THE EDINBURGH INVESTMENT TRUST PLC ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2025

EDINBURGH
INVESTMENT TRUST

# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2025

TRUST IN A STYLE TO LAST THROUGH THE AGES

EDINBURGH
INVESTMENT TRUST

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If you wish to contact members of the Edinburgh Investment Trust Board then please get in touch with the Company Secretary on +44 (0)20 3697 5770. Alternatively, please email the Board via the Company Secretary at EIT@nsm.group. If you have any enquiries for the Manager, please contact them on +44 (0)20 7412 1700.

The Company is a member of aic

# OVERVIEW

**£1,126m**
NET ASSETS
(2024: £1,135m)

**740.00p**
SHARE PRICE
(2024: 690.00p)

**3.9%**
DIVIDEND YIELD*
(2024: 3.9%)

**(9.4)%**
DISCOUNT*
(2024: (11.5)%)

**0.51%**
ONGOING CHARGES RATIO* (2024: 0.53%)

**5.0%**
GEARING (NET)*
(2024: 3.1%)

*Alternative Performance Measures as defined on pages 86 to 89.

## INVESTMENT OBJECTIVES

The Edinburgh Investment Trust plc ('the Company') is an investment trust whose investment objective is to invest primarily in UK securities with the long-term objective of achieving:

1. an increase of the Net Asset Value per share in excess of the growth in the FTSE All-Share Index; and
2. growth in dividends per share in excess of the rate of UK inflation.

The Company will generally invest in companies quoted on a recognised stock exchange in the UK. The Company may also invest up to 20% of the portfolio in securities listed on stock exchanges outside the UK. The portfolio is selected on the basis of assessment of fundamental value of individual securities and is not structured on the basis of industry weightings.

## NATURE OF THE COMPANY

The Company is a public listed Investment Company whose shares are traded on the London Stock Exchange ('LSE'). The business of the Company consists of investing its assets according to a specified investment objective and policy (set out on page 15), with the aim of spreading investment risk and generating a return for shareholders.

The Company uses borrowing to enhance returns to shareholders. This increases the risk to shareholders should the value of investments fall.

The Company has contracted an external manager, Liontrust Fund Partners LLP, ('LFP' or 'the Manager' or 'Portfolio Managers' as Alternative Investment Fund Manager ('AIFM')) to manage its investments. Other administrative functions are contracted to external services providers. The Company has a Board of non-executive directors who oversee and monitor the activities of the Portfolio Managers and other service providers on behalf of shareholders and ensure that the investment objective and policy are adhered to. The Company has no employees.

**The Company's ordinary shares are mainstream investment products suitable for both retail and professional investors. The Company's ordinary shares are eligible for investment in an ISA.**

# FINANCIAL INFORMATION AND PERFORMANCE STATISTICS

| **Total Return[1][2][3] (all with dividends reinvested)** | **Year Ended 31 March 2025** | **Year Ended 31 March 2024** |
|---|---|---|
| Net asset value[1] (NAV) – debt at fair value | +8.3% | +13.4% |
| Share price[4] | +11.3% | +8.9% |
| FTSE All-Share Index[4] | +10.5% | +8.4% |

The Company's benchmark is the FTSE All-Share Index.

| **Capital Return[1][3]** | | **At 31 March 2025** | **At 31 March 2024** | **Change %** |
|---|---|---|---|---|
| Net asset value - debt at fair value | | 817.16p | 779.97p | +4.8 |
| Share price[4] | | 740.00p | 690.00p | +7.2 |
| FTSE All-Share Index[4] | | 4,623.62 | 4,338.05 | +6.6 |
| **Discount[1][2][3]** – debt at fair value | | (9.4)% | (11.5)% | |
| **Gearing** (debt at fair value)[1][2][3] | – gross gearing | 5.6% | 6.2% | |
| | – net gearing | 5.0% | 3.1% | |

| **Revenue and Dividends[2]** | | **Year Ended 31 March 2025** | **Year Ended 31 March 2024** | **Change %** |
|---|---|---|---|---|
| Revenue return per ordinary share | | 25.02p | 23.93p | +4.6 |
| Dividends | – first interim | 6.90p | 6.70p | |
| | – second interim | 6.90p | 6.70p | |
| | – third interim | 7.50p | 6.90p | |
| | – proposed final | 7.50p | 6.90p | |
| | **– total dividends** | **28.80p** | **27.20p** | **+5.9** |
| **Consumer Price Index[3][4]** – annual change | | 2.3% | 3.2% | |
| **Dividend Yield[1][2][3]** | | 3.9% | 3.9% | |
| **Ongoing Charges Ratio[1][2][3]** | | 0.51% | 0.53% | |

**Notes:**

(1) These terms are defined in the Glossary of Terms and Alternative Performance Measures, including reconciliations, on pages 86 to 89. NAV with debt at fair value is widely used by the investment company sector for the reporting of performance, premium or discount, gearing and ongoing charges.

(2) Key Performance Indicator.

(3) Alternative Performance Measures.

(4) Source: LSEG Data & Analytics.

# TEN YEAR HISTORICAL INFORMATION

| | | | Per ordinary share | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Year ended 31 March | Ordinary shareholders' funds £m | Shares (bought back)/ issued m | Revenue return p | Dividend rate p | Net asset value (debt at fair value) p | Share price p | Discount (debt at fair value) % | Gross gearing (debt at fair value) % | Net gearing (debt at fair value) % |
| 2016 | 1,392 | 0.55 | 26.66 | 24.35 | 695.30 | 665.00 | (4.4) | 15.5 | 15.3 |
| 2017 | 1,535 | – | 27.94 | 25.35 | 768.81 | 713.50 | (7.2) | 15.9 | 15.7 |
| 2018 | 1,400 | – | 29.25 | 26.60 | 703.34 | 642.00 | (8.7) | 12.1 | 11.8 |
| 2019 | 1,382 | (0.19) | 28.66 | 28.00 | 696.91 | 644.00 | (7.6) | 11.0 | 10.8 |
| 2020 | 872 | (20.80) | 27.83 | 28.65 | 490.40 | 434.00 | (11.5) | 13.4 | 8.3 |
| 2021 | 1,091 | (2.50) | 16.21 | 28.65[(1)] | 628.29 | 600.00 | (4.5) | 10.1 | 7.1 |
| 2022 | 1,176 | (1.10) | 22.41 | 24.80 | 686.69 | 634.00 | (7.7) | 10.3 | 4.4 |
| 2023 | 1,139 | (5.60) | 25.99 | 26.20 | 713.75 | 660.00 | (7.5) | 6.6 | 4.7 |
| 2024 | 1,135 | (13.99) | 23.93 | 27.20 | 779.97 | 690.00 | (11.5) | 6.2 | 3.1 |
| **2025** | **1,126** | **(7.17)** | **25.02** | **28.80** | **817.16** | **740.00** | **(9.4)** | **5.6** | **5.0** |

(1) including special dividend of 4.65p.

**Capital Returns (excluding dividends paid) to 31 March 2025**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 3yr | 5yr | 10yr |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NAV (debt at fair value) (%) | 1.3 | 10.6 | -8.5 | -0.9 | -29.6 | 28.1 | 9.3 | 3.9 | 9.3 | 4.8 | 19.0 | 66.6 | 19.1 |
| Share Price (%) | 0.5 | 7.3 | -10.0 | 0.3 | -32.6 | 38.2 | 5.7 | 4.1 | 4.5 | 7.2 | 16.7 | 70.5 | 11.8 |
| FTSE All-Share Index (%) | -7.3 | 17.5 | -2.4 | 2.2 | -21.9 | 23.3 | 9.3 | -0.7 | 4.3 | 6.6 | 10.4 | 48.8 | 26.2 |

Source: LSEG Data & Analytics.

**Total Returns (with dividends reinvested) to 31 March 2025**

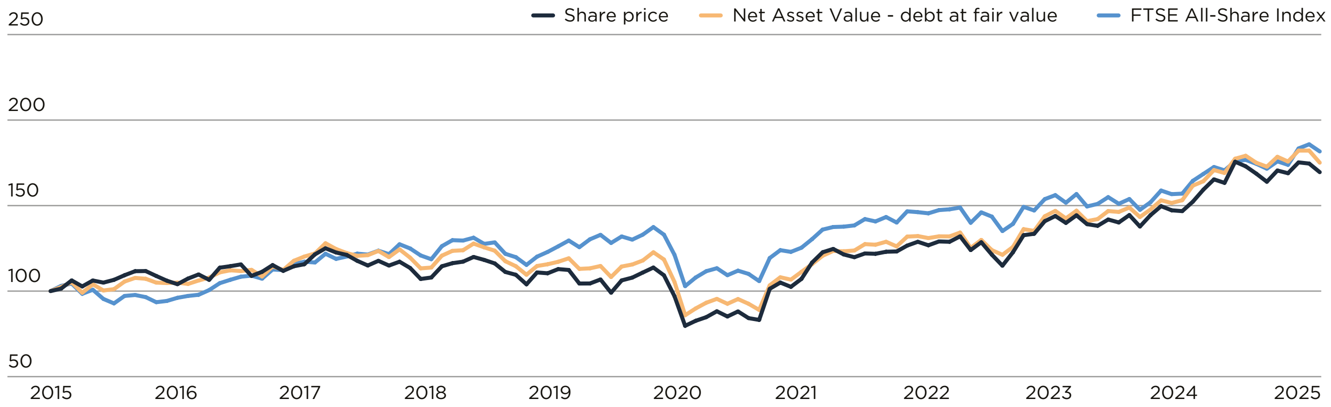
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 3yr | 5yr | 10yr |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NAV (debt at fair value) (%) | 5.0 | 14.7 | -5.9 | 2.9 | -26.7 | 34.8 | 14.1 | 7.9 | 13.4 | 8.3 | 32.6 | 103.9 | 75.1 |
| Share Price (%) | 4.0 | 11.2 | -6.7 | 4.6 | -29.4 | 46.4 | 10.6 | 8.4 | 8.9 | 11.3 | 31.4 | 112.7 | 69.5 |
| FTSE All-Share Index (%) | -3.9 | 22.0 | 1.2 | 6.4 | -18.5 | 26.7 | 13.0 | 2.9 | 8.4 | 10.5 | 23.3 | 76.5 | 81.7 |

Source: LSEG Data & Analytics.

TEN YEAR HISTORICAL INFORMATION / CONTINUED

**Total Returns Over Ten Years**

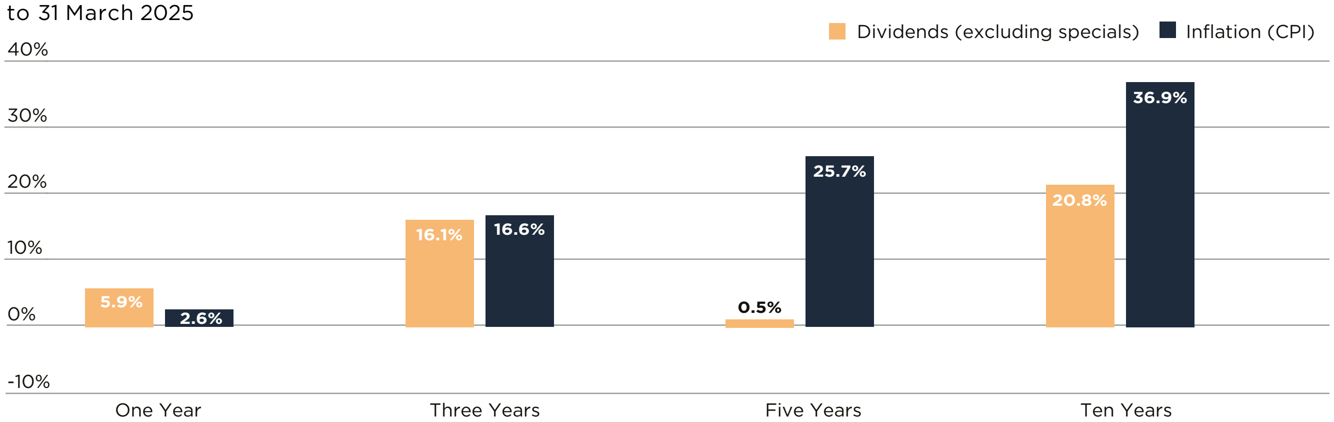
Rebased to 100 at 31 March 2015




Source: LSEG Data & Analytics.

**Cumulative Dividend Growth**

to 31 March 2025

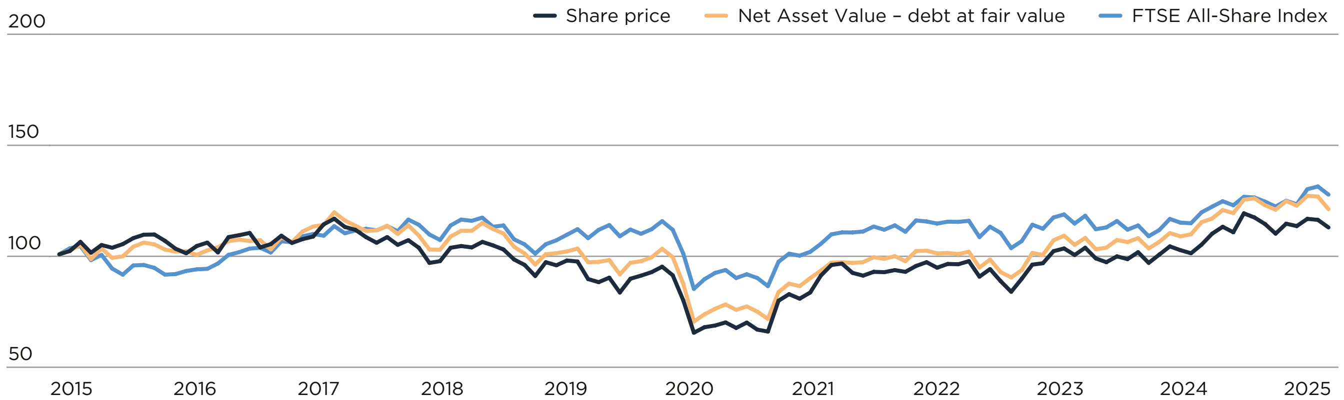



Source: LSEG Data & Analytics.

Source: Consumer Price Inflation - Office for National Statistics.

**Capital Returns Over Ten Years**

Rebased to 100 at 31 March 2015




Source: LSEG Data & Analytics.

# CHAIR'S STATEMENT

**ELISABETH STHEEMAN**
CHAIR

## DEAR SHAREHOLDERS,

The end of the Company's financial year was an important milestone, as it was the fifth anniversary of the appointment of our management team. Most importantly, the strong investment performance over these five years has been encouraging. We have also made a series of other improvements to the Company over this period, including reducing the investment management fee, therefore helping to lower the ongoing cost ratio to 0.51%, putting in place attractive new long-term borrowing arrangements and more recently returning the dividend back to getting ahead of inflation. The Company also enjoys an increasingly high brand profile. All of this leaves us very well placed to develop and grow the Company further in the years ahead.

While the Company has enjoyed a strong period of operation, there have been significant challenges to the broader investment trust sector in the last twelve months and beyond. The issues faced have included corporate activity seeking to exploit wide discounts, as well as an evolving regulatory approach towards cost disclosure that has had the unintended consequence of making the sector less attractive to some wealth managers.

As a Board we remain alert to all these challenges in the sector. For the Company specifically, while the five year NAV and share price returns are comfortably in excess of the benchmark, the share price discount to NAV has remained at or around 10% for the last year. The challenge within the investment trust sector is an imbalance of supply and demand for shares. The Company has sought to address this by buying back a significant number of shares over the period, 17.4% cumulatively since March 2020, including 4.7% in the last twelve months. I discuss this and other initiatives to address the discount later in this statement.

## INVESTMENT OBJECTIVE AND POLICY

One initiative we have undertaken recently is to seek to simplify our investment objective and investment policy. In particular we propose that the investment objective is set out in one clear statement. We are recommending: 'The Company aims to exceed the total return on the FTSE All-Share Index and grow its dividend faster than UK inflation. This objective will be assessed over the long term and performance against the FTSE All-Share Index will be measured on a NAV total return basis.' These changes to the wording of our investment objective and policy will change neither the manner in which the Company's portfolio is managed nor what the Company is seeking to achieve. But we do hope they will resonate with investors.

You can see this described in more detail in the Business Review section on page 15 and we seek your approval to the changes at our upcoming AGM – see resolution 12 in the notice of the AGM on page 78.

## PERFORMANCE

The Company's NAV rose 8.3% over the twelve months under review. The share price rose 11.3%. Both these returns compare with the FTSE All-Share Index return of 10.5%. The underperformance of the NAV over the year was primarily a function of share price weakness in a small number of holdings, which the Portfolio Managers explore further in their statement. More generally, it is encouraging that the UK equity market has had a better year compared with other equity markets, particularly the US. The MSCI US Index returned 7.8% over the period and the MSCI All Country World Index returned 4.9%.

The returns of the UK market illustrate why we remain enthusiastic about the strength of the UK-listed businesses in the portfolio. As a Board we regularly discuss the challenges facing the UK equity market with the Portfolio Managers and shareholders – these include a shrinking universe of stocks (in common with many other markets) and some biases in the composition of the benchmark towards sectors such as pharmaceuticals and extractive industries. However, as the returns of the last year demonstrate, and with three and five year returns for UK equities now much closer to global equity market returns, we remain confident that the Portfolio Managers' diversified portfolio of deeply researched stocks should underpin attractive future returns to shareholders.

Overall, it is encouraging to record that the Company's NAV and share price returns are ahead of the benchmark over three and five years to 31 March 2025. Over ten years the

CHAIR'S STATEMENT / CONTINUED

NAV is marginally behind the benchmark and the share price marginally ahead. Over the three years, the Company's NAV return has been 32.6%, with the Company's benchmark returning 23.3% over the same period. Over the past five years, the NAV return has been 103.9%, compared with the benchmark returning 76.5%. Over the past ten years, the NAV return has been 75.1%, compared with the benchmark returning 81.7%. In all these cases, the NAV is stated after deducting debt at fair value.

## DIVIDENDS

Last month, we declared the third interim dividend of 7.5 pence per share. As a Board we are proposing the same payment of 7.5 pence per share for the final dividend, which is paid this summer. Assuming this proposal is approved by shareholders at July's AGM, total dividends for the financial year as a whole will be 28.8 pence per share. This will represent an increase of 5.9% compared with the previous year and is comfortably in excess of the rate of UK inflation which was 2.3%, ensuring that we meet the second of our investment objectives.

This year's dividend is funded largely by the portfolio's natural underlying income. Overall, the Company generated earnings per share of 25.0 pence. We are content that a modest draw on capital is sustainable.

Additionally, as the Portfolio Managers note in their report, the headline level of portfolio income understates the overall distributions by portfolio holdings to shareholders including Edinburgh, as many companies also return surplus capital through share buybacks. Overall, the company's income generation and dividend paying capabilities are in strong shape – as the 5.9% increase indicates.

## BORROWINGS

The Company has £120m of long-term debt (the 'par' value) which was negotiated in 2021. The blended fixed annual coupon across the four tranches of debt is 2.4% and the average period to maturity is 23 years. Given our high expectations for portfolio returns over time, we expect this debt to be additive to the Company's returns. This was the case in the year under review, as is set out in the table on page 2.

At the end of the financial year the Company had cash balances of 0.6%, meaning that net debt at par as a percentage of NAV was 10.0%. However, it is the general convention in the investment trust sector to look at the fair value of debt, which takes account of the change in bond yields. Such changes can have dramatic effects on the value of long-term debt such as ours. Indeed, as bond yields have risen since we negotiated the borrowings in 2021, the fair value of the debt has fallen from £120m to £67m. Once cash is deducted, net borrowing at fair value as a percentage of NAV is 5.0%. This is the figure quoted at the front of this report and in factsheets.

## SHARE PRICE DISCOUNT TO NET ASSET VALUE

The Company's discount averaged 10% over the year, having started at 11.5% and finishing at 9.4%. At the time of signing this statement, it had narrowed to 7.8%. We took advantage of the discount over the year, with an active share buyback programme, buying back 4.7% of the opening share count. This has enhanced the NAV by 0.4% over the period – again this is shown in the table on page 2. Over the last five years, we have bought back a cumulative 17% of shares in issue, which has enhanced the NAV by 1.7%. As a Board we have considered the scale of the buyback and whether we should go further with a view to achieving a tighter discount. We have also considered other measures that might help narrow the discount, such as continuation votes and tenders. For now, with strong long-term NAV total returns, including the dividend growth described above, as well as the marketing of the Company described below, we are confident that our approach will move market perceptions in Edinburgh's favour and allow the discount to tighten further. The Board will continue its strong focus on this and will keep all options under close consideration.

## MARKETING

We continue to execute a marketing plan to raise the profile of the Company and drive demand from new and existing shareholders. Initiatives have included podcasts, videos, a publication reviewing the last five years, and attendance at a range of events including a major AJ Bell investment trust conference in London. The management team have been quoted and interviewed in a range of publications over the year, including the Financial Times, Sunday Times and Daily Mail, and I was interviewed by the influential Money Makers podcast. We also hosted in-person events for shareholders in London in addition to the AGM in Edinburgh. The cost of this marketing is carefully assessed by the Board against a series of Key Performance Indicators (KPIs), to ensure value for money.

## BOARD AND GOVERNANCE

There have been no changes to the composition of the Board over the year. It has operated well throughout with all Directors making significant contributions to our discussions. As per the AIC Corporate Governance Code (the 'AIC Code') recommendations, an internal Board review was undertaken, covering performance of the Board, individual directors and the Chair. The overall results were good, providing useful insight for the Board. The Board continues to meet the FCA Listing Rules targets on gender diversity, female representation in senior roles and ethnic representation on the Board. All Directors also conform with the UK Corporate Governance Code's guidance on board tenure. I thank all my fellow Directors for their hard work on behalf of shareholders over the last year.

## ANNUAL GENERAL MEETING ('AGM')

This year's AGM will take place on Tuesday 22 July 2025 at 11:00 a.m. at the Balmoral Hotel in Edinburgh. The Board looks forward to meeting as many shareholders there as possible. As usual there will be votes on resolutions as set out on pages 78 to 83 of this report. I encourage shareholders to vote in person at the AGM or through the proxy facility on the voting card. The holders of shares on investment 'platforms' should be able to vote through their service provider. After the voting, there will be a presentation by the Portfolio Managers. There will also be an informal lunch and a chance to meet a range of colleagues and advisors that manage the Company on a day-to-day basis. For those unable to attend in person, the AGM will be streamed online, with the ability to post questions live into the meeting. The link for electronic access will be displayed prominently on the Company's website.

## LONDON SHAREHOLDER EVENT

We will host a presentation to shareholders on Wednesday 8 October 2025 at 11:00 a.m.. This will be another chance to meet the Board, Portfolio Managers and other members of the team. Further details will be posted on the Company's website in due course. We look forward to meeting shareholders at this event and at the AGM.

## OUTLOOK

At the time of writing, equity markets have recovered much of the ground that was lost in early April after President Trump's tariff plans were announced. The scale of any tariffs is yet to be confirmed and therefore the actual economic impact hard to predict. Nonetheless, the volatility in markets that followed the tariff announcements is another reminder of the short-term challenges that investors face as the global economic order evolves. We feel more strongly than ever that a stock-driven and flexible investment process, focusing on delivering attractive long-term total returns, is the best way of navigating the geopolitical and macroeconomic challenges to the advantage of shareholders. With the companies held in the portfolio in strong shape, we are confident that Edinburgh Investment Trust is well placed to deliver attractive returns to its shareholders in the years ahead.

ELISABETH STHEEMAN / Chair / 20 May 2025

# STRATEGIC REPORT

# PORTFOLIO MANAGERS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2025**

**IMRAN SATTAR**
PORTFOLIO MANAGER

**EMILY BARNARD**
DEPUTY PORTFOLIO MANAGER

**DEAR SHAREHOLDERS,**

It has been a great pleasure to complete our first full year as the Portfolio Managers of your Company, since taking over from colleagues on the Global Fundamental team at Liontrust. Over the year we have attended a range of in-person shareholder events, explaining to attendees how we execute our day-to-day responsibilities. We have enjoyed the opportunity to discuss how we are stewarding the Company's assets. We have also posted a series of updates on our investment views on the Company's website and on social media and trust that these have also been helpful. We are looking forward to another year of engagement with shareholders, starting with the Annual General Meeting this July in Edinburgh, and then a shareholder update in London in October. We hope as many shareholders as possible will attend these events.

Our approach is rooted in bottom-up fundamental analysis with the vast majority of our time spent on in-depth stock research. We identify companies we think are underappreciated by the market through in-depth research. These companies can be across the style spectrum but generally we believe the best medium to long-term returns are found in businesses that have a durable economic moat and exposure to structural growth.

However, no company operates in a vacuum; it is important to understand what is going on in the macroeconomic environment. We do this through both a more traditional macroeconomic overlay, but most importantly in the approach we call 'Macro from the Micro', where we build a macroeconomic picture from the ground up, by speaking to a broad range of companies and understanding what they are seeing at the coalface.

The end result is the construction of a portfolio of high quality stocks, adopting a flexible investment style to produce an 'all weather' portfolio aiming to outperform in different economic and market environments. We manage the portfolio with a total return approach, with the income generated by the portfolio supporting the dividends that the Company pays to its shareholders.

**RETURNS**

Over the financial year the NAV total return was 8.3% and the share price total return was 11.3%. These compare with a rise in the Company's benchmark, the FTSE All-Share index, of 10.5%. Operationally, the portfolio has had a strong year with the profit and dividend growth of the holdings closely matching our expectations. However, the NAV return was modestly behind the index, primarily because of share price weakness in a small number of holdings such as Greggs (the value 'food to go' operator, which has seen a slow down in sales and has reported weak consumer confidence), Spirax (the specialist engineering group, which is exposed to slowing global industrial production and challenges within its thermal solutions division) and Dunelm (the UK homewares leader, also exposed to slowing retail demand). The portfolio also had only a small position in HSBC, which in common with several other banking stocks, had a strong year. This was an additional significant hinderance of the portfolio's return relative to that of the index.

Positive contributors to returns included NatWest Group, Verisk (the US insurance focused data and analytics company) and Baltic Classifieds Group (classifieds business) with Verisk and Baltic Classifieds new positions in the portfolio. NatWest's share price responded to strong capital generation and cash returns to shareholders, combined with improving sentiment as the UK government's stake – dating back to the financial crisis of 2008 – significantly reduced over the year. Having no holdings in either Diageo (alcoholic drinks) or Glencore (mining), both of which we have had concerns about the growth outlook, also helped relative performance as the share prices of these large stocks fell.

The Company's share price return was ahead of the index over the year. This was principally because the share price discount to NAV narrowed, from 11.5% to 9.4%.

