Aberforth Smaller Companies Trust plc

Half Yearly Report

30 June 2025

The Company

Aberforth Smaller Companies Trust plc (“the Company” or “ASCoT”) is an investment trust. Its ordinary shares are listed on the Official List of the Financial Conduct Authority and traded on the London Stock Exchange. The Company has appointed Aberforth Partners LLP as the investment managers ("the Managers").

Investment Objective

The investment objective of the Company is to achieve a net asset value total return (with dividends reinvested) greater than that of the Deutsche Numis Smaller Companies Index (excluding Investment Companies) (“DNSCI (XIC)” or “benchmark”) over the long term.

Investment Policy

The Company aims to achieve its objective by investing in small UK quoted companies. The Company's Investment Policy is set out in its Annual Report.

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All data throughout this Half Yearly Report are to, or as at, 30 June 2025 as applicable, unless otherwise stated.

Financial Highlights

Six months to 30 June 2025

Total Return Performance	%
Net Asset Value per Ordinary Share[1,5]	**6.3**
DNSCI (XIC)[2,5]	**7.0**
Ordinary Share Price[3,5]	**7.3**

	30 June 2025	31 December 2024	30 June 2024
Shareholders' Funds[4]	**£1,414m**	£1,397m	£1,426m
Market Capitalisation	**£1,256m**	£1,232m	£1,272m
Gearing[5]	**4.7%**	7.2%	6.5%
Net Asset Value per Ordinary Share[4]	**1,731.97p**	1,666.95p	1,694.73p
Ordinary Share Price[5]	**1,538.00p**	1,470.00p	1,512.00p
Ordinary Share Discount[5]	**11.2%**	11.8%	10.8%
Dividends per Ordinary Share[6]	**14.30p**	49.60p	13.60p

Cumulative Returns (%) Period to 30 June 2025	NAV[1,5]	Index[2,5]	Share Price[5]
1 Year	5.3	11.1	5.2
3 Years	38.8	32.9	45.8
5 Years	102.2	64.8	95.7
10 Years	71.6	72.2	74.6
15 Years	334.9	287.8	362.6
20 Years	382.3	416.4	395.5
Since inception on 10 December 1990	4,622.8	2,375.0	4,286.4

1 Represents net asset value return with dividends reinvested.

2 Represents the return on the DNSCI (XIC) with dividends reinvested. This index comprises the bottom 10% of all UK quoted companies by market value, which at 1 January 2025 consisted of 350 companies, the largest market capitalisation of which was £1.9 billion and the aggregate market capitalisation of which was £153 billion.

3 Represents Ordinary Share price return with dividends reinvested.

4 UK GAAP Measure.

5 Alternative Performance Measures (refer to the glossary in the 2024 Annual Report).

6 Dividends are in respect of the six months to 30 June 2025 and 30 June 2024 and for the year to 31 December 2024. A special dividend of 6.00p per share was included in the year to 31 December 2024.

Past performance is not a guide to future performance. Stockmarket movements may cause the capital value of an investment and the income derived from it to go down as well as up and investors may get back less than they originally invested.

Chairman's Statement

Review of performance

In the six months to 30 June 2025, ASCoT's net asset value total return was +6.3%. The share price total return was +7.3%, which was influenced by a narrowing of the share price's discount to the net asset value from 11.8% to 11.2%.

ASCoT's small company benchmark is the Deutsche Numis Smaller Companies Index (excluding investment companies), which is abbreviated throughout this report as DNSCI (XIC). Its total return was +7.0% over the six months to 30 June 2025. In one of the important themes of the period, which the Managers' Report explores in detail, large companies performed more strongly. The total return of the FTSE All-Share was +9.1%.

ASCoT's positive total return was welcome, though it was achieved in a volatile fashion as geopolitics buffeted financial markets in the UK and further afield. At the root of much of the volatility was Donald Trump's presidency. It is not for me to judge whether tariffs and trade wars are in the best interests of the American economy, but it is absolutely clear that they are confusing businesses around the world and therefore impeding investment decisions. The climate of uncertainty intensified towards the end of June with the bombing of Iranian nuclear sites, an event that was somewhat at odds with the otherwise isolationist tendencies of the Trump administration.

It does seem likely that American policy has called some investors to question their exposure to US equity markets. As investment horizons broadened over recent months, interest in other stockmarkets – notably Germany's but also the UK's – has improved. The frustration for ASCoT is that larger UK companies have been the main beneficiaries so far. The October 2024 Budget takes some of the blame since it imposed a greater burden on domestically oriented smaller companies. However, this threatens to distract from the underlying appeal of the asset class. The Managers' Report contains a timely reminder of the qualities of small UK quoted companies, from their superior historical total returns, through their resilience, to today's attractive income and valuations.

Dividends

The resilience of smaller companies can be seen in ASCoT's income performance in the first half of 2025. The revenue return per Ordinary Share was 32.64p, which was ahead of the Managers' estimates at the start of the year and of the 28.12p earned in the corresponding period in 2024. The year-on-year improvement is somewhat flattered by the receipt of a special dividend and by the timing of other dividends, but the outlook for the full year is nevertheless encouraging and points to growth.

The Board targets dividend increases in a full year above the year end rate of inflation, currently expected to be just over 3% in Bloomberg's aggregation of forecasts. The Board is pleased to declare an interim dividend of 14.30p, which represents year on year growth of 5.1%.

When thinking ahead to the final dividend, the Board is cognisant of the macro economic and geopolitical uncertainties with which ASCoT's investee companies must contend at present. We do also take comfort from ASCoT's significant revenue reserves. At 31 December 2024, these totalled 87.89p per Ordinary Share, which was twice the 43.60p underlying dividend paid in respect of 2024. On the basis of the Managers' current forecasts, and assuming total dividends in respect of 2025 that pass the investment trust retention test, it is likely that dividend cover will rise above two times. The Board and Managers balance near term distributions to Shareholders with maintaining sufficient flexibility to allow the Managers to run the portfolio for the achievement of total returns over time.

The interim dividend will be paid on 28 August 2025 to Shareholders on the register at the close of business on 8 August 2025. The ex dividend date is 7 August 2025. The Company operates a Dividend Reinvestment Plan, details of which are available from Aberforth Partners LLP or on its website, www.aberforth.co.uk.

Gearing

An important tool available to ASCoT as a closed-ended fund is the ability to gear. ASCoT has a credit facility with The Royal Bank of Scotland International Limited. This £130m facility runs to June 2026, which is aligned with the three yearly continuation vote.

The Board's policy is to deploy gearing tactically to take advantage of periods of stress in equity markets. Consistent with this, ASCoT has been geared on four occasions in its 34 years. The current phase started amid the pandemic in early 2020 and has since enhanced ASCoT's net asset value performance. The Board and Managers regularly review the appropriateness of gearing and judge that current smaller company valuations merit its continued deployment. At 30 June 2025, £74m of the facility was deployed and the gearing ratio was 4.7%.

