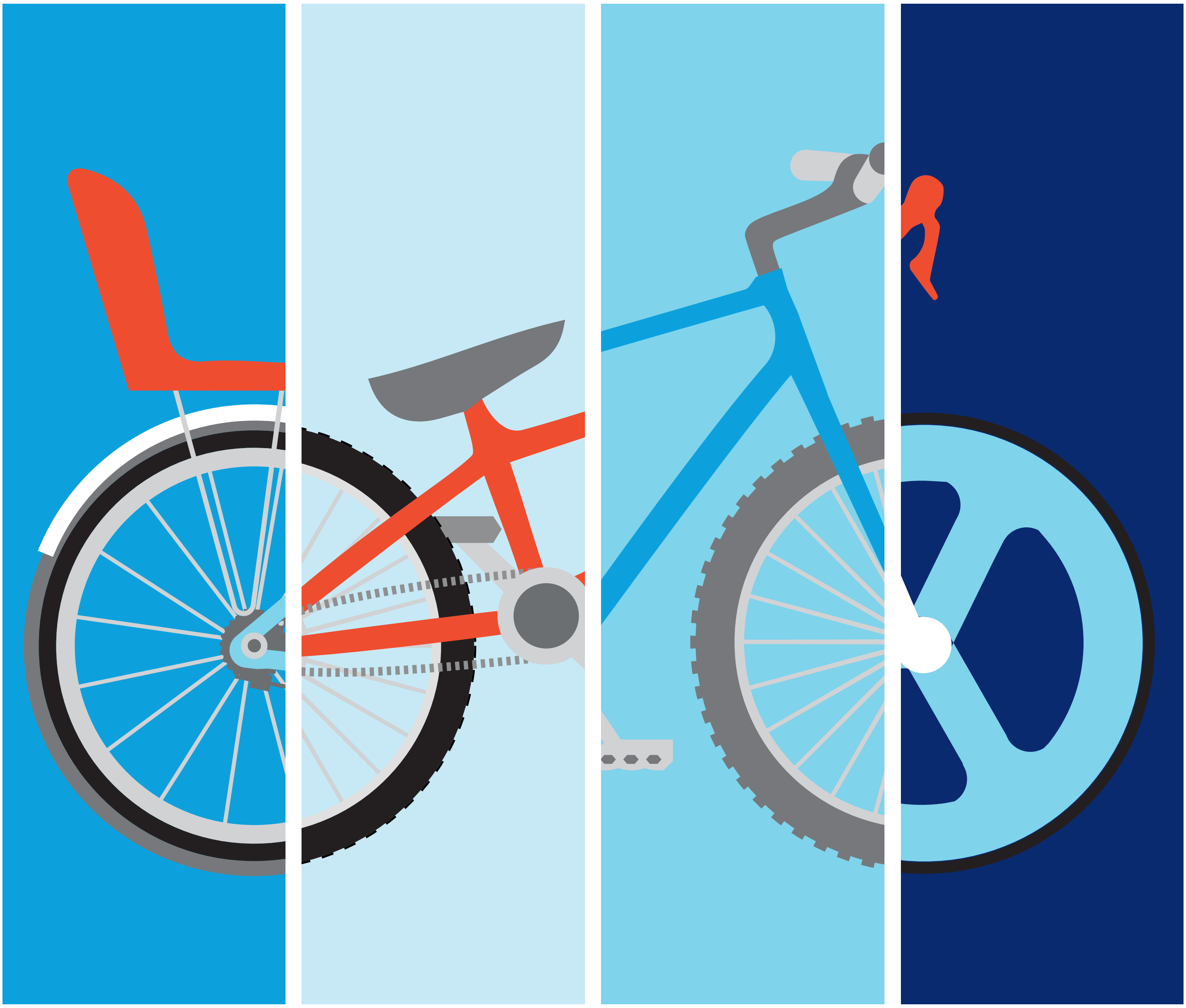
Invesco

Annual Financial Report
for the year ended
31 May 2023

INVESCO SELECT TRUST PLC

An investment trust for changing times



The Company

The Company's investment objective is to provide shareholders with a choice of investment strategies and policies, each intended to generate attractive risk-adjusted returns.

The Company's share capital comprises four share classes: UK Equity Shares, Global Equity Income Shares, Balanced Risk Allocation Shares and Managed Liquidity Shares, each of which has its own separate portfolio of assets and attributable liabilities.

The investment objectives and policies of each of the portfolios are set out on pages 44 to 46.

The Company enables shareholders to adjust their asset allocation to reflect their views of prevailing market conditions by means of an opportunity to convert between share classes, free of UK capital gains tax, every three months.

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The Company in Brief

Nature of the Company

Invesco Select Trust plc (the 'Company'), is a public listed Investment Company whose shares are traded on the London Stock Exchange. The business of the Company is to invest shareholders' funds with the aim of spreading investment risk and generating returns for shareholders. The Company has an indefinite life and is intended as a long-term investment vehicle.

The Company provides shareholders with a choice of investment policies and objectives, each intended to generate attractive risk-adjusted returns from segregated portfolios.

The Company's share capital comprises the following four share classes, each of which has its own separate portfolio of assets and liabilities:

- UK Equity Share Portfolio
- Global Equity Income Share Portfolio
- Balanced Risk Allocation Share Portfolio
- Managed Liquidity Share Portfolio

Each share class has a separate web page that can be accessed via the Manager's website at **www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html**.

Investment Policy

The Company's Investment Policy, which includes objectives, policies, risks and investment limits for the Company and the separate portfolios, is disclosed in full on pages 44 to 46.

Borrowings and Gearing

The two equity portfolios may use bank borrowings, the proceeds from which can be invested, gearing up exposure to the stock market with the aim of enhancing returns to shareholders. The Balanced Risk Allocation Portfolio is geared by means of the financial derivative instruments used to implement its investment policy.

Business Model

The Company has contracted with an external investment manager, Invesco Fund Managers Limited (the 'Manager'), to manage its investments and for the Company's general administration. Other administrative functions are contracted to external service providers. The Company has a Board of non-executive directors who oversee and monitor the activities of the Manager and other service providers on behalf of shareholders and ensure that the investment policy is adhered to. The Company has no employees.

Share Class Conversion

The Company enables shareholders to alter their asset allocation to reflect their views of prevailing markets through the opportunity to convert between share classes every three months, on or around 1 February, 1 May, 1 August and 1 November each year.

Notice from a shareholder to convert any class of share on any conversion date will be accepted up to ten days prior to the relevant conversion date. Forms for conversion are available on the web pages of all the share classes on the Manager's website and from the Company Secretary. Conversion from one class of shares into another will be on the basis of a ratio derived from the prevailing underlying net asset value of each class of relevant share, calculated shortly before the date of conversion.

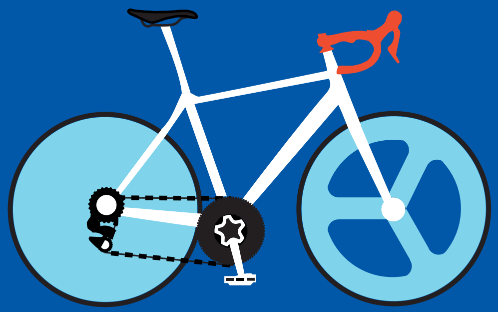
The Directors have been advised that conversion of one class of share into another will not be treated as a disposal for the purposes of UK Capital Gains Tax.

The Company's four share classes are each eligible for investment in an ISA and qualify to be considered as mainstream investment products suitable for promotion to retail investors.

An Investment Trust for Changing Times

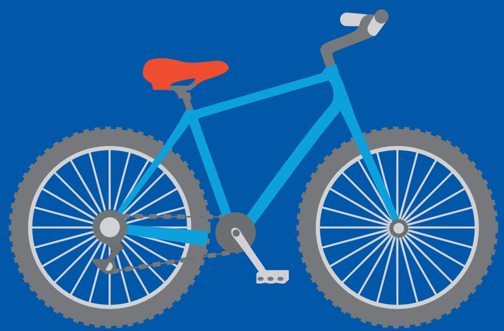
With four portfolios...

If you are looking to gain exposure to a wide range of asset classes and markets, from the home shores of the UK to wider global markets, the Invesco Select Trust plc offers just that opportunity.



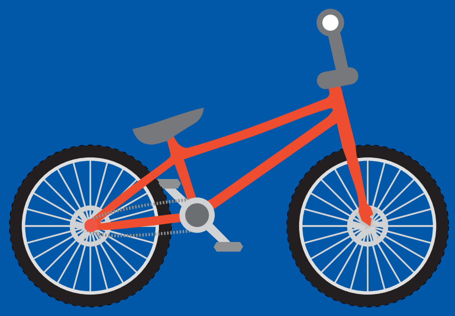
...when life changes...

Its four independently managed share portfolios – UK Equity, Global Equity Income, Balanced Risk Allocation and Managed Liquidity – offer a range of objectives and differing investment strategies.



...you can change investments.

As markets, or your circumstances change, you can switch money between the portfolios – we offer you four opportunities a year, once a quarter, to do this without triggering a potential event for capital gains tax.



Swap between portfolios once a quarter.

The Company's capital structure allows for quarterly conversions between these share portfolios, enabling shareholders to react to changing market conditions if desired.

1

Strategy

Financial Performance

Capital Statistics – Company Level

At 31 May	2023	2022	change %
Net Assets (£'000)	199,739	214,421	-6.8%

Revenue Statistics – Company Level

Year ended 31 May	2023	2022
Net revenue return after taxation for the financial year (£'000)	5,994	5,937
Net capital return after taxation for the financial year (£'000)	(5,664)	8,828
Net total return after taxation for the financial year (£'000)	330	14,765

Cumulative Portfolio Total Returns(1)(2)

To 31 May 2023

UK Equity Share Portfolio	One Year	Three Years	Five Years
Net Asset Value	-2.6%	39.9%	16.7%
Share Price	-4.7%	29.2%	4.9%
FTSE All-Share Index	0.4%	33.9%	15.2%

Global Equity Income Share Portfolio	One Year	Three Years	Five Years
Net Asset Value	9.8%	63.0%	50.6%
Share Price	4.6%	44.8%	35.9%
MSCI World Index (£)	3.8%	36.3%	56.2%

Balanced Risk Allocation Share Portfolio	One Year	Three Years	Five Years
Net Asset Value	-11.4%	11.4%	5.0%
Share Price	-14.3%	2.7%	-5.0%
Composite Benchmark Index(3)	-17.1%	-19.1%	-8.8%
ICE BoA Merrill Lynch 3 month LIBOR plus 5% per annum	7.5%	17.7%	29.4%

Managed Liquidity Share Portfolio	One Year	Three Years	Five Years
Net Asset Value	3.5%	6.9%	9.5%
Share Price	-5.2%	-8.5%	-7.6%

Year end Net Asset Value, Share Price and Discount

Share Class	Net Asset Value (pence)	Share Price (pence)	Premium/ (Discount)
UK Equity	182.11	159.50	(12.4)%
Global Equity Income	265.53	232.00	(12.6)%
Balanced Risk Allocation	149.56	131.50	(12.1)%
Managed Liquidity	109.51	91.00	(16.9)%

(1) Alternative Performance Measure (APM). See Glossary of Terms and Alternative Performance Measures on pages 116 to 119 of the financial report for details of the explanation and reconciliations of APMs.

(2) Source: Refinitiv/Bloomberg.

(3) With effect from 1 June 2021, the benchmark adopted by the Balanced Risk Allocation Portfolio is comprised of 50% 30-year UK Gilts Index, 25% GBP hedged MSCI World Index (net) and 25% GBP hedged S&P Goldman Sachs Commodity Index. Prior to this, the benchmark was ICE BoA Merrill Lynch 3 month LIBOR plus 5% per annum. Accordingly, both the new and old benchmark are shown.

Chairman's Statement

Highlights

- The Global Equity Income Share Portfolio and the Managed Liquidity Share Portfolio delivered positive NAV performance over the period, with the Global Equity Income and Balanced Risk Allocation Share Portfolios outperforming their respective benchmark indices.
- Dividends per UK Equity Share and Global Equity Income Share rose to 7.05p and 7.20p respectively. A dividend of 1.00p was maintained per Managed Liquidity Share and a first dividend in respect of the Balanced Risk Allocation Shares of 1.00p was also paid.
- Updated Dividend Policy announced post year-end.
- Net assets in the Global Equity Income Share Portfolio increased to £66.7 million, with net conversions into that portfolio.
- Cancellation of the UK Equity and Balanced Risk Allocation Share Premium accounts completed, freeing up circa £123 million of reserves.
- Winterflood Securities Limited appointed as new corporate brokers.

The Company

Your Company's investment objective is to provide shareholders with a choice of investment strategies and policies, each intended to generate attractive risk-adjusted returns.

Your Company's share capital comprises four share classes: UK Equity Shares, Global Equity Income Shares, Balanced Risk Allocation Shares and Managed Liquidity Shares, each of which has its own separate portfolio of assets and attributable liabilities.

The investment objectives and policies of each of the portfolios are set out on pages 44 to 46.

Your Company's structure enables shareholders to adjust asset allocation to reflect their views of the prevailing market outlook. As set out on page 2, shareholders have the opportunity to convert between share classes, free of capital gains tax, every three months. With the personal allowance for Capital Gains Tax being reduced for this current tax year to £6,000, this unique structure allows investors to change their allocation without triggering an event for the purposes of Capital Gains Tax.

Market Background

As I consider the market backdrop over the past year and into the future, I reflect on the key points within the outlook I provided in your Company's last Annual Report. In that outlook, I noted that we continue to be in uncertain times. At that point in the UK, there was debate and concern around inflation, with members of the MPC split on interest rate rises, whilst echoes of concern over a Covid-19 resurgence were stalling hopes of global economic recovery. Much has changed, yet so much remains the same.

As feared in my last commentary, an early resolution to the conflict in Ukraine was not forthcoming and, despite Western and NATO support, shows no sign of resolution.

Global supply chains have returned to some normality and as a consequence, in developed markets, the momentum of increasing inflation appears to be weakening. Forward looking indicators suggest that inflation is likely to moderate, as it has already in the US where it is on a downward trajectory. Central banks are walking an interest rate tight-rope, as they balance inflation control with maintaining economic growth. In Emerging Markets, the inflation picture is mixed with a chance of China going into deflation and inflation levels improving elsewhere.

Active management allows us to be agile in responding to changing market conditions and seizing potential alpha-generating opportunities. We believe that the skillful selection of investments, combined with prudent risk management, will enable us to navigate through market fluctuations and deliver superior returns over the long term.

Performance

The UK Equity Share Portfolio has been jointly managed by Ciaran Mallon and James Goldstone over the period. Disappointingly the portfolio saw negative NAV total return performance during the year, underperforming the benchmark by 3.0%. The NAV total return of the UK Equity Share Portfolio over the year was -2.6%, which compares with the total return of 0.4% from the FTSE All-Share Index. The share price total return was -4.7%. Market sentiment was dominated by the impact of sharply increasing inflation and resulting interest rate rises, with the Bank of England increasing rates eight times during the year from 1% to 4.5%. Portfolio performance was mixed, with positive performance relative to the benchmark in three sectors, including strong performance in healthcare and energy stocks and with a number of sectors detracting from overall performance, including basic materials.

The Global Equity Income Portfolio, managed by Stephen Anness, saw positive NAV total return performance, outperforming the benchmark total return by 6.0%. The NAV total return of the Global Equity Income Share Portfolio over the year was 9.8%, which compares to the total return from the MSCI World Index (£) of 3.8%. The share price total return was 4.6%. Globally, market sentiment has similarly been dominated by concerns around rising inflation and the impact on economies of central bank actions in raising rates in order to bring inflation back under control. Against this backdrop the portfolio remained committed to strong stock selection rather than being focused on the broader topics of sector over or under weight allocations, geographic or macro-economic trend forecasting.

The Balanced Risk Allocation Portfolio, by its very nature, has a combination of equities, bonds and commodities exposures. It is managed by Invesco's Global Asset Allocation Team, based in Atlanta. During the period under review, the NAV total return of the Balanced Risk Allocation Share Portfolio was -11.4%, which outperformed the total return from its composite benchmark, which was down by -17.1%, by 5.7%. The share price total return was -14.3%. The portfolio's performance over the period was challenged by the environment of higher inflation and widespread interest rate hikes, with each asset class struggling against declines across commodities, equities and bonds. Tactical allocation was also difficult, with inconsistent returns making positioning in each asset class problematic.

The NAV total return on the Managed Liquidity Portfolio, managed by Derek Steeden, was 3.5%. The share price total return was –5.2%. The portfolio's very short duration helped protect from falls experienced in the wider bond market as a result of interest rates rising faster than expected. As I stressed in my statement last year, it is important to note that although this share class has a lower risk profile than the Company's other three share classes, it is not designed to be a cash fund, and as such is not without risk to capital.

Gearing

The UK Equity and Global Equity Income Portfolios are able to employ gearing by means of a bank loan facility. Your Board has again renewed this facility at a level of £40 million to allow the Portfolio Managers to employ gearing, if desired, across the two equity portfolios. The Portfolio Managers use this facility tactically and actively, increasing or reducing the level to take advantage of market opportunities. The gross gearing level on the UK Equity Share Portfolio ended the year at 7.7% and the Global Equity Income Portfolio had no gearing at the year-end.

Dividends and Dividend Policy

We have continued to apply the dividend policy adopted six years ago, and supported by shareholder advisory votes, whereby for both UK Equity and Global Equity Income Shares, dividends are paid by way of three equal interim dividends declared in July, October and January with a 'wrap-up' fourth interim declared in April. For the year under review the first three dividends declared for the UK Equity Shares were 1.50p per share and for the Global Equity Income Shares 1.55p per share. The fourth interim dividends were 2.55p per share for the UK Equity Shares, bringing the total to 7.05p per share for the year (2022: 6.70p), and 2.55p per share for the Global Equity Income Shares, bringing that total to 7.20p (2022: 7.15p) per share for the year.

Your Company's dividend policy permits the payment of dividends in all four portfolios from capital. With the total income of your Company increasing to £7.40 million (2022: £6.99 million) the contribution from capital required for the Company's dividends to meet the Board's target level was reduced from 2022 levels. For the Global Equity Income Shares a contribution from capital of approximately 2.00p per share was required to achieve the dividend level (2022: 2.30p per share). For the UK Equity Shares a contribution from capital of approximately 0.65p per share was required to achieve the dividend level (2022: 0.70p per share).

The Board intends to continue with the policy of a partial augmentation from capital where appropriate and, as we have updated the dividend policy for those share classes for the current financial year, UK Equity and Global Equity Income shareholders are again being given advisory votes on it. We did not set dividend targets for the year ended 31 May 2023 due to the uncertainty of income flows as a result of the pandemic.

For the year under review the Board declared one interim dividend of 1.00p for the Managed Liquidity Shares (2022: 1.00p). The Board has also declared an interim dividend for the year ended 31 May 2024, payable as noted above, of 1.00p per share for Managed Liquidity Shares. This dividend is payable from current year revenue. Given the quantum involved it is unlikely that such payments will be more frequent than annually and may indeed be less frequent.

For the year under review the Board also declared one interim dividend of 1.00p for the Balanced Risk Allocation Shares (2022: nil). The Board had not previously declared a dividend for the Balanced Risk Allocation Shares. Additionally, the Board declared an interim dividend for the year ended 31 May 2024, payable as noted above, of 1.00p per share for the Balanced Risk Allocation Shares and, in expectation of higher levels of income being received by the Portfolio, a special dividend of 2.00p per share. It continues to be the case that in order to maximise the capital return on the Balanced Risk Allocation Shares, the Directors only intend to declare dividends on this share class annually, when the level of income allows, and dividends may be paid less frequently.

The first interim dividends declared in respect of the year to May 2024, which will be paid on 15 August 2023 to shareholders on the register on 21 July 2023, were 1.60p per share for UK Equity Shares, 1.60p per share for Global Equity Income Shares, 1.00p per share for Balanced Risk Allocation Shares and a special dividend of 2.00p, (making a total of 3.00p), and 1.00p per share for Managed Liquidity Shares.

For the year ending 31 May 2024, the Board will target at least maintaining the dividend level from year to year for each of the UK Equity and Global Equity Income Shares. Depending on the level of income received in the relevant quarters, the quarterly dividends for each share class may be enhanced with contributions from capital. Typically, the first three interim dividends will be equal in size with a final fourth interim dividend that has the potential to be increased. The Directors only intend to declare dividends on the Balanced Risk Allocation Shares and Managed Liquidity Shares annually when the level of income allows and having taken into account the dividends paid on the other Share classes.

Discount Policy

Your Company adopted a discount control policy for all four share classes in January 2013, whereby the Company offers to issue or buy back shares of all classes with a view to maintaining the prices of the shares at close to their respective net asset values. The Board remains committed to its utilisation, although it has stepped back at times during the period under review in light of market volatility due to the geopolitical events noted in my commentary on market background above. Discounts have been somewhat wider than before, in line with discounts generally across the investment trust market, which have moved out to levels not seen for some time. The ongoing implementation of this policy is dependent upon your Company's authority to buy back shares, and the Directors' authority to issue shares for cash on a non pre-emptive basis, being renewed at general meetings of the Company.

As noted below, the completion of the cancellation of the UK Equity and Balanced Risk Allocation share premium accounts frees up additional reserves and gives your Company ample scope to continue share buybacks should it be perceived to be in shareholder's best interests.

Share Capital Movements

During the year to 31 May 2023 your Company bought back and placed in treasury 3,772,000 UK Equity Shares at an average price of 165.5p, 740,000 Global Equity Income Shares at an average price of 224.9p, 110,000 Balanced Risk Allocation Shares at an average price of 132.9p and 80,000 Managed Liquidity Shares at an average price of 94.75p. Other than in connection with the share conversion process, no shares were issued during the year. In addition, no shares were sold from treasury and no treasury shares were cancelled. No further shares have been bought back into treasury since the year-end. The Board intends to use the Company's buy back and issuance authorities when this will benefit existing shareholders; and to operate the discount control policy mentioned above; and will ask shareholders to renew the authorities as and when appropriate.

Share Class Conversions

Your Company enables shareholders to adjust their asset allocation to reflect their views of future market returns. Shareholders have the opportunity to convert their holdings of shares into any other class of share, without incurring any tax charge (under current legislation). The conversion dates for the forthcoming year are as follows: 1 August 2023; 1 November 2023; 1 February 2024; and 1 May 2024. The total number of Share class conversions that have occurred over the year's conversion opportunities resulted in net flows of £2.0 million out of the UK Equity Share Portfolio; of £1.8 million into the Global Equity Income Share Portfolio; of £0.1 million into the Balanced Risk Allocation Share Portfolio; and £0.1 million into the Managed Liquidity Share Portfolio. Should you wish to convert shares at any of these dates, conversion forms, which are available on the Manager's website at www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html, or CREST instructions must be received at least ten days before the relevant conversion date.

Cancellation of the UK Equity and Balanced Risk Allocation Share Premium Accounts

As I noted in the Half-Yearly Financial Report, following class consents and approval of shareholders at your Company's Annual General Meeting on 4 October 2022, the Court process to cancel the share premium accounts of the UK Equity and Balanced Risk Allocation Share Classes was implemented on 17 November 2022. Following the implementation the entire share premium account of each of the UK Equity and Balanced Risk Allocation Share Classes was cancelled, amounting to £121,700,000 and £1,290,000, respectively. These distributable reserves provide your Company with flexibility, subject to financial performance, to make future distributions and/or, subject to shareholder authority, in buying back shares.

New Corporate Broker

Winterflood Securities Limited were appointed as the new sole corporate broker and financial adviser to your Company, with effect from 2 May 2023.

Board Matters

There were no changes to the composition of the Board during the year under review. In 2022, the FCA published new rules to encourage companies to report on their board's ethnic and gender diversity. These rules apply to your Company for the year under review and you will find appropriate disclosures on pages 55 and 56. The Board will take into account these new requirements in its next round of succession planning.

All directors will stand for re-election at the forthcoming AGM, details of which are set out below.

Environmental, Social and Governance ('ESG') Considerations

The Board recognises the importance of ESG and the Portfolio Manager's scrutiny of these factors in the underlying portfolio of companies as part of the wider investment process and the consideration of investment risk, opportunity and valuation. Although the UK Equity and Global Equity Income Portfolio Managers are not bound by specific ESG criteria and have the ability to invest across the full ESG spectrum, ESG considerations are fully integrated into the investment process. In addition, the Portfolio Managers engage with investee companies on ESG issues, as well as on broader matters of company strategy and performance, throughout the duration of the investment, with the aim of challenging, assessing and monitoring risk and which is further supported by Invesco's large and well-resourced global ESG Team. Further information on the UK Equity and Global Equity Income Portfolio Manager's ESG processes and engagement is set out in their ESG Statement on pages 39 to 43.

Reporting under the Task Force on Climate Related Disclosures

In accordance with the requirements of the Taskforce on Climate Related Financial Disclosures ('TCFD'), Invesco Fund Managers Limited provided product level reports for the investment trusts it manages in late June 2023. The report for your Company, covering the UK Equity and Global Equity Income Share Classes, is available on the Manager's website at www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html. Given the underlying portfolio holdings of the Balanced Risk Allocation and Managed Liquidity Share Classes are not covered by relevant climate analytic methodologies, the report for the Company does not cover those two portfolios. Key elements of the report includes climate metrics for the respective UK Equity and Global Equity Income portfolios, including versus their applicable benchmarks, a scenario analysis of how climate change is likely to impact the respective portfolio assets under orderly, disorderly and hothouse world scenarios, and a discussion of the most significant drivers of performance under those scenarios.

Consumer Duty

The Board is cognisant of the FCA's Consumer Duty rules, which set higher and clearer standards of consumer protection across financial services and aim to put customer needs first. Whilst the rules do not directly apply to your Company, they do require the Manager to consider the needs, characteristics and objectives of their customers and to deliver key outcomes. The Board has received regular updates from the Manager on its implementation plan, including the positive results of its value assessment on each of the four portfolios. The Board will continue to monitor the Manager's compliance, which will be formally reviewed, as part of the annual assessment of the Manager, by the Management Engagement Committee.

Annual General Meeting ('AGM')

I am pleased to invite all our shareholders to the Company's AGM which will be held in person at 43-45 Portman Square, London, W1H 6LY at 11.30am on 2 October 2023.

As well as your Company's formal business, there will be a presentation from the UK Equity and Global Equity Income Portfolio Managers. Shareholders will have the opportunity to put questions to the Directors and UK Equity and Global Equity Income Portfolio Managers. Light refreshments will be available. Shareholders may bring a guest to this meeting. To register your interest in attending, please contact us at investmenttrusts@invesco.com.

For those unable to attend the AGM in person, we will be posting updates from each of the Portfolio Managers on our website after the AGM. The business of the AGM is summarised in the Directors' Report on pages 64 and 65. It is recommended that shareholders exercise their votes by means of registering them with your Company's registrar ahead of the meeting, online or by completing paper proxy forms, and appoint the Chairman of the meeting as their proxy. The Board has considered all the resolutions proposed in the Notice of the AGM and believe they are in the best interests of shareholders and your Company as a whole. Accordingly, the Directors recommend that shareholders vote in favour of each resolution, as will the Directors in respect of their own shareholdings.

Once again, I look forward to meeting as many of you as possible at the AGM.

Outlook

Within the context of my earlier comments on the market backdrop, we expect market volatility to continue and this may present your Portfolio Managers with attractive investment opportunities. In times of volatility, the worst days are often followed by the best days, and one needs to remain invested to capture those days.

Your Company's UK Equity and Global Equity Income Portfolios are committed to a 'valuation based' approach, which aims to identify the true valuation of a company and whether the current share price reflects this. Although, it is difficult to know how long the market will take to appreciate the value of a company, your Managers identify specific drivers that aim to enable this recognition. UK equities, in general, have experienced a prolonged period of being rather unwanted, unfashionable and unloved, and share prices have been affected by a significant withdrawal from this market. Their value is being very gradually recognised and we expect an uptick in M&A. In the US, it has been striking to note how narrow the market has been, with performance concentrated across a handful of names and a marked difference between the S&P 500's returns versus that minus its seven dominant stocks. We are starting to see some signs of this normalising. The Managers are of the view that income, in the form of dividend, is an important constituent of the total return of the equity portfolios. They have a strong belief in the ability of equities to protect the investor from the effects of inflation over the long term.

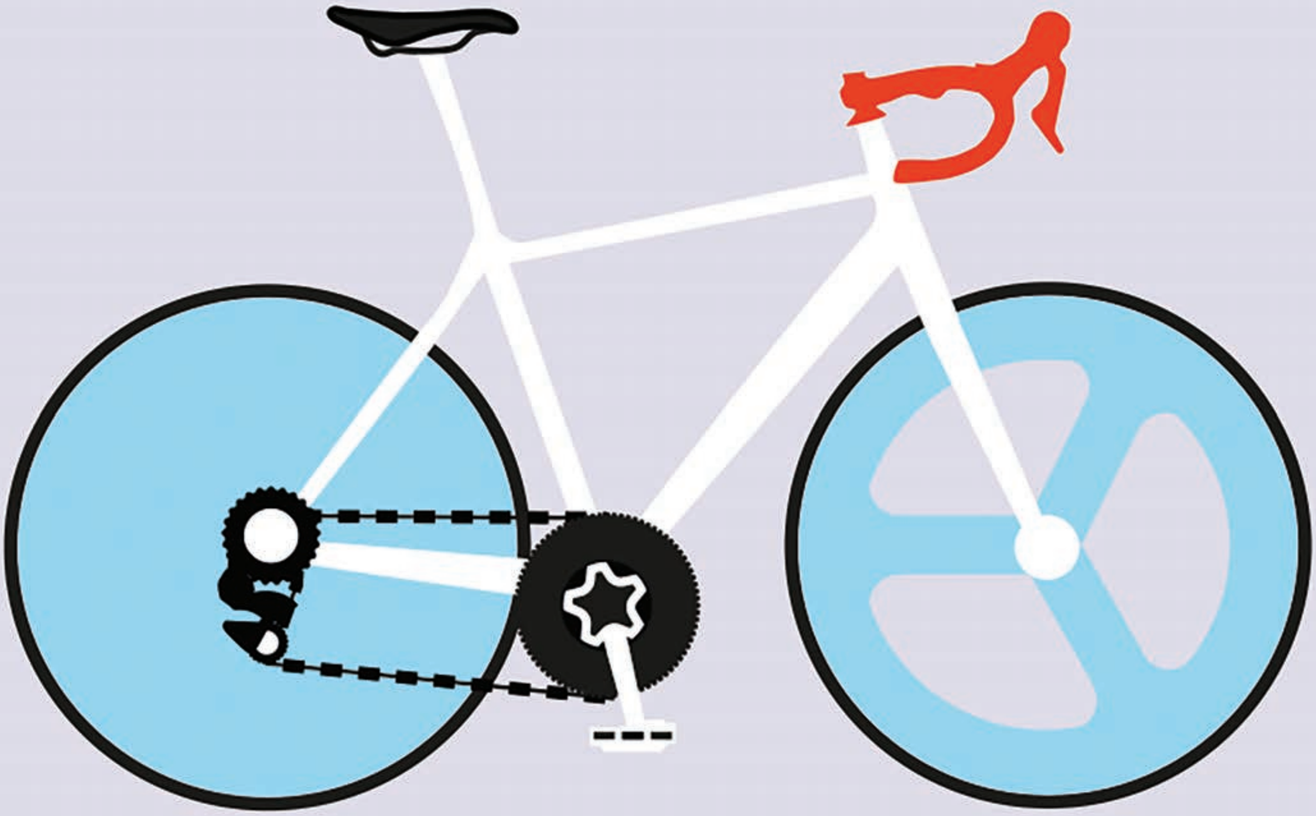
The Balanced Risk Allocation Portfolio aims to deliver equity-like returns but with half the volatility of equity markets. Although there will still be day-to-day volatility, over the longer term investors may have a smoother experience in the price movements, gained through a diversified spread of exposures across equity, bond and alternative assets.

By investing predominantly in ultra-short dated bonds, the Managed Liquidity Portfolio aims to offer a higher degree of security for those with a more conservative outlook; its investments may be impacted by interest rates as well as other factors.

As I write, we are starting to see evidence of inflationary pressures beginning to ease slightly, with the expectation across US, European and UK markets, that the rate rise cycle is coming to an end. Your Managers expect a more substantive downward move in inflation over the autumn. I continue to believe that your Company's structure and portfolios remain well positioned to negotiate the market challenges and opportunities that lie ahead.

Victoria Muir
Chairman

1 August 2023



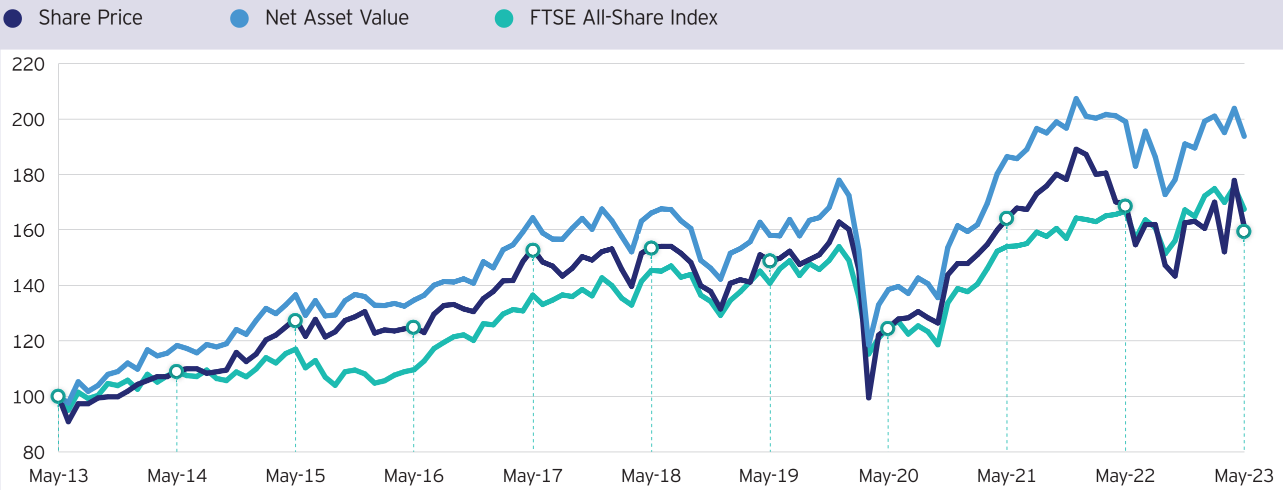
UK Equity Share Portfolio Performance Record

Total Return
For the year ended 31 May

	2023	2022	2021	2020	2019
Net Asset Value[1]	-2.6%	6.8%	34.6%	-12.4%	-4.9%
Share Price[1]	-4.7%	3.0%	31.6%	-16.2%	-3.1%
FTSE All-Share Index[1]	0.4%	8.3%	23.1%	-11.2%	-3.2%
Revenue return per share	6.40p	6.00p	3.90p	4.12p	5.73p
Dividends	7.05p	6.70p	6.65p	6.60p	6.60p

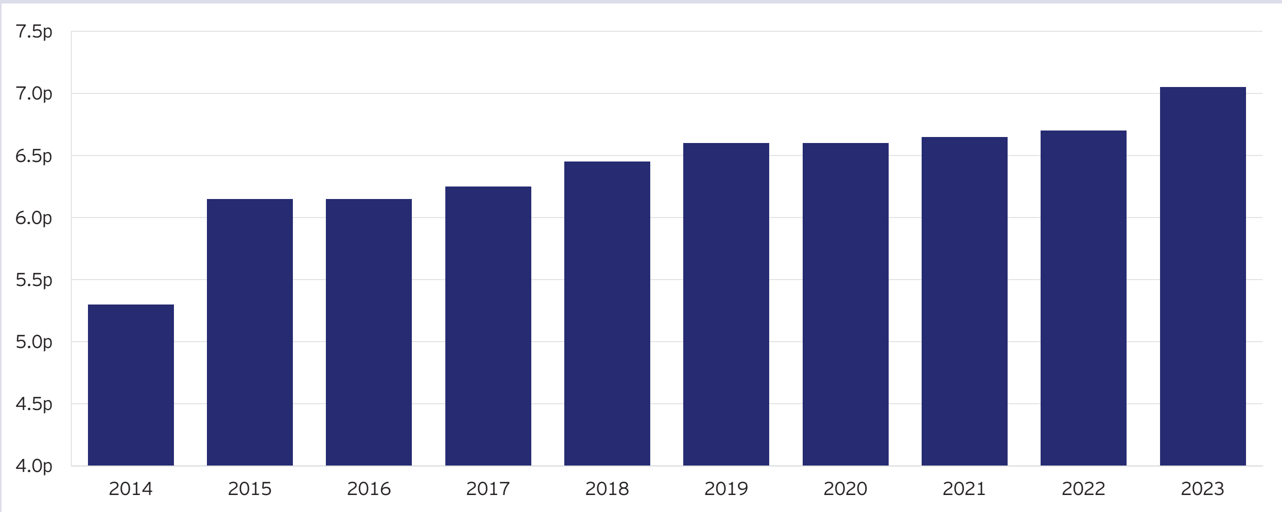
(1) Source: Refinitiv.

Ten Year Total Return
Rebased to 100 at 31 May 2013



Source: Refinitiv.

Ten Year Dividend History

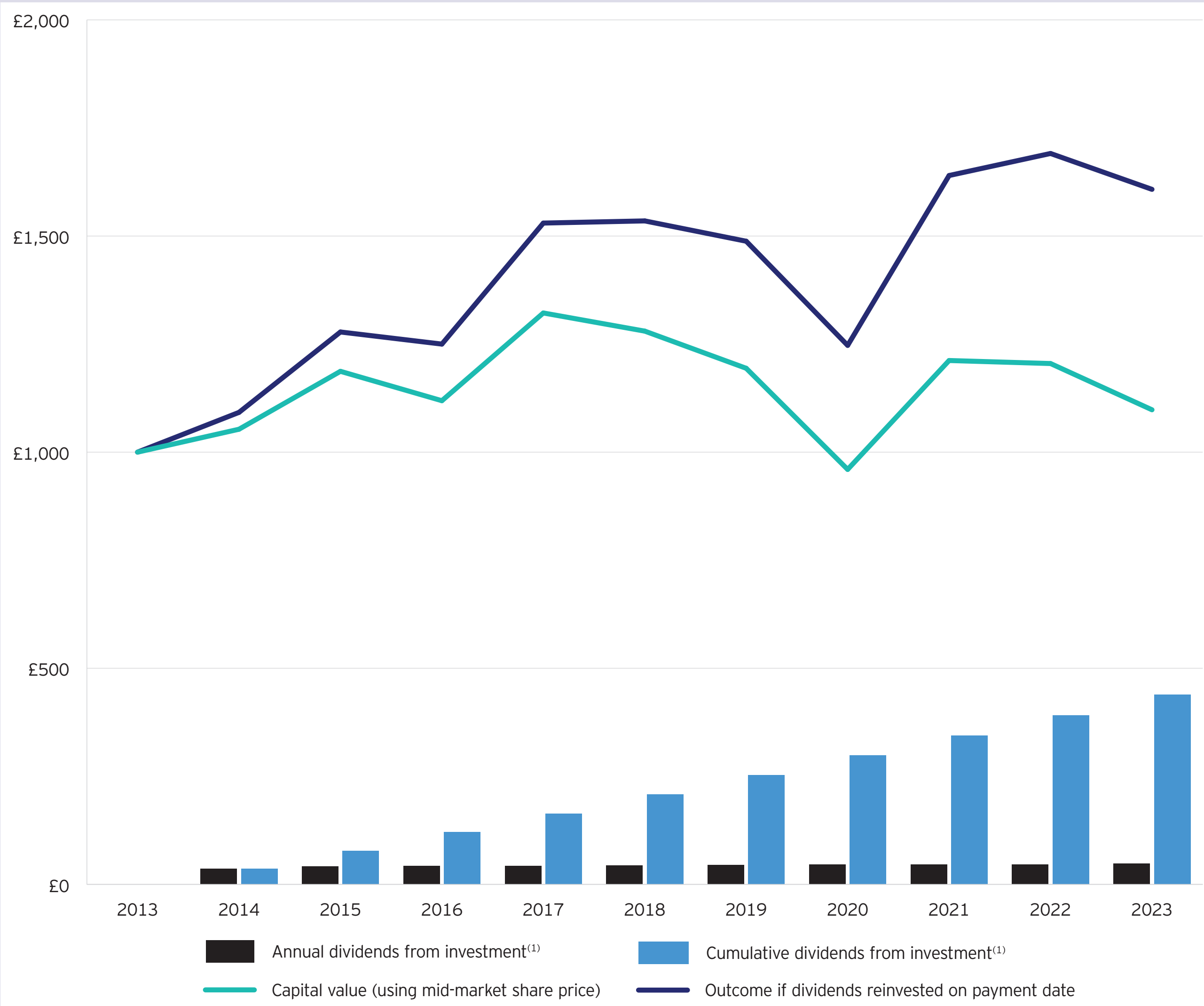


UK Equity Share Portfolio Historical Shareholder Returns from an Initial Investment of £1,000 on 31 May 2013

31 May	Annual dividends per share[(1)] pence	Annual dividends from investment[(1)] £	Cumulative dividends from investment[(1)] £	Mid-market share price pence	Capital value (using mid-market share price) £	Outcome if dividends reinvested on payment date £
2013	-	-	-	145.25	1,000	1,000
2014	5.30	36	36	153.00	1,053	1,092
2015	6.15	42	78	172.50	1,187	1,278
2016	6.15	43	121	162.50	1,119	1,250
2017	6.25	43	164	192.00	1,322	1,530
2018	6.45	44	208	186.00	1,280	1,535
2019	6.60	45	253	173.50	1,194	1,488
2020	6.60	46	299	139.50	960	1,247
2021	6.65	46	345	176.00	1,212	1,640
2022	6.70	46	391	175.00	1,205	1,691
2023	7.05	48	439	159.50	1,098	1,608

Source: Refinitiv.

UK Equity Share Portfolio Returns on an Initial Investment of £1,000 in the Company Ten Years to 31 May 2023



(1) Based on dividend payment dates.

