Aberforth Smaller Companies Trust plc

Half Yearly Report

30 June 2026

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 2026 as applicable, unless otherwise stated.

Financial Highlights

Total Return Performance Six Months to 30 June 2026	%
Net Asset Value per Ordinary Share[1,5]	**5.5**
DNSCI (XIC)[2,5]	**1.8**
Ordinary Share Price[3,5]	**6.5**

	30 June 2026	31 December 2025	30 June 2025
Shareholders' Funds/Net Assets[4]	**£1,391m**	£1,392m	£1,414m
Market Capitalisation	**£1,263m**	£1,255m	£1,256m
Number of Ordinary Shares in Issue	**77,415,105**	79,742,605	81,619,105
Net Asset Value per Ordinary Share[4]	**1,797.29p**	1,745.26p	1,731.97p
Ordinary Share Price[5]	**1,632.00p**	1,574.00p	1,538.00p
Ordinary Share Discount[5]	**9.2%**	9.8%	11.2%
Dividends per Ordinary Share[6]	**15.30p**	58.80p	14.30p
Gearing[5]	**5.4%**	4.8%	4.7%

Cumulative Returns (%) Period to 30 June 2026	NAV[1,5]	Index[2,5]	Share Price[5]
1 Year	7.2	7.1	10.0
3 Years	37.7	36.3	47.6
5 Years	23.0	17.9	26.0
10 Years	117.0	97.4	145.1
15 Years	242.0	209.4	273.2
20 Years	336.5	339.4	383.2
Since inception on 10 December 1990	4,963.2	2,551.3	4,724.1

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 2026 consisted of 352 companies, the largest market capitalisation of which was £2.5 billion and the aggregate market capitalisation of which was £180 billion.

3 Represents Ordinary Share price return with dividends reinvested.

4 UK GAAP Measure.

5 Alternative Performance Measures (refer to the glossary in the 2025 Annual Report).

6 Dividends are in respect of the six months to 30 June 2026 and 30 June 2025 and for the year to 31 December 2025. A special dividend of 12.00p per share was included in the year to 31 December 2025.

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

ASCoT emerged from an eventful six months with a positive absolute return and a good relative return. In the six months to 30 June 2026, the net asset value total return was 5.5% and the share price total return was 6.5%. The Company's benchmark index, the DNSCI (XIC), rose by 1.8%. Larger companies were stronger with the FTSE All-Share up by 7.2% in total return terms.

The main event in the period was of course the war in Iran. Markets took their lead from Russia's invasion of Ukraine in 2022: the oil price rose and share prices fell. ASCoT's portfolio felt the effects as fears of inflation and another cost-of-living crisis knocked the share prices of consumer-facing businesses. There was, however, a welcome offset as the share prices of holdings in oil producers rose.

The portfolio's consumer-facing businesses also had to contend with another round of domestic political uncertainty, which culminated in another change of Prime Minister. It remains to be seen whether Andy Burnham will be able to boost confidence and economic activity. His room for manoeuvre is limited by the Labour Party's election manifesto and, as the gilt market made clear during the first half, by the country's fiscal position.

The other notable feature of the past six months has been intensifying excitement about artificial intelligence (AI). The sums being invested in computing power by the leading American technology companies, and to a lesser extent their Chinese peers, are incredible. Similarly, the record-breaking valuation of SpaceX's initial public offering was powered by its AI interests. Beneficiaries of the AI phenomenon remain relatively few in number, while many companies have seen their share prices suffer on concerns about the impact of AI on their business models. ASCoT's experience in the first half of 2026 has been mixed, with exposure to a handful of potential AI victims offset by holdings in companies that are second order beneficiaries of AI investment.

Two years ago, I noted that "*the effect [of AI] has been akin to that of a black hole, sucking liquidity and interest away from other investment opportunities*". To extend the metaphor, it feels that we are now confronting a supermassive black hole, since it has become more difficult for companies and asset classes that lack AI glamour to gain the attention of the broader investment world. A one-dimensional market of this sort inevitably excites the contrarian in me. If anything, it strengthens my belief that ASCoT's investment proposition remains compelling, partly because of the qualities of the attractively valued portfolio that are set out in the Managers' Report, and partly because of ASCoT's structural advantages, which I address below.

ASCoT's advantages as an investment trust

It is easy to lose sight of what makes the investment trust structure special. As an investment trust, ASCoT has advantages over other types of investment vehicle. These derive from flexibility in terms of capital allocation and from the closed-end status of investment trusts.

Closed-end status

Subject to share buy-back activity, ASCoT's pool of capital for investment is relatively fixed. This is an important characteristic for a portfolio invested in an often illiquid asset class such as small UK quoted companies. The closed-end status also allows the Managers to adopt a longer term investment horizon and to support investee companies. Such support is valued by directors of

Chairman's Statement

these companies and underpins the Managers' constructive approach to engagement. There is another way in which closed-end status enhances engagement. The relatively fixed pool of capital allows the Managers to take significant stakes – up to 25% – in the share capital of investee companies. With such stakes can come greater influence, which can be crucial if a company encounters difficulties and the initial investment case moves off course. The ability to take significant stakes in investee companies has enhanced ASCoT's investment returns over time. This upside would have been forgone had ASCoT been an open-ended fund rather than an investment trust.

Capital allocation flexibility

Investment trusts also have several benefits in terms of capital allocation: the use of gearing, the buy-back of shares, and the ability to accumulate revenue reserves to smooth and grow dividends paid to Shareholders. The following paragraphs describe how ASCoT takes advantage of the capital allocation flexibility afforded by its investment trust status.

- Dividends

  Framework

  ASCoT's Ordinary dividend (excluding the special dividend) grew by 7.3% in 2025 and has grown at an average annual rate of 7.1% since inception. The 35 years have witnessed several economic downturns, in which dividends from small UK quoted companies have declined. ASCoT has used the ability of investment trusts to build revenue reserves in a prudent fashion in the good times and to use these reserves to maintain or raise its dividend in the bad times. Healthy revenue reserves and the downside modelling undertaken by the Managers give the Board confidence that ASCoT's record of dividend growth in real terms can continue in the future. It is therefore the Board's policy to grow the full year ordinary dividend (i.e. excluding special dividends) above the rate of change in the UK consumer prices index (CPI).

