Strategic Equity Capital plc

A specialist alternative equity investment trust with a concentrated UK smaller companies portfolio

Report & Financial Statements

for the year ended 30 June 2023

Since 1857
Gresham House
Specialist asset management

About Strategic Equity Capital (SEC:LN)

Strategic Equity Capital plc ("SEC" or the "Company") is a specialist alternative equity investment trust.

Actively managed, it maintains a highly-concentrated portfolio of 15-25 high-quality, dynamic, UK smaller companies, each operating in a niche market offering structural growth opportunities.

The Company's investment manager is Gresham House and the lead manager is Ken Wotton. The investment team has a long-term track record of strong returns in the UK smaller companies sector.

SEC listed on the London Stock Exchange on 19 July 2005, having raised funds from a range of investors including institutions, pension funds and private banks. The Board consists of six Non-Executive Directors, all independent of the Investment Manager.

Why Strategic Equity Capital?

Expertise and track record: fund manager Ken Wotton and his team are specialists in identifying great investment opportunities in UK smaller companies, and have a proven, long-term performance track record. The team focus on companies that operate in a sector or niche market that offers opportunities for structural growth or an environment with scope to take market share.

Distinctive: SEC's investment process employs a 'private-equity approach to public markets', a rigorous and repeatable methodology based on private equity investing techniques to deliver value and returns on investment.

A powerful network: the investment manager's network of advisers and connections provides challenge, validation and insight to the investment team, which in turn drives better decision-making, stock-selection and ultimately, value to shareholders. The network and advisers can also be connected to portfolio companies to support their growth.

Active and engaged: the team invest in a highly-concentrated portfolio of between 15-25 companies. The investment team is actively engaged with investee companies working closely to build superior shareholder value.

Focus within an investment trust structure: the structure of the investment vehicle allows the investment team to be truly long term and to run a more concentrated portfolio of stocks with a high degree of conviction.

Strong fundamentals: investment is made in companies that are able to demonstrate a fundamentally profitable business model, strong cash generation, attractive returns on capital and superior operating margins.

Investment Objective

The investment objective of Strategic Equity Capital plc 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.

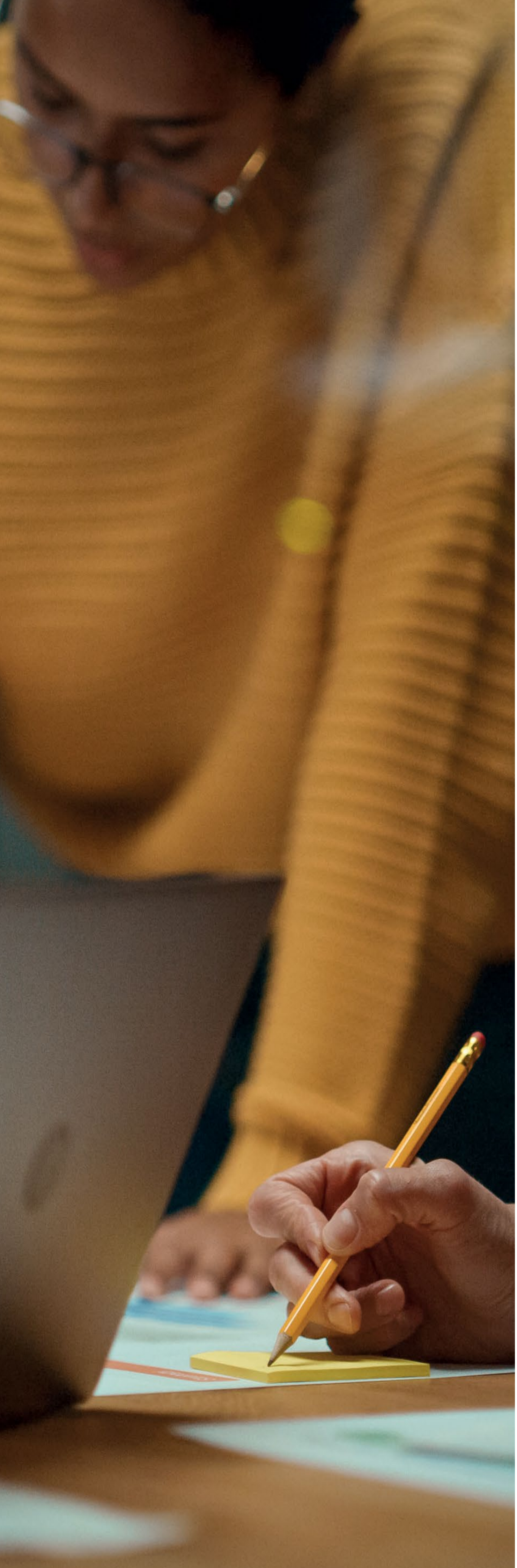
The Company's investment policy can be found on page 15.

Investment Manager

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

Its origins stretch back to 1857, while its focus is on the future and the long term. Gresham House actively manages c.£8.0bn of assets on behalf of institutions, family offices, charities and endowments, private individuals and their advisers. It acts responsibly within a culture of empowerment that encourages individual flair and entrepreneurial thinking.

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



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Financial Summary

Net Asset Value ("NAV") per ordinary Share

342.47 pence
+8.3%

30 June 2022
316.21 pence

Ordinary Share Price

309.00 pence
+10.4%

30 June 2022
280.00 pence

NAV Total Return

+9.2%

30 June 2022
-9.2%

Share Price Total Return

+11.2%

30 June 2022
-9.5%

Discount of Ordinary Share Price to NAV

-9.8%

30 June 2022
-11.5%

Proposed Final Dividend for the year

2.50 pence
+25.0%

30 June 2022
2.00 pence

	At 30 June 2023	At 30 June 2022	% change
Capital return			
Net asset value ("NAV") per Ordinary share†	**342.47p**	316.21p	8.3%
Ordinary share price	**309.00p**	280.00p	10.4%
Comparative index‡	**4,970.43**	5,164.05	(3.7)%
Discount[1] of Ordinary share price to NAV	**(9.8)%**	(11.5)%	
Average discount of Ordinary share price to NAV for the year[1]	**(7.4)%**	(12.6)%	
Total assets (£'000)	**170,784**	177,198	(3.6)%
Equity shareholders' funds (£'000)	**170,223**	175,030	(2.7)%
Ordinary shares in issue with voting rights	**49,704,711**	55,352,088	

	Year ended 30 June 2023	Year ended 30 June 2022
Performance		
NAV total return for the year	**9.2%**	(9.2)%
Share price total return for the year[1]	**11.2%**	(9.5)%
Comparative index‡ total return for the year[1]	**(0.4)%**	(14.6)%
Ongoing charges[1]	**1.22%**	1.08%
Ongoing charges (including performance fee)[1]	**1.22%**	1.08%
Revenue return per Ordinary share	**3.53p**	2.43p
Dividend yield[1]	**0.81%**	0.71%
Proposed final dividend for the year	**2.50p**	2.00p

Year's Highs/Lows	High	Low
NAV per Ordinary share	346.28p	279.69p
Ordinary share price	320.00p	258.00p

† 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 70 and 71 for definitions and a reconciliation of the Alternative Performance Measures to the year-end results.

Chairman's Statement

Result for the Year

I am pleased to report that, despite difficult market conditions, during the 12 months to 30 June 2023, the Company's NAV per share (on a total return basis) increased by 9.2%. The FTSE Small Cap (ex Investment Trusts) Total Return Index ("FTSE Small Cap Index"), which we use for comparison purposes only, decreased by 0.4%. Over the same period, the share price of the Company increased by 11.2% on a total return basis.

NAV performance during the period was encouraging, reflecting the focus on higher quality companies exposed to areas of structural growth where they have a degree of pricing power. The Board believes that continuing to prioritise companies with resilient business fundamentals and strong balance sheets should enable the Company to continue outperforming over the medium to long term.

The Company's Strategy and Investment Process are discussed in detail in the Investment Manager's Report on pages 6 to 8.

As a direct result of our deliberate and distinctive investment process, the Company provides notable benefits for investors:

- **Performance**

Our performance has been strong relative to our peers and has been positive even in falling markets driven by the idiosyncratic nature of returns. This is a reflection of the skills of our fund manager Ken Wotton and his team and the benefits of taking a private equity approach to public markets. The construction of the portfolio has been deliberately designed to offer a real return. There continues to be demonstrable and significant private equity interest in UK stocks given compelling valuations, for example Medica (see page 23), and the potential upside on the Company's other investments remains substantial in the view of the Investment Manager.

- **Risk Management**

For investors looking for high quality, but relatively cheap, small UK cap exposure, SEC offers low correlations and a low beta to the broader market. This, together with low valuations, see below, provides a strong margin of safety to underpin the long-term upside potential of the portfolio.

- **Valuation**

SEC currently offers investors an attractive discount at four different levels:

- UK equities stand at a substantial discount to global markets, currently at a 15 year low;
- Within the UK market, smaller capitalisation stocks are on a notable discount to large caps;
- The SEC portfolio of companies are both cheaper (and higher quality) than UK small Cap indices; and
- Investors are today able to purchase SEC shares at a significant discount to NAV.

Discount and Discount Management

The average discount to NAV of the Company's shares during the period was 7.4%, compared to the equivalent 12.6% figure from the prior year. The discount range was 3.3% to 12.5%.

Many of the measures implemented in Q1 2022 to address the persistent share price discount to NAV are now complete. These included a 10 per cent. tender offer; the implementation of a share buyback programme with 5,598,886 shares repurchased during the 2022 calendar year; and a commitment by Gresham House to use £5 million of its cash resources to purchase shares in the Company. Gresham House now has a 10.7% equity stake in the Company. These have been successful, resulting in the discount narrowing from 11.5% at the beginning of the period to 9.8% at the end of the period. For comparison, over the same period the average UK Smaller Company Investment Trust discount increased from 8.2% to 11.5%.

Other measures, also implemented in Q1 2022, remain ongoing. These include: a buy back policy to return 50 per cent. of proceeds from profitable realisations, at greater than a 5 per cent. discount on an ongoing basis, in each financial year; an ongoing commitment by Gresham House Asset Management to reinvest 50 per cent. of its management fee per quarter in shares if the Company's shares trade at an average discount of greater than 5 per cent. for the quarter; and the deferral of an annual continuation resolution in favour of the implementation of a 100 per cent. realisation opportunity for shareholders in 2025.

Marketing

A priority of the Board over the last eighteen months has been a focused marketing plan and strategy to increase awareness of the Company and to ensure a clear investment proposition is presented to the market.

In a competitive marketplace, and for a relatively under-appreciated asset class, communicating differentiation is vitally important. The Investment Manager's highly disciplined private equity approach to public markets, with constructive corporate engagement, thorough due diligence and a powerful network of advisers, alongside an active, high conviction concentrated portfolio of only 15-20 companies, are a source of competitive advantage and sustained performance. This is reflected in all communications including the Company's webpage (**www.strategicequitycapital.com**).

The Company has also been developing new content to engage investors and potential investors, including an innovative video series where the Investment Manager has interviewed the chief executives of portfolio companies to provide investors with a greater insight into the companies that the Company invests in. Extending insights and views of the Investment Manager have also been incorporated within the Company's co-ordinated PR programme to engage key national, trade and specialist investment publications resulting in coverage including in the Mail on Sunday, Daily Mail's This Money, Shares Magazine, Interactive Investor, Investment Week, Trustnet and Citywire Funds Insider.

The Board is ambitious with its plans to build the profile and positioning of the Company over time.

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 Manager and remains under review.

Dividend

For the year ended 30 June 2023 the basic revenue return per share was 3.53p (2022: 2.43p). Although the Company is predominantly focused on delivering long term capital growth, due to the strongly cash generative nature of the majority of the portfolio companies and low capital intensity, many pay an attractive dividend. Accordingly, the Board is proposing a final dividend of 2.50p per share for the year ending 30 June 2023 (2022: 2.00p per share), payable on 15 November 2023 to shareholders on the register as at 13 October 2023.

The Board

I am delighted to welcome Brigid Sutcliffe and Howard Williams to the Board as non-executive Directors. Both joined in February 2023 and bring a wealth of experience and knowledge that will be of enormous benefit to the Company.

It is intended that Brigid will take over as the Company's Audit Committee Chair after Jo Dixon retires at the Company's AGM in November.

The Board would like to convey its sincere thanks to Jo for the significant contribution she has made to the Company and for her excellent leadership of the Audit Committee.

Outlook

The global macroeconomic and geopolitical environment remains highly uncertain, although signs of normalising inflation (and implications for monetary policy) are welcome. Closer to home the UK economy is proving to be relatively resilient, although certain sectors (for example housing and construction) are showing signs of challenge, which could promote further volatility in company earnings and equity market ratings as macroeconomic developments unfold.

Despite these obvious challenges the Investment Manager is observing an increasing number of attractive long term investment opportunities. Strong underlying fundamentals across the existing portfolio provide a robust and resilient platform for future investment returns. The significant dislocation between current UK public market valuations and the comparators in private markets provide good grounds for optimism about the prospects for positive valuation momentum over the medium term.

The resilient positioning of the Company's portfolio should enable it to outperform in the current challenging environment and continue to deliver attractive long-term capital growth when markets stabilise. Furthermore, the enhanced marketing programme and ongoing share buybacks should support the Company's ability to maintain a structurally narrower share price discount to NAV over the coming year.