UK Equity Share Portfolio Managers' Report

Q **What has been happening in the UK equity market over the period?**

A For most of the twelve-month period market sentiment was dominated by the impact of sharply increasing inflation on the economy primarily driven by global supply chain disruptions, increased commodity prices and pent-up consumer demand. In response to rising inflation, the Bank of England took a cautious approach to monetary policy, considering the potential impact on the economy that was still partially in a recovery phase post pandemic. Interest rates were adjusted incrementally in an attempt to strike a balance between controlling inflation and supporting economic growth. The Bank of England raised rates eight times during the period from 1% to 4.5% and, subsequent to the end of the review period, raised rates by a further 0.5% to 5% in response to persistently high readings on inflation and also pay.

The FTSE All-Share Index has a large weighting to commodity and energy stocks. As commodity and energy prices moderated in the second-half of the period under review estimates of aggregate earnings were revised downwards and this weighed on the performance of the Index. Outside the energy sector underlying earnings estimates have been broadly flat, although estimates in the banks sector have been revised up as interest rates have continued to rise. The technology, industrials and consumer discretionary sectors were the strongest performing sectors over the period, whilst telecoms, real estate and basic materials were significantly weaker.

Q **How did the portfolio perform and what were the key contributors and detractors to performance over the year?**

A The portfolio underperformed its benchmark over the twelve months to 31 May 2023, with a net asset value return of -2.6%. Over the same period the FTSE All-Share Index rose +0.4%.

At a sector level the biggest contribution to positive performance versus the FTSE All-Share Index over the twelve-month period was the portfolio's underweight to the healthcare sector. The portfolio's holding of **PureTech Health** performed well. In March the company announced that it had sold a portion of its royalties derived from sales of a treatment for schizophrenia (developed by a company it founded, Karuna) for $100 million upfront and $400 million in future revenues. In our view, the quality of the development pipeline and the valuation of the **PureTech Health** business remains compelling. Not holding GlaxoSmithKline was helpful to overall performance as the company's share price struggled to recover from litigation concerns around its Zantac drug which was alleged to have links to cancer.

The price of crude oil and natural gas has fallen steadily over the twelve-month period as supply has normalised. The portfolio weighting to the energy sector is in line with the benchmark and both **BP** and **Shell** contributed modestly to performance.

The portfolio is overweight to the industrials sector and despite the sector detracting from performance overall, there were a number of holdings that performed well. **Ferguson** announced better than expected results in the fourth-quarter and continuing share buy backs. Within the same sector **Bunzl** and **Coats** both delivered better than expected results and were two of the strongest performing holdings overall, but this performance was offset by weakness in the portfolio's holdings of **Chemring**, which issued a downbeat update earlier in the year following delays in customer procurements, energy and wage inflation and labour shortages. Subsequent to the end of the review period the share price has recovered sharply following a report of record first-quarter order intake. **Essentra** reported a drop in fourth-quarter sales and a tough trading environment.

Financials detracted overall as a sector but there were some notable strong performances in the portfolio. Insurance holdings **Lancashire** and **Hiscox** both contributed strongly to relative performance. Lancashire saw an increase in gross written premiums and both firms reported smaller than anticipated losses from Hurricane Ian which made landfall in Florida in September 2022. Unfortunately, some of this strong performance in financials was offset by **Barclays**, a top 10 holding in the portfolio, which was slightly weaker over the period. Additionally, not holding benchmark heavyweight HSBC which performed well over the period detracted from relative performance.

Consumer discretionary stocks remained under pressure due to cost of living increases, however, **RELX** and **Whitbread** posted notable performances. **RELX**, which has activities in areas such as science journals, risk analytics, legal databases and exhibitions, issued revenue and profit growth guidance above expectations which was well received by the market, and Whitbread issued a strong trading update. **JD Sports Fashion** also performed strongly in the second half of the twelve-month period. Unfortunately, these strong performances in the sector were partially offset by **Future** which has been weaker following the announcement last year that the Chief Executive was planning to step down. We believe that the succession planning for the business has been carefully conducted and remain confident of the business's prospects.

The portfolio is overweight the utilities sector and **SSE**, a leading developer and operator of renewable energy (predominantly wind and hydroelectric) across the UK and Ireland performed well. We see **SSE** as one of a number of companies that are key to the successful transition to Net Zero. **Drax** is another example and has successfully transitioned from a coal fired electricity production to almost completely generating power from sustainably sourced biomass. Unfortunately, the company's prospective carbon-capture project failed to be selected for fast-track financing discussions with the UK government and this weighed on the share price. However, it has been invited for formal discussions with the UK government to help the deployment of large-scale Power BECCS (Bioenergy with Carbon Capture and Storage).

Consumer staples was a sector of mixed performance. The portfolio is underweight the sector but the holdings of **Tesco**, **British American Tobacco (BAT)** and **Cranswick** contributed overall to relative performance, as did not holding Diageo and Ocado, both of which were weaker over the period. However, these gains were offset by the portfolio's holding of **Nichols** and not holding large international branded staples producer Unilever, which performed well and therefore detracted from relative performance.

Sharp rises in interest rates have impacted the whole of the property sector due to the typically high levels of debt and therefore sensitivity to higher interest rates. **PRS REIT**, which provides high quality new build homes for the rental market has inevitably been weaker in this environment, but the business has an impressive portfolio of properties and demand for rental homes in the UK is growing and will likely see further demand as interest rates look set to remain higher in the immediate future.

Basic materials detracted from relative performance as gold miners **Newmont** and **Barrick Gold** were weaker. Gold rallied strongly from November 2022 to the beginning of April 2023 before moderately tailing off towards the end of the period. **Newmont** reported second-quarter adjusted earnings per share that were below expectations. Similarly, **Barrick Gold's** first-quarter results were mixed with production modestly lower due to maintenance, and elevated costs. Historically gold has been a good hedge against inflation and with inflation likely to remain higher for longer, we believe this position will provide some diversification benefits in the months to come, accompanied by an attractive yield.

On the flipside, still within the basic materials sector, not owning large international industrial metals & mining companies Anglo American, Glencore and Rio Tinto was helpful to relative performance versus the benchmark as the share prices of all three were weaker over the period due to weaker base metal and bulk commodity prices since the beginning of this year.

Key Contributors	Total Impact %	Year end Portfolio Weight %
Ferguson	+0.60	2.7
Lancashire	+0.50	1.4
SSE	+0.44	5.1
Bunzl	+0.37	2.9
RELX	+0.31	4.6

Key Detractors	Total Impact %	Year end Portfolio Weight %
Newmont	-1.19	1.8
Future	-0.75	0.5
PRS REIT	-0.63	3.0
Drax	-0.49	2.7
Chemring	-0.48	1.3

Q How has gearing impacted the performance and what is your strategy going forward?

A The use of gearing in the portfolio over the period was slightly detrimental to overall performance. Gearing at the start of the twelve-month period was just under 11% and this was reduced to around 0% by December 2022 before rising to around 7.5% at the end of the period in May 2023. This level is below the limit of 25% set by the Board.

The level of gearing is under regular review. In the current higher interest rate environment, the cost of gearing the portfolio is now a more important consideration when ascertaining the appropriate level for the portfolio. We are comfortable that the current level of gearing provides an opportunity to enhance the portfolio's returns relative to the FTSE All-Share Index when considering a wider macro view and the opportunities in the portfolio.

Q Have your views on inflation changed over the last twelve months and have you altered your approach at all as a result?

A Having risen to levels far higher than anyone had anticipated, the expectation was that inflation would fall more sharply than has been the case. Many commentators had described their expectations for inflation as 'transient' but in fact it has been more persistent than most had predicted. Our view over the review period had been that inflation would remain higher for longer and that view has strengthened over the course of this year. Consequently, to curb inflation, interest rates have risen sharply. For the businesses in which we invest, this increases the cost of capital. Our focus has therefore become even more concentrated on strong businesses with pricing power and robust balance sheets.

Q How has the portfolio evolved over the period and how is it currently positioned?

A There have been no material adjustments to the positioning of the portfolio although there has been some trading activity. The holdings of Barratt Developments, DFS Furniture, Johnson Service, Jupiter Fund Management, Restaurant Group and Vodafone were disposed of whilst **Next**, **AstraZeneca** and **Newmont** were reduced in size. The sale of Barratt Developments reflected our view that housebuilders were likely to come under increasing pressure as interest rates rise, whilst DFS Furniture, Restaurant Group and Johnson Service were all sold as the consumer came under increased pressure with the rising cost of living and pressure on disposable incomes. Jupiter Fund Management was sold as the business continued to struggle with performance and fund outflows and we lost conviction in the investment case.

New positions in **Lloyds** and **Man** were introduced in the portfolio. The portfolio already has a long standing holding in **Barclays**, but we think that a holding in **Lloyds** will complement and diversify our banking exposure. **Lloyds** has the largest share of retail deposits in the UK and less exposure to corporate business. The business has a new leadership team with a clear mid-term growth strategy & return potential. **Man** is a leading hedge fund manager with a strong track record of investment return and performance fee generation which should support significant capital returns and share buy backs. The business has multiple and diversified sources of performance fee generation across a broad client base, all of which reduces the risk.

On a sectoral basis and relative to the FTSE All-Share Index, we remain over-weight in utilities and consumer discretionary stocks. The overweight to utilities offers an inflation-linked return that in our view remains underappreciated. We have also maintained our exposure to energy as these companies generate significant free cash flows and make substantial distributions to shareholders, even at currently reduced oil prices. Even in the case of economic weakness we would expect oil prices to prove resilient from here, at least relative to other commodities, as the Organisation of the Petroleum Exporting Countries (OPEC) will continue to manage supply. It is also possible that they will benefit from a rerating as they are rewarded for their increased commitment to invest in low carbon energy projects.

We remain under-weight in consumer staples which we see as expensive, and financials in general but we do have a sizeable position in banks stocks **Barclays** and **Lloyds**.

Q What is your outlook for the next 12 months and beyond? Why invest in the UK now?

A The UK economy has weathered its fair share of challenges. However, despite the headwinds of high inflation and higher interest rates, which have been more persistent than anticipated and will likely remain higher for longer, we remain optimistic that inflation will start to moderate towards the end of 2023. The uncertainties in the global economy and the geo-political landscape continue to make the range of possible outcomes particularly wide. We believe that to mitigate these continuing headwinds, a strategy of focusing on companies that are good quality, with sound fundamentals and strong cash generation, is the right course to follow. By carefully selecting stocks with strong liquidity, we can remain active and maintain a portfolio of our highest conviction ideas, across a range of sectors. We remain confident in the long-term prospects of the companies that we own in the UK Equity Portfolio and further believe that these companies have the potential to strengthen their competitive positions in the year ahead irrespective of the economic and market regime that will develop.

We continue to engage closely with the management teams of the companies in which we invest. It is often during challenging market conditions that their insight and expertise, from the sectors and economies in which they operate, is extremely useful and complementary to the data and analysis that is already available to us. It is also due to the global footprint of these companies in the FTSE All-Share Index, that we often say the UK equity market is not a proxy for the UK economy. More than 75% of corporate earnings in the FTSE All-Share Index are derived internationally. UK equities continue to appear attractively valued across a blend of valuation measures, relative to history, and relative to the US market. This opportunity is not just at an index level, but in fact across all the major sectors.

The current environment continues to be difficult to predict. The Bank of England has a difficult task to get inflation under control without inflicting undue damage on the economy by withdrawing economic stimulus. Whilst we believe that inflation may begin to fall later this year, this will be largely due to annualising high prices from last year. The price level for many goods and services will likely remain elevated. Those companies that are able to pass on or absorb these increases, will likely fair better in our view; and although concerns of a shallow recession loom, by strategically positioning the portfolio for a range of outcomes we hope to navigate the potential headwinds that might occur.

James Goldstone & Ciaran Mallon
Joint Portfolio Managers

1 August 2023

UK Equity Share Portfolio List of Investments

AT 31 MAY 2023

Ordinary shares listed in the UK unless stated otherwise

Company	Sector[†]	Market Value £'000	% of Portfolio
Shell	Oil, Gas and Coal	7,299	5.4
SSE	Electricity	6,853	5.1
National Grid	Gas, Water and Multi-utilities	6,255	4.7
RELX	Media	6,254	4.6
BP	Oil, Gas and Coal	6,026	4.5
Next	Retailers	5,448	4.1
AstraZeneca	Pharmaceuticals and Biotechnology	4,687	3.5
Barclays	Banks	4,524	3.4
Barrick Gold - *US Listed*	Precious Metals and Mining	4,362	3.2
PRS REIT	Real Estate Investment Trusts	4,022	3.0
Top Ten Holdings		**55,730**	**41.5**
Bunzl	General Industrials	3,955	2.9
Phoenix	Life Insurance	3,683	2.8
Ferguson	Industrial Support Services	3,678	2.7
Experian	Industrial Support Services	3,661	2.7
Drax	Electricity	3,592	2.7
Tesco	Personal Care, Drug and Grocery Stores	3,212	2.4
Legal & General	Life Insurance	2,995	2.2
Young & Co's Brewery - *Non-Voting*[AIM]	Travel and Leisure	2,881	2.2
British American Tobacco	Tobacco	2,862	2.1
United Utilities	Gas, Water and Multi-utilities	2,549	1.9
Top Twenty Holdings		**88,798**	**66.1**
Compass	Consumer Services	2,530	1.9
Ashtead	Industrial Transportation	2,526	1.9
Whitbread	Travel and Leisure	2,381	1.8
Newmont - *US Listed*	Precious Metals and Mining	2,376	1.8
Smith & Nephew	Medical Equipment and Services	2,334	1.7
Coats	General Industrials	2,237	1.6
Croda International	Chemicals	2,158	1.6
JD Sports Fashion	Retailers	1,989	1.5
Lloyds	Banks	1,907	1.4
Lancashire	Non-life Insurance	1,905	1.4
Top Thirty Holdings		**111,141**	**82.7**

Company	Sector†	Market Value £'000	% of Portfolio
XPS Pensions	Investment Banking and Brokerage Services	1,905	1.4
Hiscox	Non-life Insurance	1,833	1.4
Chemring	Aerospace and Defence	1,724	1.3
JTC	Investment Banking and Brokerage Services	1,651	1.2
CVS[AIM]	Consumer Services	1,605	1.2
Chesnara	Life Insurance	1,598	1.2
Man	Investment Banking and Brokerage Services	1,555	1.1
Cranswick	Food Producers	1,467	1.1
Babcock International	Aerospace and Defence	1,444	1.1
PureTech Health	Pharmaceuticals and Biotechnology	1,423	1.1
Top Forty Holdings		**127,346**	**94.8**
Sirius Real Estate	Real Estate Investment Trusts	1,361	1.0
Hays	Industrial Support Services	1,243	0.9
Nichols[AIM]	Beverages	1,212	0.9
Treatt	Chemicals	1,126	0.8
Essentra	Industrial Support Services	1,076	0.8
Future	Media	600	0.5
Sherborne Investors (Guernsey) C	Investment Banking and Brokerage Services	382	0.3
Total Holdings 47 (2022: 51)		**134,346**	**100.0**

AIM Investments quoted on AIM.
† FTSE Industry Classification Benchmark.

UK Equity Share Portfolio

Individual portfolio breakdowns are provided for additional information only. See note 1(a)(ii) on page 88 for further details.

Income Statement

FOR THE YEAR ENDED 31 MAY

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
(Losses)/gains on investments held at fair value	-	(8,678)	(8,678)	-	5,449	5,449
Gains/(losses) on foreign exchange	-	2	2	-	(11)	(11)
Income	5,314	176	5,490	5,369	-	5,369
Investment management fees	(210)	(490)	(700)	(240)	(561)	(801)
Other expenses	(418)	(1)	(419)	(337)	(2)	(339)
Net return before finance costs and taxation	4,686	(8,991)	(4,305)	4,792	4,875	9,667
Finance costs	(97)	(226)	(323)	(50)	(118)	(168)
Return before taxation	4,589	(9,217)	(4,628)	4,742	4,757	9,499
Tax	(48)	-	(48)	(45)	-	(45)
Return after taxation for the financial year	4,541	(9,217)	(4,676)	4,697	4,757	9,454
Return per ordinary share - note 7	6.40p	(12.99)p	(6.59)p	6.00p	6.07p	12.07p

Summary of Net Assets

AT 31 MAY

	2023 £'000	2022 £'000
Fixed assets	134,346	158,450
Current assets	1,010	1,126
Creditors falling due within one year, excluding borrowings	(270)	(452)
Bank facility	(9,650)	(15,750)
Net assets	125,436	143,374
Net asset value per share	182.11p	194.35p
Gearing:		
- gross	7.7%	11.0%
- net	7.5%	10.8%

Summary of Changes in Net Assets

FOR THE YEAR ENDED 31 MAY

	2023 £'000	2022 £'000
Net assets brought forward	143,374	166,334
Shares bought back and held in treasury	(6,286)	(22,245)
Share conversions	(1,995)	(4,956)
Return after taxation for the financial year	(4,676)	9,454
Dividend paid	(4,981)	(5,213)
Net assets	125,436	143,374

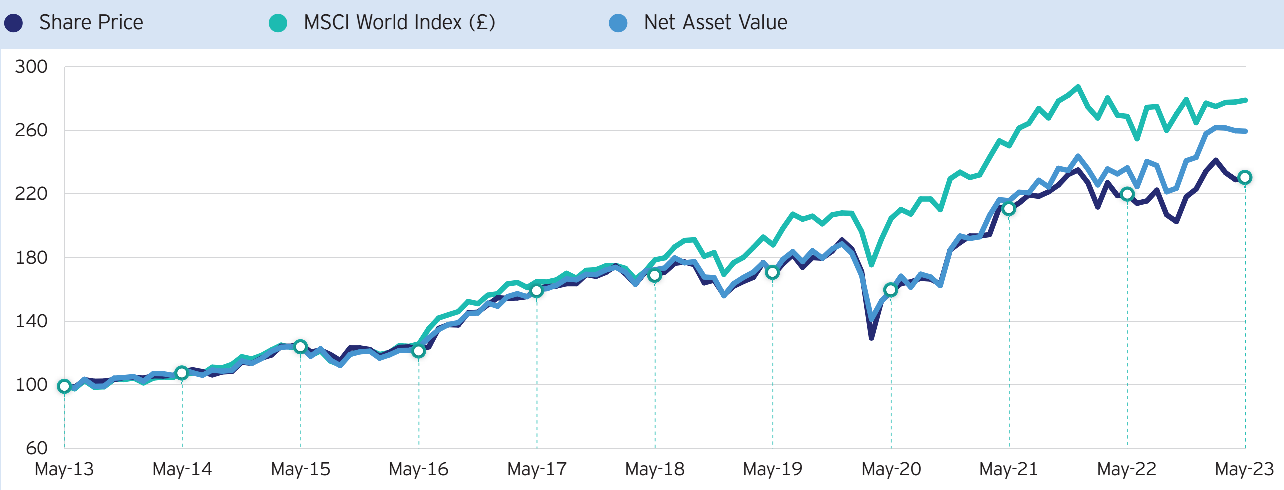
Global Equity Income Share Portfolio Performance Record

Total Return
For the year ended 31 May

	2023	2022	2021	2020	2019
Net Asset Value[1]	9.8%	9.6%	35.9%	-6.4%	-1.3%
Share Price[1]	4.6%	4.4%	32.6%	-6.1%	-0.1%
MSCI World Index (£)[1]	3.8%	7.4%	22.3%	8.9%	5.3%
Revenue return per share	5.20p	4.85p	3.95p	5.39p	6.90p
Dividends	7.20p	7.15p	7.10p	7.05p	6.90p

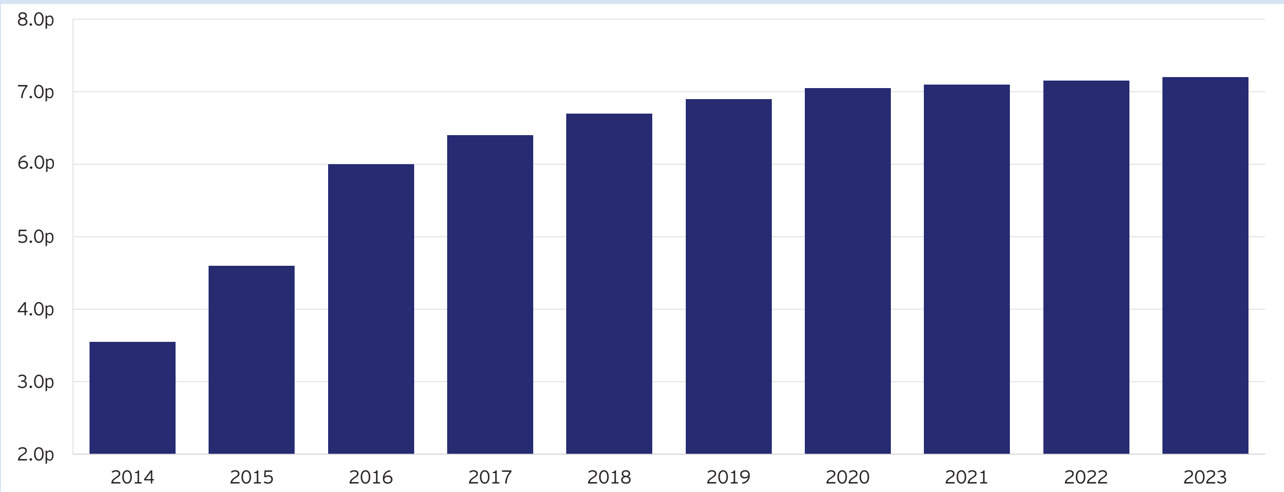
(1) Source: Refinitiv.

Ten Year Total Return
Rebased to 100 at 31 May 2013



Source: Refinitiv.

Ten Year Dividend History

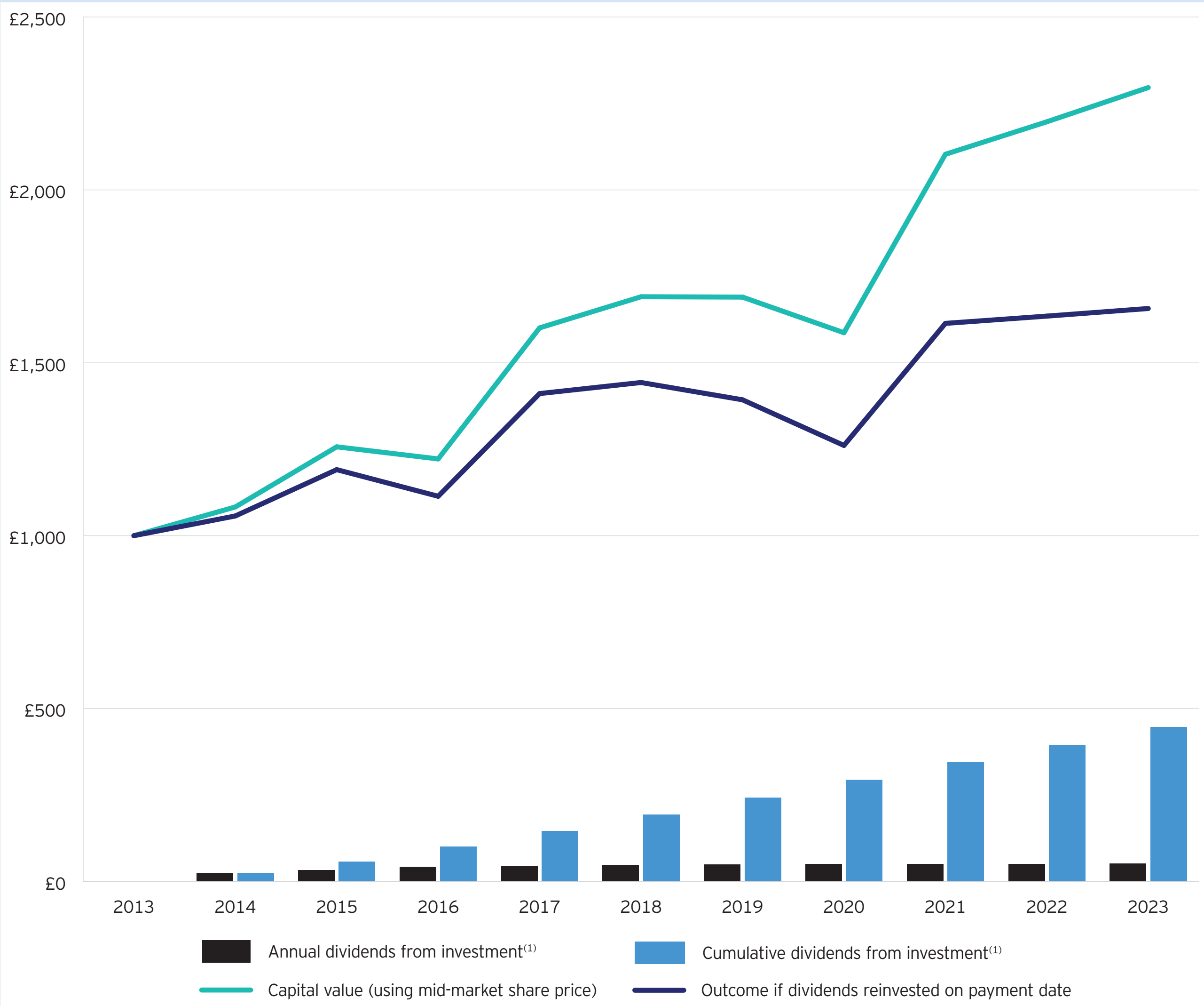


Global Equity Income Share Portfolio Historical Shareholder Returns from an Initial Investment of £1,000 on 31 May 2013

31 May	Annual dividends per share[1] pence	Annual dividends from investment[1] £	Cumulative dividends from investment[1] £	Mid-market share price pence	Capital value (using mid-market share price) £	Outcome if dividends reinvested on payment date £
2013	-	-	-	140.00	1,000	1,000
2014	3.55	25	25	148.00	1,057	1,083
2015	4.60	33	58	166.75	1,191	1,257
2016	6.00	43	101	156.00	1,114	1,222
2017	6.40	45	146	197.50	1,411	1,601
2018	6.70	48	194	202.00	1,443	1,691
2019	6.90	49	243	195.00	1,393	1,690
2020	7.05	51	294	176.50	1,261	1,587
2021	7.10	50	344	226.00	1,614	2,103
2022	7.15	51	395	229.00	1,635	2,197
2023	7.20	52	447	232.00	1,657	2,296

Source: Refinitiv.

Global Equity Income Share Portfolio Returns on an Initial Investment of £1,000 in the Company Ten Years to 31 May 2023



(1) Based on dividend payment dates.

Global Equity Income Share Portfolio Manager's Report

Q **How did the portfolio perform in the year under review?**

A We are pleased to report the portfolio outperformed both its peer group and its relevant benchmark. The net asset value of the portfolio grew in the year to 31 May 2023, by 9.8%, this exceeded the return of the comparator benchmark which increased in value by 3.8%.

The whole of the year to May 2023 in financial markets was dominated by concerns around rising inflation, and the impact on economic activity of central bank actions (i.e. raising interest rates) to bring it back under control. Investor sentiment has swung between periods of pessimism such as in summer and early autumn 2022, where investor expectations became overly bearish expecting a deep recession in response to the rapid tightening of monetary policy; to periods through the spring of 2023 where optimism around new technology (such as AI) and resilient corporate earnings, together with better inflation data, have fuelled hopes of a soft landing for the global economy.

At a regional level, the US market has been dominated by sentiment around the technology sector; it was extremely weak through much of 2022, however recovered strongly during 2023 despite a mini regional banking crisis on positive earnings announcements and more recently expectation of a new wave of earnings growth arising from developments in AI. The UK has been amongst the worst performers globally over the 12-month period, its large index weight in commodity and energy stocks was a drag as prices fell back following the sharp spikes post the Russian invasion of Ukraine. Europe has performed somewhat better, the expected energy crisis over the winter of 2022 did not materialise and generally the economy and corporate earnings have exceeded expectations. In Asia, the recovery of the Chinese economy from Covid-19 has been slower than expected, the region has performed relatively poorly. In contrast to Japan, where particularly in 2023 the stock market has outperformed other regions, being seen by investors as something of a safe haven from rising interest rates whilst enjoying reasonable valuations.

Q **What were the key contributors and detractors to performance?**

A Performance of the fund was driven by stock selection rather than over or under allocation to geographies or sectors. We are comfortable, indeed pleased with this as we spend most of our time analysing individual stocks rather than looking at macro-economic trends and forecasts.

The largest position in the portfolio, **3i**, was also the largest positive contributor. We have held **3i**, the UK listed private equity company since 2021. We are attracted to the quality and future growth potential of its largest asset, Action, a European discount retailer. It generates high returns, and we believe it retains significant growth potential. We are also impressed by the quality of **3i's** management and how they have managed the remainder of their portfolio assets.

During the summer/autumn 2022 market weakness we added to our semiconductor holdings such as **Broadcom** and **Nvidia**, both of which subsequently performed well. We acquired a position in **Besi**, a Dutch listed company specialising in a semiconductor packaging technique known as hybrid bonding, which improves the overall performance, power efficiency and cost of semiconductors. We felt it was trading well below its intrinsic value. The recovery in the share price since has been strong, although justified in our view by some significant new customer wins. We retain a position though we have taken some profits.

Verallia, the French listed glass packaging manufacturer performed well as natural gas prices collapsed and the resilience of the business model became better understood.

Other strong contributors included **Next** where we built a position during the UK market dislocation following the budget whilst Liz Truss was Prime Minister, we sold the position in spring 2023 following strong performance. Also, **Broadcom**, the US based semiconductor company specialising in chips for the communications sector, where the company has continued to deliver results ahead of market expectations.

On the negative side of the ledger our holding in **American Tower**, the real estate company focused on owning and renting sites for mobile phone masts was weak as investors became more concerned by the impact of rising interest rates on profitability. The other property asset in the portfolio, **Link REIT**, the Hong Kong property company, was also weak for this reason, but also the slow economic recovery in Asia and its decision to raise capital.

We are underweight in the energy sector, but our only holding, **Aker BP**, the Norwegian oil producer was an underperformer. There was no bad news, however the stock drifted lower with the underlying commodity price.

Top Contributors

Holding	Year end Portfolio Weight (%)	Average Benchmark Weight (%)	Contribution to Return (%)
3i	6.3	0.03	3.25
Besi	2.0	-	1.86
Verallia	4.8	-	1.56
Broadcom	5.4	0.44	1.55
Next	0.3	0.02	0.63

Bottom Contributors

Holding	Year end Portfolio Weight (%)	Average Benchmark Weight (%)	Contribution to Return (%)
American Tower	4.3	0.2	-1.68
Link REIT	2.6	0.03	-1.30
Aker BP	2.7	0.02	-1.30
Apple	-	4.75	-0.89
Union Pacific	3.4	0.25	-0.44

Q **Has the portfolio changed significantly over the period?**

A The portfolio has evolved quite considerably over the period. However, it is interesting to note the largest holdings in the portfolio at year end 2022 remain our largest holdings today, such as **3i**, **Verallia**, **American Tower**, **Broadcom**, **AIA** and **Microsoft**. Others such as **Standard Chartered** and **Coca-Cola** are just outside the top ten holdings.

Another constant has been our overweight in the financials sector, however whilst we are overweight in the insurance sector and private equity companies (**3i** and **KKR & Co**) we continue to be very underweight banks. Whilst we acknowledge rising interest rates have provided a tailwind to interest income, we remain concerned by credit quality risks as the global economy slows down. By year end **Standard Chartered** was our sole bank holding.

As already mentioned, market sentiment has swung between pessimism and over optimism, we have taken the opportunities provided by the market to buy good companies when we felt they were on sale. In the early part of the period, we reduced exposure to consumer staples such as **Nestle**, and US DIY chain **Home Depot** as we felt they were fully valued. We increased exposure to more cyclical and technology names such as **Celanese**, the US based chemical company with a strong record of value creation, also the aforementioned **Besi** who produce equipment that increases the efficiency and performance of semiconductors.We also added US-based **Intercontinental Exchange (ICE)**, the global exchange and data services company, after recent share price weakness led to a more attractive entry point. In the latter part of the year we scaled back some of our more economically sensitive holdings where our conviction was lower, selling out of JP Morgan, the US bank and Volkswagen (VW), the German automotive manufacturer. We added **Asahi**, and **Royal Unibrew**, the Japanese and Danish brewers whose recovery prospects post pandemic we felt were underappreciated, and toward the end of the period **Reckitt Benckiser** the UK listed household consumer products company.

Q **Do you worry the crisis during the spring in US regional banks is a foretaste of banking turmoil in the year ahead?**

A Whilst we would never completely rule it out as banks remain leveraged plays on the global economy, we believe it is extremely unlikely. The circumstances that pertained to Silicon Valley Bank and First Republic in the US were quite unique. The larger banks in the US and in particular Europe are much better capitalised and regulated than before the financial crisis of 2008. However, at present we do not find the risk reward profile attractive relative to other opportunities in the market.

Q **There is much excitement around the potential for Artificial Intelligence, what's your take?**

A The emergence of Chat GPT in recent months, and then the significant rise in profit guidance from Nvidia toward the end of May 2023 has set interest in this developing technology alight. Our view is that it is a further evolution of the digitalisation trends in almost all areas of our lives. It will provide a further leg to growth for the broader semiconductor and software industries in years to come.

We held Nvidia through most of the period, making close to 60% profit on our investment. We sold in March/April 2023 as we saw the company as being fully valued. Clearly if they can deliver on recent forecasts, we would be proved wrong, but we felt the risk/reward trade-off was no longer compelling given the high valuation of the stock.

We would caution however on getting carried away, other than Nvidia there are not many pure plays on the theme and share prices across the whole technology sector have moved sharply higher in recent months. Much future good news is already priced into the sector.

Q **How has the portfolio gearing evolved over the last year?**

A We started the year in June 2022 with around 10% portfolio gearing, toward the end of 2022 following a reasonable recovery in markets it was reduced to around 7%, then 5% in March 2023 following a strong start to the year. By 31 May 2023 the portfolio had no gearing, reflecting our greater caution considering strong market performance set against what appears to us to be a very uncertain macroeconomic outlook around the world.

Q **When considering stock selection for the portfolio, how do you incorporate ESG risks and considerations.**

A Our approach whilst always evolving has not changed significantly over the last year.

We view analysing ESG risks as a key part of our investment process. As active, fundamental managers we consider every key aspect of a company's true worth, including material ESG considerations because we believe that the most sustainable way to make money is to buy companies for less than they are worth. Establishing an estimated 'fair value' of a company is therefore essential and this entails incorporating ESG aspects into our investment methodology. We take a holistic approach where a company's ESG credentials are scrutinised alongside traditional financial and qualitative aspects to derive a fair value. All companies face challenges regarding ESG and therefore we must consider materiality (the impact of ESG factors on fair value) and ESG momentum (the potential for ESG improvement over time). Both can influence a stock's potential returns and our conviction levels in an investment. As shareholders we actively engage with companies to enhance the value of our investments. We encourage companies to create sustainable value and mitigate risks in relation to their corporate activities. This can include prompting them to improve governance structures, make better asset allocation decisions, instilling sustainable practices and policies, and providing better disclosure. This reinforces our fundamental belief that responsible investing demands a long-term view and that a stakeholder-centric culture of ownership and stewardship is at the heart.

Q **How do you view the outlook for financial markets in the next 12 months?**

A We said last year how difficult we felt the market was to forecast, sadly this year is no different. We have become progressively more cautious through 2023 as valuations have risen and profit margins widened, whilst at the same time monetary conditions have tightened, this is reflected in our more balanced portfolio positioning and lack of gearing.

Our best assessment is that the global economy will continue to slow over the summer as the sharp rise in interest rates around the world increasingly impact businesses and the consumer, especially as excess savings built up during Covid-19 lockdowns have now been largely spent. We could see quite a contraction in economic activity and sentiment by the early autumn, which may well impact share prices. The upside would be a further reduction in inflation and hopefully by year end or early 2024 some modest decline in interest rates, which may well provide investors with renewed optimism. Our sense at present is that the US may be first to see falling interest rates, the UK last, Europe in between.

For our part we will continue to invest in companies with strong balance sheets and generating free cashflows. Of course, no company or portfolio can ever fully insulate itself from the prevailing economic weather, but we hope to continue to outperform our benchmark in what may well be choppy waters.

Stephen Anness
Portfolio Manager

1 August 2023

Global Equity Income Share Portfolio List of Investments

AT 31 MAY 2023

Ordinary shares unless stated otherwise

Company	Sector†	Country	At Market Value £'000	% of Portfolio
3i	Financial Services	United Kingdom	4,136	6.3
Broadcom	Semiconductors & Semiconductor Equipment	United States	3,581	5.4
Verallia	Materials	France	3,177	4.8
Microsoft	Software & Services	United States	3,020	4.6
American Tower	Equity Real Estate Investment Trusts (REITs)	United States	2,817	4.3
AIA	Insurance	Hong Kong	2,812	4.2
Samsung Electronics – *preference shares*	Technology Hardware & Equipment	South Korea	2,374	3.6
UnitedHealth	Health Care Equipment & Services	United States	2,351	3.5
Union Pacific	Transportation	United States	2,247	3.4
Royal Unibrew	Food, Beverage & Tobacco	Denmark	2,107	3.2
Top Ten Holdings			**28,622**	**43.3**
Standard Chartered	Banks	United Kingdom	1,966	3.0
Zurich Insurance	Insurance	Switzerland	1,850	2.8
Coca-Cola	Food, Beverage & Tobacco	United States	1,830	2.7
Aker BP	Energy	Norway	1,800	2.7
Progressive	Insurance	United States	1,775	2.7
Universal Music	Media & Entertainment	Netherlands	1,765	2.7
Link REIT	Equity Real Estate Investment Trusts (REITs)	Hong Kong	1,701	2.6
KKR & Co	Financial Services	United States	1,656	2.5
Reckitt Benckiser	Household & Personal Products	United Kingdom	1,634	2.5
Asahi	Food, Beverage & Tobacco	Japan	1,582	2.4
Top Twenty Holdings			**46,181**	**69.9**
RELX	Commercial & Professional Services	United Kingdom	1,455	2.2
Infrastrutture	Telecommunication Services	Italy	1,443	2.2
Celanese	Materials	United States	1,359	2.0
Kone – *B shares*	Capital Goods	Finland	1,345	2.0
Intercontinental Exchange	Financial Services	United States	1,326	2.0
Besi	Semiconductors & Semiconductor Equipment	Netherlands	1,305	2.0
Home Depot	Consumer Discretionary Distribution & Retail	United States	1,236	1.9
Taiwan Semiconductor Manufacturing	Semiconductors & Semiconductor Equipment	Taiwan	1,231	1.9
Recordati	Pharmaceuticals, Biotechnology & Life Sciences	Italy	1,231	1.9
Texas Instruments	Semiconductors & Semiconductor Equipment	United States	1,174	1.8
Top Thirty Holdings			**59,286**	**89.8**

Company	Sector†	Country	At Market Value £'000	% of Portfolio
Herc Holdings	Capital Goods	United States	1,159	1.8
Ferguson	Capital Goods	United Kingdom	1,119	1.7
Novartis	Pharmaceuticals, Biotechnology & Life Sciences	Switzerland	927	1.4
Canadian Pacific Kansas City	Transportation	Canada	906	1.4
Rolls-Royce	Capital Goods	United Kingdom	657	1.0
Danaher	Pharmaceuticals, Biotechnology & Life Sciences	United States	600	0.9
Tencent[R]	Media & Entertainment	China	576	0.9
American Express	Financial Services	United States	294	0.4
Next	Consumer Discretionary Distribution & Retail	United Kingdom	184	0.3
Mainfreight	Transportation	New Zealand	155	0.2
Top Forty Holdings			**65,863**	**99.8**
Howden Joinery	Capital Goods	United Kingdom	101	0.1
Accenture – *A shares*	Software & Services	United States	62	0.1
Sberbank* – *ADR*	Banks	Russia	–	–
Total Holdings 43 (2022: 41)			**66,026**	**100.0**

ADR American Depositary Receipts – are certificates that represent shares in the relevant stock and are issued by a US bank. They are denominated and pay dividends in US dollars.

R Red Chip Holdings – holdings in companies incorporated outside the PRC, listed on the Hong Kong Stock Exchange, and controlled by PRC entities by way of direct or indirect shareholding and/or representation on the board.

† MSCI and Standard & Poor's Global Industry Classification Standard.

* The investment in Sberbank – *ADR* has been valued at zero as secondary listings of the depositary receipts on Russian companies have been suspended from trading.

Global Equity Income Share Portfolio

Individual portfolio breakdowns are provided for additional information only. See note 1(a)(ii) on page 88 for further details.