PORTFOLIO MANAGERS' REPORT / CONTINUED

Turning to the detail behind the dividend, the Company's earnings per share rose from 23.9p to 25.0p, an increase of 4.6%. Top line revenues were £40.7m, and as such, the approximate headline portfolio yield is 3.4%. As we flagged in this report last year, the revenues generated by the portfolio understate the distributions made by investee companies as some choose to return cash to shareholders through share buybacks. We estimate that the 'buyback yield' of the portfolio over the year was approximately 1.9%, which represents a significant return of capital even though it does not affect the numbers immediately above.

As the Chair has written in her report, total dividends per share for the year of 28.8p will represent growth of 5.9% compared with the previous financial year. We are confident that the Company should be able to generate mid-single digit growth in earnings over the medium term, which should be supportive of similar dividend growth in excess of inflation for the Company. The main variable is the degree to which companies return capital to shareholders via buybacks instead of conventional dividends.

## TRANSACTIONS

Notable transactions during the year include purchases in National Grid, LSEG (London Stock Exchange Group), Grainger, and Segro – all of which are new additions to your portfolio.

National Grid is a leading US and UK regulated utility, playing a critical role in the global energy transition. The company is exposed to the strong structural growth tailwind of electrification as a result of global moves to decarbonise, providing medium-term earnings visibility. We initiated the position following National Grid strengthening its balance sheet through a rights issue and a dividend cut, leaving it better equipped to capitalise on these trends over the medium term.

Grainger is a leader in the growing professional build to rent property sector in the UK. The supply-demand dynamic of this sector is attractive, with consistently strong demand for high-quality rental properties, set against a supply side dominated by private rental landlords who are likely to struggle with new efficiency regulations.

Segro is a leading owner, manager and developer of warehouses and industrial property. With high-quality assets strategically located in prime areas, Segro is well-positioned to benefit from structural trends including the growing demand for data centres which continue to drive long-term growth opportunities.

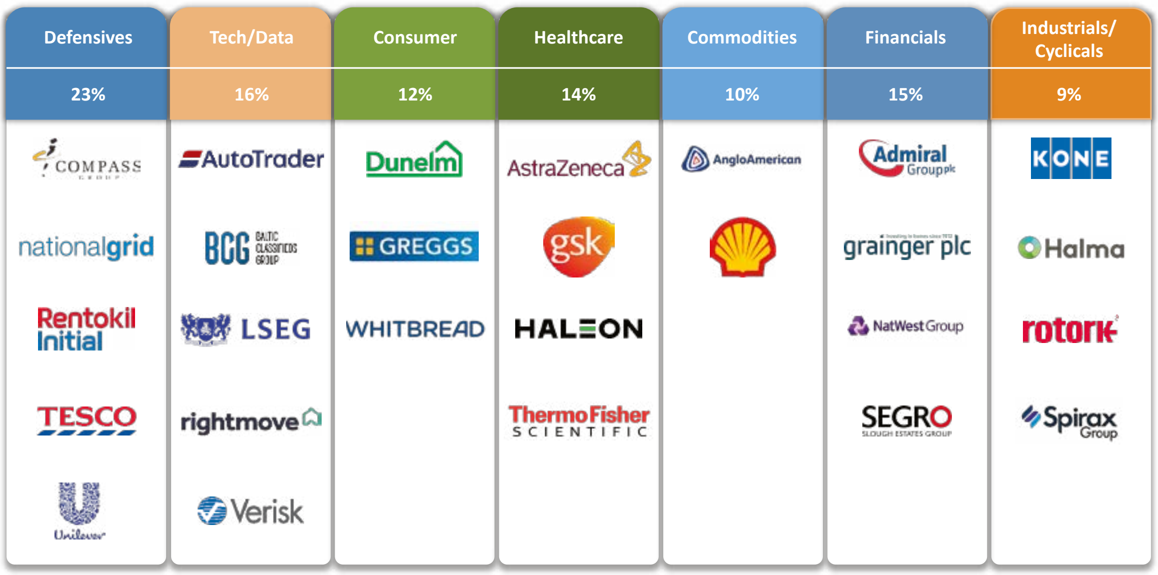
The main sales from the portfolio were Marks and Spencer, Centrica (utility), and Mondi (paper and packaging). Marks and Spencer has delivered on a hard-fought turnaround under the new management team, reinvesting in product, price, and proposition. We felt the turnaround and future prospects had become fairly priced, and exited the position. Centrica, like Marks and Spencer, has been on a self-help journey, with a significant improvement in capital allocation and discipline over recent years, alongside an improvement in operational and financial delivery. Candidly, we exited the position in Centrica too early as the business has continued to surprise positively around its cash generation potential. Mondi we exited owing to cyclical concerns and concerns that sector consolidation would likely place them at a strategic disadvantage.

## CURRENT SHAPE OF PORTFOLIO

We think about portfolio construction very carefully and, by building a portfolio of around 40-50 advantaged businesses, we aim for a set of holdings that are economically and thematically well diversified. The current themes and economic diversification within the portfolio are shown below and will be dealt with in more detail at the shareholder event in October 2025.

## MULTIPLE THEMES


## ECONOMIC DIVERSIFICATION




Source: Liontrust, 31.03.25, ex Cash, example stocks. All use of company logos, images or trademarks in this presentation are for reference purposes only.

The proportion of the portfolio invested in overseas stocks is 6.7%, with three names featuring: Verisk and Thermo Fisher Scientific in the US, and KONE in Finland. These three holdings each bring unique economic characteristics that we cannot replicate from the universe of UK stocks. However, the remaining 42 holdings are all UK listed, reflecting the wide range of strong businesses in the UK market combined with attractive valuation both in absolute terms and relative to global peers.

## ENGAGEMENT WITH COMPANIES

Our investment process seeks to take account of the significant variables that influence a company's prospects. Whether these variables be financial, strategic, reputational or have any other feature, our process tracks the most material ones. The following three examples illustrate how we engage with companies on key issues for each investment case.

### Greggs

This company has made substantial investment in its infrastructure and distribution assets. While the management team's decision to invest ahead of its anticipated growth is to be applauded, as this should underpin the long-term competitive advantages of the business, the extent of the investment was higher than we (and the market) anticipated. The consequence on the company is the financial impact of margin erosion. We have discussed this with the company, highlighting in particular how they have communicated the investment programme to the market. This subject will remain an area of focus for us in the year ahead, while for now the company is a 2.5% weight in the portfolio, and remains one of the top 15 positions relative to its index weight.

### Dunelm

In late 2024 we visited this market leader in the fragmented UK homewares and furniture market. Dunelm continues to gain market share by offering high-quality, own-brand products at compelling prices – a proposition that is difficult for peers to replicate and creates a meaningful barrier to entry.

Our visit included a Dunelm store, their made-to-measure manufacturing centre (curtains, blinds and other soft furnishings), and head office where we met the Digital Director and Group General Counsel & Company Secretary. We were given a store tour by a regional manager who explained the strong return profile from store refits — a key area of investment for Dunelm. The manufacturing visit highlighted operational strengths: lead times have been reduced from 27 to 7–8 days, with potential to deliver in as little as 3 days. Pleasingly there is ample capacity for further growth. Our discussions at head office also provided insights into how Dunelm is leveraging digital and data capabilities to deepen customer engagement and expand market share. We engaged with the Digital Director regarding Dunelm's advertising strategy and thinking around introducing an app. We came out of the meeting confident that Dunelm is thinking sensibly around different ways to drive organic traffic to its site and boost conversion.

Overall, our conviction in Dunelm's quality as a company has grown. Despite some near-term consumer uncertainty, we remain confident in the company's medium-term outlook, underpinning its standing as the top position in the portfolio relative to the index.

### Rotork

This company is a market leader in flow control and instrumentation products (actuators) and is exposed to attractive long-term growth drivers such as oil and gas electrification, and industrial process automation. Rotork's CEO, appointed in 2022, brought a renewed focus on driving organic growth through its 'Growth +' strategy, aiming to deliver mid to high-single digit topline growth, with gentle margin accretion medium term, through focusing on target segments with higher growth rates, reinforcing and improving the customer value proposition, and improving innovation.

A site visit confirmed strong operational efficiency and a more customer centric culture. Lead times are now best-in-class and well below industry averages. The facility is well invested with plenty of capacity to support future growth. Incremental investments are delivering strong returns. Our thesis for Rotork revolves around a renewed focus on organic growth. The organisation has become much more front-footed and the mentality of the engineers has evolved to be customer focused. Meeting the Managing Director of Water & Power, a key growth driver for organic growth, it was evident that these changes had fed through the division and had resulted in them winning new projects. For example, in Singapore they now have a 97% share at a water plant vs 50% a couple of years ago. The visit reinforced our conviction in Rotork's ability to execute and deliver sustainable growth. The holding remains a mid-sized 2% position in the portfolio.

### Spirax

Spirax is a steam specialities engineering business with a strong market position, providing low cost essential solutions to customers. Around 85% of their sales are exposed to customer operating budgets rather than capex budgets, giving the business a degree of resilience relative to Industrial Production. While Spirax has faced recent challenges due to both company-specific and macroeconomic factors, we believe the new management team is high calibre and has implemented changes that should enable a return to good organic growth with margin expansion.

The facility we visited has undergone major investment in recent years with the average age of a machine down from around 20 years to 10 years and more automation has been introduced. Several lines have already doubled output while halving labour input, an achievement they want to achieve more widely throughout the site. The management team outlined plans to maximise floor space efficiency and drive further productivity gains. The General Manager for UK Supply has a very strong background and seemed to be an agent for change and would help drive these improvements across the site. Recently there has been an operational issue at one of its plants and our visit reassured us that they are on top of the supply chain issues. These actions helped us better understand the level of ongoing change in the business, as the management team continues to drive operational efficiency and position the business for profitable growth.

More recently we have met with the Chair of the company to emphasise that not only has operational execution been poor, but also that financial guidance to the market has been lacking. We conveyed that these both need to improve. We also discussed the company's historic acquisition strategy. In recent years the company has made a series of acquisitions, of c. £1b, to create an electric thermal solutions business. To date the company has not earnt an attractive return on capital on these investments and we discussed the likely progression of returns from here. Like Greggs, the company is a 2.5% weight in the portfolio, and remains one of the top 15 positions relative to its index weight.

## OUTLOOK

The re-election of Donald Trump has increased economic uncertainty. The 'Liberation' day tariff announcement proved more severe than the markets had anticipated, triggering sharp sell-offs across global equity markets. Tariffs are expected to increase the cost of doing business for companies and will weigh on consumer and corporate confidence. Closer to home, the UK faces its own set of challenges alongside these announcements. The increase in employer National Insurance rates following Labour's budget will be a direct cost headwind for UK businesses, especially those with high domestic exposure and labour-intensive models. We are assessing the extent to which companies are able to offset these cost headwinds through efficiency gains and pricing power. Our focus remains on constructing a well-balanced, and diversified portfolio of advantaged businesses. Our confidence in the medium-term outlook for the portfolio comes from the excellent strategic, operational, and financial progress that the vast majority of the companies in the portfolio have made (and continue to make) over the last couple of years.

**IMRAN SATTAR**
PORTFOLIO MANAGER

**EMILY BARNARD**
DEPUTY PORTFOLIO MANAGER

20 MAY 2025

# THE PORTFOLIO MANAGERS' CORE INVESTMENT BELIEFS

Our competitive edge rests on the combination of our Global Fundamental team's experience and our flexible investment style.

## ACTIVE MANAGEMENT

**Stock-driven.** Share prices follow fundamentals over the long term. Through our proven investment approach, we expect to outperform over the long term, net of fees.

**High conviction portfolio.** We expect the portfolio to contain around 40 to 50 stocks. Holdings sizes reflect the conviction we have in each company and our assessment of the upside and downside potential of its share price.

**Risk.** We think of risk as permanent capital loss. To mitigate this, our analysis of a company's valuation is the first line of defence. Our risk management process combines our depth of knowledge of the stocks in the portfolio, plus separate oversight by Liontrust's Portfolio Risk Committee.

## FLEXIBLE INVESTMENT STYLE

**Open-minded approach.** We do not have dogmatic style biases, such as 'growth' or 'value'. We are also prepared to invest in companies that we identify as having scope for recovery through management change, business transformation or an improving business environment. We expect the profile of the portfolio to evolve depending on our assessment of individual companies and our reading of the economic and market background.

**Disciplined, rigorous, fundamental research.** In keeping with the stock-driven nature of the portfolio, the vast majority of our effort takes the form of in-depth stock research. The remainder is spent on macroeconomic analysis.

**Materiality assessment is a core part of the investment process.** As part of the investment process, we identify and prioritise the key risks and opportunities that each holding (or potential holding) faces over our investment time horizon. Some of these have financial implications for the portfolio's holdings and, as such, we engage each holding on its key issues or exposures. The outcomes from our in-depth analysis and engagement help form our conviction level and investment decisions.

## TOTAL RETURN STRATEGY

**A focus on both capital growth and income.** We take a total return approach: investor returns should derive over the long term from both capital appreciation and dividend income. We generally prefer companies with organic investment opportunities, but will sometimes hold companies with acquisitive profiles. Either way, companies with growth tailwinds are preferred. We view income as an important component rather than the primary driver of investment return. This aligns with the Company's twin objectives.

## LONG TERM

**Typical holding period of three to five years.** This is an appropriate period to ensure that underlying corporate fundamentals drive investment returns. It is therefore also a sensible period over which to measure an active manager.

**Gearing should enhance shareholder returns.** One of the advantages of an investment trust is the ability to borrow to enhance equity returns. We therefore expect gearing to boost investment returns over time.

## CAPACITY MANAGEMENT

**Scale diseconomies.** In our view, investment performance can rapidly suffer if assets under management become too large. We carefully manage capacity to ensure that the interests of existing clients take precedence over new clients. The approach ensures we retain a size advantage. It enables us to reposition the portfolio – and those of all our other clients – quickly and efficiently when required.

## DEEP INVESTMENT RESOURCE WITH GLOBAL PERSPECTIVE

**A close-knit investment team.** Average experience of the investment team is 14 years. The team has been stress-tested across various market cycles.

**Challenge and debate.** This is encouraged within a structured risk control environment, with robust oversight processes. Team members own Liontrust equity and co-invest in the team's investment strategies, including Edinburgh Investment Trust, which in turn underpins teamwork and collaboration.

# BUSINESS REVIEW

## STRATEGY AND BUSINESS MODEL

The Edinburgh Investment Trust plc is an investment company and its investment objective is set out below. The strategy the Board follows to achieve that objective is to set investment policy and risk guidelines, including investment limits, and to monitor how they are applied. These are also set out below and have been approved by shareholders.

The business model the Company has adopted to achieve its investment objective has been to contract the services of the Manager to manage and administer the portfolio in accordance with the Board's strategy and under its oversight. The Portfolio Manager with lead individual responsibility for the day-to-day management of the portfolio is Imran Sattar and the Deputy Portfolio Manager is Emily Barnard. Imran Sattar and Emily Barnard took on these new roles on 6 February 2024, following the retirement of James de Uphaugh, after 36 years in the industry.

In addition, the Company has contractual arrangements with MUFG Corporate Markets to act as registrar, The Bank of New York Mellon (International) Limited as depositary and custodian, and NSM Funds (UK) Limited to act as Company Secretary.

## INVESTMENT OBJECTIVE AND POLICY

### Investment Objective

The Company invests primarily in UK securities with the long-term objective of achieving:

1. an increase of the Net Asset Value per share in excess of the growth in the FTSE All-Share Index; and

2. growth in dividends per share in excess of the rate of UK inflation.

### Investment Policy

The Company will generally invest in companies quoted on a recognised stock exchange in the UK. The Company may also invest up to 20% of the market value of the Company's investment portfolio, measured at the time of any acquisition, in securities listed on stock exchanges outside the UK. The portfolio is selected by the Portfolio Manager on the basis of its assessment of the fundamental value available in individual securities. Whilst the Company's overall exposure to individual securities is monitored carefully by the Board, the portfolio is not primarily structured on the basis of industry weightings. No acquisition may be made which would result in a holding being greater than 10% of the market value of the Company's investment portfolio, nor will the Company invest more than 15% of the market value of its investment portfolio in any other UK-listed investment trusts or investment companies. Further, the Company may not hold more than 5% of the issued share capital (or voting shares) of any one company. Investment in convertibles is subject to normal security limits. Should these or any other limit be exceeded by subsequent market movement, each resulting position is specifically reviewed by the Board. The Company may borrow money to provide gearing to the equity portfolio of up to 25% of net assets.

Use of derivative instruments is monitored carefully by the Board and permitted within the following constraints: the writing of covered calls against securities which in aggregate amount to no more than 10% of the value of the portfolio, and the investment in FTSE 100 futures which when exercised would equate to no more than 15% of the value of the portfolio. Other derivative instruments may be employed, subject to prior Board approval, provided that the cost (and potential liability) of exercise of all outstanding derivative positions at any time should not exceed 25% of the value of the portfolio at that time. The Company may hedge exposure to changes in foreign currency rates in respect of its overseas investments.

### Amendment to the Company's Investment Objective and Policy

The Company, after discussion with the Portfolio Managers, determined that it would be beneficial to amend the existing investment objective and policy to simplify the wording and to clarify (in the investment objective) the nature of the shareholder returns targeted by the Company. The proposed change to the investment objective and policy wording will change neither the manner in which the Company's portfolio is managed, nor what the Company is seeking to achieve.

It is proposed that the investment objective be simplified by using wording more easily understood by the investor which makes it clear that the Company aims to exceed the total return on the FTSE All-Share Index on a net asset value total return basis and grow its dividend faster than UK inflation. This will be set out in one clear statement which may resonate more effectively with the retail investor base, and which may be more simply messaged in marketing campaigns and as a short, memorable phrase going forwards.

To avoid any ambiguity, the stated investment objective will be expanded upon to make it clear that (i) the Company's objectives will be assessed over the long term; and (ii) the Company's net asset value total return performance will be measured against the FTSE All-Share Index total return. This will ensure that it is clear that the investment objective is to target an attractive total return relative to the total return of

BUSINESS REVIEW / CONTINUED

the Index (which is how the portfolio is currently managed and, accordingly, the material change is to the wording of the investment objective and not to its substance).

In addition, the Company proposes to make some non-substantive changes to the wording of its investment policy, which will serve to re-order the text and break it into shorter, more easily digestible sections for the reader.

The Board believes that the proposed amendments are in the best interests of the shareholders.

The proposed amendments have been approved by the FCA and also require shareholder approval. The full text of the revised investment objective and investment policy may be found in the appendix to the notice of the AGM on pages 82 and 83.

## RESULTS AND DIVIDENDS

At the year end the share price was 740.00p per ordinary share (2024: 690.00p). The net asset value (debt at fair value) per ordinary share was 817.16p (2024: 779.97p).

The Directors declared a third interim dividend for the year ended 31 March 2025 of 7.50 pence per ordinary share (2024: 6.90 pence), an increase of 8.7% compared with each of the first two interim dividends. This dividend is payable on 23 May 2025 to ordinary shareholders on the register on 2 May 2025. The shares were quoted ex-dividend on 1 May 2025.

The Board is recommending a final dividend of 7.50 pence per share which is the same as the third interim dividend declared last month, implying a full year payout of 28.8 pence per share. This represents an increase of 5.9% compared with the total underlying ordinary dividends paid for the financial year to 31 March 2024.

Subject to approval at the Company's AGM, the dividend will have an ex-dividend date of 5 June 2025 and will be paid on 31 July 2025, to shareholders on the register at 6 June 2025.

## PERFORMANCE

The Board reviews the Company's performance by reference to a number of KPIs which are shown on page 2. They are measures of the Company's absolute and relative performance and assist in managing performance and compliance and are reviewed by the Board at each meeting.

The Chair's Statement on pages 5 to 7 gives a commentary on the performance of the Company during the year, the gearing and the dividend.

The Board reviews an analysis of expenditure at each Board meeting, and the Audit and Management Engagement Committees formally review the fees payable to the main service providers, including the Manager, on an annual basis.

The ongoing charges figure is calculated in accordance with the AIC methodology and is reviewed by the Board annually in comparison to peers.

The Board also regularly reviews the performance of the Company in relation to the 20 investment trusts in the UK Equity Income sector (including the Company). As at 31 March 2025 the Company was ranked 20th by NAV performance in this sector over one year, 2nd over three years and 4th over five years (source: JP Morgan Cazenove).

## OUTLOOK, INCLUDING THE FUTURE OF THE COMPANY

The main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Portfolio Managers' Report. Details of the principal risks affecting the Company can be found on pages 20 to 23.

## FINANCIAL POSITION AND BORROWINGS

The Company's balance sheet on page 60 shows the assets and liabilities at the year end. Borrowings at the year end comprised £120 million of Unsecured Senior Loan Notes (2024: £120 million).

## PERFORMANCE ATTRIBUTION

The following table illustrates the differing contributions to NAV excess returns, split between underlying stock selection and other factors such as gearing, costs and share buybacks.

| | for the year ended 31 March 2025 % | for the year ended 31 March 2024 % |
|---|---|---|
| **Total Return Basis**[1] | | |
| NAV (debt at fair value) | 8.3 | 13.4 |
| Benchmark | 10.5 | 8.4 |
| Relative performance | -2.2 | 5.0 |
| | | |
| **Analysis of Relative Performance** | | |
| Portfolio total return | 7.3 | 11.8 |
| Benchmark total return[1] | 10.5 | 8.4 |
| Portfolio outperformance [A] | -3.2 | 3.4 |
| Borrowings: | | |
| Net gearing effect | 0.8 | 1.2 |
| Interest | -0.3 | -0.3 |
| Market value movement | 0.6 | 0.4 |
| Management fee | -0.4 | -0.4 |
| Other expenses | -0.1 | -0.1 |
| Tax | 0.0 | 0.0 |
| Share buybacks | 0.4 | 0.8 |
| Subtotal [B] | 1.0 | 1.6 |
| Relative performance [A+B] | -2.2 | 5.0 |

[1] LSEG Data & Analytics.

**Performance attribution** – analyses the performance of the Company relative to its benchmark. The Analysis of Relative Performance estimates the quantum of relative performance that is attributable to each of the factors set out in this table. The table is intended to be indicative rather than precise; the accuracy of each estimate is determined by a variety of factors such as the volatility of investment returns over the year and intra-month, and the timing of income receipts and expenditure payments.

**Relative performance** – represents the arithmetic difference between the NAV and benchmark returns.

**Portfolio total return** – represents the return of the holdings in the portfolio including transaction costs, cash and income received, but excluding expenses incurred by the Company.

**Net gearing effect** – measures the impact of the unsecured senior loan notes and cash on the Company's relative performance. This will be positive if the portfolio has positive capital performance and negative if capital performance is negative.

**Interest** – interest payable on the unsecured senior loan notes has a negative impact on performance.

**Market value movement** – represents the change in market value of the Company's borrowings, measured to the end of the financial year or maturity from the start of the financial year or issuance, each as appropriate.

**Management fee** – the fee reduces the Company's net assets and decreases returns.

**Other expenses and tax** – reduce the level of assets and therefore result in a negative effect on relative performance.

**Share buybacks** – measures the effect of ordinary shares bought back at a discount to net asset value on the Company's relative performance.