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

William Barlow
Chairman

26 September 2023

Investment Manager's Report

Investment Strategy

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

Our Strategic Public Equity strategy

The appointment of Gresham House as Manager in May 2020 and the subsequent appointment of Ken Wotton as Lead Fund Manager in September 2020 resulted in a refocus of the investment strategy ensuring that it is strictly applied and is able to effectively leverage the experienced resource of the Gresham House Strategic Equity team, the wider Group platform and its extensive network. We set out this strategy in detail in the Company's 2022 Annual Report which we summarise again below.

Investment focus

Our investment focus is to invest into high quality, publicly listed 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 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 assessing ESG risks and opportunities through the completion of the ESG decision tool; and maintaining active stewardship of our investments. Through constructive, active engagement with the management teams and boards of directors, we seek to ensure alignment with shareholder objectives and to provide support and access to other resource and expertise to augment a company's value creation strategy.

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

Smaller company focus

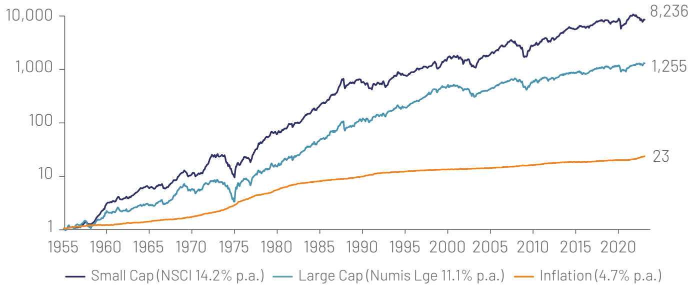
We believe that UK Smaller Companies represent a structurally attractive part of the public markets. Academic research demonstrates that smaller companies in the UK have delivered substantial outperformance over the long term (see Figure 1 below). This is partially because there are a large number of under-researched and under-owned businesses that typically trade at a valuation discount to larger companies (see Figure 2 on page 7) 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

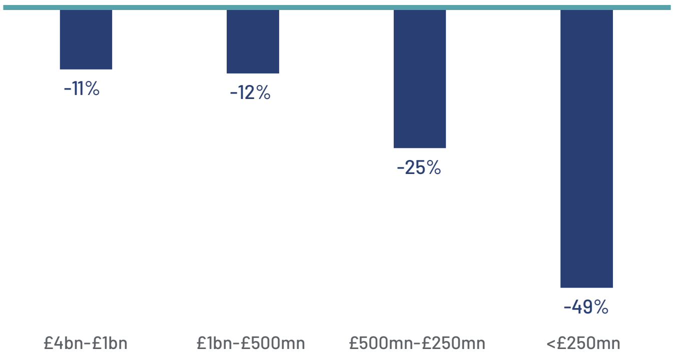
Cumulative Percentage Index Returns 1955-2022 (log scale, rebased to 100)



% returns are rebased to 100 at 1 January 1955

Source: Scott Evans, Paul Marsh, Numis Indices 2022 Annual Review, 16 January 2023.

Figure 2: UK Small and Mid Cap PE median discount vs Large Cap median PE



p/e multiple discount relative to large cap median
Source: Panmure Gordon, Refinitiv as at 25 April 2023

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 awaiting a catalyst to increase our stake to an influential, strategic level.

Bottom-up stock picking determines SEC's sector weightings which are not explicitly managed relative to a target benchmark weighting. The absence of certain sectors such as oil & gas, mining, and banks, as well as limited exposure to overtly cyclical parts of the market, and the absence of early stage or pre-profit businesses typically result in a portfolio weighted towards, but not exclusively, profitable cash generative service sector businesses particularly in technology, healthcare, business services, financials and industrials. The underlying value drivers are typically company specific and exhibit limited correlation even within the same broad sectors. Figure 3 opposite sets out the sector exposure of the Company as at 30 June 2023.

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

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

Figure 3: Sector exposure by value

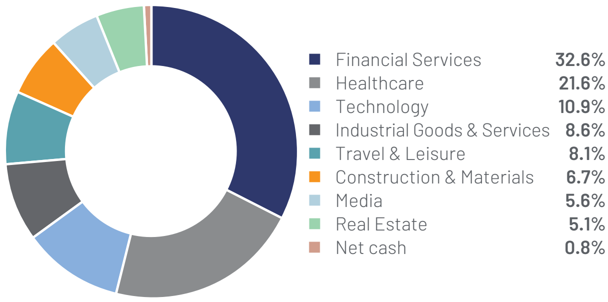
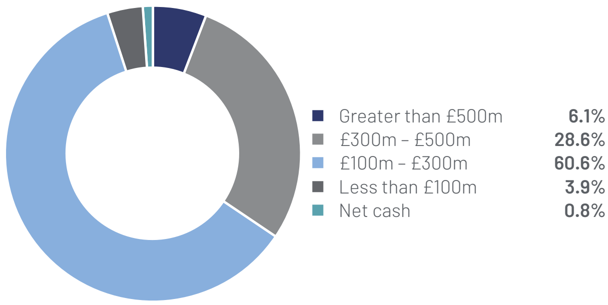


Figure 4: Value by market cap band



The weighted average market capitalisation of portfolio holdings increased to £252m as at 30 June 2023 compared to £231m as at 30 June 2022, largely reflecting share price growth across the portfolio, particularly in the case of the two largest holdings (Medica Group and XPS Pensions Group), both of which were top performers throughout the period and traded at market capitalisations greater than the portfolio average as at 30 June 2023. This level of average market capitalisation supports the Investment Manager's strategy of focusing on smaller market capitalisation companies where SEC has the potential to take a meaningful equity stake as a platform to effectively apply its active engagement strategy.

We set out a description of the Top 10 holdings as at 30 June 2023 on page 11 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 constructive dialogue with management so that the Gresham House Asset Management ('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 that 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 the provision of cornerstone capital.
- **Capital allocation** – Seeking to work with boards to optimise capital allocation by prioritising the highest return and value added projects and areas of focus for investment of both capital and resource.
- **Board composition** – Ensuring that boards are appropriately balanced between executive and non-executive directors and contain the right balance of skills and experience; we actively use our talent network to introduce high quality candidates to enhance the quality of investee company boards as appropriate.
- **Management incentivisation** – Ensuring that key management are appropriately retained and incentivised to deliver long term shareholder value with schemes that fit with GHAM's principles and are well aligned to our objectives as shareholders.
- **ESG** – Leveraging the Gresham House sustainable investing framework and central resource to help to identify, understand and monitor key ESG risks and opportunities as well as seeking to drive enhancements to a company's approach where there are critical material issues with a particular focus on corporate governance.
- **Investor Relations** – Helping management teams to hone their equity story, select appropriate advisors and target their investor relations activities in the most effective way to ensure that value creation activity is understood and reflected by the market.

Engagement is undertaken privately, leveraging the wider platform and resources of the Gresham House group, 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 the way as appropriate where we believe there is an opportunity to support initiatives to create shareholder value.

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

Portfolio review for the twelve months to 30 June 2023

Over the course of the twelve months to 30 June 2023 we continued to evolve the portfolio at a more normalised pace than in the previous two financial years: purchasing two new holdings which represented 4.3% of NAV at the end of the period, and fully exiting four positions which represented 8.2% at the start of the period. We have also exited our position in Medica post period end as its recommended cash takeover offer from IK Partners completed, which represented 18% of closing NAV. As of 30 June 2023, the number of influential equity stakes where GHAM funds, in aggregate, hold a 5% or more equity stake stood at 11, and represented 77% of the portfolio by value at 30 June 2023.

Market Background

Over the twelve months to the end of June, the FTSE Smaller Companies (ex Investment Trusts) Index ("the index") fell by 0.4% on a total return basis underperforming the FTSE All Share (+3.9%) but outperforming the FTSE AIM (-14.0%). Following the substantial style shift from growth to value in the first half of 2022, the 12 months to 30 June 2023 saw a small revival of growth style investing, with the MSCI UK Growth index outperforming its value peer. However, energy and mining stocks (in which the Company does not invest) continued to perform well given geopolitical developments, and were key contributors to the overall index performance.

The UK equity market continued to be out of favour with asset allocators, reaching 25 consecutive months of outflows by June 2023[1]. This continued selling pressure from UK equities has weighed on valuations, with the UK at multi-decade lows relative to other developed markets, particularly the US, despite the drawdowns experienced last year (see Figure 5). Whilst this demonstrates the value opportunities in the UK market, we believe that the challenging macroeconomic backdrop further fuels the need for careful assessment of the bottom up characteristics of each company. This suits the private equity approach taken by the Investment Manager to investing on behalf of the Company.

Figure 5: UK 12-month forward P/E relative to global equities

Source: Berenberg research, Eikon.

Performance Review

The net asset value ("NAV") increased 9.2%, on a total return basis, over the twelve months to the end of June, closing at 342.5p per share. This increase in NAV reflected the positive returns delivered by the majority of portfolio companies throughout the period, despite volatile equity market conditions as geopolitical and macroeconomic concerns weighed on investor sentiment. The Company outperformed its benchmark during the period, as the FTSE Smaller Companies (ex Investment Trusts) index fell by 0.4% on a total return basis. This reflected the relatively defensive positioning of the portfolio compared to the wider market – focused on high quality businesses in less cyclical parts of the market and with resilient business models and robust balance sheets.

Top Five Absolute Contributors to Performance

Security	Valuation 30 June 2023 £'000	Period Contribution to return (%)
Medica Group	30,881	5.82
XPS Pensions Group	25,459	4.92
Wilmington	9,482	2.28
Hostelworld	8,209	2.19
Ricardo	11,462	1.96

Medica, a leading provider of teleradiology services, was the subject of a recommended cash takeover offer from IK Partners, a European private equity firm, at a 32.5% premium, and the takeover has since completed (post period-end). **XPS Pensions**, a pensions consulting, advisory and administration services provider, which delivered results in excess of market expectations, resulting in analyst upgrades, and divested a non-core business at a significantly accretive valuation multiple to the wider group; **Wilmington**, a professional media provider, which demonstrated strong operating fundamentals and forecast upgrades whilst successfully refocussing the business on a digital first strategy in the governance, risk and compliance market; **Hostelworld**, an online travel agent focused on the hostelling segment, following strong results (including a record first quarter) and an improving industry outlook; and **Ricardo**, a global strategic, environmental and engineering consultancy, which has delivered strong performance particularly in its environmental & energy transition divisions, which are key focus areas over the medium term.

Bottom Five Absolute Contributors to Performance

Security	Valuation 30 June 2023 £'000	Period Contribution to return (%)
Tribal	6,580	(5.24)
Inspired	10,327	(2.25)
R&Q Insurance Holdings	7,429	(1.76)
LSL Property Services	8,645	(0.91)
Tyman	-	(0.35)

1. source Investec Market Review July 2023

In challenging equity market conditions certain portfolio holdings suffered from share price weakness during the period, typically in response to short term developments that, we believe, do not fundamentally change the long term values of the holdings. The largest detractors included **Tribal**, an international provider of student administration software, following a profit downgrade resulting from an onerous contract; **Inspired**, which de-rated on no specific news and despite delivering strong results and reaffirming expectations in line with market consensus; **R&Q Insurance Holdings**, a global non-life specialty insurance company, following weaker than expected interim results, and an equity raise (through a preferred instrument) in order to bolster capital adequacy and facilitate a separation of the group's two businesses in line with our view of the optimal path to value creation for the group; **LSL Property Services**, a leading provider of services to the UK residential property sector, which has been impacted by the slowdown in activity within the UK housing market, particularly within its surveying business; **Tyman**, a global building materials and component manufacturer and distributor (which the Company has now fully exited), which faced analyst downgrades reflecting end market challenges.