Income Statement

FOR THE YEAR ENDED 31 MAY

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Gains on investments held at fair value	-	4,782	4,782	-	4,380	4,380
Gains on foreign exchange	-	11	11	-	16	16
Income	1,893	92	1,985	1,601	-	1,601
Investment management fees	(107)	(250)	(357)	(102)	(237)	(339)
Other expenses	(176)	(4)	(180)	(136)	(2)	(138)
Net return before finance costs and taxation	1,610	4,631	6,241	1,363	4,157	5,520
Finance costs	(50)	(117)	(167)	(20)	(47)	(67)
Return before taxation	1,560	4,514	6,074	1,343	4,110	5,453
Tax	(261)	(14)	(275)	(146)	-	(146)
Return after taxation for the financial year	1,299	4,500	5,799	1,197	4,110	5,307
Return per ordinary share - note 7	5.20p	18.03p	23.23p	4.85p	16.66p	21.51p

Summary of Net Assets

AT 31 MAY

	2023 £'000	2022 £'000
Fixed assets	66,026	67,630
Current assets	861	566
Creditors falling due within one year, excluding borrowings	(144)	(206)
Bank facility	-	(5,352)
Net assets	66,743	62,638
Net asset value per share	265.53p	249.00p
Gearing:		
- gross	0.0%	8.5%
- net	-0.8%	8.2%

Summary of Changes in Net Assets

FOR THE YEAR ENDED 31 MAY

	2023 £'000	2022 £'000
Net assets brought forward	62,638	55,602
Shares bought back and held in treasury	(1,677)	(1,337)
Share conversions	1,774	4,823
Return after taxation for the financial year	5,799	5,307
Dividend paid	(1,791)	(1,757)
Net assets at the year end	66,743	62,638

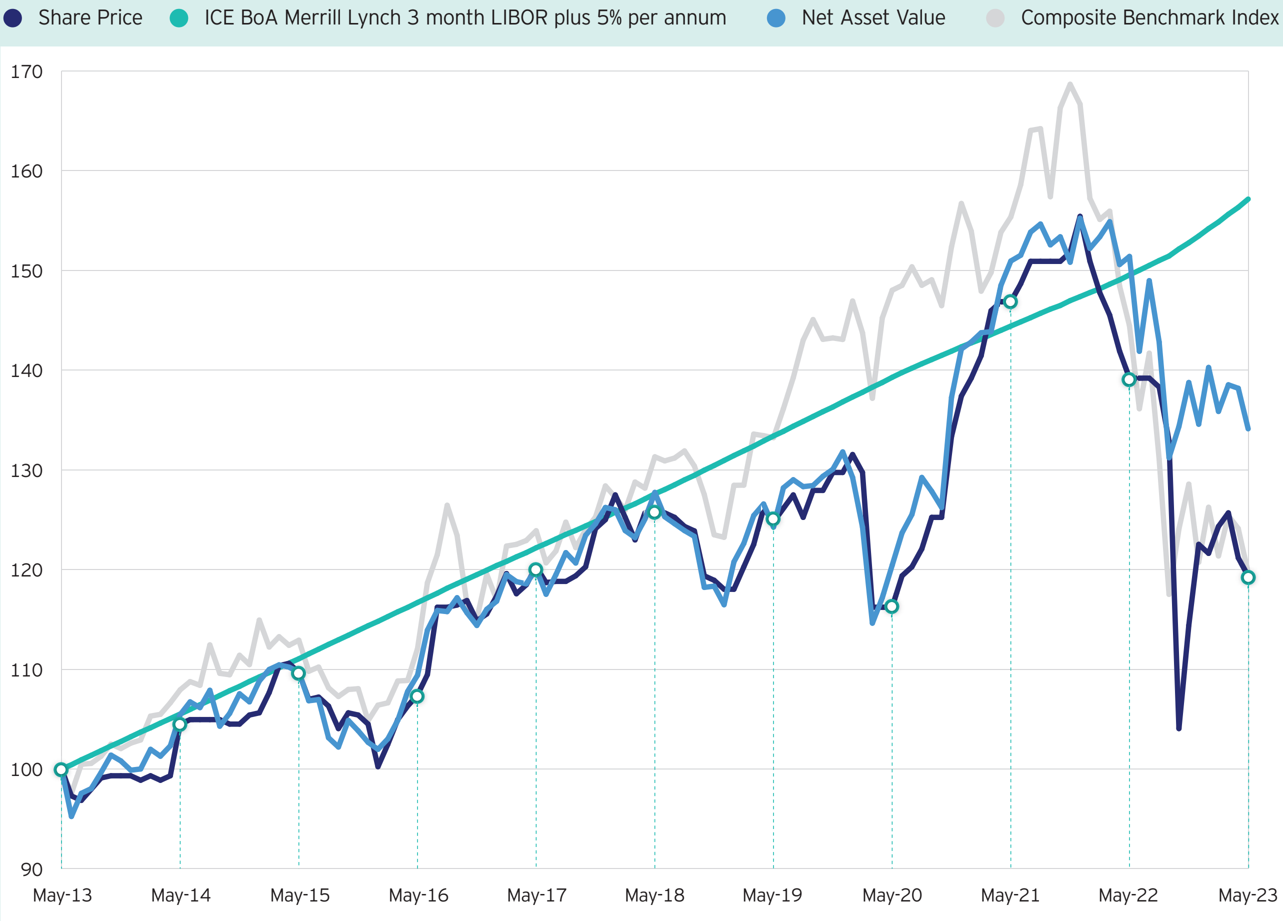
Balanced Risk Allocation Share Portfolio Performance Record

Total Return
For the year ended 31 May

	2023	2022	2021	2020	2019
Net Asset Value[1]	-11.4%	0.3%	25.4%	-3.1%	-2.7%
Share Price[1]	-14.3%	-5.2%	26.4%	-6.9%	-0.7%
Composite Benchmark[2]	-17.1%	-6.1%	16.8%	2.8%	-1.3%
ICE BoA Merrill Lynch 3 month LIBOR plus 5% per annum[1]	7.5%	5.1%	5.1%	5.9%	5.8%
Revenue return per share	3.38p	1.05p	-0.17p	-0.02p	0.42p
Dividends	1.00p	nil	nil	nil	nil

(1) Source: Refinitiv.
(2) With effect from 1 June 2021, the benchmark adopted by the Balanced Risk Allocation Portfolio is comprised of 50% 30-year UK Gilts Index, 25% GBP hedged MSCI World Index (net) and 25% GBP hedged S&P Goldman Sachs Commodity Index. Prior to this, the benchmark was ICE BoA Merrill Lynch 3 month LIBOR plus 5% per annum. Accordingly, both the new and old benchmark are shown.

Ten Year Total Return
Rebased to 100 at 31 May 2013



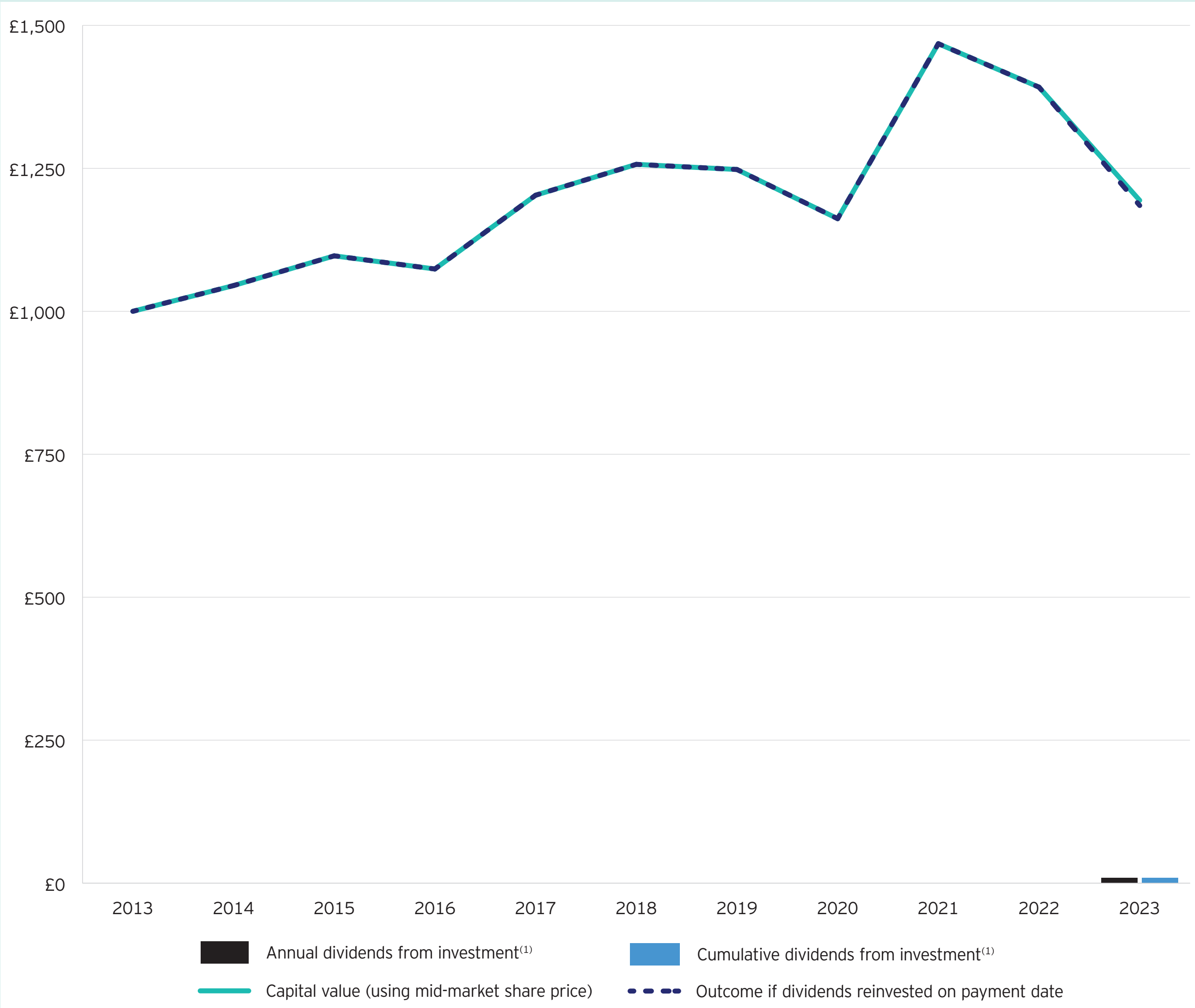
Source: Refinitiv.

Balanced Risk Allocation Share Portfolio Historical Shareholder Returns from an Initial Investment of £1,000 on 31 May 2013

31 May	Annual dividends per share[1] pence	Annual dividends from investment[1] £	Cumulative dividends from investment[1] £	Mid-market share price pence	Capital value (using mid-market share price) £	Outcome if dividends reinvested on payment date £
2013	-	-	-	111.00	1,000	1,000
2014	-	-	-	116.00	1,045	1,045
2015	-	-	-	121.75	1,097	1,097
2016	-	-	-	119.25	1,074	1,074
2017	-	-	-	133.50	1,203	1,203
2018	-	-	-	139.50	1,257	1,257
2019	-	-	-	138.50	1,248	1,248
2020	-	-	-	129.00	1,162	1,162
2021	-	-	-	163.00	1,468	1,468
2022	-	-	-	154.50	1,392	1,392
2023	1.00	9.00	9.00	131.50	1,185	1,194

Source: Refinitiv.

Balanced Risk Allocation Share Portfolio Returns on an Initial Investment of £1,000 in the Company Ten Years to 31 May 2023



(1) Based on dividend payment dates.

Balanced Risk Allocation Share Portfolio Manager's Report

Investment Objective

The investment objective of the Balanced Risk Allocation Portfolio is to provide shareholders with an attractive total return in differing economic environments, and with low to moderate correlation to equity and bond market indices by gaining exposure to three asset classes: debt securities, equities, and commodities.

Q **How has the strategy performed in the year under review?**

A The Balanced Risk Allocation Portfolio posted a negative return of -11.4% over the fiscal year, outperforming the benchmark by 5.7%. The past twelve months proved to be a challenging year amid an environment of higher inflation, widespread rate hikes and fresh concerns of a growth slowdown, leading to a renewed bout of volatility. Against this backdrop, risk assets broadly struggled with commodities declining the most, followed by bonds and equities.

Q **What were the biggest contributors and detractors to performance?**

A Exposure to commodity markets was the largest detractor from performance, with three of the four complexes posting losses, led by energy, reflecting increasing concerns about the current and future state of the global economy. Energy saw declines in all six exposures, with natural gas being the worst-performing commodity in the complex. Agriculture exposure also detracted, as the soy complex declined on news of a bumper crop in Brazil as well as a forecast from the International Grains Council that supply is likely to outpace demand in 2023. Sugar was the top agriculture contributor as a lack of product available for delivery has taken prices to 2011 levels. Industrial metals saw losses in both copper and aluminium as prices remain under pressure following continued disappointing economic data from China, the world's top consumer of these metals. Precious metals were the sole complex to post gains with both gold and silver advancing. Both gold and silver rose in response to the banking crisis, lower interest rates and a weaker US dollar.

Exposure to equities detracted from results for the period as three of the six markets contended with an environment of higher rates, higher inflation and ongoing geopolitical turmoil. Emerging market equities were the largest detractor from results as inflation pressures remained elevated and concerns of weakness in China, where the recovery has not been as robust as expected. Both US large and small caps declined as well, as the US Federal Reserve (Fed) continued to press forward with aggressive rate hikes amid disappointingly persistent inflation readings. Small caps underperformed large caps as investors shifted out of higher-beta exposure, the result of investors' clear preference for larger, more liquid stocks. European equities were a top contributor, despite rate hikes by the European Central Bank (ECB), benefiting from rising investor optimism. Lower energy prices helped the European continent avoid a stagflationary spiral and saw the Euro Stoxx 50 Index near its highest point since the Global Financial Crisis. Japanese equities were the top contributor for the period on relative valuations, strong earnings reports, encouraging corporate reforms and the Bank of Japan maintaining its accommodative monetary policy.

Exposure to government bonds detracted from results as five of the six markets produced negative results. A combination of strong tightening moves across most major central banks and persistently high inflation readings had bond investors expecting further hikes, reducing the attractiveness of bonds. The sole market to post positive results for the period was Japan. Yields across most of the markets in which the portfolio invests have seemingly peaked, but the path remains choppy and range-bound, reflecting ongoing uncertainty around the strength of both growth and inflation.

Q **How did the tactical allocation perform?**

A The tactical allocation detracted from performance as the inconsistency of returns month-to-month across assets made positioning difficult. Tactical equity disappointed due to a lack of persistent trend, with equities up one month, down the next. Tactical commodities detracted largely due to overweights across energy for most of the period. Tactical bonds detracted due to mixed positioning for most of the period.

Q **What is your 30-day outlook?**

A Due to the flexible nature of the portfolio in terms of allocation across asset classes, the outlook is reassessed every 30 days, hence the reason why this period has been chosen.

Although the highly anticipated recession has not materialised yet, there is still reason for caution. Markets have remained resilient, but global economic indicators are flashing recessionary signals. Multiple vulnerabilities mark the landscape, including the prospect of more interest rate increases and their ultimate effect on economic growth. Should economic strength continue, inflation will likely remain elevated, keeping monetary policy tight. Looking forward, one of the main questions to be addressed is whether such significant monetary tightening will lead to credit issues.

The latest tactical positioning, as at the date of this report, includes overweights across all equity markets. Emerging markets and US small caps have transitioned from underweight to modestly overweight. In fixed income, the tactical positioning is now underweight all markets except Japan. Positioning within commodities is similar to last month, with all four complexes maintaining net underweight positions.

Scott Wolle
Portfolio Manager

1 August 2023

Balanced Risk Allocation Share Portfolio List of Derivative Instruments

AT 31 MAY 2023

	Notional Exposure £'000	Notional Exposure as % of Net Assets
Government Bond Futures:		
Australia	1,691	27.3
Japan	1,458	23.6
Germany	935	15.1
Canada	659	10.6
UK	483	7.8
Total Bond Futures (5)	**5,226**	**84.4**
Commodity Futures:		
Agriculture		
Soyabean meal	158	2.5
Sugar	111	1.8
Soyabean	104	1.7
Soyabean oil	67	1.1
Cotton	64	1.0
Coffee	54	0.9
Corn	24	0.4
Energy		
Gasoline	168	2.7
Brent crude	118	1.9
Low sulphur gasoline	106	1.7
New York Harbor ultra-low sulphur diesel	77	1.3
WTI crude	55	0.9
Natural gas	28	0.4
Industrial Metals		
Copper	164	2.6
Aluminium	134	2.2
Precious Metals		
Gold	160	2.6
Silver	96	1.6
Total Commodity Futures (17)	**1,688**	**27.3**
Equity Futures:		
Japan	736	11.9
UK	521	8.4
Europe	364	5.9
Emerging markets	230	3.7
US small cap	211	3.4
US large cap	169	2.7
Total Equity Futures (6)	**2,231**	**36.0**
Total Derivative Instruments (28)	**9,145**	**147.7**

Target Annualised Risk

The targeted annualised risk (volatility of monthly returns) for the portfolio as listed above is analysed as follows:

Asset Class	**Risk**	**Contribution**
Fixed Income	3.1%	40.5%
Equities	2.9%	37.7%
Commodities	1.6%	21.8%
	7.6%	**100.0%**

List of Investments

	Yield %	Market value £'000	% of Portfolio
Short Term Investments			
Invesco Liquidity Funds plc - Sterling	4.45	3,107	56.1
UK Treasury Bill - 0% 18 Sep 2023	4.09	739	13.3
UK Treasury Bill - 0% 06 Nov 2023	4.70	587	10.6
UK Treasury Bill - 0% 30 Oct 2023	4.71	490	8.8
UK Treasury Bill - 0% 13 Nov 2023	4.60	269	4.9
UK Treasury Bill - 0% 23 Oct 2023	4.66	196	3.5
UK Treasury Bill - 0% 31 Jul 2023	4.13	149	2.7
Total Short Term Investments		**5,537**	**99.9**
Hedge Funds(1)			
Harbinger Streamline Offshore Fund		5	0.1
Total Hedge Funds		**5**	**0.1**
Total Fixed Asset Investments		**5,542**	**100.0**

(1) The hedge fund investments are residual holdings of the previous investment strategy, which are awaiting realisation of underlying investments.

Derivative instruments held in the Balanced Risk Allocation Share Portfolio are shown on the previous page. At the year end all the derivative instruments held in the Balanced Risk Allocation Share Portfolio were exchange traded futures contracts. Holdings in futures contracts that are not exchange traded are permitted as explained in the investment policy on page 45.

Balanced Risk Allocation Share Portfolio

Individual portfolio breakdowns are provided for additional information only. See note 1(a)(ii) on page 88 for further details.

Income Statement

FOR THE YEAR ENDED 31 MAY

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Losses on investments held at fair value	-	(2)	(2)	-	(1)	(1)
Gains/(losses) on derivative instruments	27	(963)	(936)	72	(32)	40
Gains on foreign exchange	-	15	15	-	38	38
Income	172	-	172	12	-	12
Investment management fees	(15)	(34)	(49)	(16)	(38)	(54)
Other expenses	(27)	(2)	(29)	(24)	(2)	(26)
Net return before finance costs and taxation	157	(986)	(829)	44	(35)	9
Finance costs	-	-	-	-	-	-
Return before taxation	157	(986)	(829)	44	(35)	9
Tax	(16)	16	-	-	-	-
Return after taxation for the financial year	141	(970)	(829)	44	(35)	9
Return per ordinary share - note 7	3.38p	(23.16)p	(19.78)p	1.05p	(0.83)p	0.22p

Summary of Net Assets

AT 31 MAY

	2023 £'000	2022 £'000
Fixed assets	5,542	6,233
Derivative assets held at fair value though profit or loss	125	362
Current assets	735	732
Derivative liabilities held at fair value though profit or loss	(186)	(225)
Creditors falling due within one year, excluding borrowings	(26)	(17)
Net assets	6,190	7,085
Net asset value per share	149.56p	169.87p
Notional exposure of derivative instruments as % of net assets	147.7%	145.7%

Summary of Changes in Net Assets

FOR THE YEAR ENDED 31 MAY

	2023 £'000	2022 £'000
Net assets brought forward	7,085	6,890
Shares bought back and held in treasury	(147)	(275)
Share conversions	122	461
Return after taxation for the financial year	(829)	9
Dividend paid	(41)	-
Net assets at the year end	6,190	7,085

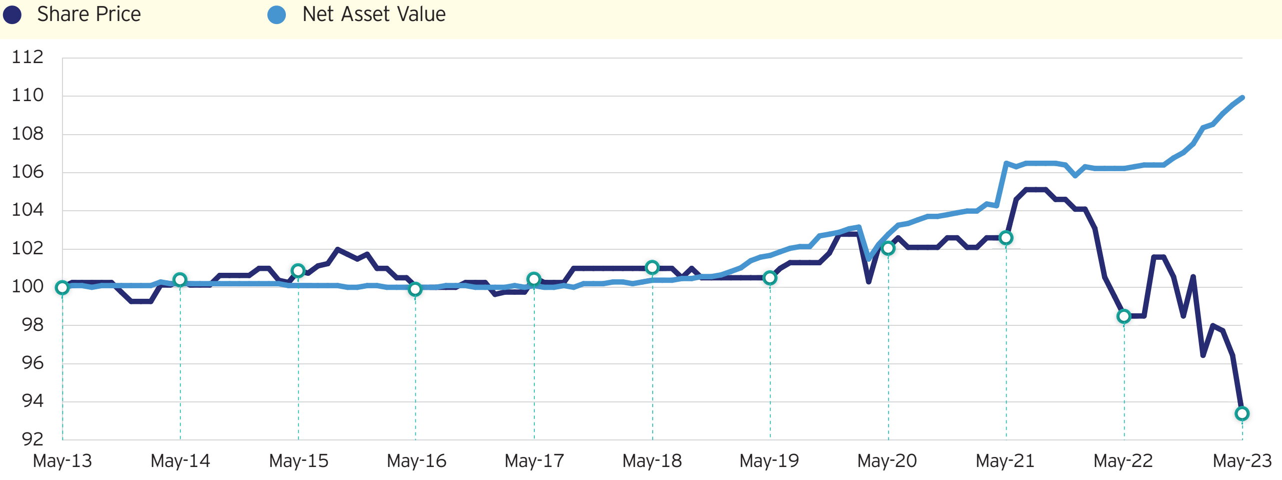
Managed Liquidity Share Portfolio Performance Record

Total Return
For the year ended 31 May

	2023	2022	2021	2020	2019
Net Asset Value[1]	3.5%	-0.3%	3.6%	1.1%	1.3%
Share Price[1]	-5.2%	-4.0%	0.5%	1.6%	-0.5%
Revenue return per share	1.06p	-0.02p	1.35p[2]	0.65p	0.59p
Dividends	1.00p	1.00p	nil	0.80p	0.80p

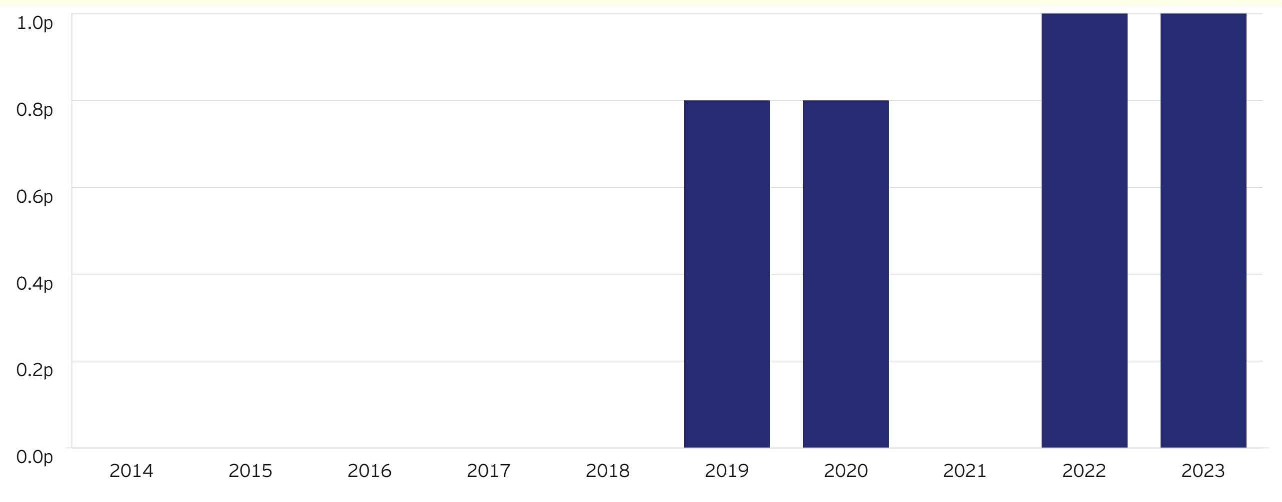
(1) Source: Refinitiv.
(2) Includes a £34,000 (1.40p per share) refund of management fees in respect of prior year overcharges.

Ten Year Total Return
Rebased to 100 at 31 May 2013



Source: Refinitiv.

Ten Year Dividend History

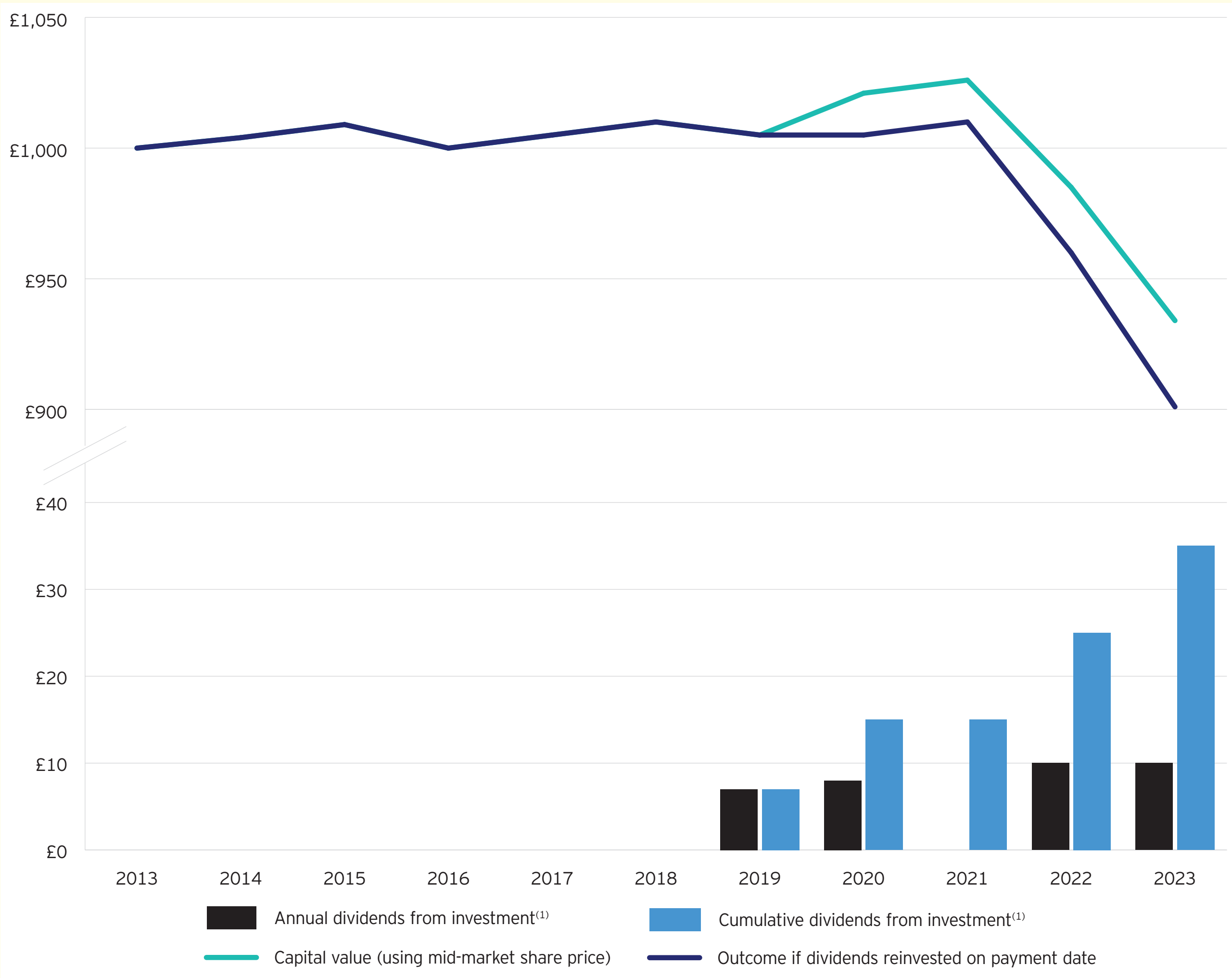


Managed Liquidity Share Portfolio Historical Shareholder Returns from an Initial Investment of £1,000 on 31 May 2013

31 May	Annual dividends per share[1] pence	Annual dividends from investment[1] £	Cumulative dividends from investment[1] £	Mid-market share price pence	Capital value (using mid-market share price) £	Outcome if dividends reinvested on payment date £
2013	-	-	-	101.00	1,000	1,000
2014	-	-	-	101.37	1,004	1,004
2015	-	-	-	101.88	1,009	1,009
2016	-	-	-	101.00	1,000	1,000
2017	-	-	-	101.50	1,005	1,005
2018	-	-	-	102.00	1,010	1,010
2019	0.80	7	7	101.50	1,005	1,005
2020	0.80	8	15	101.50	1,005	1,021
2021	-	-	15	102.00	1,010	1,026
2022	1.00	10	25	97.00	960	985
2023	1.00	10	35	91.00	901	934

Source: Refinitiv.

Managed Liquidity Share Portfolio Returns on an Initial Investment of £1,000 in the Company Ten Years to 31 May 2023



(1) Based on dividend payment dates.

Managed Liquidity Share Portfolio Manager's Report

Q **How does the portfolio generate returns?**

A The investment objective of the portfolio is to produce an appropriate level of income return combined with a high degree of security. We aim to generate returns by investing mainly in sterling-based high quality debt securities and similar assets but with the flexibility to invest in assets with a greater weighted average maturity than a money market fund. Accordingly the value of the portfolio may rise or fall.

The majority of the portfolio is invested in the **iShares – Sterling Ultrashort Bond UCITS ETF**. We reviewed the ETF universe in December 2022 and elected to retain this ETF. We also hold a portion of the portfolio in the **Invesco Liquidity Funds plc – Sterling** to meet short term payment obligations.

The **iShares – Sterling Ultrashort Bond UCITS ETF** invests in sterling denominated investment grade corporate bonds and quasi-government bonds, aiming to track performance of the Markit iBoxx GBP Liquid Investment Grade Ultrashort Index and has a weighted average maturity of around one year.

Q **What has the performance of your fund been over the last year?**

A The Managed Liquidity Portfolio NAV total return for the year ended 31 May 2023 was 3.5%.

The year was marked by a steady increase in interest rates with the Bank of England raising base rates from 1% in May 2022 to 4.5% at 31 May 2023 as part of an effort by central banks globally to cool inflation. Inflation had started to rise in 2021 as Covid-19 stimulus began to be spent on economies re-opening. Energy prices accelerated this in 2022 as a result of Russia's invasion of Ukraine and subsequent sanctions and this has subsequently fed into a broad rise in consumer prices and wages, resulting in determined action to cool spending.

The portfolio maintains a very short duration at 0.26 years and so has been protected from the falls experienced in many bond funds from interest rates rising faster than expected and performance exceeded the Markit iBoxx GBP Liquid Investment Grade Ultrashort Index return of 2.8% over the period.

Q **What is the outlook for returns given high inflation and rising interest rates?**

A The yield to maturity of the **iShares – Sterling Ultrashort Bond UCITS ETF** was 5.13% at 31 May 2023, demonstrating that portfolio returns continue to benefit from higher interest rates and in particular to continue to deliver a meaningful pickup over base rates while providing ready access to capital with a high degree of security.

Turning to the wider monetary environment, in the UK further interest rate rises are still expected and we would expect this to benefit portfolio returns.

Opinions differ as to how long higher rates will be with us. The average interest rate in the decade to 2008 was a little over 5%, and substantially higher in the four preceding decades that followed post-WWII austerity. Nevertheless, energy prices have now fallen, globalisation as a driver of economic growth has largely stalled in favour of greater on-shoring of supply lines, and developed economies continue to age, meaning that the very long-term outlook for rates is more likely to be lower than higher. In 2023-24 however, higher interest rates appear to be here to stay to reduce consumer spending if central banks are to achieve their mandates of around 2% inflation.

Derek Steeden
Portfolio Manager

1 August 2023

Managed Liquidity Share Portfolio List of Investments

AS AT 31 MAY

	2023		2022	
	Market Value £'000	% of Portfolio	Market Value £'000	% of Portfolio
Invesco Liquidity Funds plc – Sterling	130	8.8	130	9.0
iShares – Sterling Ultrashort Bond UCITS ETF	1,345	91.2	1,315	91.0
	1,475	100.0	1,445	100.0

Managed Liquidity Share Portfolio

Individual portfolio breakdowns are provided for additional information only. See note 1(a)(ii) on page 88 for further details.

Summary of Net Assets

AT 31 MAY

	2023 £'000	2022 £'000
Fixed assets	1,475	1,445
Current assets	34	17
Creditors falling due within one year, excluding borrowings	(139)	(138)
Net assets	1,370	1,324
Net asset value per share	109.51p	106.92p

Income Statement

FOR THE YEAR ENDED 31 MAY

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value	-	23	23	-	(4)	(4)
Income	21	-	21	6	-	6
Investment management fees	(2)	-	(2)	(2)	-	(2)
Other expenses	(6)	-	(6)	(5)	-	(5)
Net return before finance costs and taxation	13	23	36	(1)	(4)	(5)
Finance costs	-	-	-	-	-	-
Return before taxation	13	23	36	(1)	(4)	(5)
Tax	-	-	-	-	-	-
Return after taxation for the financial year	13	23	36	(1)	(4)	(5)
Return per ordinary share - note 7	1.06p	1.80p	2.86p	(0.07)p	(0.28)p	(0.35)p

Summary of Changes in Net Assets

FOR THE YEAR ENDED 31 MAY

	2023 £'000	2022 £'000
Net assets brought forward	1,324	1,738
Shares bought back and held in treasury	(77)	(66)
Share conversions	99	(328)
Return after taxation for the financial year	36	(5)
Dividend paid	(12)	(15)
Net assets at the year end	1,370	1,324

Environmental, Social and Corporate Governance ('ESG') statement from the Managers

UK Equity Share Portfolio & Global Equity Income Share Portfolio

What does ESG mean to us?

Ciaran Mallon
UK Equities Fund Manager

James Goldstone
UK Equities Fund Manager

Stephen Anness
Global Equities Fund Manager

- Investing in stocks which have good ESG momentum behind them can be a positive way for our portfolios to potentially generate returns in excess of the benchmark
- We draw upon ESGintel, Invesco's proprietary tool, which helps us to better understand how companies are addressing ESG issues
- Engaging with companies to understand corporate strategy today in order to assess how this could evolve in the future
- Monitoring how companies are performing from an ESG perspective and if the valuations fairly reflect the progress being made

Our focus as active fund managers is always on finding mispriced stocks and ESG integration underpins our investment process.

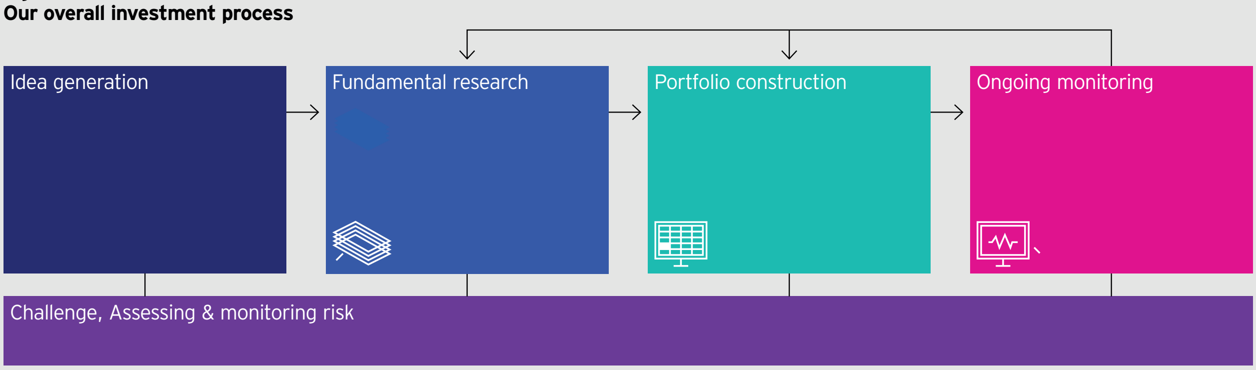
The incorporation of ESG into our investment process considers ESG factors as inputs into the wider investment process as part of a holistic consideration of the investment risk and opportunity, from valuation through investment process to engagement and monitoring. The core aspects of our ESG philosophy include: materiality; ESG momentum; and engagement.

- Materiality refers to the consideration of ESG issues that are financially material to the company we are analysing.
- The concept of ESG Momentum, or improving ESG performance over time, indicates the degree of improvement of various ESG metrics and factors and help fund managers identify upside in the future. We find that companies which are improving in terms of their ESG practices may enjoy favourable financial performance in the longer term.
- Engagement is part of our responsibility as active owners which we take very seriously, and we see engagement with companies as an opportunity to encourage continual improvement. Dialogue with portfolio companies is a core part of the investment process for our investment team. As such, we often participate in board level dialogue and are instrumental in giving shareholder views on management, corporate strategy, transparency and capital allocation as well as wider ESG aspects.

ESG integration is an ongoing strategic effort to systematically incorporate ESG Factors into fundamental analysis. The aim is to provide a 360 degree evaluation of financial and non-financial materially relevant considerations and to help guide the portfolio strategy.

Our investment process has four stages. In this report we go through in detail how ESG is integrated into each stage of our process.

Figure 1
Our overall investment process



For illustrative purposes only.

Idea Generation

We believe it is important to spread our nets as wide as possible when trying to come up with stock ideas which may find their way into our portfolios. We remain open minded as to the type of companies we will consider. This means not ruling out companies just because they happen to be unpopular at that time and vice versa. ESG can create opportunities too – for example, the benefits of moving towards more sustainable sources of energy like wind, solar and hydroelectric power generation. This was one of the reasons we became interested in some of our utility holdings which are held in the UK portfolio. This highlights the importance of opportunities brought about by ESG and not just the risks. Investing in stocks which have the right ESG momentum behind them – by focussing on fundamentals and the broader investment landscape – can be a unique way for our portfolios to potentially generate returns in excess of the benchmark as those businesses that have got ESG momentum behind them have the potential to be rerated.

Fundamental Research & ESG Analysis

Research is at the core of what we do. Our fundamental analysis covers many drivers, for example, corporate strategy, market positioning, competitive dynamics, the macroeconomic environment, financials, regulation, valuation, and, of course, ESG considerations, which guide our analysis throughout.

We use a variety of tools from different providers to measure ESG factors. In addition, at Invesco, we have developed ESGintel, Invesco's proprietary tool built by our Global ESG research team in collaboration with our Technology Strategy Innovation and Planning (SIP) team.

ESGintel provides fund managers with environmental, social and governance insights, metrics, data points and direction of change. In addition, ESGintel offers fund managers an internal rating on a company, a rating trend, and a rank against sector peers. The approach ensures a targeted focus on the issues that matter most for sustainable value creation and risk management.

This provides a holistic view on how a company's value chain is impacted in different ways by various ESG topics, such as compensation and alignment, health and safety, and low carbon transition/climate change.

We always try to meet with a company prior to investment. Based on our fundamental research, including any ESG findings, we focus on truly understanding the key drivers and, most importantly, the path to change. This helps us better understand corporate strategy today and how this could evolve in the future. Today, the subject of ESG is increasingly part of these discussions, led by us.

Portfolio Construction

We aim to create a well-diversified portfolio of active positions that reflect our assessment of the potential upside for each stock weighted against our assessment of the risks. Sustainability and ESG factors will be assessed alongside other fundamental drivers of valuation. The impact of any new purchases will need to be considered at a portfolio level. How will it affect the shape of the portfolio having regard to objectives, existing positions, overall size of the portfolio, liquidity and conviction?

We do not seek out stocks which score well on internal or third party research simply to reduce portfolio risk.

Ongoing Monitoring

Our fund managers and analysts continuously monitor how the stocks are performing as well as considering possible replacements. Is the company performing from an ESG perspective and are the valuations fairly reflecting the progress being made or not?

How do we monitor our holdings from an ESG perspective? Again, the same resources used during the fundamental stage are available to us. Our regular meetings with the management teams of the companies we own provides an ideal platform to discuss key ESG issues, which will be researched in advance. We draw on our own knowledge as well as relevant analysis from our ESG team and data from our previously mentioned proprietary system ESGintel which allows us to monitor progress and improvement against sector peers. Outside of company management meetings we constantly discuss as a team all relevant ESG issues, either stimulated internally or from external sources.

Additional ESG analysis is carried out by the team, when warranted, on particular companies. Such cases would be those that are more controversial, considered to be higher risk and viewed poorly by ESG providers, resulting in a valuation discount. We don't just look at the specific issue considered to be higher risk either, for example the environmental risk of an oil company, but all areas of ESG. This means undertaking extensive analysis of social and governance policies and actions at the same time.

Challenge, Assessing & Monitoring Risk

In addition, there are two more formal ways in which our portfolios are monitored:

There is a rigorous semi-annual review process which includes a meeting led by the ESG team to assess how our portfolios are performing from an ESG perspective. This ensures a circular process for identifying flags and monitoring of improvements over time. These meetings are important in capturing issues that have developed and evolved whilst we have been shareholders.

There is also the ‘CIO challenge’, a formal review meeting held between the Henley Investment Centre’s Chief Investment Officer (CIO) and each fund manager. This review includes a full breakdown of the ESG performance using Sustainalytics and ISS data, such as the absolute ESG performance of the portfolio, relative performance to benchmarks, stocks exposed to severe controversies, top and bottom ESG performers, carbon intensity and trends. The ESG team review the ESG data and develop stock specific or thematic ESG questions. The ESG performance of the portfolio is discussed with the CIO using the data and the stock specific questions to analyse the fund manager’s level of ESG integration. The aim of these meetings is not to prevent a fund manager from holding any specific stock: rather, what matters is that the fund manager can evidence understanding of ESG issues and show that they have been taken into consideration when building the investment case.

Climate Risk

UK Equity Portfolio

A core aspect of our philosophy on ESG issues is the concept of ESG momentum or improving ESG performance over time. We find that companies which are improving in terms of their ESG practices may enjoy favourable financial performance in the longer term. As indicated by ISS Scope 1 + 2 measures, Carbon intensity in the UK Equity Share Portfolio has decreased by 33% from May 2022 to May 2023 and stands at 114.5. This is just 2% higher than the FTSE All-Share Index. Looking deeper into the underlying data reveals additional interesting detail.

- The biggest single contributor to carbon intensity of the UK Equity Share Portfolio (we estimate around 24% of the total ISS defined emissions) derives from the position held in utility company SSE. As a major distributor of electrical power in the UK, SSE at present has significant exposure to distribution of power generated from non-renewable sources. However, it is in our view at the very forefront of progress as an enabler of transition towards net zero: it develops, builds and operates infrastructure needed to support the transition, and has set out detailed and specific targets across each of scope 1, 2 and 3*.
- As of 31 May 2023, 34 out of the 47 holdings (72%) in the UK Equity Share Portfolio have aligned with, are aligning, or are committed to aligning with the net zero objective by 2050.

