



# RIGHTS AND ISSUES INVESTMENT TRUST PLC

Half Yearly Financial Report

for the six months ended 30th June 2023



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## Investment Objective, Policy and Approach

The Company's objective is to exceed the benchmark index over the long term whilst managing risk.

The Company invests in equities with an emphasis on smaller companies. UK smaller companies will normally constitute at least 80% of the investment portfolio. UK smaller companies include both listed securities and those admitted to trading on the Alternative Investment Market ("AIM").

The investment portfolio will normally lie in the range of 80% to 100% of shareholders' funds with the remainder being held in cash.

In January 2021 the Board thoroughly reviewed the performance of the Company in the context of the investment objective, the investment policy and the continuation of the Company. The Directors unanimously supported the continuation for a minimum period of five years to 2026. The Directors continue to review the Company's performance against its Key Performance Indicators throughout the financial year.

## Financial Highlights

Financial Highlights for the six months to 30th June 2023

### Capital Performance

	30th June 2023	31st December 2022
Total assets less current liabilities (£'000)	137,081	140,783

### Ordinary Share Performance

	30th June 2023	31st December 2022	% change
Mid market price (p)	2,020.0	1,890.0	+6.9
Net asset value per share (p)	2,333.8	2,283.2	+2.2
FTSE All-Share Index	4,096.4	4,075.1	+0.5
Dividends per share (p)	11.75	40.0	
Discount to net asset value (%)*	13.5	17.2	
Ongoing charges ratio (%)*	0.8	0.5	

\*For definitions of the above Alternative Performance Measures please refer to the Glossary of Terms on page 23.

### Market Data

	30th June 2023
Issued share capital (Ordinary shares of 25p each)	5,873,611
Total investment return†	3.5%
Total shareholder return††	8.4%
Annualised dividend yield	2.0%

†Source: Jupiter, Morningstar

††Source: Trustnet

## Financial Calendar

Year end	31st December
Annual results announced	February
Annual General Meeting	March
Final dividend paid	March/April
Half year end	30th June
Half year results announced	July/August
Interim dividend paid	September

## Why consider Rights and Issues Investment Trust Plc?

### Outperformance from UK Smaller companies

The Company offers investors exposure to UK smaller companies, an asset class that has historically outperformed larger companies over the longer term. In the 10 years to 6th June 2023, the Numis UK Smaller Companies Index (ex-investment companies) delivered annualised returns of 6.3%. In contrast, the FTSE 100 Index would have delivered 5.8% over the same period.

### Opportunities for truly active managers

The Investment Manager believes that operating in the small to mid-sized part of the equity market offers the opportunity for well resourced, diligent research to generate insights that other market participants sometimes miss. It knows, for example, that smaller companies are generally less well researched by both sell-side and buy-side firms. It believes that by doing a lot of its bottom-up research in-house, for example through meeting management, visiting sites, and building its own financial models, it can gain an 'edge' over the wider market and exploit this to generate outperformance for shareholders.

### The Small and Midcap team

Jupiter's UK Small and Midcap ('SMID') team consists of eight investment professionals researching and investing in UK listed businesses outside the FTSE 100. Each member of the team has responsibility for researching specific industry sectors. The team manages £2.8bn of client funds in 12 portfolios across six investment strategies. (Source: Jupiter, as at 31st March 2023)

### Investment Process

The Investment Manager operates a blended top down and bottom-up approach to stock selection. It uses a macroeconomic framework which considers key UK and global economic indicators, which then determines its thematic and sectorial exposure over time.

Its stock selection process is embedded in fundamental bottom-up research of companies, utilising its own primary and third-party investment bank research to understand and assess the prospects for companies. The Investment Manager's stock selection process focuses on three factors that it believes are key to generating outperformance:

- **Sustainable above market growth**– it looks for businesses that it thinks can generate sustained growth above that of the wider market. These may be businesses aligned to secular change, those with strong intellectual property that can take market share or those with disruptive business models.
- **Scope for positive surprises**– it looks for businesses that have the potential to deliver consistent positive surprises to the market. In practice this often means companies that are consistently under-forecast by sell-side consensus.
- **Potential for re-rating**– it looks for businesses that appear to be fundamentally undervalued by the market and therefore have the scope to deliver returns ahead of their own growth.

Its best ideas often display aspects of all three of these elements. A business with strong fundamentals that is growing fast will often exceed anchored market expectations and earn a re-rating in the process.

## Why consider Rights and Issues Investment Trust Plc? *(continued)*

### **Continuation of long-term patient investment style**

A concentrated low turnover approach has been a hallmark of the Company over the years, and the team plans to continue in that tradition. The portfolio will remain concentrated, in the region of 20 to 30 stocks.

