STRATEGIC EQUITY CAPITAL PLC

REPORT & FINANCIAL STATEMENTS

for the year ended 30 June 2021

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 19.

Investment Manager

Since 1857
Gresham House
Specialist asset management

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.

Their origins stretch back to 1857, while their focus is on the future and the long term. Quoted on the London Stock Exchange (GHE:LN) Gresham House actively manage c.£4.7bn of assets on behalf of institutions, family offices, charities and endowments, private individuals and their advisers. They act 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), their vision is to always make a positive social or environmental impact, while delivering on their commitments to shareholders, employees and investors. They are 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. They believe that active ownership, including engagement and voting, are effective mechanisms designed to minimise risk and maximise returns. Across all their asset classes, they believe 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 their investment philosophy applies a private equity approach to investing in both public and private companies. Through rigorous due diligence, their team aims to achieve superior returns for long-term investors, and they share 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 6.

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Financial Summary

	At 30 June 2021	At 30 June 2020	% change
Capital return			
Net asset value ("NAV") per Ordinary share†	**350.05p**	239.74p	46.0%
Ordinary share price	**311.00p**	195.75p	58.9%
Comparative index‡	**6,213.89**	3,834.48	62.1%
Discount[1] of Ordinary share price to NAV	**(11.2)%**	(18.3)%	
Average discount of Ordinary share price to NAV for the year[1]	**(17.7)%**	(16.6)%	
Total assets (£'000)	**223,759**	152,114	47.1%
Equity Shareholders' funds (£'000)	**221,569**	151,747	46.0%
Ordinary shares in issue with voting rights	**63,296,844**	63,296,844	–

	Year ended 30 June 2021	Year ended 30 June 2020
Performance		
NAV total return for the year[1]	**46.8%**	(9.1)%
Share price total return for the year[1]	**59.9%**	(13.8)%
Comparative index‡ total return for the year[1]	**65.2%**	(12.3)%
Ongoing charges[1]	**1.07%**	1.11%
Ongoing charges (including performance fee)[1]	**1.07%**	1.11%
Revenue return per Ordinary share	**1.34p**	0.38p
Dividend yield[1]	**0.5%**	0.6%
Proposed final dividend for the year	**1.60p**	1.25p

Year's Highs/Lows	**High**	**Low**
NAV per Ordinary share	353.4p	230.7p
Ordinary share price	317.0p	177.0p

† *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 66 and 67 for definitions and a reconciliation of the Alternative Performance Measures to the year-end results.*

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.

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

Mr Hills 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. Mr Hills was appointed to the Board on 5 March 2014.

William Barlow – Independent Director

Mr Barlow is currently chief executive officer of Majedie Investments PLC, having been a director since 1999. He is a non-executive director of Majedie Asset Management Limited and was previously chief operating officer at Javelin Capital LLP. Mr Barlow 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. Mr Barlow was appointed to the Board on 1 February 2016.

Josephine Dixon (Audit Committee Chairman) – Independent Director

Miss Dixon, 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 BB Healthcare Trust PLC, BMO Global Smaller Companies PLC, Alliance Trust plc, JPMorgan European Investment Trust plc and Ventus VCT PLC. Miss Dixon was appointed to the Board on 14 July 2014.

Richard Locke (Deputy Chairman) – Independent Director

Mr Locke 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. Mr Locke was appointed to the Board on 10 February 2015.

Strategic Report

The Strategic Report has been prepared in accordance with Section 414A of the Companies Act 2006 (the "Act"). Its purpose is to inform members of the Company and help them to assess how the Directors have performed their legal duties under Section 172 of the Act to promote the success of the Company.

Chairman's Statement

Introduction

The effects of Covid on the global economy and stock markets have been pronounced, and not always predictable. As we stand today GDP in most major economies is back close to pre-Covid levels. In fact, in the USA and China, the World's two largest economies, it is now higher as are stock markets nearly everywhere and in the US significantly so. This is in many ways astonishing and can be attributed in part to the extraordinary monetary and fiscal stimulus programmes enacted by central banks and governments in response to Covid.

Following some years of underperformance the UK stock market is generally considered to be relatively cheap in comparison to other major stock markets. While the FTSE 100 has rallied over the Company's year it is still almost 10% off its previous highs and lagging other major indices. Of course, the UK has a heavy weighting in lowly rated sectors such as financials and resources but even adjusting for sector weighting differences it remains at multi-year discounts to other developed markets, in particular the US. As a result global investors are beginning to take increasing interest in this market. In addition, and as noted before, UK smaller companies have been unloved for some time and although we have seen a major rally recently many opportunities still abound. On this basis the Board continues to believe 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 2021, the Company's NAV per share (on a total return basis) increased by 46.8%. The FTSE Small Cap (ex Investment Trusts) Total Return Index ("FTSE Small Cap Index"), which we use for comparison purposes only, increased by 65.2%. Over the same period, the share price of the Company increased by 59.9% on a total return basis. The majority of the relative NAV underperformance was experienced over Q4 when the Trust lagged the FTSE Small Cap Index by 12.9% during the exceptional rebound in stock markets. This was largely driven by lack of exposure to cyclical sectors which of course reflect the investment strategy which typically avoids these areas.

Returns, on both an absolute and relative basis, have been encouraging over the medium term which the Board considers to be a truer measure of performance; over the three years ending 30 June 2021, the NAV total return was 11.0% on an annualised basis, against the annualised benchmark return of 9.8%.

The recent strong absolute NAV performance has been underpinned by a number of positive developments at portfolio companies. In addition, two of our investments, Equiniti and Proactis, were the subject of recommended offers from private equity firms late in the period and at substantial premiums to their pre-bid share prices. This performance is discussed more fully in the Investment Manager's Report on page 10.

Development of the Company

Ken Wotton (Managing Director, Public Equity at Gresham House) has now been Lead Manager of the Company for over a year. Working closely with Adam Khanbhai and the wider and growing Public Equity Team Ken's strong leadership has already started to produce encouraging results.

The appointment of Gresham House has resulted in no fundamental change in strategy but to maximise engagement opportunities the Company is now focused on investments that have a market capitalisation in the region of £100m to £300m at the point of entry. Following a detailed portfolio review, the team has fully exited seven investments (including two post period end) and initiated positions in six new holdings (including one post period end). The evolution of the portfolio, and the principles behind its construction, are discussed in more detail in the Investment Managers Report on page 7.

Gresham House Asset Management, directly and indirectly through its in-house fund, Gresham House UK Micro Cap Fund, purchased 3,141,413 shares in the Company during the year.

The Board is pleased with the progress made by Gresham House over the past year and the investment returns achieved. While the discount at which the shares trade has significantly narrowed in this period it remains at a level higher than is appropriate. Therefore the Board considers the narrowing of the discount as the critical strategic objective for the coming twelve months.

In September the Board announced the appointment of Liberum Capital Limited as the Company's sole brokers. The Board are optimistic that, working with Gresham House, they will help attract new investors over time. The Board is grateful for all the efforts of the Company's former broking team, who had advised the Company for many years.

Chairman's Statement *(continued)*

In addition to the two tenders offers already announced (see below) a number of initiatives are underway with the intention to enhance the effectiveness of the marketing activities of the Company to both professional, institutional and retail investors. Recent actions include the appointment of KL Communications as the Company's PR agency and the appointment of Liberum Capital Limited as the Company's sole stockbrokers. These new advisors, working together with Gresham House and Aberdeen Standard Investments, have developed a strategic marketing plan which is currently being implemented. In aggregate these actions will not only add further significant resource but it will lead to greater coordination between all parties. The Board welcomes these developments and looks forward to additional and increased focus being brought to bear on delivering both performance and effective marketing to the Company's shareholders.

Discount and Discount Management

The average discount to NAV of the Company's shares during the period was 17.7%, compared to the equivalent 16.6% figure from the prior year. The discount range was 9.0% to 26.1%. The share price discount to NAV ended the period at 11.2%.

On 28 May 2021 the Board announced two contingent tenders as part of its commitment to take action to address the persistent discount.

2022 Contingent Tender

A contingent tender offer in 2022 will take place, should the ordinary shares trade at a wider than average discount of 8% over the 12 months ending 30 June 2022. In this event, the Board will undertake a tender offer for up to 10% of the Company's issued share capital (excluding shares held in treasury) shortly after the 2022 AGM (the "2022 Tender Offer"). The tender price will be equal to a 3% discount to NAV (less costs) per ordinary share. In the event that shareholders tender in excess of their basic entitlement of 10%, such excess applications will be satisfied on a pro rata basis to the extent that other shareholders tender less than (or none of) their basic entitlement.

2024 Contingent Tender

In addition to the 2022 Tender Offer, a further tender offer will occur if, over the three year period ending 30 June 2024, the NAV total return per ordinary share lags the FTSE Small Cap (ex Investment Trusts) Index on a total return basis (the "2024 Tender Offer"). In the event that the 2024 Tender Offer is triggered, the Board will undertake a tender offer for up to 15% of the issued share capital of the Company (excluding shares held in treasury) shortly after the 2024 AGM at a tender price equal to a 3% discount to NAV (less costs) per ordinary share. In the event that shareholders tender in excess of their basic entitlement of 15%, such excess applications will be satisfied on a pro rata basis to the extent that other shareholders tender less than (or none of) their basic entitlement.

The Board continues to believe that, over the long term, performance is the key factor that determines the discount to NAV that the Company's share price trades. The investment management changes made over the course of 2020 appear to be bearing fruit, and with the newly increased emphasis on marketing we believe there is scope for the discount to narrow further in the coming year.

The Board

David Morrison retired from the Board of Directors as a non-executive Director on the 30 March 2021. The Board is grateful to David for the contribution he has made to the Company during his time on the Board in a period of high activity and change.

The Board has formed a committee to consider the recruitment of a new Director and I hope to be able to announce the successful candidate in due course.

As I have already announced I shall be retiring from the Board at the AGM in November 2022. The Board will go through a rigorous selection process for the new Chairman in due course.

Gearing and Cash Management

The Company has maintained its policy of operating without a banking loan facility. This policy is periodically reviewed 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 2021 the basic revenue return per share was 1.34p (2020: 0.38p; 2019: 2.11p). Following the Covid-19 related dividend cuts announced by many investee companies in the previous financial year, the Board is pleased to report that much of the portfolio has resumed the payment of dividends, although in aggregate this remains at a level below that of 2019.

Accordingly, the Board is proposing a final dividend of 1.60p per share for the year ending 30 June 2021 (2020: 1.25p per share, 2019: 1.5p per share, 2018: 1.0p per share), payable on 17 November 2021 to shareholders on the register as at 15 October 2021. This payment will fully utilise this year's earnings and also require a transfer from revenue reserves of £167k (equivalent to 0.26p per share). Following this distribution, the Company will have revenue reserves of £876k (equivalent to 1.38p per share).

Outlook

Although we may be past the worst of the Covid pandemic in the developed World, like influenza Covid in one form or another is likely to become a recurring, annual visitor. Going forward its effects on the the global economy are, however, unlikely to be as severe as in 2020. Global GDP has rebounded more rapidly than expected, largely due to the combined effects of the global vaccine roll out and QE. Although tapering will occur at some point we remain relatively optimistic that interest rates are unlikely to rise significantly for now.

The UK stock market has been out of favour with international investors for some time but this looks to be changing. As noted last year, on most comparisons the domestic market appears cheap and within it smaller companies still offer good value.

The evolution of the Company's portfolio over the past year has set it up to prosper in this low interest rate environment. Allied with the new and enhanced marketing programme, we expect to see the discount narrow further as we move towards next year's first announced tender.

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

Richard Hills
Chairman
29 September 2021

Investment Manager's Report

Investment Strategy

In the following section, we have provided shareholders with a detailed explanation 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, alongside Adam Khanbhai has not led to a fundamental change of strategy for SEC.

However, while the stated investment strategy, area of focus and core approach are unchanged they are now being more strictly applied. Further, with the additional and experienced resource of the Gresham House platform and its extensive network, the strategy can also be pursued more effectively.