  First half of 2026

  Reflecting the investee companies' resilience and strong balance sheets, ASCoT's dividend receipts were robust in the first half of 2026 and the Managers' estimates for the full year have improved over the period. Investment income rose by 7% excluding special dividends, which were higher than in the first half of 2025, and by 11% overall. The revenue return per Ordinary Share was 38.43p in the six months to 30 June 2026, up from 32.64p a year earlier. This growth reflects both the resilience of the companies in which ASCoT invests and portfolio management, as the Managers put their value investment philosophy into action.

  As described above, it is the Board's policy to grow ASCoT's underlying dividend (i.e. excluding special dividends) in real terms. According to Bloomberg, the consensus forecast for the CPI rate at the end of 2026 is 3.4%. The Board has decided to increase the interim dividend per share by 7.0% from 14.3p to 15.3p.

  Notwithstanding elevated uncertainty about future inflation rates, the Board takes comfort from the strong dividend receipts in the first half and from ASCoT's healthy revenue reserves. These totalled 99.1p per Ordinary share at the end of 2025, equivalent to just over two times the ordinary dividend paid in respect of 2025. The Board is comfortable that dividend cover of around two times is consistent with the delivery of the dividend policy over time.

Chairman's Statement

- ## Buy-backs

  Framework

  Buying back shares at a discount to net asset value enhances per share economics for continuing investors. This has been the main motivation for the Board and Managers to buy back ASCoT's shares. Buy-backs are a tool that ASCoT has utilised since 2008, with cash invested in buy-backs totalling £263m and a value uplift to continuing Shareholders of £37m. Shares repurchased have always been cancelled.

  It is important to emphasise that the Managers do not believe that buy-backs impinge upon the investment process and portfolio management. The natural turnover of the portfolio generates cash, some of which can be rotated into new investment opportunities and some of which can be utilised for buy-backs. To increase investment returns, it might on rare occasions be appropriate to lower the pace of buy-backs – it was a profitable exercise to back the rescue rights issues in early 2009 amid the early stages of the recovery from the global financial crisis.

  The Board and Managers intend to continue share buy-backs as long as the price paid is lower than the net asset value per share and there is economic enhancement for continuing Shareholders.

  First half of 2026

  In the six months to 30 June 2026, ASCoT bought back and cancelled 2,327,500 shares. The total consideration for these buy-backs was £37.1m and the average discount was 10.3%. Consistent with the framework as described above, it is likely that buy-backs will continue through the second half of 2026 and beyond.

- ## Gearing

  Framework

  The use of debt to fund a portion of an investment trust's portfolio can enhance investment performance in conditions of rising stockmarkets. The reverse also holds true, but over time share prices tend to rise. Gearing can also provide an investment trust with flexibility to fund new investment opportunities and share buy-backs without disturbing the existing portfolio of investments.

  ASCoT's approach to gearing has always been tactical. The Managers advise the Board to gear when they determine that the valuations of small UK quoted companies are particularly attractive. They de-gear the portfolio when valuations normalise. ASCoT is currently geared for the fourth time in its history. The opportunity came amid the pandemic, since when gearing has improved returns for Shareholders. Nevertheless, valuations are still below their long term averages, and so the Board and Managers are optimistic that gearing will boost ASCoT's future returns.

  First half of 2026

  To gear, ASCoT uses a three year revolving bank debt facility. The term is designed to fit with the three year continuation vote periods. On 29 May, it was announced that the borrowing facility with the Royal Bank of Scotland International had been refinanced. The new facility expires on 15 June 2029 and is for £150m, larger than the previous £130m.

Chairman's Statement

At 30 June 2026, ASCoT had drawn down £90m of the £150m facility. This gave a gearing ratio of 5.4%. For much of the first half of 2026, the gearing ratio was higher, as the Managers sought to take advantage of the stockmarket falls triggered by the Iran war. Gearing enhanced ASCoT's investment performance over the first half.

Lower annual management fees

The Board reviews annual management fees on a regular basis. It is pleased to announce an adjustment to the annual management fee arrangements with Aberforth Partners. ASCoT will now pay 0.75% per annum on net assets up to £750m rather than £1,000m. Net assets above £750m incur fees at a rate of 0.65% per annum. The reduction has been backdated to take effect from 1 January 2026 and results in an annual saving to ASCoT of around £250,000.

Annual General Meeting and continuation vote

The Annual General Meeting was held on 5 March 2026, at which all resolutions passed. These included a vote on the continuation of the Company, which is held every three years. Approval for continuation was overwhelming, with 94.6% of votes cast in favour of the resolution. Shareholders also approved the renewal of authority for ASCoT to buy back up to 14.99% of its Ordinary Shares. The Board and Managers are grateful for Shareholders' continued support of the Company.

Conclusion

As the fitful peace negotiations between Iran and the US carry on, there is reassurance to be drawn from the oil price, which dropped sharply from its mid-conflict levels. This would ease one of the worries that beset UK financial markets in the first part of the year. What remains unclear are the policies and priorities of our new Prime Minister. The country's fiscal situation and the exigencies of the gilt market will continue to limit his choices, but there are decisions he could take that would ease pressures on business and so improve the outlook for the economy. Time will tell, but for now the stockmarket only seems to reflect downside risk in the valuations of smaller companies.

Despite the backdrop of modest economic growth and lingering geopolitical uncertainties, the Board believes that ASCoT offers a compelling investment proposition. I see three main elements to this proposition.

First, the asset class of small UK quoted companies combines unusually attractive valuations and strong businesses. The valuations largely reflect the stockmarket's big picture concerns. The strength of the businesses is shown by how they have fared through the various challenges of recent years and by the self-help measures they are currently implementing to make progress despite the presently subdued economy. The Managers have observed that they have seldom seen so high a proportion of the companies in the DNSCI (XIC) as candidates for ASCoT's portfolio. The opportunity set is further broadened by companies continuing to move from AIM to the Main Market, and by the impact of AI on the share prices of previously highly valued companies.

Second, Aberforth's investment process is well suited to current conditions in the asset class. Their team-based approach provides continuity and ensures coverage of the many opportunities within the DNSCI (XIC). Meanwhile, the value investment philosophy stands out in today's environment of volatile inflation and interest rates. It also offers diversification in an investment world ever more reliant on AI. Their discreet engagement with the board of investee companies is similarly important since it can help close gaps between share prices and target valuations in a stockmarket that is often uninterested, until another takeover bid comes along.