We continue to believe that the approach to climate change, and the philosophies behind all aspects of ESG deserve to be embedded in an investment framework which encourages positive change.

Coupling this with a focus on valuation is, to our minds, the best way to deliver strong investment outcomes over the long term for our clients.

Global Equity Income Portfolio

Climate change continues to be a strategic priority for Invesco, with a commitment to the Net Zero Asset Managers initiative. Companies’ climate transition plans were the most common topic of our targeted ESG engagements over the last twelve months. We monitor the progress made in reducing carbon emissions (ISS Scope 1+2); between May 2022 and May 2023 the portfolio carbon intensity increased marginally by 3%, this compares with the MSCI World Index benchmark which reduced emissions by 25%. Despite the slight uptick in this year’s carbon intensity number, we expect to see additional net zero commitments from the companies in which we invest, as this is the direction of travel.

We would highlight however that the process may not be smooth. Different regions are moving at different speeds, with Europe and the UK in front, Asia and Emerging Markets still lagging. Larger companies are leading smaller and mid-size companies.

As of 31 May 2023, 28 out of the 43 holdings (65%) in the portfolio have aligned with, or are committed to aligning, with the net zero objective by 2050. All companies in our portfolio produce sustainability reports and we are encouraging all companies that we meet to sign up to the net zero initiative, whilst acknowledging for some companies it may not be technically feasible yet.

Company Specific Examples

In the selection overleaf, we highlight some of the recent engagements that we have had with companies to give you a flavour of how active engagement can create positive outcomes.

* Scope 1 and 2 are those emissions that are owned or controlled by a company. Scope 3 refers to the indirect emissions that occur at different points in the full range of activities undertaken in order to create the products or services of the reporting company.

UK Equity Portfolio Examples

Retailer of clothing, footwear, accessories and homeware products

Key ESG issues
Rated **Low Risk** by Sustainalytics.

E	Sustainable products, Emissions
S	Working conditions, Labour rights
G	No major issues

- The UK Equity team engaged with the company in conjunction with the Invesco ESG team. The discussion centred around responsible materials, product life cycle, sustainable sourcing and Scope 3 emissions.
- On environmental factors responsible materials were discussed and the extent to which they are significantly more expensive. The company advised that for some material there is no upcharge but for others, like polyester & wool, there are. The degree of the increase varies by material and by sourcing country.
- With regard to the performance of sustainable product lines the company have found that this is not yet a significant driver of buyer behaviour. New plans on product life cycle were discussed and despite it being a challenge at present they want to be responsible and know exactly where used and recycled goods are going.
- On balancing sustainable sourcing with working conditions, circa 97% of the company's products come from factories graded 1-3 (1. Excellent, 2. Good and 3. Fair). Their Code of Practice team has 50 people based in 11 key sourcing countries. They are unique in having their own people on the ground and an in-house auditing team. With around 1,800 factories, visits are based on the audit rating of each one. Generally speaking, each factory is visited once every 9 months.
- On tackling Scope 3 emissions, through the Higg Index and the Sustainable Apparel Coalition (SAC) the company is gathering data which is giving them a greater understanding on their emissions. Through the Higg Index they have established a UK brand forum whereby they can collaborate with other brands, share factory data and work together to make the biggest impact.
- We will continue to engage on all of the above matters and monitor progress. **Action: position maintained**

International Bank

Key ESG issues
Rated **Medium Risk** by Sustainalytics.

E	Emissions, Net Zero transition
S	No major issues
G	Sustainable Finance

- Invesco met with the company as part of a regular engagement. We discussed their introduction of a new methodology which has been developed together with Sustainalytics for measuring financed emissions and tracking them at a portfolio level against the goals of the Paris Agreement.
- The new methodology starts by selecting an appropriate benchmark for a sector, which defines how financed emissions for a portfolio need to change over time in line with the goals of the Paris Agreement. The company then determines how their sector portfolios are performing against these benchmarks. They estimate the emissions that their clients will produce, determine how those emissions should be linked to the financing they provide, and then aggregate those measurements into a portfolio-level metric. This portfolio-level metric is then compared to the benchmark.
- The company believes that they should continue to provide finance to clients in order to support their energy transitions where appropriate. They will continue to refine their specific lending policies and the requirement for clients to share information on their transition plans to determine, client by client, whether they think they are making appropriate progress.
- The company has appointed 2 MD's who will share responsibility for sustainable lending. Last year they appointed a CFO for Climate who has a background in stress testing and reporting. In addition, they have put in place a specific finance team to focus on this area. Invesco will continue to engage to understand the effectiveness of this methodology. **Action: position maintained**

Global Equity Income Portfolio Examples

A supplier of lifts and escalators

Key ESG issues
Rated **Low Risk** by Sustainalytics.

E	Carbon emissions from production and operation of lifts
S	No major issues
G	No major issues

- Many lifts in older buildings are more than 30 years old, new lifts consume 60-90% less electricity than old lifts. We discussed progress being made in improving energy efficiency, also the use of remote monitoring of installations that can help minimise out of service times, which is of particular benefit to residents, especially the elderly. We have raised issues around carbon reduction targets and waste disposal in the production of the company's products. We have also discussed the timeline of rolling out carbon neutral maintenance services. Achievement of environmental goals form part of senior management remuneration targets.
- Although the company scores well on employee satisfaction surveys and female participation at senior levels of management we continue to ask questions in relation to employee safety at work, noting several work related accidents in 2021.
- We also discussed from a governance perspective, issues relating to financial reporting regarding the segmentation of different business units. **Action: position maintained**

A global healthcare services provider

Key ESG issues
Rated **Low Risk** by Sustainalytics.

E	No major issues
S	Political contributions and diversity
G	Issues around employee pay on termination

- We spent considerable time discussing with management a number of proposals made on the proxy agenda at their AGM.
- With regard to remuneration the company insisted they would not pay more than 2.99 times salary and bonus in cash upon employee termination. The company explained that it wished to retain the right to pay employees deferred compensation in accelerated form in a limited number of circumstances such as death, disability, or company takeover. In their view from the perspective of the employee that would be considered normal.
- We also discussed the vexatious issue of political donations. The company is acutely conscious around the sensitivities of donations to certain trade associations at present due to divisive social issues in its major market. The company is well regarded (CPA-Zicklin Index) for its transparency on political issues and has a published guide to its policy on donations. The board are concerned about potentially being seen to take positions on highly polarised topics which would not be in stakeholders interests.
- We also asked about issues around diversity and inclusion. The company feels that it has done a huge amount of work on health equity in its major market, though more can always be done. It monitors closely the proportion of women and people of colour in the workforce and at senior levels. Staff surveys are regular and closely watched. We note the company has a published equal opportunities policy and is not out of line with competitors regarding women in senior management. **Action: position maintained**

Voting Policy

We review Annual General Meeting ('AGM') and Extraordinary General Meeting ('EGM') proposals taking into account our own knowledge of the companies in which our portfolios are invested, as well as the comments and recommendations of proxy voting analysis providers ISS*, Glass Lewis and IVIS**. In addition, Invesco provides proprietary proxy voting recommendations and publishes these recommendations via its PROXYintel platform. All voting decisions remain with the portfolio manager, however, where a portfolio manager votes against an Invesco voting recommendation, the rationale for such decision is recorded and available on the platform. There will be times when we will follow the recommendations made by proxy research providers but times where we disagree with the stance being taken.

Voting in line with management recommendations should not be seen as evidence of a lack of engagement or challenge on our part, but rather that we believe that the governance of the companies in which we are invested is appropriately robust and worthy of support. There may be instances where we vote in support of management, but the ESG performance of the company is not perfect and issues have been identified. In this situation we would seek to engage with the company leading up to the vote and if necessary, would have raised concerns and likely given a time horizon or measure for improvement which, if not met, could lead to a vote against in the future. In that respect, our approach to governance is one of engagement and improvement.

We do not expect companies to change overnight but we do expect continual review of governance processes and continued improvement. Further details of how the manager has voted on holdings in the portfolio is available on the Company's website at www.invesco.com/uk/en/investment-trusts/invesco-selecttrust-plc.html.

A recent example of voting engagement, which concerned employee pay on termination, political donations and diversity and inclusion is shown above, under the global healthcare services provider case study.

Conclusion

The regulatory landscape is rapidly evolving, which increasingly compels organisations and investors alike to clearly demonstrate their awareness of ESG issues in their decisions. Landmark initiatives such as the European Union's new Sustainable Finance Disclosure Regulation (SFDR) are at the forefront of this shift.

We believe that our approach is fair, coherent and pragmatic. Whilst we consider ESG aspects, we are not bound by any specific ESG criteria and have the flexibility to invest across the ESG spectrum from best to worst in class, but we think that the principles behind ESG deserve to be embedded in an investment framework which encourages positive change. Coupling this with a focus on valuation is, to our minds, the best way to deliver strong investment outcomes for our clients' long term. This reinforces our fundamental belief that responsible investing demands a long-term view and that a stakeholder-centric culture of ownership and stewardship is at the heart of ESG integration.

* ISS – Institutional Shareholder Services.

** IVIS – Institutional Voting Information Service.

Business Review

Purpose, Business Model and Strategy

Invesco Select Trust plc is a UK investment company with four share classes, each of which has separate investment objectives, as set out below, and is represented by a separate portfolio. The Company's purpose is to generate sustainable returns for its shareholders by providing a choice of investment strategies and the ability to switch between them, free of cost, according to shareholders' needs. The underlying strategies are each targeted at achieving returns corresponding with specified objectives through a disciplined investment process. The strategy the Board follows to achieve its overall objective and those of each share class is to set investment policy and risk guidelines, together with investment limits, and to monitor how they are applied. These are also set out below.

The business model the Company has adopted to achieve its objective has been to contract investment management and administration to appropriate external service providers. The Board has oversight of the Company's service providers, and monitors them on a formal and regular basis. The Board has a collegiate culture and pursues its fiduciary responsibilities with independence, integrity and diligence, taking advice and outside views as appropriate and constructively challenging and interacting with service providers, including the Manager.

The principal service provider is Invesco Fund Managers Limited ('IFML' or the 'Manager'). In addition to managing the portfolios in accordance with the Board's strategy and under its oversight, the Manager is also responsible for providing company secretarial, marketing, accounting and general administration services. In practice, many of these services are performed under delegated authority by Invesco Asset Management Limited (IAML), a company related to IFML. References to the Manager in this Annual Financial Report should consequently be considered to include both entities.

All administrative support is provided by third parties under the oversight of the Board. In addition to the management and administrative functions of the Manager, the Company has contractual arrangements with Link Group to act as registrar and The Bank of New York Mellon (International) Limited (BNYMIL) as depositary and custodian.

Investment Policy

The Company's and respective share classes' investment objectives, investment policies and risk and investment limits combine to form the 'Investment Policy' of the Company.

The Company

Investment Objective and Policy

The Company's investment objective is to provide shareholders with a choice of investment strategies and policies, each intended to generate attractive risk-adjusted returns.

The Company's share capital comprises four Share classes: UK Equity Shares, Global Equity Income Shares, Balanced Risk Allocation Shares and Managed Liquidity Shares, each of which has its own separate portfolio of assets and attributable liabilities. The investment objectives, policies and risks and limits of the portfolios for these share classes follow. With the exception of borrowings, the limits for the Company and the four share classes are measured at the point of acquisition of investments, unless otherwise stated.

Investment Limits of the Company

The Board has prescribed limits on the Investment Policy of the Company, which include the following:

- no more than 15% of the gross assets of the Company may be invested in a single investment; and
- no more than 10% of the gross assets of the Company may be invested in other listed investment companies (excluding property companies structured as REITs).

UK Equity Share Portfolio

Investment Objective

The investment objective of the UK Equity Portfolio is to provide shareholders with an attractive real long-term total return, with an income that will grow over time, by investing primarily in UK quoted equities.

Investment Policy and Risk

The UK Equity Portfolio is invested primarily in UK-quoted equities and may also hold equity-related or fixed interest securities of UK companies across all market sectors. The portfolio will not invest in companies which are not listed, quoted or traded at the time of investment, although it may have exposure to such companies where, following investment, the relevant securities cease to be listed, quoted or traded.

The Manager invests the UK Equity Portfolio so as to maximise exposure to the most attractive sectors and securities, within a portfolio structure that reflects the Manager's view of the macroeconomic environment. The Manager does not set out to manage the risk characteristics of the UK Equity Portfolio relative to the FTSE All-Share Index (the 'benchmark index') and the investment process may result in potentially very significant over or underweight positions in individual sectors versus the benchmark. The size of weightings will reflect the Manager's view of the attractiveness of a security and the degree of conviction held. If a security is not considered to be a good investment, it will not be held in the UK Equity Portfolio, irrespective of its weight in the benchmark index.

The Manager controls the stock-specific risk of individual securities by ensuring that the UK Equity Portfolio is always diversified across market sectors. In-depth and continual analysis of the fundamentals of investee companies allows the Manager to assess the financial risks associated with any particular security.

It is expected that, typically, the portfolio will hold between 40 and 50 securities.

The Directors believe that the use of borrowings can enhance returns to shareholders and the UK Equity Portfolio will generally use borrowings in pursuing its investment objective.

Investment Limits

The Board has prescribed limits on the investment policy of the UK Equity Portfolio, which include the following:

- no more than 12% of the gross assets of the UK Equity Portfolio may be held in a single investment;
- no more than 10% of the gross assets of the UK Equity Portfolio may be held in other listed investment companies (excluding REITs);
- no more than 20% of the gross assets of the UK Equity Portfolio may be held in overseas assets; and
- borrowings may be used to raise equity exposure up to a maximum of 25% of the net assets of the UK Equity Portfolio when it is considered appropriate.

Global Equity Income Share Portfolio

Investment Objective

The investment objective of the Global Equity Income Portfolio is to provide an attractive and growing level of income return and capital appreciation over the long term, predominantly through investment in a diversified portfolio of equities worldwide.

Investment Policy and Risk

The portfolio will be invested predominantly in a portfolio of listed, quoted or traded equities worldwide, but may also hold other securities from time to time including, inter alia, fixed interest securities, preference shares, convertible securities and depositary receipts. Investment may also be made in regulated or authorised collective investment schemes. The portfolio will not invest in companies which are not listed, quoted or traded at the time of investment, although it may have exposure to such companies where, following investment, the relevant securities cease to be listed, quoted or traded. The Manager will at all times invest and manage the portfolio's assets in a manner that is consistent with spreading investment risk, but there will be no rigid industry, sector, region or country restrictions.

The portfolio may utilise derivative instruments including index-linked notes, contracts for differences, covered options and other equity-related derivative instruments for efficient portfolio management and investment purposes. Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the portfolio's direct investments, as described above.

It is expected that, typically, the portfolio will hold between 40 and 55 securities.

The Directors believe that the use of borrowings can enhance returns to shareholders, and the Global Equity Income Portfolio may use borrowings in pursuing its investment objective.

The Company's foreign currency investments will not be hedged to sterling as a matter of general policy. However, the Manager may employ currency hedging, either back to sterling or between currencies (i.e. cross hedging of portfolio investments).

Investment Limits

The Board has prescribed the following limits on the investment policy of the Global Equity Income Portfolio:

- no more than 20% of the gross assets of the Global Equity Income Portfolio may be invested in fixed interest securities;
- no more than 10% of the gross assets of the Global Equity Income Portfolio may be held in a single investment;
- no more than 10% of the gross assets of the Global Equity Income Portfolio may be held in other listed investment companies (excluding REITs); and
- borrowings may be used to raise equity exposure up to a maximum of 20% of the net assets of the Global Equity Income Portfolio, when it is considered appropriate.

Balanced Risk Allocation Share Portfolio

Investment Objective

The investment objective of the Balanced Risk Allocation Portfolio is to provide shareholders with an attractive total return in differing economic and inflationary environments, and with low correlation to equity and bond market indices by gaining exposure to three asset classes: debt securities, equities and commodities.

Investment Policy and Risk

The portfolio utilises two main strategies: the first seeks to balance the risk contribution from each of three asset classes (equities, bonds and commodities), with the aim of reducing the probability, magnitude and duration of capital losses, and the second seeks to shift tactically the allocation among the assets with the aim of improving expected returns.

The portfolio is constructed so as to achieve appropriate diversity and to balance risk by asset class (bonds, equities and commodities) and by asset within each asset class. Neutral risk weighting is achieved when each asset class contributes an equal proportion of the total portfolio risk and each asset contributes an equal proportion of the total risk for its respective asset class. The Manager is permitted to actively vary asset class weightings, subject to a maximum of 150% and a minimum of 50% of each asset class's neutral weight. The Manager is also permitted to actively vary individual asset weightings, provided the asset class guidelines are not violated. Asset weights may not be less than zero (short) and will not exceed twice the neutral weight. For the purposes of the maximum weighting only, commodity exposures are aggregated and measured by commodity complex rather than by individual assets.

The portfolio will be mainly invested directly in highly liquid and transparently priced exchange-traded futures contracts, with cash and cash equivalents being held as collateral. However, the portfolio may also be invested in equities, equity-related securities and debt securities (including floating rate notes). Financial derivative instruments (including but not limited to futures and total return swaps) are used only to achieve long exposure to the three asset classes. The portfolio may also use financial derivative instruments, including currency futures and forwards, for efficient portfolio management, hedging and investment purposes. Financial derivative instruments will not be used to create net short positions in any asset class. The derivatives portfolio will typically comprise between 20 and 33 investment positions.

It is expected that the portfolio's investments will mainly be denominated in sterling. Any non-sterling derivative investments may be hedged back into sterling at the discretion of the Manager when it is economic to do so.

Investment Limit

The Board has prescribed the following limits on the investment policy of the Balanced Risk Allocation Portfolio:

- the aggregate notional amount of financial derivative instruments positions may not exceed 250% of the net assets of the Balanced Risk Allocation Portfolio; and
- no more than 10% of the gross assets of the Balanced Risk Allocation Portfolio may be held in other listed investment companies.

Managed Liquidity Share Portfolio

Investment Objective

The investment objective of the Managed Liquidity Portfolio is to produce an appropriate level of income return combined with a high degree of security.

Investment Policy and Risk

The Managed Liquidity Portfolio invests mainly in a range of sterling-based or related high quality debt securities and similar assets (which may include transferable securities, money market instruments, warrants, collective investment schemes and deposits), either directly or indirectly through authorised funds investing in such instruments, including funds managed by Invesco.

The Managed Liquidity Portfolio generally invests in funds authorised as UCITS schemes (Undertakings for Collective Investments in Transferable Securities, being open ended retail investment funds), which are required under governing regulations to provide a prudent spread of risk. In the event that the Managed Liquidity Portfolio is invested directly in securities and instruments, the Manager will observe investment restrictions and risk diversification policies that are consistent with UCITS regulations.

Investment Limits

The Board has prescribed limits on the investment policy of the Managed Liquidity Portfolio, which include the following:

- no more than 10% of the gross assets of the Managed Liquidity Portfolio may be held in a single investment, other than authorised funds or high quality sovereign debt securities; and
- no more than 5% of the gross assets of the Managed Liquidity Portfolio may be held in unquoted investments, other than authorised funds.

Investors should note that the Managed Liquidity Shares are not designed to replicate the returns or other characteristics of a bank or building society deposit or money market fund. In particular, the portfolio will typically contain some assets with a greater residual maturity, and as a whole will have greater weighted average maturity, than is prescribed by regulation governing money market funds. As such, the portfolio may be more sensitive to and impacted by interest rate movements and other factors.

Key Performance Indicators

The Board reviews the performance of the Company by reference to a number of Key Performance Indicators, at either a Company or portfolio level, which include the following:

- Investment Performance
- Revenue and Dividends
- Discount/Premium
- Ongoing Charges

Investment Performance

To assess investment performance the Board monitors the net asset value (NAV) performance of the individual Share classes relative to that of benchmark indices it considers to be appropriate. However, given the requirements and constraints of the investment objectives and policies followed, no index can be expected to fully represent the performance that might reasonably be expected from any one or all of the Company's Share classes.

The NAV total return performance of each of the portfolios over the year to 31 May 2023 and of relevant benchmark indices were as follows:

UK Equity Portfolio	-2.6%
FTSE All-Share Index	0.4%
Global Equity Income Portfolio	9.8%
MSCI World Index (£)	3.8%
Balanced Risk Allocation Portfolio	-11.4%
Composite Benchmark	-17.1%
ICE BoA Merrill Lynch 3 month LIBOR plus 5% per annum	7.5%
Managed Liquidity Portfolio	3.5%

Source: Refinitiv.

Other performance periods, together with share price total returns, are shown on pages 11, 19, 27 and 34.

Further details on the definition and calculation of total returns can be found in the Glossary and Alternative Performance Measures on pages 116 to 119 of the financial report.

Revenue and Dividends

The Directors review revenue estimates and prospective dividend levels at each Board meeting. For the equity share classes the Directors have become more focused on total return since sanctioning contributions to dividends from capital, but dividends paid continue to be mostly constituted from revenue and revenue is an important element of overall portfolio returns.

UK Equity Shares

Revenue earnings per Share for the UK Equity Share Portfolio was 6.40p (2022: 6.00p), based on net revenue for the year of £4,541,000 (2022: £4,697,000), which included £92,000 (2022: £438,000) of non-recurring special dividends.

Dividend Policy:

It is the Board's policy that the Directors will declare four dividends in respect of each accounting year (with payment in the month following) comprising of three equal interim dividends, declared in July, October and January, and a 'wrap-up' fourth interim dividend, declared in April. Depending on the level of income received in each quarter, and in the year, these four dividends may be enhanced with contributions from capital profits to achieve the Board's target level. In recent years the Directors have set a target of at least maintaining, in the absence of unforeseen circumstances, the level of annual UK Equity dividends per share from year to year. The Directors did not set dividend targets for the year to 31 May 2023 due to the ongoing uncertainty to income flows, due in particular to the risk of entering a period of global recession. Having considered the income expectations of the UK Equity Share Portfolio for the year to 31 May 2024, the Directors have set a target of at least maintaining the dividend level paid on the UK Equity Shares for the year to 31 May 2023.

Dividends Declared:

The Directors have declared and paid four interim dividends for the year ended 31 May 2023 totalling 7.05p per UK Equity Share (2022: 6.70p) of which 6.40p (2022: 6.00p) was met from revenue earned in the year. The aggregate of dividends paid in respect of the year was £4,981,000 (2022: £5,213,000).

A first interim dividend for the year to 31 May 2024 of 1.60p was declared on 13 July 2023. In the absence of unforeseen circumstances, and in accordance with the dividend policy set out above, the Board intends for this to set the level for the next two quarterly dividends.

Global Equity Income Shares

Revenue earnings per Share for the Global Equity Income Share Portfolio was 5.20p (2022: 4.85p), based on net revenue for the year of £1,299,000 (2022: £1,197,000), which included £1,000 (2022: £149,000) of non-recurring special dividends.

Dividend Policy:

It is the Board's policy that the Directors will declare four dividends in respect of each accounting year (with payment in the month following) comprising of three equal interim dividends, declared in July, October and January, and a 'wrap-up' fourth interim dividend, declared in April. Depending on the level of income received in each quarter, and in the year, these four dividends may be enhanced with contributions from capital profits to achieve the Board's target level. In recent years the Directors have set a target of at least maintaining, in the absence of unforeseen circumstances, the level of annual Global Equity Income dividends per share from year to year. The Directors did not set dividend targets for the year to 31 May 2023 due to the ongoing uncertainty to income flows, due in particular to the risk of entering a period of global recession. Having considered the income expectations of the Global Equity Income Portfolio for the year to 31 May 2024, the Directors have set a target of at least maintaining the dividend level paid on the Global Equity Income Shares for the year to 31 May 2023.

Dividends Declared:

The Directors have declared and paid four interim dividends for the year ended 31 May 2023 totalling 7.20p (2022: 7.15p) per Global Equity Income Share, of which 5.20p (2022: 4.85p) was met from revenue earned in the year. The aggregate of dividends paid in respect of the year was £1,791,000 (2022: £1,757,000).

A first interim dividend for the year to 31 May 2024 of 1.60p was declared on 13 July 2023. In the absence of unforeseen circumstances, and in accordance with the dividend policy set out above, the Board intends for this to set the level for the next two quarterly dividends.

Balanced Risk Allocation Shares

In order to maximise the capital return on the Balanced Risk Allocation Shares, the Directors only intend to declare dividends on the Balanced Risk Allocation Shares annually when the level of income allows and having taken into account the dividends paid on the other share classes. The Directors declared and paid one interim dividend for the year ended 31 May 2023 totalling 1.00p (2022: nil). The portfolio recorded a net revenue return of £141,000 in the year (2022: £44,000).

A first interim dividend and a special dividend for the year to 31 May 2024 of 1.00p and 2.00p respectively were declared on 13 July 2023.

Managed Liquidity Shares

The Board only intends to declare dividends on the Managed Liquidity Share Portfolio annually when the level of income available allows and having taken into account the dividends paid on the other share classes. The Directors declared and paid one interim dividend for the year ended 31 May 2023 totalling 1.00p (2022: 1.00p). The Managed Liquidity Portfolio recorded a net revenue return for the year of £13,000 (2022: loss of £1,000).

A first interim dividend for the year to 31 May 2024 of 1.00p was declared on 13 July 2023 and this will be funded from current year revenue. It is unlikely, given the quantum of revenue being earned, that future dividends will be more frequent than annual and they could be less frequent.

Discount

The Company has a discount control policy in place for all four share classes, whereby the Company offers to issue or buy back shares of all classes with a view to maintaining the market price of the shares at close to their respective net asset values and, by so doing, avoid significant overhangs or shortages in the market. It is the Board's policy to buy back shares and to sell shares from treasury on terms that do not dilute the net asset value attributable to existing shareholders at the time of the transaction. The Board reviews the buy back parameters from time to time taking into account current market conditions and other factors and instructs the brokers accordingly.

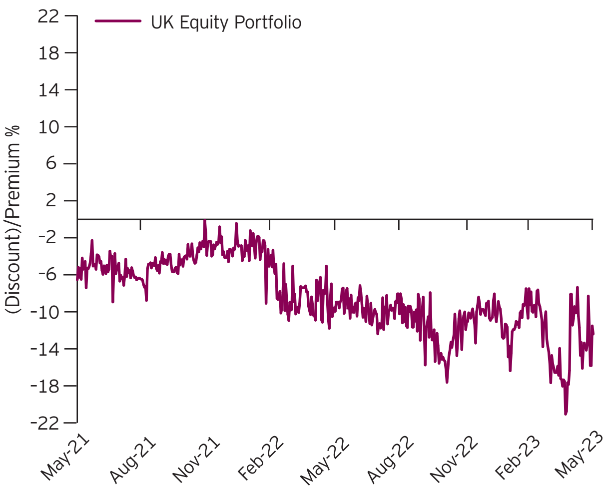
The operation of this policy is dependent upon the authorities to buy back and issue shares being renewed by shareholders. Notwithstanding the intended effect of this policy, there can be no guarantee that the Company's shares will trade at close to their respective net asset values. Shareholders should also be aware that there is a risk that this discount policy may lead to a reduction in the size of the Company over time.

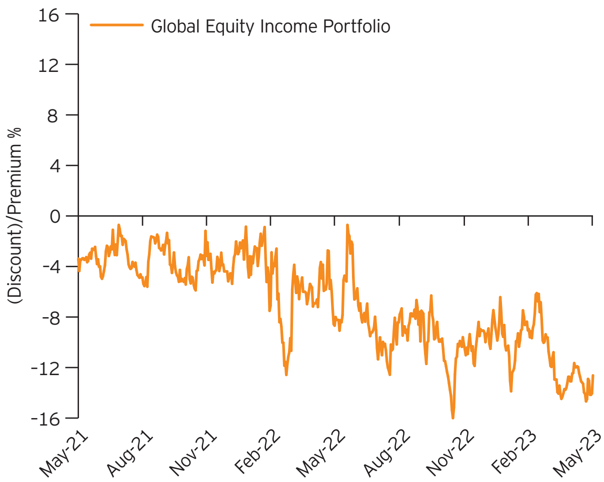
The Board and the Manager closely monitor movements in the Company's share prices and dealings in the Company's shares. Share movements in the year are summarised on page 48. At 31 May 2023, the share prices, net asset values ('NAV') and the discounts of the four share classes were as follows:

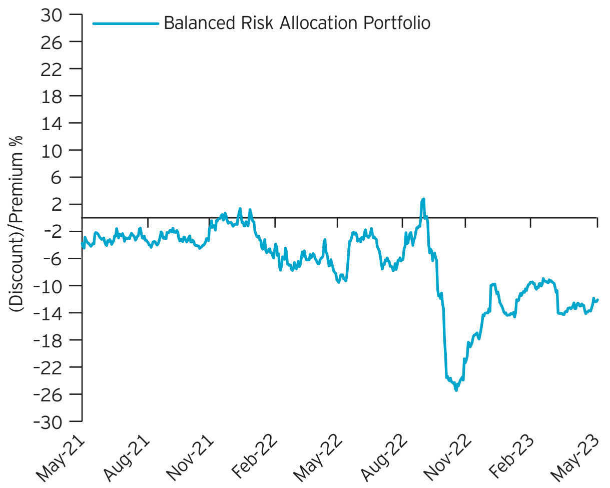
Share Class	2023 Net Asset Value (Pence)	2023 Share Price (Pence)	2023 Discount[1]	2022 Net Asset Value (Pence)	2022 Share Price (Pence)	2022 Discount[1]
UK Equity	182.11	159.50	(12.4)%	194.35	175.00	(10.0)%
Global Equity Income	265.53	232.00	(12.6)%	249.00	229.00	(8.0)%
Balanced Risk Allocation	149.56	131.50	(12.1)%	169.87	154.50	(9.0)%
Managed Liquidity	109.51	91.00	(16.9)%	106.92	97.00	(9.3)%

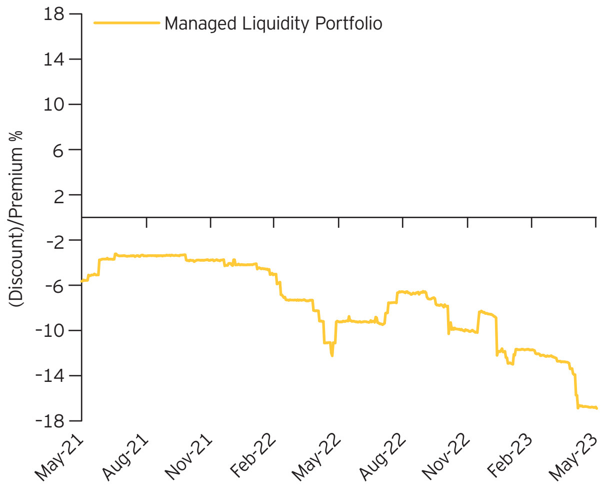
(1) Further details on the definition and calculation of the discount can be found in the Glossary and Alternative Performance Measures on pages 116 to 119 of the financial report.

The following charts show the premium/(discount) at which the shares traded over the two years to 31 May 2023. The shares of all four portfolios have generally traded in a range of 3% premium to 25% discount. As can be seen below and on the following page, given the macro-economic environment and ongoing geopolitical events, including the conflict in Ukraine, the volatility in markets has led to higher levels of discount being seen throughout the period.









Source: Refinitiv.

Ongoing Charges

The expenses of managing the Company are reviewed by the Board at every meeting. The Board aims to minimise the ongoing charges figure which provides a guide to the effect on performance of all annual operating costs of the Company. The ongoing charges figure is calculated by dividing the annualised ongoing charges, including those charged to capital, by the average daily net asset value during the year, expressed as a percentage.

Further details on the definition and calculation of ongoing charges can be found in the Glossary and Alternative Performance Measures on pages 116 to 119 of the financial report.

At the year end the ongoing charges figure of the Company and that for the different share classes were as follows:

	Company	UK Equity	Global Equity Income	Balanced Risk Allocation	Managed Liquidity
2023	0.83%	0.81%	0.82%	1.16%	0.60%
2022	0.76%	0.74%	0.78%	1.09%	0.45%

The above excludes rebates received by the Managed Liquidity Portfolio. In addition to inflationary effects, shrinkage from buybacks in connection with the discount control policy will tend to cause the ongoing charge percentages to gradually increase.

Financial Position

Assets and Liabilities

The Company's balance sheet on page 85 shows the assets and liabilities at the year end. Details of the Company's borrowing facility are shown in note 13 of the financial statements on page 96, with interest paid (finance costs) in note 5.

Owing to the readily realisable nature of the Company's assets, cash flow does not have the same significance as for an industrial or commercial company. The Company's principal cash flows arise from the purchases and sales of investments and the income from investments against which must be set the costs of borrowing and management expenses.

Borrowing Policy

Borrowing policy is under the control of the Board, which has established effective parameters for the portfolios. Borrowing levels are regularly reviewed. As part of the Company's Investment Policy, the approved borrowing limits are 25% of the net assets of the UK Equity Portfolio and 20% of net assets of the Global Equity Income Portfolio. The Balanced Risk Allocation Portfolio does not use borrowings, but is geared by means of the derivative instruments used to implement its investment policy. The Managed Liquidity Portfolio does not use borrowings.

Issued Share Capital

All share classes have a nominal value of 1 penny per share.

Authorities given to the Directors at the AGM on 4 October 2022 to allot shares, disapply statutory pre-emption rights and buy back shares will expire at the forthcoming AGM. The following table summarises the Company's share capital at the year end and movements during the year.

Number of shares	UK Equity	Global Equity Income	Balanced Risk Allocation	Managed Liquidity
Shares held at the year end				
- excluding treasury	68,881,153	25,135,742	4,138,995	1,251,360
- held in treasury	38,515,775	16,776,159	6,547,218	9,393,678
- % of issued shares held in treasury	35.86	40.03	61.27	88.24
Movements during the year:				
- (decrease)/increase arising from conversions	(1,119,504)	719,958	78,057	93,106
- shares bought back into treasury	(3,772,000)	(740,000)	(110,000)	(80,000)
- % of issued shares bought back during year	3.51	1.77	1.03	0.75
- average price thereon	165.5p	224.9p	132.9p	94.8p
- nominal value of shares bought back	£37,720	£7,400	£1,100	£800

Since the year end no further shares have been bought back into treasury.

Further details on net changes in issued share capital are set out in note 14 to the financial statements on pages 97 and 98. No treasury shares were cancelled during the year.

Current and Future Developments

As part of the Company's overall strategy, the Company seeks to manage its affairs so as to maximise returns for shareholders. The Board also has a longer-term objective, consistent with the business combination with Invesco Income Growth Trust plc in April 2021, to increase the size of the Company in the belief that increasing the assets of the Company in this way will make the Company's shares more attractive to investors and improve the liquidity of the shares.

Details of trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Chairman's Statement and the Portfolio Managers' reports. Further details as to the risks affecting the Company are set out under 'Principal Risks and Uncertainties' below.

Principal Risks and Uncertainties

The Audit Committee regularly undertakes a robust assessment of the risks the Company faces, including those that would threaten its business model, future performance, solvency, reputation or liquidity and emerging risks, on behalf of the Board (see Audit Committee Report on pages 68 and 69). In carrying out this assessment, the Audit Committee together with the Manager, have considered emerging risks such as geopolitical risks, evolving cyber threats and ESG, including climate related risks.

The following are considered to be the most significant risks, after consideration of mitigating factors, to the Company and to shareholders in relation to their investments in the Company. Further details of risks and risk management policies as they relate to the financial assets and liabilities of the Company are detailed in note 17 to the financial statements.

Category and Principal Risk Description	Mitigating Procedures and Controls	Risk trend during the year
Strategic Risk		
Investment Objectives and Attractiveness to Investors There is no guarantee that the Investment Policy of the Company and of each portfolio will provide the returns sought by the Company. There can be no guarantee, therefore, that the Company will achieve its investment objectives or that the shares will continue to meet investors' needs (for example if the Company fails to adapt to changes in investor demand including in relation to ESG and climate change). As a result the Company may become unattractive to investors, leading to decreased demand for its shares and a widening discount.	The Board monitors the share registers and the performance of the Company and each portfolio. It has established a structure offering a range of options for investors and has set guidelines to ensure that the Investment Policy of the Company and each portfolio is pursued by the Manager.	► Unchanged
Market Movements and Portfolio Performance Individual portfolio performance is substantially dependent on the performance of the securities (including derivative instruments) held within the portfolio. The prices of these securities are influenced by many factors including the general health of regional and worldwide economies; interest rates; inflation; government policies; industry conditions; political and diplomatic events; tax laws; environmental laws; and by the demand from investors. The current conflict in Ukraine has had an impact on the global economy, ranging from decreases to the supply (and/or increases to the costs) of goods to increases (and increased volatility) in energy and commodity prices and inflation. In addition, the portfolios' investments are subject to risks arising from inflation and rising interest rates. This was driven by the knock-on effects of the ongoing Covid-19 pandemic and other geopolitical tensions and uncertainties which have impacted global supply chains. These risks represent the potential loss the portfolio might suffer through holding investments in the face of negative market movements. The Manager strives to maximise the total return from the portfolios, but the investments held are influenced by market conditions and the Board acknowledges the external influences on the performance of each portfolio. Further risks specifically applicable to the Balanced Risk Allocation Shares are set on page 52 below.	The performance of the Manager is carefully monitored by the Board and the continuation of the Manager's mandates is reviewed each year. The Board has established guidelines to ensure that the investment policies of each class of share are pursued by the Manager. For a fuller discussion of the economic and market conditions facing the Company and the current and future performance of the different portfolios of the Company, please see both the Chairman's Statement on pages 6 to 9 and the Portfolio Managers' reports starting on pages 10 to 38. The Company has a nil-valued holding in Sberbank, a Russian bank, but no other direct investments in Russia or other holdings with significant links to Russia.	▲ Increased

Category and Principal Risk Description	Mitigating Procedures and Controls	Risk trend during the year
Strategic Risk continued		
Risks Applicable to the Company's Shares Shares in the Company are designed to be held over the long-term and may not be suitable as short-term investments. There can be no guarantee that any appreciation in the value of the Company's shares will occur and investors may not get back the full value of their investments. Owing to the potential difference between the mid-market price of the shares and the prices at which they are sold, there is no guarantee that their realisable value will reflect their mid-market price. The market value of a share, as well as being affected by its net asset value (NAV), is also influenced by investor demand, its dividend yield, where applicable, and prevailing interest rates, amongst other factors. As such, the market value of a share can fluctuate and may not reflect its underlying NAV. Shares may therefore trade at discounts to their NAVs. Past performance of the Company's shares is not necessarily indicative of future performance.	The Board has adopted a discount control policy that applies to all share classes and the Board and the Manager monitor the market rating of each share class. While it is the intention of the Directors to pay dividends to holders of the UK Equity, Global Equity Income and Managed Liquidity Shares, this will be affected by the returns achieved by the respective portfolios and the dividend policy adopted by the Board. Accordingly, the amount of dividends paid to shareholders may fluctuate. Any change in the tax or accounting treatment of dividends received or other returns may also affect the level of dividend paid on the shares in future years. The Directors have resolved, in the absence of unforeseen circumstances, to supplement revenue with capital profits in order to pay equity portfolio dividends at levels set by the Board (see pages 46 and 47).	► Unchanged
Viability and Compulsory Conversion of a Class of Share It is possible that through poor performance, market sentiment, or otherwise, lack of demand for one of the Company's share classes could result in the relevant portfolio becoming too small to be viable. The continued listing on the Official List of each class of share is dependent on at least 25% of the shares in that class being held in public hands. This means that if more than 75% of the shares of any class were held by, inter alia, the Directors, persons connected with Directors or persons interested in 5% or more of the relevant shares, the listing of that class of share might be suspended or cancelled. The Listing Rules state that the FCA may allow a reasonable period of time for the Company to restore the appropriate percentage if this rule is breached, but in the event that the listing of any class of shares were cancelled the Company would lose its investment trust status.	The Board monitors share conversions and portfolio sizes and liaises with the Manager on the continued viability of each share class. The Board has received assurances from the Manager that the size of the portfolio is not critical to the Manager being able to continue to offer its investment management services in respect of any of the Company's four portfolio strategies. If at any time the Board considers that the listing of any class of share on the Official List is likely to be cancelled and the loss of such listing would mean that the Company would no longer be able to qualify for approval as an investment trust under section 1158 of the Corporation Tax Act 2010, the Board may serve written notice on the holders of the relevant shares requiring them to convert their shares into another share class.	► Unchanged

Category and Principal Risk Description	Mitigating Procedures and Controls	Risk trend during the year
Strategic Risk continued		
Liability of a Portfolio for the Liabilities of Another Portfolio	The Directors intend that, in the absence of unforeseen circumstances, each portfolio will effectively operate as if it were a stand-alone company. However, investors should be aware of the following factors: ■ As a matter of law, the Company is a single entity. Therefore, in the event that any of the portfolios has insufficient funds or assets to meet all of its liabilities, on a winding-up or otherwise, such a shortfall would become a liability of the other portfolios and would be payable out of the assets of the other portfolios in such proportions as the Board may determine; and ■ The Companies Act 2006 prohibits the Directors from declaring dividends in circumstances where, following the distribution, the Company's assets would represent less than one and a half times the aggregate of its liabilities or the amount of net assets would be less than the aggregate of its share capital and undistributable reserves. If the Company were to incur material liabilities in the future, a significant fall in the value of the Company's assets as a whole may affect the Company's ability to pay dividends on a particular class of share, even though there are distributable profits attributable to the relevant portfolio.	▶ Unchanged
Gearing Borrowing will amplify the effect on shareholders' funds of gains and losses on the underlying securities. Whilst the use of borrowings by the Company should enhance the total return on a particular class of share where the return on the underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on that share class. Similarly, the use of gearing by investment companies or funds in which the Company invests increases the volatility of those investments. The Company has a £40 million 364 day multicurrency revolving credit facility and there is no guarantee that these facilities will be renewed at maturity or on terms acceptable to the Company. If it were not possible to renew these facilities or replace them with one from another lender, the amounts owing by the Company would need to be funded by the sale of securities.	Gearing levels of the different portfolios will change from time to time in accordance with the respective Portfolio Managers' assessments of risk and reward. The Manager assesses the exposure to gearing on a regular basis, including the level of borrowings and covenants of the credit facility. The Balanced Risk Allocation Portfolio may also be geared (by up to 250%, according to the investment policy set out on page 45) by means of the derivative instruments in which it invests. This is discussed separately below, under the heading: Additional Risks Applicable to Balanced Risk Allocation Shares. The Manager assesses the exposure to gearing on a regular basis, including the level of borrowings and covenants of the credit facility.	▶ Unchanged

Category and Principal Risk Description	Mitigating Procedures and Controls	Risk trend during the year
Strategic Risk continued		
Hedging Where hedging is used there is a risk that the hedge will not be effective.	The Company may use derivatives to hedge its exposure to currency or other risks and for the purpose of efficient portfolio management. There may be a correlation between price movements in the underlying securities, currency or index, on the one hand, and price movements in the investments, which are the subject of the hedge, on the other hand. In addition, an active market may not exist for a particular hedging derivative instrument at any particular time.	► Unchanged
Regulatory and Tax Related The Company is subject to various laws and regulations by virtue of its status as a public limited investment company registered under the Companies Act 2006, its status as an investment trust and its listing on the London Stock Exchange. Loss of investment trust status could lead to the Company being subject to UK Capital Gains Tax on the sale of its investments. A serious breach of other regulatory rules could lead to suspension from the London Stock Exchange, a fine or a qualified Audit Report. Other control failures, either by the Manager or any other of the Company's service providers, could result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.	The Manager reviews the level of compliance with the Corporation Tax Act 2010 and other financial regulatory requirements on a daily basis. All transactions, income and expenditure are reported to the Board. The Board regularly considers the risks to which the Company is exposed, the measures in place to control them and the potential for other risks to arise. The Board ensures that satisfactory assurances are received from service providers. The depositary and the Manager's compliance and internal audit officers report regularly to the Company's Audit Committee. The risks and risk management policies and procedures as they relate to the financial assets and liabilities of the Company are also detailed in note 17 to the financial statements.	► Unchanged
Additional Risks Applicable to Balanced Risk Allocation Shares The use of financial derivative instruments, in particular futures, forms part of the investment policy and strategy of the Balanced Risk Allocation Portfolio. The degree of leverage inherent in futures trading potentially means that a relatively small price movement in a futures contract may result in an immediate and substantial loss to the portfolio. The portfolio's ability to use these instruments may be limited by market conditions, regulatory limits and tax considerations. The absence of a liquid market for any particular instrument at any particular time may inhibit the ability of the Manager to liquidate a financial derivative instrument at an advantageous price.	The Manager actively seeks the most liquid means of obtaining the required exposures. The financial derivative instruments used for the strategy are geared instruments and the aggregate notional exposure will usually exceed the net asset value of the portfolio. Whilst this could result in greater fluctuations in the net asset value, and consequently the share price, the use of leverage is normally necessary to achieve the target volatility required to meet the return objective. The degree of leverage inherent in futures trading potentially means that a relatively small price movement in a futures contract may result in an immediate and substantial loss and it would be necessary to increase the collateral held at the clearing broker to cover such loss. This is mitigated by the Company not using financial derivative instruments to create net short positions in any asset class combined with holding cash balances sufficient to meet collateral requirements.	► Unchanged

Category and Principal Risk Description	Mitigating Procedures and Controls	Risk trend during the year
Third Party Service Providers Risk		
Reliance on Third Party Service Providers The Manager may be exposed to reputational risks. In particular, the Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Any damage to the reputation of the Manager could result in potential counterparties and third parties being unwilling to deal with the Manager and by extension the Company. This could have an adverse impact on the ability of the Company to successfully pursue its Investment Policy. The Company has no employees and the Board comprises non-executive directors only. The Company is therefore reliant upon the performance of third-party service providers for its executive function and service provisions. The Company's operational structure means that all cyber risk (information and physical security) arises at its third-party service providers, including fraud, sabotage or crime against the Company. The Company's operational capability relies upon the ability of its third-party service providers to continue working throughout the disruption caused by a major event such as the Covid-19 pandemic. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy. The Company's main service providers, of which the Manager is the principal provider, are listed on page 115. The Manager may be exposed to reputational risks. In particular, the Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Damage to the reputation of the Manager could potentially result in counterparties and third parties being unwilling to deal with the Manager and by extension the Company, which carries the Manager's name. This could have an adverse impact on the ability of the Company to pursue its investment policy successfully.	Third-party service providers are subject to ongoing monitoring by the Manager and the Company. The Manager reviews the performance of all third-party providers regularly through formal and informal meetings. The Audit Committee reviews regularly the performance and internal controls of the Manager and all third-party providers through audited service organisation control reports, together with updates on information security, the results of which are reported to the Board. The Manager's business continuity plans are reviewed on an ongoing basis and the Directors are satisfied that the Manager has in place robust plans and infrastructure to minimise the impact on its operations so that the Company can continue to trade, meet regulatory obligations, report and meet shareholder requirements. The Board receives regular update reports from the Manager and third-party service providers on business continuity processes and has been provided with assurance from them all insofar as possible that measures are in place for them to continue to provide contracted services to the Company.	► Unchanged

Viability Statement

The Company is an investment company which operates as a collective investment vehicle, designed and managed for long term investment. The Board considers long term for this purpose to be at least three years and so has assessed the Company's viability over this period. However, the life of the Company is not intended to be limited to that or any other period.