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 proprietary 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 true private equity approach to investing in public markets 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 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. Before investing we undertake an extensive due diligence process, assessing market conditions, management and stakeholders. Our investments are underpinned by valuations, which we derive using private equity-based techniques. These include a focus on cash flows and the potential value of the company to a trade or financial buyer. The outputs of this approach deliver investments with one or more of the following characteristics: mispriced cash flow; underappreciated strategic value; and opportunity for positive strategic change.

Investment focus

We seek to invest in high quality companies in attractive end markets with the potential to deliver superior long term capital growth for shareholders. We have clear parameters for what we will invest in and areas which we will deliberately avoid. We do not invest into turn-around situations or inherently weak companies.

We proactively seek out the following characteristics:

- Portfolio companies should be operating in a sector or niche market that offers opportunities for structural growth or a stable, competitive environment providing the scope to take market share.
- Quality is indicated by management capability and track record; sustainable competitive advantages such as strong, defensible intellectual property, a sustainable and attractive market position, and premium growth rates relative to competitors.
- Companies should have the potential to deliver strategic value, by exhibiting characteristics valued highly by potential trade buyers in their sector.
- Financially, companies should be able to demonstrate a fundamentally profitable business model, strong cash generation, attractive returns on capital and superior operating margins.
- High-quality management is desirable, although we may seek to strengthen this as part of our constructive active engagement process.
- The investment case should not be compromised on ESG grounds. We will actively seek to diligence key ESG risks and opportunities pre investment and monitor and engage to drive improvements and mitigate risks over the life of our investments.
- The shareholder register should be aligned with SEC's objectives and we will aim to engage with other investors to seek consensus on strategy and key value drivers. We actively avoid companies with the following characteristics which we believe increase the downside risk and potential volatility of return.
- SEC will not invest in extractive sectors (oil and gas, mining), nor 'balance sheet' financials (banks, insurers), as the manager believes that success in these businesses is often driven by macro factors like commodity prices rather than operational aspects under the control of management.
- We do not back early-stage companies with unproven business models or speculative growth projections orthose reliant on binary outcomes (such as biotech/tech companies reliant on the regulatory approval of new products, for example).

- We seek to avoid businesses in financial distress or deep turnaround situations where the spread of risk and reward may be too wide and where the return on fund management resource is highly uncertain.
- We typically avoid companies operating in commoditised industries or those with intrinsically low operating margins or cash conversion.
- We typically avoid companies with controlling shareholders, and those with poor governance and/or weak financial systems and oversight unless we see a clear catalyst for these characteristics to change and unlock value. However, encouraging improvement in aspects of ESG may form part of the investment thesis and is a core focus of our due diligence and ongoing monitoring activity

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 (see Figure 1 opposite). 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 2 opposite) 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, bolt-on acquisitions to both trade and private equity buyers. These buyers provide an additional source of liquidity and realisation of value for smaller company investors.

Figure 1: Long-term performance

Cumulative return 1955-2021

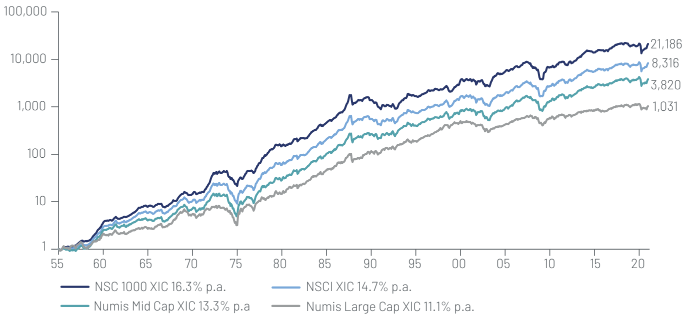
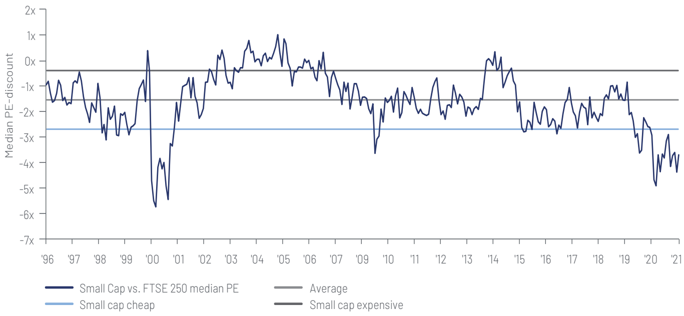


Figure 2: 'Small-cap discount'

Median SC P/E – FTSE 250



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. At acquisition no holding can represent more than 10% of the portfolio but a successful investment could grow over time to reach 15% of net assets before ongoing trimming or a sale of the holding would occur.

Bottom-up stock picking determines SEC's sector weightings which are not explicitly managed relative to a target benchmark weighting. The absence of certain sectors such as Oil & Gas, Mining, Banks and Insurers, as well as limited exposure to overtly cyclical parts of the market, typically result in a portfolio weighted towards, but not exclusively, the Software, Healthcare and Business Services sectors, in addition to higher quality businesses in other areas. The underlying value drivers are typically company specific and exhibit limited correlation even within the same broad sectors. Figure 3 on page 8 sets out the sector exposure of the Fund as at 30 June 2021.

Investment Manager's Report *(continued)*

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. The Investment Managers will not make an initial investment into any company with a market capitalisation of less than £100m. 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 chance that our constructive active engagement approach will be effective and ultimately successfully contribute to shareholder value creation.

This point is best demonstrated with numbers. The Manager believes that in order to provide a strong platform for engagement an equity stake of at least 5% and in many cases 10% is desirable, either in isolation or conjunction with other GHAM managed funds. Thus, at the point of initial investment an illustrative portfolio of £200m made up of 20 holdings might include:

- 10 positions representing 75% of the portfolio's value (£150m) and averaging a 7.5% direct equity stake in the underlying investment. At an average position size of £15m, the implied average market capitalisation of these holdings would be £200m.
- 10 positions representing 25% of portfolio value (£50m) and averaging a 2.5% direct equity stake. At an average position size of £5m, the implied average market capitalisation would be £400m.

Overall, at inception, the weighted average market capitalisation of this illustrative portfolio would therefore be £250m. Given a three-to-five year investment cycle it is reasonable to expect SEC to hold 50% or more of its portfolio in companies with a market capitalisation of £300m or below, at any given time. This is approximately where we are today (see Figure 4 Value by market cap band). At a larger aggregate fund size it would be reasonable to expect the average market capitalisation to increase in line with SEC's capacity to take influential stakes in larger businesses or retain those stakes as they grow.

Figure 4 sets out the market capitalisation range of the Trust as at 30 June 2021. While most new investments for SEC will be in companies with a market capitalisation below £300m at the point of investment we expect the portfolio at any given moment to represent a blend of investments at varying stages of maturity within our long-term investment thesis.

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.

Figures 3: Sector exposure by value

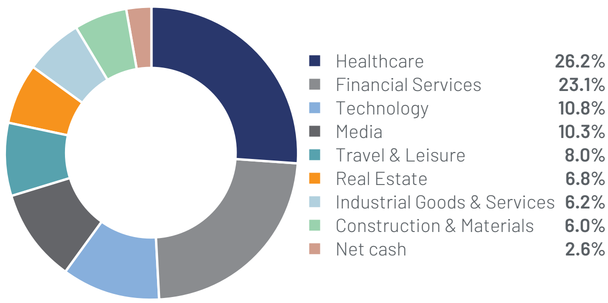
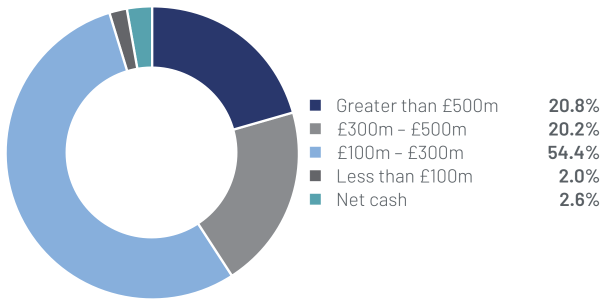
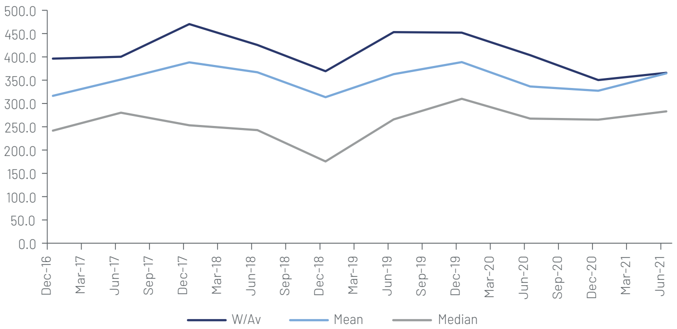


Figure 4: Value by market cap band



Based on current market levels and the size of SEC we would expect the average market capitalisation of portfolio companies to be in the range of £250-500m. In Bull markets the average is likely to be higher than in Bear markets. Over the four and a half years since December 2016 the average portfolio market capitalisation has been maintained within this range (see Figure 5 on page 9).

Figure 5: Average Portfolio Market Capitalisation £m



The average market capitalisation of portfolio holdings decreased to £367m as at 30 June 2021 compared to £405m as at 30 June 2020 despite the significant increase in share prices experienced over this period. On a like for like basis, using share prices as at 30 June 2021, the average market capitalisation of portfolio holdings has decreased significantly from £506m as at 30 June 2020 to £367m as at 30 June 2021; this has been driven by portfolio rebalancing activity over the year. We have exited some larger capitalisation holdings such as Ergomed, 4Imprint, Numis, JTC and Strix where the investment thesis had largely played out (the unweighted average market cap was £513.1m at point of final realisation) and replaced them with new holdings such as Inspired Energy, Fintel, Ten Entertainment, LSL Property Services and Idox with a lower average market capitalisation (unweighted average market cap of £194.0m at point of first investment).

We set out a description of the Top 10 holdings as at 30 June 2021 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.

Investment Manager's Report *(continued)*

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. As an example, we recently introduced a high-quality non-executive director to the board of Wilmington to provide insight and expertise in the area of digital remote learning, a key component of the company's future growth strategy. We have also engaged with an increasing number of portfolio companies regarding their ESG strategy and remuneration policy; we believe both areas are critical to delivering long term shareholder value in line with our stated strategy.

For the companies, a further benefit is that SEC has historically supported investee companies with capital to strengthen their financial position or to undertake M&A where this is aligned with strategy and long term value creation. Recent examples during the financial year have been: Inspired where SEC, along with other investors provided acquisition capital to support the purchase of the remaining minority interest in Ignite Energy; Hostelworld where the Fund participated in a placing of new equity to strengthen its balance sheet to provide additional liquidity to weather the short term impact of Covid disruption to the travel sector; and Medica where SEC participated in a placing to support the acquisition of US-based RadMD.

In summary, we follow a practice of constructive corporate engagement and aim to work with management teams in order to enhance shareholder value. 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 2021

Over the course of the financial year we have made good progress with the transition of the portfolio: purchasing six new holdings (including one post period end) which represented 21% of NAV at the end of the period, fully exiting seven positions (including two post period end) which represented 26% 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 represents 55% of the portfolio by value. A number of enhanced engagement initiatives are now underway with portfolio companies across a number of areas such as board composition, ESG strategy, long term management incentive plans and digital transformation activities.

Market Background

Over the twelve months to the end of June, the FTSE Smaller Companies (ex Investment Trusts) Index ("the index") rose 65.2% on a total return basis outperforming both the FTSE All Share (+21.5%) and FTSE AIM (+42.5%). At a stock level the strength was broad based, although cyclical sectors, and in particular financials and industrials, generally led the recovery.

The first four months of the period saw a muted headline market as investors and companies alike digested the medium-term implications of Covid on business models, valuations and company prospects. However the market rebounded sharply in November as vaccine approvals drove optimism that Covid restrictions could soon be lifted, with the index up more than 30% over Q4 alone. This theme played out further in the new year as the successful vaccine rollout and reduction in restrictions, both in the UK and globally, contributed to an increasingly bullish economic outlook and drove the index to close near record highs.