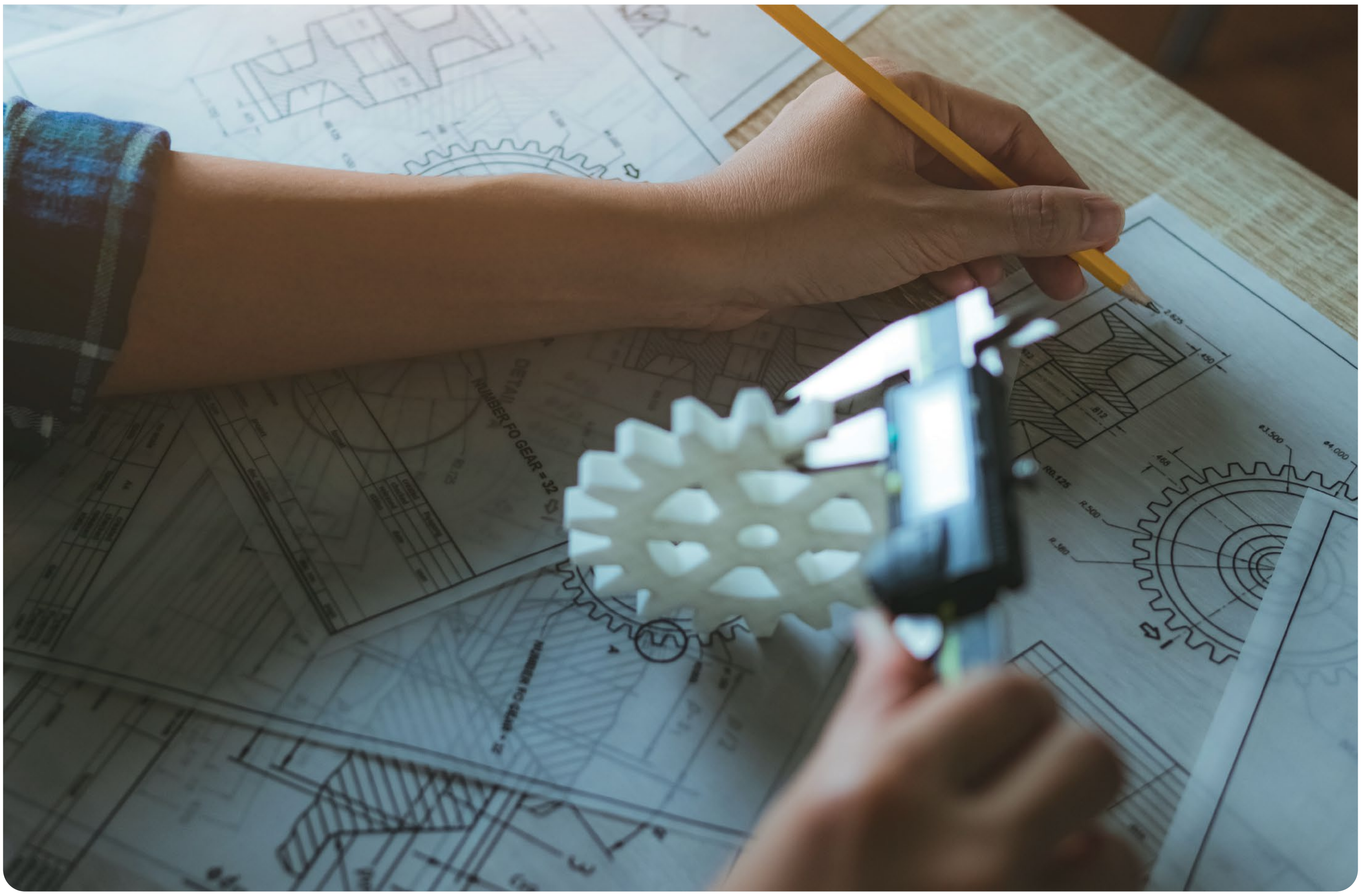
Portfolio Review

The portfolio remained highly focused with a total of 16 holdings and the top 10 accounted for around 80% of the NAV at the end of the period. 1% of the NAV was held in cash at period end. This had subsequently increased to c. 13% by the end of July 2023 following the receipt of the proceeds from the Medica Group takeover.

Over the period positions in Nexus (IRR of -18%), Assetco (IRR of 30%), Tyman (IRR of 23%), and IDOX (IRR of 6%) were fully exited, with Medica (IRR of 12% / 25%[2]) also fully exited post period end.

The Company currently has a number of key holdings that we believe trade at material valuation discounts to comparable private market transaction values, which provides a strong margin of safety underpinning the long term upside potential of the portfolio.

Changes in sector weightings have seen exposure to Healthcare increase from 16.2% to 21.6%, with exposure to Financial Services increasing from 25.2% to 32.6%. The largest decrease has been in cash, which decreased from 9.3% to 0.7% (although, as above, this increased substantially in July following the receipt of Medica Group sale proceeds).



2. 12% reflects the IRR from the Company's initial investment in Medica Group in 2017. 25% reflects the IRR since Ken Wotton became Manager of the Company in September 2020, and actively decided to upweight the Company's holding in Medica Group

Top 10 Investee Company Review
(as at 30 June 2023)

Company	% of NAV[1]	Description	GHAM stake[2]	Company	% of NAV[1]	Description	GHAM stake[2]
medica	**18.1%** Healthcare	A leading provider of teleradiology services to the clinical services and pharmaceutical research sectors	19.6%	Inspired PLC	**6.1%** Industrial Goods & Services	An energy procurement and optimisation consultancy	29.7%
XPS Pensions	**14.9%** Financial Services	A leading pensions consulting and administration services provider	16.7%	Wilmington plc	**5.6%** Media	A provider of business information and training & education solutions	4.7%
Brooks Macdonald	**7.0%** Financial Services	A UK national wealth manager and investment advisor	7.2%	iomart	**5.3%** Technology	An integrated telecommunications and Internet company, which supplies web hosting and Internet security messaging services	4.7%
Ricardo	**6.7%** Construction & Materials	An engineering, environmental and strategic consultancy, operating across a range of market sectors	11.3%	LSL Property Services plc	**5.1%** Real Estate	A provider of financial services, surveying, valuation and estate agency services	3.4%
Fintel	**6.3%** Financial Services	A provider of tech-enabled regulatory services to IFAs, financial institutions and other intermediaries	9.1%	Hostelworld	**4.8%** Travel & Leisure	A hostel-focussed online travel agent	10.4%

Case studies selected for illustrative purposes only to demonstrate investment strategy and are not investment recommendations.

Past performance is not necessarily a guide to future performance. Portfolio investments in smaller companies typically involve a higher degree of risk.

Gresham House plc, as at 30 June 2023

1. Top ten holdings representing 79.9% of NAV

2. Aggregate Gresham House Asset Management equity stake.

Company	Investment Thesis	Developments
Medica Group	▪ A niche market leader in the UK teleradiology sector which is acyclical and is growing rapidly driven by increasing healthcare requirements and a structural shortage of radiologists ▪ Above market organic growth and underappreciated cash generation characteristics	▪ Fully exited in July 2023 pursuant to the Recommended Cash Offer from IK Partners
XPS Pensions Group	▪ Leading 'challenger' brand in the pensions consulting, advisory and administration market ▪ Highly defensive – high degree of revenue visibility and largely non-discretionary, regulation driven client activity ▪ Significant inflation pass-through ability ▪ Highly fragmented sector with recent M&A activity, providing opportunity to XPS as a consolidator and potential target	▪ Delivered FY23 results and outlook ahead of market expectations, leading to analyst upgrades ▪ Elevated demand for pensions advisory (e.g. risk transfer) given Gilt volatility and changes in funding positions ▪ Announced the disposal of its non-core NPT business for a significantly accretive valuation multiple to the wider group

Company	Investment Thesis	Developments
Brooks Macdonald Group	▪ UK focused wealth management platform; structural growth given continuing transition to self-investment ▪ Opportunity to leverage operational investments to grow margin and continue strong cash flow generation ▪ A consolidating market; opportunity for Brooks as both consolidator and potential target with recent takeover interest for sector peers	▪ Positive net flows and 7.5% AUM growth in FY23 ▪ Good progress in replacing previous management departures, which had weighed on the share price, including recently hiring Aviva's former CRO as CFO
Ricardo	▪ Global strategic, environmental and engineering consultancy ▪ Ongoing strategic transformation to refocus and prioritise the business towards higher growth, higher margin and less capital intensive activities ▪ Strong market position underpinned by significant sector expertise	▪ Successfully extended its McLaren relationship (now in its fourth generation) demonstrating the stickiness of Ricardo's customer relationships ▪ Strong FY23 results with particularly high growth in its Environmental & Energy Transition divisions, in line with the strategic ambition
Fintel	▪ Leading UK provider of technology enabled regulatory solutions and services to IFAs, financial institutions and other intermediaries ▪ Strategically valuable technology platform with opportunity to drive material growth in revenues and margins through supporting customers' digitisation journeys	▪ Extended its strategic distribution agreement with BlackRock ▪ In-line H1'23 results with positive outlook, leading to analyst upgrades ▪ Announced two small bolt-ons and Fintel's first investment through its early-stage technology incubator, Fintel Labs
Inspired Energy	▪ UK B2B corporate energy assurance, procurement and optimisation service provider ▪ ESG specialist, with a track record of advising blue chip companies on reducing energy consumption ▪ Leading player in a fragmented industry; significant opportunity to gain market share through client wins, proposition extension and M&A	▪ Strong FY22 results, Q1'23 momentum and FY23 outlook ▪ Demonstrable progress in cash conversion and cross-sell ▪ New incentivisation agreement within its energy optimisation division, with performance hurdles significantly ahead of market forecasts
Wilmington	▪ International provider of B2B data and training in the compliance, insurance, financial and healthcare sectors ▪ Chair, CEO and CFO incentivised to re-focus the business and deliver a return to organic growth	▪ FY22 and H1'23 results in line with market expectations, which had increased through 2022 ▪ Repeat revenue now accounts for 79% of revenue (H1'23) ▪ Further portfolio optimisation including the disposal of Spanish subsidiary Inese, in line with Wilmington's portfolio management strategy
Iomart	▪ Integrated datacentre and cloud services provider ▪ Provides both self-managed infrastructure and cloud-managed services, with the latter being a key strategic focus area ▪ Highly cash generative with significant recurring revenue ▪ Structural growth opportunity from hybrid cloud adoption	▪ Existing chair has expanded their role to become executive chair on a part time basis (supported by the CEO) ▪ FY23 results in line with market expectations ▪ Two strategic bolt-ons in the period, most recently the acquisition of Extrinsica to double Iomart's Azure hybrid cloud capability

Company	Investment Thesis	Developments
LSL Property Services	▪ Leading provider of services to the UK residential property sector with activities spanning mortgage broking, surveying and estate agencies ▪ Significant opportunity to reallocate capital to the Financial Services division which is strategically valuable, higher growth and underappreciated by the market	▪ Announced in 2023 the transition of its estate agency business from ownership to franchise, which we believe reduces cyclicality, capital intensity, and improves the quality of earnings ▪ Post-period end forecasts downgraded through lower UK housing / mortgage activity levels, which particularly dampened the outlook for LSL's surveying business
Hostelworld	▪ Category leader within the hostelling niche of the online travel agent sector ▪ Social media led customer acquisition and engagement strategy to enhance profitability and customer lifetime value ▪ Growth driven by post-Covid recovery in international travel and value for money positioning, with average order value and customer lifetime values improving	▪ Record Q1 and H1 revenue delivered and guidance confidently reaffirmed, following forecast upgrades earlier in 2023

Outlook

The Investment Manager's core planning assumption is that continued geopolitical and macroeconomic uncertainty will drive market volatility throughout the remainder of 2023. The shift to a period of higher inflation and higher interest rates has fundamentally impacted asset markets and equities in particular. It is likely that increasing focus on company fundamentals and valuation discipline will be required to outperform in this environment which plays to the strengths of the Company's investment strategy and the Investment Manager's approach.

The elevated levels of corporate activity within the UK equity market continue to play out and the volume of takeover activity amongst smaller companies has not been seen since H2 2019, despite overall UK takeover volumes (of all sizes) remaining marginally below H1 2022 levels. Bid premia in the period were also elevated, providing further evidence of attractive valuations amongst UK smaller companies despite the higher cost of capital environment today. The investment process and private equity lens across public markets enables the identification of investment opportunities with potential strategic value that could be attractive acquisitions for both corporate and financial buyers.

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

Portfolio as at 30 June 2023

Company	Sector Classification	Date of first Investment	Cost £'000	Valuation £'000	% of invested portfolio at 30 June 2023	% of invested portfolio at 30 June 2022	% of net assets
Medica Group	Healthcare	Mar 2017	19,120	30,881	18.2%	13.3%	18.1%
XPS Pensions Group	Financial Services	Jul 2019	16,850	25,459	15.0%	11.8%	14.9%
Brooks Macdonald	Financial Services	Jun 2016	10,563	11,916	7.0%	7.4%	7.0%
Ricardo	Construction & Materials	Sep 2021	9,107	11,462	6.8%	2.5%	6.7%
Fintel	Financial Services	Oct 2020	10,076	10,800	6.4%	5.8%	6.3%
Inspired Energy	Industrial Goods & Services	Jul 2020	13,713	10,327	6.1%	8.4%	6.1%
Wilmington	Media	Oct 2010	6,818	9,482	5.6%	7.4%	5.6%
Iomart	Technology	Mar 2022	8,473	9,074	5.4%	3.0%	5.3%
LSL Property Services	Real Estate	Mar 2021	13,256	8,645	5.1%	6.5%	5.1%
Hostelworld	Travel & Leisure	Oct 2019	6,505	8,209	4.8%	5.3%	4.8%
R&Q Insurance Holdings	Financial Services	Jun 2022	10,308	7,429	4.3%	1.7%	4.4%
Tribal	Technology	Dec 2014	11,742	6,580	3.9%	9.0%	3.9%
Benchmark	Healthcare	Jun 2019	6,733	6,120	3.6%	4.3%	3.6%
Ten Entertainment	Travel & Leisure	Oct 2020	3,464	5,539	3.3%	4.6%	3.3%
Carr's Group	Industrial Goods & Services	Mar 2023	3,603	4,296	2.5%	–	2.5%
Netcall	Technology	Mar 2023	3,168	3,055	1.8%	–	1.8%
Total investments				**169,274**			99.4%
Cash				1,242			0.7%
Net current liabilities				(293)			(0.1%)
Total shareholders' funds				**170,223**			**100.0%**

Ken Wotton
Gresham House Asset Management

26 September 2023

Other Information

Business and Status of the Company

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

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

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

The Company has received written approval from HM Revenue and Customs as an authorised investment trust under Section 1158 of the Corporation Tax 2010 ("CTA") and the ongoing requirements for approved companies in Chapter 3 Part 2 of the Investment Trust (Approved Company)(Tax) Regulations 2011 (Statutory Instruments 2011/2999). The Company will continue to be treated as an investment trust company subject to the Company continuing to meet the eligibility conditions for approval. In the opinion of the Directors, the Company's affairs have been conducted in a manner to satisfy these conditions to enable it to continue to qualify as an investment trust company for the year ended 30 June 2023.