Third, ASCoT, as an investment trust, is an ideal means to access a relatively illiquid asset class such as small UK quoted companies. Its closed-end status allows the Managers to take a longer term view regarding investment and engagement. It also gives the Board considerable flexibility in terms of capital allocation. As I described above, ASCoT makes good use of this flexibility by paying a dividend that grows above the rate of inflation, by undertaking value-accretive share buy-backs, and by deploying gearing to enhance investment returns. As a gauge of what this means for Shareholders, dividends and buy-backs in 2025 saw £102m returned to Shareholders, which was equivalent to 8% of ASCoT's market capitalisation at 30 June 2026.

It is clear that these attributes cannot guarantee near term investment performance, but my fellow directors and I do believe that they significantly improve the probability of a good investment experience, as has been the case in this troubled decade and over ASCoT's full 35 year history.

The Board welcomes Shareholders' views and questions, so please feel free to contact me at my e-mail address, which is set out below.

Richard Davidson
Chairman

28 July 2026

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Managers' Report

Performance

ASCoT performed well in the six months to 30 June 2026. Its net asset value total return was +5.5%. The return from the benchmark index, the DNSCI (XIC), was +1.8%. Larger companies, represented by the FTSE All-Share, were up by 7.2% in total return terms.

Investment background

The year started well for smaller companies. The November 2025 Budget was not as hostile to the UK's private sector as was feared. Both macro economic data and trading updates from companies indicated stronger activity in January and February. However, the encouraging start was brought to an abrupt halt in March by war in Iran. With a decline of 12% in March, the DNSCI (XIC) recorded its fifth worst month in ASCoT's 35 year history. The companies whose share prices suffered most tended to be those close to the UK housing market. In this, the stockmarket was mindful of Russia's invasion of Ukraine and anticipated that the inflationary pressure from higher oil prices would necessitate higher interest rates and renew the squeeze on household budgets.

As well as the threat of another inflationary jolt, UK equities had to contend with deeper political uncertainty. May's local government elections precipitated another change of Prime Minister. The drama played out in the gilt market more than in the equity market, as the premium paid on ten year gilt yields over ten year US bond yields returned to 2022 "mini Budget" levels. Ensuing commentary focused on the UK's economic and societal problems, but it is notable that the gilt yield premium had narrowed by 30 June and that sterling barely moved against both the dollar and the euro. Markets appear to have taken the view that the UK's fiscal situation limits the options for our next Prime Minister.

The other main feature of the period under review was the on-going investment boom in artificial intelligence (AI). The American technology titans continued to announce ever larger capital expenditure plans as they attempt to scale computing power to meet anticipated AI demand. Uncertainty about the funding of these ambitions was partially addressed in June when Alphabet announced a massive equity issue. This was followed by the initial public offering in SpaceX, the vast majority of whose $2 trillion valuation is attributable to its AI ventures.

Of course, most companies are not at the forefront of AI development. As the market focused on vulnerability to AI adoption more than on its efficiency benefits, many share prices came under pressure during the first half. Sectors such as software, estate agency, recruitment and insurance felt the effects. Exposure to these areas meant that AI was on balance a negative influence on the performance of the UK stockmarket's small and large companies during the first half of 2026.

Analysis of performance and portfolio characteristics

In the six months to 30 June 2026, ASCoT's net asset value total return was +5.5%. The DNSCI (XIC)'s was +1.8%. The table below analyses the difference between the two numbers. The most important influence on ASCoT's relative return was the total return performance of the companies that make up its portfolio of investments.

Managers' Report

For the six months ended 30 June 2026	Basis points
Attributable to the portfolio of investments, based on mid prices	**321**
(after transaction costs of 8 basis points)	
Movement in mid to bid price spread	7
Cash/gearing	57
Purchase of ordinary shares	30
Management fee	(35)
Other expenses	(4)
Total attribution based on bid prices	**376**

Note: 100 basis points = 1%. Total Attribution is the difference between the total return of the NAV and the Benchmark Index (i.e. NAV = 5.52%; Benchmark Index = 1.76%; difference is +3.76% being 376 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 2026.

	30 June 2026		30 June 2025	
Portfolio characteristics	**ASCoT**	**DNSCI (XIC)**	ASCoT	DNSCI(XIC)
Number of companies	**78**	**342**	79	343
Weighted average market capitalisation	**£610m**	**£1,233m**	£586m	£1,132m
Weighting in "smaller small" companies*	**50%**	**17%**	52%	20%
Weighting in companies with net cash**	**42%**	**32%**	32%	30%
Portfolio turnover over prior 12 months	**35%**	**n/a**	19%	n/a
Active share	**80%**	**n/a**	78%	n/a
Price earnings (PE) ratio (historical)	**11.5x**	**13.0x**	10.1x	14.9x
Dividend yield (historical)	**4.2%**	**3.2%**	4.0%	3.4%
Dividend cover (historical)	**2.1x**	**2.4x**	2.5x	2.0x

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

**Tracked Universe – explained below in the Balance Sheets section.

Themes in the first half of 2026

The investment background above addressed top-down influences on the stockmarket moves in the first half of 2026. These influences were modestly positive for ASCoT's performance as the following comments explain.

- *Artificial intelligence* on balance helped ASCoT's relative performance. The share prices of software companies, recruiters and media businesses, including those owned by ASCoT, weakened as AI concerns developed. However, this effect was outweighed by a strong performance from an investee company whose largest customers are manufacturers of equipment for the semiconductor industry. The Managers are working on non-holdings that have been victims of the AI excitement to determine whether these are now investment opportunities.

Managers' Report

- *Housebuilding*, including the housebuilders themselves and suppliers to the industry, was a significant drag on relative performance. The industry is confronted by demand uncertainty amid cost-of-living concerns and renewed cost inflation as higher energy prices feed through the supply chain. Valuations are now extremely low, with price-to-book ratios back to levels last seen in the global financial crisis.
- *Oil* exposure was a substantial boost to relative performance since ASCoT entered 2026 with a higher weighting than did the DNSCI (XIC). The motivation for this positioning was the extremely low valuations that the stockmarket attributed to oil and gas producers, despite their strong cash generation and willingness to pay dividends. There was little in the companies' valuations for the chance that geopolitical instability might lead to a higher oil price.

Size

ASCoT's portfolio retains a relatively high exposure to the "smaller small" companies within the DNSCI (XIC). At the end of June, the weighting was 50%, which was significantly greater than the index's 17%. The reason is the considerably lower valuations that the stockmarket attributes to its smaller constituents, which is demonstrated in the *Valuations* section later in this report.