This optimism was also reflected in an exceptionally strong rebound in corporate activity during the first half of 2021. The UK IPO market has been the most active for more than two decades so far during 2021 with analysts at stockbroker Liberum estimating that more than £10bn has been raised during the first 8 months of the year, already more than any year since 2000 with several months of the year remaining. Similarly, record amounts of "dry powder" in private equity funds, combined with still discounted valuations, has triggered a frenzy of takeover activity in the UK equity market ranging from small caps right through to the FTSE100. This represents a double-edged sword for investors who benefit from a short-term share price uplift but then may lose out on the long-term potential of good quality companies that leave the public markets. As an illustration of this point, two holdings, Equiniti and Proactis, were subject to takeover offers from private equity during the period; this is likely to be an ongoing theme.

Performance Review

The net asset value ("NAV") increased 46.8%, on a total return basis, over the twelve months to the end of June, closing at 350.1p per share; just shy of the all time high reached late in the period. This represents an increase of 23% since the start of 2020 (ie pre-Covid) although this figure masks significant volatility over the last 18 months, with the NAV ultimately increasing 88% from the low point reached in March 2020 during the initial stages of the Covid pandemic. The early stages of the recovery were somewhat tentative with portfolio company valuations remaining depressed due to the significant uncertainty created by the first wave of

Covid lockdowns. Following the approval of vaccines in November 2020 a sustained, substantial and broad based rebound in share prices ensued, supporting the healthy growth in NAV experienced over the period.

Whilst a strong absolute NAV performance was delivered over the period, performance lagged the index. The majority of this relative drag was experienced during the exceptional market recovery during the last two months of 2020. This can partly be attributed to the net cash balance, which averaged 7% over the period and was a drag on relative performance. The larger factor however was the lack of exposure, due to the nature of the investment strategy, to the cyclical sectors which led the performance of the market as noted previously. By way of illustration, there was only one material negative contributor to performance (Clinigen; discussed in more detail subsequently); by and large the NAV underperformance relative to the index was driven more by what was not owned, rather than what was.

Despite the strong gains experienced over the year, we remain confident of the portfolio's prospects as we look towards 2022; valuations for portfolio holdings remain modest and, for many companies, significant strategic progress has been delivered over the last 12 months which puts them in a strong position to capitalise on the improving backdrop. These developments are covered in more detail for key holdings in the 'Top 10 Investee Company Review' on page 12.

Top Five Absolute Contributors to Performance

Security	Valuation 30 June 2021 £'000	Period Contribution to return (basis points)
Tyman	13,207	833
Tribal	16,870	670
Medica	25,023	410
Wilmington	13,532	385
Ergomed*	–	320

* Fully realised during the period

Tyman, a manufacturer of technical window and door components, saw its share price more than double as an improving trading outlook in their key US market drove upgrades whilst strong operational delivery supported margins and helped to reduce their leverage. **Tribal**, an educational software and services provider, rerated over the course of the period as a number of material new contracts were signed which evidenced increasing traction of their next generation 'Tribal Edge' platform. **Medica**, a teleradiology services provider, saw it shares recover over the course of 2021 as scanning activity in hospitals returned to more normalised levels. **Wilmington**, a B2B information and training provider, recovered as strong operational management and a shift to digital delivery channels saw it deliver a resilient performance despite Covid restrictions disrupting to face to face training. **Ergomed**, a clinical trials and pharmacovigilance specialist, continued its run of exceptional performance with significant upgrades and further M&A in the period; the holding was divested in the latter stages of 2020 due to the strength of the share price.

Bottom Five Absolute Contributors to Performance

Security	Valuation 30 June 2021 £'000	Period Contribution to return (basis points)
Clinigen	16,566	(303)
4Imprint*	–	(39)
Numis*	–	(17)
Idox	2,627	2
LSL Property Services	10,451	21

* Fully realised during the period

Only three investments that delivered negative returns over the period. **Clinigen**, a specialist pharmaceuticals a pharmaceutical services provider, was the only significant detractor over the period. The company issued two profit warnings over the period. The first, early in the period, was due to the launch of generic version of Clinigen's Foscavir product in the EU; whilst this was expected the timing was a negative surprise and led to modest downgrades. The second, late in the period, was more significant and related to weak sales of oncology drugs, and in particular key product Proleukin, due to Covid-related disruption of cancer diagnosis and treatment pathways over the last 12 months. These developments are discussed in more detail on page 13. Holdings in **4Imprint**, a US focused supplier of promotional merchandise, and **Numis**, a small and mid-cap investment bank, were both exited early in the period and prior to the recovery in markets. This was in spite of resilient trading and relatively robust share prices, as opportunities with a better risk vs reward balance were, in our opinion, available elsewhere.

Investment Manager's Report *(continued)*

Portfolio Review

The portfolio remained highly focused with a total of 19 holdings and the top 10 accounted for 68% of the NAV at the end of the period. 3% of the NAV was held in cash at the period end.

Over the period positions in 4Imprint, Ergomed, Numis, JTC and Strix were exited. The investments delivered IRRs of 22%, 72%, 2%, 40% and 48% respectively. Profits were taken in Ergomed as the shares more than doubled over the period driven by strong trading and M&A. 4Imprint has been a very strong performer in the fund for over a decade; the position was exited as the shares were viewed as highly rated relative to other opportunities in the market. Numis, a small non-core holding, was exited also in order for capital to be redeployed elsewhere in the portfolio. JTC and Strix both reported impressive results in 2020, however this was reflected in a strong share price performance and lofty valuations and as a result the positions were exited. Positions in Equiniti and Proactis were realised after the period end following successful bids for the companies by private equity firms Siris Capital and Pollen Street Capital respectively.

New investments were initiated in Inspired (formerly Inspired Energy), a leading UK corporate energy services and procurement specialist; Ten Entertainment, the UK's number two ten pin bowling operator and Fintel (formerly SimplyBiz), a leading provider of technology enabled regulatory solutions and services to Independent Financial Advisors; LSL Property Services, a leading UK provider of predominantly B2B focused real estate services; Idox, a provider of niche software solutions to the public sector. Post period end a toehold investment was initiated in Nexus Infrastructure, a leading UK provider of specialist infrastructure and engineering services to the housebuilding, transport, and commercial sectors

Changes in sector weightings have seen exposure to Healthcare decrease from 34.7% to 26.2% following the exit from Ergomed, whilst Financial Services has decreased marginally from 23.8% to 23.1% due to the impact of exits from Numis and JTC being offset by the new investment in Fintel. Technology has increased from 7.8%% to 10.8% due to the strong performance of Tribal and Proactis combined with the new investment in Idox. Exposure to Travel and Leisure, Real Estate and the Industrial Goods and Services sectors have increased mainly due to new investments Ten Entertainment, LSL Property Services and Inspired Energy respectively. Exposure to Media and Construction and Materials has remained broadly constant.

Top 10 Investee Company Review
(as at 30 June 2021)

Medica

Description

Is the leading provider of teleradiology services in the UK, providing outsourced interpretation and reporting of MRI, CT and plain film (X-ray) images, primarily to the NHS hospital radiology departments. This includes both out-of-hours (aka 'Nighthawk') and routine reporting. Formerly owned by Close Brothers Private Equity, following a 2013 buyout, the company listed on the London Stock Exchange in 2017.

Thesis

The demand for radiology services in the UK is growing rapidly driven by the increasing sophistication and clinical application of medical imaging, compounded by an ageing population with increasing incidence of chronic conditions and cancer that require on going monitoring. The NHS struggles to meet this demand internally due to a severe (and long term) shortage of qualified radiologists. Medica's technology platform and roster of over 500 consultant radiologists addresses this issue safely and economically, enabling the company to deliver consistently high (double digit) levels of growth. The company has historically delivered strong financial progress, growing revenues over 60% between 2016 and 2019, although this has been disrupted in the short term due to the impact of Covid on the healthcare system. We believe the medium term outlook is positive and that the combination of a high growth, high margin, low capital operating model is highly valuable and underappreciated by the market.

Developments in the period

Covid has led to disruption to scanning activity levels in NHS hospitals which as had a material impact on Medica's business, with revenue down 21% year on year in 2020. Despite this, the company has remained profitable, cash generative and well capitalised which has enabled them to take the opportunity to strengthen relationships with its NHS customers and to continue to invest in technology to increase the efficiency and flexibility of the company's reporting platform. As part of this investment, and in partnership with Qure.ai, the company has recently started to incorporate AI support tools into its offering; initially to enhance radiologist reporting of urgent stroke cases. Late in 2020 the company acquired an Irish peer, Global Diagnostics Ireland, for €16m, leading to double digit upgrades and extending the company's footprint outside the UK. It followed this up with the acquisition of US based imaging contract research business (iCRO) RadMD for up to £16m, funded by a placing that was supported by SEC. In our view these developments increase the long term strategic value of the company and put it in a strong position to capitalise as healthcare activity returns to more normalised levels over the course of 2021.

XPS

Description

Is the only listed defined benefit pensions specialist in the UK. The company offers pensions actuarial, administration, compliance and advisory services. Formerly owned by Close Brothers Private Equity, the company listed on the LSE in 2017.

Thesis

Following a large merger with Punter Southall, the company warned on profits mid-way through 2019 and suffered a material de-rating. We initiated our position at this point as we believe the quality and longevity of the cash flows to be very attractive and mispriced at its prevailing valuation. The company has a largely predictable core business with the opportunity to enhance returns through continued market share gains, supportive regulatory tailwinds and accretive bolt-on acquisitions. Consolidation in the market provides further opportunity for XPS to take market share over the medium term, whilst the company's National Pension Trust 'master trust' business offers valuable optionality over the long term.

Developments in the period

The company demonstrated the resilience of its business model over the course of 2020. Many of the services that XPS offers to its clients are non-discretionary in nature and driven by the ever increasing regulatory burden in the pensions industry, and this proved to be the case with revenues growing 6% organically in the twelve months to March 2021. Strong demand for investment advice, as is expected during periods of market volatility, offset marginal weakness in less discretionary project work. With the integration of Punter Southall now complete, XPS is well poised to continue to gain share both organically and inorganically. Although the mooted merger between industry giants Aon and Willis Towers Watson was terminated, XPS is likely to be a beneficiary of the disruption this process caused. Trading at sub 11x EBITDA and over 4.5% dividend yield, we believe the quality, growth and cash generating potential of the business is underappreciated by the market.

Tribal

Description

Is a global provider of products and services to the international education, training and learning markets. Today, the company focuses its activities on student records and administration systems and quality review inspection services.

Thesis

Tribal is a strategically valuable and high-quality asset, albeit one in a relatively mature market. The company is executing well on a strategy to reduce its overheads and develop its next generation cloud-based software platform, Tribal Edge which will enable the business to capitalise on its leading positions in the UK, Australasian and Asian markets. The benefits from these initiatives are yet to be fully reflected in its financial metrics, and will further increase its potential value to a strategic acquirer. Given the recurring nature of its revenues, its high-quality long-term customer base and market leading position we believe the company should generate higher margins and warrant a substantially higher rating than it does today.

Developments in the period

The business has demonstrated the resilience of its business model throughout 2020 with limited disruption to trading or operations from Covid. The main strategic focus of the business remains the development of Tribal Edge; the last twelve months have seen material progress with the release of the first module to customers in Australia and the UK. On the back of its development plans, the company has started to see significant commercial traction in the market with a number of major contract wins in the period including one with Nanyang Technological University in Singapore, worth up to £17m over 8 years. The company also announced the acquisition of Semestry Ltd for £4.5m which adds scheduling and timetabling capabilities to Tribal's Edge product suite. Post period end the company reported strong interim results with modest upgrades on the back of continued contract momentum. Importantly, that progress on Tribal Edge development and sales continued and helped to support an impressive 14% yoy increase in exit ARR. We are encouraged by the progress made to date and look forward to further developments as the company continues to execute on its strategy.