Investment Objective

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

Investment Policy

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

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

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

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

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

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

Performance Analysis Using KPIs

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

NAV per Ordinary share

The NAV per Ordinary share, including revenue reserves, as at 30 June 2023 was 342.47p, representing a rise of 8.3% from the 30 June 2022 NAV of 316.21p (year to 30 June 2022: fall of 9.7% from 350.05p to 316.21p).

Movement in the Company's share price

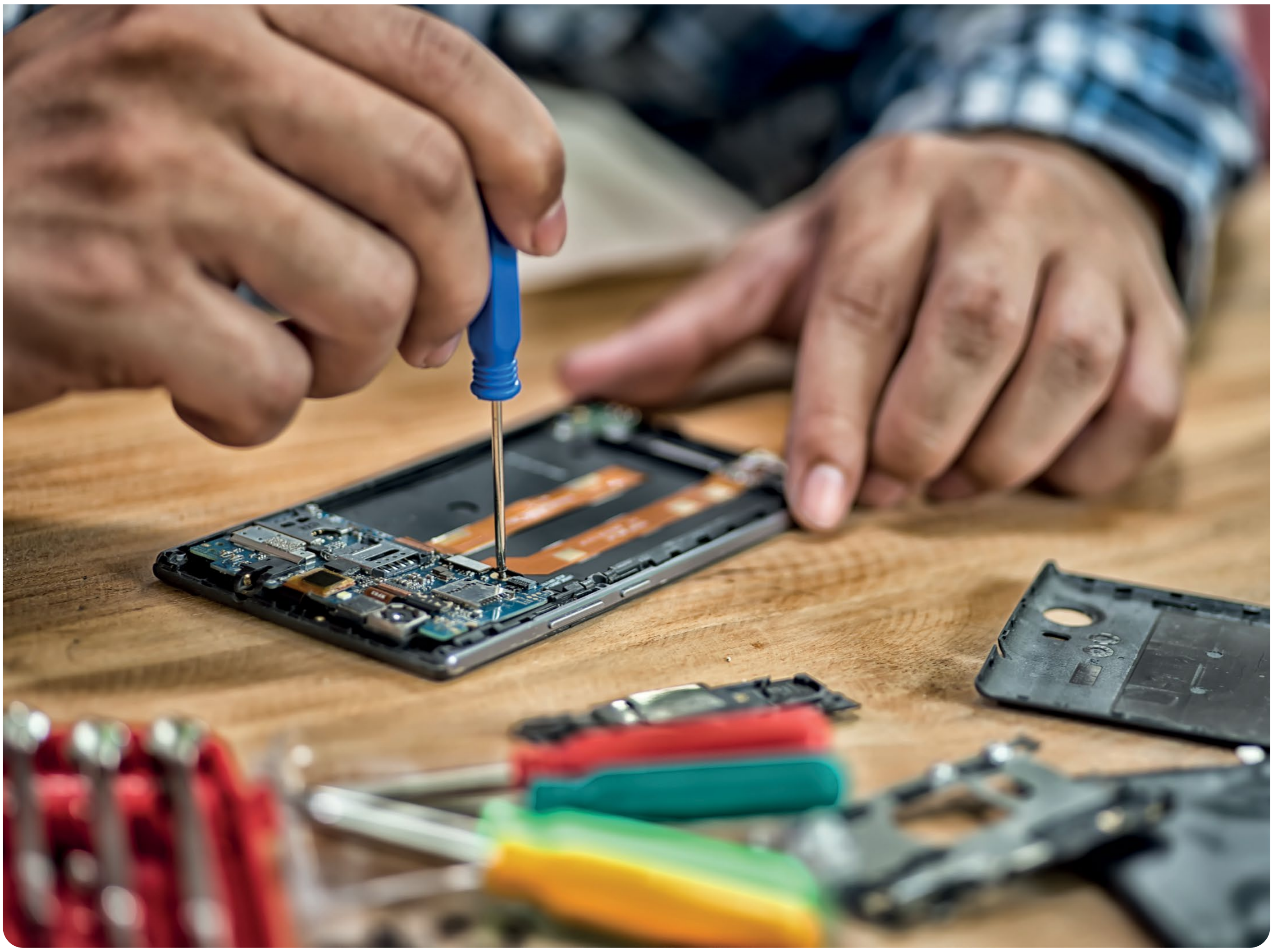
In the year to 30 June 2023, the Company's share price rose by 10.4% from 280.00p to 309.00p (year to 30 June 2022: fall of 10.0% from 311.00p to 280.00p). The share price total return, taking account of the 2.00p dividend paid in the year, was positive 11.2% (year to 30 June 2022: minus 9.5%).

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 3.3% to 12.5% with the average being 7.4%. As at 30 June 2023, the Company's shares traded at a discount of 9.8% (30 June 2022: discount of 11.5%).

Ongoing charges

The ongoing charges ratio was 1.22% in the year to 30 June 2023 (30 June 2022: 1.08%). The ongoing charges ratio (including the performance fee) was 1.22% in the year to 30 June 2023 (30 June 2022: 1.08%).



Principal and Emerging Risks

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

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

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

Principal Risk	Mitigation	Action taken in the year
Investment Performance The unconstrained long-term philosophy and concentrated portfolios resulting from the investment strategy can lead to periods of significant short-term variation in performance. The underlying investments are in companies which, due to their smaller size, may have limited product lines, limited financial resources with dependence on a few key individuals and less liquid shares. These risks are more significant than in larger companies. Risk remains relatively unchanged	The Board maintains a close review of how the Investment Manager invests to implement the investment strategy and regularly reviews adherence to the investment policy. The Board maintains a longer-term perspective in relation to monitoring performance of the Investment Manager in achieving the investment objective. The Board relies on the Investment Manager to engage actively with the investee companies in order to support long-term value enhancement and the actions taken are reported and reviewed regularly by the Board.	The Board, through its review process, did not identify any specific new action required either with the portfolio as a whole or with any one specific investment to mitigate performance risk over and above that already taken by the Investment Manager. The Board also recognises the significant contribution made by the Investment Manager in maximising engagement opportunities with investee companies. This was achieved with the Company's focus on investments with a market value in the region of £100 million and £300 million at the point of entry.
Operational Risk The Company appoints and relies on a number of third parties, including the Investment Manager, to provide it with the necessary services, such as registrar, depository, custodian, administrator, company secretary, lawyers, external auditors and brokers. Risk remains relatively unchanged	The Board has a detailed risk matrix which is reviewed by the Audit Committee and the Board twice yearly and is used as a tool to consider the principal risks of the Company and the controls that are in place in relation to those risks where appropriate. Key appointments of third party service providers are taken after a formal process ensuring the required skills and experience are satisfied. An annual review of service providers is carried out by the Management Engagement Committee. Internal control reports, where available, on the systems and processes of the Company's service providers are reviewed at least annually and as appropriate and any findings discussed where appropriate.	The Management Engagement Committee performed a review of all service providers in May 2023. All were assessed to provide a satisfactory service to the Company. On 17 July 2023 Gresham House announced its proposed acquisition by Searchlight Capital Partners. Since the year end the Board has discussed the proposed acquisition and has sought and received a number of assurances from its Investment Manager including the continuity of resource and ongoing commitment to the Company's mandate. Internal controls reports were reviewed where available and no significant controls weaknesses were identified.

Principal Risk	Mitigation	Action taken in the year
Regulatory Compliance and Legislation Breach of regulatory rules could lead to the suspension of the Company's Stock Exchange listing, financial penalties, or a qualified audit report. Breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on realised capital gains. Risk remains relatively unchanged	The Board is comprised of individuals whose background, qualifications and experience ensure that the increasing volume and complexity of relevant regulatory and legislative requirements are understood. Where appropriate, advice and training are sought from service providers. Board selection and performance review processes support this approach.	At its quarterly meetings, the Board reviewed regulatory and technical updates. No significant actions were required in the year. The Board reviews the Section 1158 compliance schedule, prepared by the Company Secretary, at each quarterly Board Meeting.
Discount/Premium A significant share price discount or premium to the Company's NAV per share, or related volatility, could lead to high levels of uncertainty or speculation and the potential to reduce investor confidence. Risk remains relatively unchanged	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 3.3% and 12.5%. During the year 5,647,377 shares were bought back to be held in Treasury.
Economic, Political and External Factors The Company invests predominantly in UK shares and therefore performance may be impacted by economic, political and other factors which affect either the operation of the markets that portfolio companies trade in, the UK stock market or currency movements. In particular small changes can have a larger impact on small companies. Risk remains relatively unchanged	The exposure to these external factors is considered largely outside of the Company's control so regular monitoring is carried out with regards to the likely effects should any potential mitigation be possible. Limits are set for investment in overseas based investments.	The Board monitors and reviews the position of the Company, ensuring that adequate liquidity exists to allow flexibility. Investment performance and the portfolio composition has been monitored specifically in the light of the increased risks. The Board continues to closely monitor the Environmental, Social and Governance ("ESG") risk to the Company.
Investment Manager The loss of key individuals at the Investment Manager could have, or be perceived to have, a material effect on the Company's performance. Risk remains relatively unchanged	In order to reduce this risk the Investment Manager operates a team based approach to fund management. The team consists of a number of investment professionals who combine a number of complementary skill sets, including corporate finance, traditional fund management, research and private equity disciplines. The team is also supported by its Investment Committee which is comprised of a number of experienced internal and external members.	The Board keeps the performance of the key personnel at the Investment Manager under frequent review. Since the year end the Board has discussed the proposed acquisition of Gresham House by Searchlight Capital Partners and has sought and received a number of assurances from its Investment Manager including the continuity of resource and ongoing commitment to the Company's mandate.

Viability Statement

The Board has assessed the prospects of the Company over the three financial years to 30 June 2026. This assessment period has been chosen as the Board believes it represents an appropriate period given the long-term investment objectives of the Company, the low working capital and the simplicity of the business model.

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

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

The Company's portfolio includes cash or liquid money market funds. Over the last five years, cash and liquid money market funds have averaged c.6.5% of the 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 Directors have also carried out a robust assessment of the principal and emerging risks, as noted on pages 17 and 18, 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 2026.

Going Concern

In assessing the Company's ability to continue as a going concern the Directors have also considered the Company's investment objective, detailed on the inside front cover, risk management policies, detailed on pages 17 and 18, capital management (see note 16 to the financial statements), the nature of its portfolio and expenditure projections and believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and for at least 12 months from the date of this Report. In addition, the Board has had regard to the Company's investment performance (see page 3) and the price at which the Company's shares trade relative to their NAV (see page 3).

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

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

Environmental, Social and Governance Issues

Commitment to Sustainable Investment

The Board is comprised entirely of non-executive Directors and the day-to-day management of the Company's business is delegated to the Investment Manager (details of the Investment Management Agreement are set out on pages 27 and 28). Therefore, the Directors do not consider it necessary for the Company to have environmental, human rights or community policies in place.

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

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

The Investment Manager believes in playing an industry leadership role in supporting and promoting sustainable investment. The Investment Manager is a signatory to the UN-supported Principles of Responsible Investment and was awarded four or five stars, out of a maximum of five stars, for all modules submitted in its **PRI Report 2021**. It is also a signatory of the **UK Stewardship Code** and aims to comply with its recommendations. In September 2023, it was announced that Gresham House had met the expected standard of reporting for 2022 and remained a signatory to the UK Stewardship Code for the third year in a row. As of the publication date, the Investment Manager has submitted a 2023 PRI Report to the PRI. Results for this report are expected in Q4 2023.

Public Equity Sustainable Investment Policy and Processes

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

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

Sustainable Investment Approach

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

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

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

01 Initial appraisal

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

02 Due diligence

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

03 Investment appraisal

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

04 Holding period

The Management Team engage regularly with boards and management teams, focusing on strategic, financial and operational matters, including ESG factors, and consistently use voting rights.

Sustainable Investment Framework

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

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

ESG Decision Tool

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

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

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

Environmental

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

Social

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

Governance

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

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

ESG Data

The Management Team incorporates ESG data from an ESG data provider to support the assessment of ESG risks at investee company level. Since 2023, the Management Team has received ESG data for all holdings and is working to fully integrate this data into the investment process. Currently, ESG data is reviewed prior to meetings with investee companies and is reviewed as part of ongoing engagement identification and prioritisation.

Stewardship Responsibilities

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

UK Public Equity team*

59
Governance-focused engagements

6.9 years
Weighted average holding period

93%
Met with nearly all holdings' management teams

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

Engagement

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

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

Engagement case study:

Growth capital, strategy and incentives, and value realisation

medica:

Our team engaged with Medica Group, a global provider of teleradiology services, by holding direct meetings with the management team and non-executive Board, in conjunction with input from our healthcare and M&A networks.

Engagement objectives: Support the company's inorganic growth ambitions, solidify positioning on AI/digital strategy, maximise alignment between management and shareholders, and close the material valuation gap relative to comparable M&A transactions.

In March 2021 we provided c.£2m of follow-on funding to support Medica's acquisition of RadMD, giving the company a foothold in the clinical trials market and further diversifying the company's geographic exposure.

Over the following two years we increased our shareholding from c.12% (at the time of the fundraise) to c.20%, becoming the company's largest shareholder, which allowed us to engage further on a number of initiatives.