### **Focused portfolio of high conviction ideas**

The closed-ended structure of an investment trust brings the advantage of not having, as in an open-ended fund, daily flows of investor money. This means the portfolio can cope with greater volatility and lower liquidity in the shares it holds. It allows the Investment Manager to bring greater focus to bear. It can concentrate on a smaller number of its highest conviction ideas.

The Investment Manager will continue to invest in good companies that it can hold for the long term, aiming to generate value for shareholders over time – it will not be looking for short-term trading opportunities.

### **Balance of sector exposure and growth and value characteristics**

The Company has traditionally been run with a distinct skew towards certain sectors – for example industrial and engineering business. The team has broadened its exposure by adding investments in sectors which have tended to be under-represented, such as financial services. As well as helping to diversify the portfolio, this could help ensure that shareholders benefit from the sector-specific expertise it has in the team, by capturing the best ideas it has in each area.

## Chairman's Statement



### Market backdrop

Market conditions in the first six months of 2023 can probably be best described as weak and volatile; against the background of the devastating war in Ukraine, we have seen other geopolitical tensions emerge on a regular basis and we are frequently reminded that the path to recovery from the pandemic will not be simple. Whilst energy prices seem to be easing, the UK is facing a number of unique challenges not seen in other developed economies with borrowing costs at a 16 year high, record wage growth and persistently high core inflation.

### Net asset value and share price returns

Against this background, the Company's net asset value per share increased from 2283.2p to 2333.8p, an increase of 2.2% over the six-month period, compared with an 0.5% increase in the FTSE All Share index. Including dividends, the Company has delivered a total investment return of 3.5% for the period.

### Portfolio changes

Dan Nickols and Matt Cable, our portfolio managers at Jupiter, have made a number of significant changes to the Company's investment portfolio in terms of holdings and concentration since they were appointed, and in the last six months they added four new positions to the portfolio whilst disposing of the four 'tail' positions. The full details of the changes are provided in the Investment Manager's Review.

### Jupiter's appointment

Whilst it is still less than 12 months since the appointment of Jupiter as investment manager, the Board is pleased with the level of engagement with the managers and with the progress made in repositioning the portfolio. The first formal review of Jupiter's performance will take place during the Management Engagement Committee following the anniversary of their appointment on 3rd October 2022.

### Discount control

At 30th June 2023, the discount to net assets stood at 13.5%, an improvement from the 17.2% at year-end. That said, discounts across the sector continue to be volatile and on 26th July, being the latest practicable date prior to publication of this report, the Company's discount has widened to 16.6%. During the period, the Company bought back 292,378 shares for cancellation, which added an estimated 0.8% to net asset value per share.

Having discussed possible alternative discount management mechanisms, the Board has concluded that the continuation of the existing buyback arrangement for a period of 12 months will be in the best interests of shareholders, providing liquidity for those shareholders seeking to sell, whilst delivering a modest economic uplift to those shareholders wishing to remain invested. It is hoped that the Company's inclusion in the FTSE Russell Index, effective from 19th June, will similarly help improve liquidity.

### Share split

Conscious that shareholders were not able to vote on a resolution to approve a proposed 10:1 share split at this year's AGM, the Board has consulted with, and received feedback from, certain key shareholders and has concluded that, whilst the merits of such a scheme are unlikely to have universal support, it is appropriate to offer all shareholders a vote on this issue. Therefore, it intends to do so when most economically cost effective and this is likely to be at the 2024 AGM.

### Dividends

The Directors are equally conscious of the importance of income to shareholders and therefore the Company will be paying an interim dividend of 11.75p per share, an increase of 9.3%, payable to shareholders on 25th September 2023.

### Board succession

I was appointed to the Board in May 2011 and have now served for 12 years. Due to a change in my own personal circumstances I shall retire from the Board on 31st August 2023. Upon retirement I am delighted to report that Dr Andrew Hosty will become Chair; Andrew has been a director since July 2017 and brings a wealth of experience and knowledge to the position.

## Chairman's Statement (*continued*)

### **Outlook**

Inflation is proving more persistent than expected and interest rates will likely continue at higher levels for longer, dampening consumer confidence. Such macro-economic headwinds can impact upon share prices in the short term but fundamental value should be reflected across a longer timeframe as quality companies will deliver superior performance. The Company's long-term record is strong and the Directors believe Jupiter is well placed to continue to deliver the Board's successful high conviction strategy.

### **David M Best**

Chairman

1st August 2023

You can view or download copies of the Half Yearly and the Annual Reports from the Company's website at [www.jupiteram.com/rightsandissues](http://www.jupiteram.com/rightsandissues)

The Half Yearly Report will also be made available to shareholders and copies are available at the registered office of the Company on request.