Clinigen

Description

Is a speciality pharmaceutical and services company, its primary activities include: acquiring, licencing and revitalising hospital only critical care medicines; and providing patient access to its own or other pharmaceutical companies' products, whether to meet unmet medical needs or for use in clinical trials. The company grew rapidly post listing in 2012, both organically and through targeted acquisitions. Over the course of our investment, the company has undertaken investment to deliver an international platform of services across the patient and drug lifecycle and a broad portfolio of medicines across a range of treatment areas, including oncology.

Investment Manager's Report *(continued)*

Thesis

Clinigen is a unique business with a platform than can supply medicines globally, on a licensed and unlicensed basis, into care settings and clinical trials. This platform serves areas of long term structural growth driven by increasingly demand for, and complexity of, healthcare treatments combined with a retrenchment of 'big pharma' from secondary markets and non-blockbuster products. It is estimated that 80%of the world's population continues to have limited or no access to the right medicines, at a time when physician and patient knowledge and requirement for appropriate medicines is enhancing. Additionally, a profusion of novel treatments are now being developed by small biotech firms, with limited capabilities beyond drug development, that require specialist service from providers like Clinigen to support molecules through clinical trials and to commercialisation. Given the long term potential and strategic value of this services platform, and the highly cash generative nature of the products portfolio, Clinigen is substantially undervalued on a sum of the parts basis.

Developments in the period

The company issued two profit warnings over the period. The first, early in the period, was due to the launch of generic version of Clinigen's Foscavir product in the EU; whilst this was always expected the timing was a negative surprise and led to modest downgrades. The second, late in the period, was more significant and related to weak sales of oncology drugs, and in particular key product Proleukin, due to Covid-related disruption of cancer diagnosis and treatment pathways over the last 12 months. Although much of this latter headwind is likely to reverse (eventually), the timing is unclear and the warning throws into question the success of the sizable acquisition of Proleukin, and more broadly the product-focused M&A strategy of the company. The Chairman stepped down in July and was replaced by Elmar Schnee (ex-Jazz Pharmaceuticals) who we expect to undertake a strategic review of the business in the short term. In August, the CFO also left the business which enables the company to find a high quality replacement with a skill set more aligned to the current challenges that it faces. In our view Clinigen would be better served by instead deploying capital into its market leading services platform that is exposed to long term structural growth drivers and, importantly, has higher quality of earnings with limited product-specific risk; this platform is highly valuable in our view. Even on current depressed analyst expectations, Clinigen trades at c.10x EV/EBIT; the company remains heavily discounted on both a headline and a sum of the parts basis in our view. Additionally, a number of late stage third party trials are currently underway utilising Proleukin which offer 'free' optionality on significant upside if any of them are successful. Over the medium term, there are multiple routes available to the Board to realise value, including a strategic reset, a divestment of part(s) of the business, or a sale in whole. There was reported interest from private equity house Advent International in the middle of 2020; this interest is unlikely to have been deterred by the 20% reduction in the share price since that point in time. We also note with interest that activist investor Elliott Management recently disclosed a stake in the Company.

Inspired (formerly Inspired Energy)

Description

Is a leading UK B2B corporate energy and ESG services specialist. The company works with their clients, generally large corporates, to procure energy cost effectively, audit and report their usage of it, and help them to optimise their energy efficiency. The company has a strong focus on sustainability with a number of services that help their clients measure, report and improve their ESG performance.

Thesis

Inspired is a leader in the growing, but fragmented, corporate energy services market. The increasing complexity of corporate energy requirements, and increasing regulatory and sustainability imperatives will support continued strong organic growth for the company with a likely 'flight to quality' leading to further increases in market share. The business model of the business is strong with high quality of earnings from long term contracts, high margins (40% EBITDA margin) and return on capital and good cash conversion. The fund's initial investment was made as part of a placing intended to strengthen the balance sheet and provide firepower for the company to undertake a number of bolt on acquisitions to continue to consolidate its position in the market. Although the company's revenues were depressed due to lower corporate energy usage over lockdowns, there is significant opportunity for a rebound in revenues, and in the share price, when there is a return to a more normalised environment. Over the medium term there are strategically attractive opportunities, both organic and inorganic, to gain market share and broaden the range of services offered, particularly in ESG-related areas.

Developments in the period

The company delivered results that were in line with expectations, although trading remained subdued due to Covid restrictions over the period weighing on corporate energy usage. The core corporate division experienced a significant 20% organic decline in revenues as a result, although through management actions margins and cash conversion was robust. The corporate order book grew 10% yoy which bodes well for the company's trading prospects into the latter stages of 2021 and beyond. The non-core SME-focused division, which represented less than 10% of Group revenues was weaker, and in November the company announced that they had sold this part of the business to the management team for £10.5m. Over the period four acquisitions were completed: Ignite Energy, previously a 40% owned associate that provides energy optimisation services; and LSI Energy Holdings, Businesswise, and GEM, all of which provide energy assurance services and bolster the company's core offering. In addition to this, the company launched a range of ESG consultancy and data measurement services; following this the company renamed itself to Inspired plc to reflect the increasing importance of non-energy related services to its proposition. Strategically, all of these developments are positive and are in line with our investment thesis.

Wilmington

Description

Is a B2Bmedia business that provides business information, training and events products. The company consists of a portfolio of brands that focus on niche sectors including risk (i.e. insurance), compliance, banking, accounting, legal services, healthcare providers and pharmaceuticals.

Thesis

Wilmington generates high teens EBITA margins, high teens+ ROCE and good cash conversion. More than 80%of revenues in the main publishing and information divisions are delivered digitally, typically on a subscription basis, and with high levels of client retention. Growth has been held back in recent years and we believe the presence of a new chairman, CEO and CFO will improve the company's execution and management of the portfolio to drive shareholder value. Given its strong position in attractive markets it is capable of mid-single digit organic growth; delivery of this against very modest current market expectations could support a substantial re-rating of the stock. In the absence of a re-rating, we believe the company has the potential to become a takeover target.

Developments in the period

Early in the period the company grappled with the disruption that Covid wrought on it's ability to run face to face training and events; these areas together represented c.40% of the company's revenue. Pleasingly Wilmington has been successful in mitigating much of this impact through a combination of cost savings and migration of training and events on to online delivery formats. More recent updates show the business outperforming expectations; the business delivered an increase in profits over the twelve months to June despite the disruption experienced; this is a reflection of the strong management actions taken and the strategic progress made in digitising the business. Importantly, the cash performance was also very strong, and with leverage now below 1.0x the company is well positioned to take advantage of any strategic inorganic opportunities that may present themselves. Finally, late in the period the company announced a change to its operating model and reporting structure in order to emphasis its strategic focus on GRC (Governance, Risk and Compliance) related activities. It is increasingly clear that Wilmington will emerge from the crisis a leaner, more digitally focused and more valuable company. We were pleased to note the appointment of William Macpherson as a non-executive director early in the new year; as former CEO of QA and Kaplan International we believe he brings highly valuable experience and expertise to the board.

Tyman

Description

Is a leading international supplier of engineered components to the door and window industry in the new build and repair and maintenance (RMI) markets. Around two-thirds of its profits are from North America.

Thesis

The company has, through organic and inorganic investment, increased its market leadership, strengthened the product proposition and delivered strong historic returns on investment. The company has the potential to replicate its North American manufacturing template to its operations in Europe and the Rest of the World to achieve material efficiencies, and is well placed to benefit from a recovery of U.S. single family housing activity to long term historical levels.

Developments in the period

The company has been a standout performer in the period. Operational improvements instigated by Jo Hallas, who joined as CEO in 2019, positioned the business well to navigate the challenges posed by Covid. As a result the company was able to maintain strong levels of customer service, gain market share and drive improvements in margin over the period. Over the last nine months improving market conditions and encouraging order intake, particularly in its key US market, led to significant upgrades and a rerating of the stock as investors gained increasing confidence in the company's outlook, and balance sheet position. A new high profile chairman, Nicky Hartery, was also appointed in the period. Late in the period management presented at a capital markets day, where they outlined continuing opportunities for product development, share gain and margin enhancement, as well defining a compelling ESG strategy for the company. Despite the strength of the share price over recent months the company remains modestly valued at 9x EBITDA given the organic and inorganic prospects available to drive value over the medium term.

Investment Manager's Report *(continued)*

Fintel (formerly SimplyBiz)

Description

Is a leading provider of essential support services, software and data to professional financial advisers, financial intermediaries and product providers. It serves over 5,600 intermediary firms and more than 350 financial institutions in the UK. Since its inception in 2002 the group has expanded rapidly via a combination of organic growth and bolt-on acquisitions, the most recent of which was the 2019 transformational strategic acquisition of Defaqto.

Thesis

Fintel is a market leader in the structurally growing IFA market. Its services deliver the benefits of scale to the long tail of IFAs that want to remain independent, and to product providers that want to target distribution into this segment. The company has the opportunity to grow earnings materially through adding member firms, cross / upselling technology and data services to enable digitisation of the IFA channel, and enhancing services provision to the product provider segment. Successful execution of this strategy will improve margins and quality of earnings substantially, supporting rerating and creating a strategically valuable asset.

Developments in the period

Management held a capital markets day in late 2020 in which they detailed their digital transformation strategy and their ambitions for the business. Encouragingly they reiterated their medium term financial targets of 5-7% revenue growth, 35-40% EBITDA margin and recurring revenues of 70-80% of total revenues. These targets are consistent with the investment thesis articulated above, and, if achieved, have the potential to create significant shareholder value. Reflecting the increasingly broad proposition offered, the company changed their name to Fintel plc early in 2021. The also appointed a new chairman and CFO at a similar time in order to support the evolving strategic ambitions of the company. Trading over 2020 was resilient despite some disruption to their end market due to Covid. Core subscription intermediary customers increased over the period, as did the number of fintech contracts. Both are positive forward indicators for the business, and this improving trajectory was subsequently confirmed with a bullish trading update released post period end which showed 10% growth in revenues and 12% growth in EBITDA over the first six months of 2021.

Brooks Macdonald Group

Description

Is an investment and wealth management services provider. The company provides a range of investment management services and advice to individuals, pension funds, institutions, charities and trusts. It also provides offshore fund management and administration services. The company manages £16.5bn of assets from offices across the UK and the Channel Islands.

Thesis

The company has historically had one of the strongest rates of organic growth in its sector given its relationship with independent financial advisers and its large exposure to self invested personal pension schemes. New management have undertaken 'catch-up' investment to fit the increased size of the group and are now focusing on growing the group margin and matching the performance of the international business to the successful onshore business. The company is highly cash generative and has a healthy net cash balance. More recently, management have successfully demonstrated the potential of the company to undertake highly accretive acquisitions; Brooks stands to benefit from the ongoing consolidation in the industry as either (or both) an acquirer or a target.

Developments in the period

Over the first half of the period, Brooks delivered a strong bottom line performance with margins increasing to over 25%, benefiting from operational excellence initiatives that were a key plank of the strategy put in place in late 2017. This was also supported by the delivery of synergies guided to following the acquisitions of Cornellian Asset Management in 2019, and Lloyds Bank Channel Islands wealth management and funds business in 2020. The well regarded CEO, Caroline Connellan stepped down in May, handing over to Andrew Shepherd who has been with Brooks since 2002 and is well known to the industry and to us. She leaves the company is a strong position, and with the operational foundations now in place the business is focused on driving growth; this was pleasingly delivered with the company reporting a return to positive net flows in the final quarter of their financial year ending June 2021. The growing momentum in funds under management evidences both the increasing traction of their strategy as well as the supportive backdrop for the wealth management space. There has been significant M&A activity in the space recently (cf Saunderson House and Charles Stanley) which underpins the strategic value of the company. Neither the improving growth and margin prospects nor the potential for M&A appears to factored into the company's modest valuation of less than 10x EBITDA.

LSL Property Services

Description

Is a market leading UK provider of predominantly B2B services to the real estate sector. The company operates across three divisions: in financial services LSL provides compliance services, product access and software to mortgage brokers via its Primus mortgage network; in surveying LSL provides residential property surveys primarily to financial institutions; in estate agency LSL owns and franchises a number of estate agency brands including Marsh and Parsons, Your Move, Reeds Rain and LSLi.

