies for many decades has in turn led to a dramatic shift in the outlook for interest rates which have rapidly increased to levels not seen since before the Global Financial Crisis of 2008. The shocking reality of war in Europe following Russia's invasion of Ukraine has heightened uncertainty, destabilised commodity markets and led to unprecedented increases in energy prices which have added further fuel to inflation.

This challenging backdrop has inevitably negatively impacted market sentiment and led to a sharp sell-off in most mainstream asset classes including global equities. The effect has been particularly acute within the area of UK Smaller Companies, where your Company focuses, driving significant volatility. This volatile market environment can be a double edged sword for the Company. On the one hand our portfolio companies face economic headwinds and a more uncertain outlook. On the other hand weaker share prices and the market's tendency to over-discount shorter term issues and under appreciate the longer term prospects of fundamentally sound businesses can be a fertile hunting ground and plays to the strengths of the Manager's established and proven investment process.

Weaker equity markets, particularly in the area of UK Smaller Companies, has increasingly been attracting the attention of well funded private equity funds seeking to take advantage of the relative valuation discount being applied to publicly listed companies compared to prevailing private market transaction valuation multiples. The Company's portfolio has been a beneficiary of this phenomenon with takeover approaches for a number of companies over the past two years. During the period we made full realisations through takeover offers for Clinigen, Proactis and Equiniti all from private equity buyers. River & Mercantile was also fully exited post period end to a trade consolidator. The Company is positioned as a high conviction concentrated portfolio of high quality businesses that have the potential to be strategically valuable. As such it remains susceptible to further approaches while valuation multiples remain depressed. This, together with the underlying financial health of the portfolio despite the weaker economic environment, provides the Board with confidence that our investment management team will be able to generate good long term returns for shareholders in the Company.

Performance

During the twelve months to 30 June 2022, the Company's share price decreased by 9.5% on a total return basis, while its NAV per share (on a total return basis) decreased by 9.2%. In contrast to the FTSE Small Cap (ex Investment Trusts) Total Return Index ("FTSE Small Cap Index"), which we use for comparison purposes only, fell by 14.6%. In the year to date up to 30 September 2022 these latter figures are even more dramatic with the Company's NAV decreasing by 17.6% while the FTSE Small Cap Index has fallen by a much larger amount of 26.6%. This is particularly encouraging as those sectors in which the Company does not invest such as Oil & Gas, Mining and Banks were those which performed best during the year.

Returns, on both an absolute and relative basis, have been encouraging over the medium term which the Board considers to be a more meaningful measure of performance; over the five years ending 30 June 2022, the NAV total return was 4.8% on an annualised basis, against the annualised comparator return of 3.7%. Over the five years ending 30 June 2022, the share price total return was 5.2% on an annualised basis.

Absolute NAV performance has inevitably been weaker during the year as a result of the broad market sell-off. However, the relatively defensive positioning of the portfolio, focused on higher quality companies exposed to areas of structural growth where they have a degree of pricing power and operate largely in businesses with resilient fundamentals and strong balance sheets has enabled the Company to outperform its comparator and many of its peers during the period. It should also be noted that the Company has a deliberate policy of not investing into the natural resources sector where earnings are more dependent on the price of commodities which are outside of managements' direct control. During the Company's year commodity prices have been generally strong leading to outperformance by natural resources stocks. This performance is discussed more fully in the Investment Manager's Report on page 7.

Development of the Company

Ken Wotton (Managing Director, Public Equity at Gresham House) has been Lead Manager of the Company since September 2020. Since then Ken and his team have gradually repositioned the portfolio into a high conviction set of businesses, many of which the Company now holds strategic and influential equity stakes in. These form the platform from which the Manager implements its highly differentiated and engaged Strategic Public Equity strategy (summarised in the Investment Manager's Report on page 7).

Gresham House plc, directly and indirectly through its in-house funds, has continued to purchase shares in the Company.

Just before Christmas, we received an unsolicited approach from the Board of Odyssean Investment Trust plc to merge your trust with theirs. After thorough consideration of the proposals with our advisers and detailed discussions with some of our largest shareholders, the Board decided to back a counter-proposal developed in conjunction with our current manager and to continue to support Ken Wotton our lead portfolio manager and the Gresham House Strategic Equity team.

Discount and Discount Management

The average discount to NAV of the Company's shares during the period was 12.6%, compared to the equivalent 17.7% figure from the prior year. The discount range was 4.2% to 16.7%. The share price discount to NAV ended the period at 11.5%. At the date of this statement the discount was 8.3%.

The Board has announced a series of proposals which it believes will address the persistent discount. These include:

- the implementation of a tender offer for up to 10 per cent. of the Company's share capital. The tender offer was approved by shareholders on 23 March 2022 and a total of 6,329,685 shares were repurchased at a cost of 322 .8748 pence per share.
- following the completion of the initial tender offer, the implementation of a share buyback programme for up to an additional approximate 9 per cent. of NAV with shares repurchased during the 2022 calendar year at a discount to NAV of greater than 5 per cent;
- a new buyback policy to return 50 per cent. of proceeds from profitable realisations, at greater than a 5 per cent. discount on an ongoing basis, in each financial year, commencing in the financial year ending 30 June 2023;
- a commitment by Gresham House plc to use £5 million of its cash resources to purchase shares by June 2023 at greater than a 5 per cent. discount;
- an ongoing commitment by Gresham House Asset Management to reinvest 50 per cent. of its management fee per quarter in shares if the Company's shares trade at an average discount of greater than 5 per cent. for the quarter; and
- the deferral of the continuation resolutions that would otherwise be proposed at the Company's Annual General Meetings in 2022, 2023 and 2024 in favour of the implementation of a 100 per cent. realisation opportunity for shareholders in 2025, the structure and timing of which will be communicated by the Board in due course.

The Board

I am delighted to welcome Annie Coleman to your board as a new non-executive director. Annie was appointed as a director on 14 February 2022 and brings a wealth of financial services and strategic marketing experience at blue chip organisations including Goldman Sachs, UBS and Unicredit. She has already made a positive impact supporting the Company's distribution and marketing strategy.

As I have already announced I shall be retiring from the Board at the AGM in November 2022. The Board is undertaking a rigorous selection process for the new Chairman and expect to announce the appointment of my successor in the near future.

I would like to thank my Board colleagues for their support throughout my period as Chairman. It has been a great pleasure working with such a dedicated, able and hard working team.

Gearing and Cash Management

The Company has maintained its policy of operating without a banking loan facility. This policy is reviewed annually by the Board in conjunction with the Investment Manager. The Board, together with the Investment Manager, has a conservative approach to gearing because of the concentrated nature of the portfolio. No gearing has been in place at any point during the period. Cash balances are generally maintained to take advantage of suitable investment opportunities as they arise.

Dividend

For the year ended 30 June 2022 the basic revenue return per share was 2.43p (2021: 1.34p; 2020: 0.38p). Although the Company is predominantly focused on delivering long term capital growth, due to the strongly cash generative nature of the majority of the portfolio companies and low capital intensity, many pay an attractive dividend. Accordingly, the Board is proposing a final dividend of 2.00p per share for the year ending 30 June 2022 (2021: 1.60p per share; 2020: 1.25p per share; 2019: 1.5p per share), payable on 16 November 2022 to shareholders on the register as at 14 October 2022.

Outlook

With no sign of a de-escalation of the war in Ukraine and with central banks and policy makers scrambling to tackle soaring inflation it is hard to be optimistic about the near term prospects for the UK or global economies. Inevitably this uncertain environment will lead to ongoing periods of market volatility over the coming year and potentially beyond.

The relatively low valuation of the UK equity market compared to other international markets, particularly the USA, as well as the material discount being applied to UK Smaller Companies should provide some degree of downside protection. This, combined with a wealth of high quality UK listed companies with strong longer term prospects and the ongoing elevated level of takeover activity, all give some cause for optimism when it comes to the Company's portfolio and the potential to deploy capital into attractive new opportunities.

The resilient positioning of the Company's portfolio should enable it to outperform in the current challenging environment and deliver attractive long-term capital growth when markets stabilise. Allied with the new and enhanced marketing programme, ongoing share buybacks and purchases by Gresham House we expect to see the discount narrow further over the coming year.

I step down in the knowledge that the Company's portfolio is managed by a highly talented and well led investment team complemented in all areas by first class service providers. I wish them the best of good fortune in the years ahead.

The Board, once again, thanks you for your continued support.

Richard Hills
Chairman

5 October 2022

Investment Manager's Report

Investment Strategy

In the following section, we remind shareholders of our strategy and investment process.

Our Strategic Public Equity strategy

The appointment of Gresham House as Manager in May 2020 and the subsequent appointment of Ken Wotton as Lead Fund Manager in September 2020 resulted in a refocus of the investment strategy ensuring that it is strictly applied and is able to effectively leverage the experienced resource of the Gresham House Strategic Equity team, the wider Group platform and its extensive network. We set out this strategy in detail in the Company's 2021 Annual Report which we summarise again below.

Investment focus

Our investment focus is to invest into high quality, publicly quoted companies which we believe can materially increase their value over the medium to long term through strategic, operational or management change. To select suitable investments and to assist in this process we apply our prop rietary Strategic Public Equity ("SPE") investment strategy. This includes a much higher level of engagement with management than most investment managers adopt and is closer in this respect to a private equity approach to investing in public companies. Our path to achieving this involves constructing a high conviction, concentrated portfolio; focusing on quality business fundamentals; undertaking deep due diligence including engaging our proprietary network of experts and assessing ESG risks and opportunities through the completion of the ESG decision tool; and maintaining active stewardship of our investments. Through constructive, active engagement with the management teams and boards of directors, we seek to ensure alignment with shareholder objectives and to provide support and access to other resource and expertise to augment a company's value creation strategy.

We are long-term investors and typically aim to hold companies for three to five years to back a thesis that includes an entry and exit strategy and a clearly identified route to value creation. We have clear parameters for what we will invest in and areas which we will deliberately avoid.

Smaller company focus

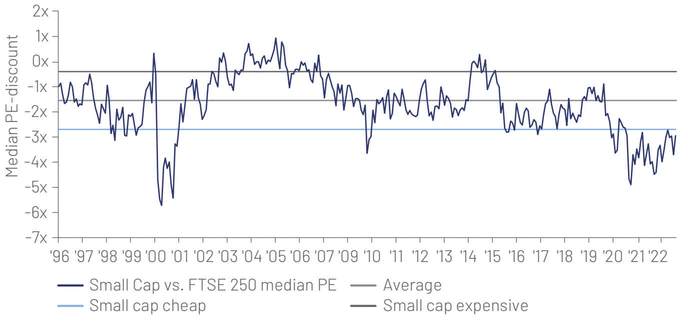
We believe that UK Smaller Companies represent a structurally attractive part of the public markets. Academic research demonstrates that smaller companies in the UK have delivered substantial outperformance over the long term with the Numis Smaller Companies Index delivering a 3.1 percentage point compound premium return per annum since 1955 relative to the UK stock market as a whole. This is partially because there is a large number of under-researched and under-owned businesses that typically trade at a valuation discount to larger companies (see Figure 1 on page 8) and relative to their prospects. A highly selective investor with the resources and experience to navigate successfully this part of the market can find exceptional long-term investment opportunities.

The key attractions of smaller companies are:

- **Inefficient markets** – Smaller companies remain under-researched and below the radar for most investors thus creating an opportunity for those willing to devote time and resource to this area.
- **A large universe** – Most UK listed companies are in the smaller companies category and are listed on the main market or AIM. Two-thirds of UK listed companies have a market capitalisation below £500m, offering a large opportunity set for smaller company specialists.
- **Valuation discounts** – Such discounts, arising for whatever reason, present attractive entry points at which the intrinsic worth of a company's long-term prospects are undervalued.
- **M&A activity** – Smaller companies often offer strategic opportunities within their niche markets and can become attractive, potential acquisition targets for both trade and private equity buyers. These buyers provide an additional source of liquidity and realisation of value for smaller company investors.

Figure 1: 'Small-cap discount'

Median SC P/E – FTSE



Source: Liberum, Datastream, 30 June 2022

Portfolio construction

We will maintain a concentrated portfolio of 15-25 high conviction holdings with prospects for attractive absolute returns over our investment holding period. The majority of portfolio value is likely to be concentrated in the top 10-15 holdings with other positions representing potential "springboard" investments where we are still undertaking due diligence or awaiting a catalyst to increase our stake to an influential, strategic level.

Bottom-up stock picking determines SEC's sector weightings which are not explicitly managed relative to a target comparator weighting. The absence of certain sectors such as Oil & Gas, Mining, and Banks, as well as limited exposure to overtly cyclical parts of the market, and the absence of early stage or pre-profit businesses typically result in a portfolio weighted towards, but not exclusively, profitable cash generative service sector businesses particularly in technology, healthcare, business services, financials and industrials. The underlying value drivers are typically company specific and exhibit limited correlation even within the same broad sectors. Figure 2 sets out the sector exposure of the Fund as at 30 June 2022.

Our smaller company focus and specialist expertise leads us to prioritise companies with a market capitalisation between £100m and £300m at the point of investment. This focus, in combination with the size of the Trust and its concentrated portfolio approach, provides the potential to build a strategic and influential stake in the highest conviction holdings. In turn this provides a platform to maximise the likelihood that our constructive active engagement approach will be effective and ultimately successfully contribute to shareholder value creation.

Once purchased there is no upper limit restriction on the market capitalisation of an individual investment. We will run active positions regardless of market capitalisation provided they continue to deliver the expected contribution to overall portfolio returns and subject to exposure limits and portfolio construction considerations.

Figure 2: Sector exposure by value

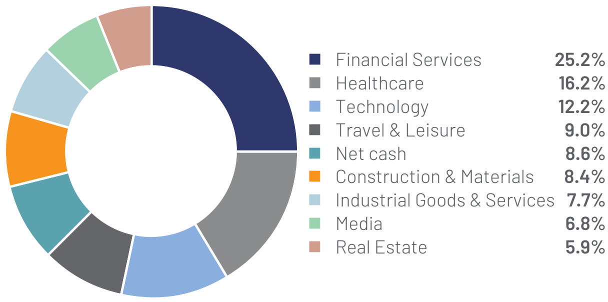
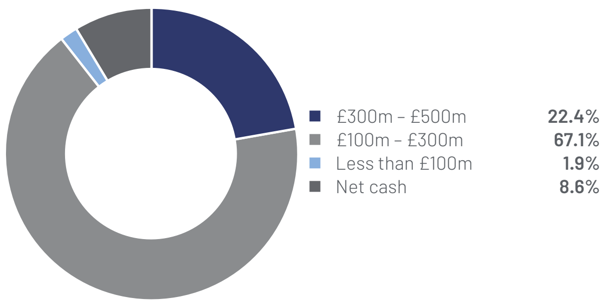


Figure 3: Value by market cap band



The average market capitalisation of portfolio holdings decreased to £231m as at 30 June 2022 compared to £367m as at 30 June 2021 reflecting a combination of weaker share prices as equity markets sold off during 2022 and the Manager's strategy of focusing on smaller market capitalisation companies where SEC has the potential to take a meaningful equity stake as a platform to effectively apply its active engagement strategy.

We set out a description of the Top 10 holdings as at 30 June 2022 in the Investment Manager's Report on page 12 together with a high level summary of the investment case and recent developments for each position.

Constructive Active Engagement Approach

As far as possible, SEC aims to build consensus with other stakeholders. We want to unlock value for shareholders, but also create stronger businesses over the long term. The objective is to develop a dialogue with management so that the GHAM team and its network are seen as trusted advisors.

Operating with a highly-focused portfolio, SEC's management team can build and maintain a deep understanding of its portfolio companies and their potential. The team engages with company management teams and boards in a number of areas including:

- **Strategy** – Working with boards to ensure business strategy and operations are effectively aligned with long term value creation and focused on building strategic value within a company's market.
- **Corporate activity** – Support for acquisition and divestment activity through advice, network introductions and provision of cornerstone capital.
- **Capital allocation** – Seeking to work with boards to optimise capital allocation by prioritising the highest return and value added projects and areas of focus for investment of both capital and resource.
- **Board composition** – Ensuring that boards are appropriately balanced between executive and non-executive directors and contain the right balance of skills and experience; we actively use our talent network to introduce high quality candidates to enhance the quality of investee company boards as appropriate.
- **Management incentivisation** – Ensuring that key management are appropriately retained and incentivised to deliver long term shareholder value with schemes that fit with GHAM's principles and are well aligned to our objectives as shareholders.
- **ESG** – Leveraging the Gresham House sustainable investing framework and central resource to help to identify, understand and monitor key ESG risks and opportunities as well as seeking to drive enhancements to a company's approach where there are critical material issues with a particular focus on corporate governance.
- **Investor Relations** – Helping management teams to hone their equity story, select appropriate advisors and target their investor relations activities in the most effective way to ensure that value creation activity is understood and reflected by the market.

Engagement is undertaken privately, as far as possible. The team will also work to leverage its extensive network to the benefit of portfolio companies. We seek to make introductions to our network in as collaborative way as appropriate where we believe there is an opportunity to support initiatives to create shareholder value.

In summary, we follow a practice of constructive corporate engagement and aim to work with management teams in order to support and enhance shareholder value creation. We attempt to build a consensus with other stakeholders and prefer to work collaboratively alongside like-minded co-investors.

Portfolio review for the twelve months to 30 June 2022

Over the course of the financial year we have made good progress with the transition of the portfolio: purchasing five new holdings which represented 8% of NAV at the end of the period, fully exiting six positions (including two post period end) which represented 23% of NAV at the start of the period, and adding to a number of core positions. At the end of the period the number of influential equity stakes where GHAM funds, in aggregate, hold a 5% or more equity stake now stands at nine, and represented 62% of the portfolio by value at 30 June 2022.

Market Background

Over the twelve months to the end of June, the FTSE Smaller Companies (ex Investment Trusts) Index fell by 14.6% on a total return basis underperforming the FTSE All Share (+1.6%) but outperforming the FTSE AIM (—29.8%). The market witnessed a substantial style shift from growth to value as expectations of increasing interest rates took hold. This led to certain more value orientated sectors outperforming such as Oil & Gas, Mining and Banks, all areas where the Fund does not invest.

Significant geopolitical and macroeconomic uncertainty dominated the market tone and resulted in overall weaker risk appetite, falling share prices particularly in smaller companies and heightened market volatility. This was exacerbated during the second half of the Trust's financial year after the Russian invasion of Ukraine increased geopolitical instability and disrupted commodity markets with global ramifications.

Performance Review

The net asset value ("NAV") decreased 9.2%, on a total return basis, over the twelve months to the end of June, closing at 280p per share. This reduction in NAV reflected the volatile equity market conditions over the period as sentiment deteriorated due to increasing concerns around persistently high inflation, rising interest rates, supply chain disruption, and the ongoing aftereffects of the Covid-19 pandemic, heightened further by the Russia/Ukraine conflict during the second half of the financial year. Although NAV per share fell on an absolute basis, the Fund outperformed the FTSE Smaller Companies (ex Investment Trusts) Index which fell by 14.6%. This reflected the relatively defensive positioning of the portfolio compared to the wider market – focused on high quality businesses in less cyclical parts of the market and with resilient business models and robust balance sheets. This outperformance was achieved without exposure to sectors such as Oil & Gas, Mining or Banks which were strong relative performers during the year.