## Investment Manager's Review

### Introduction

We are pleased to present our investment report for the first half of 2023 to shareholders of the Company. As mentioned in the Chairman's statement above it has been another period of heightened volatility in global markets, with the FTSE All-Share index ending the half broadly flat but experiencing significant gains and losses along the way. With that backdrop we are pleased to have generated a positive investment return for the period as well as strong shareholder returns as the Company's discount has narrowed. We have also made good progress in adjusting the structure of the portfolio in the way we highlighted in the annual report and as further discussed below.

### Market backdrop

The UK equity market enjoyed a strong start to the year as investors took the view that inflation was likely to moderate and central banks would therefore take a less hawkish approach to interest rates. As the outlook for inflation deteriorated through the half this view became less credible and markets gave up their earlier gains. In addition, the market had to digest the fallout from the collapse of Silicon Valley Bank in the US and the rescue of Credit Suisse in Switzerland.

While the direct effects of these developments on companies and earnings appear to be limited so far, the market seems to be increasingly convinced that a period of lower growth or even outright recession is likely in the UK.

### Performance

In the context of a weak and volatile market we are pleased that the Company has delivered a total investment return (NAV return with dividends added back of 2.1%) of 3.5% (Source: Jupiter, Morningstar) for the period. Furthermore, a narrowing of the Company's discount resulted in a total shareholder return (share price return with dividends added back of 6.6%) of 8.4% (Source: Trustnet).

Given the concentrated nature of the portfolio, investment performance is generally a consequence of stock selection. Over the period there were a number of positive and negative contributors to performance, including:

#### **Hill & Smith (+30%)**

As a provider of infrastructure-related products and services, Hill & Smith is well placed to benefit from increased government spending across its regions, in particular the USA. The market's anticipation of higher profits was confirmed in a trading statement in May which pointed to a stronger than expected outlook for the year.

#### **Renold (+31%)**

Manufacturer of industrial chains and transmissions, Renold experienced a period of strong trading and issued two positive trading statements during the half. In addition, rising interest rates are expected to help reduce Renold's pension deficit, which has previously been seen as a negative for the share price.

#### **Carr's Group (+24%)**

Following a period of significant change which saw Carr's dispose of its distribution business to focus on agricultural supplies and engineering, the market has taken a more positive view of the company's prospects. The shares were suspended for a time early in the year due to audit delays but have performed strongly since.

#### **Videndum (-34%)**

Manufacturer of products for the content creation markets, Videndum has seen significant levels of de-stocking in its retail-oriented channels and, more recently, weakness in professional markets resulting from the writers' strikes in Hollywood. While these issues are frustrating, we view both as ultimately transitory and are therefore retaining our holding in Videndum.

#### **Spirent (-40%)**

A recent addition to the portfolio (see below), Spirent is exposed to strong medium to long term growth drivers from the transition to newer mobile technologies (5G) and higher network data speeds. Unfortunately, these longer term trends have been interrupted by a period of caution among Spirent's customers which will result in lower short term growth. While this is negative for the share price in the near term, we remain positive on the longer-term opportunity.

## Investment Manager's Review (*continued*)

### **Portfolio changes**

In the last annual report we said that we planned to retain the Company's concentrated approach but reduce the proportion of the portfolio in the very largest positions. We also said that we wanted to introduce new holdings which would improve the portfolio's balance from a sector perspective.

At the start of the year the Company held positions in 22 stocks with the top five positions accounting for 50% of NAV and the top ten for 76%. On 30th June the Company held 21 stocks with the top five accounting for 41% of NAV and the top ten for 67%. While portfolio construction is always a dynamic process and further changes are likely, we are now broadly happy with the shape of the portfolio.

As part of the portfolio restructuring we have reduced the size of some of our largest positions. For example the largest position in the portfolio is now 10.6% of NAV, down from 12.6% at the start of the year. We have also disposed of some of the 'tail' of holdings with very low market capitalisations, including Titon Holdings (£8m market cap) and Coral Products (£14m market cap). We also sold the Company's tiny residual holding in Costain and some preference shares issued by Santander which we felt did not fit the Company's stated objectives. Finally, we disposed of the holding in Castings which we felt offered limited valuation upside.

We have added four new positions to the portfolio over the first half of the year.

### ***OSB Group (£2bn market cap)***

OSB is the UK's largest specialist buy-to-let mortgage lender. It benefits from a state-of-the-art lending platform, strong deposit base and a balance sheet free of legacy pre-financial crisis loans. OSB is very well capitalised and consistently generates excellent returns, allowing the company to return capital to shareholders through ordinary and special dividends as well as a share buy-back programme. As well as a compelling growth and valuation case, OSB brings exposure to financial services and UK consumer cyclicality, which was previously a significant underweight in the portfolio.