In assessing the viability of the Company the Board considered the principal and emerging risks to which it is exposed, as set out on pages 49 to 53, together with mitigating factors. The risks of failure to meet the Company's and the portfolios' investment objectives, contributory market and investment risks and the challenges of lack of scale have been considered to be of particular importance. The Board also took into account the capabilities of the Manager and the varying market conditions already experienced by the Company since its launch in 2006, including the impact of the Covid-19 pandemic on global economies and the ongoing conflict in Ukraine. Despite the disruption to markets from these and other more recent geopolitical and macro-economic events, the Directors remain confident that the Company's investment strategies will continue to serve shareholders well over the longer term. On the question of scale, the Board has also concluded that if an individual portfolio became too small it should not cause the Company itself to be unviable.

In terms of financial risks to viability, materially all of the investments comprising the portfolios are readily realisable. The equity portfolios also produce a stream of dividend income, which may fluctuate but which the Board expects to continue. The Company has no long term liabilities and the total value of the portfolios more than covers the value of the Company's short term liabilities and annual operating costs. In arriving at this assessment, the Board considered stressed scenario-testing for both income and loan covenants; borrowing structure; level of gearing; and the liquidity of the portfolios. Consequently, there appears little to no prospect of the Company not being able to meet its financial obligations as they fall due in the next three years.

Based on the above, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Audit Committee Report

The audit committee report required by the AIC Corporate Governance Code is set out on pages 68 and 69. There are no areas of concern in relation to the financial statements to bring to the attention of shareholders.

Duty to Promote the Success of the Company (s.172)

The Directors have a statutory duty under section 172 of the Companies Act 2006 to promote the success of the Company whilst also having regard to certain broader matters, including the need to engage with employees, suppliers, customers and others, and to have regard to their interests. The Company has no employees and no customers in the traditional sense and in accordance with the Company's nature as an investment trust, the Board's principal concern has been, and continues to be, the interests of the Company's shareholders taken as a whole. In doing so, it has due regard to the impact of its actions on other stakeholders including the Manager, other third-party service providers and the impact of the Company's operations on the community and the environment which are all taken into account during all discussions and as part of the Board's decision making.

The Board is committed to maintaining open channels of communication and engagement with stakeholders in a manner which they find most meaningful. The table below sets out how the Board engages with each of its key stakeholders:

Stakeholder	Key considerations and engagement
Shareholders – continued shareholder support and engagement are important to the business and the delivery of its long-term strategy. Further details of our strategy can be found on pages 44 to 46.	Shareholder relations are given high priority by the Board and the Manager. The prime means by which the Company communicates with shareholders are the annual and half-yearly financial reports, which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by daily publication of the NAVs of the Company's shares via the London Stock Exchange, ad hoc regulatory announcements, monthly factsheets and other information on the Manager's website www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html, including pre-investment information, Key Information Document ('KID'), shareholder circulars, portfolio disclosures, conversion forms and instructions, Stock Exchange announcements, schedule of matters reserved for the Board, terms of reference of Board Committees, Directors' letters of appointment, the Company's share price and proxy voting results. The Chairman and Directors welcome contact with shareholders. There is a regular dialogue between the Manager and individual major shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help develop a balanced understanding of their issues and concerns. The Company's corporate broker, Winterflood Securities Limited, is also consulted. General presentations to institutional shareholders and analysts take place throughout the year. All meetings between the Manager and institutional shareholders are reported to the Board. It is the intention of the Board that the annual financial report and the notice of the AGM be issued to shareholders so as to provide at least twenty working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so in writing to the Company Secretary at the address given on page 115.
The Manager – the Manager's performance is critical for the Company to successfully deliver its investment strategy and meet its objective to provide shareholders with consistent long-term returns. Further details of the Portfolio Managers investment approach can be found in the Portfolio Manager Reports on pages 13 to 36.	The Board engages with the Manager at every Board meeting and reviews the Company's relationships with other service providers, such as the registrar, depositary and custodian, at least annually. During the year the most significant engagement was with the Manager and, in particular the individual Portfolio Managers. At every Board meeting the Directors receive an investor relations update from the Manager, which details any significant changes in the Company's shareholder register, shareholder feedback, as well as notifications of any publications or press articles. Maintaining a close and constructive working relationship with the Manager is crucial as the Board and the Manager both aim to achieve consistent, long-term returns in line with the Company's investment strategy. Important components in the collaboration with the Manager, representative of the Company's culture are: – Encouraging an open discussion with the Manager, allowing time and space for original and innovative thinking; – Recognising that the interests of shareholders and the Manager are, for the most part, well aligned, adopting a tone of constructive challenge, balanced with robust negotiation of the Manager's terms of engagement if those interests should not be fully united; – The regular review of underlying strategic and investment objectives; – Drawing on Directors' individual experience and knowledge to support and challenge the Manager in its monitoring of portfolio companies and engagement with its investee companies; and – Willingness to make the Directors' experience available to support and challenge the Manager in the sound long-term development of its business and resources, recognising that the long-term health of the Manager's business is in the interests of shareholders in the Company.

Stakeholder	Key considerations and engagement
Third-party Service Providers – in order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a diverse range of reputable advisers for support in meeting all relevant obligations.	The Board through the Manager maintains regular contact with its key external service providers and receives regular reporting from them, both through the Board and committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views are routinely taken into account. The Board (through the Management Engagement Committee) formally assesses the third-party service providers' performance, fees and continuing appointment annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee reviews and evaluates the financial reporting control environments in place at each service provider. There have been no material changes to the level of service provided by the Company's third-party suppliers as a result of the Covid-19 pandemic.
Investee Companies – the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy.	On the Company's behalf the Portfolio Managers engage with investee companies, particularly in relation to ESG matters and shares held in the portfolio are voted at general meetings. Examples of the UK Equity and Global Equity Income Portfolio Managers' engagement with investee companies can be found on pages 42 and 43.
Regulators – the Company can only operate as an investment trust if it conducts its affairs in compliance with such status. Interaction with regulators such as the Financial Conduct Authority ('FCA)' and Financial Reporting Council ('FRC'), who have a legitimate interest in how the Company operates in the market and treats its shareholders, and industry bodies such as the Association of Investment Companies, remains an area of Board focus.	The Company regularly considers how it meets various regulatory and statutory obligations and how any governance decisions it makes can have an impact on its stakeholders, both in the shorter and in the longer term. The Board receives reports from the Manager and Auditor on their respective regulatory compliance and any inspections or reviews that are commissioned by regulatory bodies. The Company is a member of the AIC, which looks after the interests of investment trusts and provides information to the market. Comprehensive information relating to the Company can be found on the AIC website, www.aic.co.uk. As a member of the AIC, the Company is welcomed to comment on consultations and proposal documents on matters affecting the Company and annually to nominate and vote for future board members.

The mechanisms for engaging with stakeholders are kept under review by the Directors and will be discussed on a regular basis at Board meetings to ensure that they remain effective. Examples of key discussions and considerations of the Board made during the year were:

- to consider and approve the appointment of a new corporate broker and financial adviser (see page 8 for further details);
- to consider and recommend to shareholders the cancellation of the UK Equity and Balanced Risk Allocation share premium accounts (see page 8 and note 14 on page 97 for further details);
- to consider and approve the renewal of the Company's loan facility;
- to consider and approve four quarterly dividend payments (see pages 46 and 47 for further details);
- to consider and approve four quarterly share conversions (see page 2 for further details); and
- to consider and approve the ongoing use of share buybacks as part of the Board's adopted discount policy (see page 47 for further details).

Board Diversity

The Company's policy on diversity is set out on page 62, under the section 'Nomination Committee'. The Board considers diversity, including the balance of skills, knowledge, experience and gender amongst other factors when reviewing its composition and appointing new directors. The Board continues to recognise the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations.

In view of its relatively small size, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. In doing so, the Board will seek to meet the targets set out in the FCA's Listing Rule 9.8.6R (9)(a), which are summarised below.

In accordance with Listing Rule 9.8.6R (9), (10) and (11) the Board has provided the following information in relation to its diversity as at 31 May 2023, being the financial year-end of the Company. The information included in the tables below has been obtained following confirmation from the individual Directors. As shown in the tables, the Company did not meet the FCA ethnic diversity target as at 31 May 2023, however the Board will continue to take all matters of diversity into account as part of its succession planning.

Board Gender as at 31 May 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management[A]	Percentage of executive management[A]
Men	3	60%	0[C]	n/a	n/a
Women	2	40%[B]	2[C,D]	n/a	n/a

A The Company does not disclose the number of directors in executive management as this is not applicable for an investment trust.
B Meets the target of 40% as set out in LR 9.8.6R (9)(a)(i).
C The positions of Chairman and Senior Independent Director are held by women. The position of Chair of the Audit Committee is held by a man but this is not currently defined as a senior position.
D Exceeds target of 1 as set out in LR 9.8.6R (9)(a)(ii).

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management[A]	Percentage of executive management[A]
White British or other White (including minority-white groups)	5	100%	2	n/a	n/a
Minority ethnic	0[B]	0%	0	n/a	n/a

A The Company does not disclose the number of directors in executive management as this is not applicable for an investment trust.
B Does not meet the target as set out in LR 9.8.6R (9)(a)(iii).

There have been no changes since the year end that have affected the Company's ability to meet the targets set in LR 9.8.6R (9)(a).

Environment, Social and Governance ('ESG') Matters

In relation to the portfolios, the Company has delegated the management of the Company's investments to the Manager, who has an ESG Guiding Framework which sets out a number of principles that are considered in the context of its responsibility to manage investments in the financial interests of shareholders.

The Manager is committed to being a responsible investor and applies, and is a signatory to, the United Nations Principles for Responsible Investment ('PRI'), which demonstrates its extensive efforts in terms of ESG integration, active ownership, investor collaboration and transparency. The Manager scored four stars for its Investment & Stewardship Policy under new scoring methodology produced by PRI. This followed five consecutive years of achieving an A+ rating for responsible investment (Strategy & Governance) under the previous methodology. In addition, the Manager is an active member of the UK Sustainable Investment and Finance Association as well as a supporter of the Task Force for Climate Related Financial Disclosure ('TCFD') since 2019 and published its third iteration of its TCFD-aligned Climate Change Report in 2022.

The Manager is complying with the spirit of the Sustainable Finance Disclosure Regulation ('SFDR') which came into effect within the European Union on 10 March 2021 and is disclosing in its AIFM document as well as its website how sustainability risks are integrated.

The wider Invesco investment team incorporates ESG considerations in its investment process as part of the evaluation of new opportunities, with identified ESG concerns feeding into the final investment decision and assessment of relative value. The Portfolio Managers make their own conclusions about the ESG characteristics of each investment held and about the overall ESG characteristics of the portfolios, although third party ESG ratings may inform their view. Additionally, the Manager's ESG team provides formalised ESG portfolio monitoring. This is a rigorous semi-annual process where the portfolios are reviewed from an ESG perspective.

Regarding stewardship, the Board considers that the Company has a responsibility as a shareholder towards ensuring that high standards of corporate governance are maintained in the companies in which it invests. To achieve this, the Board does not seek to intervene in daily management decisions, but aims to support high standards of governance and, where necessary, will take the initiative to ensure those standards are met. The principal means of putting shareholder responsibility into practice is through the exercise of voting rights. The Company's voting rights are exercised on an informed and independent basis.

Further details are shown in the ESG Statement from the UK Equity and Global Equity Income Portfolio Managers on pages 39 to 43.

The Company's stewardship functions have been delegated to the Manager. The Manager has adopted a clear and considered policy towards its responsibility as a shareholder on behalf of the Company. As part of this policy, the Manager takes steps to satisfy itself about the extent to which the companies in which it invests look after shareholders' value and comply with local recommendations and practices, such as the UK Corporate Governance Code. The Manager is also a Tier 1 signatory of the Financial Reporting Council's Stewardship Code, which seeks to improve the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

A copy of the current Manager's Stewardship Policy can be found at www.invesco.com/uk.

A greenhouse gas emissions statement is included in the Directors' Report on page 63.

The Manager's Group Level Task Force on Climate-Related Financial Disclosures ('TCFD') Climate Report is available on the Managers' Website at www.invesco.com/uk. The Manager has provided a TCFD climate report covering the Company's UK Equity and Global Equity Income Share Classes and this is available on the Company's website at www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html. The TCFD climate report does not cover the Balanced Risk Allocation and Managed Liquidity Share Classes given the underlying nature of their portfolio assets.

Modern Slavery

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not within the scope of the Modern Slavery Act 2015.

This Strategic Report was approved by the Board on 1 August 2023.

Invesco Asset Management Limited
Company Secretary

You can change investments when life changes

2

Governance

Directors

Victoria Muir

Chairman of the Board and the Nomination Committee

Ms Muir was appointed as a Director with effect from 1 July 2015 and became Chairman of the Board and Nomination Committee on 1 June 2021. She is a Chartered Director and a Fellow of the Institute of Directors. She is a distribution specialist and has worked in financial services, with a focus on asset management, for over 25 years. She was Global Head of Investor Relations at BlueBay Asset Management and Head of Client Account Management at Royal London Asset Management, where she held four executive directorships. She is a non-executive director of Premier Miton Global Renewables Trust plc and its subsidiary PMGR Securities 2025 plc, Schroder Income Growth Fund plc, Evelyn Partners Fund Solutions Limited and Spring Capital Partners Limited and its parent company Spring Capital Group Holdings Limited. She is also the non-executive chairman of State Street Managed Accounts Limited and chair of the management committee of Fundsmith LLP. Ms Muir holds no executive positions.

Craig Cleland

Chairman of the Audit Committee

Mr Cleland was appointed as a Director with effect from 1 November 2016 and became Chairman of the Audit Committee on 31 July 2017. He is Head of Corporate Development: Investment Trusts, at CQS (UK) LLP (on a part-time basis). He is also a non-executive director of BlackRock Latin American Investment Trust plc and CC Japan Income and Growth Trust plc. He was previously at JPMorgan Asset Management (UK) Limited, latterly as Managing Director, and led their technical groups in the investment trust business. Prior to that he was a Director and senior company secretary at Fleming Investment Trust Management, transferring to JPMorgan Asset Management after Chase Manhattan Bank acquired Robert Fleming Holdings Limited.

Davina Curling

Senior Independent Director and Chairman of the Management Engagement Committee

Ms Curling was appointed to the Board on 23 April 2021 and joined from Invesco Income Growth Trust plc, of which she had been a director since 1 March 2011. Ms Curling is a non-executive director of BlackRock Greater Europe Investment Trust plc and Henderson Opportunities Trust plc and is a member of the Investment Committee of St. James's Place. Prior to that she was Managing Director and Head of Pan European Equities at Russell Investments and before this at F&C Asset Management. Ms Curling started her career at Kleinwort Benson in 1987 before moving to run the European desks at Nikko, RSA and then ISIS Asset Management.

Mark Dampier

Chairman of the Marketing Committee

Mr Dampier was appointed to the Board on 23 April 2021 and joined from Invesco Income Growth Trust plc, of which he had been a director since 1 March 2016. He was, until August 2020, Head of Investment Research at Hargreaves Lansdown, a position he had held since 1998. He has over 30 years' experience in the fund management industry, including marketing investment trusts and unit trusts, has published a book on effective investing and is a leading commentator on the investment sector.

Tim Woodhead

Mr Woodhead was appointed to the Board on 23 April 2021 and joined from Invesco Income Growth Trust plc, of which he had been a director since 3 April 2018. He is a senior Investment Director at Rathbone Brothers plc. Mr Woodhead holds various trustee positions in charities and for a number of family trusts. He previously held the role of lead fund manager of Albany Investment Trust plc and was a member of the Stock Selection Committee at Rathbone Brothers plc. He was a Trustee and then Chairman of Rathbone 1987 Pension Scheme, standing down in June 2018. Mr Woodhead has over 20 years of investment experience managing private client investments and is an active investor with a keen interest in UK midcap and investment trusts.

All Directors are, in the opinion of the Board, independent of the management company.

All Directors are non-executive.

Directors' Report

Introduction

The Directors present their report for the year ended 31 May 2023.

Future Developments

The Company's future developments are summarised in the Company's Strategic Report on page 49.

Business and Status

The Company was incorporated and registered in England and Wales on 25 August 2006 as a public limited company, registered number 05916642. It is an investment company as defined by section 833 of the Companies Act 2006 and operates as an investment trust within the meaning of the Corporation Tax Act 2010 ('CTA') and the Investment Trusts (Approved Company) (Tax) Regulations 2011. HM Revenue & Customs has approved the Company's status as an investment trust and, in the opinion of the Directors, the Company has conducted its affairs so as to enable it to maintain such approval.

The Board

At the year end, the Company had a Board of five non-executive directors who oversee and monitor the activities of the Manager and other service providers on behalf of shareholders and ensure that the investment policy is adhered to. Details of the Board's responsibilities, the information it relies upon and the number of meetings it holds follow. Certain aspects of the Company's affairs are dealt with by the Directors sitting as Committees of the Board, descriptions of which also follow.

The Board has resolved that a remuneration committee is not appropriate for a company of this nature with a Board of this size. Remuneration is therefore regarded as part of the Board's responsibilities. For information on the Directors' remuneration please refer to the Directors' Remuneration Report on pages 70 to 72.

The Board considers that all of the Directors are wholly independent of the Company's Manager. The Board is satisfied that Ms Curling, who served on the board of Invesco Income Growth Trust plc, which was managed by Invesco, from March 2011 until its business combination with the Company in April 2021, remains independent in character and judgement from the Company's Manager. The Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company. Brief biographical details of the members of the Board are shown on page 59.

Chairman

The Chairman of the Board is Victoria Muir, an independent non-executive director who has no conflicting relationships. The Chairman is responsible for the leadership of the Board and ensuring its effectiveness.

Senior Independent Director and Chief Executive Officer

The Senior Independent Director is Davina Curling. The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Manager or Company Secretary have failed to resolve or for which such contact may be inappropriate. Since all Directors are non-executive and day-to-day management responsibilities are subcontracted to the Manager, the Company does not have a Chief Executive Officer.

Board Responsibilities

The Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long-term; the need to foster the Company's business relationships with its Manager; the impact of the Company's operations on the community and the environment; the desire for the Company to maintain a reputation for high standards of business conduct; and the need to act fairly between stakeholders of the Company.

The Board directs the Company in accordance with these duties and ensures that it operates within a framework of effective controls which enable risk to be assessed and managed. A formal schedule of matters reserved for the Board has been established. The schedule of matters is reviewed annually to ensure compliance with latest best practice and the AIC Code and is available for inspection at the registered office of the Company, its correspondence address and on the Manager's website.

The main responsibilities of the Board include: setting policies and standards; ensuring that the Company's obligations to shareholders and others are understood and complied with; approving accounting and dividend policies; managing the capital structure; setting long-term objectives and strategy; assessing risk; reviewing investment performance; approving loans and borrowing; approving recommendations presented by the Company's respective Board Committees; controlling risks; and the ongoing assessment of the Manager. The Board also seeks to ensure that shareholders are provided with sufficient information in order to understand the risk/reward balance to which they are exposed by holding their shares, through the portfolio details given in the annual and half-yearly financial reports, and regulatory information service announcements, including daily NAV disclosures.

The Board is committed to the prevention of corruption in the conduct of the Company's affairs. Taking account of the nature of the Company's business and operations, the Board has put in place procedures, including the regular review of reports from the Manager's compliance and internal audit function, that it considers adequate to prevent persons associated with it from engaging in bribery for and on behalf of the Company. These processes ensure that the Company maintains adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017. The Board has a zero tolerance approach towards the facilitation of tax evasion.

As stated above, the Board as a whole periodically undertakes the responsibilities which would otherwise be assumed by a remuneration committee.

Supply of Information

To enable the members of the Board to fulfil their roles, the Manager and Company Secretary ensure that Directors have timely access to all relevant management, financial and regulatory information. The Board meets on a regular basis at least five times each year and additional meetings are arranged as necessary. Regular contact is maintained between the Manager, Company Secretary and the Board outside formal meetings.

Board meetings follow a formal agenda, which includes a review of each portfolio with a report from the respective Portfolio Manager on investment transactions; the current investment position and outlook; strategic direction; performance against relevant indices and the portfolio's peer group (where appropriate); asset allocation; gearing policy; cash management; revenue forecasts for the financial year; marketing and shareholder relations; corporate governance; and industry and other issues.

On being appointed to the Board, Directors are fully briefed as to their responsibilities and are continually updated throughout their term in office on industry and regulatory matters. The Company Secretary and the Board have formulated a programme of induction training for newly appointed Directors. The Directors take responsibility for their own training needs while in office, but also receive briefings from key members of the Manager's staff in order that Directors can keep up to date with new legislation and changing risks.

Committees of the Board

The Board has delegated certain of its responsibilities to Nomination, Management Engagement, Audit and Marketing committees. As the Company is considered small for the purposes of the AIC Code, all Directors are members of the Nomination and Management Engagement committees. Each committee has written terms of reference which clearly define its responsibilities and duties, are in line with best practice and the AIC Code, and are reviewed annually. The terms of reference for each committee are available on the Manager's website, at www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html, and on request from the Company Secretary using the contact details on page 115. In addition, the Board has appointed standing committees of at least one Director to approve the quarterly share conversions and dividend declarations and may appoint committees on an ad hoc basis to deal with other matters.

Board, Committee and Directors' Performance Appraisals

The Directors recognise the importance of the AIC Code, particularly in terms of evaluating the performance of the Board as a whole, the respective Committees and individual Directors. Performance of the Board, Committees and Directors has been assessed during the year, amongst other things, in terms of:

- attendance at Board and Committee meetings;
- the independence of individual Directors;
- the ability of Directors to make an effective contribution to the Board and Committees due to the diversity of skills and experience each Director brings to the meetings; and
- the Board's ability to challenge the Manager and debate the future strategy of the Company.

Ms Curling was responsible for the performance evaluation of the Chairman, taking into account the views of the other Directors.

The Board conducted its performance evaluation through questionnaires and discussion between the Directors and the Chairman. The review concluded that the Board and its Committees collectively, and the Directors individually, continue to be effective and that the Directors demonstrate commitment to the role.

Attendance at Board and Committee Meetings

The number of scheduled meetings held during the year to 31 May 2023 and the attendance of individual Directors are shown in the table below:

	Board	Audit Committee	Nomination Committee	Management Engagement Committee	Marketing Committee
Scheduled Meetings(1)					
Victoria Muir	5	3(2)	1	1	2
Craig Cleland	5	3	1	1	2
Davina Curling	5	3	1	1	2
Mark Dampier	5	3	1	1	2
Tim Woodhead(3)	4	3	1	1	1

(1) Additional ad-hoc meetings of standing committees of the Board were held to deal with time sensitive matters including the quarterly share conversions and dividend declarations. As noted above under Committees of the Board, the required quorum for these meetings was just one Director.

(2) Attended Audit Committee meetings by invitation.

(3) Although Mr Woodhead was unable to attend the October 2022 Board and Marketing Committee meetings due to a longstanding personal commitment, he did provide feedback on the meeting papers and agenda items in order that his views could be taken into account in his absence.

Appointment, Re-election and Tenure of Directors

New Directors are appointed by the Board, following recommendation by the Nomination Committee. Provided the timing of initial appointment is such that a resolution can be included in the Notice of the Meeting, new Directors are then subject to election by shareholders at the first Annual General Meeting (AGM) following their appointment, failing which election by shareholders will be deferred to the following AGM.

No Director has a contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment, copies of which are on the Manager's website.

The tenure of the Chairman shall normally be limited to nine years as Chairman and up to twelve years including any time served as a Director before becoming Chairman, since the Board considers that the continuity and accumulated experience and knowledge of chairmen are of considerable value to the Company. All other Directors shall normally have tenure limited to nine years from first appointment to the Board. However, in each case, there is flexibility for the Board to determine that this be extended where it is considered that the continued participation on the Board of an individual Director, or the Chairman, is in the best interests of the Company and its shareholders. This is also subject to the Director's re-election by shareholders. In accordance with the AIC Code of Corporate Governance, subject to any Directors not seeking to continue in office, all Directors will offer themselves for re-election annually at the AGM. The Board considers that this policy provides both for adequate continuity and encourages regular refreshment, which is conducive to fostering diversity of its constituents.

The Board confirms that all of the Directors perform effectively and demonstrate commitment to their roles and recommends that shareholders vote in favour of resolutions 4 to 8, for their election and re-election. The Board also confirms it is satisfied that Ms Curling, who served on the board of Invesco Income Growth Trust plc, which was managed by Invesco, from March 2011 until its business combination with the Company in April 2021, remains independent in character and judgement from the Company's Manager.

Audit Committee and Audit Information

The composition and activities of the Audit Committee are summarised in the Audit Committee Report on pages 68 and 69, which is included in this Directors' Report by reference. Similarly, the Directors representations required by the Companies Act 2006 on audit information, which are included with other representations in the Statement of Directors' Responsibilities on page 73, are also included in this Directors' Report by reference.

Management Engagement Committee ('MEC')

The MEC is chaired by Ms Curling. All Directors are members of the MEC. The MEC meets at least once a year to review the Management Agreement and the performance and quality of service provided by the Manager and other service providers.

Marketing Committee

The Marketing Committee is chaired by Mr Dampier. All Directors are members of the Committee. The Marketing Committee has been established to oversee investor relations and efforts to refresh and expand the Company's shareholder base. The Committee aims to meet at least twice each year.

Nomination Committee

The Nomination Committee is chaired by Ms Muir. All Directors are members of the Nomination Committee. The main responsibilities of the Nomination Committee are to review the size, structure, skills and diversity of the Board and to make recommendations to the Board with regard to any changes considered necessary or new appointments.

The Board's policy on diversity is that the Board seeks to ensure that its structure, size and composition, including the skills, knowledge, diversity (including gender) and experience of directors, is sufficient for the effective direction and control of the Company. This policy, which covers the Board and its Committees, together with the tenure principles set out above on page 61, guides the Committee.

The Board has formulated a formal, rigorous and transparent procedure for the selection and appointment of new directors to the Board. The Nomination Committee carries out the procedure with a view to making recommendations to the Board. The Nomination Committee may consider using an executive search consultancy or open advertising when seeking new candidates for appointment.

Directors

Conflicts of Interest

A Director must avoid a situation where she/he has, or can have, a direct or indirect interest that conflicts, or has the potential to conflict with the Company's interests.

The Articles of Association of the Company give the Directors authority to authorise potential conflicts of interest and there are safeguards that apply when Directors decide whether to do so. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and second, in taking the decision the Directors must act in a way they consider, in good faith, is most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate.

The Directors have declared any potential conflicts of interest to the Company. These are entered into the Company's Register of Potential Conflicts, which is reviewed regularly by the Board. This Register is kept at the registered office of the Company. The Directors are obliged to advise the Company Secretary and/or Chairman as soon as they become aware of any potential conflicts of interest. Directors will not participate in Board decisions on issues where they may be conflicted.

Disclosable Interests

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report on page 71.

No Director was a party to, or had any interests in, any contract or arrangement with the Company at any time during the year or at the year end other than in respect of indemnification and insurance as set out below.

Directors' Indemnification and Insurance

The Company maintains a Directors' and Officers' liability insurance policy.

A Deed of Indemnity has been executed by the Company under the terms of which, to the extent permitted by law and the Company's Articles of Association, the Company will indemnify the Directors against liabilities incurred in connection with their office as Directors of the Company and fund reasonable expenditure incurred by them in defending proceedings brought against them in connection with their position as Directors of the Company. The indemnity does not apply in certain circumstances, including to the extent that the costs are recoverable under the Directors' and Officers' liability insurance policy maintained by the Company or from any other insurance maintained by the Director.

Financial Instruments

The Company's financial instruments comprise its investment portfolio (including derivative instruments); cash and loan balances; debtors and creditors which arise directly from its operations such as sales and purchases awaiting settlement; and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 17 to the financial statements, beginning on page 98.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider this to be appropriate as the Company has adequate resources to continue in operational existence for the foreseeable future, taken as twelve months from the signing of the financial statements for this purpose. This conclusion is consistent with the longer term viability statement on page 53 and in reaching it the Directors took into account the value of net assets; the Company's Investment Policy; its risk management policies; the diversified portfolio of readily realisable securities which can be used to meet funding commitments; the credit facility and the overdraft which can be used for short-term funding requirements; the liquidity of the investments which could be used to repay the credit facility in the event that the facility could not be renewed or replaced; its revenue; the uncertain macro-economic outlook and ongoing geopolitical events, including the conflict in Ukraine, and the ability of the Company in the light of these factors to meet all of its liabilities and ongoing expenses.

The Manager

Invesco Fund Managers Limited ('IFML' or the 'Manager') is the Company's alternative investment fund manager ('AIFM'). It is responsible for the management of the Company's investment portfolio and for providing administration and company secretarial services to the Company.

Investment Management Agreement ('IMA')

The Manager's services are provided under the terms of an IMA, dated 22 July 2014 and subsequently amended, that can be terminated by either party giving twelve months' notice or, in certain limited circumstances, without notice. As explained in the Strategic Report on page 44 Invesco Asset Management Limited ('IAML'), a company related to IFML provides many of the services under the agreement on delegated authority from IFML.

References to the Manager should consequently be considered to include both entities.

The Manager is entitled to a basic fee (payable quarterly) in respect of each portfolio as follows: with effect from 23 April 2021, 0.55% per annum on net assets up to £100 million and 0.50% over £100 million for each of the UK Equity and Global Equity Income Portfolios; 0.75% per annum on the net assets of the Balanced Risk Allocation Portfolio and; 0.12% per annum on the net assets of the Managed Liquidity Portfolio. The IMA provides for the basic fee to be reduced by any fee payable separately to the Manager on any investments in other funds managed by the Manager.

The Manager's Responsibilities

The Manager is responsible for the day-to-day investment management activities of the Company, seeking and evaluating investment opportunities and analysing the results of investee companies and funds. The individual Portfolio Managers have full discretion to manage the assets of the respective portfolios in accordance with the Company's stated Investment Policy as determined from time to time by the Board and approved by shareholders. The Portfolio Managers have discretion to make purchases and sales, make and withdraw cash deposits and exercise all rights over the investment portfolio. The Portfolio Managers also have discretion to utilise borrowings, within limits set by the Board.

The Manager is also responsible for the provision of company secretarial and administration services to the Company, ensuring that the Company complies with all legal, regulatory and corporate governance requirements and attending on the Directors at Board meetings and shareholders' meetings. The Manager additionally maintains records of the Company's investment transactions, portfolio and all monetary transactions, from which the annual and half-yearly financial reports and various statistical reports and information are prepared on behalf of the Company.

Assessment of the Manager

The performance of the Manager is subject both to continual review by the Board and regular annual reviews of the management contract by the Management Engagement Committee.

The individual Portfolio Managers determine stock and fund selection and asset allocation with a view to achieving the Company's and portfolios' Investment Policies and meeting shareholder expectations. The Board has reviewed the Manager's service provision and, taking into account the performance of the individual portfolios and strategies being followed, the other services provided by the Manager and the risk and governance environment in which the Company operates, the Board considers that the continuation of the appointment of the Manager on the current terms is in the best interests of shareholders.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary, IAML (acting under delegated authority from IFML), which is responsible for ensuring that the Board and Committee procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for advising the Board through the Chairman on all governance matters. The Company Secretary ensures that all correspondence addressed to the Company, other than junk mail, is reported to the Board and dealt with in a timely manner. The Management Engagement Committee considered the Company Secretary appointment separately and took into consideration the service received during the year and noted the experience of an outsourced model. The Committee concluded that the continuing appointment of IAML was in the best interests of the Company and shareholders.

Corporate Governance

The Corporate Governance Statement set out on page 67 is included in this Directors' Report by reference.

Performance and Dividends

Details of the Company's and its portfolios' performance, prospects and dividends are included in the Strategic Report, on pages 46 and 47, and incorporated in this Directors' Report by reference.

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions or consume any energy reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the UK Government's policy on Streamlined Energy and Carbon Reporting. Under Listing Rule 15.4.29(R), the Company, as a closed ended investment fund, is currently exempt from complying with the Task Force on Climate related Financial Disclosures. Accordingly, the quantifiable amount of carbon dioxide produced by the Company annually is zero tonnes.

Capital Structure

The Company's share capital comprises four classes of share, each represented by a separate portfolio. Movements in share capital over the course of the year are set out in the issued share capital disclosure on page 48 and in note 14 to the financial statements on pages 97 and 98. Authorities given to the Directors at the AGM in 2022 to allot shares, disapply statutory pre-emption rights and buy back shares will expire at the forthcoming AGM. The explanatory text setting out the Directors' reasons for requesting new shareholder authorities are set out on page 65.

Rights Attaching to Shares

The rights attached to the shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association (Articles). The Articles may only be changed by the shareholders by special resolution.

The holders of each class of shares have the right to receive the revenue profits of the Company (including accumulated revenue reserves) attributable to the portfolio established for that class and available for distribution.

On a return of assets on a liquidation or otherwise, the surplus assets of the Company in each portfolio, after satisfaction of all liabilities, shall be paid to the holders of the class of shares for which the relevant portfolio was established (and distributed amongst such holders rateably according to the amounts paid up on the shares of the relevant class).

The holders of each class of shares have the right to receive notice of and to attend, speak and vote at any general meeting of the Company, except that the holders of any class of shares do not have the right to vote on any resolution relating to the payment of a dividend on any other class of shares. Details of the voting rights attaching to the different classes of shares are given in note 13 to the Notice of AGM on page 112.

Shares are convertible at the option of holders into any other class of shares on or around 1 February, 1 May, 1 August and 1 November each year.

Restrictions on Shares

Subject to statute, market rules and the requirements of the UK Listing Authority the Directors may, in certain circumstances including where it is in favour of more than four persons jointly, refuse to register a transfer of shares.

The Directors may also restrict voting powers, dividends and transfers where shareholders fail to provide information with respect to interests in voting rights when so requested.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Substantial Shareholders

As far as the Company was aware, the holdings of 3% and over of each class of the Company's issued share capital were:

	At 30 June 2023		At 31 May 2023	
UK Equity Portfolio Shares	**%**	**Holdings**	**%**	**Holdings**
1607 Capital Partners	11.52	7,935,741	11.23	7,733,141
Interactive Investor*	9.78	6,736,876	9.88	6,806,289
Hargreaves Lansdown, stockbrokers*	8.22	5,661,003	8.17	5,626,851
Charles Stanley	5.52	3,801,284	5.55	3,823,342

	At 30 June 2023		At 31 May 2023	
Global Equity Income Portfolio Shares	**%**	**Holdings**	**%**	**Holdings**
Hargreaves Lansdown, stockbrokers*	8.96	2,252,696	8.93	2,243,552
Interactive Investor*	7.17	1,802,599	7.25	1,882,804
Mr Paul Davidson	-	0	5.44	1,367,965
HSDL, stockbrokers*	5.05	1,269,294	5.07	1,275,610
Charles Stanley	4.12	1,034,876	4.42	1,110,082
Evelyn Partners	4.14	1,040,435	4.15	1,042,715
Mr Philip Radburn	4.00	1,005,289	4.00	1,005,289
Rathbones	3.86	971,047	3.86	971,047
UBS Wealth Management	3.01	757,621	3.01	757,621
Mrs Lynn Davidson	5.44	1,367,965	-	0

	At 30 June 2023		At 31 May 2023	
Balanced Risk Allocation Portfolio Shares	**%**	**Holdings**	**%**	**Holdings**
Cazenove Capital Management	20.02	828,759	20.02	828,759
Mr Paul Davidson	-	0	18.71	774,594
Mr John Christopher Pfeil	9.84	407,279	9.84	407,279
HSDL, stockbrokers*	6.65	275,183	6.76	279,928
Hargreaves Lansdown, stockbrokers*	6.22	257,532	6.22	257,532
Interactive Investor*	4.85	200,946	4.83	200,010
Mrs Lynn Davidson	18.71	774,594	-	0

	At 30 June 2023		At 31 May 2023	
Managed Liquidity Portfolio Shares	**%**	**Holdings**	**%**	**Holdings**
Investec Bank CREST clearing account	16.53	206,909	14.98	187,505
Hargreaves Lansdown, stockbrokers*	12.92	161,686	14.87	186,021
HSDL, stockbrokers*	5.69	71,254	5.69	71,254
Cazenove Capital Management	4.62	57,786	4.62	57,786
RBC Brewin Dolphin, stockbrokers	4.60	57,555	4.60	57,555
Interactive Investor*	4.19	52,403	4.19	52,403
Mrs Christina Elizabeth McDonald	3.12	39,103	3.12	39,103

* Execution only.

Disclosure Required by Listing Rule 9.8.4

The above rule requires listed companies to report certain information in a single identifiable section of their Annual Financial Reports. No disclosures are required under the rule for the year to 31 May 2023.

Annual General Meeting ('AGM')

The following summarises the business of the forthcoming AGM of the Company, which is to be held at 43-45 Portman Square, London W1H 6LY at 11.30 am on 2 October 2023. This venue has wheelchair access and shareholders are encouraged to attend the AGM. It is recommended that shareholders exercise their votes by means of registering them with the Company's registrar ahead of the meeting, online or by completing paper proxy forms, and appoint the Chairman of the meeting as their proxy. Questions, on the business of the meeting or otherwise, may be addressed to the Company Secretary, by email to investmenttrusts@invesco.com or, by letter, to 43-45 Portman Square, London W1H 6LY. The Notice of the AGM and related notes can be found on pages 110 to 113.