# INVESTMENTS IN ORDER OF VALUATION

**AT 31 MARCH 2025**

## UK LISTED ORDINARY SHARES UNLESS OTHERWISE STATED

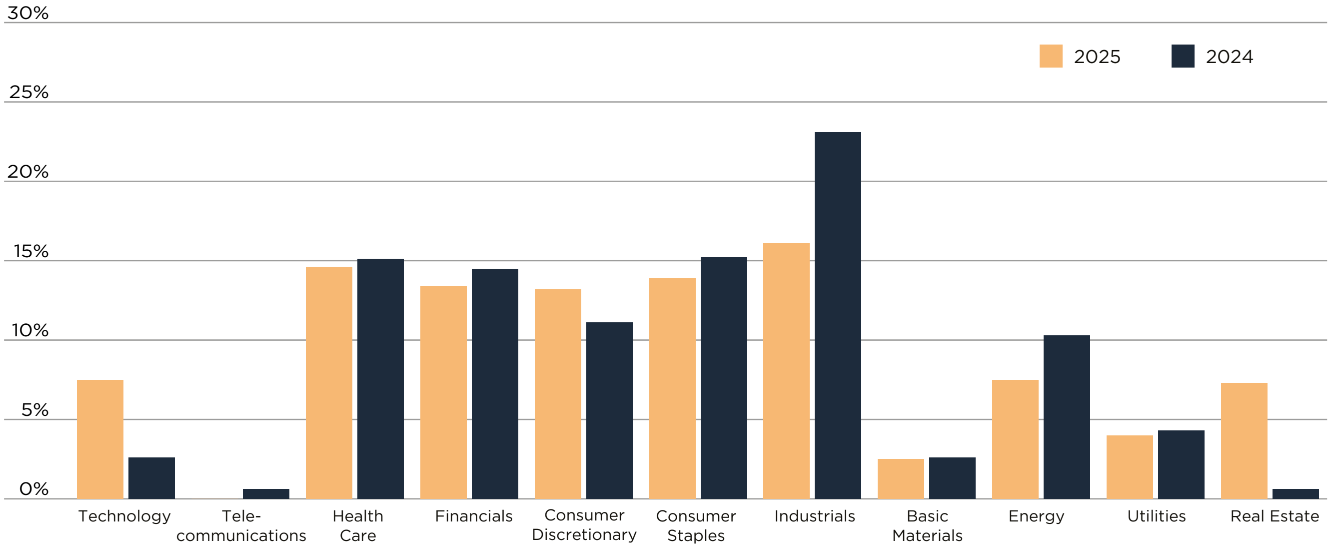
| Company | Sector | At Market Value £'000 | % of Portfolio |
|---|---|---|---|
| Shell | Oil, Gas and Coal | 92,150 | 7.5 |
| Unilever | Personal Care, Drug and Grocery Stores | 76,791 | 6.2 |
| GSK | Pharmaceuticals and Biotechnology | 55,563 | 4.5 |
| Haleon | Pharmaceuticals and Biotechnology | 55,456 | 4.5 |
| Compass | Consumer Services | 49,687 | 4.0 |
| NatWest | Banks | 49,167 | 4.0 |
| Tesco | Personal Care, Drug and Grocery Stores | 47,345 | 3.8 |
| AstraZeneca | Pharmaceuticals and Biotechnology | 46,497 | 3.8 |
| Dunelm | Retailers | 45,561 | 3.7 |
| National Grid | Gas, Water and Multi-utilities | 44,222 | 3.6 |
| **TOP TEN HOLDINGS** | | **562,439** | **45.6** |
| Whitbread | Travel and Leisure | 37,091 | 3.0 |
| Auto Trader | Software and Computer Services | 35,583 | 2.9 |
| Rentokil | Industrial Support Services | 34,573 | 2.8 |
| Grainger | Real Estate Investment and Services | 33,179 | 2.7 |
| Verisk - US Listed | Industrial Support Services | 32,729 | 2.7 |
| London Stock Exchange Group | Finance and Credit Services | 31,354 | 2.5 |
| Spirax-Sarco Engineering | Industrial Engineering | 30,899 | 2.5 |
| Anglo American | Industrial Metals and Mining | 30,481 | 2.5 |
| Greggs | Personal Care, Drug and Grocery Stores | 30,341 | 2.5 |
| Segro | Real Estate Investment Trusts | 28,867 | 2.3 |
| **TOP TWENTY HOLDINGS** | | **887,536** | **72.0** |
| Admiral | Non-Life Insurance | 27,141 | 2.2 |
| Baltic Classifieds | Software and Computer Services | 25,746 | 2.1 |
| Rotork | Electronic and Electrical Equipment | 24,604 | 2.0 |
| Rightmove | Real Estate Investment and Services | 24,549 | 2.0 |
| Thermo Fisher Scientific - US Listed | Medical Equipment and Services | 22,661 | 1.8 |
| KONE - B shares - Finnish Listed | Industrial Engineering | 20,701 | 1.7 |
| Halma | Electronic and Electrical Equipment | 20,021 | 1.6 |
| HSBC | Banks | 17,401 | 1.4 |
| Sage | Software and Computer Services | 16,854 | 1.4 |
| AJ Bell | Investment Banking and Brokerage Services | 16,431 | 1.3 |
| **TOP THIRTY HOLDINGS** | | **1,103,645** | **89.5** |
| BAE Systems | Aerospace and Defence | 16,376 | 1.3 |
| Howden Joinery | Retailers | 15,377 | 1.3 |
| RELX | Media | 14,701 | 1.2 |
| Money Supermarket | Software and Computer Services | 13,420 | 1.1 |
| Lloyds Bank | Banks | 12,482 | 1.0 |
| Sainsbury's | Personal Care, Drug and Grocery Stores | 11,960 | 1.0 |
| Diploma | Industrial Support Services | 10,993 | 0.9 |
| 3i | Investment Banking and Brokerage Services | 10,492 | 1.0 |
| SSE | Electricity | 5,291 | 0.4 |
| Applied Nutrition | Food Producers | 5,152 | 0.4 |
| **TOP FORTY HOLDINGS** | | **1,219,889** | **99.1** |
| Oxford Instruments | Electronic and Electrical Equipment | 4,186 | 0.3 |
| Renishaw | Electronic and Electrical Equipment | 3,623 | 0.3 |
| LondonMetric Property | Real Estate Investment Trusts | 3,190 | 0.3 |
| Eurovestech (UQ) | Investment Banking and Brokerage Services | – | – |
| Raven Property (S) - Preference shares | Real Estate Investment and Services | – | – |
| **TOTAL HOLDINGS 45 (31 MARCH 2024: 52)** | | **1,230,888** | **100.0** |

UQ - Unquoted investment

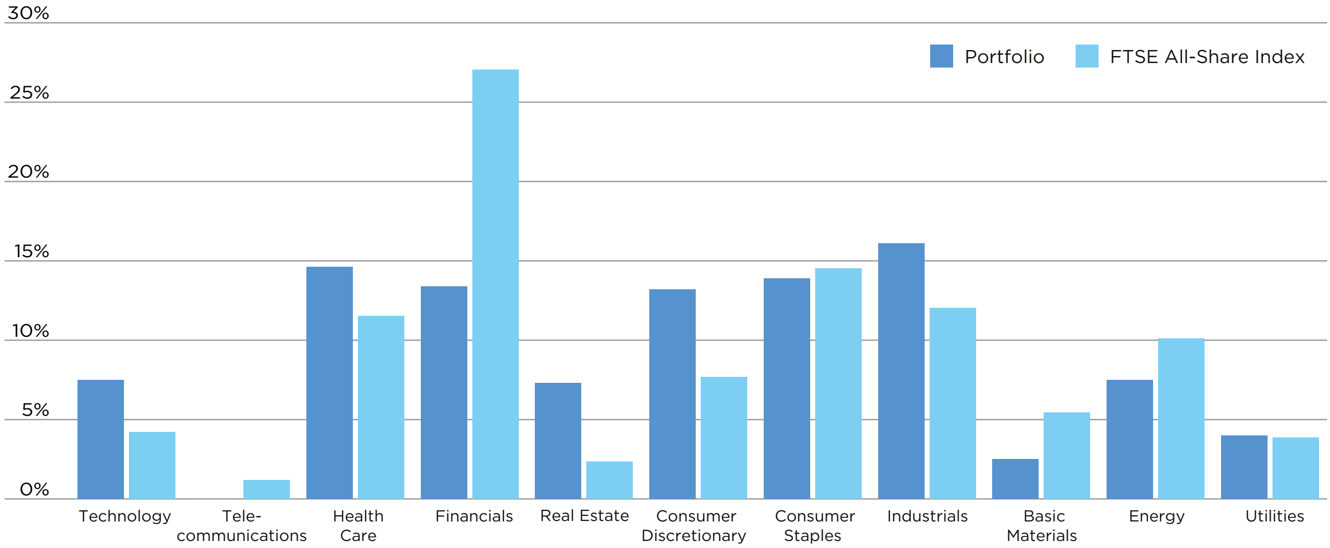
S - Delisted

# PORTFOLIO ANALYSIS

**Analysis of Portfolio by Industry**
At 31 March 2025 and 2024




**Comparison of Portfolio to FTSE All-Share Index by Industry**
At 31 March 2025



# PRINCIPAL RISKS AND UNCERTAINTIES

## RISK MANAGEMENT AND MITIGATION

The Manager ('AIFM') is responsible for the portfolio management of the Company and for exercising the risk management function in respect of the Company. As part of this risk management function, the AIFM maintains a risk control summary of identified risks including emerging risks likely to impact the Company. This is updated regularly, following discussions with the Manager and highlighted to the Board.

The Board, through the Audit Committee and with the assistance of the Manager, regularly reviews a report of potential risks to the Company in the form of a risk control summary. The document includes a description of each identified risk, the mitigating action taken, reporting and disclosure to the Board and an impact and probability risk rating. The rating is given both prior to and after the Board's mitigation of each risk. The information is then displayed in matrix form which allows the Board to identify the Company's key risks. As the changing risk environment in which the Company operates has evolved, the total number of risks has fluctuated, with certain risks having been removed and new risks added with emerging risks actively discussed as part of this process and, so far as practicable, mitigated.

Furthermore, the risk control summary underpins the Company's preparation for the revised AIC Code, which requires boards to make a declaration of the effectiveness of the material controls at the balance sheet date, which applies to accounting periods beginning on or after 1 January 2026. This particularly supports the new Provision 34 of the AIC Code which ensures the Board has established and maintains procedures to manage risk, oversee the internal control framework and identify any material controls which have not operated effectively, identifying both actions and improvements.

The composition of the Board is regularly reviewed to ensure its members offer sufficient knowledge and experience to assess, anticipate and mitigate these risks, as far as possible.

The principal risks and uncertainties facing the Company are an integral consideration when assessing the operations in place to meet these objectives, including the performance of the portfolio, share price and dividends. The Board is ultimately responsible for the risk control systems, but the day-to-day operation and monitoring are delegated to the Manager. The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The following sets out a description of the principal and emerging risks and how they are being managed or mitigated.

## MARKET RISK

All the Company's investments are traded on recognised stock exchanges, bar a very small number that have delisted or suspended since purchase. The principal risk for investors in the Company is a significant fall and/or a prolonged period of decline in those markets. The Company's investments and the income derived from them are influenced by many factors such as general economic conditions, interest rates, inflation, currency movements, a recurrence of a pandemic, geopolitical events, the war in Ukraine and government policies (e.g. the recent changes to tariffs by the Trump administration in the US) as well as by supply and demand reflecting investor sentiment. Such factors are outside the control of the Board and Manager and may give rise to high levels of volatility in the prices of investments held by the Company. The asset value and price of the Company's shares and its earnings and dividends may consequently also experience volatility and may decline.

Changes in interest rates, inflation and currency could reduce returns and lead to depreciation of the Company's net asset value.

Market risk is included in the risk control summary report that is prepared by the Manager and reviewed by the Board at each meeting. Additionally, the Board receives reports on the performance of the portfolio at each meeting. The portfolio is positioned by the Portfolio Managers for medium to long-term returns.

## INVESTMENT RISK

The Board sets investment policy and risk guidelines, together with investment limits, and monitors adherence to these at each Board meeting. All individual investment decisions are undertaken by the Portfolio Managers. The Portfolio Managers' approach is to construct a portfolio which should benefit from expected future trends in the UK and global economies. The Portfolio Manager is a long-term investor, prepared to take substantial positions in securities across a range of different types of stock. This reflects the Portfolio Managers' high conviction, stock-driven investment process and total return approach. Strategy, asset allocation and stock selection decisions by the Portfolio Managers can lead to underperformance of the portfolio relative to the benchmark and/or income targets.

The Portfolio Managers' style may result in a concentrated portfolio with significant overweight or underweight positions in individual stocks or sectors compared to the benchmark and, consequently, the Company's performance may deviate significantly, possibly for extended periods, from that of the benchmark. In a similar way, the Portfolio Managers manage other portfolios, holding many of the same stocks as the Company which reflects the Portfolio Managers' high conviction style of investment management. This could increase the liquidity and price risk of certain stocks under certain scenarios and market conditions. However, the Board and the Portfolio Managers believe that the investment process and policy outlined above should, over the long term, meet the Company's objectives of Net Asset Value per share growth in excess of the benchmark and real growth in the dividend per share. Investment selection is delegated to the Portfolio Managers. The Board does not specify asset allocations. Information on the Company's performance against the benchmark and peer group is provided to the Board at each Board meeting. The Board uses this to review the performance of the Company, taking into account how performance relates to the Company's objectives. The Portfolio Managers are responsible for monitoring the portfolio selected and seek to ensure that individual stocks meet an acceptable risk-reward profile. There is also independent oversight of the portfolio and Company's asset structure by the Liontrust Investment Risk team.

As described in the investment policy, derivatives may be used provided that the market exposure arising is less than 25% of the value of the portfolio.

Investment performance risk is included in the risk control summary report that is prepared by the Manager and reviewed by the Board at each meeting. The Board also receives reports on the performance of the portfolio and on compliance with the Company's investment policy guidelines from the Manager's risk and compliance department at each meeting. As part of an annual assessment, the Board reviews the performance of the Manager and the management contract at the Management Engagement Committee meeting.

The Board also reviews the annual depository report and report from the compliance department of the Manager and any breaches of the investment policy, limits or guidelines are reported immediately to the Board and Audit Committee Chairs.

Investment risk is increased through the Company's borrowing, namely the £120m Unsecured Senior Loan Notes. This facilitates additional investment exposure than would be the case for an unleveraged portfolio; if the investments fall in value, this will increase the adverse impact on performance. On a routine basis the Board monitors the appropriateness of gross and net gearing levels, and the amount of headroom above minimum NAV levels as agreed with the lenders.

### INCOME/DIVIDEND RISK

The Company is subject to the risk that income generation from its investments fails to reach the level of income required to meet its objectives.

The Board monitors this risk through the review of detailed income and dividend forecasts and comparison against budget. These are contained within the Board papers and the Board considers the level of income at each meeting. Revenue estimates are presented at each Board meeting and Board Committee meeting which determine the three interim dividends and propose the final dividend.

The Board also takes into account the size of the Company's accumulated income and capital reserves which can be used to supplement dividends when income levels alone do not cover the proposed dividend payments. These reserves are currently being used to support the dividend and, given the nature of the portfolio's underlying income generation, we expect this to continue for the foreseeable future.

### DISCOUNT RISK

The share price is monitored on a daily basis and, at the request of the Board, the Company is empowered to repurchase shares within agreed parameters which are regularly reviewed with the Company's broker. The discount at which the shares trade to NAV can be influenced by share repurchases. During the year, the Company repurchased 7,170,500 shares for holding in treasury (2024: 13,985,000).

Risk management activity includes systematic reviews of the investment objective and investment strategy and regular dialogue with shareholders and marketing activities.

Share price and discount risk is included in the risk control summary report that is prepared by the Manager and reviewed by the Board at each meeting. In addition, the Board monitors the Company's investment performance against its stated objectives and peer group and reviews the marketing report at every Board meeting.

PRINCIPAL RISKS AND UNCERTAINTIES / CONTINUED

### CORPORATE GOVERNANCE AND INTERNAL CONTROLS RISK

The Board has delegated to third-party service providers the management of the investment portfolio, depositary and custody services (which include the safeguarding of the assets), registration services, accounting and company secretarial services.

The principal risks arising from the above mentioned contracts relate to the performance of the Manager, the performance of administrative, registration, depositary, custodial and banking services, and the failure of information technology systems used by third-party service providers. These risk areas could lead to the loss or impairment of the Company's assets, inadequate returns to shareholders and loss of investment trust status. Consequently, in respect of these activities, the Company is dependent on Liontrust's control systems and those of its administrator, depositary, custodian and registrar.

An annual review of the control environments of all service providers is carried out by the Company Secretary who provides an assessment of these risks and the operation of the controls for consideration by the Audit Committee and is formally reported to and considered by the Board.

Investment trust status is assessed by the Manager, reviewed at every Board meeting and confirmed by the Audit Committee and HMRC annually. Taxation matters are dealt with by independent accountants, with oversight from the Board.

### RELIANCE ON THE MANAGER AND OTHER THIRD-PARTY PROVIDERS RISK

The Company is reliant upon the performance of third-party service providers for its executive function and other service provisions. The Company's most significant contract is with Liontrust Fund Partners LLP who have been appointed as the Company's AIFM. The Company has other contractual arrangements with third parties to act as administrator, company secretary, registrar, depositary and broker. 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. 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 pursue successfully its investment policy and expose the Company to risk of loss or to reputational risk.

In particular, the Manager performs services which are integral to the operation of the Company. 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 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 pursue its investment policy.

The Board seeks to manage these risks in a number of ways:

- The Company Secretary reviews the performance and the service organisation control reports of third-party service providers and reports to the Board on an annual basis at the Audit Committee meeting.
- The Board reviews the performance of the Manager at every Board meeting and otherwise as appropriate. The Board has the power to replace the Manager and reviews the management contract formally once a year.
- The day-to-day management of the portfolio is the responsibility of the named Portfolio Managers.
- The risk that the Portfolio Manager might be incapacitated or otherwise unavailable is mitigated by the fact that he works within, and is supported by, the wider Liontrust team. Moreover, Emily Barnard, as Deputy Portfolio Manager, works closely with Imran on a daily basis and would be able to manage the portfolio if Imran Sattar was unable to do so for any reason.
- The Board has set guidelines within which the Portfolio Managers are permitted wide discretion. Any proposed variation outside these guidelines is referred to the Board and compliance with the guidelines and the guidelines themselves are reviewed at every Board meeting.

### PHYSICAL AND TRANSITIONAL CLIMATE CHANGE

Globally, climate change effects are already emerging in the form of changing weather patterns. Extreme weather events could potentially impair the operations of individual investee companies, potential investee companies, their supply chains and their customers. Legislative changes are driving an economic adjustment towards a low-carbon economy. There are considerable risks to the value, business model and operations of investee and potential investee companies due to stranded assets and how investors, financial regulators and policymakers respond to climate concerns. The Portfolio Managers take such risks into account, along with the downside risk to any company – whether in the form of its business prospects, market valuation or sustainability of dividends – that is perceived to be making a detrimental contribution to climate change. The Company invests in a broad portfolio of businesses with operations spread geographically, which should limit the impact of location-specific weather events.

Climate change related risks are regularly monitored by the Manager and reviewed by the Board as required, together with any new guidance.

### OTHER RISKS

The Company is subject to laws and regulations by virtue of its status as an investment trust and is required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. The Company is subject to the continuing obligations imposed by the UK Listing Authority on all companies whose shares are listed on the Official List.

The Manager reviews compliance with investment trust tax conditions and other financial and regulatory requirements on a daily basis with any issues being immediately brought to the attention of the Board.

The Company may be exposed to other business, strategic and political risks in the future, as well as regulatory risks (such as an adverse change in the tax treatment of investment companies), credit, liquidity and concentration risks. The risk control summary report allows the Board to consider all these risks, the measures in place to control them and the possibility of any other risks that could arise.

The Board ensures that satisfactory assurances are received from the service providers. The Manager's compliance officers produce regular reports for review by the Company's Audit Committee.

Additionally, the depositary monitors stock, cash, borrowings and investment restrictions throughout the year. The depositary reports formally once a year and also has access to the Company Chair and the Audit Committee Chair if needed during the year.

Please see Note 16 on page 71 to read more about risk management and financial instruments.

### EMERGING RISKS

The Board has put in place robust procedures to assist with identifying emerging risks that arise from existing risks or from new situations. Failure to identify emerging risks may cause reactive rather proactive actions. The experience and knowledge of the Board is invaluable in consideration of emerging risks, as are updates and advice received from the Board's key service providers such as the Company's Manager, Broker, Company Secretary and Auditors. The Association of Investment Companies ('AIC') also provides regular updates and draws members' attention to forthcoming industry and/or regulatory issues.

There are currently a growing number of risks as a result of emerging geopolitical factors that may translate into greater stock market risk, as well as heightened macro-economic changes in inflation, interest rates, currencies and energy costs, the ever-evolving global regulatory and trade environments and a risk of re-emergence of a global pandemic.

Geopolitical factors include the continuation of conflict in Ukraine and the Middle East and also US trade policy under the second Trump administration. Whilst these risks currently exist, their extent and long-term impact are yet to emerge but they are regularly assessed by the Manager and the Board. These emerging risks are kept under review and mitigating actions are discussed and documented. This ensures that the Board can react ahead of any risk materialising, therefore minimising risk exposure.

# VIABILITY STATEMENT

The Directors' view of the Company's viability has not changed since last year. The Company, as an investment trust, is a collective investment vehicle rather than a commercial business venture and is designed and managed for long-term investment. The Company's investment objective clearly sets this out. 'Long-term' for this purpose is considered by the Directors to be at least five years, a timeframe in which the accuracy of estimates and assumptions is deemed to be reasonable. The Company's viability has thus been assessed over that period. Five years is considered a reasonable time frame for a forecast, however, the life of the Company is not intended to be limited to that or any other period.

There are no current plans to amend the investment strategy, which has delivered long-term good investment performance above or in line with benchmark for shareholders and, the Directors believe, should continue to do so. The investment strategy and its associated risks are kept under constant review by the Board.

In assessing the viability of the Company under various scenarios, the Directors undertook a robust assessment of the risks to which it is exposed, as set out on pages 20 to 23 together with mitigating factors. The risks of failure to meet the Company's investment objective, and contributory market and investment risks, were considered to be of particular importance. The Directors also took into account: the investment capabilities of the Portfolio Managers; the liquidity of the portfolio, with nearly all investments being listed and readily realisable; the Company's borrowings as considered in further detail in the Going Concern Statement on pages 42 and 43; the ability of the Company to meet its liabilities as they fall due; the Company's annual operating costs; and that, as a closed-ended investment trust, the Company is not affected by the liquidity issues of open-ended companies caused by large or unexpected redemptions.

In taking account of these factors and on reviews conducted as part of the detailed internal controls and risk management processes set out above, the Directors have undertaken a reverse stress test seeking to identify the financial circumstances that might result in the Company becoming unviable. This concluded that the viability of the Company would be challenged if the value of Total Shareholders' Funds were to fall permanently by approximately 80% from the level at the year end, a fall that the Board considers to be highly unlikely having noted that since the inception of the Company's FTSE All-Share Index Total Return benchmark in December 1985, the largest fall over any calendar year has been 29.9%, the largest fall over any rolling five year period was 28.8% and the largest fall since launch was 42.9% (all based on benchmark calendar month end values).

Based on the above, and assuming there is no adverse change to the regulatory environment and tax treatment of UK investment trusts to the extent that would challenge the viability of the UK investment trust industry as a whole, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of assessment.

# SECTION 172 STATEMENT, COMPANY SUSTAINABILITY AND STAKEHOLDERS

## BOARD RESPONSIBILITIES

The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the Manager and reporting to shareholders on their stewardship. The Board is ultimately responsible for the direction, management, performance and long-term sustainable success of the Company.

The Board sets the Company's strategy and objectives, taking into account the interests of all its stakeholders. However, the Company has no employees and no customers in the traditional sense. Consistent 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.

## COMPANY SUSTAINABILITY AND STAKEHOLDERS

A good understanding of the Company's stakeholders enables the Board to consider the potential impact of strategic decisions on each stakeholder group during the decision-making process. By considering the Company's purpose, vision and values, together with its strategic priorities, the Board aims for its decisions to be fair and take account of the interests of the key stakeholder groups. As an externally managed investment company, the Company does not have any employees. The Board considers its main stakeholders to be its shareholders, service providers and investee companies.

## SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires the Board to act in the way that it considers would most likely promote the success of the Company for the benefit of all stakeholders, taking into consideration the interests of stakeholders in their decision-making and to share how they have discharged this duty. During the year under review, the Board believes that it has acted in good faith and discharged its duties under Section 172 of the Companies Act 2006. The fulfilment of this duty not only helps the Company achieve its investment objective but ensures decisions are made in a responsible and sustainable way for shareholders.

The following section includes examples of how the Company's stakeholders were considered during the key Board decisions. Key Board decisions include payment of dividends, liquidity management via share issuance and share buybacks, marketing, performance evaluation, negotiation on debt and re-appointment of the Manager and other key service providers, ESG integration into investment decisions and Board succession planning.

## ENGAGEMENT WITH SHAREHOLDERS

Shareholder relations are given high priority by both the Board and the Manager, and the Board welcomes feedback from shareholders throughout the year. The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports, which aim to provide shareholders with a full understanding of the Company's activities and results. This information is supplemented by the daily publication of the Net Asset Value, monthly factsheets as well as dividend and other announcements.

Feedback from shareholders forms part of the discussion at all Board meetings and at the Board's annual strategy meeting which involves consideration of how the Company is meeting shareholder expectations. In October 2024, Imran Sattar and Emily Barnard spoke at the Company's annual retail shareholder event in London. The Company has also participated in various marketing initiatives, including podcasts, videos, a publication reviewing the Company's last five years, and attendance at a range of events including the AJ Bell investment trust conference in London. The Company has also been involved in a range of publications in the year to date, including the Financial Times, Sunday Times and Daily Mail, and Money Makers podcast.

Shareholders can also visit the Company's website **www.edinburgh-investment-trust.co.uk** in order to access copies of the annual and half-yearly financial reports, pre-investment information, Key Information Documents (KIDs), proxy voting results, factsheets and stock exchange announcements. The Company's website also hosts videos and other applicable written materials by the Manager to enhance the information available. Shareholders can send their questions using a dedicated section of the Company's website.

Typically, at each AGM, a presentation is made by the Portfolio Managers following the formal business of the meeting and shareholders have the opportunity to attend, vote and most importantly to communicate directly with the Portfolio Managers and Board. Presentations to both institutional shareholders and analysts also follow the publication of the annual results. The Company held a physical AGM on 17 July 2024, with voting on a show of hands. Shareholders also had the opportunity to join the meeting virtually via a live weblink using their smartphone, tablet or computer, with the option to submit questions to the meeting in real time. In addition to the AGM and presentations, the Board and Portfolio Managers hosted a presentation to retail investors in central London in October 2024. The Chair uses these events to lead the

SECTION 172 STATEMENT, COMPANY SUSTAINABILITY AND STAKEHOLDERS / CONTINUED

Company's engagement with its retail shareholders. Please see page 78 for the notice of the 2025 Annual General Meeting and page 84 for details of the 2025 shareholder event.

Regular dialogue is maintained between the Board and Portfolio Managers with a wide range of shareholders throughout the year to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help develop an understanding of their issues and concerns. All meetings between the Portfolio Managers and shareholders are reported to the Board and the directors receive regular updates on the shareholder register and trading activity.

There is an additional clear channel of communication between the Board and the Company's shareholders via the Company Secretary. The Company Secretary passes to the Chair all correspondence addressed to the Board of the Company.

The strategy of the Company is reviewed regularly and formally by the Board on an annual basis. At the strategy day on 9 October 2024 the Board discussed industry and sector trends, growth opportunities, share buybacks, the Company's investment objective, marketing and dividends. Whilst feedback from shareholders is sought regularly, shareholders' feedback provided by the Company's Broker and Manager is a major consideration at this meeting.

## ENGAGEMENT WITH THE MANAGER

The Board maintains a constructive and collaborative working relationship with the Portfolio Managers, encouraging open discussion. The Board has regular dialogue with and receives reports from the Portfolio Manager on the portfolio of investments, including performance against set objectives and risk management. The Portfolio Managers and Deputy Portfolio Manager normally attend each Board meeting to provide updates and answer questions from the Board. The Chair also regularly meets with Liontrust executive directors. The Board has also discussed the AIFM's responsibility under the FCA Consumer Duty with the Manager and received comfort as to how those responsibilities will be met.

The Board agreed a lower management fee scale from 1 April 2024, further supporting the role of the Company as a natural home for long-term equity investors.

The Portfolio Manager with individual responsibility for the day-to-day management of the portfolio is Imran Sattar and the Deputy Portfolio Manager is Emily Barnard. Imran Sattar and Emily Barnard took on these new roles on 6 February 2024, following the retirement of James de Uphaugh, after 36 years in the industry.

## ENGAGEMENT WITH SERVICE PROVIDERS

As an externally managed investment trust, the Company conducts all its business through its key service providers. The Board believes that maintaining a collaborative relationship with each of the Company's service providers is essential to the Board's decision-making and the ongoing success of the Company. At least annually the Board reviews the performance and services of its key service providers including the Manager and receives and considers their internal control reports on a quarterly basis covering their operations, policies and control environments.

The Board reviews the quarterly reports of the service providers and whether the services meet the requirements of the Company, represent value for money and are therefore in the best interests of shareholders. The Board treats all service providers fairly, to maintain a reputation as a trusted, fair and reliable partner. The Board and/or delegates of the Board engage with key providers on a periodic basis through service review meetings or, by invitation, attendance at Board or committee meetings. Such engagement gives opportunity to both parties to discuss any challenges being experienced and potential solutions thereon, and to identify planned developments at the Company or the service provider. We aim to pay promptly and if in dispute, to engage openly to resolve matters in a timely manner.

The Board continues to ensure that service providers are as prepared as possible for all such eventualities which could disrupt the performance of their respective functions.

## ENGAGEMENT WITH INVESTEE COMPANIES

The Portfolio Managers are long-term investors and typically develop strong relationships with both investee and potential investee companies. Both the Board and the Portfolio Managers believe that engagement with investee companies is positive, beneficial and welcomed.