With regards to AI and digitalisation strategy we engaged with the company to gain comfort on potential disruption to traditional teleradiology solutions, using our healthcare network to support conviction that Medica was in fact well positioned to benefit (not least through its partnership with Qure.AI).

With regards to management incentives, we engaged at length with the chairs of both the board and the remuneration committee in order to ensure that the management team were sufficiently incentivised to drive outperformance, whilst ensuring alignment with the shareholder base.

Finally, through our M&A network we were aware that the company traded at a substantial discount to the valuation multiples paid in recent, directly comparable transactions, and that there had been little evidence of this discount closing despite Medica's strong trading performance. We therefore encouraged the company to seek independent financial advice to challenge or corroborate this assertion, and to help form a view on the relative merits of remaining as an independent listed company vs. undergoing a recommended takeover.

Outcome: Following the above engagement, the company was acquired pursuant to a Recommended Cash Offer by IK Partners, a European private equity firm, at a valuation multiple that we viewed as attractive relative to M&A transaction benchmarks and to Medica's independent prospects. To help de-risk the transaction we provided a soft irrevocable undertaking to vote for the Offer, which could fall away in the event that a competing Offer were tabled. This provided us with an attractive all-cash realisation event for a significant holding in the Trust.

Defining engagement objectives

Dependent upon factors such as materiality to the Company, level of control (shareholding) and materiality of the topic, the Management Team may identify and agree engagement objectives that they expect a company to deliver on over the holding period.

Engagement objectives will typically be bespoke to the organisation and important to the development of the business, aiming to keep the directors focused and ensure continued progress.

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

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

The identified objectives form the basis of discussions with companies during regular scheduled engagements. Engagement progress is recorded by the Management Team and monitored on a regular basis. The Management Team will also consider whether the outcomes of the engagement activity impact upon the investment position or require escalation should an investee company not respond to or implement the stated objective.

The engagement process followed by the Investment Manager is shown below.

Identify: Identify potential engagement targets and specific topics for engagement

Prioritise: Determine the most material engagement targets and create a list of priorities

Plan: Create an engagement plan

Engage: Engage with the company to drive change. Log the objective and timeline

Monitor & respond: Monitor progress of engagement activities. Amend investment position or escalate if required

Report: Report progress of engagements and outcomes to stakeholders on an annual basis

Voting

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

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

Voting decisions

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

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

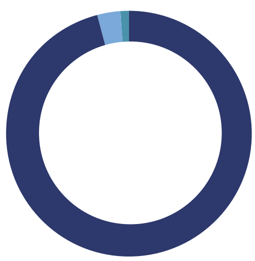
Proxy voting providers

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

Voting against management

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

UK Public Equity voting in 2022



97.0% For
3.0% Against
1.0% Abstain

Climate-related Financial Disclosures

As an investment trust, the Company has no employees, property or activities other than investment. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emission-producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Streamlined Energy and Carbon Reporting also applies to all large companies. However, as the Company did 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.

This year the Investment Manager reported against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This report includes information on how climate-related risks and opportunities are addressed and managed by Public Equity investments. The report can be found on the Investment Manager's website: https://greshamhouse.com/tcfd/ .

The Management Team monitors and considers carbon emissions associated with its investments over time and may use this data to drive ESG-focused engagement activities. The Company has no requirements or targets relating to carbon emissions of its portfolio or investee companies.

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. Being an investment trust, the Company's 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 Investment 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 provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Board. The importance of stakeholder considerations in particular in the context of decision making is taken into account at every Board meeting. The Board considers the impact that any material decision will have on all relevant stakeholders to ensure that it is making a decision that promotes the long-term success of the Company.

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

Debt facility – During the year under review, no borrowing was undertaken but this is under review.

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

Succession planning – During the year the Board undertook a search for additional non-executive Directors who would enhance the overall skills and experience of the Board and its Committees. Brigid Sutcliffe and Howard Williams were subsequently appointed as non-executive Directors of the Company on 8 February 2023. Further details of the search can be found in the succession planning section on page 35.

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

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

On behalf of the Board

William Barlow
Chairman

26 September 2023

Directors

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

Sir William Barlow Bt. (Chairman)

Independent Director

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

Annie Coleman

Independent Director

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

Josephine Dixon (Audit Committee Chair)

Independent Director

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

Richard Locke (Deputy Chairman)

Independent Director

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

Brigid Sutcliffe

Independent Director

Brigid qualified as a Chartered Accountant in 1983 and gained an MBA in 1987. She spent thirty years working in investment banking and as a strategic change management consultant, advising companies across a wide range of sectors. She has been a non-executive director for a variety of organisations in the public, private and third sectors over the past eighteen years, including science and technology research, technical business services, higher education and social housing. Brigid is also a non-executive director and audit chair of Troy Income & Growth Trust plc. Brigid was appointed to the Board on 8 February 2023.

Howard Williams

Independent Director

Howard has forty years of fund management experience and was, until October 2017, Chief Investment Officer and Head of the Global Equity Team at JPMorgan Asset Management. Prior to joining JPMorgan Asset Management in 1994, he held a number of senior positions at Shell Pensions and Kleinwort Benson Asset Management. He started his career at James Capel & Co. He is also a non-executive director of Schroders Unit Trust Limited, a non-executive director of Dunedin Income Growth Investment Trust PLC and of LifeSight Limited. Howard was appointed to the Board on 8 February 2023.

Report of the Directors

Directors

The Directors in office at the date of this report and their biographical details are shown on page 26.

Corporate governance

The Company's corporate governance statement is set out on pages 31 to 36 and forms part of the Report of the Directors.

Performance and Dividend

Over the year to 30 June 2023, net assets have fallen by £4.8 million representing a decrease of 2.7%. On a per share basis net assets have risen by 26.26 pence which represents a increase of 8.3%. Further information on the performance of the Company's portfolio is contained in the Investment Manager's Report and Top 10 Investee Company Review on pages 6 to 14.

The Company's investment objective is one of capital growth and it is anticipated that returns for shareholders will derive primarily from capital gains. The Board is governed by the rules for investment trusts that require that the Company must not retain more than 15% of its income from any one year. The Board recommends a final dividend of 2.50p (2022: 2.00p) per Ordinary share, amounting to £1,235,000 (2022: £1,061,000) based on the Ordinary share capital at the date of this report. The Company's dividend policy remains unchanged, and it may be that next year, the dividend will be lower.

Share Capital and Voting Rights

The Company's issued share capital at 30 June 2023 consisted of 49,704,711 Ordinary shares of 10p each and there were 13,824,495 Ordinary shares held in Treasury. At 25 September 2023 (being the latest practicable date prior to the publication of this document) the issued share capital consisted of 49,416,260 Ordinary shares of 10p each and 14,112,946 Ordinary shares were held in Treasury. Shares held in Treasury do not have voting rights. The maximum number of Ordinary shares in issue during the year was 55,352,088.

The Company bought back 5,647,377 Ordinary shares to be held in Treasury during the year.

Substantial shareholdings

The following holdings representing (directly or indirectly) three per cent. or more of the voting rights attached to the issued share capital of the Company have been disclosed to the Company:

	Number of shares held	% of total voting rights
City of London Investment Management	15,662,230	28.9
1607 Capital Partners	8,517,036	17.1
Arbuthnot Fund Managers	3,314,774	4.9
Brewin Dolphin	3,278,841	5.0
Sir Clive Thompson	2,679,102	4.0

On 11 August 2023, City of London Investment Management notified the Company their shareholding had fallen to 27.9% of the Company's total voting rights.

On 19 September 2023, City of London Investment Management notified the Company their shareholding had fallen to 19.7% of the Company's total voting rights.

There have been no other changes notified in respect of the above holdings, and no new holdings notified, since the end of the year.

Investment Management Agreement

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

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

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

Investment Manager's Fees

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

Basic Fee

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

Performance Fee Arrangements

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

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

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

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

A performance fee of £nil is payable in respect of the rolling three-year period ended 30 June 2023 (2022: £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 32.
- Details of the powers of the Directors to issue or buy-back the Company's shares are disclosed on pages 29 and 30.
- There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office; the Company does not have an employees' Share Scheme, there are no restrictions on voting rights; and the Company does not have any rules about amendment of the Company's articles of association beyond the requirements of the Act.

Accountability and Audit

The responsibilities of the Directors and the Auditor in connection with the financial statements is included on page 48.

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 64 to 67.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that no disclosures are required in relation to Listing Rule 9.8.4.

Modern Slavery

The Company is not within the scope of the Modern Slavery Act 2015 because it has insufficient turnover and is therefore not obliged to make a human trafficking statement. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers, which are listed on page 72, comply with the provisions of the UK Modern Slavery Act 2015. These are principally professional advisers and service providers in the financial services industry, consequently the Board considers the Company to be low risk in relation to this matter.

Criminal Finances Act 2017

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

Annual General Meeting

The Notice of the Annual General Meeting to be held on Wednesday 8 November 2023, is set out on pages 73 to 75. Full details of all resolutions can be found in the Notice. The resolutions to be proposed as items of special business are set out below.

To authorise the allotment of shares (Resolution 11)

Section 551 of the Companies Act 2006 provides that the Directors may not allot new shares without shareholder approval. The purpose of Resolution 11, which is proposed as an ordinary resolution, is to empower the Directors to allot shares with an aggregate nominal value of up to £494,163, 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 11 is passed would last until the earlier of the Annual General Meeting in 2024 or 8 February 2025.

The number of Treasury shares held as at 25 September 2023 (being the latest practicable date prior to the publication of this document) is 14,112,946 10p shares which represents 28.6% of the Company's issued Ordinary share capital of 49,416,260 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 12)

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 12, 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 £494,163, representing approximately 10% of the Company's issued Ordinary share capital of 49,416,260 10p shares as at 25 September 2023 (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 2024 or 8 February 2025.

To authorise the Company to purchase its own Ordinary shares (Resolution 13)

The purpose of Resolution 13, which is proposed as a special resolution, is to renew the authority of the Company to purchase its own shares. The Company may purchase shares in the market in order to address any imbalance between the supply of and demand for shares and to increase the net asset value per share. The Company will make such purchases pursuant to this authority only where the Directors believe that to do so will result in an increase in the NAV per share for remaining shareholders and is in the best interests of shareholders generally.

The authority is limited to 7,407,497 Ordinary shares, representing approximately 14.99% of the Company's shares in issue as at 25 September 2023 (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 2024 or 8 February 2025.

At the Annual General Meeting held on 9 November 2022 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 25 September 2023 (being the latest practicable date prior to publication of this document) was 4,936,929 Ordinary shares.

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

The Company has purchased 288,451 Ordinary shares since 30 June 2023. As at 25 September 2023 (being the latest practicable date prior to publication of this document), the Company held 14,112,946 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

William Barlow
Chairman

26 September 2023

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.
- Provision 12 of the UK Code (Provision 14 of the AIC Code): the requirement to appoint a senior independent director – although the Board has not appointed a senior independent director, the Deputy Chairman undertakes all responsibilities normally attributed to this role.

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 six non-executive Directors. Biographical details of the Directors in office at the year end can be found on page 26.

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

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

Board Operation

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

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

- Investment and business strategy of the Company.
- Annual and interim reports and accounts and accounting policies, prospectuses, circulars and other shareholder communications.
- Acquisitions and disposals of interests of more than 29.9% in the voting shares of any investee company.

- Dividend policy.
- Board appointments and removals.
- Appointment and removal of the Company's service providers including the Investment Manager/AIFM, Depository and Auditor.

Board Balance and Independence

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

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

Chairman

The Chairman, Mr Barlow, 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

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

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

Directors' Induction, Training and Development

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

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

Diversity

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

The FCA Listing Rules now include a requirement for companies to report against diversity and inclusion targets on a comply or explain basis. Outlined below is an overview of the targets and the Company's compliance or otherwise at its chosen reference date of 30 June 2023, in accordance with Listing Rule 9.8.6R(9):

- 40% of the Board represented by women: the Company meets this target with its Board composition being 50% female. The Company will continue to meet this target when Ms Dixon retires from the Board at the AGM in November, at which point female representation will be 40%.
- One woman in a senior position: although the Company does not meet this target based on those roles defined as senior by the FCA, in the absence of the Company having Executive roles, the Board considers the chair roles of its permanent sub-committees to be senior roles. As at 30 June 2023, the role of Audit Committee Chair was held by Ms Dixon. Upon Ms Dixon's intended retirement in November, the role will be assumed by Ms Sutcliffe. The roles of Chairman and chair of the other permanent sub-committees were held by men. As explained on page 31, the Company has not appointed a senior independent director although the Deputy Chairman undertakes all responsibilities normally attributable to this role.
- One individual from a minority ethnic background: the Company does not meet this target. In view of its small size, which it considers appropriate, and the infrequency with which Board appointments are made, the Board is aware that achieving this target is more challenging. It will however be mindful of this target when making future appointments.

The following tables set out the data on the diversity of the Directors of the Company as at 30 June 2023 and in accordance with Listing Rule 9.8.6R(10). The data has been obtained through direct consultation with the Board.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	50%	1[1]
Women	3	50%	0
Not specified/ prefer not to say	N/A	N/A	N/A

1 The Company only has one of the senior roles specified by the Listing Rules, that is the position of Chair of the Board, which is held by Mr Barlow. The Company does however consider that the chairs of its permanent sub-committees are all senior positions. The role of Audit Committee Chair is held by a woman, with all other senior roles being held by a male.