Beyond the potential to enhance investment returns, the credit facility provides flexibility to conduct share buy-backs and allows the Managers to react nimbly to new opportunities without disturbing existing investments.

Share buy-back

The Board believes that share buy-backs are a benefit to Shareholders and are an important element of ASCoT's investment proposition. They provide an increase in liquidity at the margin for those Shareholders looking to crystallise their investment and deliver an economic uplift for those Shareholders wishing to remain invested in the Company. In addition, consistently applied share buy-backs may bring some tension to the share price of an investment trust when the market loses sight of the net asset value.

Accordingly, the Board and Managers are keen that ASCoT continues to buy back shares. In the first half of 2025 2,205,500 shares were bought back and cancelled, up from 275,000 in the corresponding period last year. The 2,205,500 shares were bought back at an average discount to net asset value of 11.4% and the consideration was £31.3m.

Abnormal market circumstances may influence the pace, but ASCoT can fund buy-backs over time through cash generated from the natural turnover of the portfolio. This is consistent with the Managers' value investment philosophy and has been supported by the high level of M&A activity in recent years. Additional flexibility is provided by the facility with the Royal Bank of Scotland International.

Annual General Meeting (AGM)

All resolutions at the AGM held on 6 March 2025 were passed, including approval for the renewal of authority to buy back up to 14.99% of ASCoT's Ordinary Shares.

Chairman's Statement

Conclusion

Much has changed in a mere six months. The US has gone from a beacon of stability in the real and financial worlds to a source of uncertainty. Confidence to invest has been undermined and I fear that we will see the ramifications of this in weaker growth later this year. The economic heft of the US means that activity in other countries is also at risk, especially in view of the continuing tariff negotiations. However, change also brings opportunity. The strong performances of the German and UK stockmarkets in recent months perhaps show the way.

It is frustrating that this interest in UK equities has not benefited smaller companies to the extent that it has large. This seems to me to be a matter of time, a function of the leads and lags of investment in a less liquid asset class. From my discussions with the Managers, it is clear that small companies have traded well through the first half of 2025 and a year of profit growth looks likely. There are clouds on the horizon, not least those scudding across the Atlantic, but these are certainly not an issue exclusive to small UK quoted companies. Domestically, the government's fiscal position threatens private sector activity, though I would note that the large banks have seen their share prices perform rather well despite their reliance on the UK economy.

Considering the proven resilience of smaller companies, the low valuations of ASCoT's portfolio look very attractive. This is a view corroborated by rational players such as private equity and larger companies, mostly based overseas, who are taking advantage of depressed sentiment through takeovers. ASCoT has benefited from this unusually high rate of M&A activity: recommended bids for six of its holdings were received in 2024, with another four so far in 2025. This seems likely to continue while stockmarket valuations remain unreasonably low. Whether by this or some other means as yet unknown, the Board remains optimistic that today's valuations can rise to their historical averages and contribute to good returns from ASCoT's portfolio.

When it considers ASCoT's offering to Shareholders, the Board recognises that portfolio performance, while likely to be the main influence on returns, is not the only influence. Dividend growth and share buy-backs also play a role and ASCoT is well placed for both. Revenue reserves are strong and give the Board confidence in its ambition to keep dividends growing above the rate of inflation. Meanwhile, the discount of the share price to the net asset value allows further buy-backs of shares on terms that enhance returns to Shareholders.

My fellow Directors and I always welcome the views of Shareholders on ASCoT's capital allocation or any other topic. Please contact me at my e-mail address, which is noted below.

Richard Davidson
Chairman

29 July 2025

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Managers’ Report

Introduction

Over the six months to 30 June 2025, ASCoT’s net asset value total return was +6.3%, which compares with the DNSCI (XIC)’s +7.0%. Larger UK companies were stronger, with the FTSE All-Share generating a total return of +9.1%.

Larger companies started the year very strongly compared with smaller companies. Indeed, the first three months of 2025 were the second worst calendar quarter for the DNSCI (XIC) relative to the FTSE All-Share in ASCoT’s 35 year history. However, the gap between the two indices narrowed through the second quarter as the attractive valuations of smaller companies were exposed by further M&A activity.

Investment background

The positive returns from equities, in the UK and further afield, are remarkable in view of the top-down developments in the first half of 2025. Towards the end of June, war was again making the headlines. The attacks by Israel and the US on Iran’s nuclear facilities added to the uncertainty from on-going conflicts in Ukraine and Gaza. The oil price fluctuated accordingly, but the more significant geopolitical drama for markets has been playing out in the US itself.

Centre stage has been Donald Trump, from the theatre of his Oval Office set-pieces with other world leaders to his much-anticipated tariffs. A series of announcements earlier in the year set the scene, but the “Liberation Day” revelations in April were worse than financial markets had expected. The deeply negative reaction of equity markets underlined the risk of trade wars to economic activity and investment. Much of this original threat has subsequently been diluted or deferred pending negotiations, which allowed markets to rally, but damage has been done. The apparent capriciousness with which tariffs have been imposed and then rescinded undermines confidence to invest. Lower confidence feeds through to lower economic activity over time and it may not be till the autumn that we understand the full ramifications for the US and world economies of those announcements.

If there was a silver lining to the “Liberation Day”, it was to jolt other countries out of their complacent reliance on US leadership. Germany has been the best illustration so far. Its change of government was accompanied by the promise of a significant boost to fiscal spending on defence and infrastructure. The potential significance of this change can be gauged from the relative performance of the German and US stockmarkets: in dollar terms, the Dax outstripped the S&P 500 by 29% in the six months to 30 June 2025.

Tariffs imposed by the US have a limited direct effect on small UK quoted companies. This reflects where these businesses operate. The UK economy accounts for 53% of the revenues generated by companies in the DNSCI (XIC), whereas the US economy accounts for just 11%. Moreover, that exposure to the US is overwhelmingly revenue generated from assets within the US itself, rather than from goods manufactured in the UK and transported across the Atlantic. In meetings with ASCoT’s investee companies, the Managers identified just a handful of holdings whose businesses could face a direct impact from the tariffs originally set out on “Liberation Day”. In each case, the exposure was manageable. The greater risk for small UK quoted companies is the second order effects of tariffs through the hit to confidence, investment and economic activity. To be clear, virtually all businesses around the world, whether small or large, must contend with this.