Despite the market volatility experienced over the year, we remain confident about the resilient underlying fundamentals of the portfolio companies and their ability to withstand the macroeconomic headwinds that look set to persist through the current financial year.

Top Five Absolute Contributors to Performance

Security	Valuation 30 June 2022 £'000	Period Contribution to return (basis points)
Clinigen*	–	450
Wilmington	11,807	66
River & Mercantile*	–	52
Iomart	4,736	22
Harworth*	–	14

* Fully realised during the period

Clinigen, a specialist pharmaceutical services provider and the largest portfolio holding during the year, was the largest positive contributor during the period after receiving a takeover approach from European private equity firm Triton at a substantial premium to the undisturbed market price and delivering a full exit for the Fund. **Wilmington**, a professional media provider, delivered strong operational performance and upgraded financial forecasts benefitting from a substantial period of restructuring and a refocused strategy supported by the Gresham House team. **River & Mercantile** was also the recipient of a takeover approach from AssetCo, another listed asset management sector consolidator. It had previously sold its investment solutions and fiduciary management division to Schroders unlocking the value we believed was present in the sum of the constituent parts at the point of the Fund's initial investment. **Iomart**, a datacentre and cloud services provider, is a recent smaller addition to the portfolio during the year and delivered results ahead of depressed market expectations following a protracted period of underperformance which drove a positive re-rating. **Harworth**, delivered results ahead of expectations and narrowed its valuation discount relative to the NAV of its asset portfolio after which we made a full exit from the position.

Bottom Five Absolute Contributors to Performance

Security	Valuation 30 June 2022 £'000	Period Contribution to return (basis points)
Tyman	7,348	(282)
Hyve*	–	(256)
Inspired	13,480	(211)
Medica	21,324	(133)
LSL Property Services	10,343	(129)

* Fully realised during the period

In challenging equity market conditions a number of the portfolio holdings suffered from share price weakness during the period, reversing the very positive trend during the prior year. The largest detractors included **Tyman**, a global supplier of building hardware which was de-rated on concerns about supply chain disruption and inflationary cost pressures despite delivering numbers in line with market expectations and demonstrating it has managed these issues effectively; **Hyve**, an events business was forced to exit its key Russian operations due to the Ukraine conflict; **Inspired**, an energy consultancy, was de-rated on negative sentiment due to the disruption to the UK energy market; **Medica**, a provider of outsourced teleradiology services was de-rated on no specific news which we used as an opportunity to increase the Fund's position; and **LSL Property Services**, which de-rated on a weaker outlook for the UK housing market despite strong progress against its strategy to reposition the group as a financial services focussed business.

Portfolio Review

The portfolio remained highly focused with a total of 18 holdings. The top 10 accounted for 73% of the NAV at the end of the period, with 9% of the NAV held in cash at the period end.

Over the period positions in Alliance Pharma (IRR of 32%); Clinigen (IRR of 19%); Equiniti (IRR of 8%); Harworth (IRR of 18%); Hyve (IRR of -26%); and Proactis (IRR of -20%) were fully exited, with River & Mercantile (IRR of 37%) also exited post period end.

The elevated level of takeover activity in the UK equity market impacted the Fund during the year with Clinigen, Equiniti and Proactis receiving private equity approaches; River & Mercantile a trade approach; and Idox also receiving a potential offer from a trade buyer that was ultimately rejected. Given the current valuation discount being applied to UK smaller listed companies relative to their larger peers and overseas and private market comparables we expect takeover activity to remain buoyant. We believe the Fund currently has a number of key holdings which currently trade at material valuation discounts to comparable private market transaction values which provides a strong margin of safety on the long term upside potential of the portfolio.

We also took some profits from Wilmington following a strong share price performance during the period, delivering an IRR of 3.5% on the tranche divested.

New investments were initiated in Iomart, a datacentre and cloud services provider; Nexus Infrastructure, a specialist electrical engineering services provider; R&Q Investment Holdings, a specialist niche insurance services provider; Ricardo, a leading global environmental and automotive consultancy; and River & Mercantile, an independent fund manager and investment services firm (since exited).

Changes in sector weightings have seen exposure to Healthcare decrease from 26.2% to 16.2%following the exit from Clinigen, whilst Financial Services has increased from 23.1% to 25.2% largely due to increases to the position in XPS. Real Estate has reduced to a 5.9% weighting following the exit from Harworth. Other sector weightings have changed less materially.

Top 10 Investee Company Review

(as at 30 June 2022)

Company	Investment Thesis	Developments during the year
Medica **12.2% of NAV** **Healthcare**	▪ A niche market leader in the UK teleradiology sector which is acyclical and is growing rapidly driven by increasing healthcare requirements and a structural shortage of radiologists ▪ Above market organic growth and underappreciated cash generation characteristics ▪ Discounted valuation relative to comparable private market transaction multiples	▪ Rad MD and Irish acquisitions performing strongly ▪ Covid recovery and backlog in routine procedures supporting core business demand ▪ Future Tech investment progressing well
XPS **10.8% of NAV** **Financial Services**	▪ Leading 'challenger' brand in the pensions administration and advice market with organic market share opportunity following industry consolidation ▪ Highly defensive – high degree of revenue visibility and largely non-discretionary, regulation driven client activity with inflation protected contracts ▪ Below market rating despite favourable cash flow characteristics	▪ Inflation protected contracts driving acceleration in revenue growth ▪ Strong visibility of regulatory changes driving sector demand ▪ Strong cash generation supporting growing dividend
Tribal **8.2% of NAV** **Technology**	▪ International provider of student administration software with market leading positions in the UK, Australia and NZ ▪ Strong defensive characteristics with high visibility of earnings ▪ Transition to cloud-based platform has potential to drive growth, margins and rating ▪ Low valuation relative to software sector averages and sector transaction multiples	▪ Tribal Edge contract wins accelerating transition to SaaS ▪ Bolt on acquisitions expanding product portfolio and cross selling opportunities into existing base ▪ Prospects for improving cash generation as development investment moderates
Inspired Energy **7.7% of NAV** **Industrial Goods & Services**	▪ UK B2B corporate energy services and procurement specialist with strong ESG credentials ▪ Leading player in a fragmented industry; significant opportunity to gain market share through client wins, proposition extension and M&A ▪ Valued at a substantial discount to comparable private market transaction multiples	▪ UK energy market disruption has reduced short term revenue visibility in procurement ▪ High energy costs have driven accelerated growth in optimisation services ▪ ESG revenues accelerating from a low base
Brooks Macdonald **6.8% of NAV** **Financial Services**	▪ UK focused wealth management platform; structural growth given continuing transition to self-investment ▪ Opportunity to leverage operational investments to grow margin and continue strong cash flow generation ▪ A consolidating market; opportunity for Brooks as both consolidator and potential target with recent takeover interest for sector peers	▪ Return to organic net inflows despite market weakness ▪ Strategic technology partnership with SS&C underpins future scalability ▪ Sector takeover activity for Charles Stanley and Brewin Dolphin highlights margin of safety on valuation

Company	Investment Thesis	Developments during the year
Wilmington **6.8% of NAV** **Media**	▪ International provider of B2B data and training in the compliance, insurance, financial and healthcare sectors ▪ New top team have reshaped the strategy and portfolio of businesses ▪ Operational momentum driving revenue and margin growth with potential for a valuation re-rating	▪ Profit and cash generation ahead of expectations driving forecast upgrades ▪ Recovery in live events underpinning growth and margin recovery ▪ Sector consolidation underlines valuation opportunity
LSL Property Services **5.9% of NAV** **Financial Services**	▪ Leading provider of services to the UK residential property sector with activities spanning mortgage broking, surveying and real estate agencies ▪ Significant opportunity to reallocate capital to the Financial Services division which is strategically valuable, high growth and underappreciated by the market ▪ Potential for a material re-rating as business mix shifts to higher quality less cyclical divisions	▪ Uncertain housing market driving volatility into Estate Agency division ▪ Strong progress in financial services ▪ Improved proposition and growth opportunity in Surveying
Fintel **5.3% of NAV** **Financial Services**	▪ Leading UK provider of technology enabled regulatory solutions and services to IFAs, financial institutions and other intermediaries ▪ Strategically valuable technology platform with opportunity to drive material growth in revenues and margins through supporting customers' digitisation journeys	▪ Departure of non-executive Chairman has created founder succession uncertainty ▪ Digital transition progressing with non-core divestment activity ▪ Cash generation strong resulting in significant balance sheet de-geaaring
Hostelworld **4.8% of NAV** **Travel & Leisure**	▪ Leading online travel agent serving the global niche segment of hostelling ▪ Business rationalised and optimised during Covid with enhanced customer value proposition ▪ Recovery from Covid market dynamics well advanced with strong margin recovery potential	▪ Revenues have recovered to pre-Covid levels with further volume recovery still to come ▪ Average order value and customer lifetime values improving ▪ Technology and app investment starting to deliver a positive impact
Ten Entertainment **4.2% of NAV** **Travel & Leisure**	▪ Leading UK operator of ten pin bowling centres ▪ High ROCE operating model with strong cash characteristics ▪ Improving competitive and property dynamics post Covid driving a long term growth opportunity	▪ Strong like-for-like trading performance relative to pre-Covid levels demonstrating demand resilience ▪ Accelerated site expansion ongoing ▪ Balance sheet de-gearing will support a return to dividends

Outlook

The Manager's core planning assumption is that continued geopolitical and macroeconomic uncertainty will drive market volatility throughout the remainder of the calendar year and well into 2023. Markets have not had to deal with rising interest rates and elevated inflation for a considerable period of time and the medium-to-long term ramifications of this for share prices is highly uncertain.

The Manager does not seek to make major macroeconomic predictions or to tilt portfolio construction materially in any direction to mitigate or benefit from macro trends. Rather the core focus remains building a portfolio bottom up by investing in high-quality, resilient companies exposed to structural growth, key competitive advantages or self-help opportunities and maintain valuation discipline such that they could drive attractive investment returns over the medium-to-long term regardless of the economic environment and where the Manager's constructive active engagement approach can help to support or unlock that potential.

The Manager continues to believe that stock-level volatility across the market, while creating some challenges, will provide an attractive environment for investors to back quality companies with attractive long-term structural capital growth at reasonable valuations across the market cap spectrum. The economic environment and market discontinuity will provide agile smaller businesses with strong management teams the opportunity to take market share and build strong, enduring franchises.

The elevated levels of corporate activity within the UK equity space continue to play out. The investment process and private equity lens across public markets position enables identification of investment opportunities with potential strategic value that could be attractive acquisitions for both, corporate and financial buyers.

We continue to believe that our fundamental focused investment style has the potential to outperform over the long term. We see significant opportunities for long term investors to back quality growth companies at attractive valuations in an environment where agile smaller businesses with strong management teams can take market share and build strong long-term franchises. We will maintain our focus on building a high conviction portfolio of less cyclical, high quality, strategically valuable businesses which we believe can deliver strong returns through the market cycle regardless of the performance of the wider economy.

Portfolio as at 30 June 2022

Company	Sector Classification	Date of first Investment	Cost £'000	Valuation £'000	% of invested portfolio at 30 June 2022	% of invested portfolio at 30 June 2021	% of net assets
Medica	Healthcare	Mar 2017	19,120	21,324	13.3%	11.6%	12.2%
XPS	Financial Services	Jul 2019	16,851	18,894	11.8%	9.2%	10.8%
Tribal	Technology	Dec 2014	11,742	14,340	9.0%	7.8%	8.2%
Inspired Energy	Industrial Goods & Services	Jul 2020	13,325	13,480	8.4%	6.3%	7.7%
Brooks Macdonald	Financial Services	Jun 2016	9,810	11,908	7.4%	5.0%	6.8%
Wilmington	Media	Oct 2010	10,113	11,807	7.4%	6.3%	6.8%
LSL Property Services	Real Estate	Mar 2021	13,256	10,343	6.5%	4.8%	5.9%
Fintel	Financial Services	Oct 2020	8,573	9,221	5.8%	5.1%	5.3%
Hostelworld	Travel & Leisure	Oct 2019	9,137	8,478	5.3%	4.5%	4.8%
Ten Entertainment	Travel & Leisure	Oct 2020	6,372	7,387	4.6%	3.8%	4.2%
Tyman	Construction & Materials	Apr 2007	7,318	7,348	4.6%	6.1%	4.2%
Benchmark	Healthcare	Jun 2019	6,734	6,937	4.3%	4.5%	4.0%
Iomart	Technology	Mar 2022	4,346	4,736	3.0%	-	2.7%
Ricardo	Construction & Materials	Sep 2021	4,713	4,026	2.5%	-	2.3%
Nexus Infrastructure	Construction & Materials	Jul 2021	4,523	3,412	2.1%	-	1.9%
Randall & Quilter	Financial Services	Jun 2022	2,665	2,697	1.7%	-	1.6%
Idox	Technology	Mar 2021	2,486	2,349	1.5%	1.2%	1.3%
AssetCo*	Financial Services	Jun 2022	-	1,263	0.8%	-	0.7%
Total Investments				**159,950**			91.4%
Cash				16,363			9.3%
Net current liabilities				(1,283)			(0.7%)
Total shareholders' funds				**175,030**			**100.0%**

* AssetCo completed their purchase of River & Mercantile in August 2022.

Ken Wotton
Gresham House Asset Management

5 October 2022

Other Information

Business and Status of the Company

The Company is quoted on the London Stock Exchange and is a member of the Association of Investment Companies.

The principal activity of the Company is to conduct business as an investment trust. The Company is currently an investment company in accordance with the provisions of Section 833 of the Companies Act 2006. The Directors do not envisage any change in the Company's activity in the future.

The Company is registered in England and Wales with number 05448627.

The Company has received written approval from HM Revenue and Customs as an authorised investment trust under Section 1158 of the Corporation Tax 2010 ("CTA") and the ongoing requirements for approved companies in Chapter 3 Part 2 of the Investment Trust (Approved Company)(Tax) Regulations 2011 (Statutory Instruments 2011/2999). The Company will continue to be treated as an investment trust company subject to the Company continuing to meet the eligibility conditions for approval. In the opinion of the Directors, the Company's affairs have been conducted in a manner to satisfy these conditions to enable it to continue to qualify as an investment trust company for the year ended 30 June 2022.

Investment Objective

The investment objective of the Company is to achieve absolute returns (i.e. growth in the value of investments) rather than relative returns (i.e. attempting to outperform selected indices) over a medium-term period, principally through capital growth.

Investment Policy

The Company invests primarily in equities quoted on markets operated by the London Stock Exchange where the Investment Manager believes the securities are undervalued and could benefit from strategic, operational or management initiatives. The Company also has the flexibility to invest up to 20% of the Company's gross assets at the time of investment in securities quoted on other recognised exchanges.

The Company may invest up to 20% of its gross assets at the time of investment in unquoted securities, provided that, for the purpose of calculating this limit, any undrawn commitments which may still be called shall be deemed to be an unquoted security.

The maximum investment in any single investee company will be no more than 15% of the Company's investments at the time of investment.

The Company will not invest more than 10%, in aggregate, of the value of its total assets at the time the investment is made in other listed closed-end investment funds.

Other than as set out above, there are no specific restrictions on concentration and diversification. The Board does expect the portfolio to be relatively concentrated, with the majority of the value of investments typically in the securities of 10 to 15 issuers across a range of industries. There is also no specific restriction on the market capitalisation of securities into which the Company will invest, although it is expected that the majority of the investments by value will be invested in companies too small to be considered for inclusion in the FTSE 250 Index.

The Company's Articles of Association permit the Board to take on borrowings of up to 25% of the NAV at the time the borrowings are incurred for investment purposes.

Performance Analysis Using KPIs

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Investment Manager, the Directors take into account the following key performance indicators ("KPIs"):

NAV per Ordinary share

The NAV per Ordinary share, including revenue reserves, as at 30 June 2022 was 316.21p, representing a fall of 9.7% from the 30 June 2021 NAV of 350.05p (year to 30 June 2021: rise of 46.0% from 239.74p to 350.05p).

Movement in the Company's share price

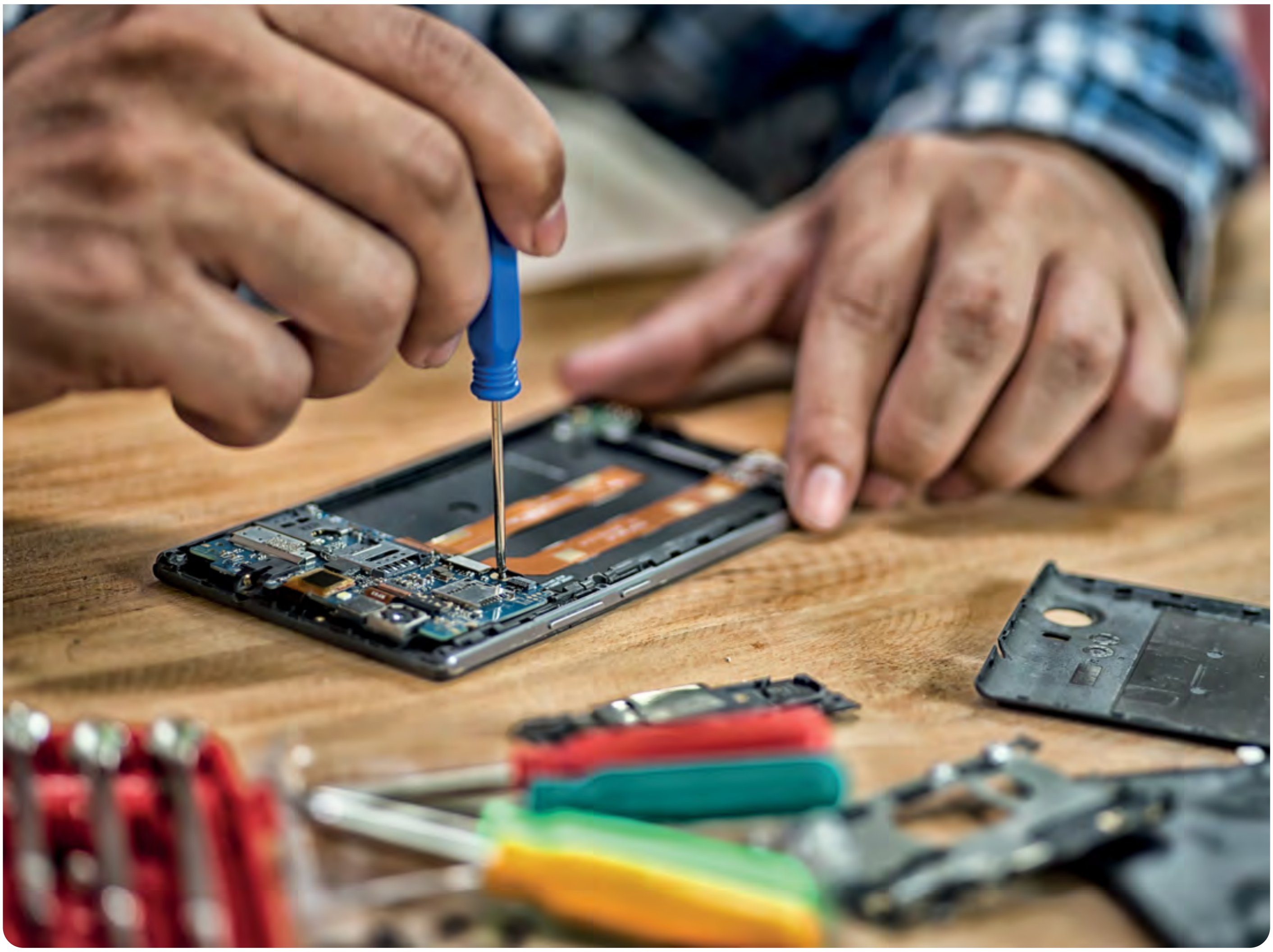
In the year to 30 June 2022, the Company's share price fell by 10.0% from 311.00p to 280.00p (year to 30 June 2021: rise of 58.9% from 195.75p to 311.00p). The share price total return, taking account of the 1.60p dividend paid in the year, was minus 9.5% (year to 30 June 2021: positive 59.9%).