### ***Spirent (£1bn market cap)***

As referenced above, Spirent is a global provider of testing equipment and software for the telecommunications industry. Its structural growth drivers include the expansion of 5G technology and the ever-higher demands for speed in networks and data centres. Some short-term disruption to the 5G market, especially in the US, has resulted in a moderation to immediate growth expectations, but we see the long-term drivers as fully intact. Spirent is very well capitalised, with over \$200m of net cash on its balance sheet.

### ***Gresham Technologies (£118m market cap)***

Gresham is a software business tightly focussed on the market for advanced data reconciliation. Selling primarily into the financial services sector, Gresham addresses the ever-increasing need to fully reconcile large, complex datasets, often across multiple systems and in real time. This has allowed them to consistently take market share with their long-term subscription-based products around the world. We see the growth and valuation case as highly attractive and, along with Spirent (above), an important source of exposure to technology for the portfolio.

### ***Marshalls (£610m market cap)***

Marshalls is one of the UK's leading providers of heavy building materials such as blocks, stone and concrete roofing tiles. It sells into the new-build housing, commercial, infrastructure and repair and maintenance markets. The well publicised challenges in some of these markets in recent months have led to a significant decline in Marshalls' share price which we believe now represents a significant opportunity for long-term investors to invest in an excellent business at a very attractive valuation. The inherent uncertainty in timing the bottom of the cycle means we have started the holding at a modest position size, with a view to building it as the path of recovery becomes clearer.

## Investment Manager's Review (*continued*)

### **Summary and Outlook**

While inflation in the UK remains stubbornly high, it is hard to see a short-term catalyst to bring the market back into favour with investors. However the UK, and smaller companies in particular, remain very modestly valued compared to both international peers and their own history. Meanwhile economic conditions do not appear to be causing significant problems for companies beyond moderately weaker growth rates in the near term. As such, we see the current valuation environment as an opportunity for investors with a longer investment horizon and the patience to wait for the market to change.

We are pleased with progress on adjusting the shape of the portfolio and introducing a greater degree of sectoral balance. Over the coming months we will continue this process at a considered pace while looking for further opportunities to invest in good businesses at attractive valuations.

### **Dan Nickols**

Lead Manager

### **Matt Cable**

Fund Manager

1st August 2023

## Portfolio Statement

Details of the investments held within the portfolio as at 30th June 2023 are given below by market value:

	30th June 2023			31st December 2022		
	Holdings	Market Value £000's	% of Net Assets	Holdings	Market Value £000's	% of Net Assets
<b>UK Investments</b>						
Vp	2,450,000	14,333	10.46	2,450,000	16,170	11.49
Macfarlane	12,680,653	13,695	9.99	17,250,000	17,509	12.44
Colefax	1,605,000	11,636	8.49	1,606,500	9,639	6.85
Treatt	1,281,009	7,994	5.83	2,012,000	12,535	8.90
Hill & Smith	522,465	7,847	5.72	1,246,286	14,606	10.37
Renold	28,745,000	7,819	5.70	30,000,000	6,240	4.43
Telecom Plus	459,113	7,759	5.66	263,070	5,774	4.10
Gamma Communications	640,919	7,319	5.34	640,919	6,935	4.93
Alpha Group International	336,513	7,067	5.16	98,611	1,824	1.30
Carr's	4,750,000	6,840	4.99	4,750,000	5,629	4.00
OSB	1,401,694	6,725	4.91	–	–	–
Spirax-Sarco Engineering	59,668	6,182	4.51	94,415	10,022	7.12
IMI	292,263	4,790	3.49	292,263	3,764	2.67
Morgan Advanced Materials	1,500,000	4,110	3.00	1,500,000	4,718	3.35
RS	464,401	3,530	2.58	838,870	7,512	5.34
Eleco	4,520,781	3,481	2.54	4,520,781	3,029	2.15
Videndum	479,791	3,320	2.42	500,000	5,370	3.81
Gresham Technologies	2,360,303	3,186	2.32	–	–	–
Spirent Communications	1,322,052	2,163	1.58	–	–	–
Marshalls	780,016	1,877	1.37	–	–	–
Dyson	1,000,000	41	0.03	1,000,000	41	0.03
Castings*	–	–	–	400,000	1,384	0.98
Titon*	–	–	–	1,265,000	886	0.63
Santander UK 10.375% Non Cumulative Preferred*	–	–	–	400,000	540	0.38
Coral Products *	–	–	–	2,000,000	320	0.23
Costain*	–	–	–	41	–	–
<b>Total Investments</b>		<b>131,714</b>	<b>96.09</b>		<b>134,447</b>	<b>95.50</b>
<b>Net current assets</b>		<b>5,367</b>	<b>3.91</b>		<b>6,336</b>	<b>4.50</b>
<b>Net Assets</b>		<b>137,081</b>	<b>100.00</b>		<b>140,783</b>	<b>100.00</b>

Unless otherwise specified, the actual holdings are, in each case, of ordinary shares or stock units and of the nominal value for which listing has been granted.