Thesis

The investment thesis is predicated on a strategic shift away from the more cyclical real estate agency segment, which had historically been a focus, to the market leading financial services segment which is an asset light, high quality of earnings, high margin business. This has potential to achieve a step change in organic growth, improve return on capital, and generate significant shareholder value. This strategy, which has been in place since the appointment of David Stewart as CEO in May 2020, is already starting to bear fruit with a number of divestments and strategic deals struck over the course of 2021. Given the quality and growth potential of the financial services division, the company is significantly undervalued on a sum of the parts basis.

Developments in the period

The company reported increasing momentum in trading across all divisions from December 2020 and into 2021 as the UK real estate sector burst back to life spurred by the end of lockdowns, government initiatives such as the stamp duty holiday and record low interest rates. This drove substantial upgrades and a strong share price performance towards the end of the period. Whilst this was positive, our thesis is based on the long term strategic plan laid out by management rather than any short term gyrations in the property market; on this front there were a number of important developments in 2021. First, the company acquired Mortgage Gym and Direct Life Quote Holdings in order to accelerate the digital proposition in the financial services division. Second, a landmark deal was struck with private equity firm Pollen Street Capital to form JV to create a scale player in the mortgage broking space; the JV is to be run by Simon Embley who subsequently stepped down from his position as chairman of LSL to be replaced by NED Bill Shannon. Third, a five year agreement was signed to provide mortgage and protection advise to The Property Franchise Group's network of over 400 sites. Finally, non-core minority stakes in LMS and Tm Group were divested for total consideration of £32m leaving the company with a strong net cash balance sheet. Although the property market has cooled somewhat in recent months, the company continues to report trading in line with expectations for the year and remains very well positioned to continue to execute against its strategy.

Outlook

We continue to expect a strong economic recovery in the UK during the second half of 2021, driven by vaccine penetration, the removal of lock down restrictions, and extensive monetary and fiscal stimulus. At a market level, the discounted valuation applied to the UK and to UK smaller companies in particular remains material. This is still the case despite the exceptionally strong performance since November 2020, and is evidenced by the continuing voracious appetite of foreign suitors, both private equity and strategic, for listed UK assets. We expect this to be an enduring theme which, in conjunction with improving sentiment towards UK markets, will support valuations over the medium term.

Nevertheless, there are a number of potential bumps in the road. The sunny economic outlook is clouded somewhat by heightened inflationary pressures, temporary or otherwise, and contradictory signals from the employment market are compounded by the impending unwind of the government furlough scheme. Further disruption from future Covid variants also remains a possibility that can not be ruled out, whilst the long term effects, particularly secondary and tertiary effects, of the pandemic are yet to be fully understood. As such, the extreme uncertainty that has hung over many sectors and companies will continue to limit short-term visibility. This is likely to drive elevated profit warnings, both positive and negative as the year progresses.

In this context we anticipate heightened volatility at the individual stock level. However, we believe that volatility, while creating some challenges, will provide an attractive environment in which we can unearth good long-term investment opportunities at attractive valuations. The economic environment and lingering Covid-19 discontinuity will provide agile smaller businesses with strong management teams the opportunity to take market share and build strong long-term franchises.

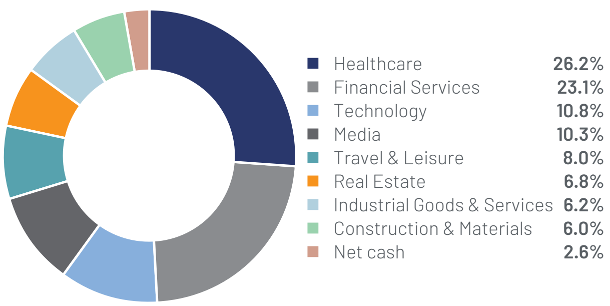
We continue to believe that our fundamental focused investment style has the potential to outperform over the long term. We see significant opportunities for long term investors to back quality growth companies at attractive valuations in an environment where agile smaller businesses with strong management 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.

Investment Manager's Report *(continued)*

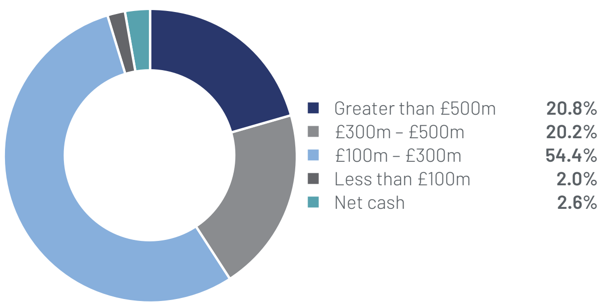
Portfolio as at 30 June 2021

Company	Sector Classification	Date of first Investment	Cost £'000	Valuation £'000	% of invested portfolio at 30 June 2021	% of invested portfolio at 30 June 2020	% of net assets
Medica	Healthcare	Mar 2017	19,120	25,023	11.6%	7.1%	11.3%
XPS	Financial Services	Jul 2019	16,851	19,842	9.2%	6.5%	9.0%
Tribal	Technology	Dec 2014	11,742	16,870	7.8%	7.0%	7.6%
Clinigen	Healthcare	Jul 2014	17,126	16,566	7.7%	14.9%	7.5%
Inspired Energy	Industrial Goods & Services	Jul 2020	9,099	13,678	6.3%	–	6.2%
Wilmington	Media	Oct 2010	13,068	13,532	6.3%	5.1%	6.1%
Tyman	Construction & Materials	Apr 2007	6,656	13,207	6.1%	7.3%	6.0%
Fintel	Financial Services	Oct 2020	8,573	11,046	5.1%	-	5.0%
Brooks Macdonald	Financial Services	Jun 2016	8,386	10,711	5.0%	5.0%	4.8%
LSL Property Services	Real Estate	Mar 2021	10,353	10,451	4.8%	-	4.7%
Hostelworld	Travel & Leisure	Oct 2019	9,137	9,754	4.5%	4.1%	4.4%
Benchmark	Healthcare	Jun 2019	6,734	9,712	4.5%	3.6%	4.4%
Equiniti	Financial Services	Mar 2016	10,187	9,472	4.4%	9.8%	4.3%
Hyve	Media	May 2020	6,454	9,368	4.4%	3.3%	4.2%
Ten Entertainment	Travel & Leisure	Oct 2020	6,058	8,147	3.8%	-	3.6%
Alliance Pharma	Healthcare	May 2017	3,910	6,726	3.1%	5.3%	3.0%
Harworth	Real Estate	Jul 2016	2,674	4,567	2.1%	2.5%	2.1%
Proactis	Technology	Nov 2017	9,309	4,457	2.1%	1.5%	2.0%
Idox	Technology	Mar 2021	2,596	2,627	1.2%	-	1.2%
Total Investments				**215,756**			97.4%
Cash and cash equivalents				7,580			3.4%
Net current liabilities				(1,767)			(0.8%)
Total shareholders' funds				**221,569**			**100.0%**

Sector split by industry



Size split by market capitalisation



Ken Wotton/Adam Khanbhai
Gresham House Asset Management

29 September 2021

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 has been incorporated with an indefinite life but is subject to an annual continuation vote. 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 2021.

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 equity and equity-linked securities 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.

Share Tenders

On 28 May 2021, the Board announced that it had been actively considering possible actions to address the discount to net asset value at which the Company's ordinary shares trade, which has been a source of frustration the Board shares with shareholders. The average discount to NAV of the Company's Shares during the year was 17.7%, compared to the equivalent 16.6% figure from the prior year. The discount to NAV ended the period at 11.2%.

Strong portfolio performance and promotion over the medium and long term will be the key determinants of the discount or premium of the Company's share price to NAV in the Board's view. In this respect, the Board has been encouraged by the investment performance this year under the management of Ken Wotton and Adam Khanbhai.

The Board also believes that the Company's well-established investment process, which involves extensive due diligence and engaged ownership, coupled with the depth of resource available to the investment team, makes the Company relevant to a wider range of investors. The collaborative marketing effort that the Company has in place with Gresham House, Aberdeen Standard Investments and its advisers, is well-placed to promote the Company to those investors.

As a result of this review and as part of its commitment to take action to address the persistent discount, two contingent tenders may or may not take place in 2022 and in 2024 as detailed below:

Other Information *(continued)*

2022 Contingent Tender

The Board has determined to put in place a contingent tender offer in 2022, should the ordinary shares trade at a wider than average discount of 8% over the 12 months ending 30 June 2022. In this event, the Board will undertake a tender offer for up to 10 per cent. of the Company's issued share capital (excluding shares held in treasury) shortly after the 2022 AGM (the "2022 Tender Offer"). The tender price will be equal to a 3% discount to NAV (less costs) per ordinary share. In the event that shareholders tender in excess of their basic entitlement of 10%, such excess applications will be satisfied on a pro rata basis to the extent that other shareholders tender less than (or none of) their basic entitlement.

2024 Contingent Tender

In addition to the 2022 Tender Offer, the Board has resolved to undertake a further tender offer if, over the three year period ending 30 June 2024, the NAV total return per ordinary share lags the FTSE Small Cap (ex Investment Trusts) Index on a total return basis (the "2024 Tender Offer").

In the event that the 2024 Tender Offer is triggered, the Board will undertake a tender offer for up to 15% of the issued share capital of the Company (excluding shares held in treasury) shortly after the 2024 AGM at a tender price equal to a 3% discount to NAV (less costs) per ordinary share. In the event that shareholders tender in excess of their basic entitlement of 15%, such excess applications will be satisfied on a pro rata basis to the extent that other shareholders tender less than (or none of) their basic entitlement.

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 2021 was 350.05p, representing a rise of 46.0% from the 30 June 2020 NAV of 239.74p.

Movement in the Company's share price

In the year to 30 June 2021, the Company's share price rose by 58.9% from 195.75p to 311.00p (year to 30 June 2020: fall of 14.7% from 229.50p to 195.75p). The share price total return, taking account of the 1.25p dividend paid in the year, was 59.9% (year to 30 June 2020: minus 13.8%).

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 9.0% to 26.1% with the average being 17.7%. As at 30 June 2021, the Company's shares traded at a discount of 11.2% (30 June 2020: discount of 18.3%).

Ongoing charges

The ongoing charges ratio (excluding the performance fee) was 1.07% in the year to 30 June 2021 (30 June 2020: 1.11%).

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 world continues to be subject to the most extraordinary challenges, largely as a result of the Covid-19 pandemic which has affected most parts of the world bringing medical, social, economic and financial crises. The Company's principal risks in relation to Covid-19 are a significant fall in the valuation of the investment portfolio; a significant fall in dividend income and operational resilience of third party suppliers. The longer term effects of Covid-19 remain unknown. 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.	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 investment performance has been reviewed specifically in the light of the Covid-19 pandemic.
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.	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 2021. All were assessed to provide a satisfactory service to the Company. Internal controls reports were reviewed, no significant controls weaknesses were identified. The operational requirements of the Company, including from its service providers, have been subject to rigorous testing (including remote working and virtual meetings) as to their application during the Covid-19 pandemic, where increased use of out of office working and online communication has been required. To date the operational arrangements have proven robust.

Other Information *(continued)*

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.	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 their quarterly meeting, 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. The Board is being kept appraised of changes in the regulatory environment caused by the Covid-19 pandemic. The Company Secretary provides an update at each 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 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 9.0% and 26.1%. There were no shares bought back during the year. During the year the Board announced two contingent tender offers as part of its commitment to take action against the Company's persistent discount.
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. The risks posed by the Covid-19 pandemic impact on all the economic, political and external factors the Company faces.	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 continues to monitor developments of Brexit owing to the uncertainty that remains over the arrangements which will follow at the end of the transition period. The Board monitors and reviews the position of the Company, ensuring that adequate cash balances exist to allow flexibility. The Board is monitoring the development of the Covid-19 pandemic and has been holding fortnightly calls with the Investment Manager to assess the impact on the portfolio. During the year the Board added a separate Environmental, Social and Governance ("ESG") risk to the Company's Risk Register. Climate risk is included within this category.
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.	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 the Industry Advisory Panel of the Investment Manager.	The Board keeps the performance of the key personnel at the Investment Manager under frequent review.