Managers' Report

The exposure of small UK quoted companies to the UK economy insulates them from the direct effects of tariffs, but it also means that they are more reliant on domestic policy. This was relevant in the first half as sentiment towards smaller companies contended with the fallout from the October 2024 Budget. The changes to employers' national insurance contributions and to the national living wage took effect in April, but companies' profit forecasts and, by extension, stockmarket valuations moved in anticipation as management teams articulated how they would address the incremental cost pressures. The impact is being spread through a combination of cost reductions, price increases and narrower profit margins, with the balance varying by company. While this is unhelpful for businesses operating in the domestic economy, overall trading conditions have not been as bad as the headlines might suggest. Indeed, the retail and leisure companies in which ASCoT invests have generally traded well through the first part of the year, with revenues typically growing at low to mid single digit rates. Demand is benefiting from wages that are presently growing above the rate of inflation and from strong household balance sheets, with the saving ratio, excluding the pandemic period, at its highest level for 30 years.

Analysis of performance and portfolio characteristics

ASCoT's net asset value total return in the six months to 30 June 2025 was +6.3%. The DNSCI (XIC)'s was +7.0%. The table below is an analysis of the difference between the two numbers. The most important influence on ASCoT's return was the total return performance of the companies that make up its portfolio of investments.

For the six months ended 30 June 2025	Basis points
Attributable to the portfolio of investments, based on mid prices	
(after transaction costs of 6 basis points)	**(71)**
Movement in mid to bid price spread	21
Cash/gearing	(16)
Purchase of ordinary shares	29
Management fee	(34)
Other expenses	(7)
Total attribution based on bid prices	**(78)**

Note: 100 basis points = 1%. Total Attribution is the difference between the total return of the NAV and the Benchmark Index (i.e. NAV = 6.25%; Benchmark Index = 7.03%; difference is -0.78% being 78 basis points).

The next table sets out a series of characteristics of both the portfolio and the DNSCI (XIC). The paragraphs that follow provide context and explanation for these characteristics and for ASCoT's performance in the first half of 2025.

Managers' Report

Portfolio characteristics	30 June 2025 ASCoT	DNSCI (XIC)	30 June 2024 ASCoT	DNSCI(XIC)
Number of companies	**79**	**343**	77	339
Weighted average market capitalisation	**£586m**	**£1,132m**	£624m	£986m
Weighting in "smaller small" companies*	**52%**	**20%**	56%	27%
Portfolio turnover over prior 12 months	**19%**	**n/a**	19%	n/a
Active share	**78%**	**n/a**	73%	n/a
Price earnings (PE) ratio (historical)	**10.1x**	**14.9x**	10.2x	13.5x
Dividend yield (historical)	**4.0%**	**3.4%**	3.8%	3.4%
Dividend cover (historical)	**2.5x**	**2.0x**	2.6x	2.2x

*"Smaller small" companies are members of the DNSCI (XIC) that are not also members of the FTSE 250

Size

Size exposure was an important influence on ASCoT's returns in the first half of 2025. There are two aspects to this.

First, small UK quoted companies significantly under-performed larger companies in the six months. The first quarter of 2025 was the second worst calendar quarter for the DNSCI (XIC) against the FTSE All-Share in ASCoT's 35 year history. There were several reasons for the out-performance of larger companies.

- The DNSCI (XIC) and FTSE All-Share have different geographical exposures. Larger companies are much less reliant than smaller companies on the domestic UK economy. They have therefore been less affected by the negative sentiment associated with last October's Budget.
- The DNSCI (XIC) and FTSE All-Share have different sector exposures. Two sectors – Banks and Aerospace & Defence – accounted for over half of the FTSE All-Share's rise in the first half of 2025. These sectors account for less than 2% of the value of the more diversified DNSCI (XIC).
- If the tariff uncertainty has prompted asset allocators to reduce US exposure and increase weightings in other markets, it is plausible that larger companies will have benefited earlier than have smaller companies.

Second, size was a significant influence within the DNSCI (XIC). In the first half of 2025, it was a case of the smaller the company, the poorer the share price performance. The Managers analyse this effect by splitting the portfolio and DNSCI (XIC) into "larger small" companies (those that are also members of the FTSE 250) and "smaller small" companies (everything else). ASCoT has a high exposure to the "smaller smalls": at 31 December 2024 it was 55%, against just 21% for the DNSCI (XIC). This weighting differential, combined with the under-performance of "smaller smalls" against "larger smalls" explained all of ASCoT's shortfall against the DNSCI (XIC) in the six month period.

The sector and geographical profiles of "smaller small" and "larger small" companies are similar and so cannot explain the divergent performance of the two cohorts. The more important influence was the risk aversion in equity markets leading up to and in the aftermath of the tariff announcements. In these circumstances, investors were reluctant to embrace the greater illiquidity of "smaller smalls", leading to additional pressure on their share prices. As the stockmarket's mood improved through May and June, it is notable that the relative performance of "smaller smalls" picked up.

Managers' Report

The reason for the Managers' current preference for "smaller small" over "larger small" companies is twofold. First, there is little fundamental difference between the two cohorts – geographical exposures, sector exposures, balance sheet strength, profit growth, return on equity, etc. Second, there is a significant valuation difference – the 2025 EV/EBITA for "smaller smalls" in the DNSCI (XIC) is 8.9x, which is 20% lower than the 11.1x for the "larger smalls". These attributes matter – notwithstanding the experience so far in 2025, "smaller smalls" have out-performed "larger smalls" over the past five years.

Style

The Managers invest ASCoT's assets in accordance with their value investment philosophy. Consequently, ASCoT's investment returns are influenced by the stockmarket's preference for more expensively priced growth stocks or more modestly rated value stocks. To understand style effects within the DNSCI (XIC), the Managers use analysis by London Business School (LBS). This is based on price to book ratios: a high price to book denotes a growth stock and a low price to book a value stock. When selecting stocks for ASCoT, the Managers use a broader range of valuation techniques, but the LBS approach provides a useful indication of the market's style preference. In the first half of 2025, value stocks out-performed growth stocks, which suggests that the Managers' value style was helpful to ASCoT's investment performance.

Balance sheets

The following table sets out the balance sheet profile of ASCoT's portfolio and of the Managers' Tracked Universe. This subset of the DNSCI (XIC) represents 98% by value of the index as a whole and is made up of the 230 companies that the Managers follow closely.

Weight in companies with:	Net cash	Net debt/EBITDA < 2x	Net debt/EBITDA > 2x	Other*
Tracked Universe 2025	30%	43%	21%	6%
Portfolio: 2025	32%	51%	12%	5%
– Portfolio "smaller smalls"	34%	47%	13%	5%
– Portfolio "larger smalls"	30%	55%	10%	5%

*Includes loss-makers and lenders

The balance sheet profile of the portfolio and the Tracked Universe are similarly robust. Around one third of each is represented by companies with net cash on their balance sheets. The more highly leveraged companies tend to be those with asset backing, such as pub businesses and property companies. The final two lines of the table show that there is no meaningful difference between the balance sheet profiles of "smaller small" and "larger small" companies. The lower valuations of the former cohort are not justified by weaker balance sheets.