\*Sold during the period to 30th June 2023.

## Risks and Uncertainties

### Principal risks

The principal and emerging risks and uncertainties that could have a material impact on the Company's performance have not changed from those set out on pages 22 and 23 of the Annual Report for the year ended 31st December 2022.

### Cautionary statement

This Half Yearly Report contains forward-looking statements that involve risk and uncertainty. These have been made by the Directors in good faith based on the information available to them at the time of their approval of this Report.

The Board is mindful of the continuing uncertain outlook for the global economy arising from the effects of the COVID-19 pandemic and, more recently, the conflict between Russia and Ukraine and significant increases in inflation. The Company's assets and the potential level of revenue derived from the portfolio remain exposed to macro-economic deteriorations. The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objectives and projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound.

## Directors' Statement of Responsibility for the Half Yearly Financial Report

The Directors are responsible for preparing the Half Yearly financial report in accordance with applicable law and regulations.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with UK adopted International Accounting Standard 34 "Interim Financial Reporting"; and
- the Half Yearly management report includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

This report was approved on 1st August 2023.

**David M Best**  
Chairman



(Image source: Shutterstock)

## Statement of Comprehensive Income

for the six months ended 30th June 2023

	Notes	Six months ended 30th June 2023			Six months ended 30th June 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Investment income</b>	2	<b>2,606</b>	–	<b>2,606</b>	<b>2,473</b>	–	<b>2,473</b>
Other operating income	2	40	–	40	1	–	1
Total income		2,646	–	2,646	2,474	–	2,474
Gains/(losses) through fair value		–	1,912	1,912	–	(43,713)	(43,713)
		2,646	1,912	4,558	2,474	(43,713)	(41,239)
<b>Expenses</b>							
Investment management fee		423	–	423	–	–	–
Other expenses		175	107	282	377	38	415
		598	107	705	377	38	415
<b>Profit/(loss) before tax</b>		<b>2,048</b>	<b>1,805</b>	<b>3,853</b>	<b>2,097</b>	<b>(43,751)</b>	<b>(41,654)</b>
Tax		–	–	–	–	–	–
<b>Profit/(loss) for the period</b>		<b>2,048</b>	<b>1,805</b>	<b>3,853</b>	<b>2,097</b>	<b>(43,751)</b>	<b>(41,654)</b>
<b>Earnings per share</b>							
<b>Return per Ordinary share</b>		<b>34.1p</b>	<b>30.1p</b>	<b>64.2p</b>	<b>28.9p</b>	<b>(603.0)p</b>	<b>(574.1)p</b>

	Notes	Year ended 31st December 2022		
		Revenue £'000	Capital £'000	Total £'000
<b>Investment income</b>	2	<b>3,633</b>	–	<b>3,633</b>
Other operating income	2	19	–	19
Total income		3,652	–	3,652
Gains/(losses) through fair value		–	(56,774)	(56,774)
		3,652	(56,774)	(53,122)
<b>Expenses</b>				
Investment management fee		175	–	175
Other expenses		767	181	948
		942	181	1,123
<b>Profit/(loss) before tax</b>		<b>2,710</b>	<b>(56,955)</b>	<b>(54,245)</b>
Tax		–	–	–
<b>Profit/(loss) for the period</b>		<b>2,710</b>	<b>(56,955)</b>	<b>(54,245)</b>
<b>Earnings per share</b>				
<b>Return per Ordinary share</b>		<b>38.9p</b>	<b>(818.2)p</b>	<b>(779.3)p</b>

Return per share is calculated using the weighted average number of Ordinary shares in issue during the period ended 30th June 2023 of 5,999,351 (30th June 2022: 7,255,868, 31st December 2022: 6,960,445).

## Statement of Comprehensive Income (*continued*)

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards as adopted by the UK. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement are those of the single entity and derive from continuing operations.

The gain for the period disclosed above represents the Company's total Comprehensive Income. The Company does not have any other Comprehensive Income.

An interim dividend of 11.75p (2022: 10.75p) per share and amounting to £682,555 (calculated as at 26th July 2023) (2022: £761,191) is payable on 25th September 2023 to shareholders on the register as at 25th August 2023 (ex-dividend 24th August 2023).

The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The information for the six months to 30th June 2023 has not been audited.

The information for the year ended 31st December 2022 has been extracted from the latest published audited accounts which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2) or (4) of the Companies Act 2006.