There have been no changes to the Company's principal risks since 30 June 2021.

Viability Statement

The Board has assessed the prospects of the Company over the three financial years to 30 June 2024. 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
- Annual continuation vote
- Contingent tender offers in 2022 and 2024
- Share buy-backs
- The liquidity of the Company's portfolio
- Market falls and gains, with particular reference to the Covid-19 pandemic
- 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.7.8% of the NAV and reflected 3.4% of the 30 June 2021 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 21 and 22, 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 2024.

In making this assessment, the Board has considered in particular the potential short and longer term impact of Covid-19, in the form of a period of significant stock market volatility, a significant reduction in the liquidity of the portfolio or changes in investor sentiment, and how these factors might affect the Company's prospects and viability in the future. The Board has also evaluated the ability of third party suppliers to continue to deliver services to the Company during Covid-19.

The Board recognises that its assessment includes the assumption that the resolution to continue the Company as an investment trust, which is put to shareholders at each AGM, is passed at the next AGM on 10 November 2021 as well as at the subsequent two AGMs, as it was in prior years.

Going Concern

A continuation vote is proposed at each Annual General Meeting of the Company. In the event that any such resolution is not passed, the Directors will be required to bring forward proposals to liquidate, open-end or otherwise reconstruct the Company. The Directors have considered the application of the Statement of Recommended Practice for Financial Statements of Investment Trust Companies and Venture Capital Trusts, which states that, even if an investment company is approaching a wind-up and shareholders have yet to vote on the issue and provided that the Board has not concluded that there is no realistic alternative to winding up the company, it will usually be more appropriate for the financial statements to be prepared on a going (rather than non-going) concern basis.

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 21 and 22, 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 1), the price at which the Company's shares trade relative to their NAV (see page 1) and ongoing investor interest in the continuation of the Company (including feedback from meetings and conversations with Shareholders by the Company's advisers).

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 the uncertain economic outlook in the wake of the Covid-19 pandemic including:

- 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;

Other Information *(continued)*

- 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 15% fall in the value of the investment portfolio; a 50% fall in dividend income and a buy-back of 5% 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.

Resolution 11 at this year's Annual General Meeting represents the annual continuation vote by Shareholders on the Company's future. The Board believes this resolution to be in the best interests of the Company and its members as a whole, and strongly recommends that Shareholders should vote in favour of Resolution 11 as each Director intends to do in respect of her or his own beneficial shareholdings.

Environmental, Social and Governance Issues

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.

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.

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 page 26). 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 aims to be a responsible investor and believes it is important to invest in companies that act responsibly in respect of environmental, ethical and social issues. The Investment Manager's responsible investment policies and beliefs can be found on the Company's website. The Investment Manager is a signatory of the UK Stewardship Code and aims to comply with the majority of its recommendations.

The Investment Manager has considerable experience in corporate engagement. Its corporate engagement principles and engagement policy can be found on the Company's website.

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. This report includes specific matters the Board has considered during the Covid-19 pandemic. 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 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 Company will also benefit from the strong investment company sales and marketing capabilities of Aberdeen Standard Investment owing to their partnership with GHAM. 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.

Since the emergence of the Covid-19 pandemic the Directors have had increased interaction with the Investment Manager and Juniper Partners Limited to ensure the continued operation of the Company and its portfolio for the benefit of its key stakeholders in uncertain circumstances. To date the Company has continued to function without disruption.

On behalf of the Board

Richard Hills
Chairman
29 September 2021

Report of the Directors

Directors

The Directors in office at the date of this report and their biographical details are shown on page 2.

Corporate governance

The Company's corporate governance statement is set out on pages 29 to 35 and forms part of the Report of the Directors.

Performance and Dividend

Over the year to 30 June 2021, net assets have risen by £69.8 million representing an increase of 46.0%. Further information on the performance of the Company's portfolio is contained in the Investment Manager's Report on pages 6 to 18.

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 1.6p (2020: 1.25p) per Ordinary share, amounting to £1,013,000 (2020: £791,000) 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

The Company's issued share capital at 30 June 2021 consisted of 63,296,844 Ordinary shares of 10p each and there were 6,562,047 ordinary shares held in treasury. At 28 September 2021 the issued share capital consisted of 63,296,844 Ordinary shares of 10p each and 6,562,047 Ordinary shares were held in treasury. All shares have equal voting rights. The maximum number of Ordinary shares in issue during the year was 63,296,844.

The Company did not purchase any shares 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 2021:

	Number of shares held	% of total voting rights
City of London Investment Management	15,398,496	24.3
1607 Capital Partners	8,330,218	13.2
Arbuthnot Fund Managers	3,314,774	5.2
Brewin Dolphin	3,278,841	5.2
Ian Armitage	3,124,000	4.9
Sir Clive Thompson	2,679,102	4.2

There have been no 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.

GHAM agreed that no management fees were due to be paid by the Company for the first six months following their appointment on 14 May 2020.

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 2021 (2020: £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 30.
- Details of the powers of the Directors to issue or buy-back the Company's shares are disclosed on page 28.
- 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 successful 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 44.

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 59 to 62.

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.

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 10 November 2021, is set out on pages 69 to 72. 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 continue the Company (Resolution 11)

The Board previously committed to providing Shareholders with an opportunity to vote annually on an ordinary resolution to continue the Company as an investment trust. The purpose of Resolution 11 is to satisfy that commitment.

To authorise the allotment of shares (Resolution 12)

Section 551 of the Companies Act 2006 provides that the Directors may not allot new shares without Shareholder approval. The purpose of Resolution 12, which is proposed as an ordinary resolution, is to empower the Directors to allot shares with an aggregate nominal value of up to £632,968, 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 12 is passed would last until the earlier of the Annual General Meeting in 2022 or 10 February 2023.

The number of treasury shares held as at 28 September 2021 (being the latest practicable date prior to the publication of this document) is 6,562,047 10p shares which represents 10.4% of the Company's issued ordinary share capital of 63,296,844 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 13)

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 13, 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 £632,968, representing approximately 10% of the Company's issued Ordinary share capital of 63,296,844 10p shares as at 28 September 2021 (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 2022 or 10 February 2023.

To authorise the Company to purchase its own Ordinary shares (Resolution 14)

The purpose of Resolution 14, 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 9,488,197 Ordinary shares, representing approximately 14.99% of the Company's shares in issue as at 28 September 2021 (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 2022 or 10 February 2023.

At the Annual General Meeting held on 11 November 2020 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 28 September 2021 (being the latest practicable date prior to publication of this document) was 9,503,186 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 14, they may be re-sold at NAV or above to further the investment objectives of the Company.

The Company has not purchased any Ordinary shares since 30 June 2021. As at 28 September 2021 (being the latest practicable date prior to publication of this document), the Company held 6,562,047 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
29 September 2021

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 four non-executive Directors. Biographical details of the Directors in office at the year end can be found on page 2.

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.

Statement on Corporate Governance *(continued)*

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.

Re-election and Retirement of Directors

A Director shall retire and be subject to election at the first Annual General Meeting after his or her appointment. Thereafter, the Directors offer themselves for annual re-election in conformity with good corporate governance.

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 twelfth 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 twelve.

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 of Directors comprises three male Directors and one female Director and their biographical details are set out on page 2.

The Board's policy on diversity, including gender, is to consider this during the recruitment process. The Board is committed to appointing the most appropriate candidate who is the best fit for the Company regardless of gender or other forms of diversity.

The Board is focused on having a relatively small and effective, independent Board which consists of experienced non-executive Directors with the requisite abilities and experience to oversee the Company, its investments and its corporate structure, including its third-party advisers. The Board must function well together and have a good operational knowledge of the Company and the closed ended investment company sector more generally.

The Board supports the principle of boardroom diversity in its broadest sense, in terms of gender, expertise, geographic background, age and race. 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. Currently consists of four independent non-executive directors, three of whom are male and one female Directors, all of whom are fully independent.

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 2021 and the attendance of the individual Directors is shown below:

	Board meetings		Audit Committee meetings		Management Engagement Committee meetings	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Richard Hills	12	12	2	2	1	1
William Barlow	12	12	2	2	1	1
Josephine Dixon	12	11	2	2	1	1
Richard Locke	12	12	2	2	1	1
David Morrison (retired 30 March 2021)	9	7	2	2	–	–

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 8 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.

The Board has also met informally during the year to review and discuss the Company's resilience in light of the Covid-19 pandemic.

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 2021, 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 re-election of each Director.

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 of the independent Directors of the Company.

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 34 and 35.

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. 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, 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 36 to 38.

Nomination Matters

The Board as a whole undertakes the role of the Nomination Committee.

Review of new Board appointments is a subject for the whole Board to monitor and consider, led by the independent Directors. The Board meets as and when required for this purpose.

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 68. 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.

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 2021 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 2021. The Committee is chaired by Josephine Dixon and 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 31.

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 2021, as part of its consideration of the Annual Report and Financial Statements for the year ended 30 June 2021. 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 33.

Half Year and Annual Financial Statements

Both the Half-yearly Report for the period ended 31 December 2020 and the Annual Report for the year ended 30 June 2021 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 2021. The Committee considered evidence supporting this principle and reviewed the statement on going concern for endorsement by the Board. This can be found on pages 23 and 24.

Auditor

Under EU legislation 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. EU legislation requires 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 2021 is the third 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 2021. 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 2021 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 2021 of £35,000 (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 2021. 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 10 November 2021.

Josephine Dixon
Audit Committee Chairman
29 September 2021

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 40 to 44.

Directors' Remuneration Report *Statement from the Chairman*

The Board presents the Directors' Remuneration Report for the year ended 30 June 2021, which has been prepared in accordance with the Companies Act 2006.

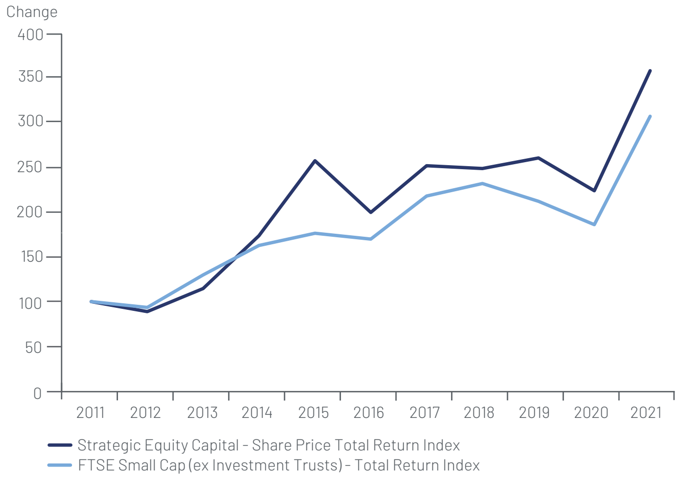
The Board has resolved that, in view of the size of the Board, it is most appropriate for matters of remuneration to be dealt with by the Board as a whole. The Remuneration Policy is set out on page 37.

During the year ended 30 June 2021, Directors' annual fees were set at a rate of £36,800 for the Chairman, £29,000 for the Chairman of the Audit Committee and £25,250 for a non-executive Director of the Company. Following a review of the level of Directors' fees for the forthcoming year the Board concluded that the amounts should be increased. Therefore with effect from 1 July 2021, the Chairman's fee was increased to £40,000 (previously £36,800), the Chair of the Audit Committee's fee was increased to £31,500 (previously £29,000) and non-executive Directors' fees were increased to £27,500 (previously £25,250). Mr Locke will receive an additional £3,000 for his work as the Company's Deputy Chairman.