Voting is a key activity in the dialogue with investee companies and these decisions are reported to the Board on a quarterly basis.

The Board supports the Portfolio Managers' approach to ESG in the context of its management of the portfolio, as discussed below.

## ENVIRONMENTAL SOCIAL AND GOVERNANCE ("ESG") MATTERS

As an investment company with no employees, property or activities outside investment, environmental policy has limited application. Nevertheless, the Board is committed to taking a responsible approach to ESG matters. The Company's compliance with the AIC Corporate Governance Code is detailed in the Corporate Governance Statement on page 34, which demonstrates the Company's own responsibilities on matters such as governance.

In respect of the Company's investments, the Portfolio Managers and the other members of the investment team integrate ESG risks and opportunities (including climate change related risks) as part of a material assessment undertaken for all holdings. Consistent with the Portfolio Managers' investment approach, this analysis is undertaken on a bottom-up, stock basis. The risks and opportunities that each holding faces over a three-to-five-year period are then identified and prioritised. Many of these issues can be sub-categorised as "E", "S" and "G" issues. The issues that are identified as the key ones are at the forefront of engagement discussions on holdings with the investee companies. These frequently include issues related to global warming, including those focused on transitional risks, legislation risks, and/or physical risks. The Manager is a signatory to the Principles of Responsible Investment ('PRI') and the Company's assets form part of its commitment to the Net Zero Asset Managers Initiative. Further information is available at **www.liontrust.co.uk** and through the investment company ESG disclosures at **www.theaic.co.uk**.

The Board recognises that the most material way in which the Company can have an impact is through responsible ownership of its investments. The Manager discusses below how it engages with the management of investee companies to encourage that high standards of ESG practice are adopted.

The Company made no political donations during the year in review.

Please see the table below for a reference to where information can be found of how the Company's key stakeholders were considered during key Board decisions:

| Section 172 statement area | Reference |
|---|---|
| The likely consequences of any decision in the long-term | See Chair's Statement, The Portfolio Managers' Report, Core Investment Beliefs and Business Review, Going Concern and Viability Statements and Stakeholder Engagement section below. |
| The interests of the Company's employees | As a closed-ended investment company, the Company has no employees. Stewardship section refers to how the Company assesses its impact on social issues. |
| The need to foster the Company's business relationships with suppliers, customers and others | As a closed-ended investment company, the Company has no customers in the traditional sense. See Stakeholder Engagement section below Principal Risks and Uncertainties and Stewardship section on how the Company assesses its impact on and engages with its key stakeholders. |
| The impact of the Company's operations on the community and environment | See Principal Risks and Uncertainties, Stewardship section and ESG matters disclosure below on how the Company assesses its impact on the community and environment of its investee companies. |
| The desirability of the Company maintaining a reputation for high standards of business conduct | See Stakeholder Engagement section, Anti-Bribery and Corruption and Modern Slavery disclosures. |
| The need to act fairly as between members of the Company | See Stakeholder Engagement section and Corporate Governance Report. |

SECTION 172 STATEMENT, COMPANY SUSTAINABILITY AND STAKEHOLDERS / CONTINUED

## STEWARDSHIP CODE AND EXERCISE OF VOTING POWERS

The Board considers that the Company has a responsibility as a shareholder to ensure that high ESG standards are maintained in the companies in which it invests. One of the principal means of putting shareholder responsibility into practice is through the exercise of voting rights. The Company aims to provide investment specific active stewardship and the Company's voting rights are exercised on an informed and independent basis. The Manager has adopted a clear and considered policy towards its stewardship responsibility on behalf of the Company. The Manager takes steps to satisfy itself about the extent to which investee companies protect shareholder value and comply with local recommendations and practices, such as the UK Corporate Governance Code. The Manager's approach to corporate governance and the UK Stewardship Code can be found on the Manager's website at **www.liontrust.co.uk** together with a copy of the Manager's Stewardship Policy and the Manager's global proxy voting policy.

Members of the Managers' investment team are responsible for overseeing all aspects of the Stewardship process, including voting on all resolutions at all Annual General Meetings and Extraordinary General Meetings in the UK and overseas. The Portfolio Managers assess corporate governance, remuneration policies and, if deemed necessary, will challenge management where it is felt that the best interests of shareholders are not being met.

The Board reviews the Portfolio Managers' voting record at each meeting. The table below demonstrates how the Portfolio Managers voted during the year in review. The Portfolio Managers voted at all meetings, except for an unlisted legacy holding in Raven Property.

| Proposal Category | Number of Proposals Voted | Number voted with Management |
|---|---:|---:|
| Audit related | 99 | 99 |
| Capitalisation | 202 | 202 |
| Company Articles | 2 | 2 |
| Compensation | 88 | 82 |
| Corporate Governance | 1 | 1 |
| Director Election | 488 | 488 |
| Director Related | 4 | 4 |
| Environmental | 5 | 3 |
| Miscellaneous | 8 | 8 |
| Routine business | 93 | 93 |
| Social | 34 | 32 |
| Strategic Transactions | 1 | 1 |
| Takeover related | 43 | 43 |
| **TOTAL** | **1,068** | **1,058** |

The Portfolio Managers' policy is to invest in well-managed companies. We therefore expect few contentious votes, but in any given twelve month period there will be a handful. To illustrate:

The Portfolio Managers voted in favour of the Remuneration Policy of Sage Group, the UK-based software company that provides accounting, HR and payroll technology for small and mid-sized businesses. This is a global company, 80% of their revenues are outside the UK, competing against international players such as Intuit in the US. While proxy advisor ISS raised concerns about the overall size of the pay package, we believe Sage must offer a competitive remuneration structure to attract and retain high-calibre talent. In our view, this is necessary to support the company's continued growth and ensure it remains a leading player in its markets.

The Portfolio Managers voted against the proposed remuneration policy and proposed new LTIP (long-term incentive plan) for Ashtead, the North America focused equipment rental business. We judged the quantum of the proposals to be incommensurate with the current performance and outlook for the business. We exited the position during the year.

In addition, the Manager publishes an annual Responsible Capitalism report, providing cumulative voting statistics, full disclosure on voting policy and extracts of engagement for the year. The Manager publishes a quarterly voting record on its website **www.liontrust.co.uk**.

## MODERN SLAVERY DISCLOSURE

The Company aims to adopt the highest standards of conduct and is committed to integrating responsible business practices throughout its operations. The prevention of modern slavery is an important part of corporate good governance.

The Company is an investment vehicle and does not provide goods or services in the normal course of its business or have customers or employees. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

## ANTI-BRIBERY AND CORRUPTION

It is the Company's policy to conduct its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment and the appropriate training has been undertaken by the Board and key service providers. The Company also has policies, procedures and controls in place to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## PREVENTION OF THE FACILITATION OF TAX EVASION

The Board has adopted a zero-tolerance approach to the criminal facilitation of tax evasion.

## GREENHOUSE GAS EMISSIONS AND STREAMLINED ENERGY AND CARBON REPORTING ('SECR')

The Company has no employees, physical assets, property or operations of its own, does not provide goods or services and does not have its own customers. It follows that the Company has little or no direct environmental impact. In consequence, the Company has limited greenhouse gas emissions to report from its operations aside from travel to board meetings, nor does it have responsibility for any other sources of emissions under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. As the Company has no material operations and therefore has low energy usage, it has not included an energy and carbon report.

## CONCLUSION

The Directors believe that they have fulfilled their duties under s172 of the Companies Act 2006 in their deliberations on all matters. The Board takes into account the interests of all the Company's key stakeholders, as outlined above, in its decision-making which reflects the Board's belief that the long-term sustainable success of the Company is linked directly to its key stakeholders. The work of the Board and its Committees is described in the Governance Report on page 33.

This Strategic Report was approved by the Board on 20 May 2025.

Signed by order of the Board of Directors

**NSM FUNDS (UK) LIMITED**
COMPANY SECRETARY

20 MAY 2025

# GOVERNANCE

# THE DIRECTORS

All Directors are non-executive and considered independent. The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

**ELISABETH STHEEMAN**
**Chair of the Board**

Date of appointment:
23 May 2019, became Chair on 21 July 2022

Committees:
M Management Engagement
N Nomination Chair
A Audit

Elisabeth is currently an independent member of the board of US REIT W.P. Carey Inc, M&G plc and Deloitte LLP and an External Member of the Audit and Risk Committee of The Asian Infrastructure Investment Bank. She is also Vice President of the Council of the German British Chamber of Industry and Commerce. Previously, she was an External member of the Financial Policy Committee and Financial Market Infrastructure Board and a senior advisor to the Bank of England's Prudential Regulation Authority. She was also a member of the Supervisory Board of Aareal Bank AG, Alstria AG and a member of Council of the London School of Economics.

**AIDAN LISSER**
**Senior Independent Director**

Date of appointment:
27 May 2022, became SID on 19 July 2023

Committees:
M Management Engagement
N Nomination
A Audit

Aidan is the Chair of JPMorgan Emerging Markets Investment Trust plc and a non-executive director of Henderson International Income Trust plc. He was formerly chief marketing officer and subsequently head of strategy for Investec Wealth & Investment and a board member of Chapter Zero UK, an organisation to assist non-executive directors with the impact of climate change. Before this he held senior marketing roles at Allianz Global Investors, Standard Chartered Bank and Unilever.

**ANNABEL TAGOE-BANNERMAN**
**Non-Executive Director**

Date of appointment:
7 February 2023

Committees:
M Management Engagement
N Nomination
A Audit

Annabel has considerable experience in senior roles within quoted UK operating companies within the retail, leisure, food and beverage sectors. Annabel is currently Group General Counsel and Company Secretary of Bakkavor Group plc, the FTSE 250 listed producer of freshly prepared food, where she also chairs the Diversity & Inclusion Forum. She was previously at Britvic plc and formerly General Counsel and a member of the Executive Committee of Ladbrokes plc. Prior to this Annabel trained and practised as a solicitor at SJ Berwin LLP (now King & Wood Mallesons).

THE DIRECTORS / CONTINUED

**PATRICK EDWARDSON**
**Non-Executive Director**

Date of appointment:
11 February 2021

Committees:
M Management Engagement Chair
N Nomination
A Audit

Patrick joined Baillie Gifford in 1993 and became a partner in 2005. In a wide-ranging investment career, he managed bond, equity and multi-asset portfolios, was manager of the Scottish American Investment Company plc between 2004 and 2014 and led Baillie Gifford's multi-asset investment team until his retirement in 2020. He is currently managing director of Atheian Ltd, a family investment office, and of CMH Hope Limited, a property investment company, a non-executive director of another investment trust (North American Income Trust plc) and also a non-executive director at Tillit, the retail investment platform.

**STEVE BALDWIN**
**Non-Executive Director**

Date of appointment:
10 September 2018

Committees:
M Management Engagement
N Nomination
A Audit Chair

Steve is a Chartered Accountant. He is currently Chairman of TruFin plc, a non-executive director at Plus500 Ltd and a Trustee at Howard de Walden Estates Limited. He was formerly a non-executive director of Elegant Hotels Group plc and Panmure Gordon & Co plc. He was the Head of European Equity Capital Markets and Corporate Broking at Macquarie Capital until February 2015. Prior to this Steve was a Director at JPMorgan Cazenove for ten years and was a Vice President of Corporate Finance at UBS from 1995-1998.

# THE COMPANY'S CORPORATE GOVERNANCE FRAMEWORK

## THE BOARD AND COMMITTEES

The Board is ultimately responsible to shareholders for the direction, governance, management, performance and long-term sustainable success of the Company. The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the Manager and reporting to shareholders on their stewardship. In doing so, the Directors comply with their duties under Section 172 of the Companies Act 2006.

The Board has established certain principal committees to assist it in fulfilling its oversight responsibilities, providing a dedicated focus on particular areas, as set out below. Terms of reference of the Board Committees are available on the Company's website at **www.edinburgh-investment-trust.co.uk**

The Company's corporate governance framework is designed to support a closed-end externally managed investment company, where all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations.

### The Board

**Chair** Elisabeth Stheeman, **Senior Independent Director** Aidan Lisser, **three additional non-executive directors (NEDs).**

### Chair

**Key responsibilities:**

- to provide leadership of the Board, ensuring its effectiveness in all aspects of its role;
- to set Board agenda and ensure that adequate time is available for discussion;
- to promote a culture of openness ensuring that each Board member's views are considered;
- to ensure that Directors receive accurate, timely and clear information;
- to ensure the Board as a whole has a clear understanding of the views of shareholders;
- to ensure that the Board complies with its obligations under Section 172 Companies Act 2006, by taking into account the needs of the Company's wider stakeholders;
- to ensure oversight of the Manager and other external service providers; and
- to encourage constructive challenge and scrutiny of the performance of all outsourced activities.

### Senior Independent Director (SID)

**Key responsibilities:**

- to provide a sounding board for the Chair;
- to serve as an intermediary for the other directors and shareholders; and
- to lead annual appraisal of the Chair's performance and recruitment process for the position of the Chair.

| Audit Committee | Management Engagement Committee | Nomination Committee | Remuneration Committee Function |
|---|---|---|---|
| All NEDs | All NEDs | All NEDs | The Board as a whole performs this function |
| **Chair:** Steve Baldwin | **Chair:** Patrick Edwardson | **Chair:** Elisabeth Stheeman | |
| **Key responsibilities:**<br>– to oversee the control environment and financial reporting;<br>– to make a recommendation for the appointment of the auditor; and<br>– to review the performance of other service providers, including the auditor. | **Key responsibilities:**<br>– to review regularly the management contract and the performance of the Manager. | **Key responsibilities:**<br>– to review regularly the Board's structure, composition and performance;<br>– to make recommendations for any changes or new appointments; and<br>– to set the culture and values of the Company. | **Key responsibilities:**<br>– to set the remuneration policy of the Company. |

# CORPORATE GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 MARCH 2025**

This Corporate Governance statement forms part of the Directors' Report.

The Board is accountable to shareholders for the governance of the Company's affairs and is committed to maintaining the highest standard of corporate governance for the long-term sustainable success of the Company, generating value for shareholders, other stakeholders and contributing to the wider society through investing in its portfolio companies.

In this statement, the Company reports on its compliance with the AIC Corporate Governance Code published in February 2019 (the "AIC Code"), sets out how the Board and its committees have operated during the past year and describes how the Board exercises effective stewardship over the Company's activities in the interests of shareholders and other stakeholders of the Company. The AIC Code addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional provisions on issues that are of specific relevance to the Company as an investment trust. The Board's focus over the next year will be on the implementation of the newly introduced 2024 AIC Corporate Governance Code (the "2024 Code") as we look to enhance our readiness, and longer-term for the effective date of Provision 29 of the 2024 Code.

The Board is confident that it is has properly undertaken its duties to shareholders and other stakeholders, and taken a long-term approach to the management of the Company.

## STATEMENT OF COMPLIANCE WITH THE AIC CODE

The Board has considered the principles and recommendations of the AIC Code and considers that reporting against the principles and recommendations of the AIC Code (which incorporates the UK Code), will provide better information to shareholders. The Financial Reporting Council (the "FRC") has endorsed the AIC Code. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code meet fully their obligations under the UK Code and the related disclosure requirements contained in the UK Listing Rules of the FCA. A copy of the AIC Code can be obtained via the AIC's website at www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk. The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate to the business of the Company. The Board considers that it has managed its affairs in compliance with the AIC Code and the relevant provisions of the UK Code throughout the year ended 31 March 2025, except where it has concluded that adherence or compliance with any particular principle or recommendation of either of the Codes would not have been appropriate to the Company's circumstances. Similar to the UK Code, the AIC Code specifies a "comply or explain" basis and the Board's report under this section explains any deviation from its recommendations.

The UK Code includes provisions relating to:

– the role of the chief executive;

– executive directors' remuneration; and

– the internal audit function.

For reasons set out in the AIC Code, the Board considers these provisions not relevant to the position of the Company, being an externally managed investment company with no executive Directors, employees, or internal operations. It further considers an internal audit function unnecessary as the relevant issues are addressed through the Manager's own control environment which itself is subject to routine external independent review. The Company has therefore not reported further in respect of these provisions.

Provision 37 states that the Board should establish a remuneration committee of independent non-executive directors with a minimum membership of three, or in the case of smaller companies, two. The Board has resolved that a remuneration committee is not appropriate for a company of this size and nature. Remuneration is therefore regarded as part of the Board's responsibilities to be addressed regularly. The Board as a whole, comprising of independent non-executive directors, performs the function of the remuneration committee with the key responsibility to set the remuneration policy of the Company. Please see Directors' Report on page 33 for the Board's responsibilities.

Information on how the Company has applied the principles of the AIC Code is provided in the Governance Section, including the Directors' Report as follows:

- the composition and operation of the Board and its committees are summarised on page 33 and page 35 in respect of the Audit Committee;
- the Company's approach to internal control and risk management is summarised on page 22;
- the contractual arrangements with, and assessment of, the Manager are summarised on page 43;
- the Company's capital structure and voting rights are summarised on page 43;
- the substantial shareholders in the Company are listed on page 44;
- the rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are discussed on page 40. There are no agreements between the Company and its Directors concerning compensation for loss of office;
- the annual powers to issue or buy back the Company's shares are explained in the notice of AGM on page 78; and
- any amendments to the Company's Articles of Association require a resolution to be passed by shareholders.

By order of the Board

**NSM FUNDS (UK) LIMITED**
COMPANY SECRETARY

20 MAY 2025

# AUDIT COMMITTEE REPORT

**FOR THE YEAR ENDED 31 MARCH 2025**

## COMMITTEE COMPOSITION AND ROLE

The Audit Committee comprises all the Directors and the Committee has written terms of reference which clearly define its objective, authority, composition, roles, duties and responsibilities, including reporting. The terms of reference were reviewed during the year, to ensure good practice and compliance with the AIC Code. They can be inspected at the registered office of the Company or viewed on the Company's website.

## AUDIT COMMITTEE RESPONSIBILITIES

The responsibilities of the Audit Committee include:

- consideration of the integrity of the annual and half-yearly financial reports prepared by the Manager, the appropriateness of the accounting policies applied and any financial judgements and key assumptions, together with ensuring compliance with relevant statutory and listing requirements;
- at the Board's request, advising it on whether the Committee believes the annual financial report 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;
- evaluation of the effectiveness of the internal control systems and risk management systems, including reports received on the operational controls of the Company's service providers and the Manager's whistleblowing arrangements;
- consideration of the scope of work undertaken by the Manager's compliance department, monitoring and reviewing the effectiveness of the Manager's and the Company's procedures for detecting fraud;
- management of the relationship with the external auditors, including evaluation of their reports and the scope, effectiveness, independence and objectivity of their audit, as well as making recommendations to the Board in respect of their appointment, re-appointment and removal and for the terms of their audit engagement;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services; and
- considering annually whether there is a need for the Company to have its own internal audit function.

## AUDIT COMMITTEE ACTIVITIES

The Committee meets formally at least three times a year to review the internal financial and non-financial controls and the contents of the half-yearly and annual financial reports, including accounting policies and financial judgements. In addition, the Committee reviews the auditor's independence, objectivity and effectiveness, the quality of the services provided to the Company and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements as well as risk management processes. Representatives of the Manager's Compliance Department attend at least two meetings each year. Representatives of the auditor attend the Committee meetings at which the draft half-yearly and annual financial reports are reviewed and are given the opportunity to speak to Committee members in the absence of representatives of the Manager.

The external audit programme and timetable are drawn up and agreed with the auditors in advance of the end of the financial year and matters for audit focus are discussed and agreed. The auditors ensure that these matters are given particular attention during the audit process and reports on them, and other matters as required, in its report to the Committee. In addition, the Committee reviews any material issues raised by the auditors. There have been no such issues raised during the year. The auditor's report, together with reports from the Manager, the Manager's Compliance Department and the depositary, form the basis of the Committee's consideration and discussions with the various parties and any recommendations to the Board, including the Committee's recommendation to sign the 2025 financial statements.

AUDIT COMMITTEE REPORT / CONTINUED

## ACCOUNTING MATTERS AND SIGNIFICANT AREAS

For the year-end, the following accounting matters were identified for specific consideration by the Committee:

| Significant areas | How they were addressed |
|---|---|
| Accuracy of the portfolio valuation and controls related to the valuation process. | Actively traded listed investments are valued using stock exchange prices provided by third-party pricing vendors. Investments that are unlisted or not actively traded are valued using a variety of techniques to determine their fair value. This is set out in accounting policies note 1C(v). Any such valuations are carefully considered by the Manager's pricing committee and the Committee. |
| Proof of the existence of portfolio holdings. | The Manager and the depositary confirmed that the holdings shown in the accounting records agreed with the custodian records. |
| Recognition of investment income and the treatment of special dividends | Investment income is recognised in accordance with accounting policies note 1F. The Manager provides detailed revenue estimates for the Board's review, and income is assessed to ensure it is complete and accounted for correctly. Careful consideration is given to special dividends. These are allocated to revenue or capital in accordance with the facts and circumstances of the payment by the underlying company and the allocation of material special dividends is also reviewed by the auditors. |
| The allocation of management fees and finance costs between revenue and capital | The allocation is reviewed by the Committee annually taking into account the long-term split of returns from the portfolio both historic and projected, yield, the objectives of the Company, and the latest market practice of peers. The Committee last reviewed the allocation at its meeting in May 2025. |

These matters were discussed with the Manager and the auditors in pre-year-end audit planning and were satisfactorily addressed through consideration of reports provided by, and discussed with, the Manager and the auditors at the conclusion of the audit process. As detailed below, the Company operates within a robust control environment and the Committee oversees the effectiveness of the controls of the Manager, custodian and administrator.

Consequently, and following a thorough review process of the 2025 annual financial report, the Audit Committee advised the Board that the 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.

## REVIEW OF THE EXTERNAL AUDITORS, INCLUDING NON-AUDIT SERVICES

The Committee evaluated the performance and effectiveness of the external auditors and their audit process. This included a review of the audit planning, execution and reporting and the quality of the audit work, results and audit team. This review sought the view of the Manager in their dealings with the auditors. The Committee also considered the independence of PricewaterhouseCoopers LLP (PwC) and the objectivity of the audit process. No significant modifications were required to the external audit approach. Combining the output of all the above, and the Audit Committee Chair's and the Committee's direct interaction with PwC, the Committee concluded that it continued to be satisfied with the performance of PwC and that the auditors continued to display the necessary attributes of objectivity and independence.

Prior to any engagement for non-audit services, the Audit Committee considers whether the skills and experience of the auditors make them a suitable supplier of such services and ensures there is no threat to objectivity and independence in the conduct of the audit as a result. Excluding VAT and any expenses, the annual audit fee was £53,235 (2024: £50,700) and the non-audit fee was £nil (2024: £nil), see Note 4 on page 66. Non-audit services up to £5,000 do not require approval in advance of the Audit Committee; amounts in excess of this require the approval of the Audit Committee.

## AUDITORS

PwC were appointed as the Company's Auditors at the AGM on 25 July 2019 and were re-appointed on 17 July 2024. After due consideration, the Committee recommends the re-appointment of PwC and their re-appointment will be put forward to the Company's shareholders at the 2025 AGM.

## INTERNAL CONTROLS AND RISK MANAGEMENT

The Committee undertakes a robust assessment of the risks to which the Company is exposed by reference to a risk control summary, which maps the risks, mitigating controls in place and relevant information reported to the Directors, throughout the year. The resultant ratings of the mitigated risks allow the Directors to concentrate on those risks that are most significant and also form the basis of the list of principal risks and uncertainties set out in the Strategic Report on pages 20 to 23.

The 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 the Company's assets. The effectiveness of the Company's system of internal controls, including financial, operational and compliance and risk management systems, is reviewed at least annually. Appropriate action is taken to remedy any significant failings or weaknesses identified from these reviews. No significant items were identified in the year. As part of this, the Committee receives and considers, together with representatives of the Manager, reports in relation to the operational controls of the Manager, accounting administrator, custodian, company secretary and registrar. These reviews identified no issues of significance during the year.

## INTERNAL AUDIT

The Company, being an externally managed investment company with no employees, does not require its own specific internal audit function. Instead, it relies on the control environment of the Manager. An external firm, Grant Thornton, is engaged by the Manager to provide an independent review of its control environment. The Manager has been transparent with the Board in sharing the results of the review.

## INDEPENDENCE

The Chair of the Company was a member of the Audit Committee during the year in review. The Board and the Audit Committee believe that this was appropriate as the Chair has recent and relevant financial experience and remains independent.

## COMMITTEE EVALUATION

The Committee's activities fell within the scope of the review of Board effectiveness performed in the year. Details of this process can be found under 'Board, Committee and Directors' Performance Appraisal' on page 41.

Signed on behalf of the Board of Directors

**STEVE BALDWIN**

CHAIR OF THE AUDIT COMMITTEE

20 MAY 2025

# DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2025**

## BUSINESS AND STATUS

The Company was incorporated and registered in Scotland on 1 March 1889 as a public limited company, registered number SC1836. 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 and the Investment Trust (Approved Company) (Tax) Regulations 2011. HM Revenue & Customs have 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.

## CORPORATE GOVERNANCE

The Corporate Governance Statement set out on page 34 is included in this Directors' Report by reference.

## THE BOARD

At the year end the Board comprised five independent non-executive Directors. The Company's Corporate Governance Framework is set out on page 33. This shows the key objectives of the Board and also the membership and key objectives of the Board's committees which deal with specific aspects of the Company's affairs: the Audit, Management Engagement and Nomination Committees.

The Board regards all the Directors to be wholly independent of the Company's Manager.

### Chair

The Chair of the Company is Elisabeth Stheeman. She has been a member of the Board since 2019 and was appointed Chair on 21 July 2022.

### Senior Independent Director

The Company's Senior Independent Director is Aidan Lisser who was appointed to the role on 19 July 2023.

### Board Balance and Diversity

The Board's policy for the appointment of non-executive directors is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including but not limited to gender diversity. The Board has considered the recommendations of the FTSE Women Leaders review as well as the Parker review but does not consider it appropriate to establish targets or quotas in these regards. The policy is always to appoint the best person for the job and there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability. The overriding aim of the policy is to ensure that the Board is composed of a combination of people with a range of business, financial or asset management skills and experience relevant to the direction and control of the Company for ensuring effective oversight of the Company and constructive support and challenge to the Manager.

To this end, achieving a diversity of perspectives and backgrounds on the Board will be a key consideration in any future Director search process. The Board encourages any recruitment agencies it engages to find a diverse range of candidates that meet the criteria agreed for each appointment and, from the shortlist, aims to ensure that a diverse range of candidates is brought forward for interview.