Discount of the share price in relation to the NAV

Over the year, the discount of the Ordinary share price in relation to the NAV ranged from 4.2% to 16.7% with the average being 12.6%. As at 30 June 2022, the Company's shares traded at a discount of 11.5% (30 June 2021: discount of 11.2%).

Ongoing charges

The ongoing charges ratio was 1.08% in the year to 30 June 2022 (30 June 2021: 1.07%). The ongoing charges ratio (including the performance fee) was 1.08% in the year to 30 June 2022 (30 June 2021: 1.07%).



Principal and Emerging Risks

The Board believes that the overriding risks to shareholders are events and developments which can affect the general level of share prices, including, for instance, inflation or deflation, economic recessions and movements in interest rates and currencies which are outside of the control of the Board.

The principal ongoing risks and uncertainties currently faced by the Company, which may vary in significance from time to time, are outlined below, together with the controls and actions taken to mitigate those risks.

The Directors continue to work with the agents and advisers to the Company to try and manage the risks, including emerging risks. The central aims remain to preserve value in the Company's portfolio and liquidity in the Company's shares. The Directors aim to ensure that the Company maintains its investment strategy, has operational resilience, meets its regulatory requirements as an investment trust (and in particular in the provision of regular information to the market) and tries to navigate the financial and economic circumstances in these very uncertain times.

Principal Risk	Mitigation	Action taken in the year
Investment Performance The unconstrained long-term philosophy and concentrated portfolios resulting from the investment strategy can lead to periods of significant short-term variation in performance. The underlying investments are in companies which, due to their smaller size, may have limited product lines, limited financial resources with dependence on a few key individuals and less liquid shares. These risks are more significant than in larger companies. Risk remains relatively unchanged	The Board maintains a close review of how the Investment Manager invests to implement the investment strategy and regularly reviews adherence to the investment policy. The Board maintains a longer-term perspective in relation to monitoring performance of the Investment Manager in achieving the investment objective. The Board relies on the Investment Manager to engage actively with the investee companies in order to support long-term value enhancement and the actions taken are reported and reviewed regularly by the Board.	The Board, through its review process, did not identify any specific new action required either with the portfolio as a whole or with any one specific investment to mitigate performance risk over and above that already taken by the Investment Manager. The Board also recognises the significant contribution made by the Investment Manager in maximising engagement opportunities with investee companies. This was achieved with the Company's focus on investments with a market value in the region of £100 million and £300 million at the point of entry.
Operational Risk The Company appoints and relies on a number of third parties, including the Investment Manager, to provide it with the necessary services, such as registrar, depository, custodian, administrator, company secretary, lawyers, external auditors and brokers. Risk remains relatively unchanged	The Board has a detailed risk matrix which is reviewed by the Audit Committee and the Board twice yearly and is used as a tool to consider the principal risks of the Company and the controls that are in place in relation to those risks where appropriate. Key appointments of third party service providers are taken after a formal process ensuring the required skills and experience are satisfied. An annual review of service providers is carried out by the Management Engagement Committee. Internal control reports, where available, on the systems and processes of the Company's service providers are reviewed at least annually and as appropriate and any findings discussed where appropriate.	The Management Engagement Committee performed a review of all service providers in May 2022. All were assessed to provide a satisfactory service to the Company. Internal controls reports were reviewed, no significant controls weaknesses were identified.

Principal Risk	Mitigation	Action taken in the year
Regulatory Compliance and Legislation Breach of regulatory rules could lead to the suspension of the Company's Stock Exchange listing, financial penalties, or a qualified audit report. Breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on realised capital gains. Risk remains relatively unchanged	The Board is comprised of individuals whose background, qualifications and experience ensure that the increasing volume and complexity of relevant regulatory and legislative requirements are understood. Where appropriate, advice and training are sought from service providers. Board selection and performance review processes support this approach.	At its quarterly meetings, the Board reviewed regulatory and technical updates. No significant actions were required in the year. The Board reviews the Section 1158 compliance schedule, prepared by the Company Secretary, at each quarterly Board Meeting.
Discount/Premium A significant share price discount or premium to the Company's NAV per share, or related volatility, could lead to high levels of uncertainty or speculation and the potential to reduce investor confidence. The impact of this risk was increased during the year	The Board has established share issuance and share buy-back processes to assist in the moderation of share price premium and discount to NAV. Shareholders are kept informed of developments as far as practicable and are encouraged to attend briefings, such as the Company's Annual General Meeting, to understand the implementation of the investment strategy to achieve the Company's objectives.	During the year under review, the Company's shares traded at a discount to NAV of between 4.2% and 16.7%. During the year 6,329,685 shares were bought back for cancellation via a tender offer and 1,615,071 shares were bought back to be held in Treasury. During the year the Board announced various measures which are intended to reduce the Company's discount to NAV. Details of these measures are noted on page 5.
Economic, Political and External Factors The Company invests predominantly in UK shares and therefore performance may be impacted by economic, political and other factors which affect either the operation of the markets that portfolio companies trade in, the UK stock market or currency movements. In particular small changes can have a larger impact on small companies. Risk has been heightened by inflationary increases and geopolitical events, including the invasion of Ukraine	The exposure to these external factors is considered largely outside of the Company's control so regular monitoring is carried out with regards to the likely effects should any potential mitigation be possible. Limits are set for investment in overseas based investments.	The Board monitors and reviews the position of the Company, ensuring that adequate liquidity exists to allow flexibility. Investment performance and the portfolio composition has been monitored specifically in the light of the increased risks. The Board continues to closely monitor the Environmental, Social and Governance ("ESG") risk to the Company.
Investment Manager The loss of key individuals at the Investment Manager could have, or be perceived to have, a material effect on the Company's performance. Risk remains relatively unchanged	In order to reduce this risk the Investment Manager operates a team based approach to fund management. The team consists of a number of investment professionals who combine a number of complementary skill sets, including corporate finance, traditional fund management, research and private equity disciplines. The team is also supported by its Investment Committee which is comprised of a number of experienced internal and external members.	The Board keeps the performance of the key personnel at the Investment Manager under frequent review.

Viability Statement

The Board has assessed the prospects of the Company over the three financial years to 30 June 2025. This assessment period has been chosen as the Board believes it represents an appropriate period given the long-term investment objectives of the Company, the low working capital and the simplicity of the business model.

In making this three year assessment, the Board has taken the following factors into account:

- The nature of the Company's portfolio
- The Company's investment strategy
- The potential impact of the Principal Risks and Uncertainties
- 2025 realisation opportunity
- Share buy-backs
- The liquidity of the Company's portfolio
- Market falls and gains
- The level of existing and potential long-term liabilities

The Company's portfolio currently includes a large position in cash or liquid money market funds. Over the last five years, cash and liquid money market funds have averaged c.7.6% of the NAV and was 9.3% of the 30 June 2022 NAV. Cash balances can be varied due to changes in market conditions, but positive cash levels are expected to be maintained over the period.

The Company has not been geared for many years and the current policy of the Board is not to have a gearing facility.

The Directors have also carried out a robust assessment of the principal and emerging risks, as noted on pages 18 and 19, that are facing the Company over the period of the review, including those that would threaten its business model, future performance, solvency or liquidity.

Based on this assessment, the Directors are confident that the Company's investment approach, portfolio management and balance sheet approach will ensure that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 June 2025.

Going Concern

In assessing the Company's ability to continue as a going concern the Directors have also considered the Company's investment objective, detailed on the inside front cover, risk management policies, detailed on pages 18 and 19, capital management (see note 16 to the financial statements), the nature of its portfolio and expenditure projections and believe 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 for at least 12 months from the date of this Report. In addition, the Board has had regard to the Company's investment performance (see page 3) and the price at which the Company's shares trade relative to their NAV (see page 3).

The Directors performed an assessment of the Company's ability to meet its liabilities as they fall due. In performing this assessment, the Directors took into consideration:

- cash and cash equivalents balances and, from a liquidity perspective, the portfolio of readily realisable securities which can be used to meet short-term funding commitments;
- the ability of the Company to meet all of its liabilities and ongoing expenses from its assets;
- revenue and operating cost forecasts for the forthcoming year;
- the ability of third-party service providers to continue to provide services; and
- potential downside scenarios including stress testing the Company's portfolio for a 25% fall in the value of the investment portfolio; a 50% fall in dividend income and the remainder of the share buy-backs for the 2022 calendar year under the current share buy-back programme, the impact of which would leave the Company with a positive cash position.

The Directors also considered the effect of the "mini budget" announced by the UK Government on 23 September 2022. The consequences are not considered to affect the Company's ability to continue as a going concern.

Based on this assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Environmental, Social and Governance Issues

Commitment to Sustainable Investment

The Board is comprised entirely of non-executive Directors and the day-to-day management of the Company's business is delegated to the Investment Manager (details of the Investment Management Agreement are set out on pages 28 and 29). Therefore, the Directors do not consider it necessary for the Company to have environmental, human rights or community policies in place.

However, in carrying out its activities and in its relationships with service providers, the Company aims to conduct itself responsibly, ethically and fairly. The Investment Manager has a clear commitment to sustainable investment as an integral part of its business strategy. The firm recognises that the integration of sustainable investment considerations, including environmental, social and governance (ESG) factors into its business processes can protect financial performance and consistency of returns. Investment Teams across the Investment Manager proactively manage ESG factors across investment strategies and the underlying holdings to help both build and protect value in the stocks invested in.

The Investment Manager's sustainable investment policies and beliefs can be found on its **website** and in its **Sustainable Investment Report**.

The Investment Manager believes in playing an industry leadership role in supporting and promoting sustainable investment. The Investment Manager is a signatory to the UN-supported Principles of Responsible Investment and was awarded four or five stars, out of a maximum of five stars, for all modules submitted in its **PRI Report 2021**. It is also a signatory of the **UK Stewardship Code** and aims to comply its recommendations. In September 2022, it was announced that Gresham House had met the expected standard of reporting for 2021 and will remain a signatory to the UK Stewardship Code 2020 for the second year in a row.

Public Equity Sustainable Investment Policy and Processes

The Investment Manager has a Sustainable Investment Policy specific to public equity investments. The **Public Equity Sustainable Investment Policy** details the commitments of the Investment Manager with regards to sustainable investment, as applied by the Company's management team. The Policy includes:

- The Investment Manager's sustainable investment commitments.
- How its public equity investment approach meets these commitments; and
- The application of our Sustainable Investment Framework to public equities

Sustainable Investment Approach

The 'G' (Governance) of ESG is the most important factor in the investment processes for UK public equity. Board composition, governance, control, company culture, alignment of interests, shareholder ownership structure, remuneration policy etc. are important elements that will feed into the manager's analysis and company valuation.

E and S (Environmental and Social) factors are assessed as risk factors during due diligence to eliminate companies that face environmental and social risks that cannot be mitigated through engagement and governance changes.

ESG considerations are integrated into the lifecycle of each investment as follows:

01 Initial appraisal

Identify material ESG matters requiring further investigation during the due diligence stage. If certain risks are unlikely to be sufficiently managed or mitigated, then the Manager may choose not to proceed at this stage.

02 Due diligence

The ESG Decision Tool and, where possible, meetings with management are used to assess material ESG risks that need to be mitigated and ESG opportunities that could drive value. Specialised consultants may be used to provide additional information.

03 Investment appraisal

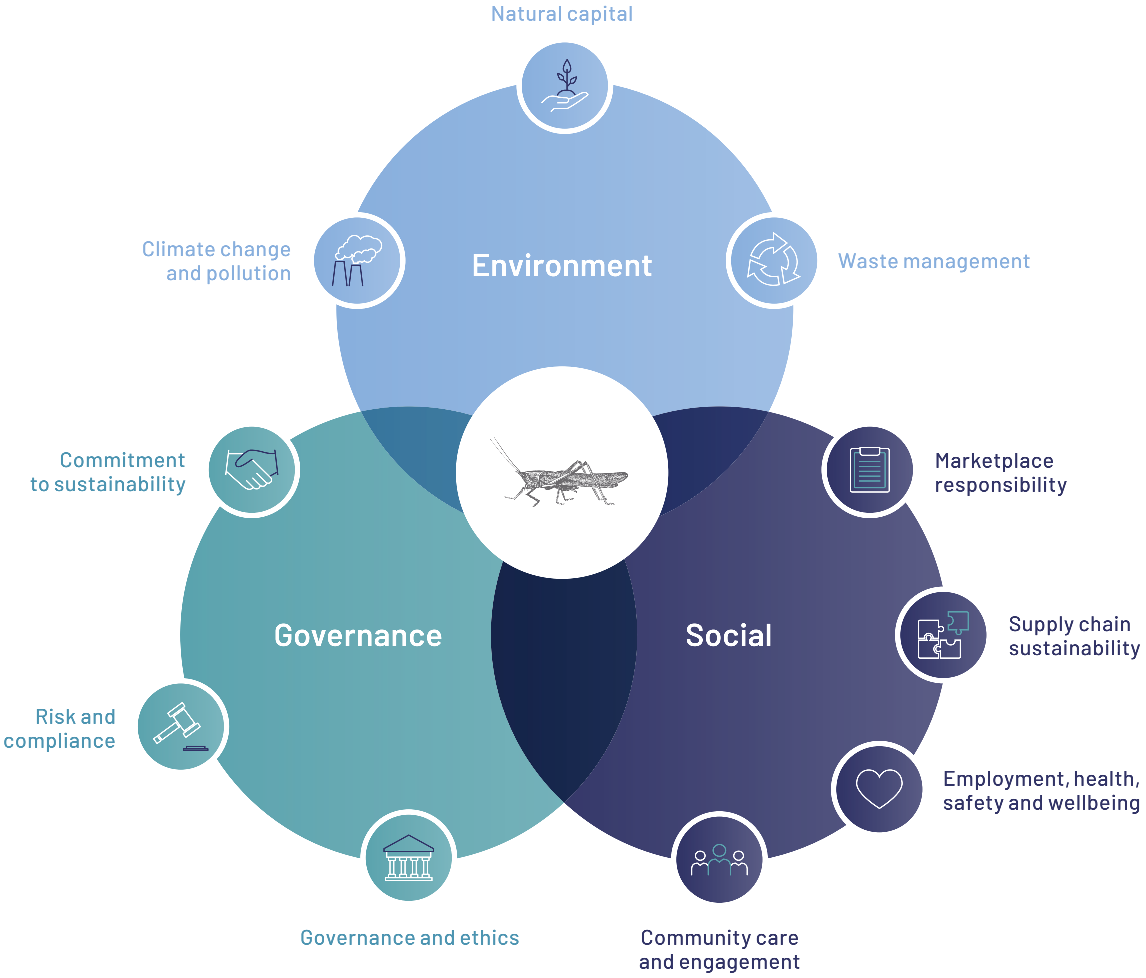
A summary of the ESG analysis is included in final Investment Committee submissions. Appropriate risk mitigation approaches will be referenced and assurance that the business is open to making improvements is sought.

04 Holding period

During the holding period of an investment, the Management Team engage regularly with boards and management teams, focusing on strategic, financial and operational matters, including ESG factors, and consistently use voting rights.

Sustainable Investment Framework

Across Gresham House investment teams, an active focus is given to environmental, social and governance (ESG) factors, as shown in the figure below. These factors are used by the Management Team to identify a broad range of ESG risks which may materially impact proposed transactions.



The themes shown in the figure above are used as the basis for the Management Team's application of sustainable investment during the Research stage.

ESG Decision Tool

The Management Team is responsible for implementing the commitments made in the Public Equity Sustainable Investment Policy. The themes from the Sustainable Investment Framework are used as the basis for the Management Team's ESG Decision Tool and several sub-factors are considered under each broader theme.

The purpose of the Tool is to support the Management Team in identifying potential, material ESG risks that need to be managed and mitigated, and to help shape the due diligence process for individual companies prior to investment. The Tool also provides a way of summarising material ESG issues, which can then be tracked and monitored over time, and include actions that can be taken to mitigate those risks throughout the holding period.

The most important ESG factors the Management Team will use to assess an investment before purchase are set out in the table below.

Environmental

Carbon, emissions and pollution	GHG emissions and climate change impacts, energy management, pollution prevention and control, air quality management
Natural resources management	Water use, biodiversity and natural resources management
Waste management	Waste reduction; sustainable management of waste

Social

Employment, health, safety and well-being	Employee H&S and well-being, sustainable employment practice, engagement, diversity and inclusion
Marketplace responsibility	Product impacts, safety and labelling in use and disposal, quality and value, customer care, data protection
Supply chain sustainability	Managing environmental, social and economic impacts of sourcing
Community care and engagement	Understanding and managing impacts on communities, including human rights; community investment

Governance

Governance and ethics	Governance good practice; sound business ethics management and culture
Risk and compliance	Robust risk and compliance management
Commitment to sustainability	Awareness, capability and commitment to run a resilient, sustainable business

Where material ESG risks are identified, these are reviewed by the Management Team and a decision on how to proceed is documented. In the majority of cases, we would proactively follow up with the investee company management team and ensure appropriate corrective and preventative action is taken and any material issues or incidents are recorded by the Management Team.

ESG Data

Following an assessment of several data providers, the Management Team selected Inspired PLC as an ESG data provider to support the assessment of ESG risks. Inspired PLC was selected for its ability to provide a product bespoke to the Management Team that supports coverage of small and micro-cap companies in the UK. Given Inspired PLC is an investee company, the Management Team ensured the Conflicts Committee were made aware of the potential conflict and the Sustainable Investment Team was brought in to provide independent input to the provider selection process. The Management Team expects to receive ESG data from the provider for all holdings from 2023 and will work to fully integrate this data into the investment process.