This aspect of ASCoT's portfolio positioning means that investment performance is affected by the stockmarket's preference for larger or smaller companies in a given period. Over the long term, "smaller small" companies have out-performed "larger small" companies, just as the overall DNSCI (XIC) has out-performed the FTSE All-Share. In the first six months of 2026, "smaller small" companies slightly out-performed "larger small" companies and so ASCoT's size positioning helped investment performance.

Style

The Managers have consistently invested ASCoT's assets in accordance with their value investment philosophy. The stockmarket's appetite for value stocks is more volatile. To gauge 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.

Since the pandemic and over ASCoT's 35 year history, the DNSCI (XIC)'s value stocks have out-performed the index as a whole and so style has helped ASCoT's performance. In contrast, value stocks marginally under-performed during the first half of 2026. This meant that style, as measured by the LBS analysis, was a hindrance to ASCoT's investment return.

Balance sheets

The following table sets out the balance sheet profile of ASCoT's portfolio and of the Managers' Tracked Universe, which is a subset of the DNSCI (XIC). It represents 99% by value of the index as a whole and is made up of the 237 companies that the Managers follow closely.

Weight in companies with:	Net cash	Net debt/EBITDA < 2x	Net debt/EBITDA > 2x	Other*
Tracked Universe 2026	32%	41%	23%	4%
Portfolio 2026	42%	45%	12%	1%

*Includes loss-makers and lenders

Managers' Report

Small companies remain financially robust, but the stockmarket does not appear to be discriminating on the basis of balance sheet strength at present. This has seen ASCoT's exposure to companies with net cash on their balance sheets increase to more than 42%. Most of the exposure to higher leverage, of two times EBITDA and above, comes through businesses with asset backing, such as property and pub companies. The category also includes companies with depressed profitability or excessive debt, in which circumstances the Managers' level of engagement is particularly high.

The strength of balance sheets has supported further dividend growth and sustained the high incidence of share buy-backs. In the first half of 2026, 25 of ASCoT's investee companies took advantage of their attractive stockmarket valuations to buy back shares. 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.

Income

At 30 June 2026, the average historical dividend yield of ASCoT's 78 portfolio holdings was 4.2% and average dividend cover was 2.1x. The income experience in the first half of 2026 was positive. Excluding special dividends, ASCoT's dividend income rose by 6.6% year-on-year. The source of this growth was a combination of higher dividends paid by investee companies and portfolio management activity. The latter stems from "value roll", which is the Managers' term for the recycling of capital from companies with lower upside to target price (and therefore usually lower dividend yields) to companies with higher upsides (and therefore usually higher dividend yields).

Nil Player	Cutter	Unchanged Payer	Increased Payer	Returner
13	11	22	30	2

The table above categorises ASCoT's 78 holdings according to their most recent dividend actions. ASCoT's positive income experience was underpinned by the 30 companies that increased their dividends and by the two that recommenced dividend payments. ASCoT also received four special dividends from its holdings in the first half of 2026.

Corporate activity

Heightened takeover interest in small UK quoted companies continued in the first half of 2026, despite the uncertainties arising from the war in Iran. At the end of the period, there were eight recommended offers waiting to complete, of which three were for companies held by ASCoT. On top of these eight formal offers, seven companies had received approaches and remained in talks with potential acquirers. Of these, ASCoT had a holding in one.

The terms of the eight recommended deals are consistent with recent averages within the DNSCI (XIC). Over the past three years, the average premium to the share price has been 45%, while the average EV/EBITA has been 14.6x. This is well above the portfolio's 7.3x EV/EBITA ratio for 2026. As long as such low valuations prevail in the stockmarket, it is likely that M&A activity will continue at an elevated rate. However, the risk remains that boards of target companies are too ready to engage from a disadvantageous starting point. There were further instances of this in the first half of 2026 and the Managers again engaged to improve terms or to embolden the target board to pursue its standalone strategy. Such engagement is not always successful, but the motivation is always to improve investment returns for ASCoT and its Shareholders.

Managers' Report

A corollary of the low valuations that the stockmarket currently ascribes to small UK quoted companies is a continued paucity of initial public offerings. However, the Managers' opportunity base is expanding as three more companies announced moves up from AIM to the Main Market in the first half of 2026. ASCoT does not invest in AIM quoted companies except in limited circumstances, one of which is when an AIM company makes a public announcement of its intention to move up. Of the three promotions, ASCoT has holdings in one.

ASCoT's gearing

Gearing is an important tool available to investment trusts. ASCoT employs gearing tactically to take advantage of periods of stress in economies and financial markets. The most recent opportunity, the fourth in ASCoT's history, came amid the pandemic in early 2020 since when gearing has enhanced ASCoT's investment returns. Gearing remained in place at 30 June 2026 since the valuations of small UK quoted companies remain attractive. The gearing ratio was 5.4%, which was temporarily lower than the Managers' target owing to share price moves and portfolio management activity.

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 2026, it stood at 80%.

Value roll and portfolio turnover

Portfolio turnover is defined as the lower of purchases and sales divided by the average portfolio value. ASCoT's turnover in the first half of 2026 was 35%. This is in line with the long term 35 year average of 33%, but up markedly from the average of the past five years of 23%.

The higher rate of turnover in the first half is linked to the Managers' investment process and to ASCoT's good relative performance in the period. 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. This value roll has played an important role in ASCoT's capital and income returns over the years.

Portfolio categorisation

The table below splits the portfolio's 78 holdings into four categories. These categories correspond to how the Managers think about the portfolio and about how they prioritise engagement activity.