The Board gives due regard to the diversity targets in the FCA UK Listing Rules, and does not discriminate unfairly on the grounds of gender, ethnicity, age, sexual orientation, disability or socio-economic background when considering the appointment of new directors. Candidates' educational and professional backgrounds, their cognitive and personal strengths, are considered against the specification prepared for each appointment.

The Board comprises five non-executive directors of which, at present, two are female. Summary biographical details of the Directors are set out on pages 31 and 32.

## IMPLEMENTATION OF THE BOARD'S DIVERSITY POLICY

The Board reports against the targets set out in the FCA's UK Listing Rules. These require that at least 40% of individuals on the Board are women, at least one individual on the Board is from a minority ethnic background, and at least one of the senior Board positions of Chair, SID, CEO and CFO is held by a woman. At 31 March 2025, and at the date this Annual Report was signed, the Board comprised five non-executive Directors. All three of the targets are met because there are two women on the Board (40%), one Director is ethnically diverse and at least one of the senior Board positions is held by a woman. The following information has been provided by each Director. As the Company has no employees, no information is included for executive management. The Board has resolved that the Company's year-end date be the most appropriate date for disclosure purposes. There have been no changes since 31 March 2025.

| | Number of board members | Percentage of the board | Number of senior positions on the board (SID and Chair)* |
|---|---|---|---|
| Men | 3 | 60% | 1 |
| Women | 2 | 40% | 1 |
| Not specified/ prefer not to say | – | – | – |

| | Number of board members | Percentage of the board | Number of senior positions on the board (SID and Chair)* |
|---|---|---|---|
| White British or other White (including minority white groups) | 4 | 80% | 2 |
| Mixed Multiple Ethnic Groups | – | – | – |
| Asian/Asian British | – | – | – |
| Black/African/ Caribbean/Black British | 1 | 20% | – |
| Other ethnic group, including Arab | – | – | – |
| Not specified/ prefer not to say | – | – | – |

* The Company considers the positions of the Chair and Senior Independent Director (SID) to be senior positions of the Board.

The Listing Rules require an explanation of the Company's approach to collecting the data used for the purposes of making the disclosures. The Company Secretary circulated the above tables to each director to complete individually and collated the responses for inclusion in the annual financial report.

The Company has met the targets on board diversity as required by the Listing Rules as at 31 March 2025.

## BOARD RESPONSIBILITIES

The Board has overall responsibility for the Company's affairs. The Directors are equally responsible under the Companies Act 2006 for promoting the success of the Company and for the proper conduct of the Company's affairs taking into consideration:

- the likely consequences of any decision in the long-term;
- the need to foster business relationships with its Manager, other service providers and advisors;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the Company.

This is reported in the Section 172 Statement in the Strategic Report on page 27. The Board is committed to the prevention of corruption in the conduct of the Company's affairs and, taking account of the nature of the Company's business and operations, has put in place procedures for and on behalf of the Company that the Board considers adequate to prevent persons associated with it from engaging in bribery. It has a zero tolerance approach towards the criminal facilitation of tax evasion. In addition, the Directors are responsible for ensuring that their policies and operations are in the interest of all of the Company's shareholders and that the interests of creditors and suppliers to the Company are properly considered.

The Board has established a schedule of matters reserved for its consideration, which clearly define the Directors' responsibilities. The main responsibilities include:

- setting long-term strategy;
- setting the Company's objectives, policies and standards;
- ensuring that the Company's obligations to shareholders and others are understood and met;
- selecting an appropriate Manager;
- approving accounting policies and dividend policy;
- determining dividends payable;
- managing the capital structure;
- reviewing investment performance;
- assessing risk;
- approving borrowing;
- and reviewing, and, if agreed, approving recommendations made by the Board's committees.

The schedule of matters reserved for the Board will be available for inspection at the AGM and is otherwise available at the registered office of the Company and on the Company's website.

The Board ensures 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 half-yearly and annual financial reports, factsheets and daily NAV disclosures.

The Board meets at least five times each year. Additional meetings are arranged as necessary. Regular contact is maintained by the Manager with the Board between formal meetings. The Directors also meet separately for private discussions, when required. Board meetings follow a formal agenda, which includes a review of the investment portfolio with a report from the Portfolio Managers on the current investment position and outlook, strategic direction, performance against stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, investment policy guidelines, marketing and shareholder relations, corporate governance, regulatory changes and industry and other issues.

To enable the Directors of the Board to fulfil their roles, the Manager and Company Secretary ensure that all Directors have timely access to all relevant management, financial and regulatory information. All directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

There is an agreed procedure for the Directors in undertaking their duties to take legal advice at the Company's expense up to an initial cost of £10,000, having first consulted with the Chair.

Finally, the Board as a whole undertakes the responsibilities which would otherwise be assumed by a remuneration committee, determining the Company's remuneration policy. The Board takes into account all factors which are deemed necessary in order to ensure that members of the Board are provided with appropriate compensation and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. The remuneration of Directors is reviewed periodically and reported on in more detail in the Directors' Remuneration Report.

## AUDIT INFORMATION

The Directors confirm that, 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 steps that he or she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

## THE COMMITTEES

The Board has three committees: the Audit Committee, the Management Engagement Committee, and the Nomination Committee. Each committee has written terms of reference, which clearly define each committee's responsibilities and duties. The terms of reference of each committee are available for inspection at the AGM, at the registered office of the Company and also available on the Company's website.

### The Audit Committee

The composition and activities of the Audit Committee are summarised in the Audit Committee Report on page 35, which is included in this Directors' Report by reference.

### The Management Engagement Committee

The Management Engagement Committee comprises all directors and is chaired by Patrick Edwardson. The Committee meets at least annually to review the investment management agreement and to review the services provided by the Manager and other key service providers. Additional meetings are arranged as necessary.

The Committee carries out a thorough review of the performance of the Manager including key metrics such as overall investment performance, investment process, risk management, individual stock performance, team resources, notice period, the Manager's fees level, marketing strategy and relative fees.

During the year the Committee met twice to review and consider the performance and continued appointment of the Manager and other key service providers. The Committee scrutinised both the Manager's fee rate and all admin fees in comparison with similar income-generating UK equity products, in both the closed and open-ended sectors. A detailed analysis of the Manager's fee was performed during the year and following successful discussions with Liontrust the Board agreed a new lower fee scale.

This year sees the introduction of the Financial Conduct Authority's Consumer Duty regulation, which seeks to improve the quality of products and services to retail investors. Whilst the Company is not directly within the scope of the regulation, the Manager is through its roles as AIFM and distributor. The Committee has routinely liaised with the Manager during the year on its preparedness and developments with regards to consumer outcomes that cover products and services, price and value, consumer understanding, and consumer support, and will continue to do so into the future.

### The Nomination Committee

All Directors are members of the Nomination Committee which is chaired by Elisabeth Stheeman. The Committee meets at least annually to review the composition of the Board and its committees and evaluate whether they have the appropriate balance of skills, experience, independence, and knowledge of the Company and make recommendations to the Board for the re-election of directors at AGMs. Additional meetings are arranged as necessary.

The Committee is also responsible for succession planning and identifying and nominating to the Board suitable candidates, taking into consideration the balance of skills, knowledge, experience and independence of the Board and having regard for the benefits of diversity and the ability of any new director to devote sufficient time to the Company to carry out his or her duties effectively. See pages 38 and 39 for Board's statement on ethnic and gender diversity.

No Director has a contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment which are available for inspection at the registered office of the Company and will also be available at the AGM. A Director can be removed from office without notice or compensation upon being served with a written notice signed by all the other Directors.

## APPOINTMENT, RE-ELECTION AND TENURE

New Directors are appointed by the Board following recommendation by the Nomination Committee. The Articles of Association require that a Director shall be subject to election at the first AGM after their appointment and re-election at least every three years thereafter. However, in accordance with the UK Code of Corporate Governance, the Board has resolved that all Directors shall stand for annual re-election at the AGM.

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. They have also put arrangements in place to address ongoing training requirements of Directors which include briefings from the Company Secretary and the Company's auditors which ensure that Directors are well briefed on new legislation and the changing risk environment.

The Board has noted the implication of the provisions in the UK Corporate Governance Code that non-executive directors who have served for more than nine years should be presumed not to be independent. The AIC does not believe that this presumption is appropriate for investment companies and therefore does not recommend that long-serving directors be prevented from forming part of the independent majority of an investment trust board. It is the Board's policy that all Directors, including the Chair, shall normally have tenure limited to nine years from their first appointment to the Board, except that the Board may determine otherwise if it is considered that the continued participation on the Board of an individual Director, or the Chair, is in the best interests of the Company and its shareholders. This is also subject to the Director's re-election annually by shareholders. The Board considers that this policy encourages regular refreshment and is conducive to fostering diversity.

## BOARD, COMMITTEE AND DIRECTORS' PERFORMANCE APPRAISAL

The Directors recognise the importance of the AIC Code's recommendation in respect of evaluating the performance of the Board as a whole, the Committees of the Board and individual Directors.

For the year ended 31 March 2025 an internal review of the Board, its Committees and individual Directors was conducted. The process involved the use of online evaluation forms to assess the balance of skills, experience, knowledge, independence and effectiveness of the Directors. In carrying out these evaluations, each Director is assessed on their relevant experience, their strengths and weaknesses in relation to the overall requirements of the Board and their commitment to the Company in terms of time by regular attendance and participation at Board meetings. The process is constructed to assess the contribution of individual Directors to the overall operation of the Board and its Committees.

As part of the evaluation, key enablers of Board and Committee performance were reviewed, with a particular focus on the Company's strategic priorities, succession planning, and engagement with the Manager. The review was positive, and no critical issues were identified. The recommendations from the report were agreed by the Board. Key priorities identified for the year ahead include executing the agreed marketing strategy, discount management, ESG matters and broadening relationships with the Portfolio Manager's wider team.

In addition to a self-assessment, the Chair conducted in person or telephone meetings with each Director individually to discuss their performance and development needs. The Chair evaluated the skills and performance of each Director and concluded to take appropriate action when development needs arise and that each Director is making a positive contribution. The review of the Chair's performance was conducted by the Board and led by the SID, who relayed very positive feedback to the Chair privately and shared a summary with the Board.

The Board, through the work of the Nomination Committee, has determined that each Director standing for re-election continues to offer relevant experience, effectively contributes to the operation of the Board and has demonstrated independent views on a range of subjects. The Committee is satisfied that the structure, size, mix of skills and operation of the Board continue to be effective and relevant for the Company.

In 2023 the Board appointed Lintstock Limited, an external consultant, to undertake a review of the Board, its Committees and individual Directors, with a further external evaluation to be conducted for the year ending 31 March 2026.

## ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table below sets out the number of scheduled Directors' meetings held during the year and the number of meetings attended by each Director. In addition, Directors attended a number of ad hoc meetings and calls during the year.

The number of scheduled meetings held during the year to 31 March 2025 and the attendance of individual Directors are shown in the table below:

| | Board | Audit Committee | Management Engagement Committee | Nomination Committee |
|---|---|---|---|---|
| Number of meetings *(total possible/individual attendance)* | 5 | 3 | 2 | 2 |
| Elisabeth Stheeman | 5 | 3 | 2 | 2 |
| Steve Baldwin | 5 | 3 | 2 | 2 |
| Patrick Edwardson | 5 | 3 | 2 | 2 |
| Aidan Lisser | 5 | 3 | 2 | 2 |
| Annabel Tagoe-Bannerman | 5 | 3 | 2 | 2 |

During the year in review, the individual Directors attended 100% of possible meetings of the Board and Committees.

## DIRECTORS

### Directors' Interests in Shares

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report on page 50.

### Disclosable Interests

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.

### Directors' Indemnities and Insurance

The Company maintains Directors' and Officers' liability insurance which provides appropriate cover for any legal action brought against its Directors. In addition, individual deeds of indemnity have been executed on behalf of the Company for each of the Directors under the Company's Articles of Association. Subject to the provisions of UK legislation, these deeds provide that the Directors may be indemnified out of the assets of the Company in respect of liabilities they may sustain or incur in connection with their appointment.

## CONFLICTS OF INTEREST

A Director must avoid a situation where he or she 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 which apply when Directors decide whether to do so. First, only Directors who have no interest in the matter being considered are able to take the relevant decision, and second, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors can 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. The register of potential conflicts of interests is kept at the registered office of the Company. It is reviewed regularly by the Board and Directors know to advise the Company Secretary as soon as they become aware of any potential conflicts of interest.

## STREAMLINED ENERGY & CARBON REPORTING 'SECR'

The Company's disclosure with respect to SECR reporting is given in the Strategic Report on page 29.

## PROPOSED DIVIDENDS

The Directors propose payment of a final dividend to shareholders, the details of this are given on page 16 of the Strategic Report.

## INTERNAL CONTROLS AND RISK MANAGEMENT

The AIC Code requires the Board to oversee the effectiveness of the Company's system of internal controls. The Board assumes its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness. The Company's system of internal controls is designed to manage rather than eliminate risk of failure to achieve the Company's investment objective and/or adhere to the Company's investment policy and/or investment limits. This system can therefore provide only reasonable and not absolute assurance against material misstatement or loss. The Board has undertaken a review of the aspects covered by the guidance and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as being matters of particular importance upon which it requires reports.

The Board believes that the existing arrangements, set out below, represent an appropriate framework to meet the internal control requirements. By these procedures the Directors have kept under review the effectiveness of the internal control system throughout the year and up to the date of this report.

The Company's internal controls and risk management systems have been reviewed with the Manager against risk parameters approved by the Board. The Board reviews a risk control summary at its quarterly Board meetings and an annual formal review of the risk procedures and controls in place at the Manager and other key service providers is performed.

The Audit Committee reviews and makes recommendations to the Board, at least annually, the effectiveness of the Company's system of internal controls, including financial, operational and compliance and risk management systems. The Board confirms that necessary actions would be taken to remedy any significant failings or weaknesses identified from their review and that no significant failings or weaknesses occurred throughout the year ended 31 March 2025 and up to the date of this annual financial report.

The Board reviews financial reports and performance against forecasts, relevant stock market criteria and the Company's peer group. In addition, the Manager and custodian maintain their own systems of internal controls and risk management and the Board and Audit Committee receive regular reports from the Compliance Department of the Manager. Formal reports are also produced annually on the internal controls and procedures in place for the operation of secretarial, administrative, custodial, investment management and accounting activities.

## GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being taken as at least twelve months after the signing of the balance sheet, for the same reasons as set out in the Viability Statement on page 24. In considering this, the Directors took into account both ongoing expenses and any obligations under the Company's borrowing (Unsecured Senior Loan Notes).

In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. As at 31 March 2025, the Company held £7.2m (2024: £36.3m) in cash and cash equivalents and £1,230.9m (2024: £1,206.6m) in quoted investments. The Company's audited net assets as at 31 March 2025 were £1,125.9m (2024: £1,135.0m).

In anticipation of potential market volatility, the Manager has performed stress tests on the Company's portfolio of investments under various scenarios. Separately, the Board remains comfortable with the liquidity of the portfolio. It is estimated that some 99% by value of the quoted investments held at the year-end could be realised in thirty working days under normal market conditions.

The Board also considered the Company's obligations with respect to the Company's borrowing. The Company has issued £120m of Unsecured Senior Loan Notes with a weighted average cost of 2.44% of which £20m was drawn in October 2021 and £100m in September 2022. These notes, which are long-term in nature, do not require repayment until 2037, 2047, 2051 and 2057 as detailed in Note 12. A requirement of this borrowing is that the Net Assets of the Company must remain not less than £300m. The Board, which routinely monitors borrowing restrictions, does not anticipate difficulties in meeting this. The Company has no other borrowing.

The total ongoing charges (excluding taxation, non-recurring legal and professional fees and finance costs) for the year ended 31 March 2025 were £5.9 million (2024: £6.2 million) or 0.51% of Net Assets (2024: 0.53%).

## THE MANAGER

The Alternative Investment Fund Manager is Liontrust Fund Partners LLP, with responsibility for the day-to-day investment management activities of the Company delegated to Liontrust Investment Partners LLP. Liontrust Fund Partners LLP was appointed the Manager on 1 April 2022, following completion of the acquisition of Majedie by Liontrust Asset Management Plc.

### Investment Management Agreement ('IMA')

The Manager provides investment and administration services to the Company under an investment management agreement dated 21 May 2024, which replaced the original agreement dated 3 March 2020. The agreement is terminable by either party by giving not less than three months' notice in writing.

From 1 April 2024, the monthly management fee has been calculated on 0.03750% per month on the first £500 million, falling to 0.03333% on the next £500 million and 0.02917% on the remainder of the market capitalisation of the Company's ordinary shares at each month end and paid monthly in arrears (equivalent to an annualised fee of 0.45% on the first £500m, 0.40% on the next £500m and 0.35% on the remainder).

There is no performance fee. Prior to 1 April 2024, the monthly management fee was calculated on 0.04000% on the first £500 million and 0.03875% on the remainder of the market capitalisation of the Company's ordinary shares at each month end and paid monthly in arrears (equivalent to an annualised fee of 0.480% on the first £500m and 0.465% on the remainder).

### Assessment of the Manager

The Management Engagement Committee has carried out a review of the Manager and following recommendation from the Committee, the Board considers that the continuing appointment of Liontrust Fund Partners LLP as Manager is in the best interests of the Company and its shareholders.

## COMPANY SECRETARY

NSM Funds (UK) Limited were appointed as the Company Secretary of the Company on 1 March 2024.

The Board has continuous direct access to the advice and services of the corporate Company Secretary, who are responsible for ensuring that the Board and Committee procedures are followed, and that applicable rules and regulations are complied with. The Company Secretary provides full company secretarial services to the Company, ensuring that the Company complies with all legal, regulatory and corporate governance requirements and officiating at Board meetings and shareholders' meetings. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met. Finally, the Company Secretary is responsible for advising the Board through the Chair on all governance matters.

## SHARE CAPITAL

### Capital Structure

At the year end, the Company's allotted and fully paid share capital consisted of 195,666,734 ordinary shares of 25p each, of which 51,345,709 shares were held in treasury. To enable the Board to take action to deal with any significant overhang or shortage of shares in the market, it seeks approval from shareholders every year to buy back and sell shares. No shares were issued in the year. During the year 7,170,500 ordinary shares were repurchased for holding in treasury at an average price of 747.03p per share (including costs). Since the year end up until 19 May 2025, being the latest practicable date before the printing of this report, 125,000 ordinary shares have been bought back for holding in treasury.

DIRECTORS' REPORT / CONTINUED

### SUBSTANTIAL HOLDINGS IN THE COMPANY

The Company has received notifications, or has otherwise been made aware, in accordance with the FCA's Disclosure Guidance and Transparency Rule 5 of the following interests (% as at the date of notification).

| | Shares | % of Voting rights |
|---|---|---|
| Rathbones Investment Management | 11,163,371 | 7.7 |

The Company relies on investors complying with these regulations and certain investors may be exempted. As such, this table should not be relied on as an exhaustive list of shareholders holding above 5% of the Company's voting rights.

In addition to the above disclosure, as at 31 March 2025 the Company was aware of the following substantial interests in the voting rights of the Company:

| | Shares | % of Voting rights |
|---|---|---|
| Charles Stanley & Co. Limited | 6,354,106 | 4.4 |
| City of London Investment Management | 5,229,015 | 3.6 |
| Evelyn Partners | 4,715,396 | 3.3 |

### RESTRICTIONS

There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company, no restrictions on the distribution of dividends and the repayment of capital, and no agreements to which the Company is party that might affect its control following a successful takeover bid.

#### Voting

At a general meeting of the Company, every shareholder has one vote on a show of hands and, on a poll, one vote for each share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting.

#### Repurchase Powers

The Board's current powers to repurchase shares and proposals for their renewal are disclosed on pages 43 and 45.

### DISCLOSURES REQUIRED BY UKLA 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. None of the prescribed information is applicable to the Company for the year under review.

### INDIVIDUAL SAVINGS ACCOUNT (ISA)

The ordinary shares of the Company are qualifying investments under applicable ISA regulations.

### BUSINESS OF THE ANNUAL GENERAL MEETING (AGM)

The following summarises the business of the forthcoming AGM of the Company, which is to be held on 22 July 2025 at 11:00 a.m. The notice of the AGM and related notes are included on pages 78 to 83. All resolutions are ordinary resolutions unless otherwise identified.

Resolution 1 is for members to receive and consider this Annual Financial Report (AFR), including the financial statements and auditor's report.

Resolution 2 is to approve the Directors' Remuneration Policy as set out on page 47.

Resolution 3 is for members to approve the Annual Statement and Report on Remuneration for the year ended 31 March 2025.

Resolution 4 is to declare a final dividend for the year.

Resolutions 5 to 9 are to re-elect the Directors. Biographies of the Directors can be found on pages 31 and 32.

All Directors will stand for re-election by shareholders at the AGM. The Board has determined that each of the Directors is independent, continues to perform effectively and demonstrates commitment to their role. Their balance of knowledge and skills combined with their diversity and business experience makes a major contribution to the functions of the Board and its Committees.

Elisabeth Stheeman has extensive executive and non-executive experience in financial services, real estate and governance that bring highly relevant and valuable skills to the Board. Steven Baldwin is a Chartered Accountant and his experience in a range of industries brings a breadth of experience to the meetings. Patrick Edwardson has many years of investment experience as a fund manager and deep knowledge of the UK equity market and investment companies. Aidan Lisser has considerable experience as an investment trust Chair and non-executive director and was also a member of the Association of Investment Companies' Marketing Committee. Annabel Tagoe-Bannerman has considerable experience in senior roles in commercial operations, law, governance as well as in diversity, equity and inclusion within quoted UK operating companies within the retail, leisure, food and beverage sectors.

Resolutions 10 and 11 are to re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the Audit Committee to determine their remuneration.

## Special Business

Resolution 12 Change of Investment Objective and Policy is an Ordinary Resolution which seeks to amend the Company's investment objective and policy in order to simplify the wording and to clarify (in the investment objective) the nature of the shareholder returns targeted by the Company. The full text of the revised investment objective and investment policy may be found in the appendix to the notice of the AGM on pages 82 and 83 while further information on the reasons for the proposed amendments may be found in the Business Review section on page 15. The proposed amendments have been approved by the FCA and also require shareholder approval. Resolution 12 will be put to shareholders at the forthcoming AGM for their approval.

Resolution 13: Authority to Allot Shares is an Ordinary Resolution seeking renewal of the current authority for the Directors to allot up to 10% of the issued ordinary share capital, this being an aggregate nominal amount of £4,891,668 as at 19 May 2025, (being the last practicable day prior to the publication of this Notice).

Special Resolution 14: Authority to Allot Shares is a Special Resolution which seeks renewal of the current authority to allot equity securities pursuant to a rights issue or to issue up to 10% of the issued ordinary share capital otherwise than in connection with a rights issue, dis-applying pre-emption rights. This will allow shares to be issued to new shareholders, within the prescribed limits, without having to be offered to existing shareholders first, thus broadening the shareholder base of the Company. The Directors will not dilute the interests of existing shareholders by using the authority to issue shares at a price which is less than the Net Asset Value (calculated with debt at fair value) of the existing shares in issue at that time. These authorities will expire at the next AGM of the Company or fifteen months after the passing of the resolutions, whichever is the earlier.

Special Resolution 15: Authority to Buy Back Shares. This resolution seeks to renew the Directors' authority to purchase up to 14.99% of the Company's issued share capital, this being 29,330,443 ordinary shares as at 19 May 2025, (being the last practicable day prior to the publication of this Notice). The authority will expire at the Company's next AGM or 15 months following the passing of this resolution, if earlier. The principal purpose of share buy-backs is to enhance the net asset value for remaining shareholders and purchases will only be made if they do so.

In accordance with the UK Listing Rules, the maximum price which may be paid for a share must not be more than the higher of:

(i) 5% above the average of the mid-market values of the shares for the five business days before the purchase is made; and

(ii) 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. The minimum price which may be paid will be 25p per share, this being the nominal value of a share. In making purchases, the Company will deal only with member firms of the London Stock Exchange.

The Company will finance the purchase of ordinary shares by using its existing cash balance or borrowing facilities or by selling securities in the Company's portfolio.

The Directors hold repurchased shares in treasury with a view to possible resale.

Special Resolution 16: Notice Period for General Meetings. The Shareholder Rights Directive increased the notice period for general meetings of companies to 21 days unless certain conditions are met in which case it may be 14 days' notice.

A shareholders' resolution is required to ensure that the Company's general meetings (other than Annual General Meetings) may be held on 14 days' notice. Accordingly, Special Resolution 16 will propose that the period of notice for general meetings of the Company (other than AGMs) shall not be less than 14 days' notice. It is intended that this flexibility will be used only where the Board believes it is in the best interests of shareholders as a whole, and an explanation will be provided.

The Directors have carefully considered all the resolutions proposed in the Notice of the AGM and, in their opinion, consider them all to be in the best interests of shareholders as a whole. The Directors therefore recommend that shareholders vote in favour of each resolution as they intend to do in respect of their own beneficial holdings.

By order of the Board

**NSM FUNDS (UK) LIMITED**

COMPANY SECRETARY / 20 MAY 2025

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

## IN RESPECT OF THE PREPARATION OF THE ANNUAL FINANCIAL REPORT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK 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 its profit or loss for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, 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.

### RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

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

We consider the 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.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- they have 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 Auditors are aware of that information.

Signed on behalf of the Board of Directors

**ELISABETH STHEEMAN**

CHAIR

20 May 2025

# DIRECTORS' REMUNERATION REPORT

**FOR THE YEAR ENDED 31 MARCH 2025**

This report has been prepared under the requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Company's auditors are 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 52 to 58.

## REMUNERATION RESPONSIBILITIES

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

## DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy (the 'Policy') is put before shareholders for approval every three years and was approved by shareholders at the AGM on 21 July 2022 and became effective on that date. The policy will be put before shareholders for approval at the AGM on 22 July 2025.

The policy is that the remuneration of Directors should be fair and reasonable in relation to that of other investment trusts and to the time commitment and responsibilities undertaken. It should also be reviewed relative to movements in the Consumer Price Index and be sufficient to motivate appointees, as well as ensure that candidates of a high calibre are recruited to the Board but not be more than necessary for the purpose; and take into consideration any committee memberships and chairing duties.

Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association ('Articles'). The maximum currently is £250,000 in aggregate per annum. The remuneration of the Directors is approved by the Board under The Matters Reserved for the Board document, which can be found, together with the Company's Articles of Association, in section Insights and Literature on the Company's website at www.edinburgh-investment-trust.co.uk.

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. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in the performance of their duties. Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits. There are no agreements between the Company and its Directors concerning compensation for loss of office.

Notwithstanding the above, the Company's Articles also provide that additional discretionary payments can be made for services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director.

The level of Directors' remuneration is reviewed annually, although such review will not automatically result in any changes. This Directors' Remuneration Policy will apply to any new directors, who will be paid the appropriate fee based on the Directors' fees level in place at the date of appointment. The Board will consider, where raised, shareholders' views on Directors' remuneration.