2 In the absence of having executive roles, the Company considers that the chairs of its permanent sub committees are all senior positions. The role of Audit Committee Chair is held by Ms Dixon, with all other roles held by a male.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White	6	100%	1
Mixed/Multiple ethnic groups	0	0%	0
Asian/Asian British	0	0%	0
Black/African/ Caribbean/Black British	0	0%	0
Other ethnic group, including Arab	0	0%	0
Not specified/ prefer not to say	N/A	N/A	N/A

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 2023 and the attendance of the individual Directors is shown below:

	Quarterly Board meetings		Audit Committee meetings		Management Engagement Committee meetings	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
William Barlow	4	4	2	2	1	1
Annie Coleman	4	4	2	2	1	1
Josephine Dixon	4	4	2	2	1	1
Richard Hills[1]	2	2	1	1	n/a	n/a
Richard Locke	4	4	2	2	1	1
Brigid Sutcliffe[2]	1	1	n/a	n/a	1	1
Howard Williams[2]	1	1	n/a	n/a	1	1

1 Retired on 9 November 2022

2 Appointed on 8 February 2023

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. Two Committee meetings were also held during the year to consider the approval of the Company's Annual and Interim Reports.

Performance Evaluation

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

In 2023, the evaluation of the Board was carried out by way of a questionnaire. Having considered and discussed the points raised by the Directors in response to the questionnaire, the Board has concluded that it has an appropriate balance of skills, experience and length of service and that each Director demonstrates effectiveness, a high level of commitment to the Company, and considerable experience, expertise and knowledge. In addition, the Board believes that each Director is independent of judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director.

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

Committees of the Board

The Board has appointed three committees, to assist its operations. Each committee's delegated responsibilities are clearly defined in formal terms of reference. These are reviewed and assessed annually for adequecy and copies are available from the Company's Registered Office. Ms Dixon chairs the Audit Committee and Mr Barlow chairs the Management Engagement Committee and the Disclosure Committee. Each committee comprises all 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 37 and 38.

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.

As reported in the Chairman's statement, Ms Dixon shall be retiring from the Board at the AGM in November 2023 and Ms Sutcliffe will be appointed as Chair of the Audit Committee.

Management Engagement Committee

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

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

Disclosure Committee

Following the implementation of the Market Abuse Regulation ("MAR") in July 2016 (which now forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time), the Board agreed to form a Disclosure Committee, comprising all Directors and chaired by Mr Barlow, 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 39 to 41.

Nomination Matters

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

The Board, when assessing the performance of Directors and making recommendations as to whether they should remain in office and be put forward for election or re-election at the AGM, uses extensive questionnaires and reviews by the Chairman. The Deputy Chairman is responsible for the appraisal of the Chairman. The 2023 review did not identify any causes for concern.

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

Company Secretary

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

Dialogue with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager. Shareholders can communicate with the Board by writing to the Company Secretary at the address disclosed on page 72. 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 annually.

Conflicts of Interest

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

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

A register of conflicts is maintained by the Company Secretary and is reviewed at every Board meeting to ensure that it is kept up to date and the Board, on an individual basis, confirmed there were no conflicts of interest during the year ended 30 June 2023.

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 2023 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 actions 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 2023. The Committee comprises all Directors of the Company, including the Chairman of the Company to enable him to remain fully informed of any issues that may arise. The Committee met twice during the year. Attendance by each Director is shown in the table on page 33.

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 external 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 external 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 2023, as part of its consideration of the Annual Report and Financial Statements for the year ended 30 June 2023. 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 35.

Half Year and Annual Financial Statements

Both the Half-yearly Report for the period ended 31 December 2022 and the Annual Report for the year ended 30 June 2023 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 2023. The Committee considered evidence supporting this principle and reviewed the statement on going concern for endorsement by the Board.

Auditor

Following consideration of the Company's commercial arrangements, the Committee decided that it would be appropriate to consider alternative external audit firms for the next financial year. The Company therefore undertook an audit tender process and, in order to ensure as wide a participation as possible, invited five audit firms, including the incumbent Auditor KPMG, to tender. Two of these audit firms were invited to formally meet with and present in more detail to the current and incoming Committee Chair. The audit firms were evaluated against a number of criteria and consideration was given to the firm's competency in relation to the investment trust sector and the experience of the audit team members involved. Additionally, the results of any external regulatory reviews and the actions taken by the audit firms were also taken into account.

The evaluation process concluded with a recommendation from the Committee to the Board that Johnston Carmichael LLP be appointed as the Company's external Auditor for the financial year ending 30 June 2024. The Board is therefore proposing a resolution to this effect for approval by shareholders at the forthcoming Annual General Meeting to be held on 8 November 2023.

The Board would like to thank KPMG LLP for their services since their appointment in February 2016.

Independence, Objectivity and Effectiveness of the Auditor

The Committee reviewed the independence, objectivity and performance of KPMG LLP as the incumbent Auditor for the year ended 30 June 2023 and had no reason to question this.

In recommending the appointment of Johnston Carmichael, the Committee understands that Johnston Carmichael have conducted their initial independence checks and are satisfied that the necessary controls are in place to identify any conflicts of interest should these arise. The performance of Johnston Carmichael will be reported in the Annual Report for the year ending 30 June 2024.

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 2023 of £65,000 (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 ended 30 June 2023. The only fees paid to KPMG LLP were in relation to the statutory audit as referred to above.

Significant accounting matters

The significant issue considered by the Audit Committee during the year in relation to the financial statements of the Company was the existence and valuation of investments. Juniper Partners Limited ("the Administrator") regularly reconciles the portfolio holdings to confirmations from the Company's Custodian and carries out testing of the prices obtained from the independent pricing source.

Based on confirmation from the Administrator that these procedures have operated correctly at 30 June 2023 and based on conversations with and written reporting from the Depositary, the Committee is satisfied that there is no material misstatement in the context of the Annual Report.

Josephine Dixon
Audit Committee Chair

26 September 2023

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 43 to 48.

Directors' Remuneration Report

Statement from the Chairman

The Board presents the Directors' Remuneration Report for the year ended 30 June 2023, which has been prepared in accordance with the Companies Act 2006.

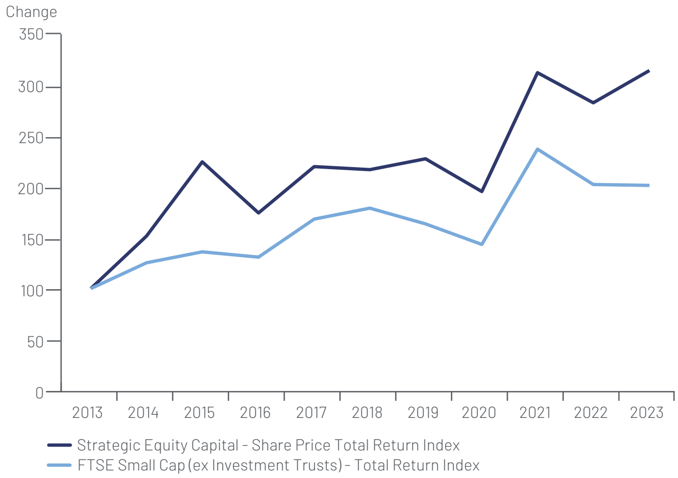
The Board has resolved that, in view of the size of the Board, it is most appropriate for matters of remuneration to be dealt with by the Board as a whole. The Remuneration Policy is set out on page 41.

During the year ended 30 June 2023, Directors' annual fees were set at a rate of £40,000 for the Chairman, £31,500 for the Chairman of the Audit Committee and £27,500 for a non-executive Director of the Company. Mr Locke received an additional £3,000 for his work as the Company's Deputy Chairman. Following a review of the level of Directors' fees for the forthcoming year the Board concluded that the amounts should be increased. Therefore with effect from 1 July 2023, the Chairman's fee was increased to £42,000 (previously £40,000), the Chair of the Audit Committee's fee was increased to £33,075 (previously £31,500) and non-executive Directors' fees were increased to £28,875 (previously £27,500). Mr Locke will continue to 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 2023 (audited)

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

	Year ended 30 June 2023 £	Year ended 30 June 2022 £	% change	Average annual change in employees' pay
William Barlow[1]	**35,553**	27,500	29.3	N/A
Annie Coleman[2]	**27,500**	10,154	170.8	N/A
Josephine Dixon	**31,500**	31,500	0.0	N/A
Richard Hills[3]	**14,375**	40,000	-64.1	N/A
Richard Locke	**30,500**	30,500	0.0	N/A
Brigid Sutcliffe[4]	**10,793**	0	N/A	N/A
Howard Williams[4]	**10,793**	0	N/A	N/A
Total	**161,014**	139,654	15.3	

[1] Appointed as Chairman on 9 November 2022

[2] Appointed to the Board on 14 February 2022

[3] Retired from the Board on 9 November 2022

[4] Appointed to the Board on 8 February 2023

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

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

Fee Rates	Year to 30 June 2020	Year to 30 June 2021	Year to 30 June 2022	**Year to 30 June 2023**
Chair	£36,800	£36,800	£40,000	**£40,000**
	+3.1%	+0.0%	+8.7%	**+0.0%**
Audit Chair	£29,000	£29,000	£31,500	**£31,500**
	+3.2%	+0.0%	+8.6%	**+0.0%**
Deputy Chairman	–	–	£30,500	**£30,500**
	–	–	–	**+0.0%**
Other Directors	£25,250	£25,250	£27,500	**£27,500**
	+3.1%	+0.0%	+8.9%	**+0.0%**

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 2023 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 2023 £	Year ended 30 June 2022 £	Change
Total remuneration	**161,014**	139,654	+15.3%
Dividend paid	**1,061,000**	1,013,000	+4.7%

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 2023	30 June 2022
William Barlow	**10,000**	10,000
Annie Coleman	**5,462**	–
Josephine Dixon	**20,000**	20,000
Richard Locke*	**30,000**	30,000
Brigid Sutcliffe	**6,500**	–
Howard Williams	**–**	–

* 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 2023 and the date of this report.

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

Directors' service contracts

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

Directors' Remuneration Policy

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

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

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

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

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

Statement of voting at the last Annual General Meeting

The Directors' Remuneration Report for the year ended 30 June 2022 was approved by shareholders at the Annual General Meeting held on 9 November 2022. The votes cast by proxy were as follows:

Directors' Remuneration Report	Number of votes	% of votes cast
For	33,298,354	99.96
Against	12,404	0.04
At Chairman's discretion	–	–
Total votes cast	**33,310,758**	**100.00**
Number of votes withheld	3,210	

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

Directors' Remuneration Policy	Number of votes	% of votes cast
For	41,815,276	99.97
Against	12,032	0.03
At Chairman's discretion	–	–
Total votes cast	**41,807,308**	**100.00**
Number of votes withheld	33,191	

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 26 September 2023 and signed on its behalf by the Chairman.

William Barlow
Chairman

26 September 2023

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

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

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

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

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

We confirm that to the best of our knowledge:

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

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

For and on behalf of the Board

William Barlow
Chairman

26 September 2023

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 2023 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 2023 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 eight financial periods ended 30 June 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality:		**£1.51m (2022: £1.7m)**
Financial statements as a whole		0.88% (2022: 1%) of Total Assets
Key audit matters		**vs 2022**
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 2022), 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 (£169 million; 2022: £160 million) *Refer to pages 37 and 38 (Audit Committee Report), page 54 (accounting policies) and note 8 on pages 59 to 61 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of level 1 quoted investments makes up 98.9% (2022: 90.3%) of the Company's total assets (by value) and is one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	We performed the tests below rather than seeking to rely on the Company's controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. Our procedures included: ▪ **Test of detail:** Agreeing the valuation of 100% of level 1 quoted investments in the portfolio to externally quoted prices; and ▪ **Enquiry of custodians:** Agreeing 100% of level 1 quoted investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results** We found the carrying amount of level 1 quoted investments to be acceptable (2022: acceptable).

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

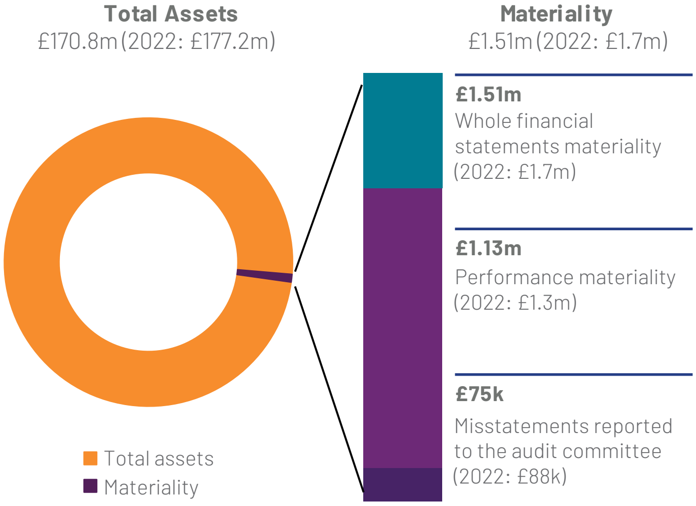
Materiality for the financial statements as a whole was set at £1.51m (2022: £1.7m), determined with reference to a benchmark of total assets, of which it represents 0.88% (2022: 1%).