## Statement of Financial Position

as at 30th June 2023

	30th June 2023 £'000	30th June 2022 £'000	31st December 2022 £'000
<b>Non-current assets</b>			
Investments – fair value through profit or loss	131,714	162,608	134,447
	131,714	162,608	134,447
<b>Current assets</b>			
Other receivables	1,098	1,312	561
Cash and cash equivalents	4,755	11,156	6,039
	5,853	12,468	6,600
<b>Total assets</b>	<b>137,567</b>	<b>175,076</b>	<b>141,047</b>
<b>Current liabilities</b>			
Other payables	486	184	264
	486	184	264
<b>Total assets less current liabilities</b>	<b>137,081</b>	<b>174,892</b>	<b>140,783</b>
<b>Net assets</b>	<b>137,081</b>	<b>174,892</b>	<b>140,783</b>
<b>Equity attributable to equity holders</b>			
Called up share capital	1,468	1,786	1,542
Capital redemption reserve	787	469	713
Capital reserve	85,247	75,938	67,191
Revaluation reserve	46,993	94,246	69,032
Revenue reserve	2,586	2,453	2,305
<b>Total equity</b>	<b>137,081</b>	<b>174,892</b>	<b>140,783</b>
<b>Net asset value per share</b>			
Ordinary shares	2,333.8p	2,447.9p	2,283.2p

The number of Ordinary shares in issue as at 30th June 2023 was 5,873,611 (30th June 2022: 7,144,458, 31st December 2022: 6,165,989).

## Statement of Changes in Equity

for the six months ended 30th June 2023

	Share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
<b>For the six months ended 30th June 2023</b>						
Balance at 31st December 2022	1,542	713	67,191	69,032	2,305	140,783
Profit for the period	–	–	23,844	(22,039)	2,048	3,853
Total recognised income and expense	1,542	713	91,035	46,993	4,353	144,636
Ordinary shares bought back and cancelled	(74)	74	(5,788)	–	–	(5,788)
Dividends (Note 3)	–	–	–	–	(1,767)	(1,767)
<b>Balance at 30th June 2023</b>	<b>1,468</b>	<b>787</b>	<b>85,247</b>	<b>46,993</b>	<b>2,586</b>	<b>137,081</b>

	Share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
<b>For the six months ended 30th June 2022</b>						
Balance at 31st December 2021	1,842	413	81,410	137,959	2,108	223,732
Loss for the period	–	–	(38)	(43,713)	2,097	(41,654)
Total recognised income and expense	1,842	413	81,372	94,246	4,205	182,078
Ordinary shares bought back and cancelled	(56)	56	(5,434)	–	–	(5,434)
Dividends (Note 3)	–	–	–	–	(1,752)	(1,752)
<b>Balance at 30th June 2022</b>	<b>1,786</b>	<b>469</b>	<b>75,938</b>	<b>94,246</b>	<b>2,453</b>	<b>174,892</b>

	Share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
<b>For the year ended 31st December 2022</b>						
Balance at 31st December 2021	1,842	413	81,410	137,959	2,108	223,732
Loss for the year	–	–	11,972	(68,927)	2,710	(54,245)
Total recognised income and expense	1,842	413	93,382	69,032	4,818	169,487
Ordinary shares bought back and cancelled	(300)	300	(10,838)	–	–	(10,838)
Tender offer	–	–	(15,111)	–	–	(15,111)
Tender offer costs	–	–	(242)	–	–	(242)
Dividends (Note 3)	–	–	–	–	(2,513)	(2,513)
<b>Balance at 31st December 2022</b>	<b>1,542</b>	<b>713</b>	<b>67,191</b>	<b>69,032</b>	<b>2,305</b>	<b>140,783</b>

## Cash Flow Statement

for the six months ended 30th June 2023

	30th June 2023 £'000	30th June 2022 £'000	31st December 2022 £'000
<b>Cashflows from operating activities</b>			
Profit/(loss) before tax	3,853	(41,654)	(54,245)
Adjustments for:			
(Gains)/losses on investments	(1,912)	43,713	56,774
Purchases of investments	(25,309)	(9,924)	(24,439)
Proceeds on disposal of investments	29,954	–	29,615
Operating cash flows before movements in working capital	6,586	(7,865)	7,705
(Increase)/decrease in receivables	(537)	(671)	80
Increase in payables	222	117	197
<b>Net cash flows from operating activities</b>	<b>6,271</b>	<b>(8,419)</b>	<b>7,982</b>
<b>Cashflows from financing activities</b>			
Ordinary shares bought back and cancelled	(5,788)	(5,434)	(10,838)
Tender offer	–	–	(15,111)
Tender costs paid	–	–	(242)
Dividends paid	(1,767)	(1,752)	(2,513)
<b>Net cash used in financing activities</b>	<b>(7,555)</b>	<b>(7,186)</b>	<b>(28,704)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,284)</b>	<b>(15,605)</b>	<b>(20,722)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6,039</b>	<b>26,761</b>	<b>26,761</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,755</b>	<b>11,156</b>	<b>6,039</b>