Strong balance sheets are supporting dividend growth, as the next section explains, and a continued high rate of share buy-backs. In the first half of 2025, 21 of ASCoT's 79 investee companies bought back shares, taking advantage of the attractive stockmarket valuations of their equity. The economic logic of buy-backs at such valuations is compelling as long as they do not deprive underlying businesses of capital needed for the maintenance of assets and prudent growth.

Managers' Report

Income

While ASCoT's capital performance through the first half of 2025 was volatile, it made steady progress in income terms. Revenue earned from dividends paid by investee companies rose at double digit rates. The table below categorises ASCoT's 79 holdings at 30 June 2025 according to each company's most recent dividend action.

Nil Payer	Cutter	Unchanged Payer	Increased Payer	New/Returner
16	11	19	30	3

ASCoT's positive income experience was driven by the 30 Increased Payers and three New / Returners. These out-weighed the drag from the 11 companies that reduced their most recent dividends. Of the 16 Nil Payers, the Managers expect five to resume dividend payments over the next two years.

At 30 June 2025, the average historical dividend yield of ASCoT's holdings was 4.0% and the average dividend cover was 2.5x. These numbers, together with the analysis in the table, demonstrate the resilience of smaller companies, a quality that is often overlooked by the stockmarket. Looking ahead, the tariffs and other macro economic challenges will have to be navigated, but history suggests that yield and dividend growth will continue to be an important component of the total returns delivered by both small UK quoted companies and ASCoT.

Corporate activity

The Managers are frequently asked what the catalyst will be for a re-rating of small UK quoted companies. The answer is increasingly clear as the high rate of takeovers continues. In the first half of 2025, agreed bids for eight constituents of the DNSCI (XIC) were announced. ASCoT held four of these. In addition, approaches for three companies were outstanding at the period end. ASCoT held one of these. In five of the eight bids, the bidder was from overseas, while in two cases the bidder was private equity. Bid premiums remain high: for agreed deals within the DNSCI (XIC) over the twelve months to 30 June 2025, the average premium to the undisturbed share price was 40%, while the average EV/EBITA at the bid price was 16.2x.

As long as valuations across small companies remain so attractive, it is likely that takeovers will continue. There is the opportunity for those invested in the asset class to enjoy good investment returns by harvesting takeover premiums as they await a broader re-rating.

The downside of takeovers could be a shrinking of the Managers' investment universe. However, there are reasons to believe that the opportunity set will remain broad.

- First, last year's changes to the Listing Rules should improve the attractiveness of the UK stockmarket to IPOs over time.
- Second, ten AIM companies have recently moved or announced an intention to move to the Main List. This makes them eligible investments for ASCoT. The Managers have already started a holding in one of the ten and are scrutinising others. The relisting trend is influenced by the new Listing Rules, which level the governance playing field between AIM and the Main List, and by the tax changes announced in the October Budget.
- Third, the definition of the DNSCI (XIC) – the bottom 10% by value of the total UK stockmarket – means that there is a natural refreshing of the index on its annual rebalancing. The number of companies in the DNSCI (XIC) has been flat at around 350 for the past decade.

Managers' Report

Engagement

Since ASCoT's inception in 1990, an integral part of Aberforth's investment process has been engagement with the boards of the investee companies. The approach to engagement is purposeful, discreet and constructive. Its aim is to improve investment outcomes for Aberforth's clients and investors. The Managers may engage on any topic that they perceive to be affecting the valuation of a company. Their ability to engage is improved by the large stakes – up to 25% of issued share capital – that Aberforth's clients can collectively take in investee companies.

As highlighted last year, the high rate of takeover activity means that M&A terms are a frequent topic of engagement. The Managers often seek to improve terms or, if these are unattractive, to work with the boards of investee companies to discourage takeover interest. The Managers wrote to investee companies in 2024 to reinforce their expectations of boards when they receive a takeover approach.

Another reason for engagement in 2025 stems from the new Listing Rules, which were introduced last year. One of the changes removes the need for a shareholder vote to approve significant transactions. The purpose was to increase the attractiveness of the UK market to IPOs, but the unintended consequence is that boards can more easily embark on transactions that are not in the interests of shareholders. Solutions include a voluntary vote on a potential transaction or timely consultation with shareholders before agreement is reached with a counterparty. Without these, the Managers will vote against the board of a company undertaking a transaction that is not in shareholders' interests.

ASCoT's gearing

ASCoT employs gearing tactically to take advantage of periods of stress in economies and financial markets. It is currently geared for the fourth time in its history, having drawn on its borrowing facility amid the pandemic in early 2020. Since then, gearing has enhanced ASCoT's returns. The valuations of small UK quoted companies are still attractive and so the Managers consider it appropriate that ASCoT remains geared. At 30 June 2025, the gearing ratio was 4.7%, though this varies with moves in the share prices of the investee companies and as proceeds from holdings subject to takeover have been realised.

Active share

Active share is a measure of how different a portfolio is from an index. The higher a portfolio's active share, the higher its chance of performing differently from the index, for better or worse. The Managers target an active share ratio of at least 70% for ASCoT's portfolio compared with the DNSCI (XIC). At 30 June 2025, it stood at 78%.

Value roll and portfolio turnover

The main influence on ASCoT's portfolio turnover in any period is usually the stockmarket's appetite for small UK quoted companies. If prices and valuations are rising, the upsides to the Managers' target prices are likely to be narrowing. All else being equal, this would encourage the rotation of ASCoT's capital from companies with lower upsides to those with higher upsides. The Managers term this dynamic the "value roll" and it has played an important role in ASCoT's capital and income returns over the years. It follows that periods of higher portfolio turnover are often associated with strong returns for ASCoT.

Managers' Report

Portfolio turnover is defined as the lower of purchases and sales divided by the average portfolio value. ASCoT's long term average rate of turnover is 33%. In the twelve months to 30 June 2025, turnover was 19%. The low rate of value roll is symptomatic of the deep under-valuation of small UK quoted companies – if the stockmarket does not reflect their true value, there is no incentive to reduce the position.

Valuations

Price earnings (PE) ratio:	35 year average	At 31 December 2024	At 30 June 2025
World equities*	15.8x	17.7x	18.0x
FTSE All-Share	15.3x	14.6x	16.2x
Smaller companies**	13.5x	11.9x	12.5x
ASCoT's portfolio	12.0x	9.6x	10.1x

* Source: Bloomberg; Panmure Liberum ** DNSCI (XIC) to 2013 then Tracked Universe

As the table above shows, ASCoT's portfolio continues to benefit from the triple valuation discount that was described in last year's reports – ASCoT's portfolio PE is below that of smaller companies, which is below that of large UK companies, which is below that of world equities. The meaningful change since the end of 2024 has been the re-rating of large UK companies: the FTSE All-Share's historical PE has risen from 14.6x to 16.2x, which is still below that of world equities but above its own long term average. The re-rating of large UK companies shows what is possible for smaller companies. From these starting valuations it is plausible that re-rating can contribute to total returns from smaller companies and more particularly from ASCoT's portfolio in coming years.