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% (2022: 75%) of materiality for the financial statements as a whole, which equates to £1.13m (2022: £1.3m). 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 £75k (2022: £88k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

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



4. Going concern

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

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

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

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

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

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 19 is materially consistent with the financial statements and our audit knowledge.

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

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

Identifying and responding to risks of material misstatement due to fraud

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

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

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries. We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Based on these procedures, we selected certain journal entries on a haphazard basis for testing, examining appropriate supporting documentation for the selected entries and material post-closing journal entries.

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

We did not identify any additional fraud risks.

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

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

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

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

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

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

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

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

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

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

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

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

Strategic report and Directors' report

Based solely on our work on the other information:

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

Directors' Remuneration Report

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

Disclosures of emerging and principal risks and longer-term viability

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

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

- the Directors' confirmation within the Viability Statement on page 19 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 19 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

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

Corporate governance disclosures

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

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

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

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

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

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

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

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 42, 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

26 September 2023

Statement of Comprehensive Income

for the year ended 30 June 2023

	Note	Year ended 30 June 2023 Revenue return £'000	Year ended 30 June 2023 Capital return £'000	Year ended 30 June 2023 Total £'000	Year ended 30 June 2022 Revenue return £'000	Year ended 30 June 2022 Capital return £'000	Year ended 30 June 2022 Total £'000
Investments							
Gains/(losses) on investments held at fair value through profit or loss	8	–	10,602	10,602	–	(21,776)	(21,776)
		–	10,602	10,602	–	(21,776)	(21,776)
Income							
Dividends	2	3,782	–	3,782	4,173	–	4,173
Interest	2	78	–	78	6	–	6
Total income		3,860	–	3,860	4,179	–	4,179
Expenses							
Investment Manager's fee	3	(1,228)	–	(1,228)	(1,564)	–	(1,564)
Other expenses	4	(803)	–	(803)	(1,128)	–	(1,128)
Total expenses		(2,031)	–	(2,031)	(2,692)	–	(2,692)
Net return before taxation		1,829	10,602	12,431	1,487	(21,776)	(20,289)
Taxation	5	–	–	–	–	–	–
Net return and total comprehensive income for the year		1,829	10,602	12,431	1,487	(21,776)	(20,289)
		pence	pence	pence	pence	pence	pence
Return per Ordinary share	7	3.53	20.44	23.97	2.43	(35.53)	(33.10)

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 53 to 67 form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2023

	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 2023								
1 July 2022		6,353	11,300	19,767	132,350	2,897	2,363	175,030
Net return and total comprehensive income for the year		–	–	–	10,602	–	1,829	12,431
Dividends paid	6	–	–	–	–	–	(1,061)	(1,061)
Share buy-backs		–	–	(16,177)	–	–	–	(16,177)
30 June 2023		6,353	11,300	3,590	142,952	2,897	3,131	170,223
For the year ended 30 June 2022								
1 July 2021		6,986	31,737	24,567	154,126	2,264	1,889	221,569
Net return and total comprehensive income for the year		–	–	–	(21,776)	–	1,487	(20,289)
Dividends paid	6	–	–	–	–	–	(1,013)	(1,013)
Share buy-backs		(633)	(20,437)	(4,800)	–	633	–	(25,237)
30 June 2022		6,353	11,300	19,767	132,350	2,897	2,363	175,030

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

The notes on pages 53 to 67 form part of these financial statements.

Balance Sheet

as at 30 June 2023

	Note	30 June 2023 £'000	30 June 2022 £'000
Non-current assets			
Investments held at fair value through profit and loss	8	169,274	159,950
Current assets			
Trade and other receivables	10	268	885
Cash and cash equivalents	14	1,242	16,363
		1,510	17,248
Total assets		170,784	177,198
Current liabilities			
Trade and other payables	11	(561)	(2,168)
Net assets		170,223	175,030
Capital and reserves			
Share capital	12	6,353	6,353
Share premium account	13	11,300	11,300
Special reserve	13	3,590	19,767
Capital reserve	13	142,952	132,350
Capital redemption reserve	13	2,897	2,897
Revenue reserve	13	3,131	2,363
Total shareholders' equity		170,223	175,030
		pence	pence
Net asset value per share	15	342.47	316.21
		number	number
Ordinary shares in issue	12	49,704,711	55,352,088

The financial statements were approved by the Board of Directors of Strategic Equity Capital plc on 26 September 2023.

They were signed on its behalf by

William Barlow
Chairman

26 September 2023

Company Number: 05448627

The notes on pages 53 to 67 form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2023

	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Operating activities			
Net return before taxation		12,431	(20,289)
Adjustment for (gains)/losses on investments		(10,602)	21,776
Operating cash flows before movements in working capital		1,829	1,487
Decrease/(increase) in receivables		374	(219)
Increase/(decrease) in payables		22	(19)
Purchases of portfolio investments		(30,473)	(36,443)
Sales of portfolio investments		30,463	70,129
Net cash flow from operating activities		2,215	34,935
Financing activities			
Equity dividend paid	6	(1,061)	(1,013)
Shares bought back in the year		(16,275)	(25,139)
Net cash flow from financing activities		(17,336)	(26,152)
(Decrease)/increase in cash and cash equivalents for the year		(15,121)	8,783
Cash and cash equivalents at start of year		16,363	7,580
Cash and cash equivalents at 30 June	14	1,242	16,363

The notes on pages 53 to 67 form part of these financial statements.

Notes to the Financial Statements

1.1 Corporate information

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

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

The financial statements of Strategic Equity Capital plc for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 26 September 2023.

1.2 Basis of preparation and statement of compliance

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

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

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

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

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

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

Trade date accounting

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

Income

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

Expenses

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

Cash and cash equivalents

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

Taxation

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

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

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

Dividends payable to shareholders

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

Share issues and related accounts

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

Share buy-backs

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

Foreign currency transactions

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

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

Accounting estimates and judgements

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

Reserves

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

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

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

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

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

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

1.4 Adoption of New and Revised accounting standards

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

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

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Income

	Year ended 30 June 2023			Year ended 30 June 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'00 0	Total £'000
Income from investments						
UK dividend income	3,782	–	3,782	4,173	–	4,173
	3,782	–	3,782	4,173	–	4,173
Other operating income						
Liquidity interest	78	–	78	6	–	6
	3,860	–	3,860	4,179	–	4,179

3 Investment Manager's fee

	Year ended 30 June 2023			Year ended 30 June 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Management fee	1,228	–	1,228	1,564	–	1,564
	1,228	–	1,228	1,564	–	1,564

A basic management fee was payable to the Investment Manager at an annual rate of 0.75% of the NAV of the Company. The basic management fee accrues daily and is payable quarterly in arrears. The Investment Manager is also entitled to a performance fee, details of which are given in the Report of the Directors on page 28. There was no performance fee due for the year ended 30 June 2023 (2022: none).

4 Other expenses

	Year ended 30 June 2023			Year ended 30 June 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Secretarial services	171	–	171	153	–	153
Auditors' remuneration for:						
Audit services*	65	–	65	43	–	43
Directors' remuneration	161	–	161	140	–	140
Other expenses†	406	–	406	792	–	792
	803	–	803	1,128	–	1,128

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 in the previous year include £412,000 of costs in relation to the Company's General Meeting and Circular to approve the various proposals outlined in the 9 February 2022 Stock Exchange announcement.

5 Taxation

	Year ended 30 June 2023			Year ended 30 June 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Corporation tax at 20.50% (2022: 19.00%)	–	–	–	–	–	–

As at 30 June 2023 the total 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 2023			Year ended 30 June 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net return on ordinary activities before taxation	1,829	10,602	12,431	1,487	(21,776)	(20,289)
Theoretical tax at UK corporation tax rate of 20.50% (2022: 19.00%)	375	2,173	2,548	283	(4,137)	(3,854)
Effects of:						
– UK dividends that are not taxable	(775)	–	(775)	(793)	–	(793)
– Unrelieved expenses	400	–	400	510	–	510
– Non-taxable investment (gains)/losses	–	(2,173)	(2,173)	–	4,137	4,137
	–	–	–	–	–	–

Factors that may affect future tax charges

At 30 June 2023, the Company had no unprovided deferred tax liabilities (2022: £nil). At that date, based on current estimates and including the accumulation of net allowable losses, the Company had unrelieved losses of £31,968,000 (2022: £30,014,000) that are available to offset future taxable revenue. A deferred tax asset of £7,992,000 (2022: £7,503,000) 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% (2022: 25%).

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

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 2023 £'000	30 June 2022 £'000
Final dividend proposed of 2.50p (2022: 2.00p) per share	1,235	1,061

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

	30 June 2023 £'000	30 June 2022 £'000
Final dividend: 2.00p per share (2022: 1.60p)	1,061	1,013

Dividends have been solely paid out of the Revenue reserve.

7 Return per Ordinary share

	Year ended 30 June 2023			Year ended 30 June 2022		
	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	12,431	51,853,838	23.97	(20,289)	61,286,517	(33.10)
Revenue						
Return per share	1,829	51,853,838	3.53	1,487	61,286,517	2.43
Capital						
Return per share	10,602	51,853,838	20.44	(21,776)	61,286,517	(35.53)

8 Investments

	30 June 2023 £'000	30 June 2022 £'000
Investment portfolio summary		
Quoted investments at fair value through profit or loss	169,274	159,950
	169,274	159,950

	30 June 2023 Total £'000
Analysis of investment portfolio movements	
Opening book cost	151,084
Opening investment holding gains	8,866
Opening valuation	159,950
Movements in the year:	
Purchases at cost	28,942
Sales – proceeds	(30,220)
– realised gains on sales	3,694
Increase in unrealised appreciation	6,908
Closing valuation	169,274
Closing book cost	153,500
Closing investment holding gains	15,774
	169,274

The Company received £30,220,000 (2022: £70,372,000) from investments sold in the year. The book cost of these investments when they were purchased was £26,506,000 (2022: £63,291,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of these investments.

A list of the portfolio holdings by their aggregate market values is given in the Investment Manager's report on page 14. Transaction costs incidental to the acquisitions of investments totalled £88,000 (2022: £137,000) and disposals of investments totalled £21,000 (2022: £95,000) respectively for the year.

	30 June 2023 £'000	30 June 2022 £'000
Analysis of capital gains/(losses)		
Gains on sale of investments	3,694	7,081
Movement in investment holding gains/(losses)	6,908	(28,857)
	10,602	(21,776)

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 2023.

Financial instruments at fair value through profit or loss

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2023				
Equity investments	169,274	–	–	169,274
Liquidity funds	–	1	–	1
Total	169,274	1	–	169,275
30 June 2022				
Equity investments	159,950	–	–	159,950
Liquidity funds	–	2,463	–	2,463
Total	159,950	2,463	–	162,413

There were no transfers between levels for the year ended 30 June 2023 (2022: none).

9 Significant interests

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

Name of investment	Class of Share	30 June 2023 Percentage held
Medica Group	Ordinary	11.5%
Inspired Energy	Ordinary	10.1%
Tribal	Ordinary	7.9%
XPS Pensions Group	Ordinary	7.0%
Fintel	Ordinary	5.3%
Hostelworld	Ordinary	5.3%
Iomart	Ordinary	4.7%
R&Q Insurance Holdings	Ordinary	4.0%
Wilmington	Ordinary	3.9%
Benchmark	Ordinary	3.5%
Carr's Group	Ordinary	3.2%
Ricardo	Ordinary	3.2%
LSL Property Services	Ordinary	3.0%

10 Trade and other receivables

	30 June 2023 £'000	30 June 2022 £'000
UK dividends receivable	251	627
Amounts due from brokers in relation to sales of investments	–	243
Other receivables and prepayments	17	15
	268	885

11 Trade and other payables

	30 June 2023 £'000	30 June 2022 £'000
Amounts due to brokers in relation to purchases of investments	33	1,564
Amounts due to brokers in relation to share buy backs	–	98
Other payables and accruals	528	506
	561	2,168

12 Nominal share capital

	Number	£'000
Allotted, called up and fully paid Ordinary shares of 10p each:		
Ordinary shares in circulation at 30 June 2022	63,529,206	6,353
Shares held in Treasury at 30 June 2022	(8,177,118)	(818)
Ordinary shares in issue per Balance Sheet at 30 June 2022	55,352,088	5,535
Shares bought back during the year to be held in Treasury	(5,647,377)	(564)
Ordinary shares in issue per Balance Sheet at 30 June 2023	49,704,711	4,971
Shares held in Treasury at 30 June 2023	13,824,495	1,382
Ordinary shares in circulation at 30 June 2023	63,529,206	6,353

13 Reserves

For the period ended 30 June 2023	Share premium account £'000	Special reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Capital redemption reserve £'000	Revenue reserve £'000
At beginning of year	11,300	19,767	123,484	8,866	2,897	2,363
Realised gains on investments	–	–	3,694	–	–	–
Unrealised losses on investments	–	–	–	6,908	–	–
Share buy-backs	–	(16,177)	–	–	–	–
Net return for the year	–	–	–	–	–	1,829
Dividends paid	–	–	–	–	–	(1,061)
As at 30 June 2023	11,300	3,590	127,178	15,774	2,897	3,131

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

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

14 Reconciliation of net cash flow to net funds

	30 June 2023 £'000	30 June 2022 £'000
Opening net funds	16,363	7,580
(Decrease)/increase in cash and cash equivalents in year	(15,121)	8,783
Closing net funds	1,242	16,363

	At 30 June 2022 £'000	Net cash flow £'000	**At 30 June 2023 £'000**
Cash at bank	13,900	(12,659)	**1,241**
Liquidity funds	2,463	(2,462)	**1**
	16,363	(15,121)	**1,242**

15 Net asset value per Ordinary share

The net asset value per Ordinary share is based on net assets of £170,223,000 (2022: £175,030,000) and on 49,704,711 (2022: 55,352,088) Ordinary shares, being the number of shares in issue at the year end.