Stewardship Responsibilities

As an active investor, the Manager is committed to acting as a long-term steward of the assets invested in on behalf of clients. The Management team use active ownership responsibilities, including engagement and voting, to protect and create value. The Investment Manager's Engagement and Voting Policy sets out the approach and explains how integrated these activities are to business practices and investment processes. Both activities are viewed as a key part of the investment approach and not considered stand-alone objectives.

UK Public Equity team*

37
Governance-focused engagements

5.1 years
Weighted average holding period

96%
Met with nearly all holdings' management teams

* Based on UK Public Equity team holdings as of 31 December 2021.

Engagement

The Company's investment philosophy means that it aims to act, by default, as an actively engaged shareholder. The Management Team's assessment of management, Board and governance forms a critical part of the investment case, which necessitates that Management work with companies on matters such as strategy, M&A and remuneration, both from the outset of our holding period and on an on-going basis. The Management Team encourages an open and honest dialogue with the companies which we believe is an essential part of being an effective steward of our clients' assets.

The Management Team will meet face-to-face with the management team of an investee company at least twice a year, and up to quarterly for this strategy . These meetings form the basis for the ongoing monitoring of a company strategy, financial performance and ESG considerations.

Defining engagement objectives

Dependent upon factors such as materiality and level of control, the Management Team may identify and agree strategic milestones that they expect a company to deliver on over the holding period. Strategic milestones will typically be bespoke to the organisation and important to the development of the business, aiming to keep the directors focused and ensure continued progress.

Objectives may change over time depending on several factors, including business priorities, market forces and stakeholder considerations. Example of engagement objectives include:

- Improvements to reporting, including ESG factors
- Board composition
- Improvements to governance arrangements
- Product or geographic expansion or variance, including due to ESG related market forces
- Staff retention and reduction of absence rates
- Implementing compliance programmes with forthcoming ESG legislation.

The identified objectives provide a form the basis of discussions with companies during regular scheduled engagements.

Voting

Voting is an important part of the investment strategy. The Management Team devotes the necessary research, management time and resources to ensuring we make good voting decisions.

Voting decisions are based on views of which course of action will be in the best interests of the Company's investors. Votes are informed by various sources including: research, engagement with the company, discussions with other stakeholders and advisers, internal discussions and consultations, and other relevant information.

Voting decisions

The Investment Manager does not have a set policy defining how voting decisions should be made on specific items, but it has defined the following requirements:

1. Authority to allot shares – it is our policy to vote against anything over 33%.
2. Disapplication of pre-emption rights – it is our policy to vote against anything over 10%.
3. Authorise Company to purchase own shares – it is our policy to vote against anything over 10%.
4. Political donations – it is our policy to vote against all political donations.

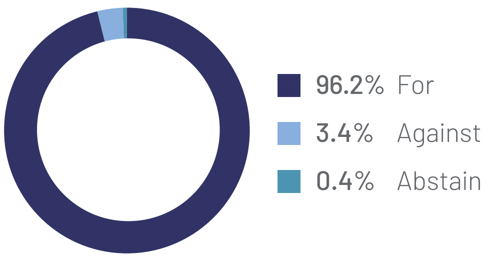
Proxy voting providers

The Management Team does not use any proxy voting advisory services, but uses proxy voting services to deliver voting decisions to the companies invested in.

Voting against management

If the Manager plans to vote against the company decision, it will engage with the company in advance, explain why its plans to vote against the decision and look for ways to avoid that if possible. If a satisfactory outcome is not reached through this active dialogue with the company, the Manager will typically tell the company in advance of its intention to abstain or vote against management and clarify the reasons grounding such intention.

UK Public Equity voting in 2021



Climate-related Financial Disclosures

As an investment trust, the Company has no employees, property or activities other than investment. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emission-producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Company is an investment trust and investment trust companies are currently exempt from reporting against the Task Force on Climate Related Finance Disclosures ('TCFD') but the Board will continue to monitor the situation.

Streamlined Energy and Carbon Reporting also applies to all large companies. However, as the Company does not consume more than 40,000 kWh of energy during the past year, it qualifies as a low energy user and is exempt from reporting under these regulations.

Duty to promote the success of the Company

The Directors are required to include a report explaining how they have discharged their duty to promote the success of the Company under Section 172(1) of the Companies Act 2006 and how they have considered the views of the Company's key stakeholders in regard to any key decisions taken. The Company being an investment trust, the key stakeholders comprise its shareholders, the Investment Manager and its third-party service providers (including the Company Secretary and Administrator, the Registrar, the Depositary and the Custodian). The Manager also engages extensively with the investee companies, particularly on performance and corporate governance issues.

The Board welcomes the views of shareholders and places considerable importance on communications with them. The Investment Manager reports back to the Board on meetings with shareholders and the Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company and presentations held in London in the normal course provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Board. The importance of stakeholder considerations in particular in the context of decision making is taken into account at every Board meeting. The Board considers the impact that any material decision will have on all relevant stakeholders to ensure that it is making a decision that promotes the long-term success of the Company.

Examples of the principal decisions taken by the Board during the year under review (and post year-end) are as follows:

Proposed merger – As previously noted in the Chairman's Statement on page 5, in December 2021 the Board received an unsolicited approached from the board of directors of Odyssean Investment Trust plc ('Odyssean') to merge the Company with Odyssean. After due consideration and having discussed the proposal with the Company's key advisers and major shareholders, the Board agreed that the merger was not in the best interest of shareholders and rejected the proposed merger.

In considering whether the proposed merger was in the best interest of shareholders, the Board considered a number of factors including the result of the continuation vote which had been put to shareholders at the Annual General Meeting ('AGM') held on 10 November 2021 (92 per cent. of votes received were in favour of the continuation of the Company as an investment trust), the Company had implemented a strategy to maximise engagement opportunities and was now focused on investment that have a market capitalisation in the region of £100 million to £300 million at the point of entry, and the performance of Ken Wotton since his appointment as Lead Manager in September 2020. As part of its discussions at the time of the proposed merger, the Board considered ways with the Company's Investment Manager, Gresham House Asset Management ('GHAM'), to address shareholders' frustrations that the Company's share price discount to NAV remained wide. A number of proposals (as reported in the Chairman's Statement) were put to shareholders at a General Meeting of the Company on 23 March 2022 and received support from 99.7 per cent. of the votes received.

Gearing – During the year under review, the Board in conjunction with the Investment Manager discussed the use of loan facilities with the Investment Manager. After discussion, it was agreed that the Company maintain its policy of operating without a banking loan facility. Cash balances continue to be maintained to take advantage of suitable investment opportunities as they arise.

Marketing – During the year under review, the Board approved a marketing proposal put forward by the Company's Investment Manager to raise the level of marketing and awareness of the Company across the investor community. The Board anticipates that this will generate additional demand for the Company's shares and further contribute to a narrowing of the share price discount to NAV.

Covid-19 – The Board continues to review emerging risks that could have a potential impact on the operational capability of the Investment Manager and the Company's other key service providers. During the year under review, the Board received updates from GHAM and its other key service providers confirming that they continued to service the Company in line with their agreements and had suitable arrangements in place to ensure that they can continue to provide their services to the Company during the ongoing pandemic.

Market volatility & inflation – As noted in the Chairman's Statement on page 4, the Russia/ Ukraine war has destabilised commodity markets and led to unprecedented increases in energy prices which have added further fuel to inflation. The Board continues to receive updates from the Investment Manager on general market volatility and inflationary pressures with particular focus on the UK Smaller Companies sector.

Succession planning – During the year the Board undertook a search for an additional non-executive Director who would enhance the overall skills and experience of the Board and its Committees. Annie Coleman was subsequently appointed as a non-executive Director of the Company on 14 February 2022. Further details of the search can be found in the succession planning section on page 35.

The Company's primary business relationships are with its Investment Manager and AIFM, Gresham House Asset Management ("GHAM"), and its Company Secretary and Administrator, Juniper Partners Limited. The Board has been mindful of the challenges that active asset managers, and boutique UK asset managers in particular, have faced in recent years and the resource required to implement effectively the Company's particular investment strategy. Furthermore, the Board recognises the importance of a strong sales and marketing capability to attract new investors. GHAM has a strong and well-developed platform with a strong net cash balance sheet and well-developed operational resources. It has an established pedigree of investing on a strategic public equity basis in UK equity markets. The Board will work closely with GHAM to achieve long-term success for the Company and its stakeholders.

Juniper Partners Limited provides company secretarial and administration services to the Company. Juniper Partners Limited also seeks to maintain constructive relationships with the Company's other third-party suppliers, for example the Registrar, the Depositary and the Custodian, on behalf of the Board typically through regular communication and provision of information.

On behalf of the Board

Richard Hills
Chairman

5 October 2022

Directors

The Directors in office at the date of this report, all of whom are non-executive, were as follows:

Richard Hills (Chairman)
Independent Director

Richard has substantial experience of the investment management industry and has held senior executive and non-executive positions within the fields of both conventional and alternative assets. He is currently a board member of Henderson International Income Trust plc and EQT Services (UK) Limited. Richard was appointed to the Board on 5 March 2014 and will retire at the forthcoming AGM.

Josephine Dixon (Audit Committee Chairman)
Independent Director

Jo, a Chartered Accountant, has a career that spans a number of financial and commercial roles in a variety of sectors from financial services to football. She has substantial investment trust board experience and is currently on the boards of Bellevue Healthcare Trust PLC, The Global Smaller Companies Trust PLC, Alliance Trust plc, and Ventus VCT PLC (in liquidation). Jo was appointed to the Board on 14 July 2014.

Annie Coleman
Independent Director

Annie's early career included British Petroleum, Head of the London Stock Exchange Press Office; press officer roles in the Prime Minister's Press Office and the Ministry of Defence. In 1999 she moved to Goldman Sachs in London and then GAM Investments in 2006. Annie became Global Head of Organisational Culture and Client Marketing at UBS Investment Bank in 2011, before moving to Unicredit as Group People and Culture Office. She now runs her own organisation culture and leadership consultancy firm Cerebellum Partners Ltd. Annie was appointed to the Board on 14 February 2022.

Richard Locke (Deputy Chairman)
Independent Director

Richard is Vice Chairman of Fenchurch Advisory Partners LLP, an independent corporate finance advisory firm that specialises in the financial services sector. Previously he was a partner of Cazenove & Co. and then a director at its successor firm, JPMorgan Cazenove. Richard was appointed to the Board on 10 February 2015.

William Barlow
Independent Director

William is currently chief executive officer of Majedie Investments PLC, having been a director since 1999. He previously was a non-executive director of Majedie Asset Management Limited and chief operating officer at Javelin Capital LLP. William joined Skandia Asset Management Limited as an equity portfolio manager in 1991 and was managing director of DNB Nor Asset Management (UK) Limited. He is also the Chairman of Racing Welfare. William was appointed to the Board on 1 February 2016.

Report of the Directors

Directors

The Directors in office at the date of this report and their biographical details are shown on page 27.

Corporate governance

The Company's corporate governance statement is set out on pages 32 to 37 and forms part of the Report of the Directors.

Performance and Dividend

Over the year to 30 June 2022, net assets have fallen by £46.5 million representing a decrease of 21.0%. On a per share basis net assets have fallen by 33.84 pence which represents a decrease of 9.7%. Further information on the performance of the Company's portfolio is contained in the Investment Manager's Report on pages 7 to 15.

The Company's investment objective is one of capital growth and it is anticipated that returns for Shareholders will derive primarily from capital gains. The board is governed by the rules for investment trusts that require that the Company must not retain more than 15% of its income from any one year. The Board recommends a final dividend of 2.00p (2021: 1.60p) per Ordinary share, amounting to £1,066,000 (2021: £1,013,000) based on the Ordinary share capital at the date of this report. The Company's dividend policy remains unchanged, and it may be that next year, the dividend will be lower.

Share Capital and Voting Rights

The Company's issued share capital at 30 June 2022 consisted of 55,352,088 Ordinary shares of 10p each and there were 8,177,118 Ordinary shares held in Treasury. At 4 October 2022 (being the latest practicable date prior to the publication of this document) the issued share capital consisted of 53,308,547 Ordinary shares of 10p each and 10,220,659 Ordinary shares were held in Treasury. Shares held in Treasury do not have voting rights. The maximum number of Ordinary shares in issue during the year was 63,296,844.

The Company bought back 6,329,685 Ordinary shares for cancellation and 1,615,071 Ordinary shares to be held in Treasury during the year.

Substantial shareholdings

The Company has been informed of the following notifiable interests in the voting rights of the Company as at 30 June 2022:

	Number of shares held	% of total voting rights
City of London Investment Management	15,822,230	29.0
1607 Capital Partners	8,330,218	13.2
Arbuthnot Fund Managers	3,314,774	5.2
Brewin Dolphin	3,278,841	5.2
Sir Clive Thompson	2,679,102	4.2

On 1 September 2022, City of London Investment Management notified the Company their shareholding had fallen to 28.9% of the Company's total voting rights. On 9 September 2022, 1607 Capital Partners notified the Company their shareholding was now 13.9% of the Company's total voting rights after having notified the Company on 6 September 2022, that their shareholding had increased to 14.01%. There have been no other changes notified in respect of the above holdings, and no new holdings notified, since the end of the year.

Investment Management Agreement

The Company's investments are managed by GHAM under an agreement dated 14 May 2020. The Investment Manager's appointment is subject to termination on 6 months' notice given at any time by either party.

There are no specific provisions contained within the Investment Management Agreement relating to compensation payable in the event of termination of the agreement other than entitlement to fees, including performance fees, which would be payable within any notice period. However, in the event that a continuation resolution proposed at any Annual General Meeting is not passed, the Investment Management Agreement expressly permits the Company to give notice terminating the Investment Manager's appointment without any compensation being payable to the Investment Manager in lieu of any period of notice otherwise required under the Investment Management Agreement.

The Board keeps the performance of the Investment Manager under continual review, and the Management Engagement Committee, comprising all Directors, conducts an annual appraisal of the Investment Manager's performance, and makes a recommendation to the Board about the continuing appointment of the Investment Manager. During the year the Board reviewed the continuing appointment of the Investment Manager and agreed that the Investment Manager had executed the Investment Strategy according to the Board's expectations. Therefore, it is the opinion of the Directors that the continuing appointment of GHAM is in the interests of shareholders as a whole.

Investment Manager's Fees

The Investment Manager is entitled to receive from the Company a basic fee together with, where applicable, a performance fee.

Basic Fee

A basic management fee is payable to the Investment Manager at the annual rate of 0.75% of the NAV of the Company. The basic management fee accrues daily and is payable quarterly in arrears.

Performance Fee Arrangements

The Company's performance is measured over rolling three-year periods ending on 30 June each year, by comparing the NAV total return per share over a performance period against the total return performance of the FTSE Small Cap (ex Investment Trusts) Index. A performance fee is payable if the NAV total return per share (calculated before any accrual for any performance fee to be paid in respect of the relevant performance period) at the end of the relevant performance period exceeds both:

(i) the NAV per share at the beginning of the relevant performance period as adjusted by the aggregate amount of (a) the total return on the FTSE Small Cap (ex Investment Trusts) Index (expressed as a percentage) and (b) 2.0% per annum over the relevant performance period ("Benchmark NAV"); and

(ii) the high watermark (which is the highest NAV per share by reference to which a performance fee was previously paid).

The Investment Manager is entitled to 10% of any excess of the NAV total return over the higher of the Benchmark NAV per share and the high watermark. The aggregate amount of the Management Fee and the Performance Fee in respect of each financial year of the Company shall not exceed an amount equal to 1.4% per annum of the NAV of the Company as at the end of the relevant financial period.

A performance fee of £nil is payable in respect of the rolling three-year period ended 30 June 2022 (2021: £nil).

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 above.
- Details of the substantial shareholders in the Company are listed above.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 33.
- Details of the powers of the Directors to issue or buy-back the Company's shares are disclosed on pages 30 and 31.
- There are no restrictions concerning the transfer of securities in the Company; 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 takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

Accountability and Audit

The responsibilities of the Directors and the Auditor in connection with the financial statements is included on page 49.

The Directors who held office at the date of approval of this 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/ she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Financial Risk Management

Information about the Company's financial risk management objectives and policies is set out in note 16 of the financial statements on pages 65 to 68.

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

Modern Slavery

The Company is not within the scope of the Modern Slavery Act 2015 because it has insufficient turnover and is therefore not obliged to make a human trafficking statement. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers, which are listed on page 73, comply with the provisions of the UK Modern Slavery Act 2015. These are principally professional advisers and service providers in the financial services industry, consequently the Board considers the Company to be low risk in relation to this matter.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Annual General Meeting

The Notice of the Annual General Meeting to be held on 9 November 2022, is set out on pages 74 to 76. Full details of all resolutions can be found in the Notice. The resolutions to be proposed as items of special business are set out below.

To authorise the allotment of shares (Resolution 10)

Section 551 of the Companies Act 2006 provides that the Directors may not allot new shares without Shareholder approval. The purpose of Resolution 10, which is proposed as an ordinary resolution, is to empower the Directors to allot shares with an aggregate nominal value of up to £533,085, being approximately 10% of the Company's issued Ordinary share capital (excluding Treasury shares) as at the latest practicable date prior to the publication of this document. The authority granted to the Directors if this Resolution 10 is passed would last until the earlier of the Annual General Meeting in 2023 or 9 February 2024.

The number of Treasury shares held as at 4 October 2022 (being the latest practicable date prior to the publication of this document) is 10,220,659 10p shares which represents 19.2% of the Company's issued Ordinary share capital of 53,308,547 10p shares at that date.

The Directors intend to use the authority to issue Ordinary shares only if and when they believe it to be advantageous to the Company's existing shareholders to do so. In no circumstances would such issue of new shares or re-issue of shares from Treasury result in a dilution of net asset value per share.

To disapply Section 561 of the Companies Act 2006 (Resolution 11)

Under Section 561 of the Companies Act 2006, if the Directors wish to allot any equity securities, or sell any Treasury shares (should they elect to hold any), for cash, they must first offer them to existing shareholders in proportion to their shareholdings. The purpose of Resolution 11, which is proposed as a special resolution, is to allow the Directors to allot shares, or sell any Treasury shares, for cash other than in accordance with Section 561 up to a maximum aggregate nominal amount of £533,085, representing approximately 10% of the Company's issued Ordinary share capital of 53,308,547 10p shares as at 4 October 2022 (being the latest practicable date prior to publication of this document).

Shares issued pursuant to this authority will be issued at a price of not less than the prevailing NAV per share, including current period revenue.

This authority will last until the earlier of the Annual General Meeting in 2023 or 9 February 2024.

To authorise the Company to purchase its own Ordinary shares (Resolution 12)

The purpose of Resolution 12, which is proposed as a special resolution, is to renew the authority of the Company to purchase its own shares. The Company may purchase shares in the market in order to address any imbalance between the supply of and demand for shares and to increase the net asset value per share.