Resolution 1 is for members to receive this Annual Financial Report, including the financial statements and Auditor's Report.

Resolution 2 is to approve the Directors' Remuneration Policy. It is now a requirement for the Directors' Remuneration Policy to be approved by shareholders at least every three years. The Board has taken the decision to submit the policy for approval annually. This vote is binding. The Directors' Remuneration Policy is set out on page 70 of this Annual Financial Report.

Resolution 3 is to approve the Annual Statement and Report on Remuneration. It is mandatory for listed companies to put their Annual Statement and Report on Remuneration to an advisory shareholder vote. The Annual Statement and Report on Remuneration are set out on pages 70 to 72 of this Annual Financial Report.

Resolutions 4 to 8 are for the re-election of Directors, which the Board recommends. The Board confirms that all of these Directors perform effectively and demonstrate independence and commitment to their roles. Brief biographical details are set out on page 59 and particular qualities that each Director seeking re-election brings to the Board, as required by the 2018 UK Corporate Governance Code, are set out below.

Resolution 4 is to re-elect Craig Cleland as a Director of the Company. Mr Cleland is an able chair of the Audit Committee. He is an asset management executive working in the promotion and running of investment companies and liaises with a number of brokers, auditors and regulators, which contributes towards keeping his extensive industry knowledge up to date. He also meets regularly with both institutional and retail investors in the sector to discuss industry issues. All of which allows him to make an important contribution to the Company.

Resolution 5 is to re-elect Davina Curling as a Director of the Company. Ms Curling joined the Board from Invesco Income Growth Trust plc and brings continuity of oversight for the shareholders that transferred from that company in the 2021 business combination. She also brings wide investment management experience and current involvement that broadens and complements the other Directors in their oversight of the investment activities of the Company, benefitting the activities of the Board and the Company.

Resolution 6 is to re-elect Mark Dampier as a Director of the Company. Mr Dampier joined the Board from Invesco Income Growth Trust plc and brings continuity of oversight for the shareholders that transferred from that company in the 2021 business combination. He also brings unique experience from involvement in the investment and savings industry that broadens and complements the other Directors in their oversight of the investment and marketing activities of the Company, benefitting the activities of the Board and the Company.

Resolution 7 is to re-elect Victoria Muir as a Director of the Company. Ms Muir has over 25 years' experience in financial services, with a particular focus on the distribution of investment products in the asset management industry. Ms Muir brings extensive marketing knowledge to the Company. She is a Chartered Director, contributing a strong governance perspective.

Resolution 8 is to re-elect Tim Woodhead as a Director of the Company. Mr Woodhead joined the Board from Invesco Income Growth Trust plc and brings continuity of oversight for the shareholders that transferred from that company in the 2021 business combination. Mr Woodhead brings very relevant experience of the management of private clients' portfolios that broadens and complements the other Directors in their oversight of the investment and marketing activities of the Company, benefitting the activities of the Board and the Company.

Resolution 9 and 10 are to approve the re-appointment of Grant Thornton UK LLP as auditor and to authorise the Audit Committee to determine the auditor's remuneration.

Resolutions 11 and 12 are to approve the dividend policies, which are set out on page 46, that apply to the UK Equity and Global Equity Income Share Portfolios. Only holders of shares in those portfolios may vote on these resolutions, which are advisory and not binding. Shareholders normally only have the opportunity to vote on final dividends and, since all dividends are declared as interim dividends in accordance with the timeframe dictated by the quarterly share conversion opportunities, these resolutions are being proposed to give shareholders the opportunity to vote on the policies applied.

Resolution 13 is to renew the Directors' authority to allot shares. Your Directors are asking for authority to allot new ordinary shares up to an aggregate nominal value of £457,684 of UK Equity Shares, £168,297 of Global Equity Income Shares, £28,117 of Balanced Risk Allocation Shares and £8,360 of Managed Liquidity Shares for each of the four share classes in issue being two thirds of the existing share capital of each share class (excluding shares held in treasury). This will allow Directors to issue shares within the prescribed limits should any favourable opportunities arise to the advantage of shareholders. The powers authorised will not be exercised at a price below NAV of the relevant share class so that the interests of existing shareholders are not diluted. This authority will expire at the AGM in 2024.

Resolution 14 is to renew the authority to disapply pre-emption rights. Your Directors are asking for the usual authority to issue new shares for cash in each share class, either pursuant to a rights issue or otherwise, up to an aggregate nominal amount of £68,652 of UK Equity Shares, £25,244 of Global Equity Income Shares, £4,217 of Balanced Risk Allocation Shares and £1,254 of Managed Liquidity Shares (10% of the issued share capital of each share class, excluding treasury shares) disapplying pre-emption rights. This will allow shares to be issued to new shareholders without them having to be offered to existing shareholders first, thus broadening the shareholder base of the Company. This authority will expire at the AGM in 2024.

Resolution 15 is to renew the authority for the Company to purchase its own shares. Your Directors are seeking to renew the authority to buy back up to 14.99% of the shares in circulation of each share class, at the date of the AGM, subject to the restrictions referred to in the notice of the AGM. This authority will expire at the AGM in 2024. Your Directors are proposing that shares bought back by the Company either be cancelled or, alternatively, be held as treasury shares with a view to their resale, if appropriate, or later cancellation. Any resale of treasury shares will only take place on terms that are in the best interests of shareholders as a whole.

Resolution 16 is to permit the Company to hold general meetings (other than annual general meetings) on 14 days notice, which is the minimum notice period permitted by the Companies Act 2006. The EU Shareholder Rights Directive increases the minimum notice period to 21 days unless two conditions are met. The first condition is that the company offers facilities for shareholders to vote by electronic means. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days, hence this resolution being proposed. It is intended that this flexibility will be used only where the Board believes it is in the interests of shareholders as a whole.

2022 AGM Update

On 4 October 2022, the Board announced that all resolutions proposed at the 2022 Annual General Meeting of the Company had been passed. However, the Board noted the significant vote cast against one resolution: the authority to issue shares. A considerable proportion of the votes against this resolution came from one shareholder, who voted in accordance with its own voting policy on share issuances.

Following the AGM the Board, through the Company Secretary, engaged with the shareholder to address their concerns. As a result of this engagement the Board agreed that it would comply with the shareholder's voting policy and, for future annual share issuance authorities, where the Company seeks approval at the AGM, the Company would limit the request to two thirds of the issued share capital for each of its four share classes. The Company confirms that none of its other shareholders have directly expressed any views or concerns regarding the share issuance resolution at the Company's 2022 AGM.

As noted above the Company is seeking authority at its AGM on 2 October 2023 to renew the authority to allot shares up to an aggregate nominal value equivalent to two-thirds of the Company's issued share capital for each of its share classes (excluding shares held in treasury).

By order of the Board

Invesco Asset Management Limited
Corporate Company Secretary

1 August 2023

The Company's Corporate Governance Framework

The Board and Committees

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that as an Investment Company it has no employees and outsources investment management to the Manager and administration to the Manager and other external service providers.

The Board

Five non-executive directors ('NEDs')

Chairman – Victoria Muir

Key responsibilities:

- to set strategy, values and standards;
- to provide leadership within a framework of prudent effective controls which enable risk to be assessed and managed; and
- to appoint service providers and to challenge constructively and scrutinise their performance.

Nomination Committee

All NEDs
Chairman: Victoria Muir
Key responsibilities:
- to review regularly the Board's structure and composition; and
- to make any new appointments.

Management Engagement Committee

All NEDs
Chairman: Davina Curling
Key responsibilities:
- to review the performance of the Manager; and
- to review the performance of the other service providers.

Audit Committee

All NEDs except Company Chairman
Chairman: Craig Cleland
Key responsibilities:
- to oversee financial reporting, risk assessment and the control environment; and
- to manage the relationship with the external auditor, including fees and any non audit services.

Remuneration Committee Function

The Board as a whole performs this function
Key responsibility:
- to set the remuneration policy of the Company.

Marketing Committee

All NEDs
Chairman: Mark Dampier
Key responsibilities:
- to oversee marketing and investor relations.

Corporate Governance Statement

FOR THE YEAR ENDED 31 MAY 2023

The Board is committed to maintaining high standards of Corporate Governance and is accountable to shareholders for the governance of the Company's affairs.

The Directors have considered the principles and provisions of the latest AIC Code of Corporate Governance ('AIC Code'). The AIC Code addresses all the principles and provisions set out in the UK Corporate Governance Code ('UK Code'), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The AIC code is available from the Association of Investment Companies website (www.theaic.co.uk). The UK code is available from the Financial Reporting Council website (www.frc.org.uk).

The Company has complied with the 2019 AIC Code, and hence has met its obligations under the 2018 UK Code, except the provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Code, the Board considers these provisions are not relevant to the position of Invesco Select Trust plc, being an externally managed investment company with no executive employees and, in relation to the third, in view of the Manager having an internal audit function.

Information on how the Company has applied the principles of the 2019 AIC Code follows:

The Company's purpose, overall strategy and the Board's culture are set out on page 44. The investment objectives and policies of the Company's four portfolios are set out on pages 44 to 46.

A statement on how s172 of the Companies Act 2006 has been applied is set out on pages 54 and 55.

The composition and operation of the Board and its committees are summarised on pages 60 to 62 and, in respect of the Audit Committee, on pages 68 and 69.

The Directors biographies on page 59 set out their other directorships and further factors pertinent to potential conflicts of interest are set out on page 62.

Tenure, succession, evaluation and appointment of Directors are summarised on page 61.

The Board's policy on diversity is set out on page 62.

The Company's approach to internal control and risk management is summarised in the Audit Committee Report on pages 68 and 69. The principal risks and uncertainties are set out on pages 49 to 53.

Statements supporting preparation of the financial statements on a going concern basis and in respect of the Company's longer term viability are set out on pages 53 and 62, respectively.

The contractual arrangements with, and assessment of, the Manager are summarised on pages 53 and 62.

The Company's capital structure and voting rights are summarised on page 48.

The most substantial shareholders in the Company are listed on page 64.

The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are discussed on page 61. There are no agreements between the Company and its Directors concerning compensation for loss of office.

Powers to issue or buy back the Company's shares, which are sought annually, and any amendment of the Company's Articles of Association require approval by shareholders.

Audit Committee Report

FOR THE YEAR ENDED 31 MAY 2023

The Audit Committee comprises all the Directors on the Board except the Chairman of the Company. The Committee members consider that collectively they are appropriately experienced to fulfil the role required, including with respect to financial knowledge and knowledge about the investment trusts sector. A separate risk committee has not been established. Review of the Company's internal control and risk management fall within the terms of reference of the Audit Committee.

Audit Committee Responsibilities

The responsibilities of the Audit Committee include:

- reviewing the systems of internal control and the management of financial risks;
- consideration of the Manager's internal audit programme and the results reported therefrom; also monitoring the effectiveness of the Manager's internal audit function and the adequacy of its resources;
- reviewing each aspect of the financial reporting process, the Half-Yearly and Annual Financial Reports and announcements of the Company and ensuring compliance with relevant statutory and listing requirements;
- management of the relationship with the external auditor, including their appointment and remuneration, and the scope, effectiveness, independence and objectivity of their audit; and
- advising the board on whether the Committee believes the Annual Financial Statements taken as a whole is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

The Audit Committee meets at least three times each year to review the internal financial and non-financial controls, to approve the contents of the draft Half-Yearly and Annual Financial Reports to shareholders, to review the Company's accounting policies and to approve the audit plan. In addition, the Audit Committee reviews the auditor's independence, objectivity and effectiveness; the service organisation controls of the service providers to the Company; the effectiveness of the audit process; and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements. The Manager's internal audit and compliance teams report to the Committee at least twice each year and the depositary reports at least annually. Representatives of Grant Thornton UK LLP, the Company's auditor, attended the Audit Committee meeting at which the draft Annual Financial Report was reviewed and were given the opportunity to speak to Committee members without the presence of representatives of the Manager.

The audit plan is agreed with the auditor in advance of the financial year end. At this stage, matters for audit focus are discussed and agreed. These matters are given particular attention during the audit process and, among other matters, are reported on by the auditor in their audit findings report to the Committee. This report is considered by the Committee and discussed with the auditor and the Manager prior to the approval and signing of the financial statements.

Accounting Matters and Significant Areas

For the year end the accounting matters that were subject to specific consideration by the Committee where necessary, were as follows:

Significant Area	How Addressed
Portfolio Ownership and Valuation	The investments are held on behalf of the Company by the Company's custodian. The Manager confirmed to the Committee that the Company's records, both throughout the year and at the year end, had been agreed to the custodian's records. The depositary also undertook an independent monthly reconciliation to custodian records, including at the balance sheet date. Actively traded listed investments are valued using stock exchange prices provided by third party pricing vendors and the valuations are provided to the Board at each meeting. Investments that are unlisted or not actively traded are valued as set out in the accounting policy 1(b)(v), and any such valuations are reviewed by the Manager's pricing committee and the Audit Committee. The Audit Committee also considered the auditor's audit findings report on their audit of the valuation and existence of investments.
Income Recognition	The Audit Committee obtained confirmation from the Manager that each stock line had been reviewed to ensure that those marked ex-dividend in the year were included in the income statement and that any special dividends were appropriately attributed to revenue or capital as set out in the accounting policy 1(e). The Audit Committee also considered the auditor's audit findings report on their audit of the accuracy, occurrence and completeness of investment income.

These matters were discussed with the Manager and the auditor in pre-year end audit planning, and were satisfactorily addressed as described above through consideration of reports provided by the Manager and the auditor at the conclusion of the audit process. There were no significant matters arising from the audit that needed to be brought to the Board's attention.

Consequently, and following a thorough review of the 2023 Annual Financial Report, the Audit Committee is satisfied that taken as a whole the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

As Audit Committee Chairman I, Craig Cleland, intend to be present at the AGM to deal with questions relating to the financial statements.

Auditor

Grant Thornton UK LLP was selected to be the Company's external auditor following a tender exercise in 2016 and was appointed by shareholders on 4 October 2016. This year's audit of the Company's Annual Financial Report was the seventh performed by Grant Thornton UK LLP. William Pointon has served as the audit partner responsible for the Company's audit since the 2022 audit.

The Committee assessed the effectiveness of the external audit process, having reviewed the audit plan, its execution and reporting, through discussions with the Manager and the auditor and consideration of review points raised. In addition, the Committee considered the independence of the external auditor and the objectivity of the audit process and is satisfied that Grant Thornton UK LLP has fulfilled its obligations to shareholders as independent auditor to the Company.

It is the Company's policy not to seek substantial non-audit services from its auditor. All non-audit services require approval in advance by the Audit Committee. Prior to any engagement, the Committee considers whether the particular skills and experience of the audit firm would make them a suitable supplier of those services and ensure that there would be no threat to the objectivity and independence in the conduct of the audit arising as a result. No non-audit services were provided by Grant Thornton UK LLP during the year to 31 May 2023.

Internal Controls and Risk Management

The Committee has established an ongoing process for identifying, evaluating and managing the major risks faced by the Company, including emerging risks, and this forms the basis of the Board's robust assessment of the risks to which the Company is exposed. Risks are reviewed by means of a Risk Control Summary ('RCS'), which sets out mitigating controls and the information flow to the Committee and Directors. The assessed ratings of the mitigated risks, in the form of a risk heat map, allow the Directors to concentrate on those risks that they gauge to be most significant to the Company's operations. These are reflected in the list of principal risks and uncertainties brought to the attention of investors in the Strategic Report on pages 49 to 53.

The Audit Committee, on behalf of the Board, is responsible for ensuring that the Company maintains a sound system of internal control to mitigate risk and safeguard shareholders' investments and the Company's assets. The Company relies on external service providers for all of its operations and on the controls they operate on behalf of the Company. Consequently these are integral to the effectiveness of the Company's system of internal controls.

The Committee receives and considers at least annually, together with representatives of the Manager, service organisation control reports from the relevant service provider in relation to the operational controls of the investment manager, company secretary, accounting administrator, custodian and registrar. These each include an independent auditor's opinion on the fairness of the presentation of the description, the suitability of the design and the operating effectiveness of the controls to achieve the related control objectives stated in that description, based on their examination.

The Committee ensures that appropriate action is taken to remedy any significant failings or weaknesses identified from its reviews. No significant items were identified in the year.

The Audit Committee also receives regular reports from the depositary and the Manager's internal audit and compliance teams, as discussed earlier in this report.

The risk management and internal control system have been in place throughout the year and up to the date of this report.

The Committee has reviewed and accepted the Manager's 'Whistleblowing' policy under which staff of Invesco Fund Managers Limited can, in confidence, raise concerns about possible improprieties or irregularities in matters affecting the Company.

Internal Audit

Due to the nature of the Company, being an externally managed investment company with no executive employees, and in view of the Manager having an internal audit function, the Company does not have its own internal audit function.

Craig Cleland
Chairman of the Audit Committee

1 August 2023

Directors' Remuneration Report

FOR THE YEAR ENDED 31 MAY 2023

This Remuneration Report has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 'Regulations') and the Listing Rules of the Financial Conduct Authority. Ordinary resolutions for the approval of the Directors' Remuneration Policy (binding) and the Chairman's Annual Statement and Report on Remuneration (advisory) will be put to shareholders at the Annual General Meeting.

All Directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Company's auditor is required to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated in this report. The independent auditor's opinion is included on pages 76 to 82.

Remuneration Responsibilities

The Board has resolved that a remuneration committee is not appropriate for a company of this nature with a Board of this size. Remuneration is therefore regarded as part of the Board's responsibilities, to be addressed regularly. All Directors are non-executive and all participate in meetings of the Board at which Directors' remuneration is considered.

Directors' Remuneration Policy

The Board's policy is that the remuneration of non-executive directors should be fair and reasonable in relation to the time commitment and responsibilities of the directors. Fees for directors are determined by the Board within the limit stated in the Company's Articles of Association ('Articles'). The Articles limit the aggregate fees to £200,000 per annum and any change to this limit requires shareholder approval.

The level of remuneration paid to Directors is reviewed annually, although such review will not necessarily result in any changes. The same level of remuneration will apply to any new appointments.

Directors do not have service contracts. Directors are appointed under letters of appointment, copies of which are available for inspection at the registered office of the Company, at its correspondence address (see page 115), and on the Manager's website. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at board and general meetings and committees. Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors may, in the furtherance of their duties, take legal advice at the Company's expense up to an initial outlay of £10,000 per Director, having first consulted with the Chairman. There are no agreements between the Company and its Directors concerning compensation for loss of office.

The Directors' fees are subject to regular review by the Board having regard to the above factors and fee trends in the investment company sector. The same principles apply to any new appointments.

Notwithstanding the above, the Company's Articles also provide that additional discretionary payments can be made for services which in the opinion of the Board are outside the scope of the ordinary duties of a Director. Any such payment would reflect the Board's assessment of the value to the Company of such services.

This Directors' Remuneration Policy is the same as that approved by shareholders at the last AGM. This Policy is intended to take effect immediately upon its approval by shareholders. The Company has no employees and consequently has no policy on the remuneration of employees.

The Board will consider, where raised, shareholders' views on Directors' remuneration.

Annual Statement on Directors' Remuneration

For the year to 31 May 2023 the Chairman of the Company was paid fees at the rate of £38,000 per annum, the Chairman of the Audit Committee was paid fees at the rate of £32,000 per annum, the Senior Independent Director was paid fees at the rate of £30,000 per annum and the other Directors were paid fees at the rate of £27,000 per annum. No additional discretionary payments were made in the year, nor in the previous year.

During the year, the Board reviewed the level of fees, which were last increased in June 2022, to ensure that they were fair and reasonable compared to those of similar sized investment companies. Consequently, to reflect this, it was agreed to increase directors' fees by 5% with effect from 1 June 2023 as follows: Chairman £39,900; Chair of the Audit Committee £33,600; Senior Independent Director £31,500 and other Directors £28,350. The total fees to be paid to the Directors during the year ended 31 May 2024 will be within the limit prescribed by the Company's Articles of Association.

The Board believes these fee levels properly reflect the time spent by the Directors on the Company's business and are at a level to ensure that candidates of a high calibre are recruited to the Board.

There were no other major decisions on directors' remuneration or any other changes to the remuneration paid to each individual director in the year under review. An external remuneration consultant was not used.

Report on Remuneration for the Year Ended 31 May 2023

The Company's Performance

The Regulations require that a performance graph be included with the Directors' Remuneration Report which compares the total return to each class of shareholder to a notional total return of a broad market index. The Directors do not consider that a single graph for the Company's portfolios would be meaningful. However, graphs for each of the portfolios are shown on pages 11, 19, 27 and 34.

Single Total Figure of Remuneration for the year (Audited)

The single total figure of remuneration for each Director is detailed below, together with the prior year comparative:

	2023 Fees[1] £	2023 Taxable[2] Benefits £	2023 Total £	2022 Fees[1] £	2022 Taxable[2] Benefits £	2022 Total £
Victoria Muir (Chairman)	38,000	1,230	39,230	36,000	815	36,815
Craig Cleland (Chairman of the Audit Committee)	32,000	637	32,637	30,000	508	30,508
Davina Curling (Senior Independent Director)	30,000	306	30,306	28,000	202	28,202
Mark Dampier	27,000	1,953	28,953	25,000	678	25,678
Tim Woodhead	27,000	214	27,214	25,000	208	25,208
Total	154,000	4,340	158,340	144,000	2,411	146,411

(1) As noted on page 70 above, Director's fee rates were increased effective 1 June 2023.

(2) Taxable benefits relate to grossed up costs of travel.

Directors' Shareholdings and Share Interests (Audited)

The beneficial interests of the Directors in the ordinary share capital of the Company at 31 May 2023 and 31 May 2022 are set out below:

31 May 2023	UK Equity	Global Equity Income	Balanced Risk Allocation	Managed Liquidity
Victoria Muir	6,500	6,500	6,500	6,500
Craig Cleland	20,000	20,000	10,000	-
Davina Curling	4,893	-	-	-
Mark Dampier[1]	33,509	-	-	-
Tim Woodhead	19,624	15,489	-	-

31 May 2022	UK Equity	Global Equity Income	Balanced Risk Allocation	Managed Liquidity
Victoria Muir	6,200	6,200	6,200	6,200
Craig Cleland	20,000	20,000	10,000	-
Davina Curling	4,893	-	-	-
Mark Dampier[1]	33,509	-	-	-
Tim Woodhead	19,624	15,489	-	-

(1) Mark Dampier has non-beneficial interests in 10,082 UK Equity Shares in addition to the beneficial interests noted in the above tables.

Other than as noted below, no Director had any interests, beneficial or otherwise, in the securities of the Company during the year or since, up to the date of this report.

Directors hold shares in the Company at their discretion. Share ownership is encouraged, but no guidelines have been set.

Relative Importance of Spend on Pay

The following table compares the remuneration paid to the Directors with aggregate distributions to shareholders (all share classes combined) in the year to 31 May 2023 and the prior year.

	2023 £'000	2022 £'000	CHANGE £'000
Total Directors' Remuneration	158	146	12
Total Dividends Paid to Shareholders	6,825	6,985	(160)
Total Cost of Shares Bought Back	8,187	23,923	(15,736)

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in the base fee rates payable to the Directors for their then respective positions held during the past three years.

	Year ended 31 May 2023 Fees %	Year ended 31 May 2022 Fees %	Year ended 31 May 2021 Fees %
Victoria Muir	5.5	nil	nil
Craig Cleland	5.6	nil	nil
Davina Curling(i)	7.1	nil	nil
Mark Dampier(i)	8.0	nil	nil
Tim Woodhead(i)	8.0	nil	nil

(i) Appointed on 23 April 2021.

As noted above, subsequent to the year end, the Directors' fees were increased on 1 June 2023.

Voting at Last Annual General Meeting

At the Annual General Meeting of the Company held on 4 October 2022 resolutions were put to shareholders to approve the Directors' Remuneration Policy (binding) and the Annual Statement and Report on Remuneration (advisory). These were both passed. The results of the polls in respect of these resolutions were as follows:

	Votes For	%	Votes Against	%	Votes Withheld
Directors' Remuneration Report	22,119,577	99.2	183,530	0.8	115,110
Annual Statement and Report on Remuneration	22,123,731	99.2	169,331	0.8	125,155

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 1 August 2023.

Signed on behalf of the Board of Directors

Victoria Muir
Chairman

Statement of Directors' Responsibilities

IN RESPECT OF THE PREPARATION OF THE ANNUAL FINANCIAL REPORT.

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

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.' Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors confirm that:

- in so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

The Directors of the Company each confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position, net return and cash flows of the Company; and
- this Annual Financial Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

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

Signed on behalf of the Board of Directors

Victoria Muir
Chairman

1 August 2023

Electronic Publication

The Annual Financial Report is published on the Manager's website **www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html**. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, which is maintained by the Company's Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Navigating market challenges and opportunities

3

Financial

Independent Auditor's Report

To the members of Invesco Select Trust plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Invesco Select Trust plc (the 'company') for the year ended 31 May 2023, which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2023 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease or continue as a going concern.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the business plans and cash flow forecasts prepared by management, including the assumptions used and level of headroom available, both in terms of cash resources and compliance with loan covenants;
- evaluating the liquidity of investments in order to pay arising expenses and evaluating management's stress tests on the assumptions in use in their forecasts;
- obtaining support for the renewal of the revolving credit facility and obtaining an understanding of the liquidity position;
- considering the robustness of the forecasts to potential changes in underlying assumptions and management's contingency plans in the event of such circumstances arising;
- obtaining an understanding of how management has assessed the impact of events/market conditions in relation to macroeconomic factors, such as the impact of the Russian invasion of Ukraine and rising inflation in their forecasts;
- assessing disclosures included in the financial statements in relation to the impact of these macroeconomic factors; and
- identifying applicable subsequent events and discussing their implications with management.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as rising inflation and the impact of the Russian invasion of Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality: £2 million, which represents 1% of the company's net assets.

Key audit matters were identified as:

- Valuation and existence of investments held at fair value through profit or loss (same as previous year); and
- Occurrence of investment income (same as previous year)

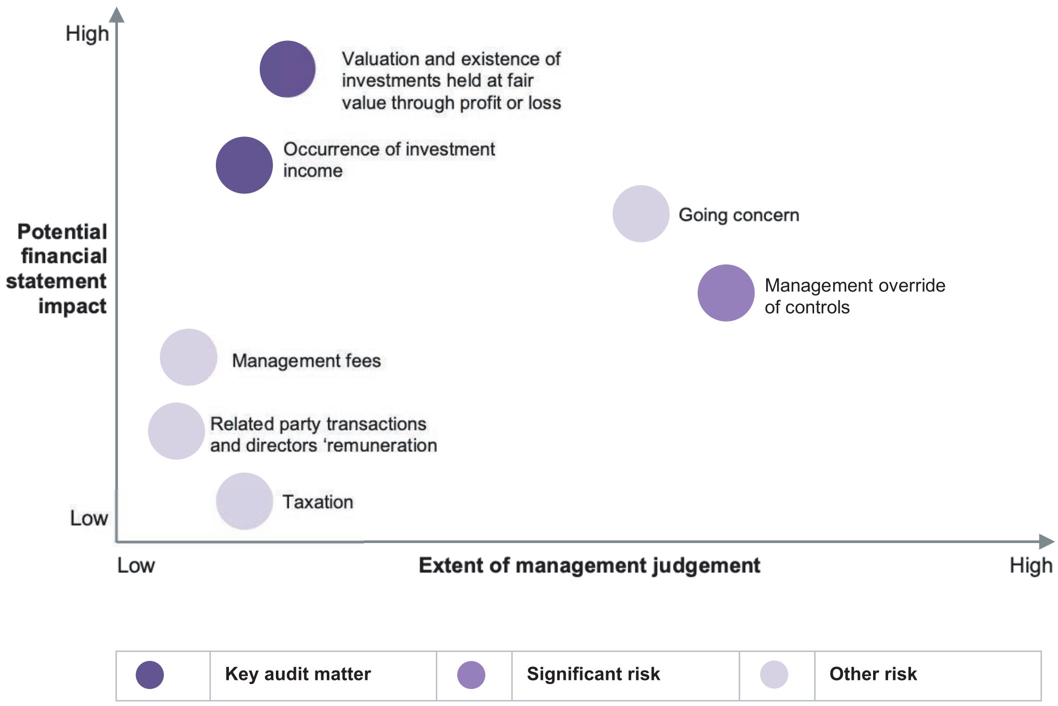
Our auditor's report for the year ended 31 May 2022 included two key audit matters that have not been reported as key audit matters in our current year's report. These relate to the completeness and accuracy of investment income. There have been no historic issues with completeness and accuracy of investment income and therefore, we no longer consider these key audit matters.

Our audit approach was a risk-based substantive audit focused on the valuation and existence of investments held at fair value through profit or loss at year end and the occurrence of investment income recognised during the year. There was no significant change in our approach from the prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter	How our scope addressed the matter
Valuation and existence of investments held at fair value through profit or loss We identified valuation and existence of investments held at fair value through profit or loss as one of the most significant assessed risks of material misstatement due to fraud and error. The company's business objective is to provide shareholders with a choice of investment strategies and policies, each intended to generate attractive risk-adjusted returns. The investment portfolio at £207.4 million is a significant material balance in the balance sheet at year-end and the main measure of the company's performance in terms of its achieved net asset value (NAV). Incorrect asset pricing or a failure to maintain proper legal title of the investments held by the company could have a material impact on the portfolio valuation and therefore, the return generated for shareholders. **Relevant disclosures in the Annual Financial Report 2023** ■ Financial statements: Note 1b)v) Classification and measurement of financial assets and financial liabilities, Note 9 Investments held at fair value, page 95 ■ Audit committee report: Portfolio Ownership and Valuation, page 68	In responding to the key audit matter, we performed the following audit procedures: ■ assessing whether the company's accounting policy for the valuation of investments is in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP'); ■ agreeing the application of the accounting policy by independently pricing 100% of the portfolio by obtaining the bid prices from an independent market source, calculating the total valuation based on the company's investment holdings, which was agreed to the company records; ■ confirming the existence and the ownership of investments by agreeing the holdings listed in the portfolio at year-end to an independent confirmation we received directly from the company's custodian; and ■ agreeing investments were actively traded by extracting a report of trading volumes in the week before and after the year end from an independent market information provider for the equity investments held. **Our results** Our audit work did not identify any material misstatements concerning the valuation and existence of investments held at fair value through profit or loss.
Occurrence of investment income We identified occurrence of investment income as one of the most significant assessed risks of material misstatement due to fraud and error. Under ISA (UK) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements' there is a presumed risk that there are risks of fraud in revenue recognition. Investment income is the company's major source of revenue and a significant material balance in the income statement of £7.7 million. There is a risk that income recognised in the year may be materially misstated due to fraudulent recognition or error in the recording of income transactions. This could also impact the level of distribution required under ITC regulations. **Relevant disclosures in the Annual Financial Report 2023** ■ Financial statements: Note 1(e) Income, page 89 and Note 2 Income, page 90 ■ Audit committee report: Income Recognition, page 68	In responding to the key audit matter, we performed the following audit procedures: ■ assessing whether the company's accounting policy for revenue recognition is in accordance with United Kingdom Generally Accepted Accounting Practice and the SORP; ■ obtaining an understanding of the company's process for recognising revenue in accordance with the company's stated accounting policy; ■ agreeing that dividend income transactions were recognised in accordance with the policy by selecting a sample of investments and checking to third party sources for their dividend entitlements; ■ assessing the special dividend schedules prepared by the administrator to identify whether special dividends have been properly allocated between capital and revenue, based on their nature, and assessing the appropriateness of their accounting treatment; ■ agreeing on a sample basis, investment income recorded in the income ledger to the respective dividend rate entitlements from independent market information providers. In addition, we agreed the receipt of the dividend income to bank statements; and ■ performed an assessment of manual and other journals posted to revenue. **Our results** Our audit work did not identify any material misstatements concerning the occurrence of investment income.

Our application of materiality

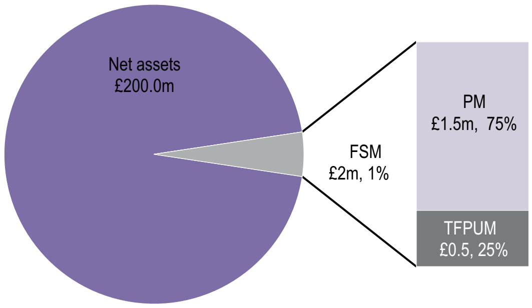
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£2
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: ■ We considered net assets the most appropriate benchmark as this is primarily composed of the company's investment portfolio, which is considered to be the key driver of the company's total return performance and forms a part of the NAV calculation. ■ In addition, we determined 1% of NAV to be reasonable based on the nature of the company as it invests largely in listed investments. Materiality for the current year is lower than the level that we determined for the year ended 31 May 2022 to reflect a decrease in net assets in the current year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£1.5
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgements: ■ The business model has not changed and the engagement team has sufficient knowledge and experience of the business. ■ There have been no material misstatements noted in the prior year and no significant control deficiencies.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We determined a lower level of specific materiality for the following areas: ■ Investment income and management fees for each portfolio; and ■ Related party transactions and directors' remuneration.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£100,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



FSM: Financial statements materiality

PM: Performance materiality

TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the company's business and in particular matters related to:

Understanding the company and its environment, including controls

- The engagement team obtained an understanding of relevant internal controls at both the company and third party service providers. This included obtaining and reading internal control reports prepared by a third party auditor detailing the description, design and operating effectiveness of internal controls implemented by the administrator and at other relevant third party service providers.

Work to be performed on financial information of the company (including how it addressed the key audit matters)

- Performed substantive testing by obtaining direct confirmations on existence and valuation of the company's investments and agreeing the investment income to an independent source and bank for occurrence.

Performance of our audit

- Our audit was performed fully remotely.

Changes in approach from previous period

- There have been no changes in the scope of the current year audit from the scope of that of the prior year.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 62;
- the directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 53;
- the directors' statement on whether they have a reasonable expectation that the company will be able to continue in operation and meets its liabilities set out on page 62;
- the directors' statement on fair, balanced and understandable set out on page 73;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 49 to 53;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems set out on page 69; and
- the section describing the work of the audit committee set out on page 68.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 73, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and management. We determined that the most significant laws and regulations were United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006, the Association of Investment Companies (AIC) Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', the AIC Code of Corporate Governance, sections 1158 to 1164 of the Corporation Tax Act 2010 and the Listing Rules of the Financial Conduct Authority (the 'FCA');
- We enquired of the directors and management to obtain an understanding of how the company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the company's board and audit committee meetings;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:

- o evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
- o testing journal entries, including manual journal entries processed at the year-end for financial statements preparation and journals with unusual account combinations; and
- o challenging the assumptions and judgements made by management in its significant accounting estimates.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - o understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - o knowledge of the industry in which the company operates; and
  - o understanding of the legal and regulatory frameworks applicable to the company.
- Relevant laws and regulations and potential fraud risks were communicated to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the company on 4 October 2016 to audit the financial statements for the year ended 31 May 2017 and subsequent financial periods. Our total uninterrupted period of engagement is 7 years, covering the years ended 31 May 2017 to 31 May 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

William Pointon

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

1 August 2023

Income Statement

FOR THE YEAR ENDED 31 MAY

	Notes	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
(Losses)/gains on investments held at fair value	9	-	(3,875)	(3,875)	-	9,824	9,824
Gains/(losses) on derivative instruments	10	27	(963)	(936)	72	(32)	40
Gains on foreign exchange		-	28	28	-	43	43
Income	2	7,400	268	7,668	6,988	-	6,988
Investment management fees	3	(334)	(774)	(1,108)	(360)	(836)	(1,196)
Other expenses	4	(627)	(7)	(634)	(502)	(6)	(508)
Net return before finance costs and taxation		6,466	(5,323)	1,143	6,198	8,993	15,191
Finance costs	5	(147)	(343)	(490)	(70)	(165)	(235)
Return before taxation		6,319	(5,666)	653	6,128	8,828	14,956
Tax	6	(325)	2	(323)	(191)	-	(191)
Return after taxation for the financial year		5,994	(5,664)	330	5,937	8,828	14,765
Return per ordinary share (basic and diluted)	7						
- UK Equity Share Portfolio		6.40p	(12.99)p	(6.59)p	6.00p	6.07p	12.07p
- Global Equity Income Share Portfolio		5.20p	18.03p	23.23p	4.85p	16.66p	21.51p
- Balanced Risk Allocation Share Portfolio		3.38p	(23.16)p	(19.78)p	1.05p	(0.83)p	0.22p
- Managed Liquidity Share Portfolio		1.06p	1.80p	2.86p	(0.07)p	(0.28)p	(0.35)p

The total column of this statement represents the Company's Income Statement prepared in accordance with UK Accounting Standards. The return after taxation is the total comprehensive income and therefore no additional statement of other comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the current year. Income Statements for the different share classes are shown on pages 17, 25, 32 and 38 for the UK Equity, Global Equity Income, Balanced Risk Allocation and Managed Liquidity Share Portfolios respectively.

The accompanying accounting policies and notes are an integral part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MAY

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 May 2021		1,715	122,990	25,463	364	80,059	(27)	230,564
Cancellation of deferred shares		-	-	(8)	8	-	-	-
Shares bought back and held in treasury	14	-	-	(10,438)	-	(13,485)	-	(23,923)
Share conversions		(6)	-	4,478	-	(4,472)	-	-
Return after taxation per the income statement		-	-	-	-	8,828	5,937	14,765
Dividends paid	8	-	-	(560)	-	(516)	(5,909)	(6,985)
At 31 May 2022		1,709	122,990	18,935	372	70,414	1	214,421
Cancellation of deferred shares		-	-	(5)	5	-	-	-
Shares bought back and held in treasury	14	-	-	(4,671)	-	(3,516)	-	(8,187)
Share conversions		(2)	-	1,107	-	(1,105)	-	-
Return after taxation per the income statement		-	-	-	-	(5,664)	5,994	330
Dividends paid	8	-	-	(932)	-	-	(5,893)	(6,825)
Cancellation of share premium account	15	-	(122,990)	122,990	-	-	-	-
At 31 May 2023		1,707	-	137,424	377	60,129	102	199,739

The accompanying accounting policies and notes are an integral part of these financial statements.

Balance Sheet

AS AT 31 MAY 2023

	Notes	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Fixed assets						
Investments held at fair value through profit or loss	9	134,346	66,026	5,542	1,475	**207,389**
Current assets						
Derivative assets held at fair value through profit or loss	10	-	-	125	-	**125**
Debtors	11	732	350	460	4	**1,546**
Cash and cash equivalents		278	511	275	30	**1,094**
		1,010	861	860	34	**2,765**
Creditors: amounts falling due within one year						
Derivative liabilities held at fair value through profit or loss	10	-	-	(186)	-	**(186)**
Other creditors	12	(270)	(144)	(26)	(139)	**(579)**
Bank facility	13	(9,650)	-	-	-	**(9,650)**
		(9,920)	(144)	(212)	(139)	**(10,415)**
Net current (liabilities)/assets		(8,910)	717	648	(105)	**(7,650)**
Net assets		125,436	66,743	6,190	1,370	**199,739**
Capital and reserves						
Share capital	14(a)	1,074	419	107	107	**1,707**
Special reserve	15	117,607	16,809	2,263	745	**137,424**
Capital redemption reserve	15	84	81	28	184	**377**
Capital reserve	15	6,671	49,434	3,713	311	**60,129**
Revenue reserve	15	-	-	79	23	**102**
Shareholders' funds		125,436	66,743	6,190	1,370	**199,739**
Net asset value per ordinary share	16	182.11p	265.53p	149.56p	109.51p	

Individual portfolio breakdowns are provided for additional information only. See note 1(a)(ii) on page 88 for further details.

The total column of this statement represents the Company's Balance Sheet prepared in accordance with UK accounting standards.

The financial statements were approved and authorised for issue by the Board of Directors on 1 August 2023.

Signed on behalf of the Board of Directors

Victoria Muir
Chairman

The accompanying accounting policies and notes are an integral part of these financial statements.

Balance Sheet

AS AT 31 MAY 2022

	Notes	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Fixed assets						
Investments held at fair value through profit or loss	9	158,450	67,630	6,233	1,445	**233,758**
Current assets						
Derivative assets held at fair value through profit or loss	10	-	-	362	-	**362**
Debtors	11	804	351	331	8	**1,494**
Cash and cash equivalents		322	215	401	9	**947**
		1,126	566	1,094	17	**2,803**
Creditors: amounts falling due within one year						
Derivative liabilities held at fair value through profit or loss	10	-	-	(225)	-	**(225)**
Other creditors	12	(448)	(206)	(17)	(138)	**(809)**
Bank facility	13	(15,754)	(5,352)	-	-	**(21,106)**
		(16,202)	(5,558)	(242)	(138)	**(22,140)**
Net current (liabilities)/assets		(15,076)	(4,992)	852	(121)	**(19,337)**
Net assets		143,374	62,638	7,085	1,324	**214,421**
Capital and reserves						
Share capital	14(a)	1,085	412	106	106	**1,709**
Share premium	15	121,700	-	1,290	-	**122,990**
Special reserve	15	-	17,211	1,000	724	**18,935**
Capital redemption reserve	15	80	81	27	184	**372**
Capital reserve	15	20,509	44,934	4,683	288	**70,414**
Revenue reserve	15	-	-	(21)	22	**1**
Shareholders' funds		143,374	62,638	7,085	1,324	**214,421**
Net asset value per ordinary share	16	194.35p	249.00p	169.87p	106.92p	

Individual portfolio breakdowns are provided for additional information only. See note 1(a)(ii) on page 88 for further details.

The total column of this statement represents the Company's Balance Sheet prepared in accordance with UK accounting standards.