The next table turns to forward valuations and uses the Managers' favoured metric, EV/EBITA (enterprise value to earnings before interest, tax and amortisation). Ratios are set out for the portfolio, the Tracked Universe and certain subdivisions of the Tracked Universe. The profits underlying the ratios are based on the Managers' forecasts for each company that they track. The bullet points following the table summarise its main messages.

EV/EBITA	2024	2025	2026
ASCoT's portfolio (79 stocks)	8.0x	7.9x	6.7x
Tracked Universe (230 stocks)	11.2x	10.5x	9.3x
- Growth stocks	16.0x	15.1x	13.6x
- Other stocks	10.6x	9.9x	8.7x
- Overseas facing stocks	10.2x	9.8x	8.3x
- Domestic facing stocks	12.0x	11.1x	10.0x
- "Smaller small" stocks	9.3x	8.9x	7.6x
- "Larger small" stocks	11.9x	11.1x	9.9x

Managers' Report

- The ratios are lower for 2025 than for 2024. The Managers anticipate modest profit growth in 2025, as lower interest rates and real wage growth still seem likely to offset the increased uncertainty related to trade wars and the Budget.
- The average EV/EBITA multiples of the portfolio are lower than those of the Tracked Universe. This reflects the Managers' value investment style and the influence of the more highly valued growth stocks on the Tracked Universe's multiples.
- The valuation of overseas facing companies (those with more than 60% of revenues outside the UK) is lower than that of domestic facing companies (those with more than 60% of revenues in the UK). For much of the last ten years, the reverse has been the case. Owing to the EU referendum and the pandemic, domestically oriented companies have tended to trade on lower multiples. However, tariff risk, which is more threatening to overseas facing businesses, has narrowed the gap and broadened the opportunity base for the value investor.
- As noted in the section above on size, the "smaller small" companies within the DNSCI (XIC) remain more attractively valued than do the "larger smalls".
- Takeovers over the past twelve months were struck on average on a multiple of 16.2. This compares with the portfolio's 2025 EV/EBITA of 7.9x.

Outlook and conclusion

Six months ago, American exceptionalism was celebrated and gauged by the success of the US stockmarket. Today, the investment outlook has been complicated by Donald Trump's convulsive second presidency and its challenge to some of the assumptions that have long underpinned the financial world. Dollar weakness may well be welcomed by the Trump administration and has been seen before, but the present bout is accompanied by debate about whether the dollar risks losing the exorbitant privilege of reserve currency status. There is also debate about the risk-free nature of US government debt, as fiscal spending looks set to rise under the "One Big Beautiful Bill Act" and as foreign governments, disconcerted by the tariffs, question the wisdom of parking their reserves in treasuries. Even the US stockmarket has lost some of its lustre. The potential impact of the tariffs on the profits of US businesses has seen European equities outshine their US counterparts so far in 2025. The uncertainty emanating from the US complicates investment decisions, whether for businesses considering capital projects or fund managers selecting stocks.

The UK is inevitably caught up in this, but its low reliance on exported goods and its trade deficits can be seen as a relative advantage in the context of trade war risk. The greater challenge for the UK economy is government policy and its fiscal position. Last year's Budget highlighted the Chancellor's difficulty in delivering growth while adhering to the fiscal rules. As this year's Budget approaches and as the government struggles to implement its reforms, a degree of caution on the part of businesses and households is understandable. On the other hand, the government's pragmatism and growth ambitions are encouraging, though it would be better to see more of the rhetoric turn into action.

Against this backdrop, UK equities have made headway, with the re-rating of larger companies taking the FTSE All-Share's PE back to its long term average. The valuation anomaly remains smaller companies, whose PE is still well below its long term average. Over time, it would be reasonable to expect some of the renewed interest in the UK to filter down into the DNSCI (XIC) and, indeed, this started to play out through the second quarter of 2025. Nevertheless, the

Managers' Report

medium term performance of smaller companies against large has been disappointing. Over the three years to 30 June 2025, the DNSCI (XIC) has lagged the FTSE All-Share by -0.7% per annum. This contrasts with longer term out-performance of 1.5% per annum since ASCoT's inception in 1990 and 3.0% per annum over the full history of the DNSCI (XIC) in 1955.

An important aspect of the recent performance of smaller companies is that it is not driven by fundamental factors. Dividend growth is a useful gauge of fundamental progress since there is a long history of data and it cannot diverge meaningfully from profit growth over time. Using the most recent London Business School data, dividend growth for smaller companies has outstripped that of large companies by 1.4% per annum since both 1955 and 1990. Over the past three years, the differential has been higher at 3.2% (9.7% versus 6.5%), which is clearly at odds with the total return data. Indeed, the differential has been higher than average over the last five and ten years as well, which indicates that smaller companies have coped better than many would expect with the familiar challenges of Brexit, the pandemic, the Truss Budget and the inflation spike of 2022.

Judging by the valuations, the stockmarket is uninterested in the resilience and superior growth of smaller companies. Rather, it seems distracted by their relative illiquidity and volatility, but this obsession risks missing the point of investment in the asset class. The small company premium – i.e. the long term out-performance by smaller companies against larger companies – is inextricably tied up with a willingness to take on liquidity and volatility risk. Those able and willing to commit their capital to smaller companies are rewarded over time for taking on that risk.

ASCoT is well placed to take advantage of the present situation. Its valuation advantage is even greater than that of smaller companies, as previously demonstrated in this report. Its dividend record demonstrates that it benefits from the superior dividend growth available from the asset class. Its closed-ended structure means that it can commit to investment in the attractively valued "smaller small" companies, without the concern of a demand for liquidity. Its diversified portfolio reduces the volatility risk of an individual small cap stock and spreads it over 79 holdings. Furthermore, its tactical gearing and share buy-backs can enhance portfolio returns and reward shareholders who commit their capital to ASCoT.

None of these points means that ASCoT is impervious to today's macro-economic and geopolitical threats, or indeed those to come. They do, however, improve the likelihood of a good investment experience over time, particularly when other companies, overseas investors and private equity are already taking advantage of the valuations on offer among small UK quoted companies.