The Company will make such purchases pursuant to this authority only where the Directors believe that to do so will result in an increase in the NAV per share for remaining Shareholders and is in the best interests of shareholders generally.

The authority is limited to 7,990,951 Ordinary shares, representing approximately 14.99% of the Company's shares in issue as at 4 October 2022 (being the latest practicable date prior to publication of this document).

The Company will only purchase Ordinary shares at prices which are below the last published NAV per Ordinary share. The maximum price (exclusive of expenses) payable per Ordinary share under this authority is the higher of (a) 5% over the average of the middle market prices of the Ordinary shares according to the Daily Official List of the London Stock Exchange for the five business days immediately before the date on which the Company buys the shares and (b) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. The minimum price payable per Ordinary share under this authority is the nominal value of that Ordinary share. Any purchases of Ordinary shares made pursuant to this authority will be market purchases.

Any such purchases will be made during the period commencing at the close of the Annual General Meeting and ending on the earlier of the date of the Company's Annual General Meeting in 2023 or 9 February 2024.

At the Annual General Meeting held on 10 November 2021 the Company was authorised to purchase approximately 14.99% of its own shares for cancellation or to be held in Treasury. The number of Ordinary shares remaining under that authority as at 4 October 2022 (being the latest practicable date prior to publication of this document) was 5,829,585 Ordinary shares.

The Company may purchase its own shares either for holding in Treasury, or for subsequent cancellation. Shares held in Treasury will have no voting, dividend or other rights. The Directors consider that the purchase of shares into Treasury could be beneficial to shareholders in the long-term, in that, subject to the authority granted by Resolution 11, they may be re-sold at NAV or above to further the investment objectives of the Company.

The Company has purchased 2,043,541 Ordinary shares since 30 June 2022. As at 4 October 2022 (being the latest practicable date prior to publication of this document), the Company held 10,220,659 Ordinary shares in Treasury.

Directors' Recommendation

The Directors consider that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

On behalf of the Board

Richard Hills
Chairman

5 October 2022

Statement on Corporate Governance

This Corporate Governance Statement forms part of the Directors' Report.

Statement of Compliance with the AIC Code of Corporate Governance

The Board has considered the principles and provisions of the Association of Investment Companies' Code of Corporate Governance ("AIC Code"). The AIC Code is endorsed by the Financial Reporting Council and adapts the principles and provisions set out in the UK Corporate Governance Code to make them relevant to investment companies as well as incorporating the relevant provisions of the UK Corporate Governance Code.

The Board believes that the AIC Code provides the most appropriate governance framework for the Company. Accordingly, the Company reports against the principles and provisions of the AIC Code. The February 2019 edition of the AIC Code is applicable to the year under review and can be found at www.theaic.co.uk.

By reporting against the AIC Code, the Board is meeting its obligations in relation to the UK Corporate Governance Code.

The Board confirms that, during the year, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code (the "UK Code"), except as set out below:

- Provision 17 and 32 of the UK Code (Provision 22 and 37 of the AIC Code): the requirements to have a Nomination Committee and Remuneration Committee – owing to the nature of the Company, the activities of these committees are undertaken by the Board.
- Provision 24 of the UK Code: the requirement for the Chairman to not sit on the Audit Committee – the Board believes that all Directors, including the Chairman, should sit on all the Committees.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

Board of Directors

Under the leadership of the Chairman, the Board is responsible for all matters of control and direction of the Company, including its investment policy.

As at the date of this Report, the Board consists of five non-executive Directors. Biographical details of the Directors in office at the year end can be found on page 27.

The terms and conditions of the appointment of the non-executive Directors are formalised in letters of appointment, copies of which are available for inspection from the registered office of the Company and will be available at the Annual General Meeting.

The Board has agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties and the Company has Directors' and Officers' Liability Insurance to cover legal defence costs. Under the Company's Articles of Association, the Directors are provided, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Apart from this, there are no third party indemnity provisions in place.

Board Operation

At the Board meetings, the Directors follow a formal agenda to review the Company's investments and all other important issues to ensure that control is maintained over the Company's affairs.

The Board is responsible for adherence to the investment policy and strategic and operational decisions of the Company. The Company's main functions are delegated to a number of service providers, each engaged under separate legal contracts. The management of the Company's portfolio is delegated to the Investment Manager, which has discretion to manage the assets in accordance with the Company's objectives and policies. A representative of the Investment Manager attends each Board meeting to present written and verbal reports on its activities and portfolio performance. At each Board meeting, the Directors review the Company's investments and all other important issues to ensure that control is maintained over the Company's affairs. The Board has adopted a formal schedule of matters specifically reserved for approval. These reserved matters include the following:

- Investment and business strategy of the Company.
- Annual and interim reports and accounts and accounting policies, prospectuses, circulars and other shareholder communications.
- Acquisitions and disposals of interests of more than 29.9% in the voting shares of any investee company.
- Dividend policy.
- Board appointments and removals.
- Appointment and removal of the Company's service providers including the Investment Manager/AIFM, Depository and Auditor.

Board Balance and Independence

All of the Directors of the Company are non-executive and, independent of the Investment Manager.

The Directors possess a wide range of financial, business and legal expertise relevant to the direction of the Company and consider that they commit sufficient time to the Company's affairs.

Chairman

The Chairman, Mr Hills, is deemed by his fellow independent Board members to be independent and to have no conflicting relationships. He considers himself to have sufficient time to commit to the Company's affairs.

As reported in the Chairman's Statement, Mr Hills shall be retiring from the Board at the AGM in November 2022. The Board is undertaking a rigorous selection process for the new Chairman and expect to announce the appointment of his successor in the near future.

Re-election and Retirement of Directors

In accordance with the AIC Code all Directors are subject to annual re-election. Board support for re-election is based on the outcome of an annual performance evaluation. The Chair also speaks with each Director individually. The performance of each Director and nominations for re-election are then discussed by the Board as a whole.

The Board's policy on tenure is that the maximum period that any Director shall serve as a director of the Company shall be limited and no Director shall be eligible to serve beyond the ninth Annual General Meeting following his or her appointment. In the event that a Director is appointed at an Annual General Meeting, for these purposes that Annual General Meeting will not count towards the nine.

Directors' Induction, Training and Development

Upon appointment to the Board, a new Director is provided with a detailed induction pack containing relevant information about the Company and their duties and responsibilities as a Director.

Directors' training and development needs are reviewed by the Board on an annual basis as part of the performance evaluation process. The Board is committed to keeping up to date on matters which are directly relevant to their duties and responsibilities to the Company. The Directors receive regular briefings and updates from the Company's Investment Manager and other advisers on regulatory matters that may affect the Company.

Diversity

The Board is focused on having an effective Board which consists of experienced non-executive Directors who can function well together and have a good operational knowledge of the Company and the closed ended investment company sector more generally. Accordingly, the Board consists of five independent Directors in Richard Hills, William Barlow, Annie Coleman, Josephine Dixon and Richard Locke. The Board supports the principle of boardroom diversity in its broadest sense, in terms of gender, expertise, geographic background, age and race. The Company is specialised and the Board's priority is to have a relatively small and effective independent Board of non-executive Directors with the requisite abilities and experience to oversee the Company, its investments and its corporate structure, including its third-party advisers. Any new appointee would make an appropriate contribution to those skills. It is the Board's policy to review its composition regularly and, when appropriate, to refresh the Board through recruitment, with the aim of having the blend of skills and attributes that will best serve shareholders in the future.

In achieving gender diversity, the Board consists of five non-executive Directors of whom two are female, including the Chairman of the Audit Committee, thereby constituting 40% female representation.

The Board does not consider it appropriate to establish diversity targets or quotas at this time. However, it is mindful of the new Listing Rules on diversity and inclusion and the Company's aim is to have an appropriate level of diversity on the Board.

Meetings

The Directors meet at regular Board meetings, at least once every quarter, with additional meetings arranged as necessary. The number of scheduled Board, Audit and Management Engagement Committee meetings held during the year ended 30 June 2022 and the attendance of the individual Directors is shown below:

	Quarterly Board meetings		Ad-hoc Board meetings		Audit Committee meetings		Management Engagement Committee meetings	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Richard Hills	4	4	12	12	2	2	1	1
William Barlow	4	4	12	11	2	2	1	1
Josephine Dixon	4	4	12	10	2	2	1	1
Richard Locke	4	4	12	12	2	2	1	1
Annie Coleman	1	1	2	2	–	–	1	1

Members of the Board also meet with representatives of the Investment Manager on an informal and regular basis.

The Board normally meets on four occasions during the year. There were an additional 12 meetings this year for strategic discussions. Two Committee meetings were also held during the year to consider the approval of the Company's Annual and Interim Reports.

Performance Evaluation

The Board's decision to recommend the re-election of each of the Directors is informed by a formal assessment of each Director's independence and contribution, and the balance of skills, experience, length of service and knowledge of the Company across the Board as a whole. This assessment is made annually as part of the Board's appraisal of its collective performance and that of the Chairman, the Directors and the Committees, and the independent status of each individual Director and the Board as a whole. The evaluation of the Chairman is led by the Deputy Chairman.

In 2022, the evaluation of the Board was carried out by way of a questionnaire. Having considered and discussed the points raised by the Directors in response to the questionnaire, the Board has concluded that it has an appropriate balance of skills, experience and length of service and that each Director demonstrates effectiveness, a high level of commitment to the Company, and considerable experience, expertise and knowledge. In addition, the Board believes that each Director is independent of judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director.

Accordingly, the Board recommends the election/re-election of each Director (as appropriate).

Committees of the Board

The Board has appointed three committees, to assist its operations. Each committee's delegated responsibilities are clearly defined in formal terms of reference. These are reviewed and assessed annually for adequecy and copies are available from the Company's Registered Office. Miss Dixon chairs the Audit Committee and Mr Hills chairs the Management Engagement Committee and the Disclosure Committee. Each committee comprises all Directors of the Company. Following Mr Hills retirement at the forthcoming AGM, Mr Barlow will chair the Management Engagement Committee and the Disclosure Committee.

Audit Committee

The main responsibilities of the Audit Committee and the matters addressed by the Committee during the year under review are detailed in the Audit Committee Report on pages 38 and 39.

The Chairman of the Board is a member of the Committee to enable him to be kept fully informed of any issues which may arise.

The Chair of the Audit Committee is a Chartered Accountant and the other Committee members have a combination of financial, investment and other relevant experience. The Board is therefore satisfied that the Audit Committee has adequate skills to perform its role.

Management Engagement Committee

The Management Engagement Committee is responsible for reviewing the performance of the Investment Manager and making recommendations to the Board about the continuing appointment of the Investment Manager on an annual basis. The Committee also reviews the Company's other service providers and meets periodically.

The Management Engagement Committee met once over the course of the year.

Disclosure Committee

Following the implementation of the Market Abuse Regulation ("MAR") in July 2016 (which now forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time), the Board agreed to form a Disclosure Committee, comprising all Directors and chaired by Mr Hills, to ensure the identification of inside information and the Company's ongoing compliance with MAR. The Committee meets on an ad hoc basis.

Remuneration Matters

The Board has resolved that, in view of the size of the Board, it is most appropriate for matters of remuneration to be dealt with by the Board as a whole.

Full details of the remuneration arrangements for Directors can be found in the Directors' Remuneration Report on pages 40 to 42.

Nomination Matters

The Board as a whole undertakes the role of the Nomination Committee and oversees the annual appraisal of the Board members, including the Chairman, to assess whether individual Board members should be nominated for re-election each year, evaluates the overall composition of the Board from time to time, taking into account the existing balance of skills and knowledge on the Board and considers succession planning accordingly. This process is led by Richard Hills.

The Board, when assessing the performance of Directors and for making recommendations as to whether they should remain in office and be put forward for election or re-election at the AGM, uses extensive questionnaires and reviews by the Chairman. The Senior Independent Director is responsible for the appraisal of the Chairman. The 2022 review did not identify any causes for concern.

The Board may seek assistance in identifying suitable candidates by appointing an external recruitment firm. During the year the Company engaged Stephenson Executive Search as its external recruitment firm as part of the recruitment of Annie Coleman. Stephenson Executive Search does not have any other connections with the Company.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of financial and other relevant information and reports and that statutory obligations of the Company are met.

Dialogue with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager. Shareholders can communicate with the Board by writing to the Company Secretary at the address disclosed on page 73. Major shareholders of the Company are offered the opportunity to meet with the Investment Manager and the Directors in order to ensure that their views are understood. During the year under review, the Chairman communicated with a number of major shareholders. All shareholders are encouraged to attend and vote at the Annual General Meeting, during which the Board and the Investment Manager are available to discuss issues affecting the Company and shareholders have the opportunity to address questions to the Investment Manager, the Board and the Chairman.

The half-yearly and annual reports are designed to present a full and readily understandable review of the Company's activities and performance. Copies are available from www.greshamhouse.com.

Directors' indemnity

The Company maintains Directors' and officers' liability insurance which provides against costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the courts. The qualifying third-party indemnity provision was in force throughout the financial year and at the date of approval of the annual report. No claims have been brought against the Company or the Directors. The insurance is reviewed periodically.

Conflicts of Interest

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. He or she must request authorisation from the Board as soon as he or she becomes 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 or her 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 every Board meeting to ensure that it is kept up to date and the Board, on an individual basis, confirmed there were no conflicts of interest during the year ended 30 June 2022.

Internal Control Review

The Directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their effectiveness. An ongoing process, in accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, has been established for identifying, evaluating and managing the risks faced by the Company. This process is regularly reviewed by the Board. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can provide only reasonable, not absolute, assurance against material misstatement or loss.

Internal control assessment process

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review process, which has been in place for the year ended 30 June 2022 and up to the date of this report, covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board considers the Company's objectives in light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties of operating the relevant controls.

Against this backdrop, the Board has split the review into four sections reflecting the nature of the risks being addressed. The sections are as follows:

- corporate strategy;
- investment and business activities;
- published information and compliance with laws and regulations; and
- relationship with service providers.

Given the nature of the Company's activities and the fact that most functions are subcontracted, the Board has concluded that there is no need for the Company to have an internal audit function. Instead, the Directors obtain information from key third party suppliers regarding the controls operated by them. To enable the Board to make an appropriate risk and control assessment, the information and assurances sought from third parties include the following:

- details of the control environment;
- identification and evaluation of risks and control objectives;
- assessment of the communication procedures; and
- assessment of the control procedures.

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

- investment management is provided by Gresham House Asset Management. The Board is responsible for the implementation of the overall investment policy and monitors the action of the Investment Manager at regular meetings. The Audit Committee reviews compliance reports from the Investment Manager on a twice-yearly basis, and the Investment Manager's compliance officer is available to attend the meeting if required;
- the provision of administration, accounting and company secretarial duties are the responsibility of Juniper Partners Limited. The Audit Committee reviews the report on controls from Juniper Partners Limited on an annual basis;
- J.P. Morgan Europe Limited act as depository and J.P. Morgan Chase Bank N.A. act as custodian to the Company. The Audit Committee reviews J.P. Morgan's internal controls report on an annual basis;
- the duties of investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- the Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual agreements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews detailed financial information produced by the Investment Manager and the Company Secretary on a regular basis.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the period and up to the date of approval of the report and financial statements. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

Audit Committee Report

I am pleased to present the Committee's report to shareholders for the year ended 30 June 2022. The Committee comprises all directors of the Company, including the Chairman of the Company to enable him to remain fully informed of any issues that may arise. The Committee met twice during the year. Attendance by each Director is shown in the table on page 34.

The Committee's main responsibilities are:

1. To review the half year and annual financial statements

The Committee considers whether the financial statements are fair, balanced and understandable.

In addition, consistency of accounting policies, key areas of judgement, the clarity of disclosure and compliance with accounting and listing requirements, the going concern assumption, the viability statement, and the results of the audit are all covered in the work of the Committee.

2. To review the risk management and effectiveness of internal control policies and procedures of the Company and its service providers

The Committee reviews and considers the Company's statement on risk management and internal control systems included in the financial statements prior to endorsement by the Board.

3. In relation to the external auditor:

- to review and approve terms of the external auditor;
- meet with the external auditor to discuss the outcomes of their audit work;
- liaise with the auditor in respect of their planning of their work and engagement terms, including fees;
- review auditor independence;
- assess the effectiveness of the Auditor and the audit process;
- consider appropriateness and terms of any auditor appointment in respect of any non-audit work;
- monitor the requirements for rotation of the Auditor; and
- make recommendations to the Board relating to appointment and re-appointment.

4. Consider the need for an internal audit function

The Board has concluded that there is no need for an internal audit function owing to the nature of the Company's activities and the fact that most functions are subcontracted.

The following matters were addressed by the Committee during the period under review.

Risk Management and Effectiveness of Internal Controls

The Committee conducted a robust review of the effectiveness of the Company's risk management and internal control systems in February 2022, as part of its consideration of the Annual Report and Financial Statements for the year ended 30 June 2022. The review included considering those risks that might threaten the Company's business model, future performance, solvency or liquidity.

During the year the Committee has considered the following:

- the appropriateness of the risk matrix of the Company;
- the reports on the effectiveness of internal controls and risk management systems of the principal service providers to the Company; and
- the quarterly reports from the Depository.

Following that process, the Committee then recommended to the Board the endorsement of the statement on internal control, as included in this Report on page 36.

Half Year and Annual Financial Statements

Both the Half-yearly Report for the period ended 31 December 2021 and the Annual Report for the year ended 30 June 2022 were reviewed in detail and in line with the Committee's responsibilities and formal recommendations were made to the Board for approval. The Committee considered the basis and reasonableness of the valuation of the Company's quoted investments, as a significant matter. The Committee also considered the following other matters:

- in discussion with the Auditor and the Investment Manager, the calculation of the investment management and performance fees payable to the Investment Manager;
- the prospects of the Company over the three year period agreed by the Board when assessing the long-term viability of the Company, and the appropriateness of the statement from the Directors, as included in this Annual Report; and
- the use of the going concern principle in the preparation of the financial statements for the year ended 30 June 2022. The Committee considered evidence supporting this principle and reviewed the statement on going concern for endorsement by the Board.

Auditor

Under EU legislation (as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time) quoted companies are required to tender the external audit at least every ten years, and change auditor at least every twenty years. The Committee last undertook an audit tender process in December 2015 following which KPMG LLP was appointed as auditor with effect from 17 February 2016 in respect of the financial year ended 30 June 2016. Current audit regulations require the Company to tender the external audit no later than for the year ending 30 June 2026.

In accordance with professional and regulatory standards, the audit director responsible for the audit is rotated at least every five years in order to protect independence and objectivity and to provide fresh challenge to the business. The year ended 30 June 2022 is the fourth year for which the present audit director from KPMG, Gary Fensom, has served as the senior statutory auditor.

KPMG LLP have confirmed their willingness to continue in their office as Auditor and a resolution proposing their re-appointment will be submitted at the forthcoming Annual General Meeting.