The accompanying accounting policies and notes are an integral part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 31 MAY

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Net return before finance costs and taxation		1,143	15,191
Tax on overseas income		(323)	(191)
Adjustments for:			
Purchase of investments		(50,391)	(50,081)
Sale of investments		73,142	74,109
(Purchase)/sale of futures		(738)	177
		22,013	24,205
Scrip dividends		(342)	(676)
Losses/(gains) on investments		3,875	(9,824)
Losses/(gains) on derivatives		936	(40)
Increase in debtors		(52)	(449)
Increase/(decrease) in creditors		32	(213)
Net cash inflow from operating activities		27,282	28,003
Cash flows from financing activities			
Interest paid on bank borrowings		(493)	(234)
(Decrease)/increase in bank facility		(11,456)	708
Share buy back costs		(8,361)	(23,749)
Equity dividends paid	8	(6,825)	(6,985)
Net cash outflow from financing activities		(27,135)	(30,260)
Net increase/(decrease) in cash and cash equivalents		147	(2,257)
Cash and cash equivalents at the start of the year		947	3,204
Cash and cash equivalents at the end of the year		1,094	947
Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:			
Cash held at custodian		1,094	747
Invesco Liquidity Funds plc – Sterling, money market fund		–	200
Cash and cash equivalents		1,094	947
Cash flow from operating activities includes:			
Interest received		27	(1)
Dividends received		6,900	5,732

The accompanying accounting policies and notes are an integral part of these financial statements.

Reconciliation of net debt

	At 1 June 2022 £'000	Cash Flows £'000	At 31 May 2023 £'000
Cash and cash equivalents	947	147	1,094
Bank facility	(21,106)	11,456	(9,650)
Total	(20,159)	11,603	(8,556)

Notes to the Financial Statements

1. Accounting Policies

Accounting policies describe the Company's approach to recognising and measuring transactions during the year and the position of the Company at the year end.

The principal accounting policies are set out below:

(a) Basis of Preparation

(i) Accounting Standards Applied

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including FRS 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (UK Generally Accepted Accounting Practice ('UK GAAP')) and with the Statement of Recommended Practice Financial Statements of Investment Trust Companies and Venture Capital Trusts, updated by the Association of Investment Companies ('AIC') in July 2022. The financial statements are issued on a going concern basis as disclosed on page 62.

The accounting policies applied to these financial statements are consistent with those applied for the preceding year.

(ii) Definitions used in the financial statements

'Portfolio' the UK Equity Share Portfolio, the Global Equity Income Share Portfolio, the Balanced Risk Allocation Share Portfolio and/or the Managed Liquidity Share Portfolio (as the case may be). Each comprises, or may include, an investment portfolio, derivative instruments, cash, loans, debtors and other creditors, which together make up the net assets as shown in the balance sheet.

'Share' UK Equity Share, Global Equity Income Share, Balanced Risk Allocation Share, Managed Liquidity Share and/or Deferred Share (as the case may be).

The UK Equity, Global Equity Income, Balanced Risk Allocation and Managed Liquidity Share Portfolios' income statements and summaries of net assets (shown on pages 17, 25, 32 and 38) do not represent statutory accounts, are not required under UK Generally Accepted Accounting Practice and the auditor does not express an opinion on each individual portfolio. These have been disclosed to assist shareholders' understanding of the assets and liabilities, and income and expenses of the different share classes.

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement.

(iii) Functional and presentational currency

The Company's investments are made in several currencies, however, the financial statements are presented in sterling, which is the Company's functional currency. In arriving at this conclusion, the Directors considered that the Company's shares are listed and traded on the London Stock Exchange, the shareholder base is predominantly in the United Kingdom and the Company pays dividends and expenses in sterling.

(iv) Transactions and balances

Transactions in foreign currency, whether of a revenue or capital nature, are translated to sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities are translated to sterling at the rates of exchange ruling at the balance sheet date. Any gains or losses, whether realised or unrealised, are taken to the capital reserve or to the revenue account, depending on whether the gain or loss is of a capital or revenue nature. All gains and losses are recognised in the income statement.

(v) Significant Accounting Estimates and Judgements

The preparation of the financial statements may require the Directors to make estimations where uncertainty exists. It also requires the Directors to make judgements, estimates and assumptions, in the process of applying the accounting policies. There have been no significant judgements, estimates or assumptions for the current or preceding year.

(b) Financial Instruments

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 in full in respect of the financial instruments, which is explained below.

(i) Recognition of Financial Assets and Financial Liabilities

The Company recognises financial assets and financial liabilities when the Company becomes a party to the contractual provisions of the instrument. The Company will offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

(ii) Derecognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognised as an asset.

(iii) Derecognition of Financial Liabilities

The Company derecognises financial liabilities when its obligations are discharged, cancelled or expire.

(iv) Trade Date Accounting

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets.

(v) Classification and measurement of financial assets and financial liabilities

Financial assets

The Company's investments, including financial derivative instruments, are classified as held at fair value through profit or loss.

Financial assets held at fair value through profit or loss are initially recognised at fair value, which is taken to be their cost, with transaction costs expensed in the income statement, and are subsequently valued at fair value.

Fair value for investments, including financial derivative instruments, that are actively traded in organised financial markets is determined by reference to stock exchange quoted bid prices at the balance sheet date. For investments that are not actively traded or where active stock exchange quoted bid prices are not available, fair value is determined by reference to a variety of valuation techniques including broker quotes and price modelling. Where there is no active market, unlisted/illiquid investments are valued by the Directors at fair value with regard to the International Private Equity and Venture Capital Valuation Guidelines and on recommendations from Invesco's Pricing Committee, both of which use valuation techniques such as earnings multiples, recent arm's length transactions and net assets.

Financial liabilities

Financial liabilities, excluding financial derivative instruments but including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

(c) Derivatives and hedging

Derivative instruments are valued at fair value in the balance sheet. Derivative instruments may be capital or revenue in nature and, accordingly, changes in their fair value are recognised in revenue or capital in the income statement as appropriate.

Forward currency contracts entered into for hedging purposes are valued at the appropriate forward exchange rate ruling at the balance sheet date. Profits or losses on the closure or revaluation of positions are included in capital reserves.

Futures contracts may be entered into for hedging purposes and any profits and losses on the closure or revaluation of positions are included in capital reserves. Where futures contracts are used for investment exposure any income element arising on bond futures is recognised as a gain on derivative instruments in the income statement and shown in revenue.

(d) Cash and cash equivalents

Cash and cash equivalents may comprise cash (including short term deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value) as well as cash equivalents, including money market funds. Investments are regarded as cash equivalents if they meet all of the following criteria: highly liquid investments held in the Company's base currency that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value, have a maturity of less than three months at date of origination and provide a return no greater than the rate of a three-month high quality government bond. For the Balanced Risk Allocation and Managed Liquidity Portfolios, cash and cash equivalents do not include investments in Invesco Liquidity Funds plc – Sterling as this forms part of those Portfolio's fixed assets.

(e) Income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established, normally the ex-dividend date. UK dividends are stated net of related tax credits. Interest income arising from cash is recognised on an accruals basis and underwriting commission is recognised as earned. Special dividends are taken to revenue unless they arise from a return of capital, when they are allocated to capital in the income statement. Income from fixed income securities is recognised in the income statement using the effective interest method.

(f) Expenses and finance costs

All expenses are accounted for on an accruals basis. Expenses are charged to the income statement and shown in revenue except where expenses are presented as capital items when a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and thus management fees and finance costs are charged to revenue and capital to reflect the Directors' expected long-term view of the nature of the investment returns of each Portfolio.

Expenses charged to the Company in relation to a specific Portfolio are charged directly to that Portfolio.

Expenses charged to the Company that are common to more than one Portfolio are allocated between those Portfolios in the same proportions as the net assets of each Portfolio at the latest conversion date.

Finance costs are accounted for on an accruals basis using the effective interest rate method.

1. Accounting Policies (continued)

(f) Expenses and finance costs (continued)

The management fees and finance costs are charged in accordance with the Board's expected split of long-term returns, in the form of capital gains and income, to the applicable Portfolio as follows:

Portfolio	Revenue Reserve	Capital Reserve
UK Equity	30%	70%
Global Equity Income	30%	70%
Balanced Risk Allocation	30%	70%
Managed Liquidity	100%	-

(g) Dividends

Dividends are accrued in the financial statements when there is an obligation to pay the dividends at the balance sheet date.

(h) Taxation

Tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

For the Company, any allocation of tax relief to capital is based on the marginal basis, such that tax allowable capital expenses are offset against taxable income. Where individual Portfolios have extra tax capacity arising from unused tax allowable expenses which can be used by a different Portfolio, this extra tax capacity is transferred between the Portfolios at a valuation of 1% of the amount transferred.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred taxation assets are recognised where, in the opinion of the Directors, it is more likely than not that these amounts will be realised in future periods.

A deferred tax asset has not been recognised in respect of surplus management expenses as the Company is unlikely to have sufficient future taxable revenue to offset against these.

Investment trusts which have approval under the appropriate tax regulations are not liable for taxation on capital gains.

(i) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

2. Income

This note shows the income generated from the portfolios (investment assets) of the Company and income received from any other source.

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Income from investments:					
UK dividends:					
- ordinary dividends	4,159	273	-	-	4,432
- special dividends	92	-	-	-	92
- scrip dividends	342	-	-	-	342
	4,593	273	-	-	4,866
Overseas dividends:					
- ordinary dividends	714	1,615	92	20	2,441
- special dividends	-	1	-	-	1
Interest from Treasury bills	-	-	64	-	64
	5,307	1,889	156	20	7,372
Other income:					
Deposit interest	7	4	16	-	27
Rebates of management fee	-	-	-	1	1
Total income	5,314	1,893	172	21	7,400

2022	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Income from investments:					
UK dividends:					
- ordinary dividends	3,694	204	-	-	3,898
- special dividends	438	91	-	-	529
- scrip dividends	676	-	-	-	676
	4,808	295	-	-	5,103
Overseas dividends:					
- ordinary dividends	561	1,248	8	5	1,822
- special dividends	-	58	-	-	58
Interest from Treasury bills	-	-	4	-	4
	5,369	1,601	12	5	6,987
Other income:					
Rebates of management fee	-	-	-	1	1
Total income	5,369	1,601	12	6	6,988

Special dividends recognised as revenue for the year are as shown above. Special dividends of £176,000 in respect of UK Equity Portfolio and £92,000 in respect of Global Equity Portfolio were recognised in capital during the year (2022: nil).

3. Investment management fees

This note shows the fees paid to the Manager. These are made up of the individual Portfolio investment management fees calculated quarterly on the basis of their net asset values in respect of the UK Equity and Global Equity Income Portfolios.

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Investment management fee:					
- charged to revenue	210	107	15	2	334
- charged to capital	490	250	34	-	774
Total investment management fee	700	357	49	2	1,108

2022	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Investment management fee:					
- charged to revenue	240	102	16	2	360
- charged to capital	561	237	38	-	836
Total investment management fee	801	339	54	2	1,196

Details of the investment management agreement are given on pages 62 and 63 in the Directors' Report.

4. Other Expenses

The other expenses of the Company, including those paid to Directors and the auditor, are presented below; those paid to the Directors and the auditor are separately identified.

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Charged to revenue:					
Directors' remuneration (i)(ii)	103	49	5	1	158
Auditor's fees (iii):					
– for the audit of the Company's financial statements	39	20	2	1	62
Other expenses (iv)	276	107	20	4	407
	418	176	27	6	627
Charged to capital:					
Custodian transaction charges	1	4	2	–	7
Total	419	180	29	6	634

2022	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Charged to revenue:					
Directors' remuneration (i)(ii)	103	38	4	1	146
Auditor's fees (iii):					
– for the audit of the Company's financial statements	34	15	2	1	52
Other expenses (iv)	200	83	18	3	304
	337	136	24	5	502
Charged to capital:					
Custodian transaction charges	2	2	2	–	6
Total	339	138	26	5	508

(i) The Director's Remuneration Report provides information on Directors' fees. Included within other expenses is £16,000 (2022: £13,000) of employer's national insurance payable on Directors' remuneration.

(ii) As at 31 May 2023, the amounts outstanding on Directors' fees and employer's national insurance was £28,000 (2022: £26,000).

(iii) The Auditor's fees shown include out of pocket expenses, but exclude VAT, which is included in other administrative expenses.

(iv) Includes fees for depositary, broker and registrar, and also printing, postage and listing costs.

5. Finance Costs

Finance costs arise on any borrowing the Company has utilised in the year. The Company has a committed £40 million revolving credit facility (see note 13 for further details).

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Interest payable on borrowings repayable within one year as follows:					
– charged to revenue	97	50	–	–	147
– charged to capital	226	117	–	–	343
Total	323	167	–	–	490
2022					
Interest payable on borrowings repayable within one year as follows:					
– charged to revenue	50	20	–	–	70
– charged to capital	118	47	–	–	165
Total	168	67	–	–	235

6. Tax

As an investment trust, the Company pays no tax on capital gains. However, the Company suffers tax on certain overseas dividends that is irrecoverable and this note shows details of the tax charge. In addition, this note clarifies the basis for the Company having no deferred tax asset or liability.

(a) Tax charge

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Overseas tax	48	275	-	-	323
2022					
Overseas tax	45	146	-	-	191

The accounting policy for taxation is disclosed in note 1(h).

(b) Reconciliation of tax charge

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Return before taxation	(4,628)	6,074	(829)	36	653
Theoretical tax at the UK Corporation Tax rate of 20.00% (2022: 19.00%)	(926)	1,215	(166)	8	131
Effect of:					
- Non-taxable losses/(gains) on investments and derivatives	1,735	(956)	194	(5)	968
- Non-taxable gains on foreign exchange	-	(2)	(3)	-	(5)
- Non-taxable scrip dividends	(68)	-	-	-	(68)
- Non-taxable UK dividends	(818)	(55)	-	-	(873)
- Non-taxable UK special dividends	(53)	-	-	-	(53)
- Non-taxable overseas dividends	(141)	(286)	-	-	(427)
- Non-taxable overseas special dividends	-	(19)	-	-	(19)
- Foreign tax expensed	-	(3)	-	-	(3)
- Overseas tax	48	275	-	-	323
- Disallowable expenses	-	1	-	-	1
- Excess of allowable expenses over taxable income	271	105	(25)	(3)	348
Tax charge for the year	48	275	-	-	323
2022					
Return before taxation	9,499	5,453	9	(5)	14,956
Theoretical tax at the UK Corporation Tax rate of 19.00% (2021: 19.00%)	1,805	1,036	2	(1)	2,842
Effect of:					
- Non-taxable (gains)/losses on investments and derivatives	(1,035)	(832)	(2)	1	(1,868)
- Non-taxable losses/(gains) on foreign exchange	2	(3)	-	-	(1)
- Non-taxable scrip dividends	(128)	-	-	-	(128)
- Non-taxable UK dividends	(677)	(39)	-	-	(716)
- Non-taxable UK special dividends	(83)	(15)	-	-	(98)
- Non-taxable overseas dividends	(107)	(218)	-	-	(325)
- Non-taxable overseas special dividends	-	(13)	-	-	(13)
- Foreign tax expensed	-	(2)	-	-	(2)
- Overseas tax	45	146	-	-	191
- Accrued income taxable on receipt	-	6	-	-	6
- Excess of allowable expenses over taxable income	223	80	-	-	303
Tax charge for the year	45	146	-	-	191

Given the Company's status as an investment trust, and the intention to continue meeting the conditions required to retain such status for the foreseeable future, the Company has not provided any UK corporation tax on any realised or unrealised capital gains or losses arising on investments.

6. Tax (continued)

(c) Factors that may affect future tax charges

The Company has excess management expenses and loan relationship deficits of £18,674,000 (2022: £16,922,000) that are available to offset future taxable revenue. A deferred tax asset of £4,668,000 (2022: £4,230,000), measured at the standard corporation tax substantively enacted rate of 25% (2022: 25%) has not been recognised in respect of these expenses since the Directors believe that there will be no taxable profits in the future against which the deferred tax assets can be offset.

The UK corporation tax rate increased from 19% to 25% from 1 April 2023. Deferred tax assets and liabilities on balance sheets prepared after the enactment of the new tax rate must therefore be re-measured accordingly, so as a result the deferred tax asset has been calculated at 25%.

7. Return per Ordinary Share

Return per share is the amount of profit (or loss) generated for each share class in the financial year divided by the weighted average number of the shares in issue. The basic and diluted returns per share are identical as the ordinary shares for each of the portfolios are not dilutive.

Revenue, capital and total return per ordinary share is based on each of the returns after taxation shown by the income statement for the applicable share class and on the following numbers of Shares being the weighted average number of Shares in issue throughout the year for each Share class:

	Average number of shares	
Share	2023	2022
UK Equity	71,005,942	78,338,470
Global Equity Income	24,967,715	24,671,635
Balanced Risk Allocation	4,190,331	4,178,755
Managed Liquidity	1,252,806	1,440,703

Return per Ordinary Share per Portfolio is shown in the Income Statement on page 83.

8. Dividends

Dividends are distributions of Portfolio returns to shareholders. These are determined by the Directors and paid four times a year.

Dividends paid for each applicable share class, which represent distributions for the purpose of s1159 of the Corporation Tax Act 2010, follows:

	2023			2022		
	Number of shares	Dividend rate (pence)	Total £'000	Number of shares	Dividend rate (pence)	Total £'000
UK Equity						
First interim	73,085,657	1.50	1,096	83,711,988	1.50	1,256
Second interim	71,478,782	1.50	1,072	78,889,303	1.50	1,183
Third interim	69,800,692	1.50	1,047	76,191,115	1.50	1,143
Fourth interim	69,244,026	2.55	1,766	74,135,486	2.20	1,631
		7.05	4,981		6.70	5,213
Global Equity Income						
First interim	24,860,784	1.55	385	23,770,805	1.55	368
Second interim	24,851,044	1.55	385	24,551,255	1.55	381
Third interim	24,927,486	1.55	386	24,846,796	1.55	385
Fourth interim	24,890,617	2.55	635	24,920,131	2.50	623
		7.20	1,791		7.15	1,757
Balanced Risk Allocation						
First interim	4,138,995	1.00	41	-	-	-
		1.00	41		-	-
Managed Liquidity						
First interim	1,238,254	1.00	12	1,544,679	1.00	15
		1.00	12		1.00	15
Total paid in the year			6,825			6,985

The Company's dividend policy permits the payment of dividends by the UK Equity, Global Equity Income and Managed Liquidity Portfolios from capital. An analysis of dividends paid in the year from revenue and capital follows.

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Dividends paid in the year:					
From revenue - current year	4,541	1,299	41	12	5,893
From revenue	4,541	1,299	41	12	5,893
From capital	440	492	-	-	932
	4,981	1,791	41	12	6,825

2022	UK Equity £'000	Global Equity Income £'000	Managed Liquidity £'000	Company Total £'000
Dividends paid in the year:				
From revenue - current year	4,697	1,197	-	5,894
From revenue - reserves brought forward	-	-	15	15
From revenue	4,697	1,197	15	5,909
From capital	516	560	-	1,076
	5,213	1,757	15	6,985

9. Investments held at fair value

The Portfolio is made up of investments which are listed, i.e. traded on a regulated stock exchange, and a small proportion of investments which are valued by the Directors as they are unlisted or not regularly traded. Gains and losses are either:

- **realised, usually arising when investments are sold; or**
- **unrealised, being the difference from cost on the investments held at the year end.**

(a) Analysis of investments by listing status

	2023 £'000	2022 £'000
UK listed investments	141,292	161,557
Overseas listed investments(i)	66,092	72,196
Unquoted hedge fund investments	5	5
	207,389	233,758

(i) Includes the Invesco Liquidity Funds plc - Sterling, money market fund positions held by the Balanced Risk Allocation Portfolio of £3,107,000 (2022: £3,512,000) and Managed Liquidity Portfolio of £130,000 (2022: £130,000).

(b) Analysis of investment gains

	2023 £'000	2022 £'000
Opening valuation	233,758	247,886
Movements in year:		
Purchases at cost	50,648	49,637
Sales proceeds	(73,142)	(73,589)
(Losses)/gains on investments in the year	(3,875)	9,824
Closing valuation	207,389	233,758
Closing book cost	194,009	215,092
Closing investment holding gains	13,380	18,666
Closing valuation	207,389	233,758

The Company received £73,142,000 (2022: £73,589,000) from investments sold in the year. The book cost of these investments when they were purchased was £71,730,000 (2022: £61,472,000) realising a profit of £1,412,000 (2022: profit £12,117,000). These investments have been revalued over time and until they were sold any unrealised profits/losses were included in the fair value of the investments.

(c) Transaction costs

Transaction costs were £84,000 (2022: £71,000) on purchases and £36,000 (2022: £36,000) on sales and are included in investment gains and losses.

10. Derivative instruments

Derivative instruments are contracts whose price is derived from the value of other securities or indices. The Balanced Risk Allocation Portfolio uses futures, which represent agreements to buy or sell commodities or financial instruments at a pre-determined price in the future.

	2023 £'000	2022 £'000
Opening derivative assets held at fair value through profit or loss	362	292
Opening derivative liabilities held at fair value through profit or loss	(225)	(18)
Opening net derivative assets held at fair value as shown in balance sheet	137	274
Closing derivative assets held at fair value through profit or loss	125	362
Closing derivative liabilities held at fair value through profit or loss	(186)	(225)
Closing net derivative (liabilities)/assets held at fair value shown in balance sheet	(61)	137
Movement in derivative holding liabilities	(198)	(137)
Net realised (losses)/gains on derivative instruments	(765)	105
Net capital losses on derivative instruments as shown in the income statement	(963)	(32)
Net income arising on derivatives	27	72
Total (losses)/gains on derivative instruments	(936)	40

The derivative assets/(liabilities) shown in the balance sheet are the unrealised gains/(losses) arising from the revaluation to fair value of futures contracts held in the Balanced Risk Allocation Share Portfolio, as shown on page 30.

11. Debtors

Debtors are amounts due to the Company, such as monies due from brokers for investments sold and income which has been earned (accrued) but not yet received.

	2023 £'000	2022 £'000
Collateral pledged for futures contracts	443	321
Tax recoverable	217	234
Prepayments and accrued income	886	939
	1,546	1,494

12. Other creditors

Creditors are amounts owed by the Company and include amounts due to brokers for the purchase of investments and amounts owed to suppliers, such as the Manager and auditor.

	2023 £'000	2022 £'000
Shares bought back	-	174
Tax payable	137	137
Amounts due to brokers	-	85
Margin due to brokers	9	-
Accruals	433	413
	579	809

Interest payable on the bank facility is included within the amounts outstanding on the bank facility as shown on the balance sheet.

13. Bank facility and overdraft

At the year end the Company had a £40 million (2022: £40 million) committed 364 day multicurrency revolving credit facility, which is due for renewal on 24 April 2024 (2022: 25 April 2023). In addition, an overdraft facility for the purpose of short term settlement is also available however, this was unutilised at year end (2022: unutilised). Both facilities are with The Bank of New York Mellon. The interest payable on the credit facility is based on the Adjusted Reference Rate (principally SONIA, SOFR and €STR respectively in respect of loans drawn in GBP, USD and Euro) plus a margin for amounts drawn.

Under the bank facility's covenants, the Company's total indebtedness must not exceed 30% of total assets (excluding any Balanced Risk Allocation Portfolio assets) and the total assets must not be less than £120 million (2022: £120 million). The Company was in compliance with the covenants throughout the year and at year end.

At the year end, the interest payable on the bank facility was £nil (2022: £6,000).

14. Share Capital and Reserves

Share capital represents the total number of shares in issue, including treasury shares.

All shares have a nominal value of 1 pence.

(a) Movements in Share Capital during the Year

Issued and fully paid:	UK Equity	Global Equity Income	Balanced Risk Allocation	Managed Liquidity	Total Share Capital
Ordinary Shares (number)					
At 31 May 2022	73,772,657	25,155,784	4,170,938	1,238,254	104,337,633
Shares bought back into treasury	(3,772,000)	(740,000)	(110,000)	(80,000)	(4,702,000)
Arising on share conversion:					
- August 2022	(161,875)	85,260	44,643	19,696	(12,276)
- November 2022	(488,090)	326,442	12,568	41,950	(107,130)
- February 2023	(106,666)	63,131	20,432	4,478	(18,625)
- May 2023	(362,873)	245,125	414	26,982	(90,352)
At 31 May 2023	68,881,153	25,135,742	4,138,995	1,251,360	99,407,250
Treasury Shares (number)					
At 31 May 2022	34,743,775	16,036,159	6,437,218	9,313,678	66,530,830
Shares bought back into treasury	3,772,000	740,000	110,000	80,000	4,702,000
At 31 May 2023	38,515,775	16,776,159	6,547,218	9,393,678	71,232,830
Ordinary Shares of 1 penny each (£'000)					
At 31 May 2022	738	252	41	12	1,043
Shares bought back into treasury	(38)	(7)	(1)	(1)	(47)
- August 2022	(1)	1	1	1	2
- November 2022	(5)	3	-	-	
- February 2023	(1)	1	-	-	-
- May 2023	(4)	2	-	-	(2)
At 31 May 2023	689	252	41	12	994
Treasury Shares of 1 penny each (£'000)					
At 31 May 2022	347	160	65	94	666
Shares bought back into treasury	38	7	1	1	47
At 31 May 2023	385	167	66	95	713
Total Share Capital (£'000)					
Ordinary share capital	689	252	41	12	994
Treasury share capital	385	167	66	95	713
At 31 May 2023	1,074	419	107	107	1,707
Average buy back price	165.48p	224.86p	132.86p	94.75p	

The total cost of share buy backs was £8,187,000 (2022: £23,923,000). As part of the conversion process 457,700 (2022: 815,900) deferred shares of 1p each were created and subsequently cancelled during the year. No deferred shares were in issue at the start or end of the year.

No ordinary shares were issued from treasury during the year (2022: nil).

Prior to the cancellation of the share premium accounts of the UK Equity and Balanced Risk Allocation Portfolios on 17 November 2022, shares bought back and held in treasury were funded from realised capital reserves, as the balance on the special reserve at 31 May 2022 for UK Equity Portfolio was nil. Following the cancellation of the share premium accounts and transfer to special reserves, share buybacks to treasury were funded from special reserves.

(b) Movements in Share Capital after the Year End

Other than the share capital movements arising from the 1 August 2023 conversion there have been no movements in share capital since the year end. Full details of the current shares in issue are shown in note 12 to the AGM notice on page 112.

(c) Voting Rights

Rights attaching to the shares are described in the Directors' Report on page 63.

(d) Deferred Shares

The Deferred shares do not carry any rights to participate in the Company's profits, do not entitle the holder to any repayment of capital on a return of assets (except for the sum of 1p) and do not carry any right to receive notice of or attend or vote at any general meeting of the Company. Any Deferred shares that arise as a result of conversions of shares are cancelled in the same reporting period.

14. Share Capital and Reserves (continued)

(e) Future Convertibility of the Shares

Shares are convertible at the option of the holder into any other class of share. Further conversion details are given on page 2 and in the Shareholder Information on page 114.

15. Reserves

This note explains the different reserves attributable to shareholders. The aggregate of the reserves and share capital (see previous note) make up total shareholders' funds.

The share premium comprises the net proceeds received by the Company following the issue of new shares, after deduction of the nominal amount of 1 penny and any applicable costs.

The special reserve arose from the cancellation of the share premium account, in January 2007, and is available as distributable profits to be used for all purposes under the Companies Act 2006, including buy back of shares and payment of dividends.

The capital redemption reserve arises from the nominal value of shares bought back and cancelled; this and the share premium are non-distributable.

Capital investment gains and losses are shown in note 9(b), and form part of the capital reserve. The revenue reserve shows the net revenue retained after payments of any dividends. The capital and revenue reserves are distributable.

Following class consents and approval of shareholders at the Company's Annual General on 4 October 2022, the Court process to cancel the share premium accounts of the UK Equity and Balanced Risk Allocation Share Classes was implemented on 17 November 2022. Following the implementation the entire share premium account of each of the UK Equity and Balanced Risk Allocation Share Classes was cancelled, amounting to £121,700,000 and £1,290,000 respectively. These distributable reserves provide the Company with flexibility, subject to financial performance, to make future distributions and/or, subject to shareholder authority, in buying back shares.

16. Net Asset Value per Share

The net assets (total assets less total liabilities) attributable to a share class are often termed shareholders' funds and are converted into net asset value per share by dividing by the number of shares in issue.

The net asset value per Share and the net assets attributable at the year end were as follows:

Ordinary Shares	2023		2022	
	Net Asset Value Per Share Pence	Net Assets Attributable £'000	Net Asset Value Per Share Pence	Net Assets Attributable £'000
UK Equity	182.11	125,436	194.35	143,374
Global Equity Income	265.53	66,743	249.00	62,638
Balanced Risk Allocation	149.56	6,190	169.87	7,085
Managed Liquidity	109.51	1,370	106.92	1,324

Net asset value per share is based on net assets at the year end and on the number of shares in issue (excluding Treasury Shares) for each share class at the year end.

17. Financial Instruments

This note summarises the risks deriving from the financial instruments that comprise the Company's assets and liabilities.

The Company's financial instruments comprise the following:

- investments in equities, fixed interest securities and liquidity funds which are held in accordance with the Company's investment objectives and the investment objectives of the four Portfolios;
- short-term debtors, creditors and cash arising directly from operations;
- short-term forward foreign currency and futures contracts; and
- bank facility and short-term overdrafts, used to finance operations.

The financial instruments held in each of the four investment portfolios are shown on pages 15 and 16; 23 and 24; 30 and 31; and 37.

The accounting policies in note 1 include criteria for the recognition and the basis of measurement applied for these financial instruments. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The Company's principal risks and uncertainties are outlined in the Strategic Report on pages 49 to 53. This note expands on risk areas in relation to the Company's financial instruments. The Portfolios are managed in accordance with the Company's investment policies and objectives, which are set out on pages 44 to 46. The management process is subject to risk controls, which the Audit Committee reviews on behalf of the Board, as described on page 69.

The principal risks that an investment company faces in its portfolio management activities are set out below:

Market risk – arising from fluctuations in the fair value or future cash flows of a financial instrument because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk:

Currency risk – arising from fluctuations in the fair value or future cash flows of a financial instrument because of changes in foreign exchange rates;

Interest rate risk – arising from fluctuations in the fair value or future cash flows of a financial instrument because of changes in market interest rates; and

Other price risk – arising from fluctuations in the fair value or future cash flows of a financial instrument for reasons other than changes in foreign exchange rates or market interest rates, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Liquidity risk – arising from any difficulty in meeting obligations associated with financial liabilities.

Credit risk incorporating counterparty risk – arising from financial loss for a company where the other party to a financial instrument fails to discharge an obligation.

Risk Management Policies and Procedures

As an investment trust the Company invests in equities and other investments for the long-term in accordance with its investment policies so as to meet its investment objectives. In pursuing its objectives, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction of the profits available for dividends. The risks applicable to the Company and the Directors' policies for managing these risks follow. These have not changed from those applying in the previous year.

The Directors have delegated to the Manager the responsibility for the day-to-day investment activities of the Company as more fully described in the Directors' Report.

The main risk that the Company faces arising from its financial instruments is market risk – this risk is reviewed in detail below. Since the Company mainly invests in quoted investments and derivative instruments traded on recognised exchanges, liquidity risk and credit risk are significantly mitigated.

17.1 Market Risk

Market risk arises from changes in the fair value of future cash flows of a financial instrument because of movements in market prices. Market risk comprises three types of risk: currency risk (17.1.1), interest rate risk (17.1.2) and other price risk (17.1.3).

The Company's Portfolio Managers assess the individual investment portfolio exposures when making each investment decision for their Portfolios, and monitor the overall level of market risk on the whole of their investment portfolio on an ongoing basis. The Board meets at least quarterly to assess risk and review investment performance for the four Portfolios and the Company, as disclosed in the Board Responsibilities section of the Directors' Report on page 60. Borrowings can be used by the UK Equity and Global Equity Income Portfolios, which will increase the Company's exposure to market risk and volatility. The borrowing limits for these Portfolios are 25% and 20% of attributable net assets, respectively.

17.1.1 Currency Risk

A majority of the Global Equity Income Portfolio, derivative instruments in the Balanced Risk Allocation Portfolio and a small proportion of the UK Equity Portfolio consist of assets, liabilities and income denominated in currencies other than sterling. The Managed Liquidity Portfolio is not exposed to currency risk and therefore not included in this analysis. As a result, movements in exchange rates will affect the sterling value of those items.

Management of the currency risk

The Portfolio Managers monitor the separate Portfolios' exposure to foreign currencies on a daily basis and report to the Board on a regular basis. Forward foreign currency contracts can be used to limit the Company's exposure to anticipated future changes in exchange rates and to achieve portfolio characteristics that assist the Company in meeting its investment objectives in line with its investment policies. All contracts are limited to currencies and amounts commensurate with the exposure to those currencies. No such contracts were in place at the current or preceding year end. Income denominated in foreign currencies is converted to sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is accrued and its receipt.

Foreign Currency Exposure

The fair values of the Company's monetary items that have currency exposure at 31 May are shown below. Where the Company's investments (which are not monetary items) are priced in a foreign currency they have been included separately in the analysis so as to show the overall level of exposure.

17. Financial Instruments (continued)

17.1 Market Risk (continued)

17.1.1 Currency Risk (continued)

UK Equity Portfolio:

Year ended 31 May 2023

Currency	Debtors (due from brokers & dividends) £'000	Cash and cash equivalents £'000	Foreign currency exposure on net monetary items £'000	Investments at fair value through profit or loss that are equities £'000	Total net foreign currency £'000
US Dollar	253	-	253	6,738	6,991
	253	-	253	6,738	6,991
Year ended 31 May 2022					
Canadian Dollar	-	-	-	5,539	5,539
Euro	1	-	1	-	1
US Dollar	169	-	169	4,809	4,978
	170	-	170	10,348	10,518

Global Equity Income Portfolio:

Year ended 31 May 2023

Currency	Debtors (due from brokers & dividends) £'000	Cash and cash equivalents £'000	Foreign currency exposure on net monetary items £'000	Investments at fair value through profit or loss that are equities £'000	Total net foreign currency £'000
Canadian Dollar	-	-	-	906	906
Danish Krona	7	-	7	2,107	2,114
Euro	91	10	101	10,266	10,367
Hong Kong Dollar	49	-	49	5,089	5,138
Japanese Yen	-	-	-	1,582	1,582
New Zealand Dollar	-	-	-	155	155
Norwegian Krone	16	-	16	1,800	1,816
South Korean Won	-	-	-	2,374	2,374
Swedish Krona	3	-	3	-	3
Swiss Franc	114	9	123	2,777	2,900
Taiwanese Dollar	-	-	-	1,231	1,231
US Dollar	37	-	37	27,605	27,642
	317	19	336	55,892	56,228
Year ended 31 May 2022					
Canadian Dollar	-	-	-	1,112	1,112
Euro	83	127	210	7,054	7,264
Hong Kong Dollar	43	-	43	7,156	7,199
Norwegian Krone	6	-	6	-	6
South Korean Won	-	-	-	981	981
Swedish Krona	14	-	14	2,167	2,181
Swiss Franc	134	8	142	4,279	4,421
Taiwanese Dollar	-	-	-	1,998	1,998
US Dollar	27	-	27	32,144	32,171
	307	135	442	56,891	57,333

Balanced Risk Allocation Portfolio:

Year ended 31 May 2023

Currency	Derivative assets held at fair value through profit or loss £'000	Debtors (due from brokers & dividends)* £'000	Cash at bank £'000	Derivative liabilities held at fair value through profit or loss £'000	Creditors (due to brokers and accruals) £'000	Foreign currency exposure on net monetary items £'000	Investments at fair value through profit or loss that are equities £'000	Total net foreign currency £'000
Australian Dollar	-	91	-	(25)	-	66	-	66
Canadian Dollar	-	20	4	(1)	-	23	-	23
Euro	38	16	14	-	-	68	-	68
Japanese Yen	49	-	7	-	(9)	47	-	47
US Dollar	35	248	19	(144)	-	158	5	163
	122	375	44	(170)	(9)	362	5	367

Year ended 31 May 2022

Currency	Derivative assets held at fair value through profit or loss £'000	Debtors (due from brokers & dividends)* £'000	Cash at bank £'000	Derivative liabilities held at fair value through profit or loss £'000	Creditors (due to brokers and accruals) £'000	Foreign currency exposure on net monetary items £'000	Investments at fair value through profit or loss that are equities £'000	Total net foreign currency £'000
Australian Dollar	-	114	14	(88)	-	40	-	40
Canadian Dollar	-	20	5	(7)	-	18	-	18
Euro	7	96	13	(57)	-	59	-	59
Japanese Yen	46	(10)	7	(3)	-	40	-	40
US Dollar	272	92	76	(65)	-	375	5	380
	325	312	115	(220)	-	532	5	537

* Debtors includes collateral pledged for futures contracts.

Foreign Currency sensitivity

The preceding exposure analysis is based on the Company's monetary foreign currency financial instruments held at each balance sheet date and takes account of forward foreign exchange contracts, if used, that offset the effects of changes in currency exchange rates.

The effect of strengthening or weakening of sterling against other currencies to which the Company is exposed is calculated by reference to the volatility of exchange rates during the year using the standard deviation of currency fluctuations against the mean, giving the following exchange rate fluctuations:

	2023	2022
£/Australian Dollar	+/-3.1%	+/-2.6%
£/Canadian Dollar	+/-3.7%	+/-2.5%
£/Danish Krone	+/-1.6%	n/a
£/Euro	+/-1.6%	+/-1.1%
£/Hong Kong Dollar	+/-3.3%	+/-2.9%
£/Japanese Yen	+/-2.3%	+/-2.5%
£/New Zealand Dollar	+/-2.0%	n/a
£/Norwegian Krone	+/-4.7%	+/-2.0%
£/South Korean Won	+/-2.6%	n/a
£/Swedish Krona	+/-1.9%	+/-2.6%
£/Swiss Franc	+/-2.3%	+/-1.7%
£/Taiwan Dollar	+/-2.5%	+/-1.8%
£/US Dollar	+/-3.4%	+/-3.2%

The tables that follow illustrate the exchange rate sensitivity of revenue and capital returns arising from the Company's financial non-sterling assets and liabilities for the year for the UK Equity, Global Equity Income and Balanced Risk Allocation Portfolios using the exchange rate fluctuations shown above.

If sterling had strengthened against other currencies by the exchange rate fluctuations shown in the table above, this would have had the following after tax effect:

UK Equity Portfolio:

	2023			2022		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Canadian Dollar	-	-	-	-	(138)	(138)
Euro	(4)	-	(4)	(3)	-	(3)
US Dollar	(41)	(229)	(270)	(32)	(154)	(186)
Total return	(45)	(229)	(274)	(35)	(292)	(327)
Net assets	(45)	(229)	(274)	(35)	(292)	(327)

17. Financial Instruments (continued)

17.1 Market Risk (continued)

17.1.1 Currency Risk (continued)

Global Equity Income Portfolio:

	2023 Revenue return £'000	2023 Capital return £'000	2023 Total return £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total return £'000
Canadian Dollar	–	(34)	(34)	–	(28)	(28)
Danish Krone	(1)	(34)	(35)	–	–	–
Euro	(6)	(164)	(170)	(3)	(79)	(82)
Hong Kong Dollar	(6)	(168)	(174)	(3)	(208)	(211)
Japanese Yen	–	(36)	(36)	–	–	–
New Zealand Dollar	–	(3)	(3)	–	–	–
Norwegian Krone	(5)	(85)	(90)	–	–	–
Swedish Krona	–	–	–	(2)	(56)	(58)
South Korean Won	(1)	(62)	(63)	–	(13)	(13)
Swiss Franc	(3)	(64)	(67)	(3)	(73)	(76)
Taiwan Dollar	(1)	(31)	(32)	(1)	(36)	(37)
US Dollar	(20)	(939)	(959)	(16)	(1,029)	(1,045)
Total return	(43)	(1,620)	(1,663)	(28)	(1,522)	(1,550)
Net assets	(43)	(1620)	(1,663)	(28)	(1,522)	(1,550)

Balanced Risk Allocation Portfolio:

	2023 Revenue return £'000	2023 Capital return £'000	2023 Total return £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total return £'000
Australian Dollar	–	(2)	(2)	–	(1)	(1)
Canadian Dollar	–	(1)	(1)	–	–	–
Danish Krone	–	(1)	(1)	–	–	–
Euro	–	–	–	–	(1)	(1)
Japanese Yen	–	(1)	(1)	–	(1)	(1)
US Dollar	–	(6)	(6)	–	(12)	(12)
Total return	–	(11)	(11)	–	(15)	(15)
Net assets	–	(11)	(11)	–	(15)	(15)

If sterling had weakened by the same amounts, the effect would have been the converse.

17.1.2 Interest Rate Risk

Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits; and
- the interest payable on variable rate borrowings.

Management of interest rate risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account as part of the portfolio management and borrowings processes of the Portfolio Managers. The Board reviews on a regular basis the investment portfolio and borrowings. This encompasses the valuation of fixed-interest and floating rate securities and gearing levels.

When the Company has cash balances, they are held in variable rate bank accounts yielding rates of interest dependent on the base rate of the custodian or deposit taker. The Company has a £40 million (2022: £40 million), 364 day multicurrency revolving credit facility which is due for renewal on 24 April 2024. The Company uses the facility when required at levels approved and monitored by the Board.

Interest rate exposure

The Company also has available an uncommitted overdraft facility for settlement purposes and interest is dependent on the base rate determined by the custodian.

At 31 May the exposure of financial assets and financial liabilities to interest rate risk is shown by reference to:

- floating interest rates (giving cash flow interest rate risk) – when the interest rate is due to be reset; and
- fixed interest rates (giving fair value interest rate risk) – when the financial instrument is due for repayment.

The following table sets out the financial assets and financial liabilities exposure at the year end:

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Exposure to floating interest rates:					
Investments held at fair value through profit or loss[1]	-	-	3,107	130	3,237
Cash and short term deposits	278	511	275	30	1,094
Bank Loans	(9,650)	-	-	-	(9,650)
	(9,372)	511	3,382	160	(5,319)
Exposure to fixed interest rates:					
Investments held at fair value through profit or loss including UK Treasury Bills	-	-	2,430	-	2,430
Net exposure to interest rates	(9,372)	511	5,812	160	(2,889)

2022	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Exposure to floating interest rates:					
Investments held at fair value through profit or loss[1]	-	-	3,512	130	3,642
Cash and short term deposits	322	215	401	9	947
Bank Loans	(15,750)	(5,350)	-	-	(21,100)
	(15,428)	(5,135)	3,913	139	(16,511)
Exposure to fixed interest rates:					
Investments held at fair value through profit or loss including UK Treasury Bills	-	-	2,716	-	2,716
Net exposure to interest rates	(15,428)	(5,135)	6,629	139	(13,795)

(1) Comprises holdings in the Invesco Liquidity Funds plc – Sterling.