## Notes to the Half Yearly Financial Report

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for the six months ended 30th June 2023

### 1. Accounting Standards

The half yearly financial statements for the period ended 30th June 2023 have been prepared in accordance with the Disclosure and Transparency Rules sourcebook of the Financial Conduct Authority and with the UK adopted International Accounting Standard 34 "Interim Financial Reporting". The accounting policies applied and methods of computation in this interim statement are consistent with those used in the Company's latest published annual financial statements.

#### Significant accounting policies

##### *a. Accounting convention*

The accounts are prepared under the historical cost basis, except for the measurement of fair value of investments.

##### *b. Adoption of new IFRS standards*

There have been minor amendments to IAS 16, 37 and 41 and IFRS 4, 7, 9 and 16 which were effective for annual periods beginning on or after 1st January 2022 and have not had any material impact on the accounts. Amendments to IAS 1 (Disclosure of Accounting Policies), IAS 8 (Definition of Accounting Estimates), IFRS 4 (Extension of IFRS 9 Deferral) and IFRS 17 (Insurance Contracts) are effective for annual periods beginning on or after 1st January 2023 and are not anticipated to have any material impact on the accounts.

##### *c. Income*

Dividend income is included in the financial statements on the ex-dividend date. All other income is included on an accruals basis.

##### *d. Expenses*

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- Expenses which are incidental to the acquisition of an investment are included within the cost of the investment.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

##### *e. Taxation*

The charge for taxation is based on the net revenue for the year. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. Investment trusts which have approval under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

##### *f. Dividends*

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by the shareholders.

##### *g. Cash and cash equivalents*

Cash comprises cash in hand and deposits payable on demand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash.

##### *h. Investments*

Investments are classified as fair value through profit or loss as the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or capital growth.

## Notes to the Half Yearly Financial Report (continued)

### for the six months ended 30th June 2023

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as “Gains or losses on investments held at fair value through profit or loss”. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

All investments, classified as fair value through profit or loss, are further categorised into the following fair value hierarchy:

Level 1 – Unadjusted prices quoted in active markets for identical assets and liabilities.

Level 2 – Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Having inputs for the asset or liability that are not based on observable data.

Investments traded on active stock exchange markets are valued at their fair value, which is determined by the quoted market bid price at the close of business at the statement of financial position date. Where trading in a security is suspended, the investment is valued at the Board’s estimate of its fair value.

Unquoted investments are valued by the Board at fair value using the International Private Equity and Venture Capital Valuation Guidelines.

### 2. Income

	30th June 2023 £'000	30th June 2022 £'000	31st December 2022 £'000
<b>Income from investments:</b>			
Franked investment income	2,606	2,473	3,633
Interest	40	1	19
<b>Total income</b>	<b>2,646</b>	<b>2,474</b>	<b>3,652</b>

### 3. Dividends

	30th June 2023 £'000	30th June 2022 £'000	31st December 2022 £'000
<b>Amounts recognised as distributions to equity holders in the relevant period:</b>			
Interim dividend for the year ended 31st December 2022 of 10.75p per share	–	–	761
Final dividend for the year ended 31st December 2022 of 29.25p per share (year ended 31st December 2021: 24.0p)	1,767	1,752	1,752
	1,767	1,752	2,513

	30th June 2023 £'000
Proposed interim dividend of 11.75p per share	683

This proposed interim dividend was approved by the Board on 1st August 2023, has been calculated based on shares in issue at 26th July 2023, being the latest practicable date prior to publication of this report and has not been included as a liability at 30th June 2023.

Notes to the Half Yearly Financial Report (*continued*)

for the six months ended 30th June 2023

## 4. Valuation of financial instruments

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 1 Investments, as set out in the Company's Annual Report and Financial Statements for the year ended 31st December 2022.

The fair value hierarchy has the following levels:

Level 1 – Unadjusted prices quoted in active markets for identical assets and liabilities.

Level 2 – Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3 – Having inputs for the asset or liability that are not based on observable data.