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 2021 (audited)

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

	Year ended 30 June 2021 £	Year ended 30 June 2020 £	% change	Average annual change in employees' pay
Richard Hills	**36,800**	36,800	–	N/A
William Barlow	**25,250**	25,250	–	N/A
Josephine Dixon	**29,000**	29,000	–	N/A
Richard Locke	**25,250**	25,250	–	N/A
David Morrison†	**19,132**	25,250	(24.2)	N/A
Total	**135,432**	141,550	(4.3)	N/A

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

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

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 2021 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 2021 £	Year ended 30 June 2020 £	Change
Total remuneration	**135,432**	141,550	-4.3%
Dividend paid	**791,000**	951,000	-16.8%

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 2021	30 June 2020
Richard Hills	**75,000**	75,000
William Barlow	**10,000**	10,000
Josephine Dixon	**20,000**	10,000
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 2021 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 will be put to Shareholders' at the forthcoming Annual General Meeting and 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 2020 was approved by Shareholders at the Annual General Meeting held on 11 November 2020. The votes cast by proxy were as follows:

Directors' Remuneration Report	Number of votes	% of votes cast
For	37,352,253	93.30
Against	26,106	0.07
At Chairman's discretion	2,654,208	6.63
Total votes cast	**40,032,567**	**100.00**
Number of votes withheld	2,652,937	

The Directors' Remuneration Policy, which was approved by Shareholders at the Annual General Meeting held on 6 November 2018, and will next be put to shareholders at the Annual General Meeting this year. The votes cast by proxy on 6 November 2018 were as follows:

Directors' Remuneration Policy	Number of votes	% of votes cast
For	40,152,388	99.79
Against	15,366	0.04
At Chairman's discretion	68,372	0.17
Total votes cast	**40,236,126**	**100.00**
Number of votes withheld	2,458	

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 29 September 2021 and signed on its behalf by the Chairman.

Richard Hills
Chairman
29 September 2021

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

The Directors are responsible for preparing the 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 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 applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 they face.

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
29 September 2021

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 2021 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 2021 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 six financial years ended 30 June 2021. 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: financial statements as a whole		**£2.2m (2020: £1.5m)** 1% (2020: 1%) of Total Assets
Key audit matters		**vs 2020**
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 2020), 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 (£215.8 million; 2020: £138.1 million) *Refer to pages 34 and 35 (Audit Committee Report), pages 49 and 50 (accounting policy) and note 8 on pages 55 and 56 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of quoted investments makes up 96.4% (2020: 90.8%) 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 perform ed the detailed tests below rather than seeking to rely on 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 investments in the portfolio to externally quoted prices; and – **Enquiry of custodians:** Agreeing 100% of investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results** – We found the carrying amount of quoted investments to be acceptable (2020: acceptable).

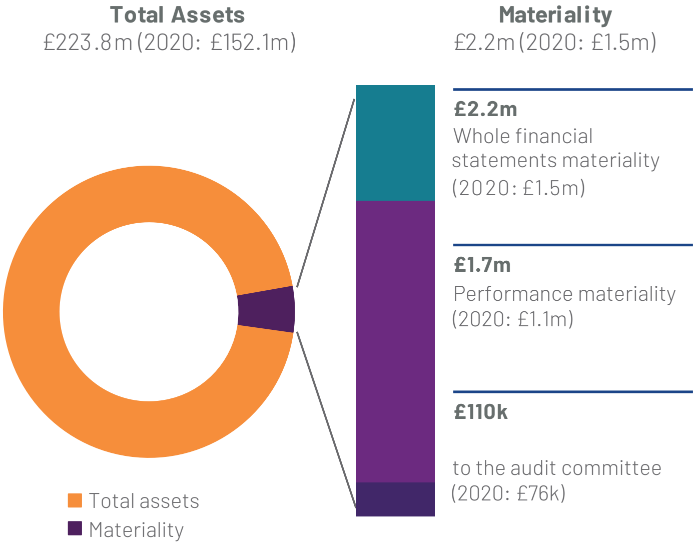
3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £2.2m (2020: £1.5m), determined with reference to a benchmark of total assets, of which it represents 1% (2020: 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% (2020: 75%) of materiality for the financial statements as a whole, which equates to £1.7m (2020: £1.1m). 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 £110k (2020: £76k), 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 perform ed by a single audit team.



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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 pages 23 and 24 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.

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 com plying 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 com paring 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 23 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 23 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 m ore fully in their statement set out on page 39, 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

29 September 2021

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Statement of Comprehensive Income

for the year ended 30 June 2021

	Note	Year ended 30 June 2021 Revenue return £'000	Capital return £'000	Total £'000	Year ended 30 June 2020 Revenue return £'000	Capital return £'000	Total £'000
Investments							
Gains/(losses) on investments held at fair value through profit or loss	8	**–**	**69,767**	**69,767**	–	(15,551)	(15,551)
		–	**69,767**	**69,767**	–	(15,551)	(15,551)
Income							
Dividends	2	**2,382**	**–**	**2,382**	2,260	–	2,260
Interest	2	**1**	**–**	**1**	45	–	45
Total income		**2,383**	**–**	**2,383**	2,305	–	2,305
Expenses							
Investment Manager's fee	3	**(894)**	**–**	**(894)**	(1,134)	–	(1,134)
Other expenses	4	**(643)**	**–**	**(643)**	(931)	–	(931)
Total expenses		**(1,537)**	**–**	**(1,537)**	(2,065)	–	(2,065)
Net return before taxation		**846**	**69,767**	**70,613**	240	(15,551)	(15,311)
Taxation	5	**–**	**–**	**–**	–	–	–
Net return and total comprehensive income for the year		**846**	**69,767**	**70,613**	240	(15,551)	(15,311)
		pence	**pence**	**pence**	pence	pence	pence
Return per Ordinary share	7	**1.34**	**110.22**	**111.56**	0.38	(24.54)	(24.16)

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 49 to 63 form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2021

	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 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**
For the year ended 30 June 2020								
1 July 2019		6,986	31,737	25,595	99,910	2,264	2,545	169,037
Net return and total comprehensive income for the year		–	–	–	(15,551)	–	240	(15,311)
Dividends paid	6	–	–	–	–	–	(951)	(951)
Share buy-backs		–	–	(1,028)	–	–	–	(1,028)
30 June 2020		6,986	31,737	24,567	84,359	2,264	1,834	151,747

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

The notes on pages 49 to 63 form part of these financial statements.

Balance Sheet
as at 30 June 2021

	Note	30 June 2021 £'000	30 June 2020 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	**215,756**	138,158
Current assets			
Trade and other receivables	10	**423**	55
Cash and cash equivalents	14	**7,580**	13,901
		8,003	13,956
Total assets		**223,759**	152,114
Current liabilities			
Trade and other payables	11	**(2,190)**	(367)
Net assets		**221,569**	151,747
Capital and reserves			
Share capital	12	**6,986**	6,986
Share premium account	13	**31,737**	31,737
Special reserve	13	**24,567**	24,567
Capital reserve	13	**154,126**	84,359
Capital redemption reserve	13	**2,264**	2,264
Revenue reserve	13	**1,889**	1,834
Total shareholders' equity		**221,569**	151,747
		pence	pence
Net asset value per share	15	**350.05**	239.74
		number	number
Ordinary shares in issue	12	**63,296,844**	63,296,844

The financial statements were approved by the Board of Directors of Strategic Equity Capital plc on 29 September 2021. They were signed on its behalf by

Richard Hills
Chairman
29 September 2021
Company Number: 05448627

The notes on pages 49 to 63 form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2021

	Note	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Operating activities			
Net return before taxation		**70,613**	(15,311)
Adjustment for (gains)/losses on investments		**(69,767)**	15,554
Adjustment for revaluation of foreign currency balances		**–**	(3)
Operating cash flows before movements in working capital		**846**	240
(Increase)/decrease in receivables		**(368)**	77
Increase/(decrease) in payables		**366**	(752)
Purchases of portfolio investments		**(61,324)**	(59,880)
Sales of portfolio investments		**54,950**	60,024
Net cash flow from operating activities		**(5,530)**	(291)
Financing activities			
Equity dividend paid	6	**(791)**	(951)
Shares bought back in the year		**–**	(1,171)
Net cash flow from financing activities		**(791)**	(2,122)
Decrease in cash and cash equivalents for year		**(6,321)**	(2,413)
Cash and cash equivalents at start of year		**13,901**	16,311
Revaluation of foreign currency balances	14	**–**	3
Cash and cash equivalents at 30 June	14	**7,580**	13,901

The notes on pages 49 to 63 form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2021

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 2021 were authorised for issue in accordance with a resolution of the Directors on 29 September 2021.

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 October 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, on the assumption the continuation vote is passed by Shareholders at the forthcoming Annual General Meeting (see page 69). The Board has also considered the impact of Covid-19 and believe this will have a limited financial impact on the Company's operational resources and existence.

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 the uncertain economic outlook in the wake of the Covid-19 pandemic including:

- 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 15% fall in the value of the investment portfolio; a 50% fall in dividend income and a buy-back of 5% 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.

1.3 Accounting policies *(continued)*

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.

1.3 Accounting policies *(continued)*

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.

Critical 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 valuation of the Company's unquoted investment was a critical accounting estimate and judgement last year. During the year the investment was fully written down and while a full exit is expected in 2022, the amounts involved are wholly immaterial. The Directors therefore do not consider the valuation of the unquoted investment to be a critical accounting estimate and judgement.

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
IAS 1 and IAS 8 Definition of Material	1 January 2020
IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	1 January 2020
IFRS 3 Business Combinations	1 January 2019
Conceptual Framework for Financial Reporting	1 January 2019

1.4 Adoption of New and Revised accounting standards *(continued)*

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 – Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	1 January 2023
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 4 – Extension of IFRS 9 Deferral	1 January 2023
Amendments to IFRS 16 – Covid-19 Related Rent	1 April 2021
Amendments to IFRS 17 – Insurance Contracts	1 January 2023
Amendments to IFRS 7, IFRS 9 and IAS 39 – Amendments to IFRS 17	1 January 2023

2 Income

	Year ended 30 June 2021			Year ended 30 June 2020		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Income from investments						
UK dividend income	**2,382**	**–**	**2,382**	2,260	–	2,260
	2,382	**–**	**2,382**	2,260	–	2,260
Other operating income						
Liquidity interest	**1**	**–**	**1**	45	–	45
	2,383	**–**	**2,383**	2,305	–	2,305

3 Investment Manager's fee

	Year ended 30 June 2021			Year ended 30 June 2020		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
Management fee	**894**	**–**	**894**	1,134	–	1,134
	894	**–**	**894**	1,134	–	1,134

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 Strategic Report on pages 26 and 27.

4 Other expenses

	Year ended 30 June 2021			Year ended 30 June 2020		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Secretarial services	148	–	148	148	–	148
Auditors' remuneration for:						
Audit services*	35	–	35	30	–	30
Directors' remuneration	135	–	135	142	–	142
Other expenses†	325	–	325	611	–	611
	643	–	643	931	–	931

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 £63,000 of costs in relation to the Company's General Meeting requisition (2020: £359,000 in relation to the change in Investment Manager).

5 Taxation

	Year ended 30 June 2021			Year ended 30 June 2020		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Corporation tax at 19.00% (2020: 19.00%)	–	–	–	–	–	–

The Company is subject to corporation tax at 19.00%. As at 30 June 2021 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 2021			Year ended 30 June 2020		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net return on ordinary activities before taxation	846	69,767	70,613	240	(15,551)	(15,311)
Theoretical tax at UK corporation tax rate of 19.00% (2020: 19.00%)	161	13,256	13,417	46	(2,955)	(2,909)
Effects of:						
– UK dividends that are not taxable	(453)	–	(453)	(429)	–	(429)
– Unrelieved expenses	292	–	292	383	–	383
– Non-taxable investment gains	–	(13,256)	(13,256)	–	2,955	2,955
	–	–	–	–	–	–

5 Taxation *(continued)*

Factors that may affect future tax charges

At 30 June 2021, the Company had no unprovided deferred tax liabilities (2020: £nil). At that date, based on current estimates and including the accumulation of net allowable losses, the Company had unrelieved losses of £25,873,000 (2020: £24,337,000) that are available to offset future taxable revenue. A deferred tax asset of £6,468,342 (2020: £4,624,000) 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% (2020: 19%). On 3 March 2021, the UK Government announced its intention to increase the rate of UK corporation tax from 19% to 25% from 1 April 2023 and this was subsequently substantively enacted on 24 May 2021.