The income on the iShares - Sterling Ultrashort Bond UCITS ETF and Invesco Liquidity Funds plc – Sterling investments are affected by interbank lending rates; the principal amount should normally remain stable regardless of interest rate movements.

Interest rate sensitivity

At the maximum possible borrowing level of £40 million (2022: £40 million), the maximum effect over one year of a 5% movement in interest rates would be a £2,000,000 (2022: maximum effect over one year of a 0.5% movement: £200,000) movement in the Company's income and net assets.

The effect of a 5% movement in the interest rates on investments held at fair value through profit and loss would result in a £38,000 (2022 1% movement: £7,000) maximum movement in the Company's income statement and net assets.

The above exposure and sensitivity analysis are not representative of the year as a whole, since the level of exposure changes frequently throughout the year.

Other price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the equity investments, but it is the role of the Portfolio Managers to manage the Portfolios to achieve the best returns they can.

17.1.3 Other Price Risk

Management of other price risk

The Directors monitor the market price risks inherent in the investment portfolios by meeting regularly to review performance.

The Company's investment portfolios are the product of the Manager's investment processes and the application of the Portfolios' investment policies. Their value will move according to the performance of the shares held within them. However, the Portfolios do not replicate their respective benchmarks or the markets in which the Portfolios invest, so their performance may not correlate with them.

Notwithstanding the issue of correlation, if the fixed asset value of an investment portfolio moved by 10% at the balance sheet date, the profit after tax and net assets for the year would increase/decrease by the following amounts:

17. Financial Instruments (continued)

17.1 Market Risk (continued)

17.1.3 Other Price Risk (continued)

	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000
2023				
Profit after tax increase/decrease due to rise/fall of 10%	13,435	6,603	554	148
2022				
Profit after tax increase/decrease due to rise/fall of 10%	15,845	6,763	623	145

17.2 Liquidity Risk

Management of liquidity risk

Liquidity risk is mitigated by the investments held by the Company's four portfolios being diversified and the majority being readily realisable securities which can be sold to meet funding commitments. If required, the Company's borrowing facilities provide additional long-term and short-term flexibility.

The Directors' policy is that in normal market conditions short-term borrowings be used to manage short term liabilities and working capital requirements rather than realising investments.

Liquidity risk

The contractual maturities of financial liabilities at the year end, based on the earliest date on which payment can be required, are as follows:

2023	UK Equity 3 months or less £'000	Global Equity Income 3 months or less £'000	Balanced Risk Allocation 3 months or less £'000	Balanced Risk Allocation More than 3 months £'000	Managed Liquidity 3 months or less £'000	Company Total £'000
Bank facility[(1)]	9,650	-	-	-	-	9,650
Amount due to brokers	-	-	9	-	-	9
Other creditors and accruals	270	144	17	-	2	433
Derivative financial instruments	-	-	136	50	-	186
	9,920	144	162	50	2	10,278

2022	UK Equity 3 months or less £'000	Global Equity Income 3 months or less £'000	Balanced Risk Allocation 3 months or less £'000	Balanced Risk Allocation More than 3 months £'000	Managed Liquidity 3 months or less £'000	Company Total £'000
Bank facility[(1)]	15,754	5,352	-	-	-	21,106
Amount due to brokers	-	85	-	-	-	85
Other creditors and accruals	448	121	17	-	1	587
Derivative financial instruments	-	-	200	25	-	225
	16,202	5,558	217	25	1	22,003

(1) Interest due on the bank facility at the year end was £nil (2022: £6,000).

17.3 Credit Risk

Credit risk is that the failure of the counterparty in a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

This risk is managed as follows:

- investment transactions are carried out with a selection of brokers, approved by the Manager and settled on a delivery versus payment basis. Brokers' credit ratings are regularly reviewed by the Manager, so as to minimise the risk of default to the Company;
- the derivative financial instruments are all exchange traded and the exchange guarantees their settlement;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the daily review of failed trade reports and the use of daily stock and cash reconciliations. Only approved counterparties are used;

- the Company's ability to operate in the short-term may be adversely affected if the Company's Manager, other outsource service providers, or their delegates suffer insolvency or other financial difficulties. The Board reviews annual controls reports from major service providers;
- where an investment is made in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default; and
- cash balances are limited to a maximum of £5 million for each of the UK Equity and Global Equity Income Portfolios and £2.5 million for each of the Balanced Risk Allocation and Managed Liquidity Portfolios, with any one deposit taker (other than cash collateral on derivative instruments). Only deposit takers approved by the Manager are used. Cash held at brokers includes any cash collateral on futures contracts and during the year only one futures clearing broker, Merrill Lynch, was used.

The following table sets out the maximum credit risk exposure at the year end:

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Bonds (UK Treasury bills)	-	-	2,430	-	2,430
Cash held as short-term investment(1)	-	-	3,107	130	3,237
Unquoted securities	-	-	5	-	5
Derivative financial instruments	-	-	(61)	-	(61)
Debtors(2)	-	-	460	4	464
Cash and short-term deposits	278	511	275	30	1,094
	278	511	6,216	164	7,169

2022	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Bonds (UK Treasury bills)	-	-	2,716	-	2,716
Cash held as short-term investment(1)	-	-	3,512	130	3,642
Unquoted securities	-	-	5	-	5
Derivative financial instruments	-	-	137	-	137
Debtors(2)	-	-	321	-	321
Cash and short-term deposits	322	215	401	9	947
	322	215	7,092	139	7,768

(1) Invesco Liquidity Funds plc, money market fund.

(2) Cash collateral pledged for futures contracts of £443,000 is included in debtors (2022: £321,000) and excludes tax recoverable and prepayments and accrued income.

18. Fair Values of Financial Assets and Financial Liabilities

'Fair value' in accounting terms is the amount at which an asset can be bought or sold in a transaction between willing parties, i.e. a market-based, independent measure of value. This note sets out the fair value hierarchy comprising three 'levels' and the aggregate amount of investments in each level.

The financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments and derivative instruments), or the balance sheet amount is a reasonable approximation of fair value.

FRS 102 as amended for fair value hierarchy disclosures sets out three fair value levels. These are:

Level 1 – fair value based on quoted prices in active markets for identical assets.

Level 2 – fair values based on valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 – fair values based on valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

The valuation techniques used by the Company are explained in the accounting policies note. The majority of the Company's investments are quoted equity investments and Treasury bills which are deemed to be Level 1. Level 2 comprises all other quoted fixed income investments, derivative instruments and liquidity funds held in the Balanced Risk Allocation and Managed Liquidity Portfolios. Level 3 investments comprise any unquoted securities and the remaining hedge fund investments of the Balanced Risk Allocation Portfolio.

18. Fair Values of Financial Assets and Financial Liabilities (continued)

2023	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Financial assets designated at fair value through profit or loss:					
Level 1	134,346	66,026	2,430	1,345	204,147
Level 2[1]	-	-	3,232	130	3,362
Level 3	-	-	5	-	5
Total for financial assets	134,346	66,026	5,667	1,475	207,514
Financial liabilities:					
Level 2[1] – derivatives liabilities held at fair value	-	-	186	-	186

(1) Balanced Risk Allocation Level 2 comprises Invesco Liquidity Funds plc – Sterling of £3,107,000 and unrealised profit on derivative assets of £125,000. Managed Liquidity comprises entirely of Invesco Liquidity Funds plc – Sterling. These financial assets have been classed as Level 2 due to their nature as non-equity investments with underlying holdings using evaluated prices from a third party pricing vendor.

2022	UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Financial assets designated at fair value through profit or loss:					
Level 1	158,450	67,630	2,716	1,315	230,111
Level 2[1]	-	-	3,874	130	4,004
Level 3	-	-	5	-	5
Total for financial assets	158,450	67,630	6,595	1,445	234,120
Financial liabilities:					
Level 2[1] – derivatives liabilities held at fair value	-	-	225	-	225

(1) Balanced Risk Allocation Level 2 comprises Invesco Liquidity Funds plc – Sterling of £3,512,000 and unrealised profit on derivative assets of £362,000. Managed Liquidity comprises entirely of Invesco Liquidity Funds plc – Sterling. These financial assets have been classed as Level 2 due to their nature as non-equity investments with underlying holdings using evaluated prices from a third party pricing vendor.

19. Capital Management

This note is designed to set out the Company's objectives, policies and processes for managing its capital. The capital is funded from monies invested in the Company by shareholders (both initial investment and any retained amounts) and any borrowings by the Company.

The Company's total capital employed at 31 May 2023 was £209,389,000 (2022: £235,521,000) comprising borrowings of £9,650,000 (2022: £21,106,000) and equity share capital and other reserves of £199,739,000 (2022: £214,421,000).

The Company's total capital employed is managed to achieve the Company's investment objective and policy as set out on pages 44 to 46, including that borrowings may be used to raise equity exposure up to a maximum of 25% of net assets for the UK Equity Portfolio and 20% for the Global Equity Income Portfolio. At the balance sheet date, maximum gross gearing was 4.8% (2022: 9.8%). The Company's policies and processes for managing capital are unchanged from the preceding year.

The main risks to the Company's investments are shown in the Directors' Report under the 'Principal Risks and Uncertainties' section on pages 49 to 52. These also explain that the Company has borrowing facilities which can be used in accordance with each Portfolio's investment objectivity and policy and that this will amplify the effect on equity of changes in the value of each applicable portfolio.

The Board can also manage the capital structure directly since it has taken the powers, which it is seeking to renew, to issue and buy back shares and it also determines dividend payments.

The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by Corporation Tax Act 2010 and by the Companies Act 2006, respectively, and with respect to the availability of the overdraft facility, by the terms imposed by the lender. The Board regularly monitors, and has complied with, the externally imposed capital requirements. This is unchanged from the prior year.

Borrowings comprise any drawings on the credit and/or overdraft facilities, details of which are given in note 13.

20. Contingencies, guarantees and financial commitments

Any liabilities the Company is committed to honour but which are dependent on a future circumstance or event occurring would be disclosed in this note if any existed.

There were no contingencies, guarantees or financial commitments of the Company at the year end (2022: £nil).

21. Related party transactions and transactions with the Manager

A related party is a company or individual who has direct or indirect control or who has significant influence over the Company. Under accounting standards, the Manager is not a related party.

Under UK GAAP, the Company has identified the Directors as related parties. The Directors' remuneration and interests have been disclosed on pages 70 to 72 with additional disclosure in note 4. No other related parties have been identified.

Details of the Manager's services and fees are disclosed in the Director's Report on pages 62 and 63 and note 3.

22. Post Balance Sheet Events

Any significant events that occurred after the Company's financial year end but before the signing of the balance sheet will be shown here.

There are no significant events after the end of the reporting period requiring disclosure.

As your market views change so can your allocation

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Shareholder

Notice of Annual General Meeting

THIS Notice of Annual General Meeting IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Invesco Select Trust plc, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

NOTICE IS GIVEN that the Annual General Meeting ('AGM') of Invesco Select Trust plc will be held at 43-45 Portman Square, London W1H 6LY at 11.30am on 2 October 2023 for the following purposes:

Ordinary Business of the Company

To consider and, if thought fit, to pass the following resolutions which will be proposed as an Ordinary Resolutions:

1. To receive the Annual Financial Report for the year ended 31 May 2023.
2. To approve the Directors' Remuneration Policy.
3. To approve the Annual Statement and Report on Remuneration.
4. To re-elect Craig Cleland as a Director of the Company.
5. To re-elect Davina Curling as a Director of the Company.
6. To re-elect Mark Dampier as a Director of the Company.
7. To re-elect Victoria Muir as a Director of the Company.
8. To re-elect Tim Woodhead as a Director of the Company.
9. To re-appoint Grant Thornton UK LLP as Auditor to the Company.
10. To authorise the Audit Committee to determine the Auditor's remuneration.

Ordinary Business of the UK Equity Share Class

Only holders of UK Equity Shares may vote on this resolution, which will be proposed as an Ordinary Resolution:

11. To approve the UK Equity Share Class Portfolio dividend payment policy as set out on page 46 of the 2023 Annual Financial Report.

Ordinary Business of the Global Equity Income Share Class

Only holders of Global Equity Income Shares may vote on this resolution, which will be proposed as an Ordinary Resolution:

12. To approve the Global Equity Income Share Class Portfolio dividend payment policy as set out on page 46 of the 2023 Annual Financial Report.

Special Business of the Company

To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolutions:

13. That:

    the Directors be and they are hereby generally and unconditionally authorised, for the purpose of section 551 of the Companies Act 2006 as amended from time to time prior to the date of passing this resolution ('2006 Act') to exercise all the powers of the Company to allot relevant securities (as defined in sections 551(3) and (6) of the 2006 Act) up to an aggregate nominal amount equal to £457,684 of UK Equity Shares, £168,297 of Global Equity Income Shares, £28,117 of Balanced Risk Allocation Shares and £8,360 of Managed Liquidity Shares, provided that this authority shall expire at the conclusion of the next AGM of the Company or the date falling 15 months after the passing of this resolution, whichever is the earlier, but so that such authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

To consider and, if thought fit, to pass the following resolutions which will be proposed as Special Resolutions:

14. That:

    the Directors be and they are hereby empowered, in accordance with sections 570 and 573 of the Companies Act 2006 as amended from time to time prior to the date of the passing of this resolution ('2006 Act') to allot shares in each class (UK Equity, Global Equity Income, Balanced Risk Allocation and Managed Liquidity) for cash, either pursuant to the authority given by resolution 13 or (if such allotment constitutes the sale of relevant shares which, immediately before the sale, were held by the Company as treasury shares) otherwise, as if section 561 of the 2006 Act did not apply to any such allotment, provided that this power shall be limited:

    (a) to the allotment of shares in connection with a rights issue in favour of all holders of a class of share where the shares attributable respectively to the interests of all holders of shares of such class are either proportionate (as nearly as may be) to the respective numbers of relevant Shares held by them or are otherwise allotted in accordance with the rights attaching to such shares (subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise);

    (b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £68,652 of UK Equity Shares, £25,244 of Global Equity Income Shares, £4,217 of Balanced Risk Allocation Shares and £1,254 of Managed Liquidity Shares; and

    (c) to the allotment of equity securities at a price of not less than the net asset value per share as close as practicable to the allotment or sale and this power shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this power shall allow the Company to make offers or agreements before the expiry of this power which would or might require equity securities to be allotted after such expiry as if the power conferred by this resolution had not expired; and so that words and expressions defined in or for the purposes of Part 17 of the 2006 Act shall bear the same meanings in this resolution.

15. That:

the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with section 701 of the Companies Act 2006 as amended from time to time prior to the date of passing this resolution ('2006 Act') to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its issued shares in each share class (UK Equity, Global Equity Income, Balanced Risk Allocation and Managed Liquidity).

PROVIDED ALWAYS THAT:

(i) the maximum number of shares hereby authorised to be purchased shall be 14.99% of each class of the Company's share capital as at the date of the AGM;

(ii) the minimum price which may be paid for a share shall be 1p;

(iii) the maximum price which may be paid for a share in each share class must not be more than the higher of: (a) 5% above the average of the mid-market values of the shares for the five business days before the purchase is made; and (b) the higher of the price of the last independent trade in the shares and the highest then current independent bid for the shares on the London Stock Exchange;

(iv) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors);

(v) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company or, if earlier, on the expiry of 15 months from the passing of this resolution unless the authority is renewed at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

16. That:

the period of notice required for general meetings of the Company (other than Annual General Meetings) shall be not less than 14 days.

Dated 1 August 2023
By order of the Board

Invesco Asset Management Limited
Company Secretary

Notes:

1. A form of appointment of proxy accompanies this Annual Financial Report.

   A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote in his stead. Where more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to a different Share or shares. A proxy need not be a member of the Company. However, if you appoint the Chairman of the AGM as your proxy, this will ensure that your votes are cast in accordance with your wishes. If any other person is appointed as your proxy, they may not be able to attend the meeting to vote on your behalf.

   In order to be valid an appointment of proxy must be returned by one of the following methods:

   - via Link Registrar's website www.signalshares.com; or
   - via LinkVote+ (see note 3); or
   - via Proxymity (see note 4); or
   - In hard copy form by post, by courier or by hand to the Company's registrars, Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL; or
   - In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

   and in each case to be received by the Company not less than 48 hours before the time of the AGM (excluding weekends and bank holidays).

   The appointment of a proxy (whether by completion of a form of appointment of proxy, or other instrument appointing a proxy or any CREST proxy instruction) does not prevent a member from attending and voting at the AGM.

2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection

CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

3. Link Group, the company's registrar, has launched a shareholder app: LinkVote+. It's free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.

Apple App Store GooglePlay

Your vote must be lodged by 11.30am on 28 September 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting.

4. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11.30am on 28 September 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

5. A person entered on the Register of Members at close of business on 28 September 2023 (a 'member') is entitled to attend and vote at the Meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Members after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the Meeting. If the Meeting is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's register of members 48 hours before the time fixed for the adjourned meeting (excluding weekends and bank holidays).

6. The Register of Directors' interests; the schedule of matters reserved for the Board; the terms of reference of the Audit, Management Engagement and Nomination Committees; and the letters of appointment for Directors will be provided for inspection upon request to the Company Secretary.

7. The Articles of Association will be provided for inspection upon request to the Company Secretary.

8. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

9. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may have a right, under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the shareholder as to the exercise of voting rights. The statement of the above rights of the shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

10. Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

11. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

12. As at 1 August 2023, being the last practicable day prior to the publication of this Notice, the Company's issued share capital consists of 68,652,658 UK Equity Shares, 25,244,589 Global Equity Income Shares, 4,217,592 Balanced Risk Allocation Shares and 1,254,028 Managed Liquidity Shares (all excluding shares held in treasury).

13. To the extent that any voting takes place on a show of hands, every member who is present in person or by proxy has a right to one vote (except that if a proxy's instructions include votes for and against (in respect of different shares) the proxy has one vote for and one vote against on a show of hands). However, it is anticipated that the Chairman of the meeting will demand that the voting on all resolutions put to the AGM will be by poll. On a poll the number of votes per share of each class will vary with the Net Asset Value ('NAV') of the respective underlying portfolio and is determined in accordance with the following formula: $V = A \div B$

Where:

V is the number of votes for each share of a particular class;

A is the portfolio NAV for the relevant share class; and

B is the number of shares of the relevant class in issue (excluding treasury shares).

The value of $A \div B$ (the net asset value per Share) for each class is calculated and announced (expressed in pence) daily.

For the purposes of the AGM, the number of votes which may be cast and the total voting rights will be determined by the number of shares in issue and the NAV as at a date no more than ten business days prior to the date of the AGM.

Notwithstanding the above, for resolutions restricted to a single class of share, the poll will be decided on the basis of one vote per share.

14. A copy of this notice (contained within the 2023 Annual Financial Report), and other information required by section 311A of the Companies Act 2006, can be found at www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html.

15. Shareholders should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006 ('2006 Act'), the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which the Annual Financial Report was laid in accordance with section 437 of the 2006 Act (in each case) that the members propose to raise at the relevant Annual General

Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

16. The following documents may be inspected at the registered office of the Company during business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) from the date of this Notice of AGM to the date of the AGM and will be available for inspection at the AGM, if appropriate, from 11.15am on 2 October 2023 until the conclusion of the meeting:

    - copies of the letters of appointment of the Non-Executive Directors.

Shareholder Information

The different share classes of Invesco Select Trust plc (the ‘Company’) are quoted on the London Stock Exchange.

NAV Publication

Net asset values (‘NAVs’) for all of the share classes are calculated by the Manager on a daily basis and notified to the Stock Exchange on the next business day. NAVs are published daily in the newspapers detailed below.

Share Price Listings

The price of your shares can be found by accessing the individual portfolio pages on the Manager’s website (see below). In addition, share price information can be found under the following ticker codes:

UK Equity Shares	IVPU
Global Equity Income Shares	IVPG
Balanced Risk Allocation Shares	IVPB
Managed Liquidity Shares	IVPM

Manager’s Website

Information relating to the Company can be found on the Manager’s website, www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html.

The content of websites referred to in this document or accessible from links within those websites are not incorporated into, nor do they form part of this Annual Financial Report.

The Association of Investment Companies

The Company is a member of the Association of Investment Companies.
Contact details are as follows:
☎ 020 7282 5555.
Email: **enquiries@theaic.co.uk**
Website: www.theaic.co.uk

General Data Protection Regulation (‘GDPR’)

GDPR is intended to improve controls over personal data and how it is used. The Company’s privacy notice, which can be found on the web page of each of the Company’s share classes or can be requested from the Company Secretary at the correspondence address shown on page 115, sets out what personal data is collected and how and why it is used.

Financial Calendar

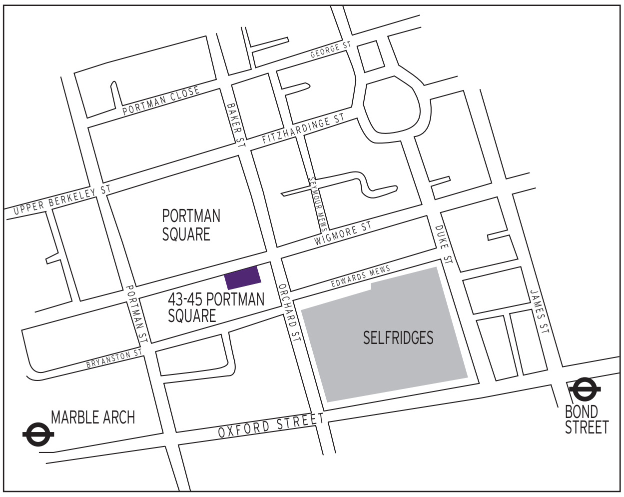
In addition, the Company publishes information according to the following calendar:

First Interim Dividends Announced	13 July 2023
Share Conversion†	1 August 2023
Annual Financial Results	2 August 2023
AGM	2 October 2023
Second Interim Dividends Announced	October 2023
Share Conversion†	1 November 2023
Third Interim Dividends Announced	January 2024
Half-Yearly Financial Results	February 2024
Share Conversion†	1 February 2024
Fourth Interim Dividends Announced	April 2024
Share Conversion†	1 May 2024
Year End	31 May 2024

† Share conversion requests must be received not less than 10 days before the relevant conversion date. Forms and instructions are available online on the web pages for all the share classes at www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html and from the Company Secretary.

Location of Annual General Meetings

The Annual General Meeting will be held at 11.30am on 2 October 2023 at 43-45 Portman Square, London W1H 6LY.



Advisers and Principal Service Providers

Registered Office

Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire
RG9 1HH

Company Number

Registered in England and Wales Number 05916642

Alternative Investment Fund Manager ('Manager')

Invesco Fund Managers Limited

Company Secretary

Invesco Asset Management Limited

Company Secretarial contact: James Poole
☎ 020 7543 3559
email: James.Poole@invesco.com

Correspondence Address

43-45 Portman Square
London W1H 6LY
☎ 020 3753 1000
email: investmenttrusts@invesco.com

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Depositary and Custodian

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

Invesco Client Services

Invesco's Client Services Team is available from 8.30am to 6pm Monday to Friday (excluding UK Bank Holidays).
Please note no investment advice can be given.
☎ 0800 085 8677
www.invesco.com/uk/en/investment-trusts.html

Registrar

Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL

If your shares are held directly, rather than through an ISA, SIP or dealing platform, and you have queries relating to your shareholding, you should contact the Registrar on:

☎ 0371 664 0300 from the UK, or
☎ +44 371 664 0300 from overseas.

Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9.00am to 5.30pm, Monday to Friday (excluding Public Holidays in England and Wales).

Shareholders holding shares directly can also access their holding details via Link's website: www.signalshares.com.

Link Group provide an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at www.linksharedeal.com or ☎ 0371 664 0445.

Calls are charged at the standard geographic rate and will vary by provider.

From outside the UK: +44 371 664 0445. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 8.00am to 4.30pm, Monday to Friday (excluding Public Holidays in England and Wales).

Link Group is the business name of Link Market Services Limited.

Corporate Broker

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Glossary of Terms and Alternative Performance Measures

Alternative Performance Measure ('APM')

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The calculations shown in the corresponding tables are for the years ended 31 May 2023 and 2022. The APMs listed here are widely used in reporting within the investment company sector and consequently aid comparability.

(Discount)/Premium ('APM')

Discount is a measure of the amount by which the mid-market price of an investment company share is lower than the underlying net asset value ('NAV') of that share. Conversely, Premium is a measure of the amount by which the mid-market price of an investment company share is higher than the underlying net asset value of that share. In this half year financial report the discount is expressed as a percentage of the net asset value per share and is calculated according to the formula set out below. If the shares are trading at a premium the result of the below calculation will be positive and if they are trading at a discount it will be negative.

2023	Page		UK Equity	Global Equity Income	Balanced Risk Allocation	Managed Liquidity
Share price	5	a	159.50p	232.00p	131.50p	91.00p
Net asset value per share	85	b	182.11p	265.53p	149.56p	109.51p
Discount		c = (a-b)/b	(12.4)%	(12.6)%	(12.1)%	(16.9)%
2022						
Share price	47	a	175.00p	229.00p	154.50p	97.00p
Net asset value per share	86	b	194.35p	249.00p	169.87p	106.92p
Discount		c = (a-b)/b	(10.0)%	(8.0)%	(9.0)%	(9.3)%

Gearing

The gearing percentage reflects the amount of borrowings that a company has invested. This figure indicates the extra amount by which net assets, or shareholders' funds, would move if the value of a company's investments were to rise or fall. A positive percentage indicates the extent to which net assets are geared; a nil gearing percentage, or 'nil', shows a company is ungeared. A negative percentage indicates that a company is not fully invested and is holding net cash as described below.

There are several methods of calculating gearing and the following has been used in this report:

Gross Gearing ('APM')

This reflects the amount of gross borrowings in use by a company and takes no account of any cash balances. It is based on gross borrowings as a percentage of net assets. As at 31 May 2023 the Company had £9,650,000 total gross borrowings (2022: £21,100,000).

2023	Page		UK Equity £'000	Global Equity Income £'000
Bank facility	85		9,650	-
Gross borrowings		a	9,650	-
Net asset value	85	b	125,436	66,743
Gross gearing		c = a/b	7.7%	nil
2022				
Bank facility	86		15,750	5,350
Gross borrowings		a	15,750	5,350
Net asset value	86	b	143,374	62,638
Gross gearing		c = a/b	11.0%	8.5%

Net Gearing or Net Cash ('APM')

Net gearing reflects the amount of net borrowings invested, i.e. borrowings less cash and cash equivalents (incl. investments in money market funds). It is based on net borrowings as a percentage of net assets. Net cash reflects the net exposure to cash and cash equivalents, as a percentage of net assets, after any offset against total borrowings.

2023	Page		UK Equity £'000	Global Equity Income £'000
Bank facility	85		9,650	-
Less cash and cash equivalents	85		(278)	(511)
Net borrowings		a	9,372	(511)
Net asset value	85	b	125,436	66,743
Net gearing/(net cash)		c = a/b	7.5%	(0.8%)
2022				
Bank facility	86		15,750	5,350
Less cash and cash equivalents	86		(322)	(215)
Net borrowings		a	15,428	5,135
Net asset value	86	b	143,374	62,638
Net gearing		c = a/b	10.8%	8.2%

Leverage

Leverage, for the purposes of the Alternative Investment Fund Managers Directive ('AIFMD'), is not synonymous with gearing as defined above. In addition to borrowings, it encompasses anything that increases the Company's exposure, including foreign currency and exposure gained through derivatives. Leverage expresses the Company's exposure as a ratio of the Company's net asset value. Accordingly, if a Company's exposure was equal to its net assets it would have leverage of 100%. Two methods of calculating such exposure are set out in the AIFMD, gross and commitment. Under the gross method, exposure represents the aggregate of all the Company's exposures other than cash balances held in base currency and without any offsetting. The commitment method takes into account hedging and other netting arrangements designed to limit risk, offsetting them against the underlying exposure.

Net Asset Value ('NAV')

Also described as shareholders' funds, the NAV is the value of total assets less liabilities. The NAV per share is calculated by dividing the net asset value by the number of ordinary shares in issue. The number of ordinary shares for this purpose excludes those ordinary shares held in treasury.

Ongoing Charges Ratio ('APM')

The ongoing administrative costs of operating the Company are encapsulated in the ongoing charges ratio, which is calculated in accordance with guidance issued by the AIC. The calculation incorporates charges allocated to capital in the financial statements as well as those allocated to revenue, but excludes non-recurring costs, transaction costs of investments, finance costs, taxation, and the costs of buying back or issuing shares. The ongoing charges ratio is the aggregate of these costs expressed as a percentage of the daily average net asset value reported in the year.

2023	Page		UK Equity £'000	Global Equity Income £'000	Balanced Risk Allocation £'000	Managed Liquidity £'000	Company Total £'000
Investment management fee	91	(note 3)	700	357	49	2	1,108
Other expenses	92	(note 4)	419	180	29	6	634
Less: costs in relation to custody dealing charges and one off legal costs			(55)	(18)	(2)	-	(75)
Total recurring expenses		a	1,064	519	76	8	1,667
Average daily net assets value		b	130,567	63,353	6,529	1,344	201,793
Ongoing charges		c = a/b	0.81%	0.82%	1.16%	0.60%	0.83%
2022	**Page**						
Investment management fee	91	(note 3)	801	339	54	2	1,196
Other expenses	92	(note 4)	339	138	26	5	508
Less: costs in relation to custody dealing charges			(2)	(2)	(2)	-	(6)
Total recurring expenses		a	1,138	475	78	7	1,698
Average daily net asset value		b	153,666	60,647	7,175	1,543	223,031
Ongoing charges		c = a/b	0.74%	0.78%	1.09%	0.45%	0.76%

Return

The return generated in a period from the investments including the increase and decrease in the value of investments over time and the income received.

Total Return

Total return is the theoretical return to shareholders that measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. In this half year financial report these return figures have been sourced from Refinitiv who calculate returns on an industry comparative basis.

Net Asset Value Total Return ('APM')

Total return on net asset value per share, with debt at market value, assuming dividends paid by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

2023	Page		UK Equity	Global Equity Income	Balanced Risk Allocation	Managed Liquidity
Net asset value as at 31 May 2023	85		182.11p	265.53p	149.56p	109.51p
Net asset value as at 31 May 2022	86		194.35p	249.00p	169.87p	106.92p
Change in year		a	-6.3%	6.6%	-12.0%	2.4%
Impact of dividend reinvestments[1]		b	3.7%	3.2%	0.6%	1.1%
Net asset value total return for the year		c = a+b	-2.6%	9.8%	-11.4%	3.5%
2022	**Page**					
Net asset value as at 31 May 2022	86		194.35p	249.00p	169.87p	106.92p
Net asset value as at 31 May 2021			188.33p	233.91p	169.33p	108.11p
Change in year		a	3.2%	6.5%	0.3%	-1.1%
Impact of dividend reinvestments[1]		b	3.6%	3.1%	0.0%	0.8%
Net asset value total return for the year		c = a+b	6.8%	9.6%	0.3%	-0.3%

(1) Total dividends paid during the period for the UK Equity Share Portfolio of 7.05p (31 May 2022: 6.70p), Global Equity Share Income Portfolio of 7.20p (31 May 2022: 7.15p), Balanced Risk Allocation Share Portfolio of 1.00p (31 May 2022: nil) and Managed Liquidity Share Portfolio 1.00p (31 May 2022: 1.00p), reinvested at the NAV or share price on the ex-dividend date. A fall in the NAV or share price, subsequent to the reinvestment date, consequently further reduces the returns and vice versa if NAV or share price rises.

Share Price Total Return ('APM')

Total return to shareholders, on a mid-market price basis, assuming all dividends received were re-invested, without transaction costs, into the same class of shares in the Company at the time the shares were quoted ex-dividend.

2023	Page		UK Equity	Global Equity Income	Balanced Risk Allocation	Managed Liquidity
Share price as at 31 May 2023	5		159.50p	232.00p	131.50p	91.00p
Share price as at 31 May 2022	47		175.00p	229.00p	154.50p	97.00p
Change in year		a	-8.9%	1.3%	-14.9%	-6.2%
Impact of dividend reinvestments[1]		b	4.2%	3.3%	0.6%	1.0%
Share price total return for the year		c = a+b	-4.7%	4.6%	-14.3%	-5.2%
2022	**Page**					
Share price as at 31 May 2022	47		175.00p	229.00p	154.50p	97.00p
Share price as at 31 May 2021			176.00p	226.00p	163.00p	102.00p
Change in year		a	-0.6%	1.3%	-5.2%	-4.9%
Impact of dividend reinvestments[1]		b	3.6%	3.1%	0.0%	0.9%
Share price total return for the year		c = a+b	3.0%	4.4%	-5.2%	-4.0%

(1) Total dividends paid during the period for the UK Equity Share Portfolio of 7.05p (31 May 2022: 6.70p), Global Equity Share Income Portfolio of 7.20p (31 May 2022: 7.15p), Balanced Risk Allocation Share Portfolio 1.00p (31 May 2022: nil) and Managed Liquidity Share Portfolio 1.00p (31 May 2022: 1.00p), reinvested at the NAV or share price on the ex-dividend date. A fall in the NAV or share price, subsequent to the reinvestment date, consequently further reduces the returns and vice versa if NAV or share price rises.

Benchmark

Total return on the benchmark is on a mid-market value basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

Notional Exposure

Notional exposure in relation to a future, or other derivative contract, is the value of the assets referenced by the contract that could alternatively be held to provide an identical return.

Volatility

Volatility refers to the amount of uncertainty or risk about the size of changes in a security's value. It is a statistical measure of the dispersion of returns for a given security or market index measured by using the standard deviation or variance of returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.

Alternative Investment Fund Managers Directive Disclosures

Alternative Investment Fund Manager ('AIFM') and the Alternative Investment Fund Managers Directive (the 'AIFMD', the Directive)

Invesco Fund Managers Limited ('IFML') was authorised as an AIFM, and appointed by the Company as such, with effect from 22 July 2014. IFML is an associated company of Invesco Asset Management Limited ('IAML'), the previous Manager, and IAML continues to manage the Company's investments under delegated authority from IFML. In accordance with the Directive, the Company qualifies as an Alternative Investment Fund ('AIF').

Amongst other things, regulations enacted following AIFMD require certain information to be provided to prospective investors. This information can be found in the Company's section of the Manager's website (www.invesco.com/uk/en/investment-trusts/invesco-select-trust-plc.html) in a downloadable document entitled 'AIFMD Investor Information'. There have been no material changes to this information in the year to 31 May 2023 or up to the date of this report. Any information requiring immediate disclosure pursuant to the Directive will be disclosed through a primary information provider.

In addition, the Directive requires information in relation to the Company's leverage (both 'gross' and 'commitment' – see Glossary of Terms on page 117) and the remuneration of the Company's AIFM ('IFML') to be made available to investors.

Accordingly:

- the leverage calculated for the Company's portfolios at the year end and the limits the AIFM has set for them are as follows:

	AIFMD Leverage at 31 May 2023		AIFMD Leverage Limit	
	Gross	Commitment	Gross	Commitment
UK Equity	108%	108%	250%	200%
Global Equity Income	99%	99%	250%	200%
Balanced Risk Allocation	185%	180%	350%	300%
Managed Liquidity	98%	98%	175%	150%

- the AIFM remuneration paid for the year to 31 December 2022 is set out below.

AIFM Remuneration

On 18 March 2016, Invesco Fund Managers Limited (the 'Manager') adopted a remuneration policy consistent with the principles outlined in the European Securities and Markets Authority ('ESMA') Guidelines, on sound remuneration policies under the AIFM Directive.

The policy was revised in 2021, to include specificities for some Invesco EU regulated Management Companies. The Manager was not impacted by the changes.

The purpose of the remuneration policy is to ensure the remuneration of the staff of the Manager is consistent with and promotes sound and effective risk management, does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Manager and of the AIF it manages and does not impair the Manager's compliance with its duty to act in the best interests of the AIF it manages. The Manager's summary remuneration policy is available from the corporate policies section of Invesco's website (www.invesco.com/uk). Paper copies of the full remuneration policy can be obtained for free from the registered office of the Manager, Invesco Fund Managers Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH, UK upon request.

The remuneration policy is reviewed annually by the Compliance, Human Resources and Risk Management functions, who recommend any adjustments to ensure continued alignment of the policy with sound risk management. The board of directors of the Manager are responsible for the oversight of remuneration and for ensuring adherence to this policy through the Human Resources function.

The Internal Audit function conducts regular testing of administration of the remuneration policy to assess its ongoing compliance with the Invesco Group's remuneration policies and procedures.

The Manager does not employ any direct staff. All staff involved in the AIF related activities of the Manager are employed and paid by various entities of the Invesco Ltd. Group.

The aggregate total remuneration of Invesco staff involved in AIF related activities of the Manager in respect of performance year (1 January 2022 to 31 December 2022) is £2.04 million of which £1.25 million is fixed remuneration and £0.79 million is variable remuneration. The number of beneficiaries apportioned to AIFMD activities is 10. The Manager has identified individuals considered to have a material impact on the risk profile of the Manager or the AIF it manages ('Identified Staff'), who include board members of the Manager, senior management, heads of control functions, other risk takers and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers.

The aggregate total remuneration paid to the Identified Staff of the Manager for AIF related activities for the performance year (1 January 2022 to 31 December 2023) is £0.43 million of which £0.15 million is paid to Senior Management and £0.28 million paid to other Identified Staff. Please note that remuneration for AIFMD Identified Staff includes remuneration for staff employed by delegates.

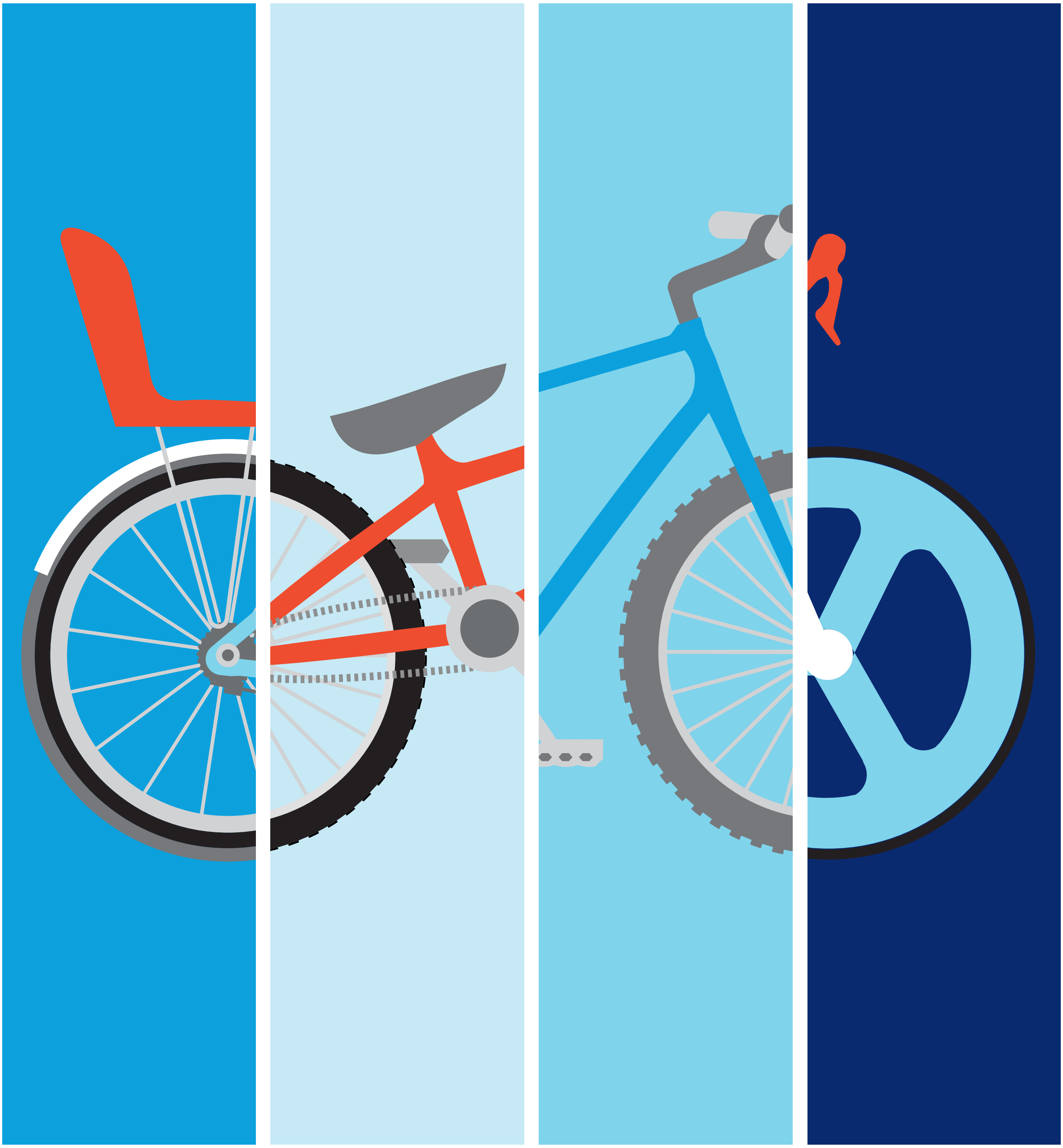
The Manager of Invesco Select Trust plc is Invesco Fund Managers Limited.

Invesco Fund Managers Limited is a wholly owned subsidiary of Invesco Limited and is authorised and regulated by the Financial Conduct Authority.

Invesco is one of the largest independent global investment management firms, with funds under management of $1,538.2 billion.*

Invesco aims to provide the highest returns available from markets, through active management, but in a controlled manner, conscious of the risks involved and within our clients' objectives.

* As at 30 June 2023.



Invesco Select Trust plc

Annual Financial Report 2023