	Under review	Work in progress	Self-help	On track
Portfolio weight	2.3%	12.3%	58.2%	27.2%
Number of stocks	6	10	46	16
Total return 6 months to 30 June 2026	-32%	-5%	+4%	+37%
EV/EBITA 2026	13.4x	6.3x	7.4x	7.8x
Engagement intensity	High	High	Moderate	Normal

- *Work in progress* contains companies with an issue or problem that has hit the share price to an unjustified degree. Engagement with these companies is high as the Managers seek to understand the issue and how the board intends to address it.
- *Self-help* represents companies that have also had an issue but where a plan to address the issue is being executed. Over half of the portfolio sits here. This reflects the fact that most smaller companies are not at the mercy of macro economic conditions, but are resilient, well-managed and able to create value under their own steam. Engagement intensity here is elevated but lower than for *Work in progress*.
- *On track* contains companies whose previous issues have been addressed and are now trading as planned. Engagement continues but is at a normal level.
- *Under review* is for companies that have an issue, but, unlike *Work in progress*, the Managers have not yet been able to determine whether the problem has been adequately reflected in the share price. Engagement levels for this category are therefore high.
- With their contrarian approach to investment, the Managers are drawn to companies with resolvable issues, contending that value opportunities arise as the stockmarket tends to overreact. It follows that the vast majority of new holdings are within the *Work in progress* or *Self-help* categories. If the investment case pans out as envisaged, companies are likely to move to the right – from *Work in progress* through *Self-help* to *On track* – before leaving the portfolio. Once in *On track*, it is likely that the stockmarket values companies closer to the Managers’ target valuations and that these should become sources of capital.
- *Under review* only contains existing holdings, those where the original investment case has been blown off course. More often than not, the Managers’ research and engagement convince them to add to companies in this category. Indeed, some of ASCoT’s biggest winners over the years have slipped from one of the other categories into *Under review* before recovering and progressing rightwards.
- Moving through the categories from left to right, potential upside to target prices falls, though confidence in target prices rises. There is no strong pattern to the average EV/EBITA ratios. This is because the underlying business issues that determine the categorisation can often be reflected in depressed profitability. This is particularly the case for those companies in *Under review*.

Valuations

The historical price earnings ratios (PE) for the portfolio and for smaller companies were 11.5x and 13.0x respectively at 30 June 2026. Both ratios remain below their long term averages of 11.9x and 13.5x respectively. In contrast, the strong share price performance of large companies in recent years has pulled the historical PE of the FTSE All-Share up to 16.0x, which is above its long term average of 15.3x. The PE relative of small companies against large companies is now 0.81. This 19% discount compares with a long term average of 11%, which points to the potential re-rating available to ASCoT’s asset class.

The superior share price performance of larger companies is not unprecedented but is unusual. It is likely due to relative profit growth rates. Over time, small companies increase their profits at a higher rate than do large companies. However, in recent years, industries such as banking, mining and oil, which are big components of the FTSE All-Share but small components of the DNSCI (XIC), have enjoyed a period of good profit progression. At the same time, small companies have seen their profit growth hampered by their greater exposure to the domestic economy. Consequently, the usually higher profit growth of small companies has not been forthcoming. The Managers expect that normal service will be resumed since small companies remain fundamentally resilient and will benefit from a less uncertain economic backdrop. Moreover, it is unclear whether the industry-specific boosts to large company profit growth will repeat.

The table below turns to forward valuations for the portfolio and for the investment universe. It 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	2025	2026	2027
ASCoT's portfolio (78 stocks)	8.4x	7.3x	6.4x
Tracked Universe (237 stocks)	11.4x	10.5x	9.2x
- 33 Growth stocks	18.2x	16.6x	14.8x
- 204 Other stocks	10.6x	9.8x	8.6x
- 111 Overseas facing stocks*	11.2x	10.2x	8.7x
- 107 Domestic facing stocks*	11.0x	10.6x	9.6x
- 135 "Smaller small" stocks	8.5x	8.0x	7.0x
- 102 "Larger small" stocks	12.5x	11.4x	10.1x

*19 stocks within the Tracked Universe fell outwith the definition of overseas or domestic facing stocks and are not presented in the table above.

- The ratios decline over the three years shown. This is consistent with the Managers' expectation of profit growth and strengthening balance sheets, which reduces the enterprise value. The estimates underlying the ratios of 2026 and 2027 are vulnerable to revision as the impact of the Iran war feeds through to the domestic economy. So far, few companies have adjusted their outlooks to reflect this uncertainty.
- 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 similar to that of domestic facing companies (those with more than 60% of revenues in the UK). For much of the last ten years, domestic companies have had lower valuations, owing to the EU referendum and lockdown during the pandemic. However, the gap has closed as overseas earners have had to contend with the US tariffs and higher costs arising from the war in Iran. This has expanded the range of potential investments for the Managers.

- The "smaller small" companies within the DNSCI (XIC) remain more attractively valued than do the "larger smalls". This explains why ASCoT has a much higher exposure to the "smaller smalls" than does the DNSCI (XIC).
- Takeovers within the DNSCI (XIC) over the last three years were struck on average on a multiple of 14.6x. This compares with the portfolio's 2026 EV/EBITA of 7.3x.

Outlook and conclusion

Despite the oil price having declined sharply from its early April peak, it is difficult to have full confidence in the peace negotiations between the US and Iran. As long as peace does hold, pressure on economies and markets should ease. However, some damage will likely prove to have been done as the oil price spike feeds through to inflation rates and to monetary policy. For the UK, this means that interest rate cuts, which were widely expected before the onset of the Iran war, are now unlikely. Indeed, unchanged interest rates in 2026 would be a good outcome for near term economic activity.

The other main issue confronting the UK economy is domestic politics. Successive governments have implemented policies that have squeezed the private sector and undermined the UK's competitiveness. Policies on energy, land and labour have hampered economic growth and contributed to a higher cost of capital for companies, households and the government itself. This state of affairs influences today's remarkable combination of very strong private sector balance sheets and extremely depressed confidence. This combination points to the potential release of pent-up activity when economic conditions stabilise and politics turns more supportive of the private sector.

It seems improbable that government's role in the economy will diminish under Andy Burnham. However, it is to be hoped that his dirigiste tendencies are better focused and, with a more united Labour party behind him, can meet the growth ambitions espoused by his predecessor. He does, though, have only three years to prove himself and markets are likely already to be looking ahead to the next General Election in 2029. It is frustrating that none of the credible winners of that election seem inclined at this point to unwind the years of government encroachment on the private sector. However, it is encouraging that government's role in bringing the UK economy to this point is now being aired and debated more broadly.

Faced with unhelpful government policy and geopolitical shocks, the operational performance of small UK quoted companies has been remarkably good in recent years. The ramifications of the Iran war mean that profit progress in 2026 is likely to be modest. However, cash generation and balance sheets are strong. Most companies in 2025 invested for growth, with capital expenditure running ahead of depreciation, and many continue to return value to shareholders through growing dividends and share buy-backs. There is no indication that the potential profitability has been impinged by exogenous events and so it is reasonable to expect small companies to thrive amid more stable economic conditions. In the meantime, the scope for self-help among ASCoT's holdings is considerable, as set out in the categorisation analysis presented above.