30th June 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
UK Equity Listed	94,351	–	–	94,351
AIM traded stocks	37,322	–	–	37,322
Unlisted stock	–	41	–	41
<b>Net fair value</b>	<b>131,673</b>	<b>41</b>	<b>–</b>	<b>131,714</b>

30th June 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
UK Equity Listed	135,871	–	–	135,871
AIM traded stocks	26,735	–	–	26,735
Unlisted stock	–	2	–	2
<b>Net fair value</b>	<b>162,606</b>	<b>2</b>	<b>–</b>	<b>162,608</b>

31st December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
UK Equity Listed	105,533	–	–	105,533
AIM traded stocks	28,873	–	–	28,873
Unlisted stock	–	41	–	41
<b>Net fair value</b>	<b>134,406</b>	<b>41</b>	<b>–</b>	<b>134,447</b>

There were no transfers between Level 1 and Level 2 during the periods.

## Notes to the Half Yearly Financial Report (*continued*)

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for the six months ended 30th June 2023

### 5. Related Party Transactions

Under IAS 24, the Directors have been identified as related parties. Their fees and interests for the year ended 31st December 2022 have been disclosed in the Directors' Annual Remuneration Report within the 2022 Annual Report and Financial Statements.

### 6. Going Concern

The Company's assets comprise mainly realisable equity securities and cash and the value of its assets is greater than its liabilities. Additionally, after reviewing the Company's budget, including the current financial resources and projected expenses for the next twelve months and its medium-term plans, the Directors believe that the Company's resources are adequate to continue in business for the foreseeable future.

Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 31st December 2022.

## Company Information

### DIRECTORS

D. M. BEST (Chairman)  
 Dr A. J. HOSTY  
 S. J. B. KNOTT  
 J. B. ROPER  
 M. H. VAUGHAN

### REGISTERED OFFICE

Hamilton Centre  
 Rodney Way  
 Chelmsford CMI 3BY

### WEBSITE

[www.jupiteram.com/rightsandissues](http://www.jupiteram.com/rightsandissues)

### INVESTMENT MANAGER/ALTERNATIVE INVESTMENT FUND MANAGER

JUPITER UNIT TRUST MANAGERS LIMITED  
 The Zig Zag Building  
 70 Victoria Street  
 London SW1E 6SQ  
[investmentcompanies@jupiteram.com](mailto:investmentcompanies@jupiteram.com)

### SECRETARY/ADMINISTRATOR

APEX FUND ADMINISTRATION SERVICES (UK) LIMITED  
 (FORMERLY MAITLAND ADMINISTRATION SERVICES LTD)  
 Hamilton Centre  
 Rodney Way  
 Chelmsford CMI 3BY

### SOLICITORS

EVERSHEDS SUTHERLAND  
 1 Wood Street  
 London EC2V 7WS

### AUDITOR

BEGBIES  
 9 Bonhill Street  
 London EC2A 4DJ

### REGISTRARS

LINK GROUP  
 Central Square  
 29 Wellington Street  
 Leeds LS1 4DL

### BROKERS

FINNCAP LIMITED  
 One Bartholomew Close  
 London EC1A 7BL

### CUSTODIAN/DEPOSITORY

NORTHERN TRUST COMPANY  
 50 Bank Street  
 Canary Wharf  
 London E14 5NT

## Registration Details

Company Registration Number:	00736898 (Registered in England)
SEDOL number:	0739207
ISIN number:	GB0007392078
London Stock Exchange (EPIC) Code:	RIII
Global Intermediary Identification Number (GIIN):	I2ZVNY.99999.SL.826
Legal Entity Identifier (LEI):	2138002AWAM93Z6BP574



## Glossary of Terms

### Alternative performance measures

The European Securities and Markets Authority ('ESMA') published its guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.' The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following APMs (indicated by \*) are used throughout the annual report, financial statements and notes to the financial statements.

### Annualised dividend yield

The annualised dividend yield is the amount paid to shareholders in the form of dividends (pence per share) as a percentage of the current price.

### Discount\*

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

### Discount management

Discount management is the process of the buyback and issue of Company shares by the Company with the intention of managing any imbalance between supply and demand for the Company's shares and thereby the market price. The aim is to ensure that, in normal market conditions, the market price of the Company's shares will not materially vary from its NAV per share. The authority to repurchase the Company's shares is voted upon by the shareholders at each annual general meeting.

### Mid market price

The mid-market price is the mid-point between the buy and the sell prices.

### NAV per share

The net asset value ('NAV') is the value of the investment Company's assets less its liabilities. The NAV per share is the NAV divided by the number of shares in issue. The difference between the NAV per share and the share price may be referred to as the discount or premium, as defined within this glossary.

### Ongoing charges\*

Ongoing charges are the total expenses including both the investment management fee and other costs, as a percentage of average NAV.

### Premium\*

The amount, expressed as a percentage, by which the share price is more than the net asset value per share. The Company's shares were trading at a discount as at 30th June 2023.

### Smaller company

A smaller company is defined as a company which has a market capitalisation smaller than the market capitalisation of the 100th company of the FTSE 100.



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