Independence, Objectivity and Effectiveness of the Auditor

The Committee reviewed the independence and objectivity of KPMG LLP as the Auditor in September 2022. The Committee had no grounds to question the independence or objectivity of the audit firm, their director or management. The Committee also considered the performance of the Auditor by discussing separately amongst themselves the appropriateness of KPMG LLP's approach to the audit, by detailed discussion with the Audit Director at the Audit Committee meeting in September 2022 of the quality of their report to the Company, and from their ability to assist the Committee in questions raised. The Committee was satisfied with the performance of the Auditor.

Audit Fees

The Audit Committee reviewed the audit plan and fees presented by the Auditor and considered their report on the annual financial statements at a meeting of the Committee attended by the Auditor. The fee for the audit of the Annual Report and Financial Statements for the year ended 30 June 2022 of £42,500 (excluding VAT) was considered and approved by the Committee for recommendation to the Board.

Non-audit Services

Any proposed non-audit services must be approved in advance by the Audit Committee and will be reviewed in light of statutory requirements to maintain the Auditor's independence.

No non-audit services were provided to the Company in the year ending 30 June 2022. The only fees paid to KPMG LLP were in relation to the statutory audit as referred to above.

Re-appointment of the Auditor

Following this review, the Committee has no hesitation in recommending KPMG LLP's re-appointment as statutory Auditor to the Company. A resolution to this effect will therefore be put to shareholders at the forthcoming Annual General Meeting to be held on 9 November 2022.

Josephine Dixon
Audit Committee Chairman

5 October 2022

Directors' Remuneration Report

The Board has prepared this report in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 its report on pages 44 to 49.

Directors' Remuneration Report

Statement from the Chairman

The Board presents the Directors' Remuneration Report for the year ended 30 June 2022, which has been prepared in accordance with the Companies Act 2006.

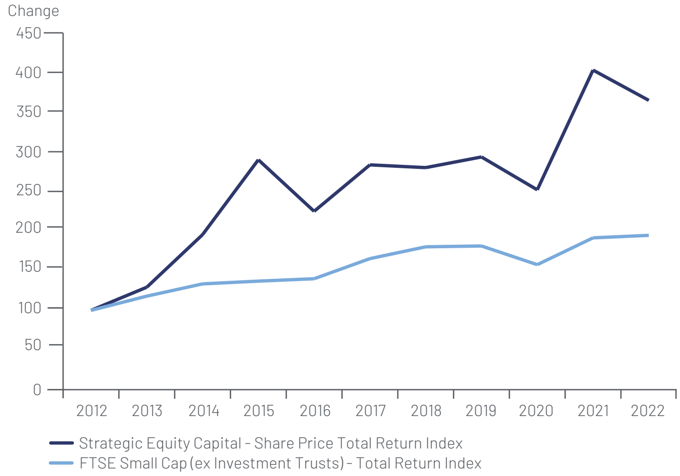
The Board has resolved that, in view of the size of the Board, it is most appropriate for matters of remuneration to be dealt with by the Board as a whole. The Remuneration Policy is set out on page 41.

During the year ended 30 June 2022, Directors' annual fees were set at a rate of £40,000 for the Chairman, £31,500 for the Chairman of the Audit Committee and £27,500 for a non-executive Director of the Company. Mr Locke received an additional £3,000 for his work as the Company's Deputy Chairman. Following a review of the level of Directors' fees for the forthcoming year the Board concluded that the amounts should remain the same.

There will be no change to the way the current approved Remuneration Policy will be implemented in the course of the next financial year.

Your Company's performance

The Company is required to include a performance graph in this report comparing the Company's total shareholder return performance against that of a broad equity market index. The Company is legally required to present a performance comparison. However, comparison against an index is not the objective of the Company. The following graph compares the total shareholder return to the total return on the FTSE Small Cap (ex investment Trusts) Total Return Index. This index has been selected for comparison of the Company's performance for its generic qualities as no listed index directly comparable to the Company's portfolio exists.



Source: Refinitiv Datastream

Directors' emoluments for the year ended 30 June 2022 (audited)

The Directors who served in the year were paid the following emoluments in the form of fees:

	Year ended 30 June 2022 £	Year ended 30 June 2021 £	% change	Average annual change in employees' pay
Richard Hills	40,000	36,800	8.7	N/A
William Barlow	27,500	25,250	8.9	N/A
Annie Coleman*	10,154	–	N/A	N/A
Josephine Dixon	31,500	29,000	8.6	N/A
Richard Locke	30,500	25,250	20.8	N/A
David Morrison†	–	19,132	N/A	N/A
Total	139,654	135,432	3.1	N/A

† David Morrison retired from the Board on 30 March 2021.

* Annie Coleman was appointed to the Board on 14 February 2022.

The above emoluments are of a fixed nature with no variable elements.

The table below contains the annual percentage change in remuneration in the three financial years prior to the current year in respect of each Director:

Fee Rates	Year to 30 April 2020	Year to 30 April 2021	**Year to 30 April 2022**
Chair	£36,800	£36,800	**£40,000**
	+3.1%	+0%	**+8.7%**
Audit Chair	£29,000	£29,000	**£31,500**
	+3.2%	+0%	**+8.6%**
Deputy Chairman	–	–	**£30,500**
	–	–	**+20.8%**
Other directors	£25,250	£25,250	**£27,500**
	+3.1%	+0%	**+8.9%**

Relative importance of spend on pay

The table below, which is a statutory requirement, sets out, in respect of the financial year ended 30 June 2022 and the preceding year:

a) the remuneration paid to Directors; and

b) the cash returned to shareholders by way of dividend.

	Year ended 30 June 2022 £	Year ended 30 June 2021 £	Change
Total remuneration	**139,654**	135,432	+3.1%
Dividend paid	**1,013,000**	791,000	+28.1%

Directors' interests (audited)

There is no requirement under the Company's Articles of Association, or their terms of appointment, for Directors to hold shares in the Company.

The interests of the Directors and any connected persons in the Ordinary shares of the Company are set out below:

	30 June 2022	30 June 2021
Richard Hills	**42,500**	75,000
William Barlow	**10,000**	10,000
Annie Coleman	**5,462**	–
Josephine Dixon	**20,000**	20,000
Richard Locke*	**30,000**	30,000

* This interest is held jointly by Mr Locke and Mrs Mary Locke.

There have been no changes to any of the above holdings between 30 June 2022 and the date of this report.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

Directors' service contracts

None of the Directors has a contract of service with the Company, nor has there been any contract or arrangement between the Company and any Director at any time during the year. The terms of their appointment provide that a Director shall retire and be subject to election at the first Annual General Meeting after their appointment, and every year thereafter. Directors are not entitled to any termination payments in relation to their appointment. The Directors have committed to standing for annual re-election in the interests of good corporate governance.

Directors' Remuneration Policy

An ordinary resolution to approve this Remuneration Policy is put to a shareholders' vote at least once every three years and in any year if there is to be a change in the Directors' Remuneration Policy.

The Company follows the recommendation of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent on the Company's affairs. The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Directors' Remuneration Policy and in the annual review of Directors' fees.

The fees of the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The Articles provide that the aggregate limit for Director's fees in any one year is £200,000. Approval by shareholders would be required to increase that limit. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits as the Board does not consider it to be appropriate at this time. There are no performance conditions attached to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive directors.

It is intended that the Company's policy when determining the duration of notice periods and termination payments under the Directors' letters of appointment will be based on prevailing best practice guidelines. Under the Directors' letters of appointment, there is no notice period and no compensation is payable to a Director on leaving office.

Statement of voting at the last Annual General Meeting

The Directors' Remuneration Report for the year ended 30 June 2021 was approved by shareholders at the Annual General Meeting held on 10 November 2021. The votes cast by proxy were as follows:

Directors' Remuneration Report	Number of votes	% of votes cast
For	43,864,576	99.51
Against	217,032	0.49
At Chairman's discretion	–	–
Total votes cast	**44,081,608**	**100.00**
Number of votes withheld	33,191	

The Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting held on 10 November 2021, and will next be put to shareholders at the Annual General Meeting in 2024. The votes cast by proxy on 10 November 2021 were as follows:

Directors' Remuneration Policy	Number of votes	% of votes cast
For	41,795,276	99.97
Against	12,032	0.03
At Chairman's discretion	–	–
Total votes cast	**41,807,308**	**100.00**
Number of votes withheld	33,191	

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 5 October 2022 and signed on its behalf by the Chairman.

Richard Hills
Chairman

5 October 2022

Statement of Directors' Responsibilities in respect of the Report and Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

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 its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that it faces.

We consider the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board

Richard Hills
Chairman

5 October 2022

Independent auditor's report

to the members of Strategic Equity Capital plc

1. Our opinion is unmodified

We have audited the financial statements of Strategic Equity Capital plc. ("the Company") for the year ended 30 June 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its return for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Directors on 17 February 2016. The period of total uninterrupted engagement is for the seven financial periods ended 30 June 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality:		**£1.7m (2021: £2.2m)**
Financial statements as a whole		1% (2021: 1%) of Total Assets
Key audit matters		**vs 2021**
Recurring risks	Carrying amount of quoted investments	◀▶

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. We summarise below the key audit matter, (unchanged from 2021), in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying amount of quoted investments (£160.0 million; 2021: £215.8 million) *Refer to pages 38 and 39 (Audit Committee Report), page 55 (accounting policy) and note 8 on pages 60 to 62 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of level 1 quoted investments makes up 90.3% (2021: 96.4%) of the Company's total assets (by value) and is one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	We performed the tests below rather than seeking to rely on the Company's controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. Our procedures included: ▪ **Tests of detail:** Agreeing the valuation of 100% of level 1 quoted investments in the portfolio to externally quoted prices; and ▪ **Enquiry of custodians:** Agreeing 100% of level 1 quoted investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results** ▪ We found the carrying amount of level 1 quoted investments to be acceptable (2021: acceptable).

3. Our application of materiality and an overview of the scope of our audit

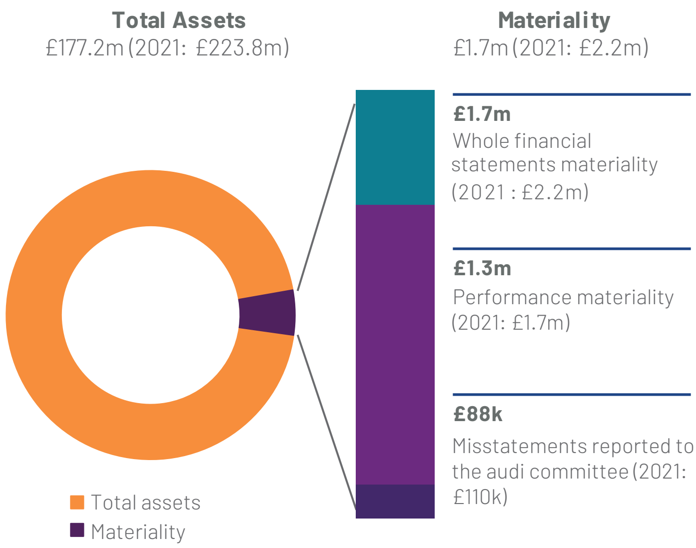
Materiality for the financial statements as a whole was set at £1.7m (2021: £2.2m), determined with reference to a benchmark of total assets, of which it represents 1% (2021: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £1.3m (2021: £1.7m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £88k (2021: £110k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources and its ability to operate over this period were:

- the impact of a significant reduction in the valuation of investments;
- the liquidity of the investment portfolio and its ability to meet the liabilities of the Company as and when they fall due; and
- the operational resilience of key service organisations.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's liquid investment position.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 20 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of Directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- assessing the segregation of duties in place between the Directors, the Administrator and the Company's Investment Manager; and
- reading Board and Audit Committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries. We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no high-risk journals or other adjustments were identified

On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the Investment Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We assessed the legality of the distributions made by the Company in the period based on comparing the dividends paid to the distributable reserves prior to each distribution, including consideration of accounts filed during the year.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection, bribery and corruption legislation and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non- compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non- compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 20 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal and Emerging Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 20 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

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

- 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 43, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

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.

Gary Fensom (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

5 October 2022

Statement of Comprehensive Income

for the year ended 30 June 2022

	Note	Year ended 30 June 2022 Revenue return £'000	Year ended 30 June 2022 Capital return £'000	Year ended 30 June 2022 Total £'000	Year ended 30 June 2021 Revenue return £'000	Year ended 30 June 2021 Capital return £'000	Year ended 30 June 2021 Total £'000
Investments							
(Losses)/gains on investments held at fair value through profit or loss	8	–	(21,776)	(21,776)	–	69,767	69,767
		–	(21,776)	(21,776)	–	69,767	69,767
Income							
Dividends	2	4,173	–	4,173	2,382	–	2,382
Interest	2	6	–	6	1	–	1
Total income		4,179	–	4,179	2,383	–	2,383
Expenses							
Investment Manager's fee	3	(1,564)	–	(1,564)	(894)	–	(894)
Other expenses	4	(1,128)	–	(1,128)	(643)	–	(643)
Total expenses		(2,692)	–	(2,692)	(1,537)	–	(1,537)
Net return before taxation		1,487	(21,776)	(20,289)	846	69,767	70,613
Taxation	5	–	–	–	–	–	–
Net return and total comprehensive income for the year		1,487	(21,776)	(20,289)	846	69,767	70,613
		pence	pence	pence	pence	pence	pence
Return per Ordinary share	7	2.43	(35.53)	(33.10)	1.34	110.22	111.56

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with IFRS. The supplementary revenue and capital return columns are both prepared under guidance published by the AIC. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

The notes on pages 54 to 68 form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2022

	Note	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 30 June 2022								
1 July 2021		6,986	31,737	24,567	154,126	2,264	1,889	221,569
Net return and total comprehensive income for the year		–	–	–	(21,776)	–	1,487	(20,289)
Dividends paid	6	–	–	–	–	–	(1,013)	(1,013)
Share buy-backs		(633)	(20,437)	(4,800)	–	633	–	(25,237)
30 June 2022		6,353	11,300	19,767	132,350	2,897	2,363	175,030
For the year ended 30 June 2021								
1 July 2020		6,986	31,737	24,567	84,359	2,264	1,834	151,747
Net return and total comprehensive income for the year		–	–	–	69,767	–	846	70,613
Dividends paid	6	–	–	–	–	–	(791)	(791)
30 June 2021		6,986	31,737	24,567	154,126	2,264	1,889	221,569

All profits are attributable to the equity owners of the Company and there are no minority interests.

The notes on pages 54 to 68 form part of these financial statements.

Balance Sheet

as at 30 June 2022

	Note	30 June 2022 £'000	30 June 2021 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	159,950	215,756
Current assets			
Trade and other receivables	10	885	423
Cash and cash equivalents	14	16,363	7,580
		17,248	8,003
Total assets		177,198	223,759
Current liabilities			
Trade and other payables	11	(2,168)	(2,190)
Net assets		175,030	221,569
Capital and reserves			
Share capital	12	6,353	6,986
Share premium account	13	11,300	31,737
Special reserve	13	19,767	24,567
Capital reserve	13	132,350	154,126
Capital redemption reserve	13	2,897	2,264
Revenue reserve	13	2,363	1,889
Total shareholders' equity		175,030	221,569
		pence	pence
Net asset value per share	15	316.21	350.05
		number	number
Ordinary shares in issue	12	55,352,088	63,296,844

The financial statements were approved by the Board of Directors of Strategic Equity Capital plc on 5 October 2022.

They were signed on its behalf by

Richard Hills
Chairman

5 October 2022

Company Number: 05448627

The notes on pages 54 to 68 form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2022

	Note	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Operating activities			
Net return before taxation		(20,289)	70,613
Adjustment for losses/(gains) on investments		21,776	(69,767)
Operating cash flows before movements in working capital		1,487	846
Increase in receivables		(219)	(368)
(Decrease)/increase in payables		(19)	366
Purchases of portfolio investments		(36,443)	(61,324)
Sales of portfolio investments		70,129	54,950
Net cash flow from operating activities		34,935	(5,530)
Financing activities			
Equity dividend paid	6	(1,013)	(791)
Shares bought back in the year		(25,139)	–
Net cash flow from financing activities		(26,152)	(791)
Increase/(decrease) in cash and cash equivalents for year		8,783	(6,321)
Cash and cash equivalents at start of year		7,580	13,901
Cash and cash equivalents at 30 June	14	16,363	7,580

The notes on pages 54 to 68 form part of these financial statements.

Notes to the Financial Statements

1.1 Corporate information

Strategic Equity Capital plc is a public limited company incorporated and domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006 whose shares are publicly traded. The Company is an investment company as defined by Section 833 of the Companies Act 2006.

The Company carries on business as an investment trust within the meaning of Sections 1158/1159 of the UK Corporation Tax Act 2010.

The financial statements of Strategic Equity Capital plc for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 5 October 2022.

1.2 Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and reflect the following policies which have been adopted and applied consistently. Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the AIC in February 2019 is consistent with the requirements of IFRS, the Directors have sought to prepare financial statements on a basis compliant with the recommendations of the SORP.

The financial statements of the Company have been prepared on a going concern basis.

The Directors performed an assessment of the Company's ability to meet its liabilities as they fall due. In performing this assessment, the Directors took into consideration:

- cash and cash equivalents balances and the portfolio of readily realisable securities which can be used to meet short-term funding commitments;
- the ability of the Company to meet all of its liabilities and ongoing expenses from its assets;
- revenue and operating cost forecasts for the forthcoming year;
- the ability of third-party service providers to continue to provide services; and
- potential downside scenarios including stress testing the Company's portfolio for a 25% fall in the value of the investment portfolio; a 50% fall in dividend income and a buy-back of 9% of the Company's Ordinary share capital, the impact of which would leave the Company with a positive cash position.

Based on this assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Convention

The financial statements are presented in Sterling, being the currency of the Primary Economic Environment in which the Company operates, rounded to the nearest thousand, unless otherwise stated to the nearest one pound.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

As such, no segmental reporting disclosure has been included in the financial statements.

1.3 Accounting policies

Investments

All investments held by the Company are classified as "fair value through profit or loss". As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increase in fair value, quoted equities, unquoted equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy. Investments are initially recognised at cost, being the fair value of the consideration.

After initial recognition, investments are measured at fair value, with movements in fair value of investments and impairment of investments recognised in the Statement of Comprehensive Income and allocated to the capital column.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the Balance Sheet date, without adjustment for transaction costs necessary to realise the asset.

Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the "trade date" i.e. the day that the Company commits to purchase or sell the asset. Regular way purchases, or sales, are purchases or sales of financial assets that require delivery of the asset within a time frame generally established by regulation or convention in the market place.