The Board may amend the level of remuneration paid to Directors within the parameters of the Directors' Remuneration Policy. This Directors' Remuneration Policy is the same as that currently followed by the Board as disclosed in last year's Directors' Remuneration Report.

The Company has no employees and consequently has no policy on the remuneration of employees.

## ANNUAL STATEMENT ON DIRECTORS' REMUNERATION

For the year ended 31 March 2025, fees paid to the Directors per annum were:

| Role | Current fee from 1 April 2024 | Percentage increase during the year* % |
|---|---|---|
| Chair | 47,100 | 0% |
| Senior Independent Director | 33,700 | 0% |
| Audit Committee Chair | 37,500 | 0% |
| Director | 30,500 | 0% |

* Directors last received a fee increase for the year ended 31 March 2023.

The Board carried out a review of Directors' annual fees during the year with regard to the latest inflation rates, measured by the increase in the Consumer Price Index, and taking into account peer group comparisons by sector and market capitalisation. Following this review, it was agreed that annual fees would be increased by 5% (rounded up to the next £500), effective 1 April 2025. The Board believes that the level of increase and resulting fees appropriately reflects prevailing market rates for an investment trust of the Company's size, the increasing complexity of regulation and resulting time spent by the Directors on Company matters, and will also enable the Company to attract appropriately experienced additional Directors in the future. Due to the size and nature of the Company, it was not deemed necessary to use a remuneration consultant although the Board did review independent peer group information on Directors' fees and took this into account in its deliberations.

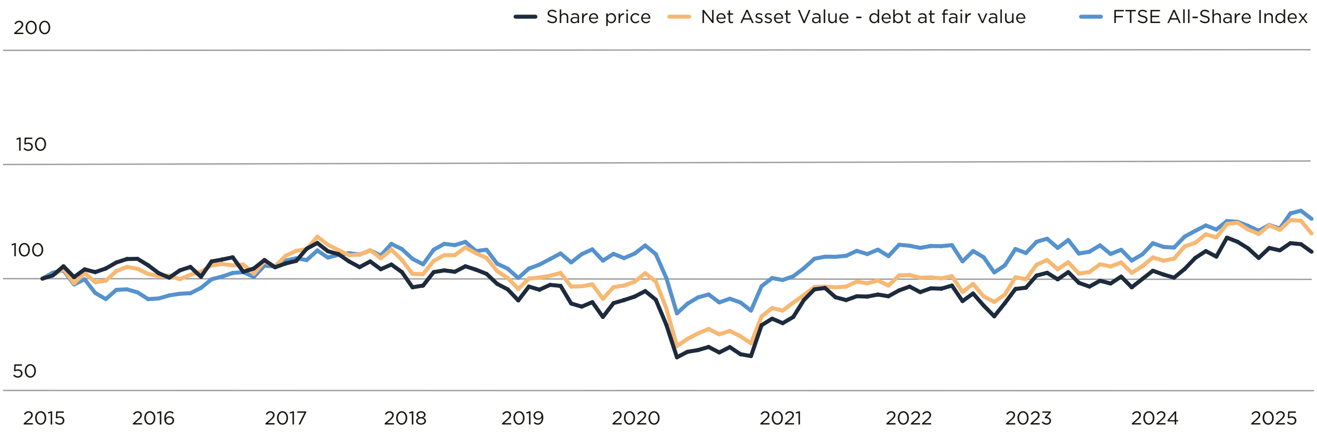
DIRECTORS' REMUNERATION REPORT / CONTINUED

## REMUNERATION FOR THE YEAR ENDED 31 MARCH 2025

### THE COMPANY'S PERFORMANCE

The following graph plots, in annual increments, the net asset value total return and share price total return to ordinary shareholders compared to the total return of the FTSE All-Share Index over the ten years to 31 March 2025. This index is the benchmark adopted by the Company for comparison purposes.

**Total Returns Over Ten Years**
Rebased to 100 at 31 March 2015




Source: LSEG Data & Analytics.

### 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:

| | Year ended 31 March 2025 | | | Year ended 31 March 2024 | | |
|---|---|---|---|---|---|---|
| | Fees £ | Taxable Benefits[(1)] £ | Total £ | Fees £ | Taxable Benefits[(1)] £ | Total £ |
| Elisabeth Stheeman | 47,100 | 562 | 47,662 | 47,100 | 1,448 | 48,548 |
| Steve Baldwin | 37,500 | 406 | 37,906 | 37,500 | 240 | 37,740 |
| Patrick Edwardson | 30,500 | 2,574 | 33,074 | 30,500 | 1,039 | 31,539 |
| Aidan Lisser | 33,700 | 320 | 34,020 | 32,867 | 740 | 33,607 |
| Annabel Tagoe-Bannerman | 30,500 | 592 | 31,092 | 30,500 | 255 | 30,755 |
| Vicky Hastings (retired 19 July 2023) | – | – | – | 9,493 | – | 9,493 |
| **Total** | **179,300** | **4,454** | **183,754** | **187,960** | **3,722** | **191,682** |

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

In accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, this table has been included to show the annual percentage change over the preceding financial year by comparison to the current financial year in respect of each Director. The Board will publish this annual percentage change cumulatively each year going forward until there is an annual percentage change over the five financial years preceding the relevant financial year in accordance with the new regulation. These fees exclude taxable benefits which could vary substantially as they reflect expenses incurred whilst carrying out the Board's duties.

The single total figure of remuneration for each Director is detailed below, with year on year changes since year ended 31 March 2022.

| Non-executive directors | | 2025 Fees £ | 2025 Benefits £ | 2024 Fees £ | 2024 Benefits £ | 2023 Fees £ | 2023 Benefits £ | 2022 Fees £ | 2022 Benefits £ |
|---|---|---|---|---|---|---|---|---|---|
| Elisabeth Stheeman (Chair from 21 July 2022) | Total | 47,100 | 562 | 47,100 | 1,448 | 40,063 | 901 | 27,167 | 228 |
| | % change | -% | (158)% | 18% | 60% | 47% | 295% | 9% | -% |
| Steve Baldwin | Total | 37,500 | 406 | 37,500 | 240 | 35,000 | 785 | 31,720 | 0 |
| | % change | -% | (41)% | 7% | (69)% | 10% | -% | 27% | -% |
| Patrick Edwardson | Total | 30,500 | 2,574 | 30,500 | 1,039 | 28,500 | 1,620 | 27,167 | 1,226 |
| | % change | -% | 60% | 7% | (35)% | 5% | 32% | 673% | -% |
| Aidan Lisser (appointed 27 May 2022) | Total | 33,700 | 320 | 32,867 | 740 | 24,140 | 741 | – | – |
| | % change | 2% | (131)% | 36% | 0% | -% | -% | -% | -% |
| Annabel Tagoe-Bannerman (appointed 7 February 2023) | Total | 30,500 | 592 | 30,500 | 255 | 4,421 | – | – | – |
| | % change | -% | 57% | 590% | -% | -% | -% | -% | -% |
| **Former Directors** | | | | | | | | | |
| Vicky Hastings (retired 17 July 2023) | Total | | – | 9,493 | – | 31,500 | 465 | 30,667 | 320 |
| | % change | -% | -% | (70)% | -% | 3% | 45% | (8)% | -% |
| Glen Suarez (retired 21 July 2022) | Total | – | – | – | – | 14,307 | 6,819 | 44,000 | 4,887 |
| | % change | -% | -% | -% | -% | (67)% | 40% | 0% | -% |
| Gordon McQueen (retired 22 July 2021) | Total | – | – | – | – | – | – | 10,239 | 289 |
| | % change | -% | -% | -% | -% | -% | -% | (67)% | -% |
| Maxwell Ward (retired 22 July 2021) | Total | – | – | – | – | – | – | 8,222 | 0 |
| | % change | -% | -% | -% | -% | -% | -% | (67)% | -% |
| **Total** | | 179,300 | 5,734 | 187,960 | 3,722 | 177,931 | 11,331 | 179,182 | 6,950 |
| **Total % change** | | 5% | 16% | 5% | (204)% | (1)% | 63% | (4)% | -% |

DIRECTORS' REMUNERATION REPORT / CONTINUED

## DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

Save as stated below, no Director had any interests, beneficial or otherwise, in the ordinary shares of the Company during the year. No changes to these holdings have been notified since the year end. No connected person interests have been notified.

Directors hold shares in the Company at their discretion. Share ownership is encouraged, but no guidelines have been set. The beneficial interests of the Directors in the ordinary share capital of the Company are set out below:

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| Elisabeth Stheeman | 16,883 | 14,163 |
| Steve Baldwin | - | - |
| Patrick Edwardson[1] | 60,000 | 60,000 |
| Aidan Lisser | 6,180 | 5,440 |
| Annabel Tagoe-Bannerman | 2,047 | 732 |

1 Patrick Edwardson's holding includes 13,000 shares which are being held by a connected person.

## RELATIVE IMPORTANCE OF SPEND ON PAY

The following table compares the remuneration paid to the non-executive Directors with aggregate distributions to shareholders in respect of the year to 31 March 2025 and the prior year:

| | 2025 £'000 | 2024 £'000 | Change £'000 |
|---|---|---|---|
| Aggregate Directors' Remuneration | 182* | 168 | 14 |
| Aggregate Shareholder Distributions | 41,810 | 41,797 | 13 |

* This is different from the remuneration table on page 47 by £4,000 (2024: £20,000) due to (under)/over accruals brought forward.

## VOTING AT LAST ANNUAL GENERAL MEETING

At the Annual General Meeting of the Company held on 17 July 2024, a resolution approving the Chair's Annual Statement and Report on Remuneration was passed. The votes cast (including votes cast at the Chair's discretion) were as follows.

| | Number of Votes For | % | Number of Votes Against | % | Number of Votes Withheld |
|---|---|---|---|---|---|
| Annual Statement and Report on Remuneration | 40,371,342 | 99.65% | 142,691 | 0.35% | 153,244 |

## APPROVAL

This Directors' Remuneration Report was approved by the Board of Directors on 20 May 2025.

**ELISABETH STHEEMAN**

CHAIR

20 May 2025

Signed on behalf of the Board of Directors

# FINANCIAL REVIEW

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF THE EDINBURGH INVESTMENT TRUST PLC**

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

In our opinion, The Edinburgh Investment Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Financial Report (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2025; the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

## OUR AUDIT APPROACH

### Context

The Edinburgh Investment Trust plc (the "Company") is a standalone Investment Trust Company and engages Liontrust Fund Partners LLP (the "Manager") to manage its assets.

### Overview

Audit scope

- We conducted our audit of the financial statements using information from The Bank of New York Mellon (International) Limited (the "Administrator" and the "Custodian") and NSM Funds (UK) Limited (the "Company Secretary") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the Administrator.

Key audit matters

- Valuation and existence of investments.
- Accuracy, completeness and occurrence of income.

Materiality

- Overall materiality: £11,256,940 (2024: £11,350,470) based on 1% of Net Assets.
- Performance materiality: £8,442,705 (2024: £8,512,853).

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation and existence of investments**<br>*Refer to the Audit Committee Report, Accounting policies (C (v)) and Notes to the Financial Statements (Note 9).*<br><br>The investment portfolio as at 31 March 2025 comprised quoted equity investments (level 1) valued at £1,231m.<br><br>We focused on the valuation and existence of listed investments because investments represent the principal element of the net asset value of the Company. | We tested the valuation of all of the quoted equity investments as at 31 March 2025 by agreeing the valuation to independent third-party sources; and<br><br>We tested the existence of all of the quoted equity investments as at 31 March 2025 by agreeing investment holdings to an independent custodian confirmation.<br><br>No material misstatements were identified from this testing. |
| **Accuracy, completeness and occurrence of income**<br>*Refer to the Report of the Audit Committee, Accounting policies (F) and Notes to the Financial Statements (Note 2).*<br><br>The Company has reported revenue of £41m (2024: £42m).<br><br>During the year, the Company received special dividends amounting to £2.5m of which £1.8m was classified as revenue (2024: £ 2.4m of which £0.162m was classified as revenue).<br><br>We focused on the accuracy, completeness and occurrence of investment income as incomplete or inaccurate income could have a material impact on the Company's net asset value.<br><br>We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Income Statement for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"), as incorrect application could indicate a misstatement in income recognition. | We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with the stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income from investments has been accounted for in accordance with the stated accounting policy.<br><br>We tested accuracy by selecting a sample of dividend receipts and agreeing the dividend rates to independent market data.<br><br>To test for completeness, we tested, for a sample of investment holdings in the portfolio, that all dividends declared in the market had been recorded.<br><br>We tested occurrence by testing that a sample of dividends recorded in the year had been declared in the market.<br><br>We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. For special dividends, we assessed the appropriateness of the classification of special dividends as revenue or capital with reference to publicly available information.<br><br>No material misstatements were identified from this testing. |

INDEPENDENT AUDITORS' REPORT / CONTINUED

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records. We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant controls reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

## The impact of climate risk on our audit

In conducting our audit, we made enquiries of the Directors and the Portfolio Managers to understand the extent of the potential impact of climate change risk on the Company's financial statements. The Directors and Portfolio Managers concluded that the impact on the measurement and disclosures within the financial statements is not material because the majority of the Company's investment portfolio is made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities. We also considered the consistency of the climate change disclosures included in the Strategic Report and Portfolio Managers' Report with the financial statements and our knowledge from our audit.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|---|---|
| **Overall Company materiality** | £11,256,940 (2024: £11,350,470). |
| **How we determined it** | 1% of Net Assets. |
| **Rationale for benchmark applied** | We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit. |

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £8,442,705 (2024: £8,512,853) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £562,847 (2024: £567,524) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## CONCLUSIONS RELATING TO 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 Directors' updated risk assessment and considering whether it addressed relevant threats, including rising inflation and the wider macroeconomic uncertainty;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers;
- assessing the premium/discount the Company's share price trades as compared to the net asset value per share; and
- assessing the implication of significant reductions in NAV as a result of severe but plausible downside scenario in the market's performance on the ongoing ability of the Company to operate.

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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

From our work on the corporate governance statement described below, 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.

## REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

INDEPENDENT AUDITORS' REPORT / CONTINUED

### Directors' Remuneration

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

### CORPORATE GOVERNANCE STATEMENT

As explained in the Corporate Governance Statement, the Directors have chosen to demonstrate how the Company has met its obligations under the UK Corporate Governance Code ('the Code') by reporting under the 2019 Association of Investment Companies' Code of Corporate Governance ('the AIC Code'). As such, we refer to the AIC code where we report the matters required under ISAs (UK) in respect of the Directors' statements 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 Code specified by the Listing Rules for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

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 and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, 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 and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

### Auditors' 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 auditors' 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non- compliance with laws and regulations related to breaches of Chapter 4 of Part 24 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the requirements of the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non- compliance with laws and regulations and fraud;
- Understanding the controls implemented by Liontrust Fund Partners LLP (the "Manager") and The Bank of New York Mellon (International) Limited (the "Administrator" and "Custodian") designed to prevent and detect irregularities;
- Assessment of the Company's compliance with the requirements of Chapter 4 of Part 24 of the Corporation Tax Act 2010,including recalculation of numerical aspects of the eligibility conditions;
- Identifying and testing journal entries, in particular year end journal entries posted by the Administrator during the preparation of the financial statements;
- Reviewing relevant meeting minutes, including those of the Audit Committee; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

INDEPENDENT AUDITORS' REPORT / CONTINUED

### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## OTHER REQUIRED REPORTING

### Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 25 July 2019 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 31 March 2020 to 31 March 2025.

Lauren Cooper (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 May 2025

# INCOME STATEMENT

**FOR THE YEAR ENDED 31 MARCH**

| | Notes | 2025 Revenue £'000 | 2025 Capital £'000 | 2025 Total £'000 | 2024 Revenue £'000 | 2024 Capital £'000 | 2024 Total £'000 |
|---|---|---|---|---|---|---|---|
| Gains on investments held at fair value | 9(b) | – | 53,697 | 53,697 | – | 99,095 | 99,095 |
| Gains/(losses) on foreign exchange | | – | 22 | 22 | – | (41) | (41) |
| Income | 2 | 40,666 | – | 40,666 | 42,095 | – | 42,095 |
| Investment management fee | 3 | (1,385) | (3,231) | (4,616) | (1,493) | (3,483) | (4,976) |
| Other expenses | 4 | (1,274) | (19) | (1,293) | (1,179) | (14) | (1,193) |
| **Net return before finance costs and taxation** | | 38,007 | 50,469 | 88,476 | 39,423 | 95,557 | 134,980 |
| Finance costs | 5 | (884) | (2,066) | (2,950) | (888) | (2,071) | (2,959) |
| **Return on ordinary activities before taxation** | | 37,123 | 48,403 | 85,526 | 38,535 | 93,486 | 132,021 |
| Tax on ordinary activities | 6 | (78) | – | (78) | (316) | – | (316) |
| **Return on ordinary activities after taxation for the financial year** | | 37,045 | 48,403 | 85,448 | 38,219 | 93,486 | 131,705 |
| **Return per ordinary share:** | | | | | | | |
| Basic and diluted | 7 | 25.02p | 32.70p | 57.72p | 23.93p | 58.55p | 82.48p |

The total column of this statement represents the Company's profit and loss account, prepared in accordance with UK Accounting Standards. The return after taxation is the total comprehensive income and therefore no additional statement of 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 year.

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

# BALANCE SHEET

**AT 31 MARCH**

| | Notes | 2025 £'000 | 2024 £'000 |
|---|---|---|---|
| **Non current assets** | | | |
| Investments held at fair value | 9(a) | 1,230,888 | 1,206,563 |
| **Current assets** | | | |
| Debtors | 10 | 8,518 | 19,878 |
| Cash and cash equivalents | | 7,233 | 36,314 |
| **Total assets** | | 1,246,639 | 1,262,755 |
| **Non current liabilities** | | | |
| Unsecured Senior Loan Notes | 12 | (120,000) | (120,000) |
| **Current liabilities** | | | |
| Other payables | 11 | (693) | (7,708) |
| **Total assets less current liabilities** | | 1,245,946 | 1,255,047 |
| **Total liabilities** | | (120,693) | (127,708) |
| **Net assets** | | 1,125,946 | 1,135,047 |
| **Equity** | | | |
| Called up share capital | 13 | 48,917 | 48,917 |
| Share premium account | 14 | 10,394 | 10,394 |
| Capital redemption reserve | 14 | 24,676 | 24,676 |
| Capital reserve | 14 | 999,335 | 1,004,498 |
| Revenue reserve | 14 | 42,624 | 46,562 |
| **Total equity** | | 1,125,946 | 1,135,047 |
| Net asset value per ordinary share: | | | |
| Basic and diluted - debt at par value | 15 | 780.17p | 749.25p |
| Basic and diluted - debt at fair value | 15 | 817.16p | 779.97p |

The financial statements on pages 59 to 76 were approved and authorised for issue by the Board of Directors on 20 May 2025.

**ELISABETH STHEEMAN**
CHAIR

Signed on behalf of the Board of Directors

Company Number SC001836

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

# STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 MARCH**

| | Notes | Share Capital £'000 | Share Premium £'000 | Capital Redemption Reserve £'000 | Capital Reserve[1] £'000 | Revenue Reserve[1] £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| At 1 April 2023 | | 48,917 | 10,394 | 24,676 | 1,003,989 | 51,368 | 1,139,344 |
| Return on ordinary activities | | – | – | – | 93,486 | 38,219 | 131,705 |
| Dividends paid | 8 | – | – | – | – | (43,025) | (43,025) |
| Shares bought back and held in treasury[2] | 13 | – | – | – | (92,977) | – | (92,977) |
| At 31 March 2024 | | 48,917 | 10,394 | 24,676 | 1,004,498 | 46,562 | 1,135,047 |
| Return on ordinary activities | | – | – | – | 48,403 | 37,045 | 85,448 |
| Dividends paid | 8 | – | – | – | – | (40,983) | (40,983) |
| Shares bought back into treasury[2] | 13 | – | – | – | (53,566) | – | (53,566) |
| At 31 March 2025 | | 48,917 | 10,394 | 24,676 | 999,335 | 42,624 | 1,125,946 |

1 The revenue reserve and certain amounts of the capital reserve are distributable by way of dividend.

2 Shares bought back and held in treasury includes transaction costs.

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

# CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31 MARCH**

| | Notes | 2025 £'000 | 2024 £'000 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net return before finance costs and taxation | | 88,476 | 134,980 |
| Tax on overseas income | 6 | (78) | (316) |
| Adjustments for: | | | |
| Purchase of investments | | (559,942) | (329,331) |
| Sale of investments | | 593,166 | 444,660 |
| Gains on investments held at fair value | | (53,697) | (99,095) |
| Decrease in debtors | | 1,594 | 2,280 |
| Decrease in creditors | | (3) | (2,211) |
| **Net cash inflow from operating activities** | | 69,516 | 150,967 |
| **Cash flow from financing activities** | | | |
| Interest paid on overdraft | | (7) | (9) |
| Interest paid on Unsecured Senior Loan Notes | | (2,943) | (2,093) |
| Shares bought back and held in treasury | | (54,664) | (91,888) |
| Dividends paid | 8 | (40,983) | (43,025) |
| **Net cash outflow from financing activities** | | (98,597) | (137,015) |
| **Net (decrease)/increase in cash and cash equivalents** | | (29,081) | 13,952 |
| Cash and cash equivalents at the start of the year | | 36,314 | 22,362 |
| **Cash and cash equivalents at the end of the year** | | 7,233 | 36,314 |
| **Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:** | | | |
| Cash held at custodian | | 1,068 | 2,768 |
| Goldman Sachs Liquidity Reserve International Fund - Money Market Fund | | 6,165 | 33,546 |
| **Cash and cash equivalents** | | 7,233 | 36,314 |
| **Cash flow from operating activities includes:** | | | |
| Dividends received | | 39,922 | 43,681 |
| Interest received | | 9 | 11 |

| | At 1 April 2024 £'000 | Cash flow £'000 | Non-cash movement £'000 | At 31 March 2025 £'000 |
|---|---|---|---|---|
| **Reconciliation of net debt:** | | | | |
| Cash and cash equivalents | 36,314 | (29,081) | – | 7,233 |
| Unsecured Senior Loan Notes | (120,000) | – | – | (120,000) |
| **Total** | (83,686) | (29,081) | – | (112,767) |

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. PRINCIPAL 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 adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during the year and the preceding year.

### A. Basis of Preparation

**Accounting Standards Applied**

The financial statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice (UK GAAP)) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies (SORP) in April 2021 (as amended in July 2022).

The financial statements are issued on a going concern basis. Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources are given on pages 42 and 43.

As an investment fund the Company has the option not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all investments are highly liquid and are carried at market value, and where a Statement of Changes in Equity is provided: all of which are satisfied.

However the Directors' have elected to present a cash flow statement in the annual financial report to present additional relevant information to readers of the financial statements.

**Significant Accounting Estimates, Assumptions and Judgements**

The preparation of the financial statements may require the use of estimates, assumptions and judgements which may affect the reported amounts of assets and liabilities at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The Directors have applied their judgement for the allocation of the investment management fee and finance costs between capital and revenue in the income statement as set out in Note 1G and the treatment of special dividend income between capital and income, as set out in Note 1J. The Directors do not believe that these judgements nor any accounting estimates, assumptions or judgements that have been applied to the financial statements have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

### B. Foreign Currency and Segmental Reporting

**(i) Functional and presentational currency**

The financial statements are presented in sterling, which is the Company's functional and presentational currency and the currency in which the Company's share capital and expenses, as well as its assets and liabilities, are denominated.

**(ii) 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.

**(iii) Segmental reporting**

The Directors are of the opinion that the Company is engaged in a single segment of business of investing in equity and debt securities, issued by companies quoted mainly on the UK or other recognised stock exchanges.

### C. Financial Instruments

The Company has chosen to apply Section 11 and 12 of FRS102 in full in respect of the financial instruments.

**(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 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.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

**(iii) Derecognition of financial liabilities**
The Company derecognises financial liabilities when its obligations are discharged, cancelled or have expired.

**(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 are classified as held at fair value through profit or loss.

  Financial assets held at fair value through profit or loss are initially recognized as fair value, which is taken to be their acquisition price, with transaction costs expensed in the income statement. These are subsequently valued at fair value.

  Fair value for investments that are actively traded in organised financial markets is determined by reference to stock exchange quoted bid prices at the balance sheet date. Fair value for investments that are actively traded but where active stock exchange quoted bid prices are not available is determined by reference to a variety of valuation techniques including broker quotes and price modelling. Unquoted, unlisted or illiquid investments are valued by the Directors at fair value using a variety of valuation techniques including earnings multiples, recent transactions and other market indicators, cash flows and net assets.

- **Financial liabilities**
  Financial liabilities, including borrowings, are initially measured at transaction price, being the fair value. For liabilities issued at a discount or with significant associated transaction costs, such discount and costs are subsequently measured at amortised cost using the effective interest method.

## 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: short term in duration (typically three months or less from the date of acquisition), highly liquid investments that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond.

## E. Hedging
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 recognised in the income statement and taken to capital reserves.

## F. Income
Interest income arising from fixed income securities and cash is recognised in the income statement using the effective interest method. Dividend income arises from equity investments held and is recognised on the date investments are marked 'ex-dividend'. Special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as income or capital in the income statement.

Deposit interest and underwriting commission receivable are taken into account on an accruals basis.

## G. Expenses and Finance Costs
Expenses are recognised on an accruals basis and finance costs are recognised using the effective interest method in the income statement.

The investment management fee and finance costs are allocated 70% to capital and 30% to revenue. This is in accordance with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the portfolio. Transaction costs are recognised as capital in the income statement. All other expenses are allocated to revenue in the income statement.

## H. Taxation
The liability to corporation tax is based on net revenue for the year, excluding non-taxable dividends. The tax charge is allocated between the revenue and capital account on the marginal basis whereby revenue expenses are matched first against taxable income in the revenue account.

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 is only recognised in respect of surplus management expenses, losses on loan relationships and eligible unrelieved foreign tax to the extent that it is probable that the Company will be able to recover them from future taxable revenue.

### I. Dividends payable

Dividends are not recognised in the financial statements unless there is an obligation to pay at the balance sheet date. Proposed dividends are recognised in the year in which they are paid to shareholders.

### J. Critical accounting estimates and judgements

No critical accounting judgements or estimates were made during the year.

### K. Accounting for reserves

The share premium comprises the net proceeds received by the Company following the issue of shares, after deduction of the nominal amount of 25 pence and any applicable issue costs. The capital redemption reserve maintains the equity share capital of the Company and arose from the nominal value of any shares bought back and cancelled; both are non-distributable.

