

ANNUAL RESULTS FOR THE YEAR-ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

NET ASSET VALUE PER SHARE – cum inc. (pence)* +14.2%	NET ASSET VALUE TOTAL RETURN (with dividends added back)* +15.8%
SHAREHOLDERS' FUNDS £106.1m	DISCOUNT TO NET ASSET VALUE* 13.5%

	31 December 2022	31 December 2021	%
			Change
Net assets/shareholders' funds (£)	106,144,000	116,123,000	(8.6)
Shares in issue	29,222,180	36,527,725	(20.0)
Net asset value per share – cum inc. (pence)*	363.2	317.9	14.2
Net asset value total return (with dividends added back) (%)*	15.8	5.1	
Share price (pence)	314.0	291.0	7.9
Dividend per share (pence)	5.0	5.0	–
Share price total return (with dividends added back) (%)*	9.8	4.6	
Share price discount to net asset value (%)*	(13.5)	(8.5)	
Ongoing charges ratio (%)*	0.9	1.1	

* Alternative Performance Measure.

Cahal Dowds, Chairman - *“This is the first full year of the Company operating under its expanded investment policy. As was articulated in the shareholder circular which preceded the changes, the Board felt strongly that such were the excessive conditions in asset markets, greater flexibility was required in order to protect shareholder capital. I am pleased to report that the results for 2022 have supported this view, with the NAV total return of the Company appreciating by 15.8% and the total return to shareholders of the share price, with dividends reinvested, rising by 9.8%. This was against a backdrop of synchronised declines in almost all asset classes. Shareholders should note that a substantial component of the positive return relates to the decline of sterling. However, even without the currency effect, the assets of the Company would have appreciated.*

Whilst the Company’s NAV rose substantially over the period, the share price movement lagged and the discount to NAV widened as a consequence. The Board believes that the Company now represents a unique proposition for investors and the Company will be increasing its efforts to raise awareness,

which we believe will attract new investors and help address the question of the discount. We would like to thank shareholders for their patience and support over the period and we look to the future with optimism.”

Dr Sandy Nairn, Executive Director – *“The extended period of negative real interest rates that followed the financial crisis of 2008 resulted in a more extreme and generalised overvaluation of asset classes than I have seen in living memory. It extended from equities to bonds, property and alternatives and to both listed and unlisted markets. This is what I, and others, have referred to as the ‘Everything Bubble’ and we know now that it reached a climax and finally popped at the end of 2021.*

We are moving into a world in which free money no longer drives all returns to unjustified heights. I believe that we are in a transition back to one where the traditional investing virtues will once again reign. This is not about value versus growth or other factors such as ‘quality’. It is simply about how much you are willing to pay for the characteristics and future of an asset. We look forward to the day where risk aversion rises to the levels that disregard for risk reached in the recent past. That will be the time that we again see an abundance of attractive investable opportunities.

In my judgement we are not there yet, but the time is coming. We will try to remain patient and prudent until that time. Our proposition to shareholders is that, as and when those opportunities present themselves, the Company will be willing and ready to use the flexibility that our investment policy creates to pursue them to the full. We are tactically, not permanently, bearish. We will seek to keep shareholders informed of our views as they evolve via the website and shareholders can also opt in there to receive these views electronically, should they wish to do so.”