Managers' Report

For now the resilience of small UK quoted companies is largely being overlooked in a financial world obsessed by AI. The on-going investment in AI and its enabling technologies is eclipsing the previous investment booms that have punctuated economic and stockmarket history. It is to be hoped that good returns will be earned on the investment, by users of the technology if not by those deploying the capital.

As those asset classes not deeply involved in AI vie for the attention of investors, there is some encouragement for small UK quoted companies. First, the impressive recent performance of the FTSE 100 shows that "Britishness" itself is not a barrier to broader interest from investors. Second, smaller companies are attracting the attention of overseas capital, albeit not yet in an extensive fashion. This sporadic interest is evident in both takeovers, which seem likely to continue at elevated rates, and in the on-going change of many share registers. The incoming investors are often based overseas and frequently share the Managers' constructive approach to engagement. They have been attracted by the valuation of the asset class and by the quality of the companies. This evolution of share registers from "weak hands" to "strong hands" highlights the opportunity and can itself contribute to a broad re-rating of the asset class in due course.

For now, the valuations of ASCoT's portfolio and of smaller companies are still below their long term averages. Such conditions raise the likelihood of good prospective investment returns. The outlook is improved by how the Managers invest ASCoT's capital. Three aspects stand out – the value investment philosophy, the active management of the portfolio through "value roll", and the discreet engagement with the boards of the investee companies. These features have contributed to ASCoT's superior relative returns over 35 years and seem no less relevant today.

Finally, as the Chairman's Statement describes, ASCoT benefits from being an investment trust. Portfolio returns can be enhanced for the benefit of Shareholders by judicious use of the capital allocation tools, such as gearing from the new £150m facility, share buy-backs and the smoothing of dividends. On top of these, it is clear that ASCoT's closed-end status is best suited to operating in a relatively illiquid asset class, taking significant stakes in holdings and supporting companies over time. The Managers are optimistic that ASCoT's structural and portfolio characteristics will generate future investment returns that are consistent with those achieved over the past 35 years.

Aberforth Partners LLP
Managers
28 July 2026

Investment Portfolio

Fifty Largest Investments as at 30 June 2026

No.	Company	Valuation £'000	% of Total Net Assets	% of Company Held[1]	Business Activity
1	XP Power	53,707	3.9	9.9	Power controls
2	CMC Markets	52,414	3.8	4.1	Financial derivatives trading platform
3	ZIGUP	45,523	3.3	4.4	Van rental
4	Vesuvius	43,939	3.2	4.0	Metal flow engineering
5	EnQuest	41,959	3.0	10.2	Oil and gas exploration and production
6	Ashmore Group	37,650	2.7	2.6	Investment manager
7	Rathbones Group	35,108	2.5	2.4	Wealth management
8	Halfords Group	35,053	2.5	6.9	Automotive and cycling products retailer
9	Wilmington Group	34,552	2.5	13.9	Business information and training
10	Marstons	33,992	2.4	10.5	Pub operator
	Top Ten Investments	**413,897**	**29.8**		
11	MONY Group	33,769	2.4	3.5	Price comparison websites
12	Morgan Advanced Materials	32,525	2.3	5.5	Manufacturer of carbon and ceramic materials
13	NCC Group	31,070	2.2	9.1	IT security
14	Sabre Insurance Group	29,708	2.1	7.0	Car insurance
15	Ecora Royalties	29,400	2.1	8.6	Natural resources royalties
16	Jupiter Fund Management	28,911	2.1	3.4	Investment manager
17	Domino's Pizza Group	27,801	2.0	4.0	Pizza franchisor
18	Conduit Holdings	26,736	1.9	3.6	Bermuda based reinsurer
19	Hilton Food Group	25,257	1.8	5.5	Food manufacturer
20	Rank Group	25,036	1.8	5.6	Multi-channel gaming operator
	Top Twenty Investments	**704,110**	**50.5**		
21	Capital	24,003	1.7	10.2	Mining services
22	Gamma Communications	23,719	1.7	3.1	Telecommunications services
23	Dialight	23,497	1.7	14.0	LED lighting products
24	Smiths News	23,409	1.7	13.4	Newspaper distribution
25	Galliford Try Holdings	22,337	1.6	4.2	Building and infrastructure contractor
26	FirstGroup	21,453	1.5	2.0	Bus and rail operator
27	C&C Group	20,697	1.5	6.0	Brewer and drinks distributor
28	Hollywood Bowl	20,478	1.5	4.4	Operator of bowling centres
29	Wetherspoon (JD)	19,909	1.5	2.7	Pub operator
30	Card Factory	19,839	1.4	8.6	Retailing - greetings cards
	Top Thirty Investments	**923,451**	**66.3**		

Investment Portfolio

Fifty Largest Investments as at 30 June 2026

No.	Company	Valuation £'000	% of Total Net Assets	% of Company Held[1]	Business Activity
31	DFS Furniture	18,981	1.4	5.9	Furniture retailer
32	Helical	18,882	1.4	8.1	London property developer
33	Foxtons Group	17,704	1.3	13.3	Estate agent
34	Castings	17,512	1.3	12.4	Engineering - castings manufacturer
35	City of London Investment Group	16,956	1.2	7.5	Investment manager
36	Brooks Macdonald Group	16,926	1.2	8.6	Wealth management
37	Forterra	16,793	1.2	6.0	Manufacturer of bricks
38	Greggs	16,393	1.2	1.0	Retailing - baked products and sandwiches
39	Pets at Home Group	15,889	1.1	2.0	Pet food, products and services retailer
40	Savills	15,857	1.1	1.3	Estate agent
	Top Forty Investments	**1,095,344**	**78.7**		
41	Reach	15,775	1.1	9.5	UK newspaper publisher
42	Videndum	15,560	1.1	9.3	Photographic and broadcast accessories
43	Bodycote	15,035	1.1	1.3	Engineering - heat treatment
44	Eurocell	14,946	1.1	13.7	Manufacturer of UPVC building products
45	Serica Energy	14,874	1.1	1.7	Oil and gas exploration and production
46	Breedon Group	14,768	1.1	1.4	Construction materials
47	PayPoint	13,892	1.0	4.0	Alternative payment services
48	Hostelworld Group	13,604	1.0	10.0	Hostel booking platform
49	WH Smith	13,187	0.9	2.2	Travel retailer
50	Crest Nicholson	12,896	0.9	6.9	Housebuilding
	Top Fifty Investments	**1,239,881**	**89.1**		
	Other Investments (28)	226,511	16.3		
	Total Investments	**1,466,392**	**105.4**		
	Net Creditors	(75,021)	(5.4)		
	Total Net Assets	**1,391,371**	**100.0**		

Investments are in Ordinary Shares unless otherwise stated.