16 Analysis of financial assets and liabilities

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

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

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

Due to timings of investment and distributions, at any one time the Company may hold significant amounts of surplus cash. Any funds in excess of those required to meet daily operational requirements are invested in Institutional Liquidity Funds. These are highly liquid assets that are redeemable on less than 24 hours notice. The Company only invests in funds that have an AAA rating and the funds' performance is monitored by the Investment Manager. The maximum exposure to credit risk is £1,493,000 (2022: £17,233,000). There are no assets past due or impaired (2022: 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 2023 valuation (2022: 30%), with all other variables held constant, there would have been a reduction of £50,782,000 (2022: £47,985,000) 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 2023 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 2023 (2022: 0.5%), it would have the effect, with all other variables held constant, of reducing the net return after taxation and equity by £6,000 (2022: £82,000). 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 2023 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 (2022: same).

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

The interest rate risk profile of the Company's financial assets at 30 June 2023 was:

	Total £'000	No interest rate risk financial assets £'000	Cash flow interest rate risk financial assets £'000
Sterling			
Quoted investments	166,163	166,163	–
Liquidity funds	1	–	1
Cash	1,241	–	1,241
Receivables*	251	251	–
	167,656	166,414	1,242
Norwegian krone			
Quoted investments	3,111	3,111	–
	3,111	3,111	–
Total	170,767	169,525	1,242

* 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 2022 was:

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

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

The interest rate risk profile of the Company's financial liabilities at 30 June 2023 was:

	Total £'000	**No interest rate risk financial assets £'000**
Sterling		
Creditors	561	561

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 2022 was:

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

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

(iii) Liquidity risk

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

(iv) Foreign currency risk

The Company's holding of Benchmark Holdings is dual-listed on the London and Oslo stock exchanges. The holding on the Oslo stock exchange is the Company's only non-sterling asset and the Company is, therefore, subject to foreign currency risk.

During the year the Sterling/Norwegian Krone exchange rate fluctuated 21.6% between a low of 11.41675 on 29 August 2022 and a high of 13.87935 on 30 May 2023, before closing at 13.61815 on 30 June 2023 (30 June 2022: 11.99165).

If the Sterling/Norwegian Krone exchange rate had weakened by 15% from that obtained at 30 June 2023 (2022: N/A), it would have the effect, with all other variables held constant, of increasing net profit and equity Shareholders' funds by £549,000 (2022: N/A). A strengthening of 15% (2022: N/A) would have the effect, with all other variables held constant, of decreasing net profit and equity Shareholders' funds by £406,000 (2020: N/A). The calculations are based on the value of the investment in Benchmark Holdings as at 30 June 2023 and this may not be representative of the year as a whole. The balance exposed to foreign currency risk is £3,111,000 (2022: N/A).

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 (2022: same).

Managing Capital

Capital structure

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

Capital requirement

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

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

17 Related party transactions and transactions with the Investment Manager

Fees paid to Directors are disclosed in the Directors' Remuneration Report on page 39. Full details of Directors' interests are set out on page 40.

City of London Investment Management is considered a related party by virtue of their holding of 28.9% of the Company's total voting rights. Further details are noted on page 27.

The amounts payable to the Investment Manager, which is not considered to be a related party, are disclosed in note 3 on page 57. The amount due to the Investment Manager for management fees at 30 June 2023 was £311,000 (2022: £349,000). The amount due to the Investment Manager for performance fees at 30 June 2023 was £nil (2022: £nil).

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

18 Post Balance Sheet Event

The Company exited its entire position in Medica Group as its recommended cash takeover offer from IK Partners completed on 6 July 2023.

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 72.

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 2022 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 2023 and 2022, the Company had no hedging or netting arrangements. The Company's maximum and actual leverage levels at 30 June 2023 are shown below:

Leverage Exposure	Gross Method	Commitment Method
Maximum limit	125%	125%
Actual	99%	100%

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.

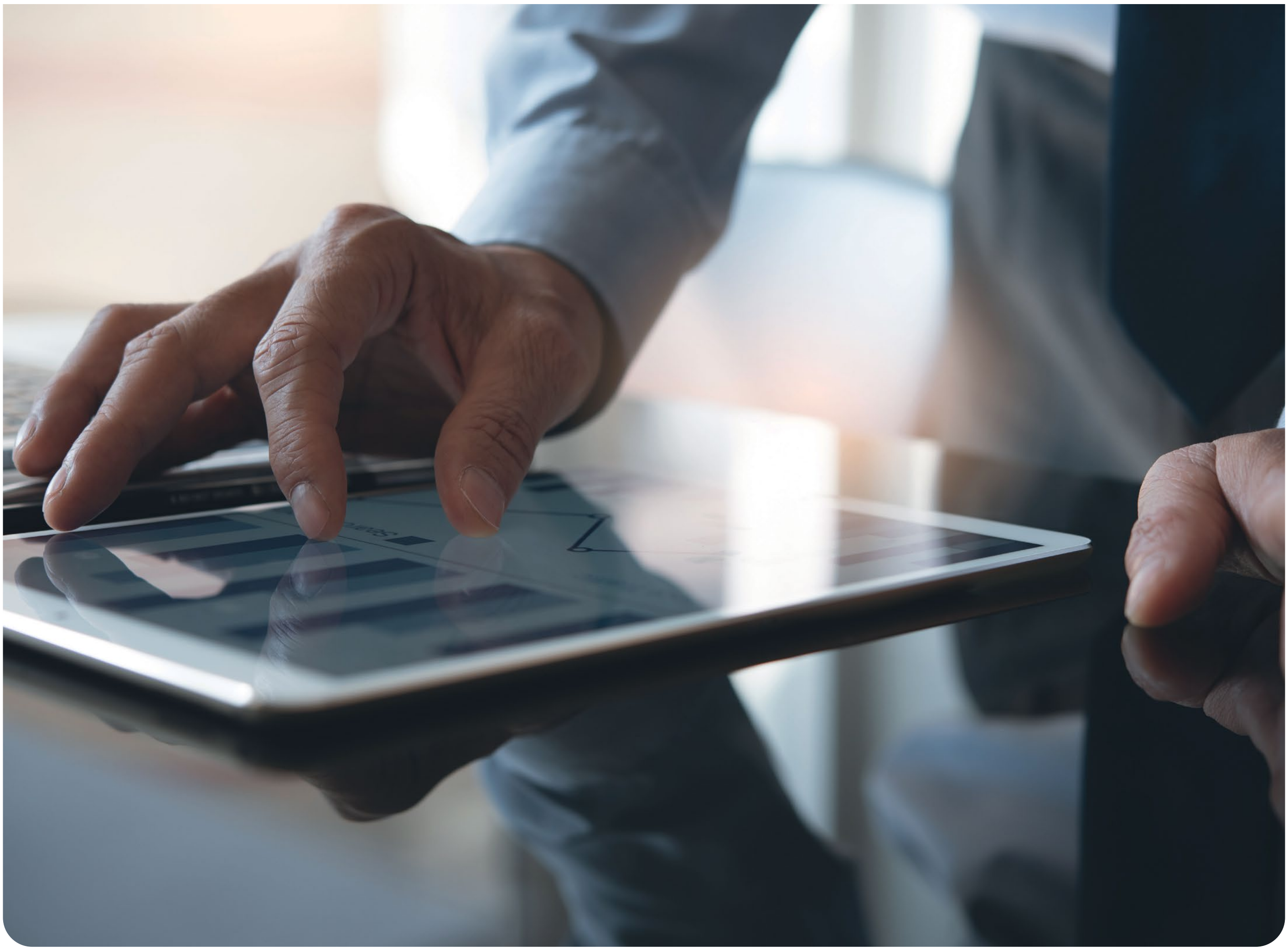
You can find more information about investment scams at the Financial Conduct Authority (FCA) website: www.fca.org.uk/consumer/protect-yourself-scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

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.

			2023	2022
NAV per Ordinary share	a		342.47p	316.21p
Share Price	b		309.00p	280.00p
Discount	c	c=(b—a)/a	9.8%	11.5%

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 3.3% to 12.5% (2022: 4.2% to 16.7%) and the average discount was 7.4% (2022: 12.6%).

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.

	2023	2022
Opening NAV	316.21p	350.05p
Increase/(decrease) in NAV per Ordinary share	26.26p	(33.84)p
Closing NAV	342.47p	316.21p
% Increase/(decrease) in NAV	8.3%	(9.7)%
Impact of dividends reinvested*	0.9%	0.5%
NAV total return	9.2%	(9.2)%

* The impact of dividends reinvested assumes that the dividend of 2.00p (2022: 1.60p) 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.

	2023	2022
Opening share price	280.00p	311.00p
Increase/(decrease) in share price	29.00p	(31.00)p
Closing share price	309.00p	280.00p
% Increase/(decrease) in share price	10.4%	(10.0)%
Impact of dividends reinvested*	0.8%	0.5%
Share price total return	11.2%	(9.5)%

* The impact of dividends reinvested assumes that the dividend of 2.00p (2022: 1.60p) 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.

			2023 £'000	2022 £'000
Investment management fee			1,228	1,564
Administrative expenses			803	1,128
Non recurring costs in relation to 2022 General Meeting			–	(412)
Non recurring costs in relation to the recruitment of Directors			(48)	–
Ongoing charges	a		1,983	2,280
Average net assets	b		162,849	210,529
Ongoing charges ratio (%)	c	c=a/b	1.22%	1.08%

Ongoing charges (including perfomance fee)

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

			2023 £'000	2022 £'000
Investment management fee			1,228	1,564
Administrative expenses			803	1,128
Non recurring costs in relation to 2022 General Meeting			–	(412)
Non recurring costs in relation to the recruitment of Directors			(48)	–
Performance fee			–	–
Ongoing charges (including performance fee)	a		1,983	2,280
Average net assets	b		162,849	210,529
Ongoing charges ratio (including performance fee) (%)	c	c=a/b	1.22%	1.08%

Dividend yield

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

			2023	2022
Proposed dividend	a		2.50p	2.00p
Ordinary share price	b		309.00p	280.00p
Dividend yield	c	c=a/b	0.81%	0.71%

Corporate Information

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Broker

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Custodian

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Canary Wharf
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Depositary

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Canary Wharf
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Investment Manager

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Registrar

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Company Secretary and Administrator

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

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

Notice of Annual General Meeting

This document is important and requires your immediate attention.

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Strategic Equity Capital plc will be held at the offices of Liberum Capital Limited, Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9LY on Wednesday 8 November 2023 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 2023, together with the Strategic Report and Reports of the Directors and Auditor thereon.
2. To approve a final dividend of 2.5p per Ordinary share.
3. To receive and approve the Directors' Remuneration Report.
4. To elect Brigid Sutcliffe as a Director.
5. To elect Howard Williams as a Director.
6. To re-elect William Barlow as a Director.
7. To re-elect Annie Coleman as a Director.
8. To re-elect Richard Locke as a Director.
9. To appoint Johnston Carmichael 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 Johnston Carmichael LLP.

Special Business

Ordinary Resolutions

11. 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 £494,163 (equivalent to 10% of the Company's issued Ordinary share capital of 49,416,260 Ordinary 10p shares at 25 September 2023), 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 8 February 2025 (unless previously revoked or varied by the Company in General Meeting) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

12. THAT, subject to the passing of resolution 11 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 £494,163 (equivalent to 10% of the Company's issued Ordinary share capital of 49,416,260 Ordinary 10p shares at 25 September 2023), 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 8 February 2025, 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.

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its Ordinary shares provided that:

    (i) the maximum number of Ordinary shares hereby authorised to be purchased shall not exceed 7,407,497 Ordinary shares (being 14.99% of the Company's issued ordinary share capital as at 25 September 2023 (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 (exclusive of expenses) 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 13 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) 8 February 2025 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
26 September 2023

Notes to the Notice of the Annual General Meeting:

1. Attending the Annual General Meeting in person

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote on their behalf. Such a proxy need not also be a member of the Company. Shareholders are encouraged to submit their votes by proxy in advance of the meeting in case it is not possible for shareholders to attend in person.

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6pm on 6 November 2023 (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 Annual General 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 Annual General 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 8 November 2023 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 Annual General 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 relation 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 2 November 2023. In the event the Annual General Meeting proceeds in its usual format as currently anticipated, pursuant to section 319A of the Act, 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 or if the answer has already been given on the Company's website. 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 25 September 2023 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 63,529,206 Ordinary shares carrying one vote each. After deducting 14,112,946 Ordinary shares held in treasury, which do not have voting rights, the total voting rights in the Company as at 25 September 2023 were 49,416,260.

5. Information on the manager's website

In accordance with section 311A of the Act, 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 Act 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

In accordance with Section 527 of the Act, 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 must identify the statement to which it relates, must be authenticated by the person(s) making it, and must be received by the Company at its registered office address at least one week before the Annual General Meeting.

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 at the Company's registered office from the date of this notice until the conclusion of the Annual General Meeting.

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