Income

Dividends receivable on quoted equity shares are taken into account on the ex-dividend date. Where no ex-dividend date is quoted, they are brought into account when the Company's right to receive payment is established. Other investment income and interest receivable are included in the financial statements on an accruals basis. Dividends receivable from UK and overseas registered companies are accounted for on a gross basis. Where withholding tax is paid, the amount will be recognised in the revenue column of the Statement of Comprehensive Income as part of the tax expense and deemed as irrecoverable. For dividends which are of a capital nature, they are recognised in the capital column of the Statement of Comprehensive Income. Income on fixed income securities is recognised on a time apportionment basis, using the effective interest rate method, from the date of purchase.

Expenses

All expenses are accounted for on an accruals basis. The Company's investment management, administration fees, and all other expenses are charged through the Statement of Comprehensive Income. These expenses are allocated 100% to the revenue column of the Statement of Comprehensive Income. The Investment Manager's performance fee is allocated 100% to the capital column of the Statement of Comprehensive Income. In the opinion of the Directors the fee is awarded entirely for the capital performance of the portfolio.

Cash and cash equivalents

Cash and cash equivalents which are held to maturity are carried at fair value. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years. The tax effect of different items of expenditure is allocated between the revenue and capital columns of the Statement of Comprehensive Income on the same basis as the particular item to which it relates, using the Company's effective rate of tax.

Deferred income tax is provided on all temporary differences at the Balance Sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deferred income tax liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the year when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Dividends payable to shareholders

Dividends to shareholders are recognised as a deduction from equity in the year in which they have been declared and approved by the shareholders. The final dividend is proposed by the Board and is not declared until approved by the shareholders at the Annual General Meeting following the year end. Dividends are charged to the Statement of Changes in Equity.

Share issues and related accounts

Incremental costs directly attributable to the issuance of shares are recognised as a deduction from share premium arising from the transactions.

Share buy-backs

Shares which are repurchased are recognised as a deduction from special reserve and are either classified as Treasury shares or are cancelled.

Foreign currency transactions

The currency of the Primary Economic Environment in which the Company operates is Sterling which is also the presentational currency. Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the transaction.

Investments and other monetary assets and liabilities are converted to Sterling at the rates of exchange ruling at the Balance Sheet date. Exchange gains and losses relating to investments and other monetary assets and liabilities are taken to the capital column of the Statement of Comprehensive Income.

Accounting estimates and judgements

The preparation of financial statements requires the Company to make estimates and judgements that affect items reported in the Balance Sheet and Statement of Comprehensive Income at the date of the financial statements. Although the estimates are based on best knowledge of current facts, circumstances, and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly significantly. The Directors do not believe that any accounting judgements or estimates have been applied to these financial statements that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

Reserves

Share premium account. The share premium represents the difference between the nominal value of new Ordinary shares issued and the consideration the Company receives for these shares.

Special reserve. Created from the Court cancellation of the share premium account which had arisen from premiums paid on the Ordinary shares. The reserve is distributable and its function is to fund any share buy-backs by the Company.

Capital reserve. Gains and losses on the realisation of investments, realised exchange differences of a capital nature and returns of capital are accounted for in this reserve. Increases and decreases in the valuation of investments held at the year end, and unrealised exchange differences of a capital nature are also accounted for in this reserve.

Capital redemption reserve. The nominal value of Ordinary shares bought back and cancelled are transferred to the capital redemption reserve.

Revenue reserve. Any surplus/deficit arising from the revenue profit/loss for the year is taken to/from this reserve.

The Special reserve and Revenue reserve represent the amount of the Company's distributable reserves.

1.4 Adoption of New and Revised accounting standards

The Directors confirm that none of the following newly effective standards have materially affected the Company's financial statements:-

Standard	Effective date
Amendments to IAS 16 – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 – Onerous Contracts	1 January 2022
Amendments to IAS 39, IFRS 4, 7, 9 and 16 – Interest Rate Benchmark Reform (Phase 2)	1 January 2021
Amendments to IAS 41, IFRS 1, 9 and 16 – Annual Improvements 2018-20 Cycle	1 January 2022
Amendments to IFRS 3 – Reference to Conceptual Framework	1 January 2022
Amendments to IFRS 16 – Covid-19 Related Rent	1 April 2021

The Directors do not anticipate the adoption of the following standards will have a material impact on the Company's financial statements:

Standard	Effective date
Amendments to IAS 1 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8- Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 4 – Extension of IFRS 9 Deferral	1 January 2023
Amendments to IFRS 17 – Insurance Contracts	1 January 2023

2 Income

	Year ended 30 June 2022			Year ended 30 June 2021		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Income from investments						
UK dividend income	4,173	–	4,173	2,382	–	2,382
	4,173	–	4,173	2,382	–	2,382
Other operating income						
Liquidity interest	6	–	6	1	–	1
	4,179	–	4,179	2,383	–	2,383

3 Investment Manager's fee

	Year ended 30 June 2022			Year ended 30 June 2021		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Management fee	1,564	–	1,564	894	–	894
	1,564	–	1,564	894	–	894

A basic management fee was payable to the Investment Manager at an annual rate of 0.75% of the NAV of the Company. The basic management fee accrues daily and is payable quarterly in arrears. The Investment Manager is also entitled to a performance fee, details of which are given in the Report of the Directors on page 29. There was no performance fee due for the year ended 30 June 2022 (2021: none).

4 Other expenses

	Year ended 30 June 2022			Year ended 30 June 2021		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Secretarial services	153	–	153	148	–	148
Auditors' remuneration for:						
Audit services*	43	–	43	35	–	35
Directors' remuneration	140	–	140	135	–	135
Other expenses†	792	–	792	325	–	325
	1,128	–	1,128	643	–	643

All expenses include VAT where applicable, apart from audit services which is shown net.

* No non-audit fees were incurred during the year.

† Other expenses include £412,000 of costs in relation to the Company's General Meeting and Circular to approve the various proposals outlined in the 9 February 2022 Stock Exchange announcement (2021: £63,000 in relation to the Company's General Meeting requisition).

5 Taxation

	Year ended 30 June 2022			Year ended 30 June 2021		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Corporation tax at 19.00% (2021: 19.00%)	–	–	–	–	–	–

The Company is subject to corporation tax at 19.00%. As at 30 June 2022 the total current taxation charge in the Company's revenue account is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 30 June 2022			Year ended 30 June 2021		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net return on ordinary activities before taxation	1,487	(21,776)	(20,289)	846	69,767	70,613
Theoretical tax at UK corporation tax rate of 19.00% (2021: 19.00%)	283	(4,137)	(3,854)	161	13,256	13,417
Effects of:						
– UK dividends that are not taxable	(793)	–	(793)	(453)	–	(453)
– Unrelieved expenses	510	–	510	292	–	292
– Non-taxable investment losses/(gains)	–	4,137	4,137	–	(13,256)	(13,256)
	–	–	–	–	–	–

Factors that may affect future tax charges

At 30 June 2022, the Company had no unprovided deferred tax liabilities (2021: £nil). At that date, based on current estimates and including the accumulation of net allowable losses, the Company had unrelieved losses of £28,560,000 (2021: £25,873,000) that are available to offset future taxable revenue. A deferred tax asset of £7,141,000 (2021: £6,468,342) has not been recognised because the Company is not expected to generate sufficient taxable income in future periods in excess of the available deductible expenses and accordingly, the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus losses. The potential deferred tax asset has been calculated using a corporation tax rate of 25% (2021: 25%).

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an Investment Trust company.

On 23 September 2022, the Chancellor of the Exchequer announced that the UK corporation tax rate will remain at 19% from 1 April 2023, reversing the previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and, accordingly, has no impact on the tax balances at 30 June 2022. As explained above, no deferred tax asset is recognised in respect of unrelieved losses and therefore the potential impact of this change on deferred tax is not expected to be material.

6 Dividends

Under the requirements of Sections 1158/1159 of the Corporation Tax Act 2010 no more than 15% of total income may be retained by the Company. These requirements are considered on the basis of dividends declared in respect of the financial year as shown below.

	30 June 2022 £'000	30 June 2021 £'000
Final dividend proposed of 2.00p (2021: 1.60p) per share	1,066	1,013

The following dividends were declared and paid by the Company in the financial year:

	30 June 2022 £'000	30 June 2021 £'000
Final dividend: 1.60p per share (2021: 1.25p)	1,013	791

Dividends have been solely paid out of the Revenue reserve.

7 Return per Ordinary share

	Year ended 30 June 2022			Year ended 30 June 2021		
	Net return £'000	Weighted average number of Ordinary shares	Per share pence	Net return £'000	Weighted average number of Ordinary shares	Per share pence
Total						
Return per share	(20,289)	61,286,517	(33.10)	70,613	63,296,844	111.56
Revenue						
Return per share	1,487	61,286,517	2.43	846	63,296,844	1.34
Capital						
Return per share	(21,776)	61,286,517	(35.53)	69,767	63,296,844	110.22

8 Investments

	30 June 2022 £'000	30 June 2021 £'000
Investment portfolio summary		
Quoted investments at fair value through profit or loss	159,950	215,756
	159,950	215,756

	30 June 2022 Total £'000
Analysis of investment portfolio movements	
Opening book cost	178,033
Opening investment holding (losses)/gains	37,723
Opening valuation	215,756
Movements in the year:	
Purchases at cost	36,342
Sales – proceeds	(70,372)
– realised gains on sales	7,081
Decrease in unrealised appreciation	(28,857)
Closing valuation	159,950
Closing book cost	151,084
Closing investment holding gains	8,866
	159,950

The Company received £70,372,000 (2021: £54,950,000) from investments sold in the year. The book cost of these investments when they were purchased was £63,291,000 (2021: £34,447,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of these investments.

A list of the portfolio holdings by their aggregate market values is given in the Investment Manager's report on page 15. Transaction costs incidental to the acquisitions of investments totalled £137,000 (2021: £292,000) and disposals of investments totalled £95,000 (2021: £110,000) respectively for the year.

	30 June 2022 £'000	30 June 2021 £'000
Analysis of capital (losses)/gains		
Gains on sale of investments	7,081	20,503
Movement in investment holding (losses)/gains	(28,857)	49,264
	(21,776)	69,767

Under IFRS 13, the Company is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in measuring the fair value of each asset. The fair value hierarchy has the following levels:

Investments whose values are based on quoted market prices in active markets are classified within level 1 and include active quoted equities.

The definition of level 1 inputs refers to 'active markets', which is a market in which transactions take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis. Due to the liquidity levels of the markets in which the Company trades, whether transactions take place with sufficient frequency and volume is a matter of judgement, and depends on the specific facts and circumstances. The Investment Manager has analysed trading volumes and frequency of the Company's portfolio and has determined these investments as level 1 of the hierarchy.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 3 instruments include private equity, as observable prices are not available for these securities the Company has used valuation techniques to derive the fair value. In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with IPEV Valuation Guidelines.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value of the investment.

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value at 30 June 2022.

Financial instruments at fair value through profit or loss

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2022				
Equity investments	159,950	–	–	159,950
Liquidity funds	–	2,463	–	2,463
Total	159,950	2,463	–	162,413
30 June 2021				
Equity investments	215,756	–	–	215,756
Liquidity funds	–	2,457	–	2,457
Total	215,756	2,457	–	218,213

There were no transfers between levels for the year ended 30 June 2022 (2021: none).

9 Significant interests

The Company had holdings of 3% or more in the following companies:

Name of investment	Class of Share	30 June 2022 Percentage held
Medica	Ordinary	11.85%
Inspired Energy	Ordinary	10.02%
Tribal	Ordinary	7.98%
Hostelworld	Ordinary	7.76%
XPS	Ordinary	7.11%
Wilmington	Ordinary	5.85%
Ten Entertainment	Ordinary	5.31%
Fintel	Ordinary	4.65%
Nexus	Ordinary	4.54%
Brooks MacDonald	Ordinary	3.34%

10 Trade and other receivables

	30 June 2022 £'000	30 June 2021 £'000
UK dividends receivable	627	402
Amounts due from brokers in relation to sales of investments	243	–
Other receivables and prepayments	15	21
	885	423

11 Trade and other payables

	30 June 2022 £'000	30 June 2021 £'000
Amounts due to brokers in relation to purchases of investments	1,564	1,665
Amounts due to brokers in relation to share buy backs	98	–
Other payables and accruals	506	525
	2,168	2,190

12 Nominal share capital

	Number	£'000
Allotted, called up and fully paid Ordinary shares of 10p each:		
Ordinary shares in circulation at 30 June 2021	69,858,891	6,986
Shares held in Treasury at 30 June 2021	(6,562,047)	(656)
Ordinary shares in issue per Balance Sheet at 30 June 2021	63,296,844	6,330
Shares bought back and cancelled during the year	(6,329,685)	(633)
Shares bought back during the year to be held in Treasury	(1,615,071)	(162)
Ordinary shares in issue per Balance Sheet at 30 June 2022	55,352,088	5,535
Shares held in Treasury at 30 June 2022	8,177,118	818
Ordinary shares in circulation at 30 June 2022	63,529,206	6,353

13 Reserves

For the period ended 30 June 2022	Share premium account £'000	Special reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Capital redemption reserve £'000	Revenue reserve £'000
At beginning of year	31,737	24,597	116,403	37,723	2,264	1,889
Realised gains on investments	–	–	7,081	–	–	–
Unrealised losses on investments	–	–	–	(28,857)	–	–
Share buy-backs	(20,437)	(4,800)	–	–	633	–
Net return for the year	–	–	–	–	–	1,487
Dividends paid	–	–	–	–	–	(1,013)
As at 30 June 2022	11,300	19,767	123,484	8,866	2,897	2,363

The Special reserve and Revenue reserve represent the amount of the Company's distributable reserves.

For the year ended 30 June 2021	Share premium account £'000	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Capital redemption reserve £'000	Revenue reserve £'000
Opening balance	31,737	24,567	95,900	(11,541)	2,264	1,834
Net gain on realisation of investments	–	–	20,503	–	–	–
Increase in unrealised appreciation	–	–	–	49,264	–	–
Net return for the year	–	–	–	–	–	846
Dividends paid	–	–	–	–	–	(791)
As at 30 June 2021	31,737	24,567	116,403	37,723	2,264	1,889

14 Reconciliation of net cash flow to net funds

	30 June 2022 £'000	30 June 2021 £'000
Opening net funds	7,580	13,901
Increase/(decrease) in cash and cash equivalents in year	8,783	(6,321)
Closing net funds	16,363	7,580

	At 30 June 2021 £'000	Net cash flow £'000	**At 30 June 2022 £'000**
Cash at bank	5,123	8,777	**13,900**
Liquidity funds	2,457	6	**2,463**
	7,580	8,783	**16,363**

15 Net asset value per Ordinary share

The net asset value per Ordinary share is based on net assets of £175,030,000 (2021: £221,569,000) and on 55,352,088 (2021: 63,296,844) Ordinary shares, being the number of shares in issue at the year end.

16 Analysis of financial assets and liabilities

The Company's financial instruments comprise securities, cash balances (including amounts held in liquidity funds) and debtors and creditors that arise from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income.

The Company has little exposure to credit and cash flow risk. Credit risk is due to uncertainty in a counterparty's ability to meet its obligations. The Company has no exposure to debt purchases and ensures that cash at bank is held only with reputable banks with high quality external credit ratings. All the assets of the Company which are traded on listed exchanges are held by J.P.Morgan Chase Bank N.A., the Company's Custodian. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to securities held by the Custodian to be delayed or limited. The Board reviews the Custodian's annual controls report and the Investment Manager's management of the relationship with the Custodian.

The Company invests in markets that operate DVP (Delivery versus Payment) settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Investment Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Due to timings of investment and distributions, at any one time the Company may hold significant amounts of surplus cash. Any funds in excess of those required to meet daily operational requirements are invested in Institutional Liquidity Funds. These are highly liquid assets that are redeemable on less than 24 hours notice. The Company only invests in funds that have an AAA rating and the funds' performance is monitored by the Investment Manager. The maximum exposure to credit risk is £17,248,000 (2021: £8,003,000). There are no assets past due or impaired (2021: none).

The Company finances its operations through its issued capital and existing reserves.

The principal risks the Company faces in its investment portfolio management activities are:

- market price risk, i.e. the movements in value of investment holdings caused by factors other than interest rate movement;
- interest rate risk;
- liquidity risk; and
- foreign currency risk.

The Investment Manager's policies for managing these risks are summarised below and have been applied throughout the year:

Policy

(i) Market price risk

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager.

Adherence to the investment objectives and the limits on investment set by the Company mitigates the risk of excessive exposure to any one particular type of security or issuer.

If the investment portfolio valuation fell by 30% from the 30 June 2022 valuation (2021: 30%), with all other variables held constant, there would have been a reduction of £47,985,000 (2021: £64,727,000) in the return after taxation and equity. An increase of 30% in the investment portfolio valuation would have had an equal and opposite effect on the return after taxation and equity. The calculations are based on the fair value of investments at 30 June 2022 and these may not be representative of the year as a whole.

(ii) Cash flow interest rate risk exposure

The Company's bank accounts earn interest at a variable rate which is subject to fluctuations in interest rates.

The Company holds cash in liquidity funds. Income from these funds is dependent on the performance of the funds, which is subject to fluctuations in interest rates (along with other factors).

If interest rates had reduced by 0.5% from those obtained at 30 June 2022 (2021: 0.5%), it would have the effect, with all other variables held constant, of reducing the net return after taxation and equity by £82,000 (2021: £38,000). If there had been an increase in interest rates of 0.5% there would have been an equal and opposite effect in the net return after taxation and equity. The calculations are based on the cash balances at 30 June 2022 and are not representative of the year as a whole.

Non-interest rate risk exposure

The remainder of the Company's portfolio and current assets and liabilities are not subject directly to interest rate risk (2021: same).

Details of the interest rate risk profile of the Company are shown in the following tables.

The interest rate risk profile of the Company's financial assets at 30 June 2022 was:

	Total £'000	No interest rate risk financial assets £'000	Cash flow interest rate risk financial assets £'000
Sterling			
Quoted investments	159,950	159,950	–
Liquidity funds	2,463	–	2,463
Cash	13,900	–	13,900
Receivables*	627	627	–
Total	176,940	160,577	16,363

* Receivables exclude prepayments which under IAS 32 are not classed as financial assets.

The interest rate risk profile of the Company's financial assets at 30 June 2021 was:

	Total £'000	No interest rate risk financial assets £'000	Cash flow interest rate risk financial assets £'000
Sterling			
Quoted investments	215,756	215,756	–
Liquidity funds	2,457	–	2,457
Cash	5,123	–	5,123
Receivables*	401	401	–
Total	223,737	216,157	7,580

* Receivables exclude prepayments which under IAS 32 are not classed as financial assets.

The interest rate risk profile of the Company's financial liabilities at 30 June 2022 was:

	Total £'000	**No interest rate risk financial assets £'000**
Sterling		
Creditors	**2,168**	**2,168**

All amounts were due in three months or less for a consideration equal to the carrying value of the creditors shown above.

The interest rate risk profile of the Company's financial liabilities at 30 June 2021 was:

	Total £'000	No interest rate risk financial assets £'000
Sterling		
Creditors	2,190	2,190

All amounts were due in three months or less for a consideration equal to the carrying value of the creditors shown above.