Aberforth Partners LLP
Managers

29 July 2025

Investment Portfolio

Fifty Largest Investments as at 30 June 2025

No.	Company	Valuation £'000	% of Total Net Assets	% of Company Held[1]	Business Activity
1	Bakkavor Group	45,680	3.2	3.6	Food manufacturer
2	Rank Group	43,470	3.1	7.0	Multi-channel gaming operator
3	Wilmington Group	42,258	3.0	13.9	Business information and training
4	Vesuvius	36,225	2.6	3.7	Metal flow engineering
5	Galliford Try Holdings	35,761	2.5	8.3	Building and infrastructure contractor
6	ZIGUP	34,340	2.4	4.2	Van rental
7	Senior	33,807	2.4	4.4	Aerospace and automotive engineering
8	FirstGroup	33,776	2.4	2.5	Bus and rail operator
9	Morgan Advanced Materials	33,673	2.4	5.5	Manufacturer of carbon and ceramic materials
10	Jupiter Fund Management	32,135	2.3	6.1	Investment manager
	Top Ten Investments	**371,125**	**26.3**		
11	Rathbones Group	31,775	2.2	2.0	Wealth management
12	C&C Group	30,978	2.2	5.1	Brewer and drinks distributor
13	International Personal Finance	30,749	2.2	8.3	Home credit provider
14	CMC Markets	30,629	2.2	4.4	Financial derivatives trading platform
15	Just Group	29,860	2.1	2.2	Annuity provider
16	NCC Group	29,771	2.1	6.5	IT security
17	Mitchells & Butlers	29,746	2.1	1.7	Operator of restaurants, pubs and bars
18	MONY Group	27,670	2.0	2.4	Price comparison websites
19	Ricardo	26,843	1.9	9.7	Environmental and engineering consulting
20	Marstons	26,583	1.9	10.1	Pub operator
	Top Twenty Investments	**665,729**	**47.2**		
21	Ashmore Group	26,192	1.9	2.4	Investment manager
22	De La Rue	24,890	1.8	9.8	Bank note printer
23	Card Factory	24,349	1.7	7.7	Retailing - greetings cards
24	Foxtons Group	24,122	1.7	11.9	Estate agent
25	Crest Nicholson	23,978	1.7	5.0	Housebuilding
26	XP Power	23,257	1.6	9.0	Power controls
27	Sabre Insurance Group	22,678	1.6	6.1	Car insurance
28	Workspace Group	22,624	1.6	2.8	Property - rental to small businesses
29	EnQuest	21,869	1.5	9.3	Oil and gas exploration and production
30	Eurocell	21,671	1.5	13.4	Manufacturer of UPVC building products
	Top Thirty Investments	**901,359**	**63.8**		

Investment Portfolio

Fifty Largest Investments as at 30 June 2025

No.	Company	Valuation £'000	% of Total Net Assets	% of Company Held[1]	Business Activity
31	Hilton Food Group	21,494	1.5	2.8	Food manufacturer
32	Helical	21,375	1.5	7.5	London property developer
33	Conduit Holdings	21,293	1.5	3.4	Bermuda based (re)insurer
34	Reach	20,560	1.5	8.8	UK newspaper publisher
35	Halfords Group	20,082	1.4	5.9	Automotive and cycling products retailer
36	Bodycote	19,920	1.4	1.9	Engineering - heat treatment
37	Dowlais Group	19,825	1.4	2.3	Automotive parts manufacturer
38	Smiths News	19,309	1.4	13.4	Newspaper distribution
39	DFS Furniture	18,798	1.3	4.8	Furniture retailer
40	Brooks Macdonald Group	18,744	1.3	6.9	Wealth management
	Top Forty Investments	**1,102,759**	**78.0**		
41	Capital	17,250	1.2	10.3	Rental of drilling equipment
42	Hostelworld Group	16,696	1.2	9.7	Hostel booking platform
43	TT Electronics	16,570	1.2	8.3	Sensors and other electronic components
44	MJ Gleeson	15,571	1.1	6.7	Housebuilding
45	Avon Technologies	15,118	1.1	2.6	Military protection products
46	Pets at Home Group	15,002	1.1	1.2	Pet food, products and services retailer
47	Castings	14,863	1.1	12.4	Engineering - automotive castings
48	Forterra	14,130	1.0	3.4	Manufacturer of bricks
49	Paypoint	13,136	0.9	2.2	Alternative payment services
50	Kenmare Resources	13,000	0.9	4.5	Miner of titanium minerals
	Top Fifty Investments	**1,254,095**	**88.8**		
	Other Investments (29)[1]	225,756	15.9		
	Total Investments	**1,479,851**	**104.7**		
	Net Current Assets/(Creditors)	(66,229)	(4.7)		
	Total Net Assets	**1,413,622**	**100.0**		

Investments are in Ordinary Shares unless otherwise stated.

[1]In addition to the 37 portfolio holdings of 3% or more of the investee company's share capital disclosed in the top fifty table above, which were valued at £948m, the Company's other investments included 21 other portfolio holdings of 3% or more, which were valued at £178m.

Long Term Investment Record

Historical Total Returns[5]

Period	Discrete Annual Returns (%) NAV[1]	Index[2]	Share Price[3]
1 year to 30 June 2025	5.3	11.1	5.2
1 year to 30 June 2024	21.9	14.5	27.6
1 year to 30 June 2023	8.1	4.4	8.7
1 year to 30 June 2022	-17.3	-17.2	-21.4
1 year to 30 June 2021	76.3	49.8	70.8
1 year to 30 June 2020	-24.9	-15.0	-21.7
1 year to 30 June 2019	-10.7	-5.4	-11.1
1 year to 30 June 2018	10.0	7.6	15.7
1 year to 30 June 2017	35.7	29.1	41.4
1 year to 30 June 2016	-15.2	-6.6	-21.7

Periods to 30 June 2025	Annualised Returns (%)			Cumulative Returns (%)		
	NAV[1]	Index[2]	Share Price[3]	NAV[1]	Index[2]	Share Price[3]
2 years	13.3	12.8	15.8	28.4	27.3	34.2
3 years	11.5	9.9	13.4	38.8	32.9	45.8
4 years	3.5	2.4	3.5	14.7	10.1	14.6
5 years	15.1	10.5	14.4	102.2	64.8	95.7
6 years	7.2	5.8	7.4	51.8	40.1	53.2
7 years	4.4	4.1	4.5	35.5	32.6	36.2
8 years	5.1	4.5	5.8	49.1	42.7	57.6
9 years	8.1	7.0	9.3	102.4	84.3	122.8
10 years	5.5	5.6	5.7	71.6	72.2	74.6
15 years	10.3	9.5	10.8	334.9	287.8	362.6
20 years	8.2	8.6	8.3	382.3	416.4	395.5
34.6 years from inception[4]	11.8	9.7	11.6	4,622.8	2,375.0	4,286.4

1 Represents Net Asset Value return with dividends reinvested.

2 Represents capital appreciation/(depreciation) on the DNSCI (XIC) with dividends reinvested.

3 Represents Ordinary Share price return with dividends reinvested.

4 Inception date of the Company was 10 December 1990.

5 Alternative Performance Measures (refer to the glossary in the 2024 Annual Report).

Interim Management Report

A review of the half year and the outlook for the Company can be found in the Chairman’s Statement and the Managers’ Report.