The capital reserve includes the investment holding gains/(losses), being the difference between cost and market value at the balance sheet date. It also includes cumulative realised gains/(losses) and costs related to share buybacks. 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 payment of any dividends. The revenue reserve and certain amounts of the capital reserve are distributable by way of dividend.

### L. Shares repurchased and held in treasury

The cost of repurchasing ordinary shares (for cancellation or to hold in treasury) including the related stamp duty and transaction cost is charged to the capital reserve and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. Where shares are cancelled (or are subsequently cancelled having previously been held in treasury), the nominal value of those shares is transferred out of Called up share capital and into the Capital redemption reserve. Should shares held in treasury be reissued, the sales proceeds will be treated as a realised capital profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to Share premium.

## 2. INCOME

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

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| **Income from investments:** | | |
| UK dividends | 34,929 | 35,857 |
| UK special dividends | 2,526 | 2,095 |
| Overseas dividends | 1,222 | 2,789 |
| Overseas special dividends | – | 318 |
| Interest from money market funds | 1,980 | 1,025 |
| | 40,657 | 42,084 |
| **Other income:** | | |
| Deposit interest | 9 | 11 |
| | 9 | 11 |
| **Total income** | 40,666 | 42,095 |

Special dividends of £702,000 were recognised as capital during the year (2024: £2,251,000).

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

## 3. INVESTMENT MANAGEMENT FEE

This note shows the fee due to the Manager. This is calculated and paid monthly.

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Revenue £'000** | **Capital £'000** | **Total £'000** | **Revenue £'000** | **Capital £'000** | **Total £'000** |
| Investment management fee | 1,385 | 3,231 | 4,616 | 1,493 | 3,483 | 4,976 |

Details of the investment management and secretarial agreement is disclosed on page 43 in the Directors' Report.

At 31 March 2025, investment management fees of £374,000 (2024: £411,000) were accrued.

## 4. OTHER EXPENSES

The other expenses(i) of the Company are presented below, those paid to the Directors and the auditors are separately identified.

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Revenue £'000** | **Capital £'000** | **Total £'000** | **Revenue £'000** | **Capital £'000** | **Total £'000** |
| **Other expenses** | 1,274 | 19 | 1,293 | 1,179 | 14 | 1,193 |
| Other expenses include the following: | | | | | | |
| Directors' remuneration(ii) | 182 | – | 182 | 168 | – | 168 |
| Auditors' fees(iii): | | | | | | |
| – for audit of the Company's annual financial statements | 53 | – | 53 | 51 | – | 51 |

The maximum Directors' fees authorised by the Articles of Association are £250,000 per annum.

I. Other expenses include:
   - £14,000 (2024: £300) of employer's National Insurance payable on Directors' remuneration. As at 31 March 2025, the amounts outstanding on Directors' remuneration and employer's National Insurance was £52,000 (2024: £nil); and
   - custodian transaction charges of £19,000 (2024: £14,000). These are charged to capital.

II. There were five directors during the year and the Directors' Remuneration Report on page 47 provides further information on Directors' fees.

III. Auditors' fees include expenses but exclude VAT.

## 5. FINANCE COSTS

Finance costs arise on any borrowing facilities the Company has used. Borrowing facilities are the £120m notes (2024: £120m notes). Please see Note 12 for additional details of the terms.

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Revenue £'000** | **Capital £'000** | **Total £'000** | **Revenue £'000** | **Capital £'000** | **Total £'000** |
| Interest payable on borrowings repayable not by instalment: | | | | | | |
| – Interest on overdraft facility | 2 | 5 | 7 | 3 | 6 | 9 |
| – Unsecured Senior Loan Notes repayable after 5 years | 882 | 2,061 | 2,943 | 885 | 2,065 | 2,950 |
| | 884 | 2,066 | 2,950 | 888 | 2,071 | 2,959 |

## 6. TAXATION

As an investment trust the Company pays no tax on capital gains. As the Company invests principally in UK equities, it has little overseas tax and the overseas tax charge is the result of withholding tax deducted at source. This note also clarifies the basis for the Company having no deferred tax asset or liability.

### (a) Tax charge

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Overseas taxation | 78 | 316 |

### (b) Reconciliation of tax charge

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Return before taxation | 85,526 | 132,021 |
| Theoretical tax at the current UK Corporation Tax rate of 25% (2024: 25%) | 21,382 | 33,005 |
| Effects of: | | |
| – Non-taxable UK dividends | (8,439) | (8,929) |
| – Non-taxable UK special dividends | (632) | (603) |
| – Non-taxable overseas dividends | (310) | (706) |
| – Non-taxable gains on investments | (13,424) | (24,773) |
| – Non-taxable (gains)/losses on foreign exchange | (6) | 10 |
| – Excess of allowable expenses over taxable income | 1,424 | 1,993 |
| – Disallowable expenses | 5 | 3 |
| – Overseas taxation | 78 | 316 |
| **Tax charge for the year** | 78 | 316 |

### (c) Deferred tax

Owing to the Company's status as an investment company, and the Directors' intention that it continues to meet the conditions required to maintain that approval in the foreseeable future, no deferred tax has been provided on any capital gains and losses arising on the revaluation or disposal of investments.

### (d) Factors that may affect future tax changes

The Company has cumulative excess management expenses of £516,349,000 (2024: £510,654,000) that are available to offset future taxable revenue.

A deferred tax asset of £129,087,000 (2024: £127,664,000) at 25% (2024: 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.

## 7. RETURN PER ORDINARY SHARE

Return per share is the amount of gain generated for the financial year divided by the weighted average number of ordinary shares in issue.

The basic revenue, capital and total return per ordinary share is based on each of the returns/loss after taxation and on 148,041,467 (2024: 159,690,463) ordinary shares, being the weighted average number of ordinary shares in issue throughout the year.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

## 8. DIVIDENDS ON ORDINARY SHARES

Dividends represent the distribution of income to shareholders. The Company pays four dividends a year – three interim and one final dividend.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **pence** | **£'000** | **pence** | **£'000** |
| Dividends paid and recognised in the year: | | | | |
| – third interim paid in respect of previous year | 6.90 | 10,429 | 6.70 | 11,050 |
| – final paid in respect of previous year | 6.90 | 10,390 | 6.70 | 11,036 |
| – first interim paid | 6.90 | 10,153 | 6.70 | 10,622 |
| – second interim paid | 6.90 | 10,011 | 6.70 | 10,317 |
| | 27.60 | 40,983 | 26.80 | 43,025 |

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **pence** | **£'000** | **pence** | **£'000** |
| Dividends payable in respect of the year: | | | | |
| – first interim | 6.90 | 10,153 | 6.70 | 10,622 |
| – second interim | 6.90 | 10,011 | 6.70 | 10,317 |
| – third interim | 7.50 | 10,823 | 6.90 | 10,429 |
| – proposed final | 7.50 | 10,823 | 6.90 | 10,429 |
| | 28.80 | 41,810 | 27.20 | 41,797 |

The proposed final dividend is subject to approval by ordinary shareholders at the AGM.

## 9. INVESTMENTS HELD AT FAIR VALUE

The portfolio comprises investments which are principally listed on a regulated stock exchange or traded on AIM. A very small proportion of investments are valued by the Directors as they are unlisted.

### Gains or losses are either:

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

### (a) Analysis of investments by listing status

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Investments listed on a recognised investment exchange | 1,230,888 | 1,206,563 |

### (b) Analysis of investment gains:

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Opening book cost | 976,923 | 1,040,163 |
| Opening investment holding gains | 229,640 | 186,486 |
| Opening fair value | 1,206,563 | 1,226,649 |
| Movements in year: | | |
| Purchases at cost | 554,028 | 335,245 |
| Sales – proceeds | (583,400) | (454,426) |
| Gains on investments in the year | 53,697 | 99,095 |
| **Closing fair value** | 1,230,888 | 1,206,563 |
| Closing book cost | 1,097,403 | 976,923 |
| Closing investment holding gains | 133,485 | 229,640 |
| **Closing fair value** | 1,230,888 | 1,206,563 |

The Company received £583,400,000 (2024: £454,426,000) from investments sold in the year. The book cost of these investments when they were purchased was £433,548,000 (2024: £398,434,000) realising a gain of £149,852,000 (2024: £55,992,000). 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.

The transaction costs included in gains on investments amount to £2,748,000 (2024: £1,642,000) on purchases and £272,000 (2024: £222,000) for sales.

## 10. DEBTORS

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

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Amounts due from brokers | – | 9,766 |
| Overseas withholding tax recoverable | 1,409 | 2,229 |
| Income tax recoverable | 56 | 28 |
| Prepayments and accrued income | 7,053 | 7,855 |
| | 8,518 | 19,878 |

## 11. OTHER PAYABLES

Creditors are amounts which must be paid by the Company and are split between those payable within 12 months of the balance sheet date and those payable after that time. The main creditors have historically been the long-term debt and bank borrowings. The other creditors include any amounts due to brokers for the purchase of investments, amounts owing on share buybacks awaiting settlement or amounts owed to suppliers (accruals) such as the Manager and auditors.

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Amounts due to brokers | – | 5,914 |
| Share buybacks awaiting settlement | – | 1,098 |
| Accruals and deferred income | 693 | 696 |
| | 693 | 7,708 |

## 12. UNSECURED SENIOR LOAN NOTES

These creditors are amounts that must be paid, as shown by note 11, but are due more than one year after the balance sheet date.

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Unsecured Senior Loan Notes – 2.26% interest rate, maturity 30 September 2037 | 35,000 | 35,000 |
| Unsecured Senior Loan Notes – 2.49% interest rate, maturity 30 September 2047 | 35,000 | 35,000 |
| Unsecured Senior Loan Notes – 2.53% interest rate, maturity 30 September 2051 | 20,000 | 20,000 |
| Unsecured Senior Loan Notes – 2.53% interest rate, maturity 30 September 2057 | 30,000 | 30,000 |
| | 120,000 | 120,000 |

The Unsecured Senior Loan Notes comprise four separate notes. As shown above, each has a fixed interest rate and contracted maturity date when the par value must be repaid. Interest is payable on a semi-annual basis, with equal amounts payable on each of 31 March and 30 September each year. These notes require the net tangible assets of the Company to remain not less than £300m and net borrowings to remain less than 35% of net assets. This requirement was met throughout the year.

## 13. CALLED UP SHARE CAPITAL

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

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Share capital: | | |
| Ordinary shares of 25 pence each | 36,080 | 37,873 |
| Treasury shares of 25 pence each | 12,837 | 11,044 |
| | 48,917 | 48,917 |

| | 2025 | 2024 |
|---|---|---|
| Number of ordinary shares in issue: | | |
| Brought forward | 151,491,525 | 165,476,525 |
| Shares bought back and held in treasury | (7,170,500) | (13,985,000) |
| Carried forward | 144,321,025 | 151,491,525 |
| Number of shares held in treasury: | | |
| Brought forward | 44,175,209 | 30,190,209 |
| Shares bought back into treasury | 7,170,500 | 13,985,000 |
| Carried forward | 51,345,709 | 44,175,209 |
| **Total ordinary shares** | 195,666,734 | 195,666,734 |

During the year the Company bought back into treasury 7,170,500 (2024: 13,985,000) ordinary shares at an average price of 747.03p (2024: 664.84p) (including costs).

Since the year end to 19 May 2025 (being the last practicable day prior to the publication of this report), 125,000 shares have been bought back into treasury. Note 1L on page 65 explains the policy on the transaction costs related to the shares repurchased and held in treasury.

The Directors' Report on pages 43 and 44 sets out the Company's share capital structure, restrictions and voting rights.

## 14. 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 shares, after deduction of the nominal amount of 25 pence and any applicable issue costs. The capital redemption reserve maintains the equity share capital of the Company and arose from the nominal value of any shares bought back and cancelled; both are non-distributable.

The capital reserve includes the investment holding gains/(losses), being the difference between cost and market value at the balance sheet date. It also includes cumulative realised gains/(losses) and costs related to share buybacks. Capital investment gains and losses are shown in note 9(b) and form part of the capital reserve.

The revenue reserve and certain amounts of the capital reserve are distributable by way of dividend.

## 15. NET ASSET VALUE PER ORDINARY SHARE

The Company's total net assets (total assets less total liabilities) are often termed shareholders' funds and are converted into NAV per ordinary share by dividing by the number of shares in issue (excluding treasury shares).

### NAV – debt at par value

The shareholders' funds in the balance sheet are accounted for in accordance with accounting standards.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | NAV per share pence | Shareholders' funds £'000 | NAV per share pence | Shareholders' funds £'000 |
| Shareholders' funds | 780.17 | 1,125,946 | 749.25 | 1,135,047 |
| **NAV – debt at par** | 780.17 | 1,125,946 | 749.25 | 1,135,047 |

A reconciliation showing the NAV per share and Shareholders' funds using debt at fair value is shown in the Alternative Performance Measures on pages 87 and 88.

## 16. RISK MANAGEMENT, FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise the Company's investment portfolio, derivative instruments (if any) as well as cash, and any borrowings, debtors and creditors. This note sets out the Company's financial instruments and the risks related to them.

### Financial instruments

The Company's financial instruments mainly comprise its investment portfolio (as shown on page 18) and Unsecured Senior Loan Notes as well as its cash, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. For the purpose of this note, 'cash' should be taken to comprise cash and cash equivalents as defined in note 1D. The accounting policies in note 1C include criteria for the recognition and the basis of measurement applied for financial instruments. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The main financial risks that the Company faces from its financial instruments are market risk, liquidity risk, and credit risk. These 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

## Risk Management Policies and Procedures

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

The Company invests in equities and other investments for the long-term so as to fulfil its investment policy (incorporating the Company's investment objective). In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends. The associated risk management policies are summarised below and have remained substantially unchanged for the two years under review.

### 16.1 Market Risk

The Company's Manager assesses the Company's exposure when making each investment decision, and monitors the overall level of market risk for the whole of the investment portfolio on an ongoing basis. The Board has meetings in each calendar quarter to assess risk and review investment performance, as disclosed in the Board Responsibilities on page 39. Any borrowing to gear the investment portfolio is used to enhance returns but also increases the Company's exposure to market risk and volatility. The Company has the ability to gear using its £120 million Unsecured Senior Loan Notes.

#### 16.1.1 Currency risk

The majority of the Company's assets and liabilities are denominated in sterling. There is some exposure to US dollar, Swiss franc and the Euro.

#### 16.1.2 Inflation risk

The Company has no assets or liabilities that have direct inflation link properties.

### Management of the currency risk

The Manager monitors the Company's direct exposure to foreign currencies on a daily basis and reports to the Board on a regular basis. Forward currency contracts can be used to reduce the Company's exposure to foreign currencies arising naturally from the Manager's choice of securities. All contracts are limited to currencies and amounts commensurate with the assets denominated in currencies. No Forward currency contracts were used during the year (2024: none).

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 included in the financial statements and its receipt.

The Company may invest up to 20% of the portfolio in securities listed on non-UK stock exchanges. At the year end holdings of non-UK securities total £76.1 million (2024: £74.3 million) representing 6.2% (2024: 6.2%) of the portfolio.

### Currency exposure

The fair values of the Company's monetary items that had a material currency exposure at 31 March are shown below. Where the Company's equity 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.

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| **Currency exposure** | **USD £'000** | **DKK £'000** | **CHF £'000** | **EUR £'000** | **USD £'000** | **DKK £'000** | **CHF £'000** | **EUR £'000** |
| Foreign currency exposure on net monetary items | 869 | 38 | 988 | 384 | 2,730 | 38 | 2,183 | 584 |
| Investments at fair value through profit or loss that are equities | 55,389 | – | – | 20,701 | 40,666 | – | 21,373 | 12,254 |
| **Total net foreign currency exposure** | 56,258 | 38 | 988 | 21,085 | 43,396 | 38 | 23,556 | 12,838 |

The above may not be representative of the exposure to risk during the year, because the levels of foreign currency exposure may change significantly throughout the year.

### Currency sensitivity

In respect of the Company's material direct foreign currency exposure to investments denominated in currencies, if sterling had weakened by 2.1% (2024: 1.7%) against the US dollar, 1.2% (2024: 1.4%) for the Swiss franc, 1.2% (2024: 1.0%) for the Euro, and for the Danish Krone, 1.2% (2024: 1.0%) during the year, the capital return and net assets of the Company would have increased for all currency exposures by £1.4 million (2024: £1.2 million). Conversely, if sterling had strengthened to the same extent for the currencies mentioned above, the capital return and net assets of the Company would have decreased by the same amount. The exchange rate variances noted above have been based on market volatility in the year, using the standard deviation of sterling's fluctuation to the applicable currency. This sensitivity takes no account of any impact on the market values of the Company's investments arising from the foreign currency mix of their respective revenues, expenses, assets and liabilities.

**16.1.3 Interest rate risk**
Interest rate movements will affect the level of income receivable on cash deposits and money market funds, and the interest payable on variable rate borrowings. When the Company has cash balances, they are held on variable rate bank accounts yielding rates of interest dependent on the base rate determined by the custodian, The Bank of New York Mellon (International) Limited.

The Company has Unsecured Senior Loan Notes of £120 million (2024: £120 million). The Unsecured Senior Loan Notes have a fixed interest rate which only exposes the Company to changes in market value in the event that the debt is repaid before maturity. Specifics of the Unsecured Senior Loan Notes are shown in Note 12. The details of their fair value and the affect on net asset value within the Net Asset Value (NAV) – Debt at Fair Value reconciliation within the Alternative Performance Measures on page 88.

The Company held no fixed income securities during the year (2024: no fixed income securities). As at 31 March 2025 no government bonds (2024: none) were recognised as a Cash and Cash Equivalent on the Balance Sheet.

## Interest rate exposure
At 31 March 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 re-set; and
- fixed interest rates (giving fair value interest rate risk) – when the financial instrument is due for repayment.

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Within one year £'000** | **Between one and five years £'000** | **After five years £'000** | **Total £'000** | **Within one year £'000** | **Between one and five years £'000** | **After five years £'000** | **Total £'000** |
| Exposure to floating interest rates: | | | | | | | | |
| Cash and cash equivalents | 7,233 | – | – | 7,233 | 36,314 | – | – | 36,314 |
| Unsecured Senior Loan Notes – debt at par value | – | | (120,000) | (120,000) | – | – | (120,000) | (120,000) |
| **Total exposure to interest rates** | 7,233 | – | (120,000) | (112,767) | 36,314 | – | (120,000) | (83,686) |

**16.1.4 Other price risk**
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 business of the Manager to manage the portfolio to achieve the best return that he can.

## Management of the other price risk
The Directors manage the market price risks inherent in the investment portfolio by meeting regularly to monitor on a formal basis the Manager's compliance with the Company's stated objectives and policies, and to review investment performance.

The Company's portfolio is the result of the Manager's investment process and need not be highly correlated with the Company's benchmark or the market in which the Company invests. The value of the portfolio will not move in line with the market but will move as a result of the performance of the company shares within the portfolio.

If the value of the portfolio fell by 10% at the balance sheet date, the profit after tax for the year and the net assets of the Company would decrease by £123.1 million (2024: £120.7 million). Conversely, if the value of the portfolio rose by 10%, the profit after tax and the net assets of the Company would increase by the same amounts.

### 16.2 Liquidity risk

Liquidity risk is minimised as the majority of the Company's investments constitute a diversified portfolio of readily realisable securities which can be sold to meet funding commitments as necessary.

### Liquidity risk exposure

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

| 2025 | Three months or less £'000 | More than three months but less than one year £'000 | More than one year £'000 | Total £'000 |
|---|---|---|---|---|
| Unsecured Senior Loan Notes – debt at par value | – | – | 120,000 | 120,000 |
| Interest on Unsecured Senior Loan Notes | – | 2,928 | 64,645 | 67,573 |
| Accruals and deferred income | 693 | – | – | 693 |
| | 693 | 2,928 | 184,645 | 188,266 |

| 2024 | Three months or less £'000 | More than three months but less than one year £'000 | More than one year £'000 | Total £'000 |
|---|---|---|---|---|
| Unsecured Senior Loan Notes – debt at par value | – | – | 120,000 | 120,000 |
| Interest on Unsecured Senior Loan Notes | – | 2,928 | 67,573 | 70,501 |
| Amounts due to brokers | 5,914 | – | – | 5,914 |
| Share buybacks awaiting settlement | 1,098 | – | – | 1,098 |
| Accruals and deferred income | 696 | – | – | 696 |
| | 7,708 | 2,928 | 187,573 | 198,209 |

### 16.3 Credit risk

Credit risk encompasses the failure by counterparties to deliver securities which the Company has paid for, or to pay for securities which the Company has delivered, and cash balances. Counterparty risk is minimised by using only approved counterparties. The Company's ability to operate in the short-term may be adversely affected if the Company's custodian suffers insolvency or other financial difficulties. However, with the support of the depositary's restitution obligation the risk of outright credit loss on the investment portfolio is remote. The Board reviews the custodian's annual controls report and the Manager's management of the relationship with the custodian. Cash balances are limited to a maximum of 1% of net assets with any one deposit taker, with only approved deposit takers being used, and a maximum deposit of 6% of net assets in aggregate in liquidity funds with credit ratings of AAAm (or equivalent). These limits are at the discretion of the Board and are reviewed on a regular basis. The investment policy also allows for UK Government Treasuries to be held. Such holdings are recorded as cash equivalents if they meet the criteria set out in Note 1D on page 64.

### 16.4 Custody risk

All investment assets are held in custody by The Bank of New York Mellon (International) Limited in accounts segregated from the bank's own assets.

## 17. CLASSIFICATION UNDER FAIR VALUE HIERARCHY

The values of the financial assets and financial liabilities are carried either at their fair value (investments), or at a reasonable approximation of fair value (amounts due from brokers, dividends receivable, accrued income, amounts due to brokers, accruals and cash).

### Fair Value Hierarchy Disclosures

All except two of the Company's portfolio of investments are in the Level 1 category as defined in FRS 102 as amended for fair value hierarchy disclosures (March 16). The three levels set out in this follow.

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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.

| | 2025 | | | |
|---|---|---|---|---|
| | **Level 1 £'000** | **Level 2 £'000** | **Level 3 £'000** | **Total £'000** |
| Financial assets designated at fair value through profit or loss: | | | | |
| Quoted investments: | | | | |
| Equities and preference shares | 1,230,888 | – | – | 1,230,888 |
| **Total for financial assets** | 1,230,888 | – | – | 1,230,888 |

| | 2024 | | | |
|---|---|---|---|---|
| | **Level 1 £'000** | **Level 2 £'000** | **Level 3 £'000** | **Total £'000** |
| Financial assets designated at fair value through profit or loss: | | | | |
| Quoted Investments: | | | | |
| Equities | 1,206,563 | – | – | 1,206,563 |
| **Total for financial assets** | 1,206,563 | – | – | 1,206,563 |

The book cost and fair value of Unsecured Senior Loan Notes, are as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **Book Value £'000** | **Fair Value £'000** | **Book Value £'000** | **Fair Value £'000** |
| Unsecured Senior Loan Notes | 120,000 | 66,611 | 120,000 | 73,461 |
| | 120,000 | 66,611 | 120,000 | 73,461 |

Incorporating the fair value of the Unsecured Senior Loan Notes, results in the increase of the net asset value per ordinary share to 817.16p (2024: 779.97p).

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

## 18. CAPITAL MANAGEMENT

The Company's total capital employed at 31 March 2025 was £1,245,946,000 (2024: £1,255,047,000) comprising borrowings of £120,000,000 (2024: £120,000,000) and equity share capital and other reserves of £1,125,946,000 (2024: £1,135,047,000).

The Company's total capital employed is managed to achieve the Company's objective and investment policy as set out on page 15, including that borrowings may be used to provide gearing of the equity portfolio up to the maximum authorised by shareholders, currently 25% of net assets. Net gearing was 5.0% (2024: 3.1%) at the balance sheet date. The Company's policies and processes for managing capital were unchanged throughout the year and the preceding year.

The main risks to the Company's investments are shown in the Strategic Report under the 'Principal Risks and Uncertainties' section on pages 20 to 23. These also explain that the Company is able to use borrowings to gear and that gearing will amplify the effect on equity of changes in the value of the 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 buyback 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 section 1158 Corporation Tax Act 2010 and by the Companies Act 2006, respectively. The Board regularly monitors, and has complied with, the externally imposed capital requirements. This is unchanged from the prior year. As detailed in note 11 and note 12, current borrowings comprise the Unsecured Senior Loan Notes.

## 19. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

There were no contingencies, guarantees or other financial commitments of the Company as at 31 March 2025 (2024: nil).

## 20. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH 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 in pages 47 to 50 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 Directors' Report on page 43, and in note 3.

## 21. POST BALANCE SHEET EVENTS

There are no significant events after the end of the reporting period requiring disclosure.

# OTHER INFORMATION FOR SHAREHOLDERS

# NOTICE OF ANNUAL GENERAL MEETING

## THIS DOCUMENT 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 advisor authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in The Edinburgh Investment 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 OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and thirty fifth Annual General Meeting of The Edinburgh Investment Trust plc will be held at The Balmoral Hotel, Edinburgh, EH2 2EQ, at 11:00 a.m. on 22 July 2025.

The 2025 AGM will be held in person and voting will be by way of a poll. In addition, shareholders may follow the proceedings virtually using a smartphone, tablet or computer. Shareholders will be able to view and listen to a webcast of the 2025 AGM and submit questions to the Directors in writing. Those following proceedings virtually will not be able to vote on-line and are encouraged to vote ahead of the meeting. To join the 2025 AGM virtually, please visit www.edinburgh-investment-trust.co.uk from your device. The recording of the 2025 AGM will be available on the Company's website as soon as practicable after the conclusion of the AGM.

Virtual access to the Annual General Meeting will be available from 10:30 a.m. on 22 July 2025 although you will not be able to submit questions until the Annual General Meeting is declared open. If you wish to appoint a proxy and for them to attend the Annual General Meeting on your behalf, please contact MUFG Corporate Markets on telephone number +44 (0) 371 277 1020*.

*Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

### AGM VOTING

Shareholders are encouraged to vote by proxy and to appoint the "Chair of the Meeting" as their proxy. Details of how to vote, either electronically, by proxy form or through CREST or Proxymity, can be found in the Notes to the Notice of AGM on pages 80 and 81.

The results of the AGM will be announced to the London Stock Exchange and placed on the Company's website, as soon as practicable after the conclusion of the AGM.

### ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolutions all of which will be proposed as Ordinary Resolutions.

1. To receive and consider the Annual Financial Report for the year ended 31 March 2025;
2. To approve the Remuneration Policy for the year ended 31 March 2025;
3. To approve the Annual Statement and Report on Remuneration for the year ended 31 March 2025;
4. To declare a final dividend on the ordinary shares;
5. To re-elect Steven Baldwin as a Director of the Company;
6. To re-elect Elisabeth Stheeman as a Director of the Company;
7. To re-elect Patrick Edwardson as a Director of the Company;
8. To re-elect Aidan Lisser as a Director of the Company;
9. To re-elect Annabel Tagoe-Bannerman as a Director of the Company;
10. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company; and
11. To authorise the Audit Committee to determine the remuneration of the auditors.

### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions of which resolutions 12 and 13 will be proposed as Ordinary Resolutions and resolutions 14 to 16 as Special Resolutions:

12. To approve and adopt the proposed investment objective and policy set out in the appendix to this notice on pages 82 and 83, a copy of which has been produced to the meeting and signed by the Chairman for the purposes of identification, as the investment policy of the Company to the exclusion of the existing investment policy of the Company.
13. That:

in substitution for any existing authority under section 551 of the Companies Act 2006 (the 'Act') but without prejudice to the exercise of any such authority prior to the date of this resolution the Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Act as amended from time to time prior to the date of the passing of this resolution, to exercise all powers of the Company to allot shares and grant rights to subscribe for, or convert any securities into, shares up to an aggregate nominal amount within the meaning of sections 551(3) and (6) of the Act of £4,891,668 this being 10% of the Company's issued ordinary share capital as at 19 May 2025, such authority to expire at the conclusion of the next Annual General Meeting of the Company or the date fifteen months after the passing of this resolution, whichever is the earlier unless the authority is renewed or revoked at any other general meeting prior to such time, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted, or rights to be granted, after such expiry as if the authority conferred by this resolution had not expired.

14. That:

subject to the passing of resolution number 13 set out in the notice of this meeting (the 'Section 551 Resolution') and in substitution for any existing authority under sections 570 and 573 of the Companies Act 2006 (the 'Act') but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby empowered, in accordance with sections 570 and 573 of the Act as amended from time to time prior to the date of the passing of this resolution to allot equity securities (within the meaning of section 560(1), (2) and (3) of the Act) for cash, either pursuant to the authority given by the Section 551 Resolution 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 Act did not apply to any such allotment, provided that this power shall be limited:

(a) to the allotment of equity securities in connection with a rights issue in favour of all holders of a class of equity securities where the equity securities attributable respectively to the interests of all holders of securities of such class are either proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (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, regulatory or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise); and

(b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £4,891,668 this being 10% of the Company's issued ordinary share capital as at 19 May 2025.

and this power shall expire at the conclusion of the next Annual General Meeting of the Company or the date fifteen months after the passing of this resolution, whichever is the earlier, unless the authority is renewed or revoked at any other general meeting prior to such time, 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 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 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of the issued ordinary shares of 25p each in the capital of the Company ('Shares').

Provided always that:

(a) the maximum number of Shares hereby authorised to be purchased shall be 29,330,443 ordinary shares (being 14.99% of the issued ordinary share capital of the Company as at 19 May 2025);

(b) the minimum price which may be paid for a Share shall be 25p;

(c) the maximum price which may be paid for a Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market values of the Shares for the five business days before the purchase is made; and (ii) 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;

(d) 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);

(e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or the date fifteen months after the passing of this resolution, whichever is the earlier, unless the authority is renewed or revoked at any other general meeting prior to such time;

(f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and

(g) any shares so purchased shall be cancelled, or, if the Directors so determine and subject to the provisions of section 724 to 731 of the Companies Act 2006 and any applicable regulations of the United Kingdom Listing Authority, be held (or otherwise dealt with in accordance with section 727 or 729 of the Companies Act 2006) as treasury shares.

16. That:

the period of notice required for general meetings of the Company (other than AGMs) shall be not less than 14 days.

The resolutions are explained further in the Directors' Report on pages 44 and 45.

## NOTICE OF ANNUAL GENERAL MEETING / CONTINUED

Notes

1. The 2025 AGM will be held in person and voting will be by way of a poll, however, shareholders may follow the proceedings virtually using a smartphone, tablet or computer. Shareholders should continue to monitor the Company's website at www.edinburgh-investment-trust.co.uk and our announcements for any updates in relation to the meeting.

2. 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. A proxy need not be a member of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:

   - via MUFG Corporate Markets website https://uk.investorcentre.mpms.mufg.com/Login/Login; or

   - in hard copy form by post, by courier or by hand to the Company's Registrars, MUFG Corporate Markets, PXS 1, 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 meeting. Any amended proxy appointment must be received by this time.

   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 11:00 a.m. on 18 July 2025 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. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

3. CREST members who wish to appoint a proxy 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 Euroclear UK & International Limited'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(s) 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. After this time any changes of instructions to proxies through CREST should be communicated to the appointee through other means.

   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 Euroclear UK & International Limited 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. The CREST Manual can be reviewed at www.euroclear.com.

4. A form of proxy is enclosed.

   To be effective, the form of proxy, duly completed and executed, together with any power of attorney or other authority under which it is signed (or a notarially certified copy thereof) must be lodged at the office of the Company's Registrars, MUFG Corporate Markets, PXS 1, Central Square, 29, Wellington Street, Leeds, LS1 4DL by no later than 11:00 a.m. on 18 July 2025.

5. A person entered on the Register of Members at close of business on 18 July 2025 (a 'member') is entitled to 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 vote at the Meeting. If the Meeting is adjourned,

entitlement to 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.

6. The Terms of Reference of the Audit, Management Engagement and Nomination Committees and the Letters of Appointment for Directors will be available for inspection at the website of the Company at www.edinburgh-investment-trust.co.uk.

7. A copy of the Company's Articles of Association is available for inspection at the website of the Company at www.edinburgh-investment-trust.co.uk.

8. 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 does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

10. 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.

11. As at 19 May 2025 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consists of 195,666,734 ordinary shares of 25p each carrying one vote each. 51,470,709 ordinary shares held in treasury, therefore, the total voting rights in the Company as at that date are 144,196,025.

12. A copy of this notice (which is at the back of the annual financial report), and other information required by section 311A of the Companies Act 2006, can be found at www.edinburgh-investment-trust.co.uk.

13. 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, 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 financial statements (including the auditor's report and the conduct of the audit) that are to be laid before the AGM for the financial year beginning on 1 April 2024; or (ii) any circumstance connected with auditors of the Company appointed for the financial year beginning on 1 April 2024 ceasing to hold office since the previous meeting at which the annual financial report was laid in accordance with section 437 of the Companies Act 2006 (in each case) that the members propose to raise at the relevant AGM.

    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 Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors 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 Companies Act 2006 to publish on a website.

NOTICE OF ANNUAL GENERAL MEETING / CONTINUED

## APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

### Current Investment Objective and Policy

Please see below the full text of the current investment objective and policy.

## INVESTMENT OBJECTIVE AND POLICY

### Investment Objective

The Company invests primarily in UK securities with the long-term objective of achieving:

1. an increase of the Net Asset Value per share in excess of the growth in the FTSE All-Share Index; and
2. growth in dividends per share in excess of the rate of UK inflation.

### Investment Policy

The Company will generally invest in companies quoted on a recognised stock exchange in the UK. The Company may also invest up to 20% of the market value of the Company's investment portfolio, measured at the time of any acquisition, in securities listed on stock exchanges outside the UK. The portfolio is selected by the Portfolio Manager on the basis of its assessment of the fundamental value available in individual securities. Whilst the Company's overall exposure to individual securities is monitored carefully by the Board, the portfolio is not primarily structured on the basis of industry weightings. No acquisition may be made which would result in a holding being greater than 10% of the market value of the Company's investment portfolio, nor will the Company invest more than 15% of the market value of its investment portfolio in any other UK-listed investment trusts or investment companies. Further, the Company may not hold more than 5% of the issued share capital (or voting shares) of any one company. Investment in convertibles is subject to normal security limits. Should these or any other limit be exceeded by subsequent market movement, each resulting position is specifically reviewed by the Board. The Company may borrow money to provide gearing to the equity portfolio of up to 25% of net assets.

Use of derivative instruments is monitored carefully by the Board and permitted within the following constraints: the writing of covered calls against securities which in aggregate amount to no more than 10% of the value of the portfolio, and the investment in FTSE 100 futures which when exercised would equate to no more than 15% of the value of the portfolio. Other derivative instruments may be employed, subject to prior Board approval, provided that the cost (and potential liability) of exercise of all outstanding derivative positions at any time should not exceed 25% of the value of the portfolio at that time. The Company may hedge exposure to changes in foreign currency rates in respect of its overseas investments.

### Revised Investment Objective and Policy to be approved by Shareholders at the Annual General Meeting on 22 July 2025

Please see below the full text of the proposed investment objective and policy.

## INVESTMENT OBJECTIVE AND POLICY

### Investment Objective

The Company aims to exceed the total return on the FTSE All-Share Index and grow its dividend faster than UK inflation.

This objective will be assessed over the long term and performance against the FTSE All-Share Index will be measured on a NAV total return basis.

### Investment Policy

The Company invests primarily in the shares of companies quoted on a recognised stock exchange in the UK. Securities of companies quoted on a recognised stock exchange outside of the UK may also be held but will not exceed 20% of the market value of the investment portfolio, measured at the time of any acquisition.

The portfolio is selected by the Portfolio Manager, and monitored carefully by the Board, on the basis of the Portfolio Manager's assessment of the fundamental value available in individual securities, whilst giving due regard to sector and industry weightings and to broader economic and market conditions. Companies are chosen by the Portfolio Manager on the basis of their individual business strengths, growth and income characteristics and valuation, and not according to specific rules of asset allocation.

Borrowings may be used to provide gearing to the equity portfolio of up to 25% of net assets.

Investment decisions are restricted by the following:

- No acquisition may be made which would result in a holding being greater than 10% of the market value of the investment portfolio;
- The Company will not invest more than 15% of its total assets in the shares of other UK-listed investment trusts or investment companies;
- The Company will not hold more than 5% of the issued share capital (or voting shares) of any one company.

In addition, the Company may:

- invest in convertibles (securities which are typically expected to convert into shares on a recognised stock exchange) subject to no acquisition or conversion resulting in a holding breaching the limits in this investment policy;
- use derivative instruments, monitored carefully by the Board and subject to constraints, including the writing of covered calls against securities (which in aggregate amount to no more than 10% of the value of the investment portfolio) and the investment in FTSE 100 futures (subject to the value of such positions, if exercised, not exceeding 15% of the value of the investment portfolio). Other derivative instruments may be employed, subject to prior Board approval, provided that the cost (and potential liability) of exercise of all outstanding derivative positions should not exceed 25% of the value of the investment portfolio at any time;
- hedge exposure to changes in foreign currency rates in respect of its overseas investments.

# SHAREHOLDER INFORMATION

### HOW TO INVEST IN THE EDINBURGH INVESTMENT TRUST PLC (THE COMPANY)

The Company's shares are quoted on the London Stock Exchange. There are a variety of ways by which investors can buy the shares. Shares may be purchased through discretionary wealth managers, banks, independent financial advisors and via a large number of execution-only trading platforms. The Manager's website contains a list of some of the larger dealing platforms as well as a link to unbiased.co.uk, for those seeking financial advice, and to the AIC's website at www.theaic.co.uk for detailed information on investment companies.

### SHARE PRICE

The price of your ordinary shares can be found in the Financial Times, Daily Telegraph, The Scotsman and The Times.

In addition, share price information can be found at the London Stock Exchange website using the EDIN ticker code, on the website of most share dealing platforms and on the Company's own website www.edinburgh-investment-trust.co.uk.

### NAV PUBLICATION

The NAV of the Company's ordinary shares is calculated by the Manager on a daily basis and is notified to the Stock Exchange on the next business day. It is published daily in the newspapers detailed above.

### COMPANY'S WEBSITE

Information relating to the Company including investment objective, supporting philosophy and investment performance along with news, opinions, disclosures, results and key information documents can be found on the Company's website www.edinburgh-investment-trust.co.uk.

The contents of websites referred to in this document, or accessible from links within those websites, are not incorporated in to, nor do they form part of this annual financial report.

### FINANCIAL CALENDAR

In addition, the Company publishes information according to the following calendar:

### ANNOUNCEMENTS

| | |
|---|---|
| Annual financial report | May |
| Half-yearly financial report | November |

### LONDON RETAIL SHAREHOLDER EVENT

The Company invites shareholders to a retail presentation by the Portfolio Managers, Imran Sattar and Emily Barnard, and to meet with the Directors. The event will be held on 8 October 2025 at 11am.

Please note this is a non-voting meeting.

### DIVIDEND PAYABLE TIMETABLE

| | |
|---|---|
| 1st interim | November |
| 2nd interim | February |
| 3rd interim | May |
| Final | July |

### ANNUAL GENERAL MEETING

July

### YEAR END

31 March

### LOCATION OF AGM

The one hundred and thirty fifth Annual General Meeting of the Company will be held at The Balmoral Hotel, Edinburgh, EH2 2EQ on 22 July 2025 at 11:00 am.

### UK GENERAL DATA PROTECTION REGULATION (UK GDPR)

UK GDPR is a positive step towards individuals knowing how their personal data is used and also having more control over how it is used. The Company has a privacy notice which sets out what personal data is collected, and how and why it is used. The latest privacy notice can be found at www.edinburgh-investment-trust.co.uk under the 'Other Documents' section, or a copy can be obtained from the Company Secretary whose correspondence address is shown on the next page.

# ADVISORS AND PRINCIPAL SERVICE PROVIDERS

**REGISTERED OFFICE**
First Floor
9 Haymarket Square
Edinburgh EH3 8RY

**COMPANY NUMBER**
Registered in Scotland.
Number: SC1836

**ALTERNATIVE INVESTMENT FUND MANAGER (MANAGER)**
Liontrust Fund Partners LLP
2 Savoy Court
London WC2R 0EZ
☎ 020 7412 1700

**COMPANY SECRETARY**
NSM Funds (UK) Limited
4th Floor 46-48 James Street
London W1U 1EZ
☎ 0203 697 5772

**THE ASSOCIATION OF INVESTMENT COMPANIES**
The Company is a member of the Association of Investment Companies. Contact details are as follows:
☎ 020 7282 5555
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If you hold your shares direct and not through a Savings Scheme or ISA and have queries relating to your shareholding, you should contact the Registrars on:

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Calls are charged at the standard geographic rate and will vary by provider.

From outside the UK: +44 (0) 371 664 0300. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9:00 am to 5:30 pm, Monday to Friday (excluding UK Public Holidays).

Shareholders can also access their holding details via MUFG Corporate Markets' website:

https://uk.investorcentre.mpms.mufg.com/Login/Login

MUFG Corporate Markets 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 https://dealing.cm.mpms.mufg.com or

☎ 0371 664 0445.

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From outside the UK: +44 (0) 371 664 0445. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 8:00 am to 4:30 pm, Monday to Friday (excluding UK Public Holidays).

# GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

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 financial years ended 31 March 2025 and 31 March 2024. The APMs listed here are widely used in reporting within the investment company sector and consequently aid comparability, providing useful additional information.

### BENCHMARK (OR BENCHMARK INDEX)

A standard against which performance can be measured, usually an index that averages the performance of companies in a stock market or a segment of the market. The benchmark most often referred to in this annual financial report is the FTSE All-Share Index.

### BENCHMARK RETURN

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.

### DISCOUNT OR 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 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 annual financial report the discount is expressed as a percentage of the NAV per share with debt at fair value (see reconciliation of NAV per share with debt at fair value within the Net Asset Value (NAV) Debt at Fair Value reconciliation within the Alternative Performance Measures on page 88) 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.

| | Page | | 2025 | 2024 |
|---|---|---|---|---|
| Share price | 2 | a | 740.00p | 690.00p |
| Net asset value per share – debt at market value (note 17) | 75 | b | 817.16p | 779.97p |
| **Discount** | | c = (a-b)/b | (9.4)% | (11.5)% |

### DIVIDEND YIELD

The annual dividend payable expressed as a percentage of the year end share price.

| | Page | | 2025 | 2024 |
|---|---|---|---|---|
| Dividends per share payable in respect of the year (note 8) | 68 | a | 28.80p | 27.20p |
| Share price | 2 | b | 740.00p | 690.00p |
| **Dividend yield** | | c = a/b | 3.9% | 3.9% |

### 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.

| | Page | | 2025 £'000 | 2024 £'000 |
|---|---|---|---|---|
| Unsecured Senior Loan Notes – debt at fair value | 75 | a | 66,611 | 73,461 |
| Gross borrowings | | | 66,611 | 73,461 |
| Net asset value – debt at fair value APM | 88 | b | 1,179,335 | 1,181,586 |
| **Gross gearing** | | c = a/b | 5.6% | 6.2% |

## 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.

| | Page | | 2025 £'000 | 2024 £'000 |
|---|---|---|---|---|
| Unsecured Senior Loan Notes – debt at fair value | 75 | | 66,611 | 73,461 |
| Less: cash and cash equivalents | 60 | | (7,233) | (36,314) |
| Net borrowings | | a | 59,378 | 37,147 |
| Net asset value – debt at fair value APM | 88 | b | 1,179,335 | 1,181,586 |
| **Net gearing** | | c = a/b | 5.0% | 3.1% |

## LEVERAGE

Leverage, for the purposes of the UK AIFM Directive 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 aggregate value of all assets less all liabilities. Liabilities for this purpose include debt, deducted at either par value or fair value as described in more detail below. The NAV per share is calculated by dividing the net asset value by the number of ordinary shares in issue (excluding shares held in treasury).

## NET ASSET VALUE (NAV) – DEBT AT PAR

The NAV with debt at par recognises the value of the debt liability as the nominal amount that will be repaid at maturity. For the £120m Unsecured Senior Loan Notes, this recognises a liability of £120m. This is the basis used in the preparation of the Balance Sheet on page 60.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES / CONTINUED

### NET ASSET VALUE (NAV) – DEBT AT FAIR VALUE

The fair value of each tranche of the £120m Unsecured Senior Loan Notes is ascertained by the administrator by aggregating the discounted value of future cashflows, being the contractual interest payments and the repayment of capital at maturity as each falls due. The discount factor used for each tranche is based on the market yield of UK Treasuries with similar maturity dates adjusted to incorporate a credit spread.

The net asset value per share adjusted to include the Unsecured Senior Loan Notes at fair value rather than at par is as follows:

| | NAV per share pence 2025 | Shareholders' funds £'000 | NAV per share pence 2024 | Shareholders' funds £'000 |
|---|---|---|---|---|
| NAV - debt at par | 780.17 | 1,125,946 | 749.25 | 1,135,047 |
| Unsecured Senior Loan Notes | 83.15 | 120,000 | 79.21 | 120,000 |
| - debt at fair value | (46.16) | (66,611) | (48.49) | (73,461) |
| **NAV - debt at fair value** | 817.16 | 1,179,335 | 779.97 | 1,181,586 |

### 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 average daily net asset value reported in the year.

| | Page | | 2025 £'000 | 2024 £'000 |
|---|---|---|---|---|
| Investment management fee | 59 | | 4,616 | 4,976 |
| Other expenses | 59 | | 1,293 | 1,193 |
| Total recurring expenses | | a | 5,909 | 6,169 |
| Average daily net assets | | b | 1,169,201 | 1,163,962 |
| **Ongoing charges ratio** | | c = a/b | 0.51% | 0.53% |

### RETURN

The return generated in a period from the investments.

### CAPITAL RETURN

Reflects the return on NAV, excluding any dividends reinvested.

### 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 annual financial report these return figures have been sourced from LSEG Data & Analytics who calculate returns on an industry comparative basis.

### TREASURY SHARES

Shares previously issued by a Company that have been bought back from shareholders to be held by the Company for potential sale or cancellation at a later date. Such shares are not capable of voting and carry no rights to dividends.

### NET ASSET VALUE TOTAL RETURN (APM)

Total return on net asset value per share, with debt at fair 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.

## 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 shares of the Company at the time the shares were quoted ex-dividend.

| 2025 | Page | | Net Asset Value | Share Price |
|---|---|---|---|---|
| As at 31 March 2025 | 60 | | 817.16p | 740.00p |
| As at 31 March 2024 | 60 | | 779.97p | 690.00p |
| Change in year | | a | 4.8% | 7.2% |
| Impact of dividend reinvestments[(1)] | | b | 3.5% | 4.1% |
| **Total return for the year** | | c = a+b | 8.3% | 11.3% |

| 2024 | Page | | Net Asset Value | Share Price |
|---|---|---|---|---|
| As at 31 March 2024 | 60 | | 779.97p | 690.00p |
| As at 31 March 2023 | | | 713.75p | 660.00p |
| Change in year | | a | 9.3% | 4.5% |
| Impact of dividend reinvestments[(1)] | | b | 4.1% | 4.4% |
| **Total return for the year** | | c = a+b | 13.4% | 8.9% |

(1) Total dividends paid during the year of 27.60p (2024: 26.80p) reinvested at the NAV or share price on the ex-dividend date. Share price increases subsequent to the reinvestment date consequently further increase the returns, or vice versa if the NAV or share price falls.

## COMPANY NAME

The Edinburgh Investment Trust plc is registered at Companies House as The Edinburgh Investment Trust Public Limited Company.

# ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE DISCLOSURE

## ALTERNATIVE INVESTMENT FUND MANAGER AND UK AIFM DIRECTIVE

### UK AIFM DIRECTIVE (the UK AIFMD, the Directive)

The UK's implementation of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, together with Commission Delegated Regulation (EU) No. 231/2013 which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, and any transposing legislation incorporating the same into UK law (including, but not limited to, the UK Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773), as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019), all as may be amended or supplemented from time to time.

### ALTERNATIVE INVESTMENT FUND MANAGER (AIFM, the Manager, the Portfolio Manager)

The Company falls within the definition of an Alternative Investment Fund (AIF) under the Directive and, as such, is required to have (or be) an authorised AIFM. The Company has appointed Liontrust Fund Partners LLP (Liontrust) as AIFM. Liontrust is authorised and regulated by the FCA as a full-scope AIFM.

The responsibility for the day-to-day investment management activities of the Company has been delegated by AIFM to Liontrust Investment Partners LLP.

Amongst other things, regulations implementing the UK AIFMD require certain information to be provided to prospective investors. This information can be found in the Company's page of the Manager's website (www.liontrust.co.uk) in a downloadable document titled 'AIFMD Investor Information'. There has been no material change to this document in the year.

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 the Glossary of Terms and Alternative Performance Measures on pages 86 to 89) and the remuneration of the Company's AIFM to be made available to investors.

Accordingly:

– the leverage calculated for the Company at its year end was 109% for gross and 109% for commitment (2024: 105% gross and 109% commitment). The limits the AIFM has set for the Company remain unchanged at 250% and 200% respectively;

– the AIFM summary remuneration policy is available from the corporate policies page of the Manager's website (www.liontrust.co.uk) and from the Company's company secretary, on request (see contact details on page 85); and – the AIFM remuneration paid for the year to 31 March 2025 is described below.

## AIFM REMUNERATION

### REMUNERATION POLICY

As AIFM, Liontrust Fund Partners LLP is required to maintain a remuneration policy (the "Remuneration Policy" or the "Policy") that meets the requirements of the AIFM Remuneration Code. The Policy governs the remuneration of the AIFM's key senior personnel, risk takers and control functions (the "Code Staff"). The table below provides an overview of the total remuneration paid to the staff of the Management Company for the year ended 31 March 2025:

- Aggregate total remuneration paid by the Manager to its staff (employees and members).
- Aggregate total remuneration paid by the Manager to all relevant code staff.

| | Headcount | Total Remuneration (£'000) |
|---|---|---|
| Manager UK Staff[1] of which | 94 | 11,664 |
| Fixed Remuneration | 94 | 9,339 |
| Variable Remuneration | 94 | 2,325 |
| AIFM Remuneration Code Staff of which | | |
| Senior Management[2] | 2 | 82 |
| Other control functions: | | |
| Other code staff/risk takers | 4 | 1,275 |

1 The Manager's UK Staff costs have been incurred by another Group entity and allocated to the AIFM. The most appropriate measure of staff costs are those staff who are members of Liontrust Fund Partners LLP or Group staff who are employed by Liontrust Asset Management Plc but have theirs costs apportioned to the LLP. The information has been disclosed on an annualised basis.

2 AIFM Aggregate Remuneration Code Staff applies only in respect of services to the AIFM funds rather than their total remuneration in the year. For senior management and control function staff, remuneration is apportioned on the basis of assets under management for AIFM funds versus the total Group assets under management.

Remuneration is made up of fixed pay (i.e. salary and benefits such as pension contributions) and variable pay (annual performance based or linked directly to investment management revenues). Annual incentives are designed to reward performance in line with the business strategy, objectives, values and long term interests of the AIFM and Liontrust Asset Management PLC (LAM) Group. The annual incentive earned by an individual is dependent on the achievement of financial and non-financial objectives, including adherence to effective risk management practices. The AIFM provides long-term incentives which are designed to link reward with long-term success and recognise the responsibility participants have in driving future success and delivering value. Long-term incentive awards are conditional on the satisfaction of corporate performance measures. The structure of remuneration packages is such that the fixed element is sufficiently large to enable a flexible incentive policy to be operated.

Staff are eligible for an annual incentive based on their individual performance, and depending on their role, the performance of their business unit and/or the group. These incentives are managed within a strict risk framework, and the Directors of LAM retain ultimate discretion to reduce annual incentive outcomes where appropriate.

The AIFM actively manages risks associated with delivering and measuring performance. All our activities are carefully managed within our risk appetite, and individual incentive outcomes are reviewed and may be reduced in light of any associated risk management issues.

The Liontrust Group operates a Remuneration Committee (the "Committee"). The Committee reports to the Board. The Committee reviews risk and compliance issues in relation to the vesting of deferred awards for all employees and members. Compliance is monitored throughout the vesting period by the Committee.

These remuneration policies apply also to other entities in the Liontrust Group to which investment management of the Company has been delegated, and those delegates are subject to contractual arrangements to ensure that policies which are regarded as equivalent are applied.

The Board adopts, and reviews annually, the general principles of the applicable remuneration policies, and the implementation of the remuneration policies is, at least annually, subject to central and independent internal review by the Committee for compliance with policies and procedures.

## SCOPE OF THE POLICY

The AIFM is subject to the requirements of the AIFM Remuneration Code (SYSC 19B) (the "Code"). The requirements of the Code are applicable to the remuneration arrangements of individuals who fall within the definition of Code staff under the Code and this policy sets out the basis on which the rules contained within the Code will be applied to Code Staff. The Committee itself sets the remuneration and has oversight if remuneration arrangements for all other Code Staff together with such other senior employees as the Committee may determine from time to time. The Committee also reviews the remuneration arrangements of other employees and the operation of the incentive plans to ensure that remuneration arrangements have regard to pay and employment conditions. However, decisions on individual remuneration arrangements are made by management in the area, with oversight by the Human Resources Director. No hedging or other mitigation arrangements may be entered into by employees as that would undermine risk alignment effects.

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