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.

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 2021 £'000	30 June 2020 £'000
Final dividend proposed of 1.6p (2020: 1.25p) per share	**1,013**	**791**

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

	30 June 2021 £'000	30 June 2020 £'000
Final dividend: 1.25p per share (2020: 1.50p)	**791**	**951**

Dividends have been solely paid out of the Revenue reserve.

7 Return per Ordinary share

	Year ended 30 June 2021			Year ended 30 June 2020		
	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	**70,613**	**63,296,844**	**111.56**	(15,311)	63,362,889	(24.16)
Revenue Return per share	**846**	**63,296,844**	**1.34**	240	63,362,889	0.38
Capital Return per share	**69,767**	**63,296,844**	**110.22**	(15,551)	63,362,889	(24.54)

8 Investments

	30 June 2021 £'000	30 June 2020 £'000
Investment portfolio summary		
Quoted investments at fair value through profit or loss	**215,756**	138,149
Unquoted investments at fair value through profit or loss	**–**	9
	215,756	138,158

	Quoted £'000	Unquoted £'000	30 June 2021 Total £'000
Analysis of investment portfolio movements			
Opening book cost	**149,698**	**1**	**149,699**
Opening investment holding (losses)/gains	**(11,549)**	**8**	**(11,541)**
Opening valuation	**138,149**	**9**	**138,158**
Movements in the year:			
Purchases at cost	**62,781**	**–**	**62,781**
Sales – proceeds	**(54,950)**	**–**	**(54,950)**
– realised gains/(losses) on sales	**20,504**	**(1)**	**20,503**
Increase in unrealised appreciation	**49,272**	**(8)**	**49,264**
Closing valuation	**215,756**	**–**	**215,756**
Closing book cost	**178,033**	**–**	**178,033**
Closing investment holding gains	**37,723**	**–**	**37,723**
	215,756	**–**	**215,756**

The Company received £54,950,000 (2020: £58,912,000) from investments sold in the year. The book cost of these investments when they were purchased was £34,447,000 (2020: £42,647,000). 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.

The unquoted column above constitutes a reconciliation of all level 3 holdings held.

A list of the portfolio holdings by their aggregate market values is given in the Investment Manager's report on page 18. Transaction costs incidental to the acquisitions of investments totalled £292,000 (2020: £180,000) and disposals of investments totalled £110,000 (2020: £41,000) respectively for the year.

	30 June 2021 £'000	30 June 2020 £'000
Analysis of capital gains/(losses)		
Gains on sale of investments	**20,503**	16,265
Foreign exchange gains on settlement at bank	**–**	3
Movement in investment holding gains/(losses)	**49,264**	(31,819)
	69,767	(15,551)

8 Investments *(continued)*

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 2021.

Financial instruments at fair value through profit or loss

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2021				
Equity investments	**215,756**	**–**	**–**	**215,756**
Liquidity funds	**–**	**2,457**	**–**	**2,457**
Total	**215,756**	**2,457**	**–**	**218,213**
30 June 2020				
Equity investments and limited partnership interests	138,149	–	9	138,158
Liquidity funds	–	7,456	–	7,456
Total	138,149	7,456	9	145,614

There were no transfers between levels for the year ended 30 June 2021 (2020: none).

9 Significant interests

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

Name of investment	Class of Share	30 June 2021 Percentage held
Medica	Ordinary	11.85%
Tribal	Ordinary	8.06%
Hostelworld	Ordinary	7.84%
Wilmington	Ordinary	7.58%
XPS	Ordinary	7.11%
Inspired Energy	Ordinary	7.10%
Proactis	Ordinary	6.39%
Ten Entertainment	Ordinary	5.14%
Fintel	Ordinary	4.95%

10 Trade and other receivables

	30 June 2021 £'000	30 June 2020 £'000
UK dividends receivable	**402**	26
Other receivables and prepayments	**21**	29
	423	55

11 Trade and other payables

	30 June 2021 £'000	30 June 2020 £'000
Amounts due to brokers	**1,665**	208
Other payables and accruals	**525**	159
	2,190	367

12 Nominal share capital

	Number	£'000
Allotted, called up and fully paid Ordinary shares of 10p each:		
Ordinary shares in circulation at 30 June 2020	69,858,891	6,986
Shares held in Treasury at 30 June 2020	(6,562,047)	(656)
Ordinary shares in issue per Balance Sheet at 30 June 2020	63,296,844	6,330
Shares bought back during the year to be held in Treasury	–	–
Ordinary shares in issue per Balance Sheet at 30 June 2021	63,296,844	6,330
Shares held in Treasury at 30 June 2021	6,562,047	656
Ordinary shares in circulation at 30 June 2021	69,858,891	6,986

13 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**

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

For the year ended 30 June 2020	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	25,595	79,632	20,278	2,264	2,545
Net gain on realisation of investments	–	–	16,265	–	–	–
Decrease in unrealised appreciation	–	–	–	(31,819)	–	–
Foreign exchange differences	–	–	3	–	–	–
Share buy-backs	–	(1,028)	–	–	–	–
Net return for the year	–	–	–	–	–	240
Dividends paid	–	–	–	–	–	(951)
As at 30 June 2020	31,737	24,567	95,900	(11,541)	2,264	1,834

14 Reconciliation of net cash flow to net funds

	30 June 2021 £'000	30 June 2020 £'000
Opening net funds	**13,901**	16,311
Decrease in cash and cash equivalents in year	**(6,321)**	(2,413)
Non cash movement:		
– Foreign exchange differences	**–**	3
Closing net funds	**7,580**	13,901

	At 30 June 2020 £'000	Net cash flow £'000	**At 30 June 2021 £'000**
Cash at bank	6,445	(1,322)	**5,123**
Liquidity funds	7,456	(4,999)	**2,457**
	13,901	(6,321)	**7,580**

15 Net asset value per Ordinary share

The net asset value per Ordinary share is based on net assets of £221,569,000 (2020: £151,747,000) and on 63,296,844 (2020: 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.

16 Analysis of financial assets and liabilities *(continued)*

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 £8,003,000 (2020: £13,956,000). There are no assets past due or impaired (2020: 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 2021 valuation (2020: 30%), with all other variables held constant, there would have been a reduction of £64,727,000 (2020: £41,447,000) 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 2021 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 2021 (2020: 0.5%), it would have the effect, with all other variables held constant, of reducing the net return after taxation and equity by £38,000 (2020: £70,000). 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 2021 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 (2020: same).

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

16 Analysis of financial assets and liabilities *(continued)*

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 assets at 30 June 2020 was:

	Total £'000	No interest rate risk financial assets £'000	Cash flow interest rate risk financial assets £'000
Sterling			
Quoted investments	138,149	138,149	–
Liquidity funds	7,456	–	7,456
Cash	6,445	–	6,445
Receivables*	26	26	–
Closing net funds	152,076	138,175	13,901
Euros			
Unquoted investments	9	9	–
	9	9	–
Total	152,085	138,184	13,901

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

16 Analysis of financial assets and liabilities *(continued)*

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.

The interest rate risk profile of the Company's financial liabilities at 30 June 2020 was:

	Total £'000	No interest rate risk financial assets £'000
Sterling		
Creditors	367	367

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 and unquoted 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 (2020: 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

The amounts payable to the Investment Manager are disclosed in note 3 on page 52. The amount due to the Investment Manager for management fees at 30 June 2021 was £403,000 (2020: £nil). The amount due to the Investment Manager for performance fees at 30 June 2021 was £nil (2020: £nil).

Fees paid to Directors are disclosed in the Directors' Remuneration Report on page 36. Full details of Directors' interests are set out on page 37.

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 68.

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 2020 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 2021 and 2020, the company had no hedging or netting arrangements. The Company's maximum and actual leverage levels at 30 June 2021 are shown below:

Leverage Exposure	Gross Method	Commitment Method
Maximum limit	125%	125%
Actual	98%	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.

			2021	2020
NAV per Ordinary share	a		**350.05p**	**239.74p**
Share Price	b		**311.00p**	**195.75p**
Discount	c	c=(b-a)/a	**11.2%**	**18.3%**

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 9.0% to 26.1% and the average discount was 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.

	2021	2020
Opening NAV	**239.74p**	265.12p
Increase/(decrease) in NAV per Ordinary share	**110.31p**	(25.38)p
Closing NAV	**350.05p**	239.74p
% Increase/(decrease) in NAV	**46.0%**	(9.6)%
Impact of dividends reinvested*	**0.8%**	0.5%
NAV total return	**46.8%**	(9.1)%

* The impact of dividends reinvested assumes that the dividend of 1.25p (2020: 1.50p) 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.

	2021	2020
Opening share price	**195.75p**	229.50p
Increase/(decrease) in share price	**115.25p**	(33.75)p
Closing share price	**311.00p**	195.75p
% Increase/(decrease) in share price	**58.9%**	(14.7)%
Impact of dividends reinvested*	**1.0%**	0.9%
Share price total return	**59.9%**	(13.8)%

* The impact of dividends reinvested assumes that the dividend of 1.25p (2020: 1.50p) 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.

			2021 £'000	2020 £'000
Investment management fee			**894**	1,134
Administrative expenses			**580**	572
Effect of management fee holiday			**444**	100
Ongoing charges	a		**1,918**	1,806
Average net assets	b		**179,611**	163,307
Ongoing charges ratio (%)	c	c=a/b	**1.07%**	1.11%

Ongoing charges (including perfomance fee)

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

			2021 £'000	2020 £'000
Ongoing charges			**1,918**	1,806
Performance fee			**–**	–
Ongoing charges (including performance fee)	a		**1,918**	1,806
Average net assets	b		**179,611**	163,307
Ongoing charges ratio (including performance fee) (%)	c	c=a/b	**1.07%**	1.11%

Dividend yield

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

			2021	2020
Proposed dividend	a		**1.60p**	1.25p
Ordinary share price	b		**311.0p**	195.75p
Dividend yield	c	c=a/b	**0.5%**	0.6%

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
80 Cheapside
London EC2V 6EE
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 Pewterers' Hall, Oat Lane, London, EC2V 7DE on 10 November 2021 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 2021, together with the Strategic Report and Reports of the Directors and Auditor thereon.
2. To declare a final dividend of 1.6p per Ordinary share.
3. To receive and approve the Directors' Remuneration Report.
4. To approve the Directors' Remuneration Policy.
5. To re-elect Richard Hills as a Director.
6. To re-elect Josephine Dixon as a Director.
7. To re-elect Richard Locke as a Director.
8. To re-elect William Barlow as a Director.
9. 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.
10. To authorise the Directors to determine the remuneration of KPMG LLP.

Special Business

Ordinary Resolutions

11. THAT the Company continue as an investment trust until the conclusion of the next Annual General Meeting of the Company.
12. 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 £632,968 (equivalent to 10% of the Company's issued Ordinary share capital of 63,296,844 Ordinary 10p shares at 28 September 2021), 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 10 February 2023 (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.

Notice of Annual General Meeting *(continued)*

Special Resolutions

13. THAT, subject to the passing of resolution 12 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 11 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 £632,968 (equivalent to 10% of the Company's issued Ordinary share capital of 63,296,844 Ordinary 10p shares at 28 September 2021), 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 10 February 2023, 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.

14. 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 9,488,197 Ordinary shares (being 14.99% of the Company's issued ordinary share capital as at 28 September 2021 (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) 10 February 2023 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
29 September 2021

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 restrictions due to the Covid-19 pandemic are re-instated and 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 8 November 2021 (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 10 November 2021 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 8 November 2021 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 28 September 2021 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 63,296,844 Ordinary shares carrying one vote each and the total number of voting rights was 63,296,844.

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.

STRATEGIC EQUITY CAPITAL PLC

www.strategicequitycapital.com