[1]In addition to the 39 portfolio holdings of 3% or more of the investee company's share capital disclosed in the top fifty table above, which were valued at £1,020m, the Company's other investments included 19 other portfolio holdings of 3% or more, which were valued at £159m.

Long Term Investment Record

Historical Total Returns[1]

Period	Discrete Annual Returns (%) NAV[2]	Index[3]	Share Price[4]
1 year to 30 June 2026	7.2	7.1	10.0
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

Periods to 30 June 2026	Annualised Returns (%)			Cumulative Returns (%)		
	NAV[2]	Index[3]	Share Price[4]	NAV[2]	Index[3]	Share Price[4]
2 years	6.3	9.1	7.6	12.9	19.1	15.7
3 years	11.3	10.9	13.9	37.7	36.3	47.6
4 years	10.4	9.2	12.5	48.8	42.4	60.4
5 years	4.2	3.3	4.7	23.0	17.9	26.0
6 years	13.8	9.9	13.6	116.8	76.6	115.2
7 years	7.2	6.0	7.7	62.8	50.1	68.5
8 years	4.8	4.5	5.2	45.3	42.0	49.7
9 years	5.3	4.8	6.3	59.8	52.9	73.3
10 years	8.1	7.0	9.4	117.0	97.4	145.1
15 years	8.5	7.8	9.2	242.0	209.4	273.2
20 years	7.6	7.7	8.2	336.5	339.4	383.2
35.6 years from inception[5]	11.7	9.7	11.5	4,963.2	2,551.3	4,724.1

1 Alternative Performance Measures (refer to the glossary in the 2025 Annual Report).

2 Represents Net Asset Value return with dividends reinvested.

3 Represents the return on the DNSCI (XIC) with dividends reinvested.

4 Represents Ordinary Share price return with dividends reinvested.

5 Inception date of the Company was 10 December 1990.

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 and described within the 2025 Annual Report 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 2025 Annual Report. The Board has reviewed the principal risks and determined that cyber risk should now be included as a principal risk, reflecting the heightened global cyber threat. Cyber risk is considered a dynamic risk, with monitoring from the Board through oversight of the Managers' (and other service providers') cyber security controls via external control and due diligence reports and Board papers. Other than this addition, the principal risks and uncertainties continue to apply as disclosed in the 2025 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, with the next vote to take place at the March 2029 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
28 July 2026

Income Statement

(unaudited)

For the six months ended 30 June 2026

	Six months ended 30 June 2026			Six months ended 30 June 2025		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Realised net gains on sales	**–**	**40,803**	**40,803**	–	57,056	57,056
Movement in fair value	**–**	**7,015**	**7,015**	–	(651)	(651)
Net gains on investments	**–**	**47,818**	**47,818**	–	56,405	56,405
Investment income	**33,255**	**–**	**33,255**	30,034	–	30,034
Other income	**8**	**–**	**8**	47	–	47
Investment management fee (Note 2)	**(1,822)**	**(3,037)**	**(4,859)**	(1,789)	(2,981)	(4,770)
Portfolio transaction costs	**–**	**(1,125)**	**(1,125)**	–	(894)	(894)
Other expenses	**(546)**	**–**	**(546)**	(473)	–	(473)
Net return before finance costs and tax	**30,895**	**43,656**	**74,551**	27,819	52,530	80,349
Finance costs (Note 2)	**(913)**	**(1,522)**	**(2,435)**	(1,028)	(1,714)	(2,742)
Return on ordinary activities before tax	**29,982**	**42,134**	**72,116**	26,791	50,816	77,607
Tax on ordinary activities	**–**	**–**	**–**	–	–	–
Return attributable to equity shareholders	**29,982**	**42,134**	**72,116**	26,791	50,816	77,607
Returns per Ordinary Share (Note 4)	**38.43p**	**54.01p**	**92.44p**	32.64p	61.92p	94.56p

Dividends

On 28 July 2026, the Board declared an interim dividend for the year ending 31 December 2026 of 15.30p per Ordinary Share (2025 – 14.30p), which will be paid on 27 August 2026.

Income Statement

(continued)

	Year ended 31 December 2025 Revenue £'000	Capital £'000	Total £'000
Realised net gains on sales	–	96,000	96,000
Movement in fair value	–	(41,222)	(41,222)
Net gains on investments	–	54,778	54,778
Investment income	58,557	776	59,333
Other income	66	–	66
Investment management fee (Note 2)	(3,691)	(6,151)	(9,842)
Portfolio transaction costs	–	(2,591)	(2,591)
Other expenses	(980)	–	(980)
Net return before finance costs and tax	53,952	46,812	100,764
Finance costs (Note 2)	(1,698)	(2,831)	(4,529)
Return on ordinary activities before tax	52,254	43,981	96,235
Tax on ordinary activities	–	–	–
Return attributable to equity shareholders	52,254	43,981	96,235
Returns per Ordinary Share (Note 4)	64.02p	53.88p	117.90p

Reconciliation of Movements in Shareholders' Funds

(unaudited)

For the six months ended 30 June 2026

	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 2025	**797**	**191**	**–**	**1,276,211**	**114,517**	**1,391,716**
Return on ordinary activities after tax	**–**	**–**	**–**	**42,134**	**29,982**	**72,116**
Equity dividends paid (Note 3)	**–**	**–**	**–**	**–**	**(35,328)**	**(35,328)**
Purchase of Ordinary Shares (Note 7)	**(23)**	**23**	**–**	**(37,133)**	**–**	**(37,133)**
Balance as at 30 June 2026	**774**	**214**	**–**	**1,281,212**	**109,171**	**1,391,371**

For the year ended 31 December 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	–	–	–	43,981	52,254	96,235
Equity dividends paid (Note 3)	–	–	–	–	(41,591)	(41,591)
Purchase of Ordinary Shares (Note 7)	(41)	41	(30,469)	(29,776)	–	(60,245)
Balance as at 31 December 2025	797	191	–	1,276,211	114,517	1,391,716

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 (Note 3)	–	–	–	–	(29,960)	(29,960)
Purchase of Ordinary Shares (Note 7)	(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.