Risks and Uncertainties

The Directors have a process for identifying, evaluating and managing the principal and emerging risks faced by the Company. The Board believes that the Company has a relatively low risk profile in the context of the investment trust industry. This belief arises from the fact that the Company has a simple capital structure; invests only in small UK quoted companies; is not exposed to derivatives and does not presently intend any such exposure; and outsources all the main operational activities to recognised, well established firms.

The principal risks faced by the Company relate to investment strategy/performance, market risk, share price discount, gearing, reputational risk and regulatory risk. An explanation of these risks and how they are managed can be found in the Strategic Report contained within the 2024 Annual Report. These principal risks and uncertainties continue to apply as disclosed in the 2024 Annual Report and as updated by the Managers' Report in these interim statements.

Going Concern

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. The Directors' assessment included consideration of the triennial continuation vote; the next vote will take place at the March 2026 AGM. The Company’s assets comprise mainly readily realisable equity securities and funding flexibility can typically be achieved through the use of the Company’s borrowing facilities. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors’ Responsibility Statement

The Directors confirm that, to the best of their knowledge:

(i) the condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 “Interim Financial Reporting”.

(ii) the Half Yearly Report includes a fair review of information required by:

- (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events during the first six months of the year and their impact on the financial statements together with a description of the principal risks and uncertainties for the remaining six months of the year; and
- (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being disclosure of related party transactions and changes therein.

(iii) the Half Yearly Report, taken as a whole, is fair, balanced and understandable and provides information necessary for Shareholders to assess the Company’s performance, objective and strategy.

On behalf of the Board
Richard Davidson
29 July 2025

Income Statement

(unaudited)

For the six months ended 30 June 2025

	Six months ended 30 June 2025			Six months ended 30 June 2024		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Realised net gains on sales	**–**	**57,056**	**57,056**	–	73,968	73,968
Movement in fair value	**–**	**(651)**	**(651)**	–	72,570	72,570
Net gains on investments	**–**	**56,405**	**56,405**	–	146,538	146,538
Investment income	**30,034**	**–**	**30,034**	27,050	–	27,050
Other income	**47**	**–**	**47**	57	–	57
Investment management fee (Note 2)	**(1,789)**	**(2,981)**	**(4,770)**	(1,770)	(2,950)	(4,720)
Portfolio transaction costs	**–**	**(894)**	**(894)**	–	(1,102)	(1,102)
Other expenses	**(473)**	**–**	**(473)**	(427)	–	(427)
Net return before finance costs and tax	**27,819**	**52,530**	**80,349**	24,910	142,486	167,396
Finance costs (Note 2)	**(1,028)**	**(1,714)**	**(2,742)**	(1,239)	(2,066)	(3,305)
Return on ordinary activities before tax	**26,791**	**50,816**	**77,607**	23,671	140,420	164,091
Tax on ordinary activities	**–**	**–**	**–**	–	–	–
Return attributable to equity shareholders	**26,791**	**50,816**	**77,607**	23,671	140,420	164,091
Returns per Ordinary Share (Note 4)	**32.64p**	**61.92p**	**94.56p**	28.12p	166.78p	194.90p

Dividends

On 29 July 2025, the Board declared an interim dividend for the year ending 31 December 2025 of 14.30p per Ordinary Share (2024 – 13.60p), which will be paid on 28 August 2025.

Income Statement

(continued)

	Year ended 31 December 2024 Revenue £'000	Capital £'000	Total £'000
Realised net gains on sales	–	114,531	114,531
Movement in fair value	–	1,833	1,833
Net gains on investments	–	116,364	116,364
Investment income	54,506	–	54,506
Other income	118	–	118
Investment management fee (Note 2)	(3,708)	(6,180)	(9,888)
Portfolio transaction costs	–	(2,179)	(2,179)
Other expenses	(858)	–	(858)
Net return before finance costs and tax	50,058	108,005	158,063
Finance costs (Note 2)	(2,427)	(4,045)	(6,472)
Return on ordinary activities before tax	47,631	103,960	151,591
Tax on ordinary activities	–	–	–
Return attributable to equity shareholders	47,631	103,960	151,591
Returns per Ordinary Share (Note 4)	56.59p	123.50p	180.09p

Reconciliation of Movements in Shareholders' Funds

(unaudited)

For the six months ended 30 June 2025

	Share capital £'000	Capital redemption reserve £'000	Special reserve[1] £'000	Capital reserve[1] £'000	Revenue reserve £'000	Total £'000
Balance as at 31 December 2024	**838**	**150**	**30,469**	**1,262,006**	**103,854**	**1,397,317**
Return on ordinary activities after tax	–	–	–	50,816	26,791	77,607
Equity dividends paid	–	–	–	–	(29,960)	(29,960)
Purchase of Ordinary Shares	(22)	22	(30,469)	(873)	–	(31,342)
Balance as at 30 June 2025	**816**	**172**	**–**	**1,311,949**	**100,685**	**1,413,622**

[1] see Note 8.

For the year ended 31 December 2024

	Share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 31 December 2023	844	144	38,840	1,158,046	99,353	1,297,227
Return on ordinary activities after tax	–	–	–	103,960	47,631	151,591
Equity dividends paid	–	–	–	–	(43,130)	(43,130)
Purchase of Ordinary Shares	(6)	6	(8,371)	–	–	(8,371)
Balance as at 31 December 2024	838	150	30,469	1,262,006	103,854	1,397,317

For the six months ended 30 June 2024

	Share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 31 December 2023	844	144	38,840	1,158,046	99,353	1,297,227
Return on ordinary activities after tax	–	–	–	140,420	23,671	164,091
Equity dividends paid	–	–	–	–	(31,686)	(31,686)
Purchase of Ordinary Shares	(3)	3	(3,695)	–	–	(3,695)
Balance as at 30 June 2024	841	147	35,145	1,298,466	91,338	1,425,937

Balance Sheet

(unaudited)

As at 30 June 2025

	30 June 2025 £'000	31 December 2024 £'000	30 June 2024 £'000
Fixed assets			
Investments at fair value through profit or loss (Note 5)	**1,479,851**	1,497,304	1,519,222
Current assets			
Investment income receivable	**3,410**	2,794	2,086
Amounts due from brokers	**4,764**	–	894
Other debtors	**104**	80	93
Cash at bank	**4,719**	1,349	5,691
	12,997	4,223	8,764
Creditors (amounts falling due within one year)			
Amounts due to brokers	**(4,746)**	(34)	(3,892)
Bank debt facility (Note 2)	**(73,940)**	–	–
Other creditors	**(540)**	(268)	(282)
	(79,226)	(302)	(4,174)
Net current (liabilities)/assets	**(66,229)**	3,921	4,590
Total assets less current liabilities	**1,413,622**	1,501,225	1,523,812
Creditors (amounts falling due after more than one year)			
Bank debt facility (Note 2)	**–**	(103,908)	(97,875)
TOTAL NET ASSETS	**1,413,622**	1,397,317	1,425,937
CAPITAL AND RESERVES: EQUITY INTERESTS			
Share Capital			
Ordinary Shares	**816**	838	841
Reserves			
Capital redemption reserve	**172**	150	147
Special reserve (Note 8)	**–**	30,469	35,145
Capital reserve (Note 8)	**1,311,949**	1,262,006	1,298,466
Revenue reserve	**100,685**	103,854	91,338
TOTAL SHAREHOLDERS' FUNDS	**1,413,622**	1,397,317	1,425,937
Net asset value per share (Note 6)	**1,731.97p**	1,666.95p	1,694.73p