(iii) Liquidity risk

The Investment Manager may invest on behalf of the Company in securities which are not readily tradable, which can lead to volatile share price movements. It may be difficult for the Company to sell such investments. Although the Company's AIM quoted investments are less liquid than securities listed on the London Stock Exchange, the Board seeks to ensure that an appropriate proportion of the Company's investment portfolio is invested in cash and readily realisable investments, which are sufficient to meet any funding requirements that may arise.

Fair values of financial assets and financial liabilities

The carrying value of the financial assets and liabilities (receivables and payables) of the Company is equivalent to their fair value (2021: same).

Managing Capital

Capital structure

The Company is funded through shareholders' equity and cash reserves. The Company's Articles of Association permit the Board to borrow up to 25% of the Company's net asset value at the time of borrowing. Capital is managed so as to maximise the return to shareholders while maintaining an appropriate capital base to allow the Company to operate effectively in the marketplace and to sustain future development of the business. The Company pays such dividends as are required to maintain its investment trust status, and may also from time to time return capital to shareholders through the purchase of its own shares at a discount to net asset value.

Capital requirement

The Company operates so as to qualify as a UK investment trust for UK tax purposes. Although no longer a requirement for obtaining and retaining investment trust status, it remains the Company's investment policy that the maximum investment in any single investee company will be no more than 15% of the Company's investments at the time of investment.

The Company's capital requirement is reviewed regularly by the Board.

17 Related party transactions and transactions with the Investment Manager

Fees paid to Directors are disclosed in the Directors' Remuneration Report on page 40. Full details of Directors' interests are set out on page 41.

City of London Investment Management is considered a related party by virtue of their holding of 28.9% of the Company's total voting rights. Further details are noted on page 28.

The amounts payable to the Investment Manager, which is not considered to be a related party, are disclosed in note 3 on page 58. The amount due to the Investment Manager for management fees at 30 June 2022 was £349,000 (2021: £403,000). The amount due to the Investment Manager for performance fees at 30 June 2022 was £nil (2021: £nil).

As detailed on page 5 the Investment Manager, directly and indirectly through its in-house funds, has continued to purchase shares in the Company.

Shareholder Information

Financial calendar

Company's year-end	30 June
Annual results announced	October
Annual General Meeting	November
Company's half-year	31 December
Half yearly results announced	February

Share price

The Company's Ordinary shares are premium listed on the main market of the London Stock Exchange plc (the "London Stock Exchange"). The share price is quoted daily in the Financial Times under 'Investment Companies'.

Share dealing

Shares can be traded through your usual stockbroker.

Share register enquiries

The register for the Ordinary shares is maintained by Computershare Investor Services plc ("Registrar"). In the event of queries regarding your holding, please contact the Registrar on 0370 707 1285. Changes of name and/or address must be notified in writing to the Registrar, whose address is shown on page 73.

Net Asset Value

The Company's net asset value is announced daily to the London Stock Exchange.

Alternative Investment Fund Managers Directive ("AIFMD") Disclosures

The Company's AIFM is GHAM.

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy and remuneration disclosures in respect of the year ended 31 December 2021 are available from GHAM on request.

Leverage, for the purposes of the AIFM Directive, is any method which increases the company's exposure to stockmarkets whether through borrowings, derivatives, or any other means. It is expressed as a ratio of the company's exposure to its NAV. In summary, the gross method measures the company's exposure before applying hedging or netting arrangements. The commitment method allows certain hedging or netting arrangements to be offset. As at 30 June 2022 and 2021, the company had no hedging or netting arrangements. The Company's maximum and actual leverage levels at 30 June 2022 are shown below:

Leverage Exposure	Gross Method	Commitment Method
Maximum limit	125%	125%
Actual	93%	101%

The Company's investor disclosure document was updated during the year following the change of Investment Manager.

The investor disclosure document and all additional periodic disclosures required in accordance with the requirements of the FCA Rules implementing the AIFMD in the UK are made available on the Company's website (www.strategicequitycapital.com).

Beware of Share Fraud

In recent years there has been an increase in the number of increasingly sophisticated but fraudulent financial scams. This is often by a phone call or email which can originate from outside UK. Shareholders may receive unsolicited phone calls or correspondence concerning investment matters that imply a connection to the Company. These are typically from overseas 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares.

Shareholders may also be advised that there is an imminent offer for the Company, and the caller may offer to buy shares at significantly above the market price if an administration fee is paid. This is known as 'boiler room fraud'.

If you are contacted, we recommend that you do not respond with any personal information, including access to financial information or bank accounts. If you are in any doubt you should seek financial advice before taking any action.

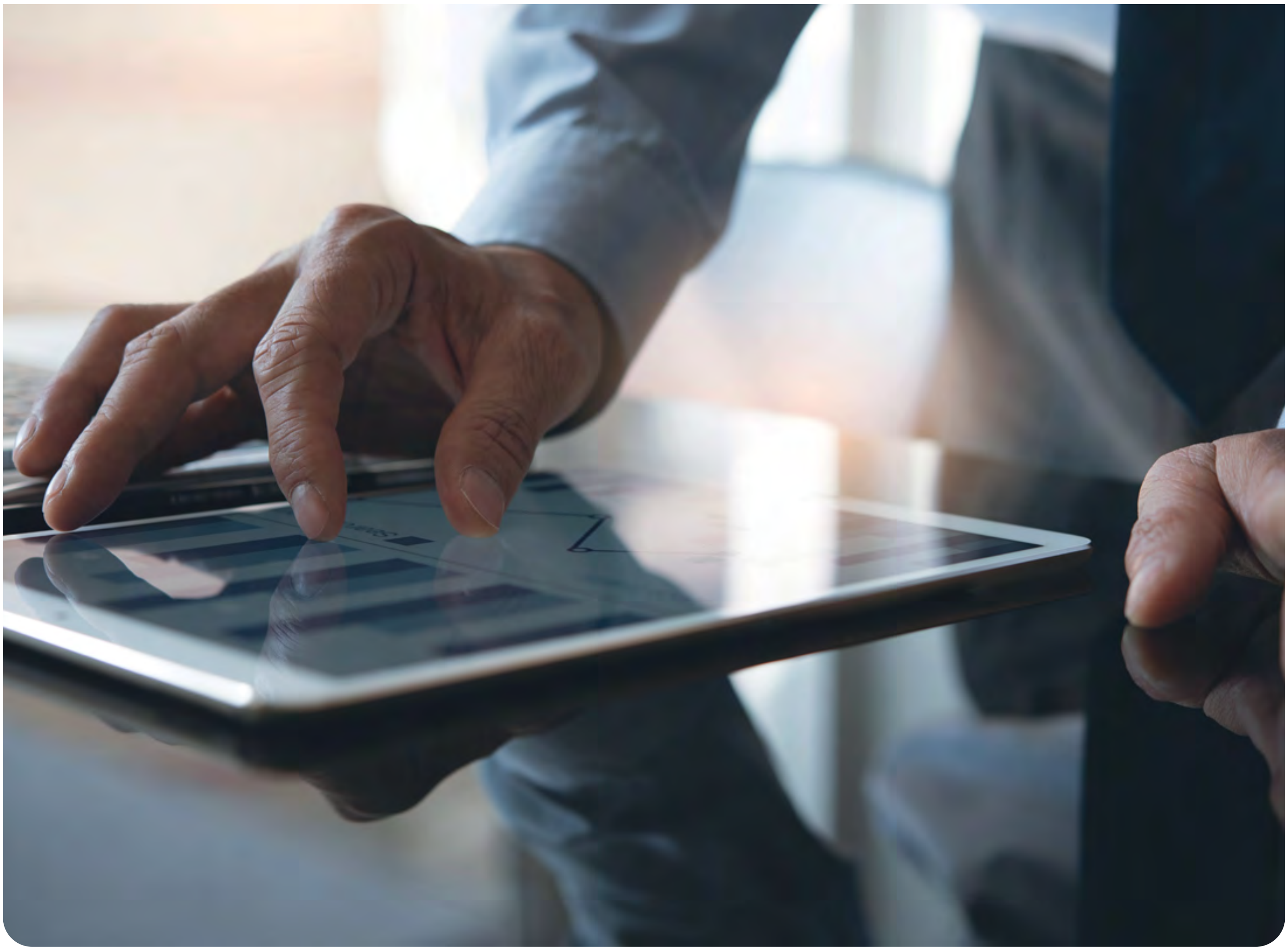
You can find more information about investment scams at the Financial Conduct Authority (FCA) website: www.fca.org.uk/consumer/protect-yourself-scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

Non-Mainstream Pooled Investment Rules

The Company's shares are 'excluded securities' for the purposes of the rules relating to non-mainstream pooled investment products. This means they can be recommended by independent financial advisors to their ordinary retail clients, subject to normal suitability requirements.

Website

Further information on the Company can be accessed via the Manager's website www.greshamhouse.com.



Alternative Performance Measures

Alternative Performance Measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRS and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. The Alternative Performance Measures chosen are widely used in the investment trust sector and thus provide information for users of the accounts to compare the results with other closed-end investment companies.

Discount

The amount by which the Ordinary share price is lower than the NAV per Ordinary share. The discount is normally expressed as a percentage of the NAV per share.

			2022	2021
NAV per Ordinary share	a		316.21p	350.05p
Share Price	b		280.00p	311.00p
Discount	c	c=(b—a)/a	11.5%	11.2%

Average discount

The average discount is calculated by taking the average of each day's share price discount to NAV over the course of the year. The discount range during the year was 4.2% to 16.7% (2021: 9.0% to 26.1%) and the average discount was 12.6% (2021: 17.7%).

NAV Total return

NAV Total return is the increase/(decrease) in NAV per Ordinary share plus dividends paid, which are assumed to be reinvested at the time the share price is quoted ex-dividend.

	2022	2021
Opening NAV	350.50p	239.74p
(Decrease)/increase in NAV per Ordinary share	(33.84)p	110.31p
Closing NAV	316.21p	350.05p
% (Decrease)/increase in NAV	(9.7)%	46.0%
Impact of dividends reinvested*	0.5%	0.8%
NAV total return	(9.2)%	46.8%

* The impact of dividends reinvested assumes that the dividend of 1.60p (2021: 1.25p) paid by the Company was reinvested into shares of the Company at the ex-dividend date.

Share price total return

Share price total return is the increase/(decrease) in share price plus dividends paid, which are assumed to be reinvested at the time the share price is quoted ex-dividend.

	2022	2021
Opening share price	311.00p	195.75p
(Decrease)/increase in share price	(31.00)p	115.25p
Closing share price	280.00p	311.00p
% (Decrease)/increase in share price	(10.0)%	58.9%
Impact of dividends reinvested*	0.5%	1.0%
Share price total return	(9.5)%	59.9%

* The impact of dividends reinvested assumes that the dividend of 1.60p (2021: 1.25p) paid by the Company was reinvested into shares of the Company at the ex-dividend date.

Ongoing charges

Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the Association of Investment Companies industry standard method.

			2022 £'000	2021 £'000
Investment management fee			1,564	894
Administrative expenses			1,128	580
Non recurring costs in relation to 2022 General Meeting			(412)	–
Effect of management fee holiday			–	444
Ongoing charges	a		2,280	1,918
Average net assets	b		210,529	179,611
Ongoing charges ratio (%)	c	c=a/b	1.08%	1.07%

Ongoing charges (including perfomance fee)

As per above, with the addition of the performance fee.

			2022 £'000	2021 £'000
Investment management fee			1,564	894
Administrative expenses			1,128	580
Non recurring costs in relation to 2022 General Meeting			(412)	–
Effect of management fee holiday			–	444
Performance fee			–	–
Ongoing charges (including performance fee)	a		2,280	1,918
Average net assets	b		210,529	179,611
Ongoing charges ratio (including performance fee) (%)	c	c=a/b	1.08%	1.07%

Dividend yield

The proposed annual dividend expressed as a percentage of the Ordinary share price.

			2022	2021
Proposed dividend	a		2.00p	1.60p
Ordinary share price	b		280.0p	311.0p
Dividend yield	c	c=a/b	0.7%	0.5%

Corporate Information

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Broker

Liberum Capital Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Custodian

J.P. Morgan Chase Bank N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Depositary

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Investment Manager

Gresham House Asset Management Limited
Octagon Point
5 Cheapside
London EC2V 6AA
Tel: 020 3837 6270

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZY
Tel: 0370 707 1285
Website: www.computershare.com

Solicitor

Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

Company Secretary and Administrator

Juniper Partners Limited
28 Walker Street
Edinburgh EH3 7HR
Tel: 0131 378 0500

Registered Office

c/o Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

An investment company as defined under Section 833 of the Companies Act 2006.
REGISTERED IN ENGLAND AND WALES No. 5448627
A member of the Association of Investment Companies

Notice of Annual General Meeting

This document is important and requires your immediate attention.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, another appropriately authorised independent professional adviser, without delay. If you have sold or transferred all of your Ordinary shares in the capital of the Company and, as a result, no longer hold any Ordinary shares in the Company, please send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold only part of your holding of Ordinary shares in the Company, you should retain the documents and consult the person through whom the sale was effected.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Strategic Equity Capital plc will be held at the offices of Liberum Capital Limited, Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9LY on 9 November 2022 at 12 noon for the following purposes:

Ordinary Business

Ordinary Resolutions

1. To receive and adopt the audited Financial Statements for the year ended 30 June 2022, together with the Strategic Report and Reports of the Directors and Auditor thereon.
2. To declare a final dividend of 2.00p per Ordinary share.
3. To receive and approve the Directors' Remuneration Report.
4. To elect Annie Coleman as a Director.
5. To re-elect Josephine Dixon as a Director.
6. To re-elect Richard Locke as a Director.
7. To re-elect William Barlow as a Director.
8. To appoint KPMG LLP as Auditor to the Company, to hold office from the conclusion of this Meeting until the next General Meeting at which financial statements are laid.
9. To authorise the Directors to determine the remuneration of KPMG LLP.

Special Business

Ordinary Resolutions

10. THAT in substitution for any existing authority, the Board be and it is hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of Section 560 of the Companies Act 2006, (the "Act") up to an aggregate nominal amount of£533,085 (equivalent to 10% of the Company's issued Ordinary share capital of 53,308,547 Ordinary 10p shares at 4 October 2022), which authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company after the passing of this resolution and 9 February 2024 (unless previously revoked or varied by the Company in General Meeting) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

11. THAT, subject to the passing of resolution 10 above and in substitution for any existing authority, the Board be and it is hereby empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 10 above and/ or to sell equity securities from Treasury for cash, as if Section 561 of the Act did not apply to any such allotment or sales, provided that this power shall be limited to the allotment of equity securities or sale of shares out of Treasury up to an aggregate nominal value of £533,085 (equivalent to 10% of the Company's issued Ordinary share capital of 53,308,547 Ordinary 10p shares at 4 October 2022), and shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company after the passing of this resolution and 9 February 2024, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Board may allot or sell equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

12. THAT the Company be and is hereby authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its Ordinary shares provided that:

    (i) the maximum number of Ordinary shares hereby authorised to be purchased shall not exceed 7,990,951 Ordinary shares (being 14.99% of the Company's issued ordinary share capital as at 4 October 2022 (being the latest practicable date prior to the date of this notice) excluding any Ordinary shares held in Treasury);

    (ii) the minimum price which may be paid for an Ordinary share shall be not less than the nominal amount of such Ordinary share at the time of purchase; and

    (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of (a) 5% above the average of the middle market prices of the Ordinary shares according to the Daily Official List of the London Stock Exchange for the five business days immediately before the date on which the Company agrees to buy the Ordinary shares, and (b) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out.

    This authority shall continue for the period ending on the earlier of: (i) the date on which the maximum number of Ordinary shares authorised to be purchased pursuant to this resolution 14 have been purchased by the Company; (ii) the date of the next Annual General Meeting of the Company after the passing of this resolution; and (iii) 9 February 2024 provided that if the Company has agreed, before this authority expires, to purchase Ordinary shares where the purchase will or may be executed after this authority expires (whether wholly or in part), the Company may complete such purchase as if this authority has not expired.

Registered Office:

c/o Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

By Order of the Board

Juniper Partners Limited
Company Secretary
5 October 2022

Notes to the Notice of the Annual General Meeting:

1. Attending the Annual General Meeting in person

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote on their behalf. Such a proxy need not also be a member of the Company. Shareholders are encouraged to submit their votes by proxy in advance of the meeting in case it is not possible for shareholders to attend in person. The Board will continue to carefully consider the arrangements for the Annual General Meeting in the light of the Government guidance and the Company will issue a regulatory news announcement which will also be posted on the Company's website if the only attendees permitted will be those required to form the quorum and allow the business to be conducted.

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6pm on 6 November 2022 (or, if the Annual General Meeting is adjourned, 6pm on the day two days (excluding non working days) prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

2. Appointment of Proxy

A Form of Proxy for use by shareholders is enclosed. Completion of the Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person.

You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, please contact the Registrars of the Company. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

To be valid the proxy form must be completed and lodged, together with the power of attorney or any authority under which it is signed, or a notarially certified copy of such power of authority, with the Registrars of the Company no later than 48 hours (excluding non-working days) before the time set for the meeting, or any adjourned meeting.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 9 November 2022 and any adjournment(s) thereof by using the procedures described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, CREST Participant ID 3RA50, no later than 48 hours (excluding non working days) before the time appointed for the meeting.

A corporation that is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that they do not do so in relatlion to the same shares.

3. Questions and Answers

The Board continues to welcome questions from shareholders at the Annual General Meeting. However, it asks shareholders to please submit any questions to the Board by email, to the following address: cosec@junipartners.com before 12 noon on 6 November 2022 in case attendance at the AGM has to be restricted due to the Covid-19 pandemic and the health and safety of shareholders. In the event the Annual General Meeting proceeds in its usual format as currently anticipated, pursuant to section 319A of the Companies Act 2006, the Company must provide an answer to any question that is put by a member attending the Annual General Meeting relating to the business being considered, except if a response would not be in the interest of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question within a reasonable period of days after the conclusion of the Annual General Meeting.

4. Total Voting Rights

As at 4 October 2022 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 63,529,206 Ordinary shares carrying one vote each. After deducting 10,220,659 Ordinary shares held in treasury, which do not have voting rights, the total voting rights in the Company as at 4 October 2022 were 53,308,547.

5. Information on the Company's website

In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of Shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Manager's website at www.greshamhouse.com.

6. Nominated Persons

Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between such person and the Shareholder nominating such person, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise such right, the Nominated Person may, under any such agreement, have a right to give instructions to the registered Shareholder as to the exercise of voting rights.

7. Audit concerns

The members of the Company may require the Company (without payment) to publish, on its website, a statement (which is also to be passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold Shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing, state full names and addresses, and be sent to the registered address of the Company.

8. Documents available for inspection

The Directors' letters of appointment and a copy of the Articles of Association of the Company will be available for inspection prior to the Annual General Meeting and during the meeting.

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