Balance Sheet

(unaudited)

As at 30 June 2026

	30 June 2026 £'000	31 December 2025 £'000	30 June 2025 £'000
Fixed assets			
Investments at fair value through profit or loss (Note 5)	**1,466,392**	1,457,871	1,479,851
Current assets			
Investment income receivable	**7,834**	3,921	3,410
Amounts due from brokers	**3,066**	–	4,764
Other debtors	**106**	89	104
Cash at bank	**4,902**	5,141	4,719
	15,908	9,151	12,997
Creditors (amounts falling due within one year)			
Amounts due to brokers	**(70)**	–	(4,746)
Bank debt facility (Note 2)	**–**	(74,973)	(73,940)
Other creditors	**(1,151)**	(333)	(540)
	(1,221)	(75,306)	(79,226)
Net current assets/(liabilities)	**14,687**	(66,155)	(66,229)
Total assets less current liabilities	**1,481,079**	1,391,716	1,413,622
Creditors (amounts falling due after more than one year)			
Bank debt facility (Note 2)	**(89,708)**	–	–
TOTAL NET ASSETS	**1,391,371**	1,391,716	1,413,622
CAPITAL AND RESERVES: EQUITY INTERESTS			
Share Capital			
Ordinary Shares	**774**	797	816
Reserves			
Capital redemption reserve	**214**	191	172
Special reserve (Note 8)	**–**	–	–
Capital reserve (Note 8)	**1,281,212**	1,276,211	1,311,949
Revenue reserve	**109,171**	114,517	100,685
TOTAL SHAREHOLDERS' FUNDS	**1,391,371**	1,391,716	1,413,622
Net asset value per share (Note 6)	**1,797.29p**	1,745.26p	1,731.97p

Cash Flow Statement

(unaudited)

For the six months ended 30 June 2026

	Six months ended 30 June 2026 £'000	Six months ended 30 June 2025 £'000	Year ended 31 December 2025 £'000
Net cash inflow from operating activities	**24,747**	24,451	47,451
Investing activities			
Purchases of investments	**(199,344)**	(112,510)	(369,470)
Sales of investments	**234,520**	185,422	461,056
Cash inflow from investing activities	**35,176**	72,912	91,586
Financing activities			
Purchases of Ordinary Shares (Note 7)	**(37,133)**	(31,342)	(60,245)
Equity dividends paid (Note 3)	**(35,328)**	(29,960)	(41,591)
Interest and fees paid	**(2,701)**	(2,691)	(4,409)
Gross drawdowns of bank debt facilities (before any costs)	**45,000**	45,000	95,000
Gross repayments of bank debt facilities (before any costs)	**(30,000)**	(75,000)	(124,000)
Cash (outflow) from financing activities	**(60,162)**	(93,993)	(135,245)
Change in cash during the period	**(239)**	3,370	3,792
Cash at the start of the period	**5,141**	1,349	1,349
Cash at the end of the period	**4,902**	4,719	5,141

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 2025 have been applied.

2. Investment Management Fee and Bank Borrowings

The Managers, Aberforth Partners LLP, receive an annual investment management fee, payable quarterly in advance, equal to 0.75% of net assets up to £1 billion, and 0.65% thereafter. As set out in the Chairman's Statement, an adjustment to the annual investment management fee arrangements was announced subsequent to the 30 June 2026 period end.

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.

As announced on 29 May 2026, the Company refinanced its existing three-year unsecured Facility Agreement with The Royal Bank of Scotland International Limited, increasing the available facility to £150 million. The new facility is due to expire on 15 June 2029.

3. Dividends

	Six months ended 30 June 2026 £'000	Six months ended 30 June 2025 £'000	Year ended 31 December 2025 £'000
Amounts recognised as distributions to eligible equity holders in the period:			
Final dividend of 30.00p for the year ended 31 December 2024	**–**	24,967	24,967
Special dividend of 6.00p for the year ended 31 December 2024	**–**	4,993	4,993
Interim dividend of 14.30p for the year ended 31 December 2025	**–**	–	11,631
Final dividend of 32.50p for the year ended 31 December 2025	**25,801**	–	–
Special dividend of 12.00p for the year ended 31 December 2025	**9,527**	–	–
	35,328	29,960	41,591

Notes to the Financial Statements

The interim dividend for the year ending 31 December 2026 of 15.30p (2025: 14.30p) will be paid on 27 August 2026 to shareholders on the register on 7 August 2026. The ex dividend date is 6 August 2026. The interim dividend has not been included as a liability in these financial statements.

4. Returns per Ordinary Share

The returns per Ordinary Share are based on the following.

	30 June 2026	30 June 2025	31 December 2025
Returns attributable to Ordinary Shareholders	**£72,116,000**	£77,607,000	£96,235,000
Weighted average number of shares in issue during the period	**78,017,330**	82,068,645	81,626,049
Returns per Ordinary Share	**92.44p**	94.56p	117.90p

There are no dilutive or potentially dilutive shares in issue.

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 2026	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Listed equities	**1,466,392**	**–**	**–**	**1,466,392**
Unlisted equities	**–**	**–**	**–**	**–**
Total financial asset investments	**1,466,392**	**–**	**–**	**1,466,392**

At 30 June 2025 and 31 December 2025, all investments were held at fair value through profit and loss and were classified as Level 1 and listed equities.

Notes to the Financial Statements

6. Net Asset Value per Ordinary Share

The Net Asset Value per Share and the Net Assets of the Ordinary Shares at the period end are calculated in accordance with their entitlements in the Articles of Association and were as follows.

	30 June 2026	31 December 2025	30 June 2025
Net Assets	**£1,391,371,000**	£1,391,716,000	£1,413,622,000
Number of Ordinary Shares in issue at end of period	**77,415,105**	79,742,605	81,619,105
Net Asset Value per Ordinary Share	**1,797.29p**	1,745.26p	1,731.97p

7. Share Capital

During the period, the Company bought back and cancelled 2,327,500 shares (2025: 2,205,500) at a cost of £37,133,000 (2025: £31,342,000). During the period 1 July to 28 July 2026, 294,500 shares were bought back for cancellation.

8. Special and Capital Reserves

As noted in the Company's Annual Report to 31 December 2025, during the period to 30 June 2025, 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 2025 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 2025 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 2025 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 2026 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.

Notes

Corporate Information

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Jaz Bains
Patricia Dimond
Victoria Stewart
Martin Warner

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