Cash Flow Statement

(unaudited)

For the six months ended 30 June 2025

	Six months ended 30 June 2025 £'000	Six months ended 30 June 2024 £'000	Year ended 31 December 2024 £'000
Net cash inflow from operating activities	**24,451**	22,441	43,673
Investing activities			
Purchases of investments	**(112,510)**	(163,680)	(307,701)
Sales of investments	**185,422**	156,872	288,596
Cash inflow/(outflow) from investing activities	**72,912**	(6,808)	(19,105)
Financing activities			
Purchases of Ordinary Shares	**(31,342)**	(3,695)	(8,371)
Equity dividends paid	**(29,960)**	(31,686)	(43,130)
Interest and fees paid	**(2,691)**	(3,295)	(6,452)
Gross drawdowns of bank debt facilities (before any costs)	**45,000**	56,000	79,000
Gross repayments of bank debt facilities (before any costs)	**(75,000)**	(30,000)	(47,000)
Cash (outflow) from financing activities	**(93,993)**	(12,676)	(25,953)
Change in cash during the period	**3,370**	2,957	(1,385)
Cash at the start of the period	**1,349**	2,734	2,734
Cash at the end of the period	**4,719**	5,691	1,349

Notes to the Financial Statements

1. Accounting Standards

The financial statements have been prepared on a going concern basis and in accordance with the Financial Reporting Standard 104 and the AIC's Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts". The total column of the Income Statement is the profit and loss account of the Company. All revenue and capital items in the Income Statement are derived from continuing operations. No operations were acquired or discontinued in the period. The same accounting policies used for the year ended 31 December 2024 have been applied.

2. Investment Management Fee and Bank Borrowings

The Managers, Aberforth Partners LLP, receive an annual management fee, payable quarterly in advance, equal to 0.75% of net assets up to £1 billion, and 0.65% thereafter.

The investment management fee and finance costs of bank borrowings have been allocated 62.5% to capital reserve and 37.5% to revenue reserve, in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio of the Company.

The Company has a three year unsecured £130m Facility Agreement with Royal Bank of Scotland International. This is due to expire on 15 June 2026.

3. Dividends

	Six months ended 30 June 2025 £'000	Six months ended 30 June 2024 £'000	Year ended 31 December 2024 £'000
Amounts recognised as distributions to eligible equity holders in the period:			
Final dividend of 28.55p for the year ended 31 December 2023	**–**	24,091	24,091
Special dividend of 9.00p for the year ended 31 December 2023	**–**	7,595	7,595
Interim dividend of 13.60p for the year ended 31 December 2024	**–**	–	11,444
Final dividend of 30.00p for the year ended 31 December 2024	**24,967**	–	–
Special dividend of 6.00p for the year ended 31 December 2024	**4,993**	–	–
	29,960	31,686	43,130

The interim dividend for the year ending 31 December 2025 of 14.30p (2024 – 13.60p) will be paid on 28 August 2025 to shareholders on the register on 8 August 2025. The ex dividend date is 7 August 2025. The interim dividend has not been included as a liability in these financial statements.

Notes to the Financial Statements

4. Returns per Ordinary Share

The returns per Ordinary Share are based on the following.

	30 June 2025	30 June 2024	31 December 2024
Returns attributable to Ordinary Shareholders	**£77,607,000**	£164,091,000	£151,591,000
Weighted average number of shares in issue during the period	**82,068,645**	84,192,569	84,175,009
Return per Ordinary Share	**94.56p**	194.90p	180.09p

5. Investments at fair value

In accordance with FRS 102 and FRS 104, fair value measurements have been classified using the fair value hierarchy:

Level 1 - using unadjusted quoted prices for identical instruments in an active market;
Level 2 - using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 - using inputs that are unobservable (for which market data is unavailable).

Investments held at fair value through profit or loss

As at 30 June 2025	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Listed equities	**1,479,851**	**–**	**–**	**1,479,851**
Unlisted equities	**–**	**–**	**–**	**–**
Total financial asset investments	**1,479,851**	**–**	**–**	**1,479,851**

At 30 June 2024 and 31 December 2024, all investments were held at fair value through profit and loss and were classified as Level 1 and listed equities.

6. Net Asset Value per Ordinary Share

The net assets and the net asset value per share attributable to the Ordinary Shares at each period end are calculated in accordance with their entitlements in the Articles of Association and were as follows.

	30 June 2025	31 December 2024	30 June 2024
Net assets attributable	£1,413,622,000	£1,397,317,000	£1,425,937,000
Ordinary Shares in issue at end of period	81,619,105	83,824,605	84,139,605
Net Asset Value per Ordinary Share	1,731.97p	1,666.95p	1,694.73p

Notes to the Financial Statements

7. Share Capital

During the period, the Company bought back and cancelled 2,205,500 shares (2024: 275,000) at a cost of £31,342,000 (2024: £3,695,000). During the period 1 July to 29 July 2025, 212,500 shares have been bought back for cancellation.

8. Special and Capital Reserves

During the period, the Special Reserve, which was used to account for the cost of purchasing Ordinary Shares, was exhausted. Following this, the Capital Reserve represented by realised capital profits, is being used.

9. Related party transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company. Under UK accounting standards, the Directors have been identified as related parties and their fees and interests are disclosed in the 2024 Annual Report.

10. Alternative Performance Measures

Alternative Performance Measures ("APMs") are measures that are not defined by FRS 102 and FRS 104. The Company believes that APMs, referred to within ‘Financial Highlights’ on page 1, provide Shareholders with important information on the Company and are appropriate for an investment trust. These APMs are also a component of reporting to the Board. A glossary of APMs can be found in the 2024 Annual Report.

11. Further Information

The foregoing do not constitute statutory accounts of the Company (as defined in section 434(3) of the Companies Act 2006). The financial information for the year ended 31 December 2024 has been extracted from the statutory accounts, which have been filed with the Registrar of Companies. The Auditor issued an unqualified opinion on those accounts and did not make any statements under section 498(2) or (3) of the Companies Act 2006. All information shown for the six months to 30 June 2025 is unaudited.

Certain statements in this report are forward looking. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

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Corporate Information

Directors
Richard Davidson (Chairman)
Jaz Bains
Patricia Dimond
Victoria Stewart
Martin Warner

Managers & Secretaries
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